

# ANNUAL REPORT & ACCOUNTS

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

*ANNUAL REPORT AND ACCOUNTS FOR  
THE YEAR ENDED 31 MARCH 2017*





# The English Sports Council

Grant-in-Aid

and

National Lottery Distribution Fund

Annual Report and Accounts for the year ended 31 March 2017

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# MOVING FORWARD



## **CHAIR'S FOREWORD** **PARTNERS OLD AND NEW HAVE BEEN READYING THEMSELVES FOR THE BOLD, AMBITIOUS NEW STRATEGY WE'VE SET FOR THE NEXT FIVE YEARS**

Every year, new studies are released that reiterate the link between active lifestyles and healthier, happier people. The benefits of an active nation – both for the individual and for society at large – are profound. Physically active societies are improved at every level – from the environment to mental health, to lower childhood obesity rates and better community cohesion.

When the government published *Sporting Future* in December 2015, it was clear that we needed to look holistically at the wider benefits of sport and physical activity. And beyond that, how we can build on the experience of volunteering and indeed watching sport. Our response was *Towards an Active Nation*, our 2016-2021 strategy that signals a radical new approach to how we make decisions and where we direct our investment.

Sport is a means of achieving the goals outlined in *Sporting Future*, but it's not the end goal in itself. The sport for sport's sake days are over. I've been hugely encouraged by how many of our existing partners, such as national governing bodies, have truly embraced the changing landscape. And we're reaching out beyond traditional organisations to encourage people from all kinds of backgrounds to get active.

In the past year, we've forged new and exciting relationships with bodies such as Public Health England, social enterprises and community groups. These will help us drive change at

both local and national level. Locally we will work with organisations that really understand their communities. And we'll learn from pilot projects when we roll out wider programmes nationally.

As we meet the demands of our extended remit that now includes children aged 5+, our Board will be crucial in helping deliver our strategy. In July 2016 I was delighted to appoint six new board members: Dr. Denise Barrett-Baxendale, Prof. Ian Cumming, Chris Grant, Wasim Khan, Andy Long and Karen Pickering. They bring an impressive range of expertise and skills to the table, not just in grassroots and elite sport but also from business, education and the third sector.

They share a passion for promoting the positive impact of sport and activity, and a commitment to overcoming the barriers faced by many people when it comes to being active. A more diverse board is essential if we're to represent society as a whole.

Thank you for being part of our journey towards an active nation.

**Nick Bitel**  
**Chair**

# MOVING WITH MOMENTUM



## **CEO'S INTRODUCTION** **THIS YEAR MARKS A MAJOR CHANGE IN EMPHASIS FOR SPORT ENGLAND WITH THE LAUNCH IN MAY 2016 OF OUR NEW STRATEGY**

It's an ambitious plan to increase engagement in sport and activity way beyond sport's natural audience, to driving growth through the groups most under represented in sport: women, older people, those with a disability and people in lower socio-economic groups. We have also committed to tackling inactivity as one of our biggest priorities, tripling our investment in this area with a minimum of 25% of our total grant funding supporting this area.

We've already proved we can make a difference when we really focus on a particular audience. Our This Girl Can campaign, which entered its second phase early in 2017, has driven growth, with three consecutive sets of national statistics showing that the number of women and girls playing sport is going up – the first time the trend has been so strong since we began measuring at a population-wide level. It's a campaign backed by deep insight. We asked the customers – women and girls themselves – how they viewed sport and exercise. The campaign stays absolutely loyal to what they told us.

We're also becoming more ambitious in terms of the returns we are seeking for our investment. The Government's strategy, *Sporting Future*, emphasised the breadth of the impact sport and activity can have beyond physical health, important as that is, to mental wellbeing, individual and community development and economic impact. We are developing a much more sophisticated measurement framework

to evaluate our contribution in all of these areas, and we will work with partners who are best able to contribute in that broader context.

Of course, traditional sport is still a big part of our remit and something we continue to take seriously. This area makes up for a substantial portion of what we call the 'core market' – those with a strong and resilient relationship with sport and activity. During the year we committed to invest over £217.6m for the next four years into national governing bodies of sport to ensure sport continues to thrive and grow, but with a view to making that more traditional sport infrastructure more efficient and sustainable in the longer term.

Another big step forward this year has been the drafting and launch of a new Code for Sports Governance. This sets clear and detailed governance requirements for all those sports organisations receiving public investment.

