



**SPORT  
ENGLAND**

**Annual Report  
and Accounts  
2014-15**



**The English Sports Council  
Grant-in-Aid and National Lottery Distribution Fund  
Annual Report and Accounts for  
the year ended 31 March 2015**



# **The English Sports Council**

## **Grant-in-Aid**

**and**

## **National Lottery Distribution Fund**

### **Annual Report and Accounts**

**for the year ended 31 March 2015**

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).

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# Chair's foreword



This has been a productive and interesting year for Sport England during which we have continued to ensure our investment brings us the return we seek (more people playing sport once a week, every week).

During our current investment cycle (2012–17) Sport England will invest more than £1 billion into grassroots sport to do just this. We are funding programmes, projects and facilities in communities across England. I am confident that our investment strategy is robust and responsive, built as it is on insight and intelligence.

I know that it is not just our investment that is valued by our partners. They recognise, as do the Board and I, the high level of expertise and professionalism that exists within Sport England as well as the open and collaborative approach it takes.

This collaborative approach is a fundamental aspect of the This Girl Can campaign we launched this year. I am delighted that so many organisations already have seen the value of the campaign and have signed up to work with us to get more women and girls active.

The culture and values of the organisation are of great importance to me personally and I am

very proud that in February Sport England was awarded Investors in Diversity (IID) accreditation by the National Centre for Diversity. It reflects a huge internal commitment to making Sport England an open and welcoming workplace which wants the people who work for it to be the best they can be irrespective of their age, gender, sexuality, ethnicity, disability, marital status, religion or belief.

With a strong team and a robust investment strategy as well as partners who share our ambition of increasing the number of people who play sport, we are having an impact. Figures published in January 2015 showed that 15.6 million play sport regularly – 1.6 million more than when London won the bid to host the 2012 Games.

But there is much more to do to sustain these numbers let alone increase them. I look forward to working with Sport England colleagues and all our partners over the coming year to help us achieve this.

**Nick Bitel**  
**Chair**

# CEO's introduction



The past year has reminded all of us how tough it is to increase the number of people who play sport – not only regularly, but consistently and frequently, which is what our thirty minutes a week measure demands.

Since we began measuring the number of people playing sport regularly in 2006, there have been two jumps – one in 2008, and a second around the London Olympic and Paralympic Games. We – and of course our partners – have done a decent job in sustaining those numbers, despite a challenging economic climate and fierce competition from other activities, especially those involving a small screen. But we know if we are to deliver another jump in rates, we will need to do something different, and that means an even sharper focus on our customers, especially those who have an occasional or casual relationship with sport and exercise.

The most recent insights emerging from the extensive research Sport England undertakes are transforming how we think about sporting habits and preferences. It has reminded us that it rarely starts with the sport. We need to think about what people want from their leisure time and how sport might deliver that, be it time with the family, relaxation after a tough day at work or raising money for a favourite cause.

One area where we have decided to test our thinking is around women and girls where the gap between the number of men playing sport and women is large and stubborn. Using a wealth of insight about their motivations and barriers we developed This Girl Can to get more women active. The marketing and communications element of the campaign has got off to a great start, with a strong and positive reaction from the media and from our target audience of women and girls aged 14–40.

As part of This Girl Can, we are tracking changes in attitude as well as behaviour and already, after only 10 weeks of advertising activity in 2014/15, we are seeing greater awareness and a more positive attitude towards sport and exercise. But it will take time for this to translate into a change in behaviour, and we need to do much more with the supply side of sport to make sure the experience women get when they are inspired to try sport reflects the values of the campaign.

We will only achieve our objective of getting more people playing sport with the help of others. I would like to thank all of our funded partners and stakeholders for their support during the year – hundreds of people within grassroots sports who work every day to make sport happen across the country, many of them working in new and exciting ways and with new partners. I am personally committed to working with them over the next year to make sport a realistic and attractive choice for many more people in the coming year.

**Jennie Price**  
**Chief Executive**



# About us

## Sport England is the Government agency responsible for increasing participation in grassroots sport

We were established in September 1996 as the English Sports Council and became fully operational as Sport England on 1 January 1997. We are responsible for managing and distributing public investment and act as a statutory distributor of funds raised by the National Lottery under the provisions of the National Lottery etc. Act 1993 (as amended).

### Our strategy

Sport England's Youth and Community Sport Strategy 2012–17 will see an investment of around £300 million a year (£324.9 million in 2014/15) from the National Lottery players and tax payers in programmes designed to increase the number of people playing sport for at least 30 minutes once a week, every week. Sport is defined widely to include a broad range of physical activity from going to the gym, doing an exercise class and going for a jog to playing a formal game of football, cricket or tennis.

Overall progress is positive; figures released during 2014/15 showed that more than 15.6 million people play sport regularly – that is 1.6 million more than when London won the bid to host the Olympic and Paralympic Games. However, the scale of the challenge of increasing these numbers should not be underestimated. As we understand more and more about people's behaviour and their attitude towards sport, we know that the natural pattern for the majority of people who play sport regularly is to do so sporadically rather than continuously, and most will not be part of what sport describes as a 'pathway' but will remain at the recreational level. This means adopting a new mindset for many partners as well as developing attractive sporting products, accessible environments and innovative means of engaging a wide range of people to take up sport and continue to play.

### Priorities and goals

#### Our three strategic priorities are:

- 1. Participation:** Helping as many people as possible play sport regularly, regardless of their age, gender or ability. We have a special focus on younger people aged 14-25, where although over 54 per cent regularly play sport, the numbers dropping out are high. We also focus on women and disabled people who play significantly less sport than men and their non-disabled counterparts
- 2. Talent:** Investing in developing and nurturing talent to create a talent pool from which the World Class Programme funded by UK Sport can draw and to help young people from all backgrounds reach their sporting potential
- 3. Facilities:** Investing in sporting facilities across England, and fulfilling our statutory role in planning applications relating to playing fields

#### Our goals are:

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

# Our income

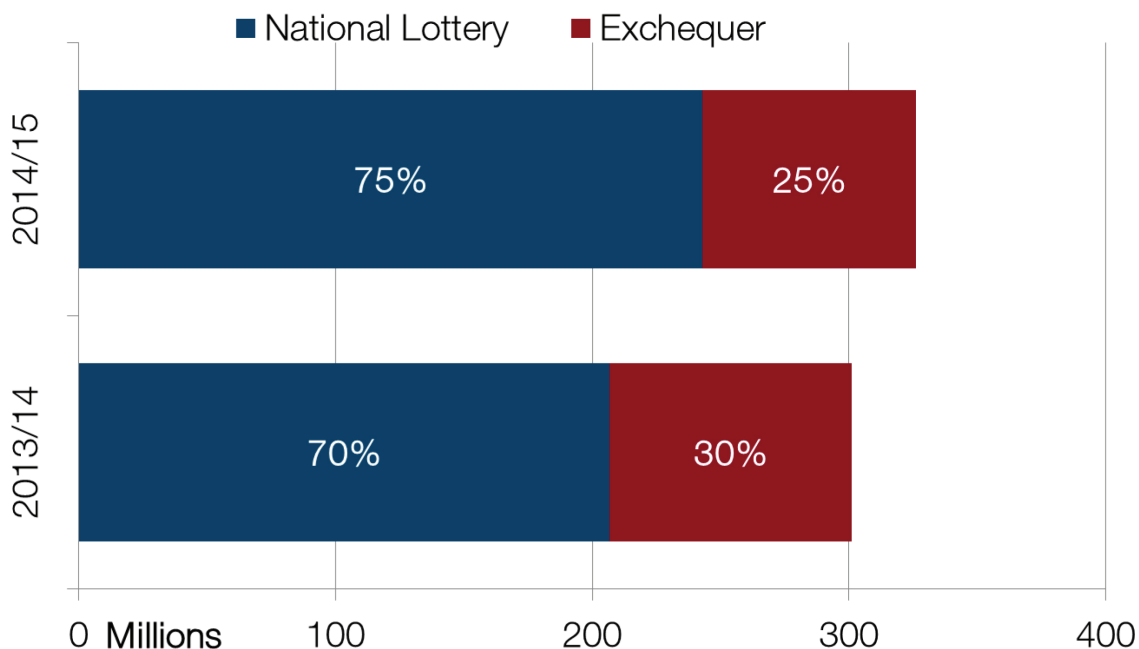
## A breakdown of the income we receive and the strategic investments we make

In 2014/15 we received £83 million (2013/14: 88.6 million) of Exchequer, or Grant-in-aid, funding and £243 million (2013/14: £210.5 million) of National Lottery funding. National Lottery funding increased by £32.5 million because of increased ticket sales and the transfer of £18.4 million from the Olympic Distribution Fund on its closure. Our Exchequer funding included £24 million (2013/14: £24 million) for capital grants. In addition we received £6.8 million (2013/14: £6.4 million) of other grant funding during the year which was mainly National Lottery grants to support the capital works at our National Sports Centres and the This Girl Can women's marketing campaign.

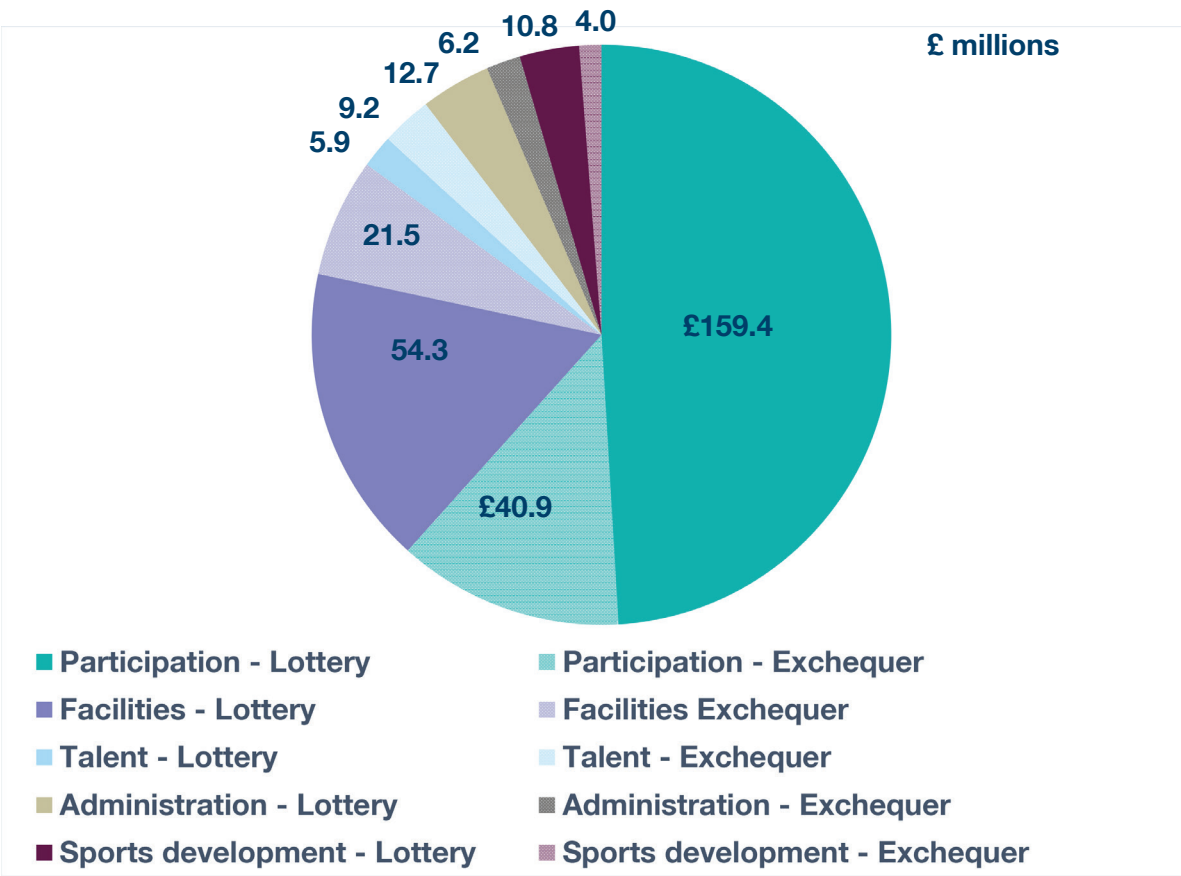
## Our spending

During 2014/15 we spent a total of £324.9 million, of which £291.2 million was invested in achieving our three strategic priorities.

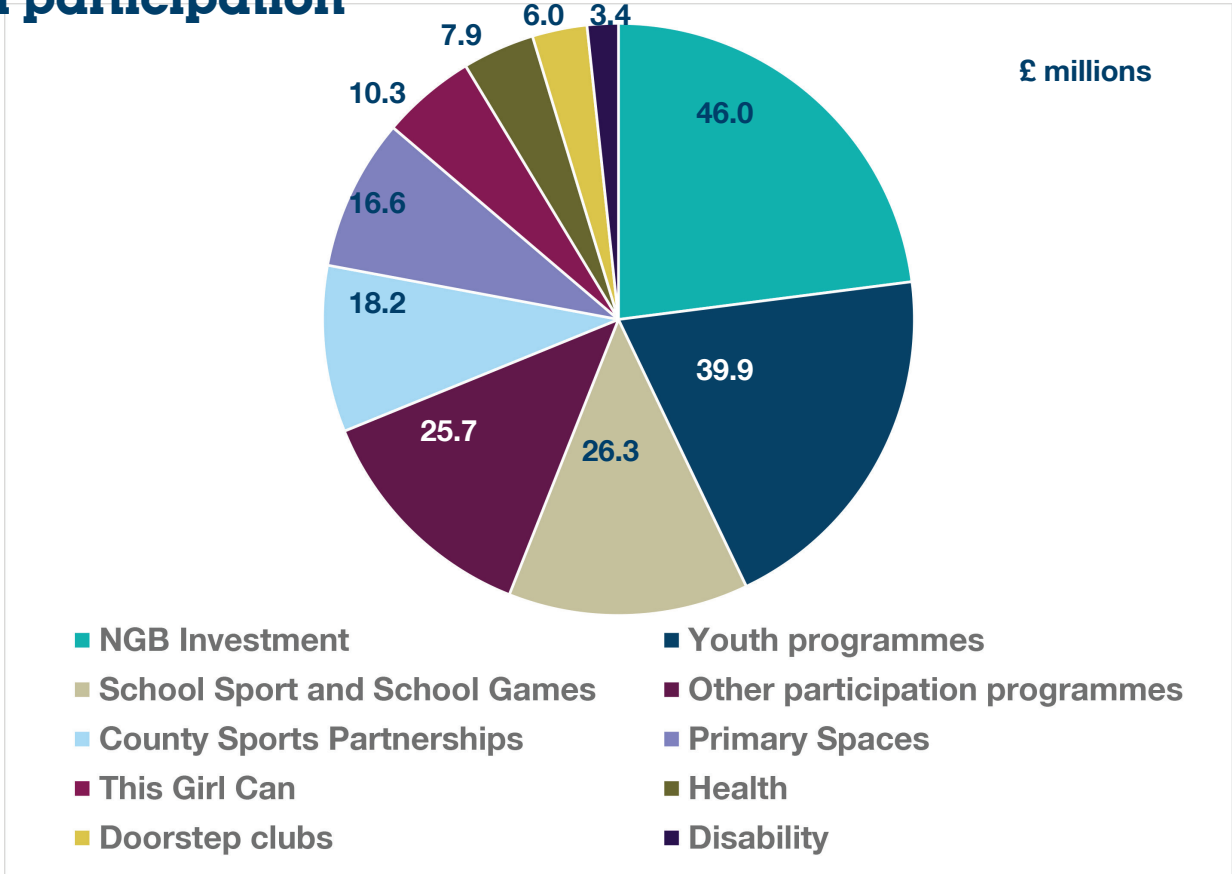
The costs we incurred to support the delivery of our award programmes as well as promoting the development of sport in local communities (sport development costs) including staff were £14.8 million compared to £12.9 million in the previous year. Our administration costs, the costs of operating the business including staff, were £18.9 million compared to £23.2 million in the previous year.



# Breakdown of £324.9 million investment



# Breakdown of total £200.3 million investment in participation





# Our investment strategy

Our investment strategy is based on evidence and insight. We deliberately place emphasis on using behavioural change and social marketing principles and techniques to encourage more people to play sport, and support our investment partners to adopt these methods too. We recognise that understanding the motivations of particular population groups and the barriers which impact on their attitude to sport, as well as how best to engage with them, are essential if we are to design or invest in effective projects and programmes.



## Tennis Tuesday: turning insight into action

Sport England helped the Lawn Tennis Association (LTA) adopt a new approach to designing programmes that responded to different audience needs.

The number of women playing tennis regularly drops sharply after their teenage years despite significant continuing interest in taking part and occasional, seasonal play among 20–34 year olds. The aim was to develop a tennis experience to attract this audience back to the game more regularly. The starting point was a mix of existing and new research and behavioural analysis

to understand the benefits, barriers and motivations for the target audience and develop the ideal customer journey for them.

This insight and further customer testing was then used to design every aspect of the experience including making it a regular slot after work to fit into busy lives (Tuesdays) with hassle free mobile booking, where they could play matches as well as picking up tactical tips. Importantly although the target audience wanted sessions to be for ‘people like them,’ and so women only, they were happy for their

coach to be male. They also needed to be approachable and accessible in local parks with equipment provided and low financial commitment. Crucially, the LTA also tapped into the need for the programme to feel ‘on trend’ for the audience in their partnership with Nike and their social marketing plan.

The result was Tennis Tuesdays, a pilot which ran in London parks in the summer of 2014 with specially trained coaches helping women play tennis how they wanted it. The coaches were given ongoing support and advice and the women

provided regular feedback which was used to keep refining sessions to meet their needs. The results themselves have been very promising with pilot areas bucking the overall tennis participation trend and almost half the women who took part intending to play tennis weekly in the future, including indoors or under floodlights during the autumn and winter.

The programme is being rolled out in summer 2015 but the LTA has also started to apply this customer insight-led approach more widely within its new participation strategy.

We have adopted an increasingly mixed economy approach to our investments. Over the current investment cycle, 34 per cent of our grant funding is invested through the governing bodies of sport. The remainder supports a wide range of other partners within the community sport sector. Where appropriate we go out to tender to seek partners able to deliver growth in a particular sport but we will always ensure that it adds up to a coherent plan for that sport, based on what the evidence is telling us about how people want to participate. As a result we are working with all of the providers of sport including community groups and charities, private sector operators and professional clubs. We work

closely with local authorities who remain the biggest investor in community sport; we also collaborate on activities such as our £47.5 million Community Sport Activation Fund. We encourage local authorities and other facility owners to plan and invest in facilities based on local need and sustainable business plans to reduce subsidies. In 2014/15 we also invested £35.8 million core and programme funding into the 44 county sports partnerships and County Sport Partnership Network. All investments are evaluated to ensure they are meeting the agreed outcomes, having the desired impact and providing value for money. We are committed to sharing best practice and ensuring insight gained informs new decisions.

## Priorities and actions 2014/15

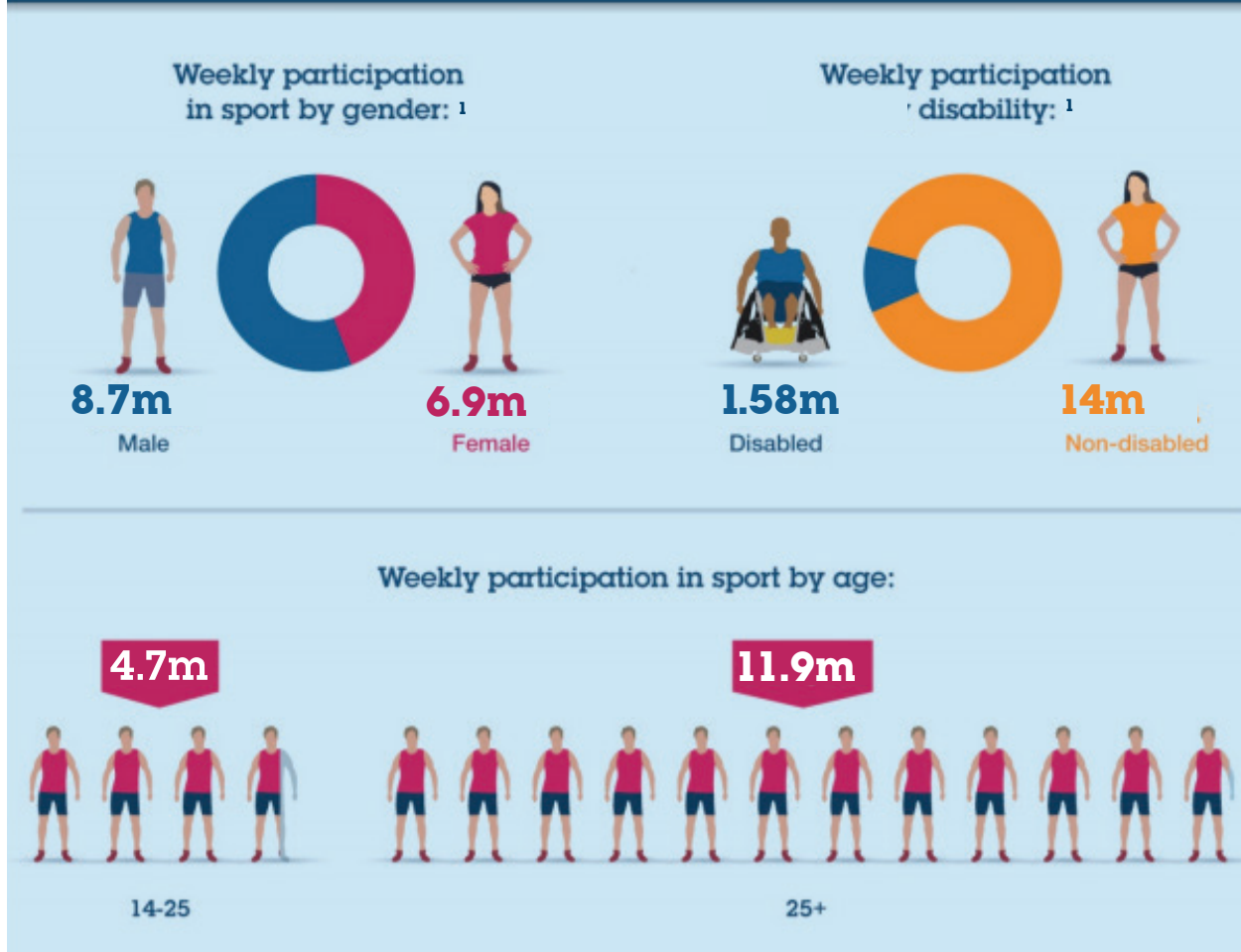
- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>• Develop greater understanding of how habits are created and sustained, particularly among young people, to increase the long-term value of our investment</li> <li>• Develop and implement a campaign to encourage more women to play sport</li> <li>• Support our key investment partners, including NGBs, to increase the number of people playing sport regularly</li> <li>• Take a more mixed economy approach but always maintaining a coherent strategy for individual sports</li> </ul> | <ul style="list-style-type: none"> <li>• Undertake more work with people who are inactive but would like to try some sport or exercise, including supporting those with mental health problems and other long-term conditions</li> <li>• Invest in a Talented Athlete Bursary scheme</li> <li>• Develop comprehensive delivery plans with a number of local authorities that allow them to maintain strong facility delivery strategies within tight spending constraints</li> <li>• Work with the industry to ensure new sports facilities can be procured cost effectively</li> </ul> |
|---|---|

## Priorities and actions 2015/16

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>• Develop and consult upon a new strategy for the period 2016–21, allowing for a transition period in the final year of the existing strategy</li> <li>• Develop a strategy implementation plan and associated timeline to ensure that any change in strategic direction is communicated and implemented effectively</li> <li>• Support our key investment partners, including NGBs, to increase the number of people playing sport regularly</li> <li>• Implement the next phases of our behavioural change campaign</li> </ul> | <ul style="list-style-type: none"> <li>to encourage more women to play sport, including working with the “supply side” of sport to enhance the experience it offers to women</li> <li>• Place more focus on using sport for social change, in particular finding innovative ways of engaging with organisations and communities who would not typically seek our support</li> </ul> |
|---|---|

# Measuring our impact

The number of people playing sport broken down by gender, disability and age



Our primary performance indicator is the number of people playing sport at moderate intensity for at least 30 minutes a week and is measured by the Active People Survey (APS). A rolling annual survey of over 160,000 people, APS is the largest evaluation of leisure in Europe and provides us with rich intelligence on sport in England, who plays sport, what they do, how often and how this changes over time.