As we step into this bold new era for the sector, I would like to thank everyone who has worked with Sport England in this challenging but hugely rewarding year. I look forward to working with you to deliver our strategy across the nation.

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



# MOVING MATTERS

**ESTABLISHED BY THE ROYAL CHARTER IN 1996, SPORT ENGLAND IS THE ARMS-LENGTH BODY OF GOVERNMENT RESPONSIBLE FOR GROWING AND DEVELOPING GRASSROOTS SPORT, AND GETTING MORE PEOPLE ACTIVE ACROSS ENGLAND**

Our definition of sport and physical activity is a wide one. That means swimming and tennis and other organised activities. But it's also cycling to work, jogging in the park, walking for leisure or enjoying an exercise class.

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

Driven by research and insight, we have a deep understanding of the complexity of people's relationships with sport and physical activity. Insight now underpins everything we do. We constantly gather evidence, expertise and research from all sectors and are actively talking to people and organisations we have not reached in the past. This kind of high-quality data and analysis helps us make confident, evidence-based decisions.

Our extended remit means we have put substantial new emphasis on tackling inactivity. We've begun to see notable improvements already, with the number of women doing regular physical activity and sport now at an all-time high. We also have a new focus on helping children from the age of five to enjoy sport and physical activity outside the school curriculum.

## Why it matters

In *Sporting Future*, the Government outlined five outcomes it expects us to support. What we do matters because sport and physical activity can help us as individuals – boosting our physical and mental wellbeing and supporting our personal development. It can also improve where we live – providing social, community and economic benefits. Every piece of work we do is tested against its ability to achieve one or more of these outcomes.

## Strategic priorities

The Government challenged us to take on two major tasks in *Sporting Future*.

### 1. Get more people from every background regularly and meaningfully engaging in sport and physical activity.

- Tackling inactivity with a focus on under-represented groups such as older people and those with a low income
- Encouraging more resilient, sustained habits in people who become or are already active
- Developing more positive attitudes to sport and physical activity in young people
- Increasing the number and diversity of volunteers
- Improving progression and increasing inclusion in talent development.

### 2. Develop a more productive, sustainable and responsible sport sector by:

- Encouraging a more demand-led, consumer-focused approach from the sector
- Improving governance of all organisations that are in receipt of public investment
- Improving financial efficiency
- Increased and more diverse revenue generation
- Targeting an increase in the diversity of leadership
- Helping to produce a more diverse and productive workforce.

The contents of this performance report fulfil the requirements of a strategic report as required by Chapter 4A of Part 15 of the Companies Act 2006, and are set out on pages 4–29.

# MOVING STRATEGICALLY

Our new strategy for 2016-21, *Towards an Active Nation*, was our response to this challenge.

We want everyone in England, regardless of age, background or level of ability to feel able to engage in sport and physical activity. Some will be young, fit and talented but most will not. We need a sport sector that welcomes everyone – meets their needs, treats them as individuals and values them as customers.

This is our vision and the words have been carefully chosen. *Towards an Active Nation* aims to be different and transformative. Our work will be guided by clear, published investment principles and backed by behavioural science.

We will work in partnership with those who share our vision. Everything we do will be built on sound consumer insight, with detailed evaluation of results so we can improve and refine programmes.

This is a dramatic change in emphasis for us, our partners and organisations who don't yet even think of themselves as potential partners.

Since publishing the strategy, our work in 2016-17 has focused on transition. Completing the tasks of the previous strategy, while aligning our structure, thinking and programmes to the new approach. Implementation has started and this annual report will explain what we have done in the year.

## AREAS OF FOCUS IN 2016-17

### Over the last 12 months we have:

- Developed and explained how we would like to implement *Towards an Active Nation* through an extensive series of investment guides, web features and workshops
- Launched 10 new, specific open funding opportunities such as the Community Asset Fund, the Active Ageing Fund and the Children and Families Fund, worth up to £110 million.
- Replaced the Active People Survey with a new Active Lives Survey to offer us richer insight into how and why people get active
- Created and launched the next phase of This Girl Can, our female-focused behaviour change campaign targeting a broader age range (14-60 plus) with new messages around belonging and resilience
- Produced and published new strategies and plans for volunteering and coaching, to support the industry's workforce
- Created a Code for Sports Governance in the UK, jointly with UK Sport, and began assessing sports organisations against its strict standards
- Completed a review of the School Games
- Completed delivery of the final year of the 2012-16 strategy and closed or transitioned programmes in preparation for the new approach
- Started to align Sport England's structure and culture to fully deliver the strategy.



# MOVING MONEY WISELY

## OUR INVESTMENT STRATEGY 2016-21: HOW WE MAKE THE FINANCIAL DECISIONS TO DELIVER OUR OBLIGATIONS

Our new investment strategy is based on seven principles, designed to ensure that we invest in the projects, programmes and facilities most likely to deliver results and ultimately the outcomes required by government.

### The seven principles are:

1. A clear line of sight to the objectives in the Government's *Sporting Future* strategy. Rather than simply driving numbers we will show the impact on people's lives in terms of physical and mental wellbeing, individual development, social and community development and economic development
2. Ensure investment benefits under-represented groups including women, older people, disabled people and those from lower socio-economic backgrounds
3. Use behaviour change to make investment choices. We will focus on three behavioural challenges – tackling inactivity, creating regular activity habits (the 'mass market'), and supporting those with a resilient habit (the 'core market')
4. Get maximum value from all Sport England's resources, not just our money – by bringing in other funding partners, providing advice and insight or brokering collaborations
5. Strike a balance between 'bankers' and 'innovators' by managing our investments on the basis that 80% should deliver all of our outcomes, while 20% will test new ideas
6. Review our investment portfolio regularly and remove funding if an investment is failing and cannot be rescued
7. Encourage increased efficiency – helping the sport industry to reduce costs while generating income from other sources.

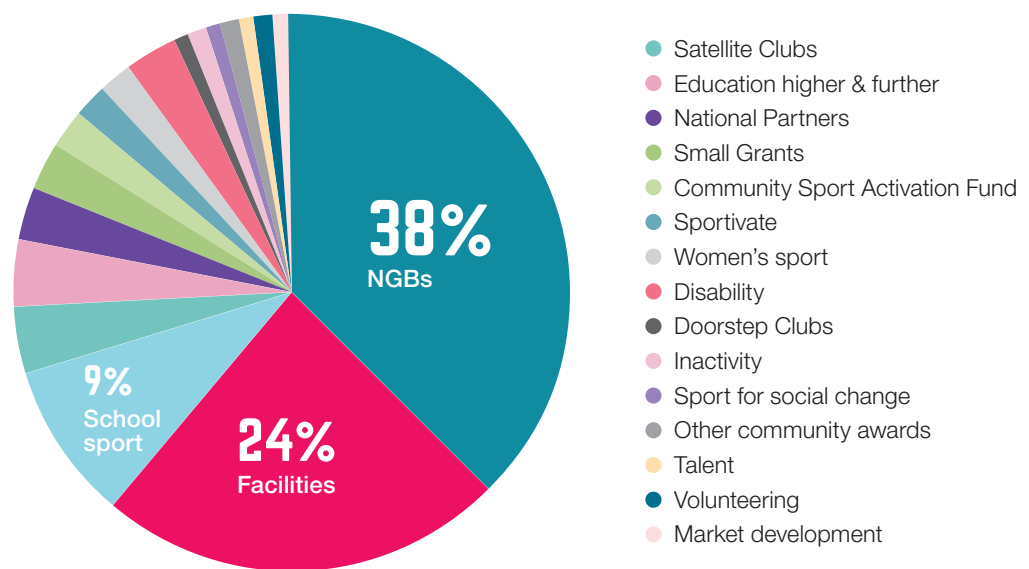
These principles fundamentally change the way we will invest public and National Lottery money, and we have already used these to direct investment in 2016-17.

In 2012-16, Sport England's strategy allocated investment directly through organisations and more than 30 programmes. Our new strategy will see 2017-21 funding allocated through seven investment programmes based on the types of customers they will help us reach. Details of this projected investment were published in our new strategy in May 2016 and updated by the Board in March 2017.