The APS results published in January 2015 covering the period October 2013-October 2014 revealed that 15.6 million people aged 16 and over played sport regularly, an increase of over 1.6 million since London won the bid to host the 2012 games. These figures included, for the second year, data on 14 and 15 year olds. By including the sporting habits of this younger age group, the aim is to generate a clearer understanding of when sporting

<sup>1</sup> These figures are for people aged 16 and over



habits are made and broken, and inform more targeted interventions. The baseline data reveals that 941,600 14 and 15 year olds (75.6 per cent) played sport at least once a week, an increase of 34,700 compared with the previous year. This brings the total number of people aged 14 and over playing sport once a week, every week to 16.5 million.

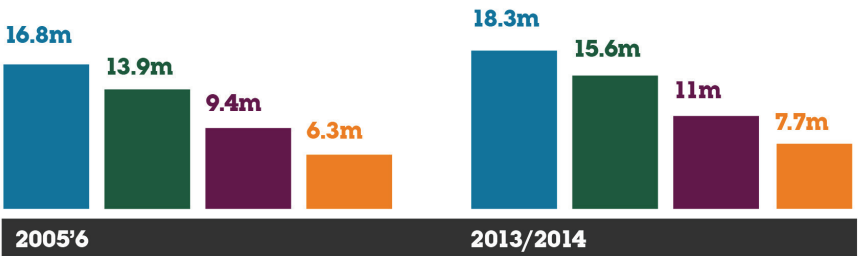
The insight APS provides is used by many governing bodies and local authorities – as well as Sport England – to help develop the right activities in the right places.

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

## How often are people playing sport

Number of adults (16+) taking part in sport by frequency

At least once in last month    At least once a week    At least twice a week    At least three times a week



:Source: Active People Survey 1 and 8 (Sport England 2005/06 and 2013/14)

# Progress against our priorities: participation

**We assess our progress against our strategic priorities, starting with participation**

## This Girl Can

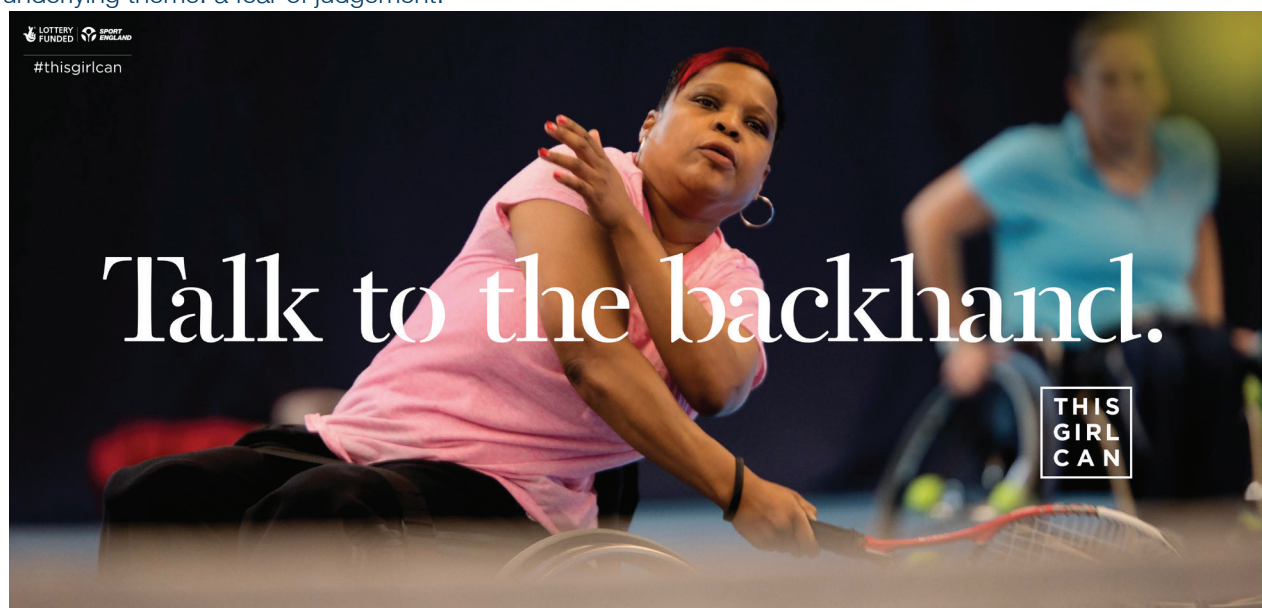
The gender gap in sport remains stubborn with 1.75 million fewer women than men active, despite over 70 per cent of 14–40 year old women wanting to be more active. We are committed to increasing the number of women who play sport and exercise regularly and during 2014/15 developed the This Girl Can campaign to do this.

The £10 million National Lottery-funded campaign was based on a wealth of insight, looking in depth at the motivations and barriers women faced. Women expressed a wide range of emotions when talking about sport including feeling uncomfortable about exposing their bodies, not feeling fit enough to get fit, being seen as too aggressive or neglecting caring responsibilities. But we found a single unifying underlying theme: a fear of judgement.

### This Girl Can manifesto

Women come in all shapes and sizes and all levels of ability. It doesn't matter if you're rubbish or an expert. The point is you're a woman and you're doing something.

The campaign was specifically designed to tackle this fear. Taking a deliberately sassy and bold approach, the campaign celebrates women who have found their own individual ways of overcoming their own barriers. We set out to change the lexicon and the imagery used around women and sport. Avoiding being preachy or patronising, the marketing campaign features everyday women of all shapes and sizes, ages and ethnicities doing sport and exercise their way. The women featured in the campaign were not airbrushed or digitally enhanced;



the campaign features ‘mantras’ reflecting their attitude to themselves and sport. We wanted women to identify with the campaign, recognise they were not alone in how they feel about sport and feel like sport could be the place for them.

The campaign was launched at the Transforming Women’s Sport conference at the end of October 2014. Between then and the end of the year activity focussed on building a cohort of supporters through the use of social media and PR.

The above-the-line-advertising element of the campaign went live on 12 January 2015 when the television commercial was aired for the first time on ITV1. Over the following six weeks advertisements of different lengths (90 sec, 60 sec and 30 sec) were broadcast during programming with high female audiences. Adverts were also shown in cinemas screening films with high female audiences and during video on demand (VOD) programming. The posters (both print and digital) appeared in shopping centres, railway stations and bus stops across England.

The campaign resonated immediately with women who used social media to talk positively about it, sharing their views and experiences with their social networks. By the end of March 2015, the 90 sec ad had been viewed over 25 million times on the campaign Facebook page and YouTube channel while the campaign had over 200,000 Facebook fans and over 61,000 Twitter followers. A huge amount of positive media coverage was also generated.

A key element of the campaign was the creation of a suite of material that organisations who supported the values of the campaign could use in their marketing activities. This material was made available under licence as part of a free toolkit from the This Girl Can website. By the end of 2014/15 over 4,000 partners of all sizes from individuals running an exercise class in a village hall to the Football Association had registered for the toolkit.

We know that we will have to work with our partners to ensure that women and girls who have been inspired by the campaign have a positive experience





when they decide to get involved. We want women to have the confidence to know that when they see the This Girl Can logo, they will be joining an activity aligned to the values of the campaign and designed with a This Girl Can type of girl in mind. Working with the 'supply side' of sport on this will be a key priority in 2015/16.

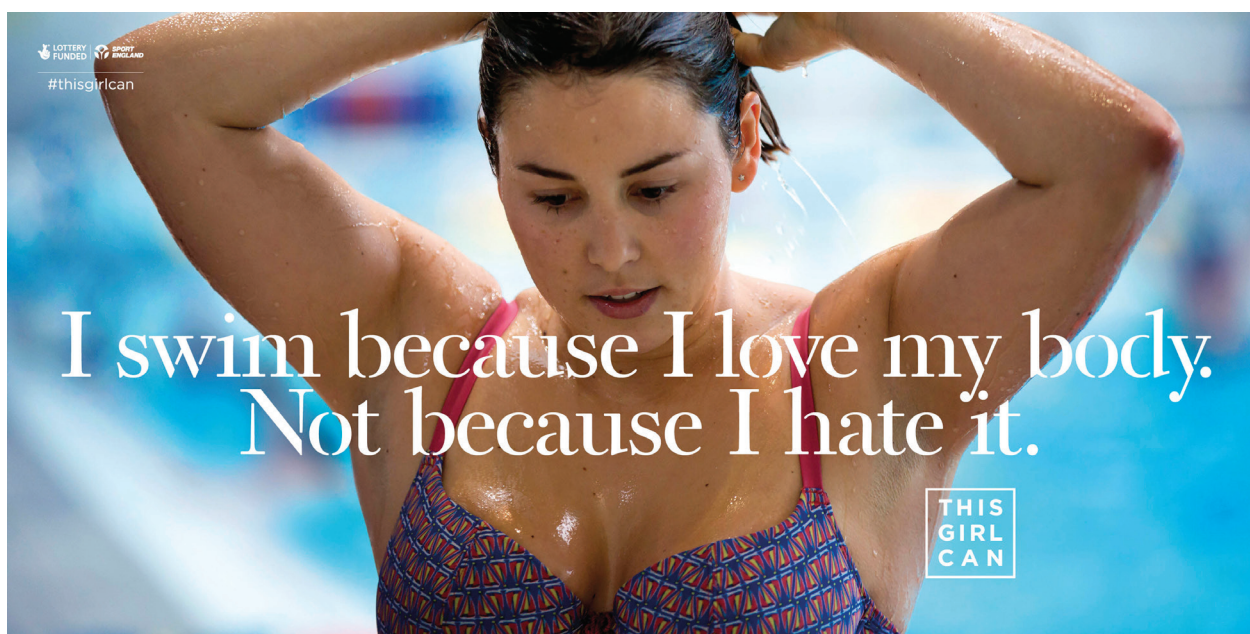
A second phase of advertising is planned for June/ July 2015.

A marketing and communications campaign of this size and scale was a new area of activity for Sport England and we worked with specialist agencies to develop and implement it. Having put insight at the heart of the campaign, we are also investing heavily in evaluating the campaign and measuring its impact. Beyond the standard marketing and communications measurements (opportunities to see, audience reach, social media engagement), we

are using a mixture of quantitative and qualitative research to measure levels of awareness of the campaign, whether it is leading to a change in attitude and whether it has prompted any action.

Interim results from three months into the advertising element of the campaign were very promising, showing high levels of awareness of the campaign and that it was having a positive impact on attitude. It also indicated that there was some evidence of a shift in behaviour, with some respondents declaring that they had done some or more sport as a result of the campaign. This has been reflected in social media as well.

However, the real test will be in Active People Survey results. We know that changing behaviour is a long term challenge, so while the indications are good, we do not expect to see the campaign having an impact on APS figures for some time.



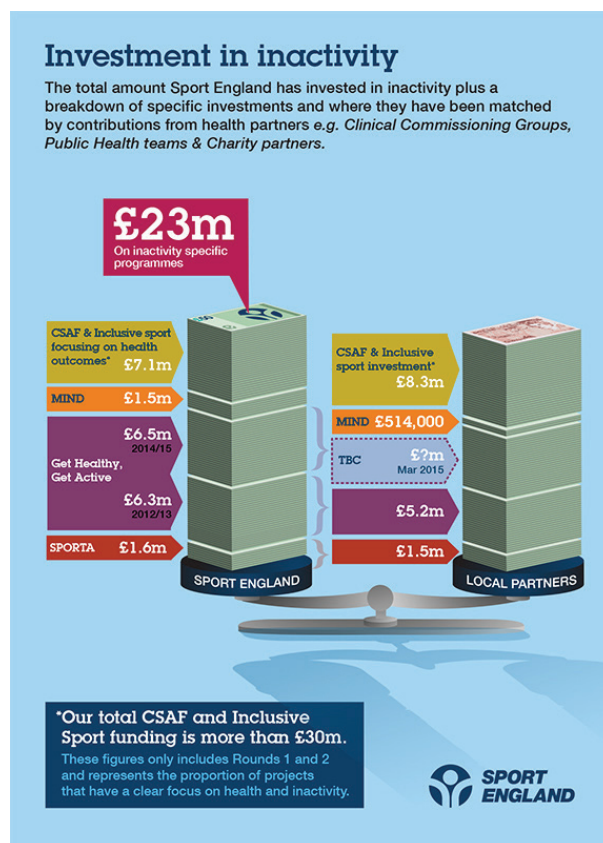
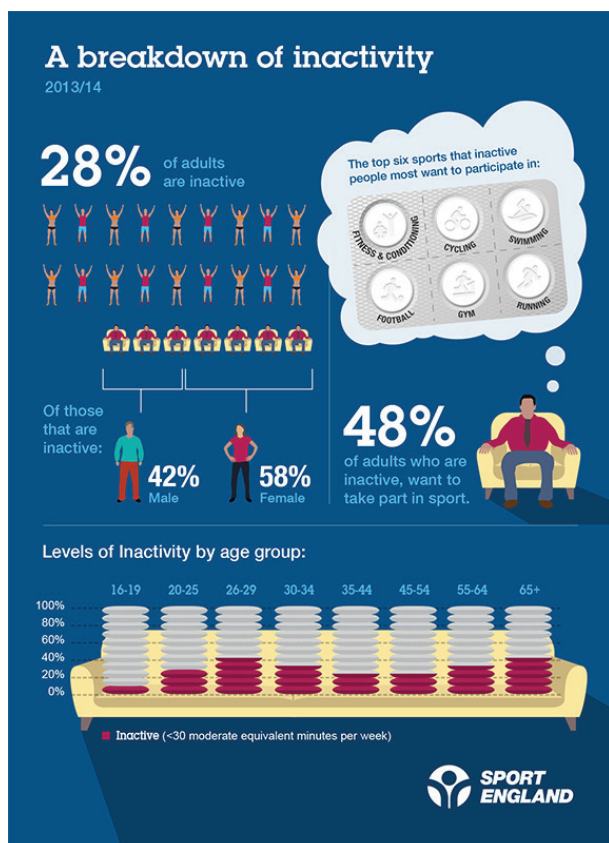
# Health investment

Whatever our age, there is strong scientific evidence that being physically active can help us lead healthier lives. Regular physical activity can reduce the risk of many chronic conditions, including coronary heart disease, stroke, type 2 diabetes, cancer, obesity, musculoskeletal conditions and mental health conditions.

Since 2012/13 we have invested £23 million in a range of projects to tackle inactivity and improve public health outcomes. This includes £6.3 million to 15 Get Healthy, Get Active (formerly Get Healthy, Get into Sport) projects in March 2013. The indicators in the first year of these projects are positive – 56,300 people have benefited and one third have started doing sport regularly. Given the challenges many of these people have faced this is a strong conversion rate and highly cost effective.

Projects included a five-a-side football initiative targeting young Somali men in west London set up by Brunel University. Working with more than 60 men aged between 18 and 24 and collaborating with a local community organisation, the London Urban Youth Network, the project has contributed to increased physical activity among the young men. It also impacts positively on self-confidence and sociability and is having an effect on reducing unhealthy behaviours (including drinking alcohol and chewing tobacco).

In October 2014 we announced a partnership with Mind, the mental health charity, to improve the lives of 75,000 people experiencing mental health problems. The programme, being launched in 2015/16, will support those experiencing mental health problems – such as depression and anxiety – will be supported to join mainstream sports clubs, go to the gym or take up a new sport. The



ambitious project, which will be run in eight areas across England, will be designed in collaboration with people living with mental health problems and will offer peer support groups, taster sessions and events to help people make sport part of their everyday lives. Sport England's £1.5 million National Lottery investment in the programme will sit alongside £514,000 from Mind.

## Community Sport Activation Fund

Designed in response to local demand, the Community Sport Activation Fund (CSAF) is a £47.5 million National Lottery programme supporting community groups, charities and councils to deliver grassroots activity at a very local level.

### Tri-Active in Swindon



Successful in Round 1 of CSAF, Tri-Active is a Swindon-based project which aims to get more people in the most deprived areas of the town swimming, cycling and running. Led by the local authority, the partnership brings together organisations with experience in sports development, public health, research and social marketing to target highly inactive women in particular. By its mid-point, the project had engaged almost 2,000 people who had taken up over 10,000 opportunities to be active.

Sharon, 42, didn't do any exercise until last year when a friend persuaded her to join the project. She is now a regular cyclist and runner, losing weight and feeling better for it.

"Friends who haven't seen me for a while say, 'wow – look at you!' It's a great feeling and I've been able to invest in a new wardrobe and wear things I wouldn't have been comfortable in before.

"Friends have noticed the difference in me and wanted to know how I did it. I've been encouraging them to try cycling as it's not too strenuous and you don't need any fancy sports equipment.

"I'm proof that you can go from doing absolutely nothing to lots of exercise in quite a short space of time. The results speak for themselves; I feel so much better and am having loads more fun."



We expect project plans to be based on an understanding of the motivations and barriers of the proposed target audience. A typical project will offer a broad range of sports and family-orientated activities, provide informal opportunities designed to suit the target audience and bring together a number of partners to help deliver and fund the offer.

The first awards were made in June 2013 and in the first three rounds of the fund 162 projects have received a total of £27.6 million. Significantly our investment has helped to lever an additional £12 million from other sources, for example local Health and Wellbeing Boards.

## Sport for a change

In 2014/15 we maintained our interest in sport for social change, increasing investment levels, working with a broader range of key stakeholders and commissioning new insight.

We continued to invest directly into key organisations, including Street Games, the Dame Kelly Holmes Trust and Premier League Kicks.

This year we have also begun working with new partners in this area such as Reach and Teach, the leading basketball charity in London which we awarded £418,000 to use basketball to affect positive change in disadvantaged young people and the communities in which they live.

We have invested £998,000 over three years into Greenhouse Sports, a charity that has a mission to develop social, thinking, emotional and physical skills within young people in London's most disadvantaged communities. Our award will allow the organisation to extend its mainstream secondary

school programme from 37 to 50 programmes. It will allow it to improve the robustness of its measurement and evaluation, demonstrating how its programmes are increasing the number of young people playing sport as well as developing their social, thinking, emotional and physical skills. As part of the project, Greenhouse will share best practice with other organisations operating in the area of the sport for development sector, with the aim of improving their capability to use sport for social good.

We have also commissioned research to improve our understanding of the sport for development area, including its scale, reach and complexity – which will inform how, where and when we invest further.



## Club Matters

Sports clubs are at the heart of community sport and Sport England is committed to supporting the people who run them. In January 2015 we launched Club Matters, a one-stop shop for free and practical help to those involved with a grassroots club.

At its core is a website with the essential resources but it extends well beyond the screen, offering a range of carefully designed services which clubs told us they need:

**Mentoring** – Either for long-term support, or just a short call to sound out ideas, Club Matters' flexible mentoring scheme offers personal support at a time and place to suit.

**Club Improvement Plans** – Online resource for clubs of all sizes and at all stages of their development to establish where they are performing where they can develop.

**Club Views** – A club survey tool helping users to ask members and volunteers what they think about their club and make suggestions.

**Clubmark** – The nationally-acknowledged accreditation scheme for community sports clubs. As part of Clubmark accreditation, clubs have the opportunity to request a Club Matters mentor to help them through the accreditation process.

**Online Support** – Help and guidance in all areas of running a sports club. This includes online toolkits, quick reference guides and e-learning modules.

## Disability sport

Currently 1.58 million disabled people play sport at least once a week compared to 1.32 million in 2005, but the number is down on the previous year. Moreover, non-disabled people are still more than twice as likely to take part in sport as disabled people which is why Sport England continues to focus attention and investment to make sport a practical and attractive option for disabled people.

A key area of focus has been on increasing our understanding of disabled people, their existing behaviours in sport, their attitudes, habits and motivations. We now understand more about the impact of gender, age, impairment and geography on disabled people taking part in sport.

As we have improved our understanding, we have also extended the range of organisations we work with to support more disabled people to play sport, collaborating with organisations that disabled people know and trust.

For example during 2014/15 we developed a new and unique partnership with Disability Rights UK (DRUK) to enable more disabled people to access sport through the use of their personal budgets. With £791,171 of National Lottery funding, DRUK is piloting the 'Get Yourself Active' scheme in conjunction with Cheshire Centre for Independent Living (CCIL), Equal Lives (Norfolk) and Leicestershire Centre for Integrated Living which are all disabled people's user-led organisations. Get Yourself Active will engage disabled people themselves as well as health and social care professionals and sports

**"Sports clubs play an important role in community sport – providing opportunities for millions of people every week."**

**Nick Bitel,**  
Sport England Chair





providers. The project focuses on understanding the feasibility, value and benefits of signing-off personal budgets for the individuals wanting to use their funds for sport and physical activity.

We continue to invest in organisations who have expertise in disability and sport. We have invested £2.3 million into the English Federation of Disability Sport to provide expertise around marketing and communications; research and insight; and engaging with disabled people.

In October 2014 £2.2 million was invested into eight National Disability Sports Organisations (British Blind Sport, WheelPower, CP Sport, Dwarf Sports Association UK, MenCap/Special Olympics, UK Deaf Sport, Limb Power) to provide impairment specific expertise to the sports sector to help improve opportunities for disabled people to access sport.

Our Inclusive Sport programme which was launched in 2012 and started delivering in 2013 is

proving successful.

So far 30,000 additional disabled people are now taking regular part in sport because of this programme and we are on track to exceed the overall target for this investment.

Motivate East is a three-year Inclusive Sport project about to approach its two year anniversary. At 18 months the project had already exceeded its three year target of getting close to 5,000 individual disabled people into sport.

The project has successfully brought disability sporting opportunities to new groups of inactive people by bridging the gap between Disabled People's Organisations (DPOs) and the world of sport. It has succeeded in reaching people and communities not previously involved in sport through a range of initiatives, from the loan of equipment and coaches to small DPOs, to innovative work with larger organisations such as the Teenage Cancer



Trust and the East London Mental Health Services.