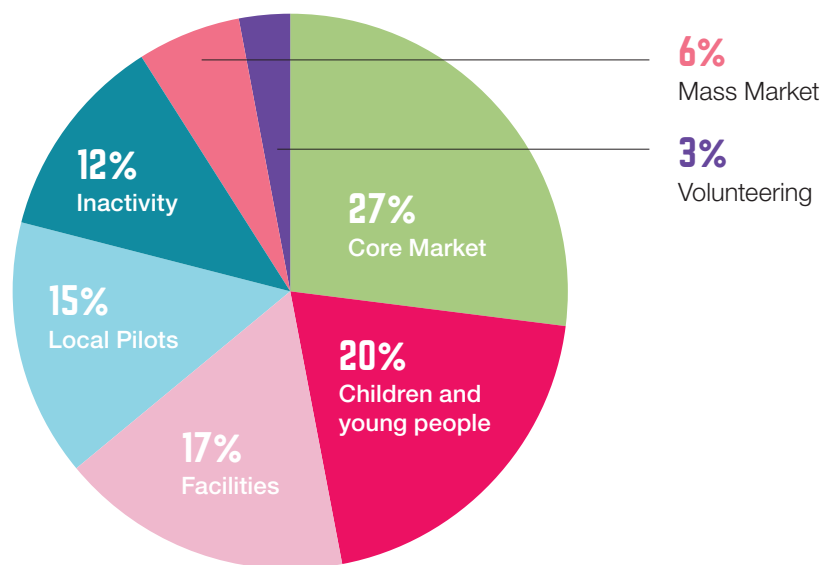




## INVESTMENTS MADE 2012-16



## PROJECTED INVESTMENT 2017-21



### Note 1: Inactivity

This represents projects totally dedicated to inactivity; some investment from other programmes will also target this group, notably local delivery and facilities. Total investment in activity over the period will amount to at least 25 per cent of our total grand funding and will be reported in our Annual Report. Our dedicated inactivity work includes our Active Ageing programme targeting older people and a fund that focuses on people facing economic disadvantage.

### Note 2: Local pilots

This represents the funding for the 10 local pilots only. Local delivery will be relevant to all seven programmes.

### Note 3: Facilities

This represents only the capital funds described on page 15. We anticipate other programmes will include an element of capital investment, especially the local pilots. Our capital funds include the Community Asset Fund, which is about enhancing community spaces so that they can be used for sport and activity. In addition, our Strategic Facilities Fund supports the sector to invest in sustainable facilities that are cost-effective and serve large numbers of people, such as leisure centres.

### Note 4: Volunteering

Additional funds will be invested in volunteering through the core market programme. This comprises our Opportunity Fund, which focuses on people facing disadvantage, and our Potentials Fund, which is there to get young people involved in social action through sport and activity.



# FINANCIAL OVERVIEW

## Our income

During the year, we received £308.4 million (2016: £333.4 million) of income to invest. This comprises £105.6 million (£93.9 million in 2016) Exchequer Grant-in-Aid funding and £202.8 million (£239.5 million in 2016) National Lottery Funding.

Lottery funding in 2016-17 is lower than the previous year due to lower Lottery ticket sales

Exchequer funding for 2016-17 covers the first year of the spending review period 2016-17 to 2019-20. £3.6 million of income in 2016-17 was deferred from 2015-16 due to delays with the Parklife programme. Additional funding in 2016-17 was included for Chance to Shine (£1.2 million), Special Olympics (£1.0 million) and National Governing Bodies Efficiency (£1.0 million).

## Our commitments

We committed to spend a total of £335.3 million (2016: £239.9 million), of which £299.1 million (2016: £204.7 million) was invested as awards in achieving our strategic priorities with the remaining element being spent on sports development, administration and staff costs as detailed below. The increase in commitments from 2015-16 to 2016-17 is mainly due to the four year funding to National Governing Bodies for the period 2017-2021 of £99.4 million, which includes committing current year and future expected Lottery income (see page 34 on how we manage our Lottery resources).

## The breakdown of the £335.3 million commitments is as follows:

We awarded £86.1 million of Exchequer awards (2016: £80.4 million) and £208.1 million (2016: £116.8 million) of Lottery awards during the year.

We provided £4.9 million (2016: £4.0 million) of Lottery non-cash grants for the club development tool, Club Matters and the This Girl Can campaign, and £3.0 million (2016: £3.4 million) expenditure on the National Sports Centres.

All Lottery awards, including non-cash grants, committed and accepted were consistent with our policy on additionality. The details of which can be found on our website [www.sportengland.org/funding/funding-faqs](http://www.sportengland.org/funding/funding-faqs)

The costs we incurred to support the delivery of our award programmes as well as promoting the development of sport in local communities (sport development costs) were £11.6 million (2016: £13.1 million).