## Dedicated youth programmes

Despite having busy lives dominated by technology, young people remain significantly more active than the population as a whole, with more than half (54.7 per cent) of 16–25 year olds playing sport regularly compared to a little more than a third (35.8 per cent) of the general population. The figure for 14–15 year olds is significantly higher with three-quarters (75.6 per cent) playing sport once a week.

With these high levels it will be extremely challenging

to increase the numbers of young people playing sport still further. The long term trend at best is flat. We remain committed to changing this and have continued to prioritise our work to learn what motivates young people and understand better their attitude to sport

## College Sport Makers

College Sport Makers seek to increase the number of young people playing sport as they move from secondary to further education. The £25 million National Lottery funded programme has put in place over 150 College Sports Makers working in

### Understanding young people and their attitudes to sport

- |   |  |   |  |
|---|--|---|--|
| <ul style="list-style-type: none"> <li>• Sport is up against a range of competing interests in a life dominated by technology</li> <li>• Behaviour does not always reflect attitudes to sport – doing sport does not</li> </ul> | <p>necessarily equate to enjoying it. Attention should be focused upon changing behaviours and not attitudes</p> <ul style="list-style-type: none"> <li>• We need to encourage young people to take part by demonstrating</li> </ul> | <p>how sport delivers what matters to them</p> <ul style="list-style-type: none"> <li>• The sporting offer should be tailored to the needs and fit with the lives of the young people being targeted – any competitor will do this</li> </ul> | <ul style="list-style-type: none"> <li>• Young people need to be involved in both design and delivery</li> <li>• Friends matter, so it is important that experience is not isolating from friendship groups</li> </ul> |
|---|--|---|--|

165 colleges and sixth forms to get and keep more 16–18 year active.

The specially trained College Sport Makers, generally young people themselves, work with the whole student population, paying particular attention to those who do not see themselves as sporty, introducing them to different activities delivered in interesting and accessible ways, for example Colour Run, Neon Badminton, touch rugby, co-ed basketball, or exercise sessions in classrooms for people who are nervous about going to the gym.

The College Sport Makers also link colleges and sixth forms with local community sports organisations so that the students are aware of opportunities to play sport in the wider community and have their own sporting network when they leave further education.

The programme is having a positive impact. In 2014/15 an independent evaluation reported that College Sport Makers had succeeded in raising awareness of the benefits of taking part in sport activities and facilitating a positive outlook on sport and physical activity. It also showed a



4.3 percentage point increase in the number of students taking part in sport each week in those colleges which had a College Sport Maker.

## Satellite clubs

Often even the most sporty young person finds it difficult to move from playing sport at school to playing it in a community environment, in particular finding a club where they feel comfortable. Our satellite clubs programme is designed to help young people manage this transition.

Satellite clubs are aimed at people aged 11–25. Although they are located on school and college sites, in most other respects they feel like a regular community sports club: run by volunteers and

## The hub of the matter

After years of trying to set up a junior netball club in the town, Marlborough finally got one in September 2013 when Raychem Netball Club, 12 miles away, agreed to set up a satellite club at

St John's School. Marlborough Netball Club now has 40 girls attending every week, with the team representing the club in local competitions. With volunteers from Raychem, the hub

club, leading the way, the girls' parents have also got involved,

taking coaching qualifications so that they can run sessions.





coaches linked to a local sports club (the ‘hub’ to which this club is a ‘satellite’) rather than teachers.

The young person is 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 move to playing at the hub club with people and coaches they have already got to know.

By the end of 2014/15, we had met our target of establishing 5,000 satellite clubs two years ahead of schedule, with 5043 clubs attracting over 200,000 young people. More than 80 per cent of secondary schools have been offered the opportunity to host a club. Our aim is for every school to have been offered one by 2017.

## Primary Spaces

Having the right place to play sport and be physically active as a child is vital in ensuring that more children are active.

During a consultation in 2013/14 around 3,000 primary schools told us that they have very little or no outside space which could be used for physical education or sport making. In response we set up the £18 million Primary Spaces fund to help such schools create attractive sports spaces in which pupils can enjoy both as part of their school day and out of school hours.

During 2014/15, we awarded 600 primary schools up to £30,000 each to spend on a range of kit and equipment to create inviting play areas. Work on 163 schools was completed by the end of the year with the remainder of the work being installed over coming year, mainly over the school holidays to cause as little disruption as possible.

### Woodhill Primary School gets a Primary Spaces makeover

The playground at Woodhill Primary School in Woolwich in London was transformed thanks to a Primary Spaces grant – as the before and after pictures below show. Before the school’s outdoor space was not up to scratch and classes had to use it on rotation.



Now the planned and careful use of space and colourful kit and equipment has drastically altered the outdoor space available. It gives every child in the school the chance of at least two hours of high quality physical education each week.



## NGB investment

The major proportion of our investment and of our expertise and focus is on helping more people to do sport regularly – everything from going for a jog or a swim, doing an exercise class or going to the gym to playing a formal game of football or cricket. Our biggest single investment is in 46 national governing bodies of sport (NGBs) and 2014/15 was mid-way through a four-year cycle which will see up to over £400 million being invested up to 2017.

This investment into the sports themselves is very actively managed. Our payment for results approach means we reward success and encourage innovation while penalising failure to ensure the NGBs are delivering results and value for the public money they receive.

Active People Survey results published in January 2015 revealed 15.6 million people playing sport once a week, every week, in the year to October 2014. This was 125,100 down on the previous 12 months, heavily influenced by swimming which saw a drop of 245,000 in the year.

However, reversing earlier trends, team sports also saw an increase in numbers playing in the last 12 months, with football, cricket, netball and rugby union all recording growth. Other sports recording increases in the numbers of people taking part included athletics, canoeing, mountaineering, taekwondo and fencing.

Following the publication of these results the 46 NGBs reported against their targets and during February 2015 we reviewed all our NGB investments. As a result in March 2015 we announced the action we were taking against the NGBs which had missed

one or more of their agreed targets. This involved removing £1.53 million from four governing bodies – the Amateur Swimming Association (ASA), the Rugby Football League, British Gymnastics and the British Equestrian Federation – because they failed to meet agreed targets.

Every penny of the money will be reinvested in alternative projects to explore new ways of producing better results in those sports. They include new club-led rugby league projects, investment in gymnastic clubs where demand is high and new opportunities for disabled horse riders to get into the saddle.

Given the sharp drop in the number of people swimming regularly, the ASA lost £667,895 – 10 per cent of its remaining funding for getting

### Rewarding success

Having exceeded its targets for getting more people playing its sport well ahead of the schedule, we wanted to help England Handball extend its work still further. One thing limiting further progress was the lack of a dedicated marketing and communications team to help the sport,

still very new to this country, attract new players as well as commercial partners.

So Sport England awarded England Handball £197,500 to recruit a couple of experts to the team and to create a new more engaging and consumer-focused website.



## City of football

Nottingham was named in September as Sport England's City of Football, narrowly beating Manchester and Portsmouth. Nottingham will receive £1.6 million over two years to get more people in the city playing football regularly.

Competition for the prize was fierce, and the three short-listed candidate cities all put in exceptionally strong bids, each rising to the challenge of making

a compelling case to show how and why they were the best placed to encourage more people to play football more often.

Nottingham clinched the title by mobilising an impressive group of private, public and voluntary sector partners from both inside and outside the traditional football family, to do whatever it takes to get more people – particularly those aged 14-25 years – playing all kinds

of football regularly. This included a very close collaboration with the city's Creative Quarter – Nottingham's creative network where business, art and technology come together – and applying lessons learned from engaging with young people to develop its successful GameCity festival.

The strength of Nottingham's bid was the focus on using insight to respond to the challenge of getting

more people playing the national game. A key element is a digital platform – 'Playbook' – which will help football providers target the right people, in the right places, at the right time, with relevant offers.

The project formally started in April 2015 and we will be sharing insight and lessons from it with the Football Association as well as the other 21 cities who bid for the title.

more people swimming. The money will be invested by Sport England in pilot programmes focused on improving the experience that casual and social swimmers get. The work will be led by swimming pool operators, alongside the ASA. The pilots will be launched across the country by the end of the summer.

leadership improvement not just because it is a condition of our investment but because of an appreciation that excellence in governance is a prerequisite for excellence in sporting outcomes.

Sport England publishes governance requirements that help drive that improvement. We then provide advice, expertise and often specific investments in order to help NGBs meet those requirements.

## Leadership and governance

Strong leadership and good governance are the foundations of success for NGBs looking to increase the number of people playing their sport in a sustainable way.

Sport England is striving to achieve a self-aware industry that drives continuous governance and

Our key criteria include:

- An appropriate Board remit with a strategic focus
- Open recruitment to Boards
- A well-led Board, with at least one third 'independent' members and limited terms of office
- An expectation that by 2017 at least 25 per cent of the Board will be female

# Progress against our priorities: Talent

**Sport England is investing over £80 million over the period 2013–17 to support talented athletes**

Our talent investment has three complementary objectives: developing and nurturing talent to create a talent pool from which the World Class Programme funded by UK Sport can draw; diversifying and broadening that talent pool by providing access and opportunity for more athletes regardless of their background or circumstances; and ensuring that the talent system is integrated with community, education and performance sport sectors.

During 2014/15 Sport England assumed responsibility for the Talented Athlete Scholarship Scheme (TASS) to give young people across England the opportunity to get the best out of their academic and athletic ability.

The scheme has helped to produce almost 150 Olympic and Paralympic medallists and is globally recognised for its ability to help them pursue sport and education at the same time, without having to choose. The European Union, the International Olympic Committee and national sports bodies from Japan and Brazil have all recognised TASS as a world-leader in its field.

This success is built on the fact that TASS brings experts from the sport and education sectors together to provide tailored support for athletes and the professionals. The scheme is managed on our behalf by SportsAid which, as a national charity with almost 40 years of experience in helping British athletes, brings its own expertise in helping talented sportsmen and women to meet the costs and pressures of sport. Over the period 2014/15–2016/17 we will invest £6 million in the scheme.

## Reaching new heights

Adam Hague is currently studying an Athlete Development Programme (ADP) course at Barnsley College.

He is in his second and final year of the course with high hopes of progressing onto university to study sports coaching or sports psychology while continuing his sporting career as a pole vaulter.

His first competition representing Great Britain was in 2013 at the age of 15 when he went to the world youth championships

in Ukraine, in which he reached the final and came sixth.

Since his GB debut, Adam has made great strides. He started in 2014 and in his first year in the under-20 age group, by becoming national outdoor champion, securing a place at the world junior championships in Oregon, USA.

Adam said: “Thanks to TASS I have use of excellent facilities at Sheffield Hallam University which have helped me achieve great results.”

## Supporting Team England

Summer 2014 saw the Commonwealth Games take place in Glasgow where Team England athletes surpassed expectation by leading the country to the top of the medal table, producing their best



performance ever and bringing home a record haul of medals. They won 174 medals at the Games, including 58 gold medals – eclipsing the previous best of 165 medals from the home Games in Manchester in 2002, including 56 golds.

Between 2012 and 2015, Sport England has invested £1.5 million in Commonwealth Games England to support the core staffing infrastructure, functions and activities of the organisation to plan, prepare and manage Team England in Glasgow.

Sport England also supported all of Team England's athletes by investing £93,000 in a Performance Centre in Glasgow. Nicknamed the Lions Den, it gave athletes access to a full range of clinical, conditioning, rehabilitation and preparation services during the Games.

Eight sports also benefitted from nearly £1 million worth of our investment in the build-up to Glasgow 2014. Athletics, bowls, judo, shooting, swimming, table tennis, weightlifting and wrestling were all recipients of Sport England Commonwealth Games funding that gave 91 athletes access to dedicated training and preparation programmes with coaches, opportunities to take part in international competitions, and sport science and medicine support. England



Netball and Squash's high performance programmes are funded by Sport England. Netball is receiving £5 million worth of funding over four years, while squash is benefitting from £2.3 million. Although netball did not reach the podium - losing in the bronze medal match to Jamaica - squash won nine

of the 15 medals on offer at the Games, including a clean sweep of the men's individual medals with Team England's flag-bearer Nick Matthew taking gold, James Willstrop silver and Peter Barker bronze.

**“Sport England funding has been a major contributing factor in our World Cup success and enabled us to provide a high quality support programme to the elite squad in recent years.”**

**Nicky Ponsford, RFU's Head of Performance for Women's Rugby**

## Rugby World Cup Success

Sport England investment also helped England women's win in August 2014 in the Rugby World Cup Final, their first World Cup title in 20 years. We invested £750,000 over two years to support the England women's squad in preparation for the World Cup. Our investment was used to support key high performance staff including coaches, domestic training camps, international competition programme and sports science and sports medicine provision.

# Progress against our priorities: Facilities

**Facilities are a fundamental part of grassroots sport – most sport takes place in one type of facility or another**

We know that good sports facilities are essential if we want more people to play sport and that people, when making choices about what to do with and where to spend their leisure time, are more discerning than ever before about the quality and features of facilities.

This year we continued to invest in facilities, supporting hundreds of small, local clubs and medium-sized projects, and a number of major projects. During 2013–17 our total investment into facilities will be over £300 million.

## Supporting local clubs

We have two open facilities funding streams – Inspired Facilities and Protecting Playing Fields – to support local clubs to help them retain existing members and recruit new ones.

By the end of 2014/15, some 1,800 community and local sports clubs had benefited from funding under Inspired Facilities since its launch in 2011, receiving awards totalling over £95 million. Additional partnership funding of over £150 million has also been secured.

Investment is available for sports clubs, local authorities, schools and parish councils to help fix facilities that can be unattractive, expensive to run and difficult to maintain, and to convert existing buildings into venues that are suitable for grassroots sport. We have fixed roofs, installed new shower blocks, put in new boilers and put up floodlights.

And it is making a difference. Clubs where work has been completed have reported an increase in usage (throughput) of 22 per cent.

Protecting Playing Fields is designed to improve playing fields which are vulnerable to waterlogging and in a state of disrepair. During 2014/15, £4.1million of National Lottery investment was made into 63 projects which levered additional partnership funding of £1.5 million towards total project costs of £5.6 million.

This brought the total investment made under this programme to £19 million which has been invested in over 370 local community sports projects across the country. Partnership funding generated over £13 million additional investment. Completed projects have reported a 22 percentage point increase in usage (throughput).

By 2014/15 we had protected and improved 1,119 pitches comprising 3,885 acres, the equivalent of 1,942 Wembley Stadiums.

## Fulfilling strategic need

The Strategic Facilities Fund (formerly the Iconic Facilities Fund) directs capital investment into a number of key local authority projects selected on the basis of strategic need and the impact they will have on increasing and sustaining community sport participation.

Sport England investment generally unlocks significant levels of third party funding from the

public and private sectors and national governing bodies of sport (NGBs). The fund is also designed to encourage applicants and their partners to invest further capital and revenue funding to ensure sustainability. Sport England has allocated a budget of £50 million of Lottery funding to award through this fund over the period 2013–17 and applications are invited on a solicited-only basis.

During 2014/15 we had invested £18.1 million into 11 Strategic Facilities and Iconic Facilities projects. These projects brought in £149.67 million of partnership funding, with total project costs coming to £167.8 million.

The £3 million investment we made into Derby Arena is typical of the kind of project this fund supports. Our investment helped to lever £30.8 million into the project which features a 250m indoor cycling track, 12-court sports hall, health & fitness suite, a number of studios and can be converted into a venue hosting up to 5,000 people for sporting and non-sporting events.

**“These works will ensure the community has a sustainable centre for years to come...”**

**General Manager, Bridport & West Dorset Sports Trust Ltd**

During 2014/15 we placed a particular focus on projects with a clearly demonstrable environmental sustainability through changes to efficiency and usage of energy. Among those projects we supported during the year was Bridport Leisure Centre, a leisure hub for the surrounding Dorset community with over 260,000 visitors per year. The leisure facilities at the centre include a 25m pool and 12m learner pool, a four-court sports hall, 70 station gym, spinning room, and three squash courts.

Sport England awarded the centre £162,261 towards an overall budget of £216,348 to bring environmental improvements and energy cost savings to the centre. The money will be used to

install a number of sustainable energy saving initiatives which will complement the hard work and already impressive reductions in energy use and CO2 emissions.

Upgrades to the air handling unit, showers and pool covers are all included in the project and these initiatives will reduce the centre's requirements for conventional energy. It is hoped that the centre

will see anticipated reductions of 60 per cent in energy costs and 40 per cent in carbon emissions.

## Sustainable investment

Between 2012 and 2017, the Improvement Fund will invest £45m of National Lottery funding into medium-sized projects that will improve the quality and experience of sport and so increase the number of people playing sport. It bridges the gap between our Strategic Facilities Fund and Inspired Facilities.

The fund awards capital grants worth £150,000 to £500,000 into sustainable projects with a clear local need over five rounds. To ensure the fund supports as many projects as possible, we require a minimum of 25 per cent cash partnership funding towards the total project costs.

## Working with local authorities

Sport England recognises the considerable financial pressures that local authorities are currently under and the need to strategically review and rationalise leisure stock so that cost effective and financially sustainable provision is available in the long-term.

Sport England has a key role to play in the sector, from influencing the local strategic planning and review of sports facility provision to building the business case for sports provision to attract funding from other sources including public health and



investing in major capital projects of strategic importance.

Using bespoke strategic planning tools and guidance on affordable design, costs, procurement and management, our expert team is able to help partners deliver the right facilities in the right places.

For example Sport England worked with Warrington Borough Council to undertake a review of its leisure stock to plan provision strategically. The review resulted in the construction of Orford Park Leisure Centre which replaced three outdated and expensive to run centres. The new centre opened in 2012 and by the end of 2014/15 the number of annual visits rose from 200,000 at the three previous centres to 1.4 million at the new one.

The centre is exceeding its business plan targets by 30 per cent and the Council's £450,000 annual subsidy of previous services has been transformed into an annual surplus of £200,000.

## Statutory and strategic planning

We have a statutory planning role which means we have to be consulted on all planning applications that affect playing fields. We always object unless we are confident that local sports provision will be protected or enhanced.

In 2012/13, 94 per cent of the applications we opposed resulted in the places where people play sport being improved or safeguarded. Published in December 2014, these are the most recent figures available, due to the length of time individual planning processes can take to complete.

### Jennie Price

Chief Executive and Accounting Officer  
The English Sports Council  
18 June 2015

### Nick Bitel

Chair  
The English Sports Council  
18 June 2015

## Directors' report

# How we work

Headquartered in London, we also have offices in Loughborough, Bisham Abbey, Leeds and Crewkerne, as well as a significant number of colleagues who work from home.

As at 31 March 2015 our total staff complement was 240.5 FTE. Within the senior executive team, four, including the Chief Executive, were women and three men, while women make up 51 per cent of our workforce.

## A commitment to diversity

As an employer we actively seek to ensure that our workforce reflects the communities we serve, recognising that this makes us better able to understand their needs and priorities. We also understand that a diverse workplace fosters creative thinking and an inclusive culture, and we have worked hard to make Sport England an open and supportive organisation. We can only do this by ensuring that the people who work for us are the best they can be irrespective of their age, gender, sexuality, ethnicity, disability, marital status, religion or belief. What matters to us is that we have talented, enthusiastic and experienced professionals working with us who can help deliver our strategic outcomes while living up to our values – positive, united, expert and focused.

In February 2015 we were awarded Investors in Diversity (IID) accreditation by the National Centre for Diversity. This accreditation provides an all-encompassing methodology for improving Equality, Diversity and Inclusion (EDI) practices in the workplace. Those organisations that achieve the Investors in Diversity accreditation have demonstrated a structured and planned approach to embedding EDI at the heart of what they do.

With relatively low staff turnover rates we have sought to increase the diversity of our workplace by introducing a paid summer internship programme. The programme is also aimed at encouraging students from a diverse range of backgrounds to consider working in sport as a career and to improve the awareness of Sport England's employer brand among a wider demographic of potential recruits.

To encourage students to apply for the internships from different socio-economic backgrounds we advertise the opportunities across a range of universities and media outlets, and pay a salary in excess of the London living wage. In its second year of operation, during 2014/15 Sport England offered 10 paid summer internships to university students at the end of their first or second years having received over 500 applications.

Interns worked across different directorates, and for the first time in 2014 in addition to the general internship programme we offered placements in two professions – legal and planning.

Feedback from the students at the end of their placements was overwhelmingly positive, with comments such as Sport England comes across as an 'inspirational organisation as the organisation has a number of women in high level roles', and that the internship provided 'valuable and practical work-based experience'.

## Specialist skills

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

Sport England's seven directorates (including the CEO's office) work individually and collaboratively to support, develop and promote grassroots sport, helping sport to reach beyond its traditional heartland.



## Community Sport

Community Sport combines the specialists who work on our youth programmes with those who work with local partners (in particular local authorities).

The Executive Director is Mike Diaper, his team:

- Works with NGBs and CSPs to establish strong connections between school sport and club/community sport, making it easier and attractive for young people to choose to play sport
- Leads youth programmes like satellite clubs and College Sport Makers
- Works with higher and further education institutions to create more opportunities for 16–25 year olds to play sport
- Leads on programmes that use sport to support youngsters on society's margins (such as Get on Track delivered by the Dame Kelly Holmes Legacy Trust)
- Leads targeted investment into school sport (through the School Games and the Primary School Sport Premium)
- Oversees local investment through the Community Sport Activation Fund and supports projects that get and keep people in sport
- Leads our engagement with health and investment into getting inactive people into sport
- Engages with local authorities (especially London and the core cities) 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

## National Governing Bodies and Sport

The NGB and Sport directorate is responsible for managing Sport England's investment of over £98.4 million each year in 46 NGBs which is aimed



at increasing participation in the individual sports and improving the talent development system.

Through relationship managers, supported by teams with areas of expertise, the directorate works with the NGBs to provide technical support, and expert advice to ensure our investment in them is effective. We also make small investments in a number of specialist organisations to provide deeper expertise in areas such as coaching, or workforce training.

The Executive Director of Sport is Phil Smith, his team:

- Advises NGBs and other partners on participation, in collaboration with the Sport England insight team
- Performance manages the investments made in NGBs, applying the 'payment for results' principles and the reward and incentive fund accordingly
- Oversees the local delivery of NGB investments so that activity takes place in the right places, by creating relationships between NGBs and county sport partnerships or local authorities
- Advises NGBs on the development of talented athletes up to world class level in Olympic and Paralympic sports (at which point UK Sport is the investor and expert adviser), and throughout the talent system in other sports
- Develops the paid and voluntary workforce in sport through a number of training and development programmes, notably with the Cranfield University School of Management
- Has expertise on club development and offers the 'Club Matters' free service to sports clubs looking to strengthen or grow

- Advises the sector on equality and diversity issues and commissions expertise via national partners covering race, gender and disability issues

## Facilities and Planning



The Facilities and Planning directorate is responsible for developing and implementing the capital funding strategy for the organisation, supporting partners in sustaining and enhancing investment into sport.

The Executive Director is Charles Johnston, his team:

- Provides strategic advice and funding to ensure new sports facilities are developed in response to robust needs and evidence
- Designs and manages the capital facility investment streams funds such as Strategic Facilities Fund, Improvement Fund, Inspired Facilities and Protecting Playing Fields
- Produces guidance to ensure value for money in capital build, financial sustainability in facility operations and maintaining facility standards
- Assists NGBs to ensure they use our capital investment most effectively to complement their overall objectives including driving participation
- Manages our National Sports Centres, Bisham Abbey, Lilleshall and 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 and influences policy through its non-statutory role as a consultee on more general sports planning matters.
- Encourages and helps schools to open up their facilities to community use

## Insight

The Insight Directorate is responsible for putting insight at the heart of our decision making, and in doing so changing the way Sport England and others think and act to drive increased participation and improved talent development. The directorate has specialist expertise in information and data management, research, evaluation and analysis; behavioural change, business engagement and disability.



The Executive Director is Lisa O'Keefe, her team:

- Ensures that high quality data and insight is openly available and shared across the community sport sector in England
- Supports the community sport sector to use the logic, rigour and creativity of insight to provide solutions
- Ensures that the community sport sector benefits from an insight-led approach to investment that demonstrates impact
- Fosters a deep understanding of behaviours to transform the delivery of community sport in England
- Measures how many adults play sport through the Active People Survey
- Evaluates the impact of our investments to understand what works and shows value
- Oversees our investment in disability sport
- Works with and invests in the disability sport sector to make sport and physical activity more accessible, attractive and appealing for disabled people to take part in.

## Business Partnerships



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

The Executive Director is Tanya Joseph, her team:

- Manages and protects the reputation of Sport England
- Promotes our funding programmes to generate strong applications and highlights the results of our investment
- Helps the public, voluntary and private sectors understand how they can work with us and the benefits of doing so
- Has responsibility for the This Girl Can marketing and communications campaign
- Works with the media to raise the profile of grassroots sport
- Manages our direct engagement with consumers through the Sport England website, social media channels and the Be Inspired consumer database
- Provides consultancy services directly and indirectly to our investment partners to help them deliver our strategic objectives
- Manages National Lottery recognition
- Provides briefing to DCMS ministers and officials and provides answers to Parliamentary Questions
- Responds to Freedom of Information requests and complaints

- Is responsible for managing relationship with existing partners such as Sainsbury's and the BBC and securing new partnerships
- Secures private sector resources, including expertise, in-kind support and financial investment to promote and develop grassroots sport

## Corporate Services



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

The 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
- Manages annual investment of £300 million and a portfolio of facilities investment of several million in awards
- Ensures value for money from all our suppliers through effective procurement
- Provides financial support and advice to the organisation



# Financial review

The funding received in 2014/15 and the changes from 2013/14 are discussed on page five.

## Funding invested as awards

During 2014/15 we awarded £68.5 million of Exchequer funds (2014: £72.0million) of which £44.3 million (2014: £48.0 million) were for revenue projects and £24.2 million (2014: £24.0 million) for capital projects. Details are set out in note 4 of the Exchequer Accounts.

We committed and offered to applicants £218.7 million of **Lottery awards** during the year (2014: £185.5 million). The increase is due to funding for two new programmes in the year – Primary Spaces and University Sport Activation Fund.

In addition we provided £4.9 million (2014: £0.8 million) of **Lottery non-cash grants** for Club Matters and the This Girl Can campaign.

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

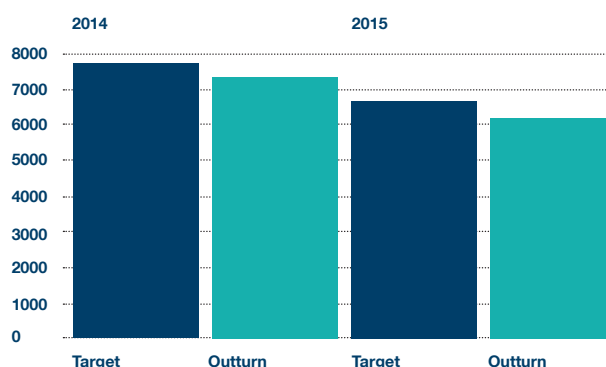
Additionality means that Lottery funding should be distinct from any Exchequer funding and add additional value to community sport. Lottery funding decisions are independent of Government, and we only use Lottery to fund projects that the Government is unlikely to fund. Lottery funding can complement Exchequer funding, as long as there is a clear distinction between the uses of each and an opportunity arises to add additional value to existing schemes.

## Working efficiently

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

**Exchequer:** An absolute value administration cost target which was set for each of the four years of the 2010 spending review period which began on 1 April 2011. This target, which reduces by 50 per cent over the spending review period, has been achieved for each year.

### Administration cost target<sup>1</sup>



<sup>1</sup> Per DCMS consolidated accounts. 2014 final figure, a provisional figure was included in 2013/14 accounts

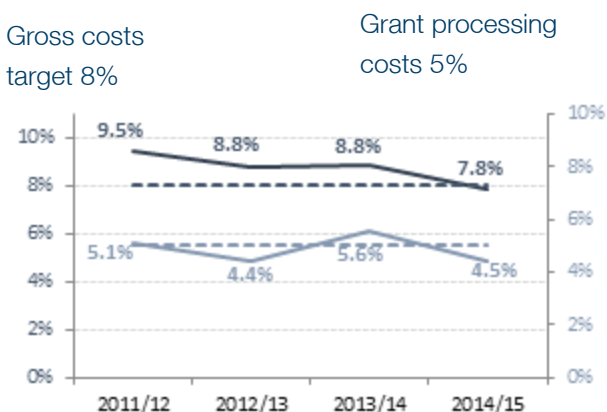
In addition we are required to operate within the overall budget limits set by DCMS. Our resource and capital Grant-in-aid budgets were under spent by £0.2 million for the year (2014: £0.7 million).

**Lottery:** In 2010 the Lottery distributors agreed to work towards a benchmark of 5 per cent for grant processing costs and 8 per cent for gross costs. In calculating the percentages the Lottery distributors

agreed a common definition which we have applied to this calculation.

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

**Both the targets were achieved for the year and performance since 2011 as shown in the graph below:**



During 2014/15 £33.7 million (2014: £36.1 million) was spent to support the delivery of our strategy, award programmes and core operations, which are separated into three areas: sports development, administration and staff costs in the Exchequer and Lottery accounts.

These costs are apportioned between our Exchequer and Lottery activities in accordance with the methodology set out in note 1.7 of the Exchequer and note 1.8 of the Lottery Accounts. The apportionment of costs varies between years and thus the costs have been aggregated to make comparison easier.

Sports development costs support the delivery of our award programmes as well as promoting the development of sport in local communities. The costs for the year were £11.2 million (2014: £9.7 million) and were in line with the budget set at the beginning of the year.

The increase is mainly due to increased costs (including irrecoverable VAT) following the re-negotiation of the requirements for the Active People Survey.

**Administration** costs are incurred to operate the business and during the year were £8.0 million (2014: £12.5 million). This includes costs of £0.7 million (2014: £2.0 million) recharged to other organisations.

When depreciation and the short term financial consequences of the London office relocation are excluded, including the costs of operating two buildings from September 2013 to September 2014, provisions for dilapidations and remaining lease costs and fit out of the new premises, our administration costs have decreased by £2.1 million. The largest component of this saving (£1.8 million including VAT) is on rentals and office costs as a result of the relocation.

The costs of staff that deliver and support both sports development and administrative functions were £14.5 million (2014: £14.0 million). The increase is due to the agreed 1 per cent pay award, increased accrued holiday pay and recruitment of business critical vacancies.

## Cash management

Management of our Exchequer cash resources is in line with the requirement within “Managing Public Money” to minimise our cash balances. Our Exchequer cash balance at 31 March 2015 was

£3.6 million (2014: £1.3 million).

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

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

Our Lottery cash balance at 31 March 2015 was £157.7 million (2014: £177.1 million). The movement in the NLDF balance is detailed in note 2 of the Lottery Accounts.

## Equity

**Exchequer:** Taxpayers' equity is £71.0 million (2014: £66.8 million) and includes increases in the revaluation and general reserve offset by a decrease in the pension reserve which results from calculating the liabilities in accordance with IAS 19, explained below.

The increase is mainly due to additions to and revaluation of the buildings at our National Centres totalling £9.6 million.

Net receivables increased by £0.7 million due to the utilisation and release of provisions for the former London office, Victoria House.

**Lottery:** The deficit in equity amounted to £262.9 million (2014: deficit £254.3 million) and includes a reduction in the pension reserves.

## Defined benefit pension scheme

IAS 19 valuation of the defined benefit and unfunded pension liability for accounting purposes is £54.7 million (2014: £40.2 million). The value of the unfunded liability is £8.2 million (2014: £7.6 million). The increase in value of the pension deficit is mainly due to the change in the discount rate financial assumption used in the calculation of the deficit.

The last triennial actuarial valuation as at 31 March 2014 indicated a deficit of £5.6 million. The deficit had reduced by £11.9 million from the previous valuation as at 31 March 2010 as a result of the both compulsory and voluntary contributions over the past few years.

Sport England contributions to pension schemes are detailed in note 25 to the Exchequer and note 16 to the Lottery Accounts.

## Audit

Sport England is required to have its Exchequer and Lottery Accounts audited by the Comptroller and Auditor General. The audit fee was £52,500 for the Exchequer group (2014: £58,500) and £52,500 for the Lottery account (2014: £58,500). The subsidiary companies were also audited by Comptroller and Auditor General and the audit fees for the year were £21,900 (2014: £19,000).

## Sustainability reporting

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

### This includes:

- Investing in projects and facilities that demonstrate sound sustainable business plans
- Reducing printed material by using our website

and email newsletters to disseminate information

- Use of recycled or sustainable sources of paper when printing and recycling redundant ICT equipment through charities that repurpose it for use in developing countries.

We have funded a lighting programme to test the use of Light Emitting Diode (LED) technology in a sports environment in order to try to prove that an initial higher capital investment would pay back with lower energy costs over the life of the project.

Over the past two years there has been a number of energy efficiency initiatives introduced at our National Sports Centres including LED lighting to reduce energy consumption, a new heating system which has reduced energy consumption by half, a new building management system to control utility consumption and solar panels.

## Supplier payment performance

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

In 2014/15 the average period from date of receipt to payment of invoices was 10 days (2014: 10 days).

### Jennie Price

Chief Executive and Accounting Officer  
The English Sports Council  
18 June 2015

## Sickness absence

Sickness absence during the year excluding long-term sick absence averaged 1.8 days per person (2014: 1.1 days). There were eight colleagues who had long-term sickness of greater than 20 days (2014: one).

## Off payroll tax engagements

There were four off payroll tax engagements in 2015 (2014: none) earning more than £220 per day for longer than six months. The required evidence and declarations were obtained for all off payroll engagements.

## Related party transactions

Details of all related party transactions and register of interests of Board Members, Executive Directors and other key managerial staff are disclosed in note 29 of the Exchequer and note 18 of the Lottery financial statements.

### Nick Bitel

Chair  
The English Sports Council  
18 June 2015

# Remuneration report

The Remuneration Report covers both the Exchequer and Lottery financial statements

## Remuneration policy

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

### The principles governing Sport England's remuneration policy are:

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

## Appointments

All appointments including Executive Directors are made in accordance with Sport England's stated Recruitment 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.

The Executive Directors covered by this report hold appointments which are open-ended. Early termination, other than resignation, frustration or dismissal for disciplinary or capability reasons would result in the individual receiving payments as set out in the Organisational Change Policy. This policy is not applicable to Non-Executive Board Members.

Executive Director	Date of appointment
Jennie Price	Apr 2007
Rona Chester	Mar 2010
Mike Diaper OBE <sup>1</sup>	Nov 2009
Charles Johnston	Aug 2008
Tanya Joseph	Jan 2012
Lisa O'Keefe	Jul 2008
Phil Smith	Sep 2008

<sup>1</sup> Mike Diaper was seconded from DCMS from October 2006 until his appointment in November 2009.

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



## Board Members' Remuneration

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

There were no bonuses or benefit in kind payments made to Board Members during 2014/15 or 2013/14.

Subject to audit Board member	Term of appointment	2014/15 £000	2013/14 £000
Nick Bitel <sup>1</sup>	Sep 2010-Apr 2017	40-45	35 - 40
Full time equivalent		100-105	100 - 105
Charles Reed	Oct 2013-Oct 2016	5-10	0-5
David Goldstone CBE	Oct 2013-Oct 2016	0-5	0-5
Debbie Jevans CBE	Oct 2013-Oct 2016	0-5	0-5
Ian Drake	Oct 2013-Oct 2016	0-5	0-5
Kate Bosomworth	Oct 2013-Oct 2016	0-5	0-5
Mark Spelman	Oct 2013-Oct 2016	0-5	0-5
Sally Gunnell OBE DL	Oct 2013-Oct 2016	5-10	0-5
Clare Connor OBE	Sep 2010-Sep 2016	0-5	0-5
Hanif Malik	Sep 2010-Sep 2016	5-10	0-5
Peter Rowley <sup>2</sup>	Sep 2010-Sep 2016	5-10	10-15
Jill Ainscough	Apr 2007-Apr 2013	–	–
Sadie Mason	Sep 2010 - Sep 2013	–	0-5
Mich Stevenson OBE DL <sup>3</sup>	Apr 2007- Oct 2013	0-5	0-5
James Stewart OBE	Apr 2007- Oct 2013	–	–
Peter Stybelski	Sep 2010- Sep 2013	–	0-5
Martin Thomas	Apr 2007-Apr 2013	–	0-5

## Notes

<sup>1</sup> Nick Bitel was appointed Chairman of the Board on 22 April 2013. Thus, 2013/14 does not reflect a full year of remuneration.

<sup>2</sup> Peter Rowley served as a Regional Champion advocate for sport as well as being a Board Member during 2013/14. He received remuneration for his board duties in the band £0k–£5k and for his regional champion duties in the band £5k–£10k. Regional Champion roles came to an end in March 2014.

<sup>3</sup> Mich Stevenson's term as a Board Member ended in October 2013; however early in 2014/15 he supported the London office relocation project for which expenses were paid.

## 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. In 2014/15 all employees, including Executive Directors, received a 1 per cent pay award.

### Bonus

There have been no non-consolidated performance or bonus payments in either 2014/15 or 2013/14. Individuals eligible for a bonus waived that entitlement in both 2014/15 and 2013/14. Performance pay or bonuses are based on performance levels attained, are made as part of the appraisal process and are subject to HM Treasury Civil Service Pay Guidance.

### Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the HMRC as a taxable emolument. There were no benefits in kind for either of the two years contained in this report.

### Pension benefits

Pension benefits are provided through various schemes.

#### The London Pension Fund Authority

**Superannuation Scheme** (LPFA), was closed to new members on 30 September 2005. Benefits are based on final salary and accrue at a rate of 1/80th per year to 31 March 2008, 1/60th per year from

1 April 2008 until 31 March 2014, and on a career average salary basis from 1 April 2014.

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

Four Executive Directors are members of the **Aviva Group Personal Pension Plan (AGPPP)** for which colleagues choose between one of four levels of contribution into their personal pension fund. This scheme includes death in service life assurance cover of three times salary.

Employee and employer contribution rates for the above schemes are detailed in note 25 of the Exchequer accounts and note 16 of the Lottery accounts.

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

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

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

Subject to audit	Salary	Bonus payments	Benefits in kind	Pension benefits accrued to nearest	Total
2014/15	£000	£000	£000	£1000	£000
Jennie Price <sup>1</sup>	145-150	–	–	15,000	160-165
Full time equivalent is	165-170	–	–	–	165-170
Rona Chester <sup>2 3</sup>	155-160	–	–	–	155-160
Charles Johnston <sup>2 5</sup>	125-130	–	–	14,000	140-145
Lisa O’Keefe	115-120	–	–	33,000	145-150
Phil Smith <sup>2</sup>	115-120	–	–	13,000	125-130
Mike Diaper OBE <sup>4</sup>	95-100	–	–	11,000	105-110
Tanya Joseph <sup>2</sup>	110-115	–	–	12,000	125-130
<b>2013/2014</b>					
Jennie Price	145-150	–	–	15,000	160-165
Full time equivalent is	160-165	–	–	–	160-165
Rona Chester	150-155	–	–	24,000	175-180
Charles Johnston <sup>5</sup>	125-130	–	–	10,000	135-140
Lisa O’Keefe	115-120	–	–	17,000	135-140
Phil Smith	110-115	–	–	13,000	125-130
Mike Diaper OBE	95-100	–	–	8,000	105-110
Tanya Joseph	110-115	–	–	13,000	120-125

## Notes

<sup>1</sup> Jennie Price works 4.5 days per week and the 1 per cent pay award resulted in the movement to a higher pay band for the full time equivalent salary only.

<sup>2</sup> The 1 per cent pay award has resulted in the movement to a higher total pay band for Phil Smith, Rona Chester, Tanya Joseph and Charles Johnston, but their actual salary has remained within existing pay bands.

<sup>3</sup> No employer pension contributions were made for Rona Chester in 2014/15.

<sup>4</sup> Mike Diaper chose to increase his level of pension contribution in May 2014, which has increased the employer pension contribution.

<sup>5</sup> Charles Johnston joined the pension scheme in August 2013.

## Median remuneration of staff

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

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

The banded remuneration of the highest paid director in Sport England in the financial year 2014/15 was £165k–£170k (2014: £160k–£165k).

This was 3.8 times (2014: 3.8) the median remuneration of the workforce, which was £43,154 (2014: £42,222). No employees received remuneration in excess of the highest-paid director in 2014/15 (2014: nil).

## LPFA Pension Benefits

Subject to audit	Accrued pension		Real increase		Lump sum		Real increase
	at age 65 as at 31/03/15	Real increase in pension at age 65	in lump sum at age 65	sum at 31/03/15	CETV at 31/03/15	CETV at 31/03/14	increase in CETV
Lisa O'Keefe	25–30	0–2.5	(2.5–0	30-35	308	276	15

## Cash equivalent transfer value (LPFA only)

Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The CETV figures, and from 2003/04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the LPFA pension scheme and for which a transfer payment commensurate with the additional pension liabilities assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

## Real increase in CETV

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

## Exit packages

2014/15			
Cost band (Subject to audit)	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages
<£10,000	Nil	1	1
£25,000–£50,000	Nil	1	1
£50,000– £100,000	Nil	1	1
<b>Total number of exit packages</b>	Nil	3	3
<b>Value of exit packages</b>		£121,110	

2013/14			
Cost band (Subject to audit)	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages
<£10,000	Nil	1	1
£25,000–£50,000	Nil	2	2
£50,000– £100,000	Nil	2	2
<b>Total number of exit packages</b>	Nil	5	5
<b>Value of exit packages</b>		£105,961	

### 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 2014/15 and 2013/14.

#### Jennie Price

Chief Executive and Accounting Officer  
The English Sports Council  
18 June 2015

#### Nick Bitel

Chair  
The English Sports Council  
18 June 2015



# Governance Statement

## Overview

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

## Our governance framework

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

Sport England's governance framework consists of a Main Board<sup>1</sup>, a number of sub-committees and two subsidiaries, each of which reports to the Board as shown below.

<sup>1</sup>All references in this statement to Board refer to our Main Board

## Main Board

- Maximum 14 members (Chair, Vice-Chair and not more than 12 other roles) five Exec attendees, DCMS nominee and other attendees as invited by the Chairman of Sport England
- Meets at least four times a year
- Takes overall responsibility for Sport England and its performance (Strategy, major projects, grant awards over £2m, annual report and performance management)

## The Sports Council Trust Company

## English Sports Development Trust

(Formerly Caversham Lakes Trust Ltd)

## Project Committee<sup>1</sup>

- A minimum of six members including at least three Board members and one independent non board member and the CEO (or COO)
- Meets at least six times p.a
- Approves and monitors major awards made by Sport England (up to £2m)

## Audit, Risk and Governance Committee

- Four Board and two independent non-Board members
- Meets at least four times p.a
- Provides advice to Board to support them in their responsibilities for issues of risk, control and governance

## Terms and Remuneration Committee

- Chairman and three Board members
- Agrees the Chief Executive's terms and remuneration
- Provides advice on other senior appointments
- Meets once a year

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

During the year, the Articles of Association of Caversham Lakes Trust Ltd were revised and the company was re-named English Sports Development Trust Ltd. The main purpose of this subsidiary company is to deliver the commercial contracts

for the media buying arrangements for the implementation and operation of the women's marketing campaign, This Girl Can, and for the subsidiary Board to provide further assurance to the Board on effective contract management.

## Our governance standards

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

Our funded NGBs are required to satisfy a number of key criteria for effective governance within the 2013–2017 funding cycle, which can be found on our website at <http://www.sportengland.org/our-work/governance/governance-strategy>

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

We also comply with the principles, government policy and supporting provisions of the Corporate Governance Code as applied to NDPBs via the relevant principles set out in Corporate governance in central government departments: Code of good practice 2011.

## Our Board

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

Following the significant recruitment of the Board undertaken in 2013/14, the year to 31 March 2015 saw no further changes to its composition or the structures of its Committees. Three Board members, Clare Connor, Hanif Malik and Peter Rowley, reached the end of their respective terms of appointment. Following a thorough review of their performance and contribution, were reappointed for a further

term. The tenure of Board members is limited in line with good practice, normally two terms of three years. One consequence of the significant changes made in 2013/14 is that there will be continuity of Board membership until the autumn of 2016.

We have four women on our Board representing 36 per cent of total membership. This exceeds the 25 per cent figure we expect our funded NGBs to meet by 2017. We also have one BME member on our Board.

## Board and Committee evaluations

This year, an evaluation has been undertaken, with Board members completing questionnaires evaluating their own performance, the performance of the Board, its sub-committees and the Chair.

The Chair then conducted interviews with each member to review their responses and to incorporate their recommendations into strengthening the governance framework.

## Board activity

The Board met six times during 2014/15: attendance records for Board and sub-committee meetings are provided at the end of this statement. The Board's principal focus has been to oversee the delivery of Sport England's 2012–17 strategy which aims to help people and communities across the country create a sporting habit for life. A key part of the Board's role includes detailed scrutiny of data that is relevant to delivering our strategic objectives. For example, the Active People Survey provides key data that helps inform its decision making.

The Board is satisfied that the reporting frequency and quality of the information it receives is sufficient

to allow it to make informed decisions. The Board with the support of its committees and the Insight Forum, scrutinises a significant amount of performance data in support of achievement of its objectives.

The Board considers that the quality and the depth of the insight into the drivers of sporting behaviour and the presentation of performance data, which is already at a high standard, continues to improve, although as the strategy of the business continues

to develop, the Board recognises that further improvements may be necessary. The finance data was commended as being of consistently high quality, particularly the recent analysis of corporate cash flow to Audit, Risk and Governance Committee. The Project Committee also welcomed the additional programme data demonstrating the performance of facilities projects now in the delivery phase.

Summary of board decisions, approvals and items for discussion in 2014/15	
Active People results	Board and committee evaluations
This Girl Can women's marketing campaign	National partners funding
Annual Report and Accounts	Risk appetite
Medium term financial forecast	One year funded sport award decision
Financial authorities policy	2015-16 Business Plan
Sport for social change	2015-16 Financial budget
School Games funding decision	Payment for results - review of NGB performance
Equality and diversity	Board strategy

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

## Our sub-committee structure

Sport England's Board has three sub-committees: the Project Committee, the Audit, Risk and Governance committee and the Terms and Remuneration Committee. Their composition and roles are detailed in the diagram on page 44.

## Sub-committee activity

During the year, key areas scrutinised by board sub-committees and, as appropriate, key decisions include:

Project Committee	Audit, Risk and Governance Committee
<b>Approval of all our major capital awards</b>	Regular review of corporate (strategic) and operational risk profile
Strategic Facilities	Regular reports on fraud
Improvement Fund	The 2014/15 accounts preparation process
Inspired Facilities	Review of financial forecasts including critically cashflow and monitoring monthly management accounts every quarter
<b>As well as major revenue awards for</b>	NGB and partner governance, including key issues arising
School Games and organisers	The internal audit plan for 2014/15 and internal audit reports
Our dedicated youth and disability programmes	Review of the funding strategy for the defined benefit pension scheme

## Other groups

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

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

In February 2015 Sport England attained 'Investors in Diversity' accreditation from the National Centre for Diversity, an organisation which works to embed best practice in Equality, Diversity and Inclusion.

## Management's approach to risk

### Directorates and project leads

Maintain operational risk registers  
- they review and update quarterly.  
A summary of key themes across operational registers and the highest operational risks are provided to Executive Group on a quarterly basis to inform their wider risk discussions. All directorate or key areas risks (eg information governance/fraud) with a residual assessment of 12 or more are provided to Executive in summary form

### Cross directorate risk group

Meets quarterly to discuss key operational risks across the business. Escalates key emerging risks to Executive Group for consideration

## System for managing risk

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

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

### Executive Group

Reviews and discusses the corporate risk profile quarterly. Always considers whether the risks in the corporate risk register remain current. Where risks no longer remain current, they are closed or amended. At least annually starts with a blank sheet of paper to check and brainstorm risks



## Board scrutiny of risk management and risk appetite

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

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk. The Board considers Sport England's risk profile and the Board's risk 'appetite' (i.e. the level of risk it is prepared to tolerate in order to meet its strategic objectives) every two years. The Board believes that it is important that Sport England is innovative and can take managed risks in order to achieve its strategic priority of increasing participation. As a result the refreshed risk appetite, agreed at the Board in January 2015, is described as follows:

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

- Sport England has a very low risk appetite around transparency and control of governance and finance, and this will not change.
- Within its framework of evidence-based and well controlled decision making, Sport England is currently willing to adopt a higher risk appetite in order to drive increased participation in sport, including:
  - Innovations, where outputs can be evidenced and evaluated
  - Undertaking small exploratory projects to learn and to gather evidence

- Remaining assertive on performance management, including taking action to shift investments where performance is poor
- Developing potential sources of partnership and/or commercial income, providing there is a focus on best value for money and that reputational risk can be satisfactorily managed"

## Managing our key delivery risks

The two highest rated risks as at 31 March 2015 (in terms of residual rather than inherent risk) were:

"The Active People results do not show strong and continued growth in participation with the consequence that there is a perception that the grassroots sports legacy is not therefore being delivered."

and

"Reduced local authority funding adversely impacts on community sport and local authorities' ability to support the delivery of Sport England outcomes. "

We have put in place a number of actions to mitigate these key risks, all of which are recorded in our corporate risk register.

On the Active People results, these include the operation of a payment for results system, which resulted in four NGBs losing funding in March 2015. The money removed from the relevant governing bodies was redirected to boost participation in the relevant sports, but in a way which complemented our remaining investment in that sport.

For example the single largest deduction (£1.6m) from football was invested into a project to find and

support a 'City of Football' working with a range of partners in the relevant city, including in technology and cultural bodies who reached outside football's traditional markets. This proved effective in 2013/14, with the majority of NGBs who lost funding at that time improving their performance in the current year.

Although increasing a population wide measure of regular participation remains extremely challenging, we are taking new approaches to addressing some of the groups where participation is lower than the average, for example, a major communications programme under the banner This Girl Can to encourage participation by women and girls between the ages of 14 and 40.

In terms of local authorities, this year we have further strengthened our relationships with the eight core cities, and are creating new ways of working which take account of their budgetary constraints. These include leveraging health and wellbeing investment to support sport and exercise and helping local authorities to assess the needs of their local populations in terms of sport and exercise, and reconfigure their facilities on that basis.

In addition to these two highly rated risks, our move towards a 'mixed economy' approach to investing in some larger sports – where we work with a wider range of providers in addition to the NGB – is creating new risks and challenges for us, alongside considerable opportunities. These involve the management of many more relationships, often with commercial organisations, and determining the 'ownership' of the APS target for that sport or activity.

Looking forward, one of our key risks will be ensuring that in an increasingly digitally enabled world, grassroots sport – in particular the partners with whom we work – offer the opportunity to take

part in sport in a modern and accessible way which takes full account of digital communications.

This will be an important feature of the new strategy we will be working on in the coming year. We also need to ensure that the interest in sport being generated by our This Girl Can campaign can be satisfied by the sporting system, and that the experience offered is one that takes full account of the judgement barriers highlighted by the campaign.

## Active People Survey

In November 2014 an error was identified by Sport England staff in the Active People Survey 8 (APS) results which were scheduled for release on 11 December 2014. This resulted in substantial extra work by both Sport England and its contractors and a delay in the publication of the results until January 2015. The error was the fault of the contractor, TNS BRMB, which has accepted full responsibility.

Sport England has taken a number of steps to ensure the revised estimates are correct and that similar errors do not occur in the future. This included two CEO level meetings with the supplier, and a review of the methodology of the survey weighting procedures and assurance process by the Office for National Statistics (ONS). The ONS review concluded that they were satisfied that the quality of the weighting process is sufficient and that they had confidence that the calculations were correct and consistent with the stated survey weighting process.

## Information risks

Within our management structure we have an Information Governance Committee which meets quarterly to consider reports on the operation of key information governance controls and to review the information risk register. The Senior Information Risk

Officer has reported to me that no significant issues, including any loss of personal data have arisen. During the year the Audit, Risk and Governance Committee performed a review of the volume and handling of Freedom of Information requests and complaints about NGBs and statutory planning decisions during the year. The outcome of the review was positive with the Committee being satisfied with the improved information provided.

## **Fraud**

The current economic climate is such that there is a heightened risk to all grant giving bodies of fraud. There has been a very 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 continue to work with the police in three cases. Following the advisory work using a counter fraud specialist and undertaken in the autumn of 2013, several staff members have undertaken professional qualifications relating to fraud awareness and detection.

There is a Fraud and Bribery Prevention Policy in place and this will be reviewed and updated in 2015.

## **Independent assurance**

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

An annual programme of internal audit work is carried out to professional standards by an external firm of accountants informed by the risk register, and an assessment of my assurance requirements. Internal Auditors attend each Audit Committee meeting and provide periodic progress

reports including the findings of follow-up reviews, culminating in an annual report to the Audit, Risk and Governance Committee on internal audit activity.

Up until January 2015 the role of Head of Internal Audit was performed by an internal post, which was supported by an external firm BDO LLP. In January this position was fulfilled entirely by BDO LLP. They have included in their 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.

In arriving at this opinion it reviewed the work on a number of core operational processes, work on our key grants management controls and a review of the processes for our major capital programmes.

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

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

An internal review was conducted to demonstrate the assurance available over these older facilities and one of our more recent programmes – Inspired

Facilities. The review, which took a risk based approach, identified a range of options, including site visits and web based story books for future incorporation into our governance framework and business plan.

Following a tender for the supply of internal audit services, Mazars LLP have been appointed jointly by Sport England and UK Sport to provide services to both Sports Councils for the period from 1 April 2015 to 31 March 2018.

provide me with an assurance that proper and reasonable internal controls have been in place and have operated effectively over the accounting period and that proper standards of conduct have been maintained.

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

All Executive Group members are required to

## Board and sub-committee attendance

Name	Board	Audit , Risk and Governance Committee	Project Committee	Terms and Remuneration Committee <sup>6</sup>
No of meetings a year	6	5	8	1
Nick Bitel	6	1	1	1
Clare Connor	3	–	3	–
Hanif Malik <sup>1</sup>	4	3	6	–
Peter Rowley	6	5	–	1
Kate Bosomworth	6	2	–	–
Ian Drake	6	–	8	–
David Goldstone <sup>2</sup>	6	–	8	1
Sally Gunnell	5	–	5	–
Debbie Jevans	6	–	–	–
Charles Reed <sup>3</sup>	6	5	1	–
Mark Spelman	6	–	8	–
John Flook <sup>4</sup>	–	4	–	–
Paul Milman <sup>5</sup>	–	–	5	–
David Oliver <sup>4</sup>	–	3	–	–

<sup>1</sup> Left Audit Risk and Governance Committee 16 February 2015

<sup>2</sup> Left Project Committee and appointed to Audit Risk and Governance Committee 16 February 2015

<sup>3</sup> Appointed to Project Committee 16 February 2015

<sup>4</sup> Independent non-Board Member

<sup>5</sup> Tenure ended 3 November 2014

<sup>6</sup> The Terms and Remuneration Committee met subsequent to the year end on 16 June 2015

### Jennie Price

Chief Executive and Accounting Officer  
The English Sports Council  
18 June 2015

### Nick Bitel

Chair  
The English Sports Council  
18 June 2015

**The English Sports Council**

**Grant-in-Aid**

**and**

**The English Sports Council Group**

**Accounts for the year ended 31 March 2015**



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

---

The Council's Royal Charter requires the Council to prepare a statement of accounts for each financial period in the form and on the basis determined by the Secretary of State for Culture, Media and Sport, with the consent of HM Treasury.

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

In preparing the financial statements the Council is required to:

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

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

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

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

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

**Jennie Price**

Chief Executive and Accounting Officer  
The English Sports Council  
18 June 2015

**Nick Bitel**

Chair  
The English Sports Council  
18 June 2015

## Independent auditor's report to The English Sports Council

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I have audited the financial statements of The English Sports Council for the year ended 31 March 2015. 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 and express an opinion on the financial statements. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of the audit of the financial statements

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

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

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

### Opinion on regularity

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

### Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Group's and of the English Sports Council's affairs as at 31 March 2015 and of the Group's and of the English Sports Council's net expenditure for the year then ended; and

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

## Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions made under the Royal Charter of the English Sports Council; and
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared, is consistent with the financial statements.

## Matters on which I report by exception

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

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

Sir Amyas C E Morse  
Comptroller and Auditor General

25 June 2015

National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

## Index to the Grant-in-aid Accounts

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## Statement of comprehensive net expenditure for the year ended 31 March 2015

	Note	Group		Council	
		2015 £'000	2014 £'000	2015 £'000	2014 £'000
<b>Income</b>					
Grants received	2	6,820	6,368	490	950
Other income	3	740	1,136	750	1,091
<b>Total</b>		<b>7,560</b>	<b>7,504</b>	<b>1,240</b>	<b>2,041</b>
<b>Expenditure</b>					
Grants	4	67,923	71,965	67,888	71,951
Staff costs	5	4,631	4,931	4,631	4,931
National sports centres	6	3,747	4,176	3,747	4,176
Sports development costs	7	7,351	2,824	2,900	2,824
Operating costs	8	5,258	8,043	2,686	4,656
Assets gifted to subsidiaries	15	-	-	1,369	1,297
Loss on disposal of fixed assets		-	3	-	-
<b>Total</b>		<b>88,910</b>	<b>91,942</b>	<b>83,221</b>	<b>89,835</b>
<b>Other</b>					
Net interest on net defined benefit liability		700	662	700	662
Impairment (reversals)/charges		(2,931)	1,084	-	-
<b>Total</b>		<b>(2,231)</b>	<b>1,746</b>	<b>700</b>	<b>662</b>
<b>Net operating expenditure before interest, financial asset income and taxation</b>		<b>(79,119)</b>	<b>(86,184)</b>	<b>(82,681)</b>	<b>(88,456)</b>
Interest receivable	12	52	50	52	50
Financial asset income	13	22	19	-	-
Taxation	14	(10)	(15)	(10)	(15)
<b>Net operating expenditure for the year</b>		<b>(79,055)</b>	<b>(86,130)</b>	<b>(82,639)</b>	<b>(88,421)</b>
<b>Other comprehensive income</b>					
Surplus owing to revaluation of properties	26	6,011	6,330	-	-
Net gain/(loss) on financial assets	17	39	(1)	-	-
Re-measurement of defined benefit liability	25	(5,932)	(1,338)	(5,932)	(1,338)
<b>Total</b>		<b>(78,937)</b>	<b>(81,139)</b>	<b>(88,571)</b>	<b>(89,759)</b>

All income and expenditure relates to continuing activities.

The notes on pages 62 to 89 form part of these accounts



## Statement of financial position for the year ended 31 March 2015

	Note	Group		Council	
		2015 £'000	2014 £'000	2015 £'000	2014 £'000
<b>Non-current assets</b>					
Property, plant and equipment	15	89,762	80,149	476	437
Intangible assets	16	490	447	490	447
Financial assets	17	675	636	-	-
<b>Total</b>		<b>90,927</b>	<b>81,232</b>	<b>966</b>	<b>884</b>
<b>Current assets</b>					
Inventory	18	-	-	-	-
Trade and other receivables	19	11,096	13,605	10,622	12,120
Cash and cash equivalents		3,619	1,271	3,428	1,260
<b>Total</b>		<b>14,715</b>	<b>14,876</b>	<b>14,050</b>	<b>13,380</b>
<b>Total assets</b>		<b>105,642</b>	<b>96,108</b>	<b>15,016</b>	<b>14,264</b>
<b>Current liabilities</b>					
Grants outstanding	20	(2,229)	(3,198)	(2,229)	(3,198)
Trade and other payables	21	(8,559)	(7,497)	(8,646)	(7,528)
Provisions	22	(119)	(1,124)	(68)	(34)
<b>Total</b>		<b>(10,907)</b>	<b>(11,819)</b>	<b>(10,943)</b>	<b>(10,760)</b>
<b>Non-current liabilities</b>					
Provisions	22	(398)	(155)	-	-
Pension liabilities	25	(23,293)	(17,375)	(23,293)	(17,375)
<b>Total</b>		<b>(23,691)</b>	<b>(17,530)</b>	<b>(23,293)</b>	<b>(17,375)</b>
<b>Total liabilities</b>		<b>(34,598)</b>	<b>(29,349)</b>	<b>(34,236)</b>	<b>(28,135)</b>
<b>Assets less liabilities</b>		<b>71,044</b>	<b>66,759</b>	<b>(19,220)</b>	<b>(13,871)</b>
<b>Taxpayers equity</b>					
Reserves		71,044	66,759	(19,220)	(13,871)
<b>Total</b>		<b>71,044</b>	<b>66,759</b>	<b>(19,220)</b>	<b>(13,871)</b>

The notes on pages 62 to 89 form part of these accounts

**Jennie Price**  
Chief Executive and Accounting Officer  
The English Sports Council  
18 June 2015

**Nick Bitel**  
Chair  
The English Sports Council  
18 June 2015

## Statement of cash flows for the year ended 31 March 2015

	Note	Group		Council	
		2015 £'000	2014 £'000	2015 £'000	2014 £'000
<b>Net cash outflow from operating activities</b>	<b>28</b>	<b>(76,339)</b>	<b>(81,577)</b>	<b>(79,121)</b>	<b>(86,472)</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment		(4,261)	(6,392)	(1,637)	(1,479)
Purchase of intangible assets		(296)	(151)	(296)	(151)
Financial asset income		22	19	-	-
<b>Net cash outflow from investing activities</b>		<b>(4,535)</b>	<b>(6,524)</b>	<b>(1,933)</b>	<b>(1,630)</b>
<b>Cash flows from financing activities</b>					
Grant-in-aid – resource		57,260	62,926	57,260	62,926
Grant-in-aid – capital		25,784	25,708	25,784	25,708
DCMS grant	27	178	212	178	212
<b>Net cash inflow from financing activities</b>		<b>83,222</b>	<b>88,846</b>	<b>83,222</b>	<b>88,846</b>
<b>Net increase in cash and cash equivalents</b>		<b>2,348</b>	<b>745</b>	<b>2,168</b>	<b>744</b>
Cash and cash equivalents at 1 April		1,271	526	1,260	516
<b>Cash and cash equivalents at 31 March</b>		<b>3,619</b>	<b>1,271</b>	<b>3,428</b>	<b>1,260</b>

The 2014 figures remain as reported in the prior year, however the format of the statement has been reclassified (note 1.4).

The notes on pages 62 to 89 form part of these accounts.

## Statement of changes in taxpayers equity – Group for the year ended 31 March 2015

Group					
		Revaluation reserve £'000	Pension reserve £'000	General reserve £'000	Total reserves £'000
	Note				
Balance at 1 April 2013		12,021	(16,334)	63,364	59,051
Net operating expenditure for the year		-	-	(86,130)	(86,130)
Surplus owing to revaluation of properties		6,330	-	-	6,330
Amortisation of revaluation reserve		135	-	(135)	-
Re-measurement of defined benefit liability		-	(1,338)	-	(1,338)
Transfer between reserves		-	297	(297)	-
Grant-in-aid received – resource		-	-	62,926	62,926
Grant-in-aid received – capital		-	-	25,708	25,708
DCMS grant received	27	-	-	212	212
Balance at 31 March 2014		18,486	(17,375)	65,648	66,759
Net operating expenditure for the year		-	-	(79,055)	(79,055)
Surplus owing to revaluation of properties		6,011	-	-	6,011
Amortisation of revaluation reserve		(273)	-	312	39
Re-measurement of defined benefit liability		-	(5,932)	-	(5,932)
Transfer between reserves		-	14	(14)	-
Grant-in-aid received – resource		-	-	57,260	57,260
Grant-in-aid received – capital		-	-	25,784	25,784
DCMS grant received	27	-	-	178	178
Balance at 31 March 2015		24,224	(23,293)	70,113	71,044
	Note	26	25		

The notes on pages 62 to 89 form part of these accounts

## Statement of changes in taxpayers equity – Council for the year ended 31 March 2015

Council				
	Note	Pension reserve	General reserve	Total
		£'000	£'000	£'000
<b>Balance at 1 April 2013</b>		<b>(16,334)</b>	<b>3,376</b>	<b>(12,958)</b>
Net operating expenditure for the year		-	(88,421)	(88,421)
Re-measurement of defined benefit liability		(1,338)	-	(1,338)
Transfer between reserves		297	(297)	-
Grant-in-aid received – resource		-	62,926	62,926
Grant-in-aid received - capital		-	25,708	25,708
DCMS grant received	27	-	212	212
<b>Balance at 31 March 2014</b>		<b>(17,375)</b>	<b>3,504</b>	<b>(13,871)</b>
Net operating expenditure for the year		-	(82,639)	(82,639)
Re-measurement of defined benefit liability		(5,932)	-	(5,932)
Transfer between reserves		14	(14)	-
Grant-in-aid received – resource		-	57,260	57,260
Grant-in-aid received - capital		-	25,784	25,784
DCMS grant received	27	-	178	178
<b>Balance at 31 March 2015</b>		<b>(23,293)</b>	<b>4,073</b>	<b>(19,220)</b>
	Note	25		

The notes on pages 62 to 89 form part of these accounts

## Notes to the accounts

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### 1 Statement of accounting policies

These accounts have been prepared in accordance with Article 14 of the Royal Charter of The English Sports Council (Sport England) account directions issued thereunder by the Secretary of State for Culture, Media and Sport with the consent of HM Treasury and the 2014/15 Government Financial Reporting Manual (FReM) issued by HM Treasury. A copy of the account directions can be obtained from Sport England at 21 Bloomsbury Street, London, WC1B 3HF. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adopted by the European Union, and as adapted or interpreted for the public sector.

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

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

#### 1.1 Accounting convention

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

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

### 1.2 Going concern

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

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

Sport England has an Exchequer settlement agreed with DCMS to 31 March 2016 subject to continuing Parliamentary approval.

### 1.3 Basis of consolidation

The Group accounts consolidate the accounts of Sport England (Council), The Sports Council Trust Company (a Charity), and English Sports Development Trust Limited (formerly Caversham Lakes Trust Limited). Details of the Group's investment in subsidiary undertakings are contained in note 17.

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



consolidated are made up to 31 March 2015.

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

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

Separate accounts have been prepared for Sport England's Lottery activities (pages 90 to 118), in accordance with the Lottery Accounts Direction issued by the Secretary of State for Culture, Media and Sport, which follow different accounting policies.

## 1.4 Reclassifications

The Cash flow from operating activities section of the Statement of cash flows has been reclassified from the direct to indirect method in order to align our reporting with the Group accounts of our sponsoring department.

## 1.5 Income recognition

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

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

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

## 1.6 Grants

To further its objectives, Sport England gives grants to sport related organisations which are offered on the basis of entering into a financial obligation.

Grants payable are charged to the Statement of comprehensive net expenditure on an accruals basis when the funded activity takes place.

## 1.7 Other expenditure

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

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

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

The current methodology calculates charges on a full cost recovery basis in accordance with HM Treasury's Managing Public Money. The expenditure apportioned under this methodology to Sport England Lottery activities are reimbursed to the Exchequer account (note 9).

## 1.8 Property operating leases

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

## 1.9 Assets gifted to subsidiaries

Assets gifted to subsidiaries are expensed in the year in which they are gifted as expenditure is incurred during the year in which the assets are gifted.

## 1.10 Property, plant and equipment

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

### Land and Buildings

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

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

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

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

### Artworks and Antiques

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

### Equipment and leasehold improvements

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

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

### Depreciation

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

Buildings	Unexpired life, maximum of 65 years
Bund	41 years
Leasehold Improvement	Expected life of lease
Equipment	5 years
IT Equipment	3 years

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

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

### 1.11 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.

### 1.12 Financial assets

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

### 1.13 Cash and cash equivalents

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

### 1.14 Trade and other receivables

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

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

### 1.15 Inventory

Inventory is valued at the lower of cost or net realisable value and includes plant filtration equipment relating to the relocatable pool project (note 18).

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

### 1.16 Trade and other payables

Trade and other payables are recognised at fair value.

### 1.17 Dilapidations

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

### 1.18 Taxation

#### VAT

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

## Corporation Tax

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

## 1.19 Pensions

### Defined contribution scheme

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

### Defined benefit scheme

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

The pension liabilities and assets of the defined benefit scheme are recorded in accordance with IAS 19 (2011). This measures the value of pension assets and liabilities at the Statement of financial position date, determines the benefits accrued in the year, and the interest on the scheme's assets and liabilities. This valuation is undertaken by an independent actuary. The value of the benefits accrued during the year (current service costs), past service costs, and gains and losses on curtailments and settlements are recognised in the Statement of comprehensive net expenditure within staff costs. The net interest expense on the net defined liability is shown in the Statement of comprehensive net expenditure.

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

Re-measurement of the net defined benefit liability which comprises actuarial gains and losses and returns on plan assets (in excess of interest), is recognised immediately in the Statement of financial position and in Other comprehensive income.

The resulting pension liability or asset is shown in the Statement of financial position, and is apportioned between Exchequer and Lottery activities based on the combination of the historic rate of 40% Exchequer and 60% Lottery and the current year corporate average cost allocation as determined by the methodology in note 1.7.

## 1.20 Accounting standards that have been issued but not adopted

HM Treasury's FReM does not require the following standards and interpretations to be applied in 2014/15. The application of the standards as revised would not have a material impact in the accounts for 2014/15, were they applied in that year:

IFRS 13 Fair Value Measurement – effective 2015/16

IAS 36 Impairment of Assets – effective 2015/16

## 2 Grants received

	Group		Council	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Department for Education <sup>1</sup>	490	950	490	950
Lottery grant <sup>2</sup>	6,330	5,418	-	-
<b>Total</b>	<b>6,820</b>	<b>6,368</b>	<b>490</b>	<b>950</b>

<sup>1</sup> The grant from the Department for Education is to support the delivery of competitive school sport and the school games. The £0.5 million grant was to support volunteer coaches and leaders (2014: £0.7 million, plus a further £0.3 million to support disability participation). All conditions of this grant have been met.

<sup>2</sup> The Lottery grant received from the Sport England Lottery Fund financed capital improvements at Bisham Abbey and Lilleshall National Sports Centres of £1.9 million (2014: £5.4 million) and media planning and buying for the women's marketing campaign "This Girl Can" of £4.4 million (2014: Nil).

## 3 Other income

	Group		Council	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
External funding income	50	66	50	66
Active people survey recharges	275	260	275	260
Asset hire recharges	330	274	330	274
Bloomsbury Street recharges <sup>1</sup>	29	438	29	438
Other income	56	98	66	53
<b>Total</b>	<b>740</b>	<b>1,136</b>	<b>750</b>	<b>1,091</b>

<sup>1</sup> Recharges of costs relating to the lease and fit-out of 21 Bloomsbury Street.

Other income is shown net of income apportioned to the Sport England Lottery Fund. Note 9 details the gross income and the recharge to the Lottery accounts.



## 4 Grants

	Group		Council	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
<b>Resource grants</b>				
NGB whole sport plans	24,242	25,533	24,242	25,533
National partners	7,435	7,942	7,435	7,942
Local investment	633	2,639	633	2,639
School sport and school games	11,200	11,713	11,200	11,713
Other	783	226	748	212
<b>Total</b>	<b>44,293</b>	<b>48,053</b>	<b>44,258</b>	<b>48,039</b>
<b>Capital grants</b>				
NGB whole sport plans	10,039	10,092	10,039	10,092
Football Foundation	10,000	10,000	10,000	10,000
EIS capital	2,671	2,134	2,671	2,134
Sport lighting	1,490	1,759	1,490	1,759
<b>Total</b>	<b>24,200</b>	<b>23,985</b>	<b>24,200</b>	<b>23,985</b>
<b>Total</b>	<b>68,493</b>	<b>72,038</b>	<b>68,458</b>	<b>72,024</b>
Grant recoveries	(570)	(73)	(570)	(73)
<b>Total</b>	<b>67,923</b>	<b>71,965</b>	<b>67,888</b>	<b>71,951</b>

## 5 Staff costs

	Group		Council	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
<b>Permanent and fixed term staff</b>				
Wage and salaries	3,567	3,744	3,567	3,744
Social security costs	366	389	366	389
Pension costs	494	599	494	599
<b>Total permanent and fixed term staff</b>	<b>4,427</b>	<b>4,732</b>	<b>4,427</b>	<b>4,732</b>
Agency staff	204	199	204	199
<b>Total</b>	<b>4,631</b>	<b>4,931</b>	<b>4,631</b>	<b>4,931</b>

Average number of equivalent full time staff				
	Group		Council	
	2015	2014	2015	2014
Permanent staff	76	82	76	82
Fixed term temporary staff	1	0	1	0
Agency staff	4	5	4	5
<b>Total</b>	<b>81</b>	<b>87</b>	<b>81</b>	<b>87</b>

The exit packages disclosure is shown within the remuneration report on page 42.

Staff costs are shown net of costs apportioned to the Sport England Lottery Fund. Note 9 details the gross costs and the recharge to the Lottery accounts.

## 6 National sports centres

	Group		Council	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
<b>Income</b>	<b>6,484</b>	<b>5,494</b>	<b>6,484</b>	<b>5,494</b>
<b>Expenditure</b>				
Centre management fees	8,494	7,706	8,494	7,706
Other expenditure	1,737	1,964	1,737	1,964
<b>Total</b>	<b>10,231</b>	<b>9,670</b>	<b>10,231</b>	<b>9,670</b>
<b>Net expenditure</b>	<b>3,747</b>	<b>4,176</b>	<b>3,747</b>	<b>4,176</b>

The Sports Council Trust Company (a Sport England subsidiary) owns the National Sports Centres: Bisham Abbey, Lilleshall and Plas y Brenin. The value of the assets can be seen in note 15 under the categories Land, buildings and bund. Sport England manages and funds the operational contracts of the National Sports Centres on behalf of The Sports Council Trust Company.

## 7 Sports development costs

	Group		Council	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
<b>Grant programme support costs</b>				
NGB whole sport plans	141	112	141	112
Local investment	3	3	3	3
School and school games	64	83	64	83
Other facilities	7	187	7	187
Other programmes	459	454	459	454
<b>Total</b>	<b>674</b>	<b>839</b>	<b>674</b>	<b>839</b>
<b>Other sports development costs</b>				
Legal	34	64	34	64
Measurement surveys <sup>1</sup>	1,178	995	1,178	995
Research	156	186	156	186
Facilities expertise and support	249	230	249	230
Planning data and guidance	436	423	436	423
Equality standards	-	2	-	2
Local government support	15	18	15	18
Other costs	(41)	(38)	(41)	(38)
Irrecoverable VAT	199	105	199	105
Media buying and planning <sup>2</sup>	4,451	-	-	-
<b>Total</b>	<b>6,677</b>	<b>1,985</b>	<b>2,226</b>	<b>1,985</b>
<b>Total</b>	<b>7,351</b>	<b>2,824</b>	<b>2,900</b>	<b>2,824</b>

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

Costs are shown net of costs apportioned to the Sport England Lottery Fund. Note 9 details the gross costs and the recharge to the Lottery accounts.

<sup>1</sup> This is the Active People Survey that measures the number of people playing sport, which is Sport England's primary performance indicator.

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

## 8 Operating costs

	Group		Council	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Auditor's remuneration <sup>1</sup>	71	79	56	60
Board expenses	5	3	5	3
Communications	43	59	43	59
Depreciation	3,098	3,793	482	420
Grant outsourcing costs	182	186	182	186
Internal audit and governance	83	71	83	71
Irrecoverable VAT	90	439	90	439
IT infrastructure and systems costs	445	537	445	537
Legal	78	102	78	102
Other costs	(28)	99	(28)	99
Other staff costs	53	63	53	63
Property operating leases <sup>2</sup>	660	1,709	720	1,715
Bloomsbury Street fit-out costs <sup>3</sup>	33	443	33	443
Staff training	122	108	122	108
Travel and subsistence	277	306	276	305
Defined benefit scheme administration charge	46	46	46	46
<b>Total</b>	<b>5,258</b>	<b>8,043</b>	<b>2,686</b>	<b>4,656</b>

Operating costs are shown net of costs apportioned to the Sport England Lottery Fund. Note 9 details the gross costs and the recharge to the Lottery accounts, which includes provisions made in the year.

<sup>1</sup> No other payment was made to the auditors for non-audit work. The Group audit fees for the year were £74,400 (2014: £76,500) and the Council audit fees for the year were £57,400 (2014: £59,500). There was an overprovision of £2,000 for the Group and £1,000 for the Council in 2014, which resulted in reduced expenditure for the year.

<sup>2</sup> 2015 includes £0.1 million of new provisions for dilapidations at two leased properties (2014: £0.5 million for dilapidations and onerous leases at two leased properties) (note 22).

<sup>3</sup> £29,000 (2014: £0.4 million) of these costs have been recharged to other organisations (note 3).

### Losses and special payments

There were no individual losses or special payments during the year ended 31 March 2015 which exceeded £300,000 (2014: £nil), the aggregate did not exceed £300,000 (2014: £nil).

## 9 Net costs apportioned from Exchequer to Lottery - Group

2015					2014		
Note	Gross	Lottery recharge	Net	Gross	Lottery recharge	Net	
	£'000	£'000	£'000	£'000	£'000	£'000	
Other income	3	(1,613)	873	(740)	(2,721)	1,585	(1,136)
Staff costs	5	15,502	(10,871)	4,631	13,931	(9,000)	4,931
Sports development	7	15,682	(8,331)	7,351	9,691	(6,867)	2,824
Operating costs	8	10,150	(4,892)	5,258	15,506	(7,463)	8,043
Total		39,721	(23,221)	16,500	36,407	(21,745)	14,662

## 9 Net costs apportioned from Exchequer to Lottery – Council

2015					2014		
Note	Gross	Lottery recharge	Net	Gross	Lottery recharge	Net	
	£'000	£'000	£'000	£'000	£'000	£'000	
Other income	3	(1,623)	873	(750)	(2,676)	1,585	(1,091)
Staff costs	5	15,502	(10,871)	4,631	13,931	(9,000)	4,931
Sports development	7	11,231	(8,331)	2,900	9,691	(6,867)	2,824
Operating costs	8	7,578	(4,892)	2,686	12,119	(7,463)	4,656
<b>Total</b>		<b>32,688</b>	<b>(23,221)</b>	<b>9,467</b>	<b>33,065</b>	<b>(21,745)</b>	<b>11,320</b>

The basis of apportionment of net costs between Exchequer and Lottery is set out in note 1.7. The amounts set out in the Lottery accounts include these costs plus costs borne wholly by Lottery.

## 10 Commitments under operating leases

	Group		Council	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
	Restated		Restated	
<b>Land &amp; buildings</b>				
Not later than one year	898	881	898	881
Between one & five years	3,841	3,759	3,841	3,759
Later than five years	2,507	3,477	2,507	3,477
<b>Total</b>	<b>7,246</b>	<b>8,117</b>	<b>7,246</b>	<b>8,117</b>

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

The commitments reflect the earliest break clause within the lease.

Total future payments expected under non-cancellable subleases is £1.3 million (2014: £1.3 million).



## 11 Analysis of total expenditure by programme and administration - Group

	2015			2014		
	Programme £'000	Admin £'000	Total £'000	Programme £'000	Admin £'000	Total £'000
Grants	67,923	-	67,923	71,965	-	71,965
Staff costs	1,139	3,492	4,631	1,215	3,716	4,931
National sport centres	3,747	-	3,747	4,176	-	4,176
Sports development	7,351	-	7,351	2,824	-	2,824
Operating costs	2,480	2,778	5,258	2,811	5,232	8,043
Loss on disposal of fixed assets	-	-	-	3	-	3
<b>Total</b>	<b>82,640</b>	<b>6,270</b>	<b>88,910</b>	<b>82,994</b>	<b>8,948</b>	<b>91,942</b>

## 11 Analysis of total expenditure by programme and administration - Council

	2015			2014		
	Programme £'000	Admin £'000	Total £'000	Programme £'000	Admin £'000	Total £'000
Grants	67,888	-	67,888	71,951	-	71,951
Staff costs	1,139	3,492	4,631	1,215	3,716	4,931
National sport centres	3,747	-	3,747	4,176	-	4,176
Sports development	2,900	-	2,900	2,824	-	2,824
Operating costs	-	2,686	2,686	-	4,656	4,656
Gifted assets	1,369	-	1,369	1,297	-	1,297
<b>Total</b>	<b>77,043</b>	<b>6,178</b>	<b>83,221</b>	<b>81,463</b>	<b>8,372</b>	<b>89,835</b>

## 12 Interest receivable

	Group		Council	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Funds held at bank	52	50	52	50

## 13 Financial asset income

	Group		Council	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Listed stocks and securities	22	19	-	-

## 14 Taxation

	Group		Council	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
UK corporation tax at 21% (2014: 23%)				
Current tax charge	10	15	10	15

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

## 15 Property, plant and equipment - Group

	Land £'000	Buildings and Bund £'000	Leasehold Improv'm't £'000	Equipm't £'000	IT Equipm't £'000	Artworks and Antiques £'000	Under Constr- uction £'000	Total £'000
<b>Cost</b>								
At 1 April 2013	9,334	72,594	1,737	2,563	1,325	960	214	88,727
Reclassification	-	(168)	-	-	14	-	-	(154)
Additions	-	3,113	-	122	145	-	3,517	6,897
Disposals	(3)	-	(93)	(52)	(353)	-	-	(501)
Revaluation	2,115	4,215	-	-	-	-	-	6,330
Impairment losses	(30)	(921)	-	-	-	(133)	-	(1,084)
<b>At 31 March 2014</b>	<b>11,416</b>	<b>78,833</b>	<b>1,644</b>	<b>2,633</b>	<b>1,131</b>	<b>827</b>	<b>3,731</b>	<b>100,215</b>
Additions	-	1,876	353	969	132	-	186	3,516
Disposals	-	(1,023)	(1,615)	(20)	-	-	-	(2,658)
Revaluation	1,321	4,690	-	-	-	-	-	6,011
Impairment reversals	-	2,931	-	-	-	-	-	2,931
Transfers	-	2,955	776	-	-	-	(3,731)	-
<b>At 31 March 2015</b>	<b>12,737</b>	<b>90,262</b>	<b>1,158</b>	<b>3,582</b>	<b>1,263</b>	<b>827</b>	<b>186</b>	<b>110,015</b>
<b>Depreciation</b>								
At 1 April 2013	-	13,631	981	1,623	937	-	-	17,172
Reclassification	-	(168)	-	-	-	-	-	(168)
Charge for year	-	2,542	569	276	173	-	-	3,560
Disposals	-	-	(93)	(52)	(353)	-	-	(498)
<b>At 31 March 2014</b>	<b>-</b>	<b>16,005</b>	<b>1,457</b>	<b>1,847</b>	<b>757</b>	<b>-</b>	<b>-</b>	<b>20,066</b>
Charge for year	-	2,211	186	239	209	-	-	2,845
Disposals	-	(1,023)	(1,615)	(20)	-	-	-	(2,658)
<b>At 31 March 2015</b>	<b>-</b>	<b>17,193</b>	<b>28</b>	<b>2,066</b>	<b>966</b>	<b>-</b>	<b>-</b>	<b>20,253</b>
<b>Net Book Value</b>								
At 31 March 2014	11,416	62,828	187	786	374	827	3,731	80,149
<b>At 31 March 2015</b>	<b>12,737</b>	<b>73,069</b>	<b>1,130</b>	<b>1,516</b>	<b>297</b>	<b>827</b>	<b>186</b>	<b>89,762</b>

A desktop valuation of land, buildings and bund was carried out as at 31 March 2015 by Wilks Head & Eve LLP (WHE), a quality assured partnership which provides expert specialist advice in asset valuations and surveying. The last full valuation of land, buildings and bund was carried out as at 31 March 2014.

Land, buildings and bund comprise freehold properties which are restricted in their use and cannot be readily realised. All assets are owned, no assets are supported by either finance leases or PFI contracts.

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

The disposals relate to the Bisham Abbey hostel block demolished in 2013 and Victoria House leasehold improvements after the lease surrender in June 2014.

The transfers relate to the completion of the Bisham Abbey reception and accommodation block and leasehold improvements at Bloomsbury Street.

## 15 Property, plant and equipment – Council

	Buildings £'000	Equipment £'000	IT Equipment £'000	Total £'000
<b>Cost</b>				
At 1 April 2013	-	161	1,325	1,486
Reclassification	-	-	14	14
Additions	1,297	37	145	1,479
Gifted assets <sup>1</sup>	(1,297)	-	-	(1,297)
Disposals	-	(15)	(353)	(368)
<b>At 31 March 2014</b>	<b>-</b>	<b>183</b>	<b>1,131</b>	<b>1,314</b>
Additions	1,369	148	120	1,637
Gifted assets <sup>1</sup>	(1,369)	-	-	(1,369)
<b>At 31 March 2015</b>	<b>-</b>	<b>331</b>	<b>1,251</b>	<b>1,582</b>
<b>Depreciation</b>				
At 1 April 2013	-	122	936	1,058
Charge for year	-	14	173	187
Disposals	-	(15)	(353)	(368)
<b>At 31 March 2014</b>	<b>-</b>	<b>121</b>	<b>756</b>	<b>877</b>
Charge for year	-	20	209	229
<b>At 31 March 2015</b>	<b>-</b>	<b>141</b>	<b>965</b>	<b>1,106</b>
<b>Net Book Value</b>				
At 31 March 2014	-	62	375	437
<b>At 31 March 2015</b>	<b>-</b>	<b>190</b>	<b>286</b>	<b>476</b>

<sup>1</sup> Sport England has gifted assets to its subsidiary, The Sports Council Trust Company, which 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.

## 16 Intangible assets

	Group £'000	Council £'000
<b>Cost</b>		
At 1 April 2013	3,105	3,105
Reclassification	(14)	(14)
Additions	151	151
Disposals	(32)	(32)
<b>At 31 March 2014</b>	<b>3,210</b>	<b>3,210</b>
Additions	296	296
<b>At 31 March 2015</b>	<b>3,506</b>	<b>3,506</b>
<b>Depreciation</b>		
At 1 April 2013	2,562	2,562
Charge for year	233	233
Disposals	(32)	(32)
<b>At 31 March 2014</b>	<b>2,763</b>	<b>2,763</b>
Charge for year	253	253
<b>At 31 March 2015</b>	<b>3,016</b>	<b>3,016</b>
<b>Net Book Value</b>		
At 31 March 2014	447	447
<b>At 31 March 2015</b>	<b>490</b>	<b>490</b>

Intangible assets comprise computer software costs providing on-going economic benefits.

## 17 Financial assets

### Listed stocks and securities

	Group		Council	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Market value at 1 April	636	637	-	-
Revaluation of financial asset	39	(1)	-	-
<b>Market value at 31 March</b>	<b>675</b>	<b>636</b>	<b>-</b>	<b>-</b>

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

The historical cost of the asset at 31 March 2015 was £0.6 million (2014: £0.6 million).

### Group investments in subsidiary undertakings

Company and Country of Incorporation	Financial Activity	Proportion held	Status of Subsidiary	Total reserves at 31 March	Net income
The Sports Council Trust Company (England and Wales)	Charitable trust dedicated to the promotion of sport	Sole member 100% guarantor	Active	2015: £90.3m 2014: £80.6m	2015: £3.6m 2014: £2.3m
English Sports Development Trust Limited (England and Wales)	Media buying for campaign to increase women and girls participation in sport	Sole member 100% guarantor	Active	2015: Nil 2014: Nil	2015: Nil 2014: Nil

#### English Sports Development Trust Limited (ESDT)

ESDT (formerly Caversham Lakes Trust Limited) changed its name and adopted new articles of association in July 2014, with the purpose of delivering the commercial contracts related to the media buying arrangements for the women's marketing campaign "This Girl Can"

designed to encourage increased participation in sport and exercise of women and girls.

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

## 18 Inventory

In 2012 Sport England took ownership of nine temporary swimming pools from the Olympic Development Authority (ODA), as part of the relocatable legacy pool project following the London 2012 Olympic Games, for nil consideration.

During the year one pool has been transferred to a permanent site and another continues to be leased until August 2015 at

a nominal consideration. The remaining seven pools were transferred to the manufacturer, and in return new pools will be provided when permanent sites are ready to receive them. The plant filtration equipment for these seven pools continues to be held by Sport England and is treated as current assets at nil value as the intention is to dispose of them as soon as possible for nil consideration.

## 19 Trade and other receivables

	Group		Council	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Trade receivables	1,325	833	1,235	752
Grant receivable – Sport England NLDF	118	837	-	-
Grant receivable – The Royal British Legion	-	26	-	-
Other receivables	243	557	243	557
Staff travel loans	63	61	63	61
Prepayments and accrued income	1,195	2,069	929	1,528
Sport England NLDF	8,152	9,222	8,152	9,222
<b>Total</b>	<b>11,096</b>	<b>13,605</b>	<b>10,622</b>	<b>12,120</b>
<b>Intra-government balances:</b>				
Other central government bodies	9,420	10,638	9,302	9,800
Local authorities	58	74	58	74
Bodies external to government	1,618	2,893	1,262	2,246
<b>Total</b>	<b>11,096</b>	<b>13,605</b>	<b>10,622</b>	<b>12,120</b>



## 20 Grants outstanding

	Group		Council	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Grants outstanding	2,229	3,198	2,229	3,198
<b>Intra-government balances:</b>				
Other central government bodies	14	75	14	75
Local authorities	747	623	747	623
Bodies external to government	1,468	2,500	1,468	2,500
<b>Net grants outstanding</b>	<b>2,229</b>	<b>3,198</b>	<b>2,229</b>	<b>3,198</b>

## 21 Trade and other payables

	Group		Council	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Trade payables	180	935	175	898
Corporation tax	11	12	11	12
Accruals	7,836	6,107	7,402	5,182
Prepaid income	4	-	-	-
Other payables	528	443	528	443
The Sports Council Trust Company	-	-	321	993
English Sports Development Trust	-	-	209	-
<b>Total</b>	<b>8,559</b>	<b>7,497</b>	<b>8,646</b>	<b>7,528</b>
<b>Intra-government balances:</b>				
Other central government bodies	11	1,050	541	1,050
Local authorities	1	-	1	-
Bodies external to government	8,547	6,447	8,104	6,478
<b>Total</b>	<b>8,559</b>	<b>7,497</b>	<b>8,646</b>	<b>7,528</b>

## 22 Provisions

	Group		Council	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
<b>Amounts falling due within one year</b>				
Balance at 1 April	1,124	-	34	-
Reclassification from after one year	51	-	-	-
Utilised during the year	(878)	-	-	-
Reversed unused	(212)	-	-	-
Provided during the year	34	1,124	34	34
<b>Balance at 31 March</b>	<b>119</b>	<b>1,124</b>	<b>68</b>	<b>34</b>

	Group		Council	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
<b>Amounts falling due after one year</b>				
Balance at 1 April	155	-	-	-
Reclassification to within one year	(51)	-	-	-
Provided during the year	294	155	-	-
<b>Balance at 31 March</b>	<b>398</b>	<b>155</b>	<b>-</b>	<b>-</b>

The provisions above relate to the following properties:

### Victoria House

Dilapidations £0.5 million and onerous lease £0.5 million provisions made in the previous year have been fully utilised and reversed where not required after the lease surrender was completed in June 2014.

### Cardigan Road

In 2014 an onerous lease provision was included at £0.2 million. During the year £51,000 was utilised. There continues to be no likelihood of a new tenant before the lease expires in April 2018.

The £50,541 dilapidation provision made in 2014 was utilised following works to the property. The lease will be terminated in 2018 and so a provision of £0.1 million has been made to cover the costs of dilapidations.

### Bloomsbury Street

The lease expires in November 2022 with no option to extend. A provision of £0.2 million has been made to cover the costs of dilapidations.

### Harrison Rocks

The dilapidations provision made in 2014 has been increased to reflect the expected cost

## 23 Contingent liabilities

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### Contributions towards property, plant and equipment

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

agreement at any time before 2039, then a proportion of the £0.5 million would fall due to be paid to the FA calculated by the reference to effluxion of time. The Board consider it unlikely that the agreement will be terminated by Sport England.

### Lease commitments

Commitments under operating leases held by The Sports Council Trust Company are shown in note 10. Common to the leases is the requirement to hand-back the premises at the end of the lease period in a good condition and dilapidation provisions have been made as stated in note 22.

## 24 Capital commitments

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The Group had capital commitments contracted but not provided for in the financial statements at 31 March 2015 amounting to £66k (2014: £1.9 million).

## 25 Pension liabilities

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

### Defined benefit LPFA plan

Sport England is one of a large number of employers whose staff participates in the scheme, however the information given in this note relates only to Sport England Exchequer. Sport England's pension liabilities cover two defined benefit pension schemes, being the 460 and 440 schemes.

The 460 scheme is funded by employee and employer contributions at actuarially determined rates based on current members.

The 440 multi-employer scheme was closed after an earlier restructure of The Sports Council in 1997. Sport England has included its share of the amounts brought to account in relation to this closed scheme in its accounts.

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

Sport England will also make additional voluntary contributions to both schemes if the funding is available to do so.

Under Sport England's management agreement with its sponsoring department

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

The tables below show employee contribution rates and employer contributions for 2014 and 2015 and those that are expected to be made in 2016 for the Exchequer portion of the scheme:

Employee contribution rates			
2015 salary range	Contribution rate	2014 salary range	Contribution rate
Less than £13,500	5.5%	Less than £13,700	5.5%
£13,501 - £21,000	5.8%	£13,701 - £16,100	5.8%
£21,001 - £34,000	6.5%	£16,101 - £20,800	5.9%
£34,001 - £43,000	6.8%	£20,801 - £34,700	6.5%
£43,001 - £60,000	8.5%	£34,701 - £46,500	6.8%
£60,001 - £85,000	9.9%	£46,501 - £87,100	7.2%
£85,001 - £100,000	10.5%	Over £87,100	7.5%
£100,001 - £150,000	11.4%		
Over £150,000	12.5%		

Employer contributions to schemes						
	2016		2015		2014	
All figures in £'000s	440	460	440	460	440	460
% Employer contributions	n/a	12%	n/a	12%	n/a	16%
Employer contributions	-	106	-	143	-	194
Required additional contributions	223	144	275	258	205	940
Voluntary additional contributions	-	-	-	335	-	-
<b>Total</b>	<b>223</b>	<b>250</b>	<b>275</b>	<b>736</b>	<b>205</b>	<b>1,134</b>

International Accounting Standard IAS19 (2011) Employees Benefits requires the disclosure of additional information, in respect of the Sport England's superannuation scheme. The information has been provided by the LPFA's

consulting actuaries. The actuaries have not made separate valuations for the Sport England Exchequer and Lottery liabilities. The apportionment of the liability between Exchequer and Lottery is set out in the accounting policies (note 1.19)

The following information relates to the scheme as a whole:

Employer membership statistics as at 31 March 2013 - 460 scheme			
	Number	Salaries/ Pensions £'000	Average age
Actives	68	3,143	46
Deferred pensioners	404	1,827	46
Pensioners	158	1,794	65
Unfunded pensioners	82	311	67

Employer membership statistics as at 31 March 2013 - 440 scheme			
	Number	Salaries/ Pensions £'000	Average age
Actives	-	-	-
Deferred pensioners	200	379	53
Pensioners	239	1,187	73
Unfunded pensioners	69	132	77

Financial assumptions (expressed as weighted average)			
	2015 % per annum	2014 % per annum	2013 % per annum
Price increases – RPI	3.2%	3.6%	3.4%
Price increases – CPI	2.4%	2.8%	2.6%
Salary increase	4.2%	4.6%	4.3%
Pension increase	2.4%	2.8%	2.6%
Discount rate	3.3%	4.4%	4.5%

Life expectancy assumptions from age 65			
		2015 Years	2014 Years
Retiring today	Males	22.7	22.6
	Females	25.3	25.2
Retiring in 20 years	Males	25.0	24.9
	Females	27.6	27.4

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

Statement of financial position disclosure			
	2015 £'000	2014 £'000	2013 £'000
Present value of funded liabilities	(54,575)	(47,113)	(44,665)
Fair value of employer assets	34,544	32,796	31,409
Present value of unfunded liabilities	(3,262)	(3,058)	(3,078)
<b>Net liability in the Statement of financial position</b>	<b>(23,293)</b>	<b>(17,375)</b>	<b>(16,334)</b>
Liabilities	(57,837)	(50,171)	(47,743)
Assets	34,544	32,796	31,409
<b>Net liability in the Statement of financial position</b>	<b>(23,293)</b>	<b>(17,375)</b>	<b>(16,334)</b>

The major categories of plan assets as a percentage of total plan assets				
	2015 £'000	%	2014 £'000	%
Equities	14,987	43%	17,381	53%
LDI/Cash flow matching	2,593	8%	1,968	6%
Target return portfolio	9,986	29%	9,839	30%
Infrastructure	1,711	5%	1,312	4%
Commodities	322	1%	328	1%
Property	979	3%	984	3%
Cash	3,966	11%	984	3%
<b>Total</b>	<b>34,544</b>	<b>100%</b>	<b>32,796</b>	<b>100%</b>

Amounts recognised in the Statement of comprehensive net expenditure		
	2015 £'000	2014 £'000
Service cost	251	334
Net interest on the net defined benefit liability	700	662
Administration expenses	46	46
<b>Total</b>	<b>997</b>	<b>1,042</b>



Re-measurements in Other comprehensive income		
	2015 £'000	2014 £'000
Return on plan assets in excess of interest	758	(289)
Other actuarial gains on assets	-	337
Change in financial assumptions	(6,691)	(2,533)
Change in demographic assumptions	-	48
Experience gain on defined benefit obligation	1	1,099
<b>Total</b>	<b>(5,932)</b>	<b>(1,338)</b>

Changes in the present value of the defined benefit obligation		
	2015 £'000	2014 £'000
<b>Opening defined benefit obligation</b>	<b>50,171</b>	<b>47,743</b>
Service cost	251	334
Interest cost	2,176	2,118
Change in financial assumptions	6,691	2,533
Change in demographic assumptions	-	(48)
Experience gain on defined benefit obligation	(1)	(1,099)
Contributions by members	103	90
Estimated unfunded benefits paid	(174)	(171)
Estimated benefits paid	(1,380)	(1,329)
<b>Closing defined benefit obligation</b>	<b>57,837</b>	<b>50,171</b>

Changes in the fair value of the plan assets		
	2015 £'000	2014 £'000
<b>Opening fair value of employer assets</b>	<b>32,796</b>	<b>31,409</b>
Interest on assets	1,476	1,456
Return on assets less interest	758	(289)
Other actuarial gains	-	337
Administration expenses	(46)	(46)
Contributions by members	103	90
Contributions by employer	1,011	1,339
Estimated benefits paid	(1,554)	(1,500)
<b>Closing fair value of employer assets</b>	<b>34,544</b>	<b>32,796</b>

Sensitivity Analysis			
	£'000	£'000	£'000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	56,812	57,837	58,883
Projected service cost	308	316	324
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	57,904	57,837	57,772
Projected service cost	316	316	316
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	58,825	57,837	56,867
Projected service cost	324	316	308
Adjustment to life expectancy	-1 Year	None	+1 Year
Present value of total obligation	55,414	57,837	60,260
Projected service cost	303	316	329

### Defined contribution Aviva GPPP

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

Contribution rates <sup>1</sup>	
Employee	Employer
1%	2%
3%	3%
4%	5%
5%	8%
6.5%	11%

<sup>1</sup> Contribution rates apply to all salary levels

## 26 Revaluation reserves

Group		
	2015 £'000	2014 £'000
<b>Land and buildings</b>		
Balance at 1 April	18,486	12,021
Surplus owing to revaluation of properties	6,011	6,330
Amortisation of revaluation reserve	(273)	135
<b>Balance at 31 March</b>	<b>24,224</b>	<b>18,486</b>

## 27 DCMS grant

A grant was received in the year from DCMS amounting to £0.2 million (2014: £0.2 million) to fund the relocatable legacy pools project (note 18). The grant funding covers project management, maintenance, insurance and storage costs. All the conditions of the grant agreement have been met.

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

	Group		Council	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
<b>Net operating expenditure</b>	(79,119)	(86,184)	(82,681)	(88,456)
Depreciation	3,098	3,793	482	420
Impairment (reversals)/losses	(2,931)	1,084	-	-
Loss on disposal of asset		3	-	-
Net interest on net defined benefit liability and administration costs	746	708	746	708
Decrease/(increase) in receivables	2,509	(3,999)	1,498	(3,401)
Increase in payables	1,807	1,138	1,118	2,325
(Decrease)/increase in grants outstanding	(969)	1,571	(969)	1,571
(Decrease)/increase in provisions	(762)	1,279	34	34
LPFA service costs	251	334	251	334
LPFA employer contributions	(1,011)	(1,339)	(1,011)	(1,339)
Assets gifted to subsidiaries	-	-	1,369	1,297
Taxation	(10)	(15)	(10)	(15)
Interest received	52	50	52	50
<b>Net cash outflow from operating activities</b>	<b>(76,339)</b>	<b>(81,577)</b>	<b>(79,121)</b>	<b>(86,472)</b>

## 29 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 as well as with English Sports Development Trust

Limited (formerly Caversham Lakes Trust Limited).

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

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

the relevant grant appraisal, discussions and decision making processes.

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

The related party transactions are in relation to:

- Awards made during the year ended 31 March 2015
- Awards unpaid at 31 March 2015
- Supplier transactions during the year ended 31 March 2015. There were no unpaid amounts on these transactions at 31 March 2015.

Relationship	Awards made in 2014/15 £	Awards unpaid at 31 March 2015 £	Supplier transactions in 2014/15 £
<b>Department for Culture, Media and Sport</b>			
Grant-in-aid funding			83,044,000
Relocatable pools grant	178,000		
<b>The Sports Council Trust Company</b>			
Payable by Sport England			3,343,845
<b>Nick Bitel</b>			
Consultant to advisors of England and Wales Cricket Board	1,633,001	21,986	
Consultant to advisors of Rugby Football Union	1,625,000	143,633	15,163
Imm. Family: Member, Lawn Tennis Association	1,009,096	169,962	
Board Member, UK Sport			59,468
<b>Charles Reed</b>			
Board Member, English Federation of Disability Sport	990,115		
<b>Ian Drake</b>			
Director and Member, British Cycling	2,574,028	318,575	
<b>Sally Gunnell OBE DL</b>			
Partner: Advisor, England Athletics	4,548		
Partner: Advisor, UK Athletics	978,049	26,850	
<b>Clare Connor OBE</b>			
Employment: England and Wales Cricket Board	1,633,001	21,986	
<b>Peter Rowley</b>			
Member, England Athletics	4,548		
Director, British Weightlifting	212,175		
Director, Skills Active UK	350,000		
Audit Committee Member, UK Sport			59,468
<b>Kate Bosomworth</b>			
Advisor, Skills Active UK	350,000		
<b>Deborah Jevans</b>			
Board Member, IW Games Community Interest Company	1,000,000		
<b>Jennie Price</b>			
Partner: Board Member, British Fencing	367,755	43,950	
Partner: Consultant, The Leisure Database Company			174,401
Partner: Min Shareholder, Goodform			189
Partner: Board Member, Institute of Groundsmanship			284

Relationship	Awards made in 2014/15 £	Awards unpaid at 31 March 2015 £	Supplier transactions in 2014/15 £
<b>Rona Chester</b>			
Member, Lawn Tennis Association	1,009,096	169,962	
Partner: Member, Lawn Tennis Association			
Member, English Golf Union	170,000		
Partner: Member, English Golf Union			
Board Member, Football Foundation	10,000,000		
<b>Lisa O'Keefe</b>			
Member, British Cycling	2,574,028	318,575	
Member, British Mountaineering Council	155,500		
<b>Alison Selfe</b>			
Imm. Family: Member, British Cycling	2,574,028	318,575	

## 30 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 (2015: £22k; 2014: £19k) 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.

## 31 Post financial year-end events

The annual report and accounts were authorised for issue on the date of certification by the Comptroller and Auditor General.

**The English Sports Council**

**National Lottery Distribution Fund**

**Accounts for the year ended 31 March 2015**



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

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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 disclose and explain any material departures in the financial statements and

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

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

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

**Jennie Price**

Chief Executive and Accounting Officer  
The English Sports Council  
18 June 2015

**Nick Bitel**

Chair  
The English Sports Council  
18 June 2015

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

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I certify that I have audited the financial statements of the English Sports Council National Lottery Distribution Fund for the year ended 31 March 2015 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 Board, Accounting Officer and auditor

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

## Scope of the audit of the financial statements

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

free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the English Sports Council National Lottery Distribution Fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by English Sports Council Lottery Distribution Fund; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

## Opinion on regularity

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

## Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the English Sports Council National Lottery Distribution Fund's affairs as at 31 March 2015 and of the net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the National Lottery etc. Act 1993 and Secretary of State directions issued thereunder.

## 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 made under the National Lottery etc. Act 1993; and
- the information given in the Strategic Report and Directors' Report for the financial year for which the financial

statements are prepared, is consistent with the financial statements.

## Matters on which I report by exception

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

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

## Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse  
Comptroller and Auditor General

25 June 2015

National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

## Index to the National Lottery Distribution Fund Accounts

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<b>Abbreviation</b>	<b>Accounts</b>	
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## Statement of comprehensive net expenditure for the year ended 31 March 2015

	Note	2015 £'000	2014 £'000 Restated
<b>Income</b>			
National Lottery share of proceeds	2	242,023	205,863
National Lottery investment returns	2	979	962
Grant recoveries	3	286	446
Interest receivable		5	4
Other income	4	686	1,772
<b>Total</b>		<b>243,979</b>	<b>209,047</b>
<b>Expenditure</b>			
Grants made	5	218,652	185,546
Grant de-commitments	5	(4,012)	(5,820)
Non-cash grants	6	4,923	750
Staff costs	7	9,827	9,000
Sport development costs	8	8,331	6,867
Operating costs	9	5,298	7,810
<b>Total</b>		<b>243,019</b>	<b>204,153</b>
Net interest on the net defined benefit liability		1,015	959
<b>Net (expenditure)/income before taxation</b>		<b>(55)</b>	<b>3,935</b>
Taxation	10	(1)	(1)
<b>Net (expenditure)/income for the year</b>		<b>(56)</b>	<b>3,934</b>
<b>Other comprehensive income</b>			
Re-measurement of the defined benefit liability		(8,537)	(1,956)
<b>Total comprehensive (expenditure)/income for the year</b>		<b>(8,593)</b>	<b>1,978</b>

The prior year numbers have been restated following the implementation of the Lottery Accounts Direction issued by the Secretary of State for Culture, Media, and Sport in December 2014 (note 17).

All income and expenditure relates to continuing activities

The notes on pages 99 to 118 form part of these accounts

## Statement of financial position for the year ended 31 March 2015

	Note	2015 £'000	2014 £'000 Restated	2013 £'000 Restated
<b>Current assets</b>				
National Lottery Distribution Fund	2	157,705	177,056	194,971
Trade receivables	12	83	272	64
Cash and cash equivalents		125	111	385
<b>Total</b>		<b>157,913</b>	<b>177,439</b>	<b>195,420</b>
<b>Non-current assets</b>				
Trade receivables	12	124	226	309
<b>Total assets</b>		<b>158,037</b>	<b>177,665</b>	<b>195,729</b>
<b>Current liabilities</b>				
Trade and other payables	13	(8,152)	(9,222)	(5,800)
Grants payable	14	(238,793)	(237,367)	(197,292)
<b>Total</b>		<b>(246,945)</b>	<b>(246,589)</b>	<b>(203,092)</b>
<b>Total assets less current liabilities</b>		<b>(88,908)</b>	<b>(68,924)</b>	<b>(7,363)</b>
<b>Non-current liabilities</b>				
Grants payable	14	(142,620)	(162,597)	(227,717)
Pension liabilities	16	(31,398)	(22,812)	(21,231)
<b>Total</b>		<b>(174,018)</b>	<b>(185,409)</b>	<b>(248,948)</b>
<b>Net liabilities</b>		<b>(262,926)</b>	<b>(254,333)</b>	<b>(256,311)</b>
<b>Equity</b>				
General reserve		(231,528)	(231,521)	(235,080)
Pension reserve		(31,398)	(22,812)	(21,231)
<b>Total</b>		<b>(262,926)</b>	<b>(254,333)</b>	<b>(256,311)</b>

A third balance sheet has been included in order to reflect the changes on prior periods resulting from the Lottery Accounts Direction issued by the Secretary of State for Culture, Media, and Sport in December 2014 (note 17).

The notes on pages 99 to 118 form part of these accounts

**Jennie Price**  
Chief Executive and Accounting Officer  
The English Sports Council  
18 June 2015

**Nick Bitel**  
Chair  
The English Sports Council  
18 June 2015



## Statement of cash flows for the year ended 31 March 2015

	2015 £'000	2014 £'000 Restated
Net (expenditure)/income before taxation	(55)	3,935
Decrease/(increase) in trade and other receivables	291	(125)
(Decrease)/increase in trade and other payables	(1,070)	3,422
Decrease in grant commitments	(18,551)	(25,045)
Corporation tax	(1)	(1)
Movement in pension liabilities	49	(375)
Decrease in NLDF	19,351	17,915
<b>Net cash inflow/(outflow) from operating activities</b>	<b>14</b>	<b>(274)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>14</b>	<b>(274)</b>
Cash and cash equivalents at 1 April	111	385
<b>Cash and cash equivalents at 31 March</b>	<b>125</b>	<b>111</b>

The prior year numbers have been restated following the implementation of the Lottery Accounts Direction issued by the Secretary of State for Culture, Media, and Sport in December 2014 (note 17 and note 1.3).

The notes on pages 99 to 118 form part of these accounts

## Statement of changes in equity for the year ended 31 March 2015

	Note	Pension Reserve £'000	General Reserve £'000 Restated	Total £'000 Restated
<b>Balance at 1 April 2013</b>		<b>(21,231)</b>	<b>30,450</b>	<b>9,219</b>
Net effect of changes in accounting treatment	17	-	(265,530)	(265,530)
<b>Restated balance at 1 April 2013</b>		<b>(21,231)</b>	<b>(235,080)</b>	<b>(256,311)</b>
Net income for the year		-	3,934	3,934
Re-measurement of defined benefit liability		(1,956)	-	(1,956)
Transfer between reserves		375	(375)	-
<b>Restated balance at 31 March 2014</b>		<b>(22,812)</b>	<b>(231,521)</b>	<b>(254,333)</b>
Net expenditure for the year		-	(56)	(56)
Re-measurement of defined benefit liability		(8,537)	-	(8,537)
Transfer between reserves		(49)	49	-
<b>Balance at 31 March 2015</b>		<b>(31,398)</b>	<b>(231,528)</b>	<b>(262,926)</b>

The prior year numbers have been restated following the implementation of the Lottery Accounts Direction issued by the Secretary of State for Culture, Media, and Sport in December 2014 (note 17).

The notes on pages 99 to 118 form part of these accounts.

## Notes to the accounts

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### 1 Statement of accounting policies

These accounts have been prepared in accordance with the National Lottery etc. Act 1993 (as amended), the Lottery Accounts Direction issued thereunder by the Secretary of State for Culture, Media and Sport with the consent of HM Treasury in December 2014 and the 2014/15 Government Financial Reporting Manual (FReM) issued by HM Treasury. A copy of the Lottery Accounts Direction can be obtained from Sport England at 21 Bloomsbury Street, London, WC1B 3HF. The accounting policies contained in the FReM apply the requirements of the Companies Act 2006, and International Financial Reporting Standards (IFRS) as adopted by the European Union, and as adapted or interpreted for the public sector context.

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

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

#### 1.1 Accounting convention

The accounts have been prepared on a going concern basis under the historical cost convention and only reflects the activities associated with the Sport England NLDF.

Without limiting the information given, the accounts of the Sport England NLDF meet the requirements of the Companies Act 2006, the Accounting Standards issued or adopted by the International Accounting

Standards Board, the HM Treasury guidance on the accounts of Non-Departmental Public Bodies as set out in the FReM, and the National Lottery etc. Act 1993 (as amended) in so far as those requirements are appropriate to the Sport England NLDF.

In compliance with Section 35 of the National Lottery etc. Act 1993 (as amended), the accounts cover the year to 31 March 2015. Comparative figures are shown for the year ended 31 March 2014.

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

#### 1.2 Going concern

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

Grant commitments for future years (note 14) have been entered into after consideration of the cash requirements of grant recipients (these can extend over a number of years) and after taking account of income projections provided by the Department for Culture, Media and Sport (DCMS). In taking this view of future income the Board assumes as a matter of public policy the continued operation of the Lottery.

There is expected to be no change to the continued provision of services by Sport England. Future financial provision has been made for Sport England's Lottery distribution activities through section 23 of the National Lottery etc. Act 1993.

### 1.3 Restatement

In December 2014 a new Lottery Accounts Direction was issued by the Secretary of State for Culture, Media and Sport, which requires grant expenditure to be recognised on an accruals basis in accordance with International Financial Reporting Standards. Grants expenditure was previously recognised on a commitment basis.

As a consequence the comparative results in the Statement of comprehensive net expenditure, Statement of cash flows and the Statement of changes in equity have been restated and a third Statement of financial position presented in order to reflect this change in accounting policy. The Statement of cash flows has also been restated to use the indirect method in presenting the cash flow from operating activities.

Disclosure of the effect of this change and the impact on all primary statements is shown in note 17 to the accounts.

### 1.4 National Lottery Distribution Fund

Funds with the NLDF are held through a combination of investments in government gilts and call notice deposits. The NLDF funds are classified by the NLDF as available for sale assets and are valued at market value. Gains or losses associated with the gilts held are accordingly accounted for in the NLDF accounts.

Sport England's share of proceeds is recognised on a receivable basis.

### 1.5 Grant recoveries

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

The conditions associated with grants permit the recovery and repayment of grants from the grant recipient. A recovery of an element or the entire grant paid can

arise when the recipient of the grant fails to comply with the terms and conditions of the grant, or actual expenditure incurred by the recipient falls below the value of the grant that has been paid.

### 1.6 Grants

Grant awards are accounted for as expenditure in the Statement of comprehensive net expenditure and, until paid, as liabilities in the Statement of financial position, if they meet the definition of liabilities in IAS 37 as a legal or constructive obligation.

Grant awards which do not meet the definition of liabilities are not included in expenditure in the Statement of comprehensive net expenditure but are disclosed as contingent liabilities in note 15. These are amounts which the Board, or the relevant delegated authority, have agreed to consider at a future date subject to the required conditions being met.

### 1.7 Non-cash grants

Non-cash grants are services procured by Sport England from third parties for the benefit of other organisations (i.e. the service provider is only the deliverer and not the end recipient of the grants) and where:

- Sport England is not the beneficiary of the goods and/or services
- The substance of the procurement is directly in line with Sport England's strategic outcomes
- The goods and/or services do not fall within any of Sport England's statutory planning or administration functions.

Non-cash grants are recognised in the Statement of comprehensive net expenditure when the services contracted for are provided to the beneficiary of the non-cash grant.

## 1.8 Other expenditure

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

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

All Lottery expenditure on Staff, Sports development and Operating costs is initially funded by Exchequer. Sport England is required to apportion expenditure between its Exchequer and Lottery activities. Amounts used by Exchequer to initially fund Lottery activities are reimbursed throughout the year by Lottery and any outstanding balance at the year-end is reflected as a payable balance in the Lottery accounts with a corresponding receivable balance in the Exchequer accounts. The apportionment of expenditure is calculated using metrics derived from the organisation's annual business planning process, unless the costs are considered to be entirely Exchequer or Lottery related. The resulting cost allocations are subject to annual review by the Executive Team. These calculations are also subject to audit.

The current methodology calculates charges on a full cost recovery basis in accordance with HM Treasury's Managing Public Money.

## 1.9 Trade receivables

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

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

## 1.10 Cash and cash equivalents

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

## 1.11 Trade and other payables

Trade and other payables are recognised at fair value.

## 1.12 Taxation

The Sport England NLDF is registered for VAT as part of Sport England's VAT registration, however does not undertake any business activities for VAT purposes. VAT is not recoverable on any of its operational expenditure.

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

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

## 1.13 Pensions

### Defined contribution scheme

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

### Defined benefit scheme

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

The pension liabilities and assets of the defined benefit scheme are recorded in accordance with IAS 19 (2011) which measures the value of pension assets and liabilities at the Statement of financial position date, determines the benefits accrued in the year, and the interest on the

scheme's assets and liabilities. This valuation is undertaken by an independent actuary.

The value of the benefits accrued during the year (current service costs), past service costs, and gains and losses on curtailments and settlements are recognised in the Statement of comprehensive net expenditure within staff costs.

The net interest expense on the net defined liability is shown in the Statement of comprehensive net expenditure.

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

Re-measurement of the net defined benefit liability which comprises actuarial gains and losses and returns on plan assets (in excess of interest), is recognised immediately in the Statement of financial position and in Other comprehensive income.

The resulting pension liability or asset is shown in the Statement of financial position, and is apportioned between Exchequer and Lottery activities based on the combination of the historic rate of 40% Exchequer and 60% Lottery and the current year corporate average cost allocation as determined by the methodology in note 1.8.

## 2 National Lottery Distribution Fund

	2015 £'000	2014 £'000
Balance at 1 April	177,056	194,971
Share of proceeds	242,023	205,863
Investment returns	979	962
Funds drawn down	(262,353)	(224,740)
Balance at 31 March	157,705	177,056

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

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

Capital sums are distributed in accordance with the provisions of the National Lottery

etc. Act 1993 (as amended). Investment returns are apportioned on the basis of the percentage share of the NLDF at the time the interest is received.

The accounts for 2012/13 were prepared using an interim certificate issued by DCMS. Subsequent information was made available by DCMS, after the date of signature of the accounts. The difference between the estimated valuations as at 31 March 2013 was shown as a reduction in the share of proceeds in 2013/14. Net proceeds would have been £209.5 million without this adjustment.

## 3 Grant Recoveries

	2015 £'000	2014 £'000
Grant recoveries	286	446



## 4 Other Income

	2015 £'000	2014 £'000
External funding income	48	46
Active people survey recharges	596	490
Primary facilities contribution	(187)	187
Bloomsbury Street recharges <sup>1</sup>	64	827
Other recharges	165	222
<b>Total</b>	<b>686</b>	<b>1,772</b>

<sup>1</sup> Recharges of costs relating to the lease and fit-out of 21 Bloomsbury Street.

## 5 Grants made

	2015 £'000	2014 £'000 Restated
Grants made in the year	218,652	185,546
Grant de-commitments	(4,012)	(5,820)
<b>Net grants made</b>	<b>214,640</b>	<b>179,726</b>
NGB whole sport plans	33,714	30,741
Facilities	56,028	61,925
Local investment	113,765	74,530
School games	11,574	14,684
Other programmes	(441)	(2,154)
<b>Total</b>	<b>214,640</b>	<b>179,726</b>

The prior year numbers have been restated following the implementation of the Lottery Accounts Direction issued by the Secretary of State for Culture, Media, and Sport in December 2014 (note 17).

## 6 Non-cash grants

	2015 £'000	2014 £'000
Women's marketing campaign "This Girl Can"	3,080	-
Club leaders	1,843	750
<b>Total</b>	<b>4,923</b>	<b>750</b>

## 7 Staff costs

	2015 £'000	2014 £'000
<b>Permanent and fixed term staff</b>		
Wages and salaries	7,469	6,754
Social security costs	772	704
Pension costs	1,049	1,112
<b>Total</b>	<b>9,290</b>	<b>8,570</b>
Agency staff	537	430
<b>Total staff costs</b>	<b>9,827</b>	<b>9,000</b>

Average number of equivalent full time staff		
	2015	2014
Permanent staff	164	154
Fixed term temporary staff	3	1
Agency staff	8	9
<b>Average</b>	<b>175</b>	<b>164</b>

The exit packages disclosure is shown within the remuneration report on page 42.

## 8 Sports development costs

	2015 £'000	2014 £'000
<b>Grant programme support costs</b>		
NGB whole sport plans	177	201
Places people play	483	849
Local investment	406	475
School games	107	115
Other facilities	549	112
Other programmes	502	708
<b>Total</b>	<b>2,224</b>	<b>2,460</b>
<b>Other sports development costs</b>		
Legal	326	119
Measurement surveys <sup>1</sup>	2,551	1,880
Research	337	351
Facilities expertise and support	414	182
Planning data and guidance	839	677
Communications	192	35
Equality standards	1	3
Local government support	85	110
Other costs	(88)	(72)
Irrecoverable VAT	1,450	1,122
<b>Total</b>	<b>6,107</b>	<b>4,407</b>
<b>Total</b>	<b>8,331</b>	<b>6,867</b>

Sports development costs include expenditure which aims to promote the development of sport, thereby creating increased sporting opportunities for the local community.

<sup>1</sup> This is the Active People Survey that measures the number of people playing sport, which is Sport England's primary performance indicator.

## 9 Operating Costs

	2015 £'000	2014 £'000
Auditor's remuneration <sup>1</sup>	52	59
Board expenses	11	8
Communications	175	195
Grant outsourcing costs	353	251
Internal audit and governance	135	134
Irrecoverable VAT	807	961
IT infrastructure and systems costs	944	1,008
Legal	133	175
Other costs	(156)	(66)
Other staff costs	115	131
Property operating leases <sup>2</sup>	1,427	3,038
Bloomsbury Street fit-out costs <sup>3</sup>	71	837
Staff training	264	204
Travel and subsistence	559	528
Asset hire	330	274
Defined benefit scheme administration charge	78	73
<b>Total</b>	<b>5,298</b>	<b>7,810</b>

<sup>1</sup> No other payment was made to the auditors for non-audit work. The audit fees for the year were £52,500 (2014: £57,500). There was an overprovision of £1,000 in 2014 which resulted in reduced expenditure for the year.

<sup>2</sup> Includes £0.2 million of new provisions for dilapidations at two leased properties (2014: £0.8 million for dilapidations and onerous leases at two leased properties) which is recharged from the Exchequer accounts.

<sup>3</sup> £64,000 (2014: £0.8million) of these costs have been recharged to other organisations (note 4).

## Losses and special payments

There were no individual losses, or special payments during the year ended 31 March 2015 which exceeded £300,000 (2014: £nil), the aggregate did not exceed £300,000 (2014: £nil).

## 10 Taxation

	2015 £'000	2014 £'000
UK corporation tax at 21% (2014: 23%)		
Current tax charge	(1)	(1)
<b>Total</b>	<b>(1)</b>	<b>(1)</b>

## 11 Capital commitments

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There are no capital commitments as at 31 March 2015 (2014: £nil)

## 12 Trade receivables

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	2015 £'000	2014 £'000
<b>Trade receivables</b>		
Amounts falling due within one year	83	272
Amounts falling due after more than one year	124	226
<b>Total</b>	<b>207</b>	<b>498</b>
<b>Intra government balances</b>		
Bodies external to government	207	498

## 13 Trade and other payables

---

	2015 £'000	2014 £'000
Sport England Grant-in-aid	8,152	9,222
<b>Intra-government balances:</b>		
Other central government bodies	8,152	9,222

## 14 Grants payable

	2015 £'000	2014 £'000 Restated
Grants payable at 1 April	399,964	425,009
Grants paid during the year	(233,191)	(204,771)
Grant de-commitments	(4,012)	(5,820)
Grants made in the year	218,652	185,546
<b>Grants payable at 31 March</b>	<b>381,413</b>	<b>399,964</b>
Amounts due during 2015 Financial Year	-	237,367
Amounts due during 2016 Financial Year	238,793	114,207
Amounts due during 2017 Financial Year	126,998	46,666
Amounts due during 2018 Financial Year	15,036	1,724
Amounts due during 2019 Financial Year	586	-
<b>Grants payable at 31 March</b>	<b>381,413</b>	<b>399,964</b>
<b>Intra-government balances:</b>		
Other central government bodies	6,055	6,230
Local authorities	81,584	65,044
Bodies external to government	293,774	328,690
<b>Total intra-government balances</b>	<b>381,413</b>	<b>399,964</b>

The prior year numbers have been restated following the implementation of the Lottery Accounts Direction issued by the Secretary of State for Culture, Media, and Sport in December 2014 (note 17).

Grant commitments payable in more than one year amount to £142.6 million (2014: £162.6 million).

The allocation of commitments over the financial years is based on management's latest assessment of the likely timing of cash payments. These assumptions are periodically reviewed and updated. The assumptions take into account that a number of these awards cover up to four years of revenue funding which is paid over the period of the award.

## 15 Contingent liabilities

Contingent liabilities amounting to £50.3 million (2014: £95.6 million) comprise of grant commitments where the conditions of the funding remain under the control of Sport England.

## 16 Pension liabilities

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

### Defined benefit LPFA plan

Sport England is one of a large number of employers whose staff participates in the scheme, however the information given in this note relates only to Sport England Lottery. Sport England's pension liabilities cover two defined benefit pension schemes, being the 460 and 440 schemes.

The 460 scheme is funded by employee and employer contributions at actuarially determined rates based on current members.

The 440 multi-employer scheme was closed after an earlier restructure of The Sports Council in 1997. Sport England has included its share of the amounts brought to account in relation to this closed scheme in its accounts.

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

Sport England will also make additional voluntary contributions to both schemes if the funding is available to do so.

Under Sport England's management agreement with its sponsoring department DCMS all assets and liabilities on these defined benefit schemes will be passed to a successor body if Sport England were to be wound up. If there was no successor body then the assets and liabilities would revert to DCMS.

The tables below show employee contribution rates and employer contributions for 2014 and 2015 and those that are expected to be made in 2016 for the Lottery portion of the scheme.

Employee contribution rates			
2015 salary range	Contribution rate	2014 salary range	Contribution rate
Less than £13,500	5.5%	Less than £13,700	5.5%
£13,501 - £21,000	5.8%	£13,701 - £16,100	5.8%
£21,001 - £34,000	6.5%	£16,101 - £20,800	5.9%
£34,001 - £43,000	6.8%	£20,801 - £34,700	6.5%
£43,001 - £60,000	8.5%	£34,701 - £46,500	6.8%
£60,001 - £85,000	9.9%	£46,501 - £87,100	7.2%
£85,001 - £100,000	10.5%	Over £87,100	7.5%
£100,001 - £150,000	11.4%		
Over £150,000	12.5%		



Employer contributions to schemes						
	2016		2015		2014	
All figures in £'000s	440	460	440	460	440	460
% Employer contributions	n/a	12%	n/a	12%	n/a	16%
Employer contributions	-	230	-	207	-	311
Required additional contributions	335	217	399	374	329	1,299
Voluntary additional contributions	-	-	-	485	-	-
<b>Total</b>	<b>335</b>	<b>447</b>	<b>399</b>	<b>1,066</b>	<b>329</b>	<b>1,610</b>

International Accounting Standard IAS 19 (2011) Employees Benefits requires the disclosure of additional information, in respect of the Sport England's superannuation scheme. The information has been provided by the LPFA's consulting actuaries.

The actuaries have not made separate valuations for the Sport England Exchequer and Lottery liabilities. The apportionment of the liability between Exchequer and Lottery is set out in the accounting policies (note 1.13).

The following information relates to the scheme as a whole:

Employer membership statistics as at 31 March 2013 - 460 scheme			
	Number	Salaries/ Pensions £'000	Average age
Actives	68	3,143	46
Deferred pensioners	404	1,827	46
Pensioners	158	1,794	65
Unfunded pensioners	82	311	67

Employer membership statistics as at 31 March 2013 - 440 scheme			
	Number	Salaries/ Pensions £'000	Average age
Actives	-	-	-
Deferred pensioners	200	379	53
Pensioners	239	1,187	73
Unfunded pensioners	69	132	77

Financial assumptions (expressed as weighted average)			
	2015 % per annum	2014 % per annum	2013 % per annum
Price increases – RPI	3.2%	3.6%	3.4%
Price increases – CPI	2.4%	2.8%	2.6%
Salary increase	4.2%	4.6%	4.3%
Pension increase	2.4%	2.8%	2.6%
Discount rate	3.3%	4.4%	4.5%

Life expectancy assumptions from age 65			
		2015 Years	2014 Years
Retiring today	Males	22.7	22.6
	Females	25.3	25.2
Retiring in 20 years	Males	25.0	24.9
	Females	27.6	27.4

The following information relates to the Lottery portion of the scheme only:

Statement of financial position disclosure			
	2015 £'000	2014 £'000	2013 £'000
Present value of funded liabilities	(78,940)	(68,084)	(64,493)
Fair value of employer assets	52,436	49,860	47,878
Present value of unfunded liabilities	(4,894)	(4,588)	(4,616)
<b>Net liability in the Statement of financial position</b>	<b>(31,398)</b>	<b>(22,812)</b>	<b>(21,231)</b>
Liabilities	(83,834)	(72,672)	(69,109)
Assets	52,436	49,860	47,878
<b>Net liability in the Statement of financial position</b>	<b>(31,398)</b>	<b>(22,812)</b>	<b>(21,231)</b>

The major categories of plan assets as a percentage of total plan assets				
	2015		2014	
	£'000	%	£'000	%
Equities	22,748	43%	26,426	53%
LDI/Cash flow matching	3,936	8%	2,991	6%
Target return portfolio	15,159	29%	14,958	30%
Infrastructure	2,598	5%	1,994	4%
Commodities	488	1%	499	1%
Property	1,486	3%	1,496	3%
Cash	6,021	11%	1,496	3%
<b>Total</b>	<b>52,436</b>	<b>100%</b>	<b>49,860</b>	<b>100%</b>

Amounts recognised in the Statement of comprehensive net expenditure		
	2015 £'000	2014 £'000
Service cost	421	532
Net interest on the net defined benefit liability	1,015	959
Administration expenses	78	73
<b>Total</b>	<b>1,514</b>	<b>1,564</b>

Re-measurements in Other comprehensive income		
	2015 £'000	2014 £'000
Return on plan assets in excess of interest	1,153	(440)
Other actuarial gains on assets	-	488
Change in financial assumptions	(9,691)	(3,667)
Change in demographic assumptions	-	70
Experience gain on defined benefit obligation	1	1,593
<b>Total</b>	<b>(8,537)</b>	<b>(1,956)</b>

Changes in the present value of the defined benefit obligation		
	2015 £'000	2014 £'000
<b>Opening defined benefit obligation</b>	<b>72,672</b>	<b>69,109</b>
Service cost	421	532
Interest cost	3,152	3,067
Change in financial assumptions	9,691	3,667
Change in demographic assumptions	-	(70)
Experience gain on defined benefit obligation	(1)	(1,593)
Contributions by members	150	131
Estimated unfunded benefits paid	(253)	(248)
Estimated benefits paid	(1,998)	(1,923)
<b>Closing defined benefit obligation</b>	<b>83,834</b>	<b>72,672</b>

Changes in the fair value of the plan assets		
	2015 £'000	2014 £'000
<b>Opening fair value of employer assets</b>	<b>49,860</b>	<b>47,878</b>
Interest on assets	2,137	2,108
Return on assets less interest	1,153	(440)
Other actuarial gains	-	488
Administration expenses	(78)	(73)
Contributions by members	150	131
Contributions by employer	1,465	1,939
Estimated benefits paid	(2,251)	(2,171)
<b>Closing fair value of employer assets</b>	<b>52,436</b>	<b>49,860</b>

Sensitivity Analysis			
	£'000	£'000	£'000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	82,347	83,834	85,348
Projected service cost	517	530	544
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	83,929	83,834	83,738
Projected service cost	530	530	530
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	85,264	83,834	82,428
Projected service cost	543	530	517
Adjustment to life expectancy assumption	-1 Year	None	+1 Year
Present value of total obligation	80,322	83,834	87,346
Projected service cost	509	530	551

## Defined contribution Aviva GPPP

Employer contributions for staff members of this scheme for the year ended 31 March 2015 were £0.5 million (2014: £0.4million). Auto enrolment was implemented from April 2014. There were no amounts outstanding or pre-paid at 31 March 2015 (2014: £nil).

Contribution rates <sup>1</sup>	
Employee	Employer
1%	2%
3%	3%
4%	5%
5%	8%
6.5%	11%

<sup>1</sup> Contribution rates apply to all salary levels

## 17 Prior year restatement

The implementation of the Lottery Accounts Direction issued by the Secretary of State for Culture, Media, and Sport in December 2014 requires the following restatements to the prior year disclosures in the accounts as set out below. The Lottery Accounts Direction requires the accounts to be prepared in accordance with the requirements of the FReM so moving the accounting basis from commitments to accruals for grant expenditure.

Statement of comprehensive net expenditure (SOCNE)	
	2014 £'000
Previously reported net expenditure before taxation	(155,165)
Effect of changes in accounting treatment	159,100
<b>Restated net operating income before taxation</b>	<b>3,935</b>

Grants made	
	2014 £'000
Previously reported grants made	338,826
Effect of changes in accounting treatment	(159,100)
<b>Restated grants made</b>	<b>179,726</b>

Statement of financial position (SOFp)	
	2014 £'000
Previously reported net liabilities	(147,903)
Effect of changes in accounting treatment	(106,430)
<b>Restated net liabilities</b>	<b>(254,333)</b>

Grants payable		
	Current 2014 £'000	Non-current 2014 £'000
Previously reported grants payable	(161,107)	(132,427)
Effect of changes in accounting treatment	(76,260)	(30,170)
<b>Restated grants payable</b>	<b>(237,367)</b>	<b>(162,597)</b>

Statement of cash flows	
	2014 £'000
Previously reported net expenditure before taxation	(155,165)
Effect of changes in accounting treatment	159,100
<b>Restated net operating income before taxation</b>	<b>3,935</b>

Statement of cash flows	
	2014 £'000
Previously reported increase in grant commitments	134,055
Effect of changes in accounting treatment	(159,100)
<b>Restated increase in grant commitments</b>	<b>(25,045)</b>

Statement of changes in equity	
	General Reserve 2014 £'000
Previously reported reserve at 31 March 2013	30,450
Net effect of changes in accounting treatment	(265,530)
<b>Restated closing equity at 31 March 2013</b>	<b>(235,080)</b>
Restated net income for the year	3,934
Transfer between reserves	(375)
<b>Restated closing reserve at 31 March 2014</b>	<b>(231,521)</b>

## 18 Related party transactions

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

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

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

made to Sport England and any direct commercial relationships.

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

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

- Awards made during the year ended 31 March 2015
- Awards unpaid at 31 March 2015
- Supplier transactions during the year ended 31 March 2015. There were no unpaid amounts on these transactions at 31 March 2015

Relationship	Awards made in 2014/15 £	Awards unpaid at 31 March 2015 £	Supplier transactions in 2014/15 £
<b>The Sports Council Trust Company</b>			
Payable by Sport England		120,261	
<b>English Sports Development Trust</b>			
Payable by Sport England	7,200,000	2,744,344	

Relationship	Awards made in 2014/15 £	Awards unpaid at 31 March 2015 £	Supplier transactions in 2014/15 £
<b>Nick Bitel</b>			
Consultant to advisors of England and Wales Cricket Board		8,263,432	
Consultant to advisors of Rugby Football Union		7,851,669	32,837
Board Member, London Legacy Development Corporation	4,042	498,618	
Imm. Family: Member, Lawn Tennis Association	4,429,300	7,028,800	
Board Member, UK Sport			128,781
<b>Charles Reed</b>			
Board Member, English Federation of Disability Sport	204,153	722,446	
<b>Ian Drake</b>			
Director and Member, British Cycling		10,133,616	
<b>Sally Gunnell OBE DL</b>			
Partner: Advisor, England Athletics	55,772	24,400	
Partner: Advisor, UK Athletics		7,867,063	
<b>Clare Connor OBE</b>			
Employment, England and Wales Cricket Board		8,263,432	
<b>Peter Rowley</b>			
Member, England Athletics	55,772	24,400	
Director, British Weightlifting		137,864	
Director, Skills Active UK		65,733	
Audit Committee Member, UK Sport			128,781
<b>Kate Bosomworth</b>			
Board Member, Disability Sports Coach		395,610	
Advisor, Skills Active UK		65,733	
<b>Hanif Malik</b>			
Employment, Hamara Healthy Living Centre		177,997	
<b>David Goldstone</b>			
Chief Executive, London Legacy Development Corporation	4,042	498,618	
<b>Jennie Price</b>			
Partner: Board Member, British Fencing	859,670	1,229,670	
Partner: Consultant, The Leisure Database Company			377,677
Partner: Min Shareholder, Goodform			409
Partner: Board Member, Institute of Groundsmanship			616
<b>Rona Chester</b>			
Member, Lawn Tennis Association	4,429,300	7,028,800	
Partner: Member, Lawn Tennis Association			
Member, English Golf Union		5,814,033	
Partner: Member, English Golf Union			
Member, National Trust		817,558	
Partner: Member, National Trust			
<b>Lisa O'Keefe</b>			
Member, British Cycling		10,133,616	
Member, British Mountaineering Council		1,099,562	
<b>Alison Selfe</b>			
Imm. Family: Member, British Cycling		10,133,616	
Partner: Employment, London Borough of Havering		2,074,000	



Relationship	Awards made in 2014/15 £	Awards unpaid at 31 March 2015 £	Supplier transactions in 2014/15 £
<b>James Sessford</b>			
Member, Woodhouses Cricket Club	8,525	7,442	
Partner: Member, Woodhouses Cricket Club			

## 19 Derivatives and other financial instruments

The Sport England NLDF relies on its share of proceeds from the National Lottery, with some partnership funding to finance its operations. Items such as trade receivables and trade payables arise from its operations. Sport England does not enter into derivative transactions.

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

The Sport England NLDF does not borrow money and therefore has no exposure to interest rate or liquidity risk in this regard.

Cash balances are held in a commercial bank account and attract market rates of interest.

### Liquidity risks

The bulk of the financial assets of The Sport England NLDF are held by the NLDF. During 2014/15 the NLDF invested in government gilts and call notice deposits.

The Board recognises that their grant commitments and other payables exceed the value of funds in the NLDF. However, the Board considers that Sport England is not exposed to significant liquidity risks as they are satisfied that Sport England will have sufficient liquid resource to cover all likely grant payments and other liabilities in the coming year.

If there was a long term decline in Lottery income the Board would adjust its annual grants budgets to compensate for the decline.

## 20 Post financial year-end events

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



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