Our administration costs were £6.5 million (2016: £7.5 million). Staff costs involved with delivering and supporting sports development and administration functions were £15.1 million (2016: £14.7 million).



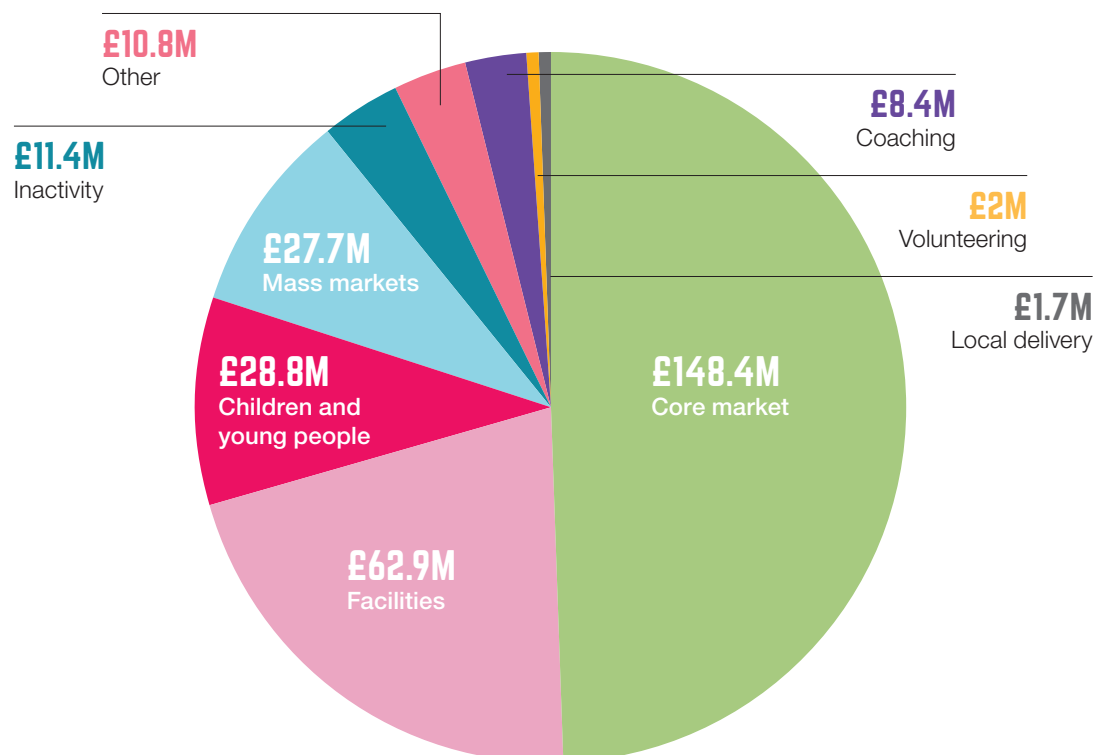
## NATIONAL LOTTERY AND EXCHEQUER INCOME

● Lottery funding

● Exchequer funding



## AWARDS BREAKDOWN 2016-17





# MOVING WITH NEW FOCUS

**IT'S BEEN A YEAR OF CHANGE FOR SPORT ENGLAND, BUT WE REMAINED FOCUSED ON OUR FUNDAMENTAL PURPOSE: GETTING MORE PEOPLE ACTIVE, INVESTING STRATEGICALLY, AND PROTECTING OUR PLAYING FIELDS**

## Growing participation

The number of regularly active people was the main performance indicator of our 2013-17 strategy.

Measured for the final time by the Active People Survey, results published in December 2016 showed that 15.97 million people aged 16 and over played sport for at least 30 minutes once a week between October 2015 and September 2016.

This is 229,400 more than between October 2014 and September 2015 – an increase largely driven by the number of women now getting active. This is higher than ever before, suggesting that our behaviour change campaign This Girl Can is having a sustained effect.

It's 1.88 million more people than when London won the right to host the 2012 Olympic and Paralympic Games back in 2005.

While we welcome these results, we know there is more work to be done to increase overall levels of activity, with some areas of specific concern.

The number of disabled people being active remains relatively flat, as it does with young people. Although there is long-term growth amongst those from a black, Asian and minority ethnic (BAME) background, results last year saw a slight dip. And the proportion of people from lower socio-economic groups who play sport (26%) remains much lower than those from more affluent groups (39.5%).

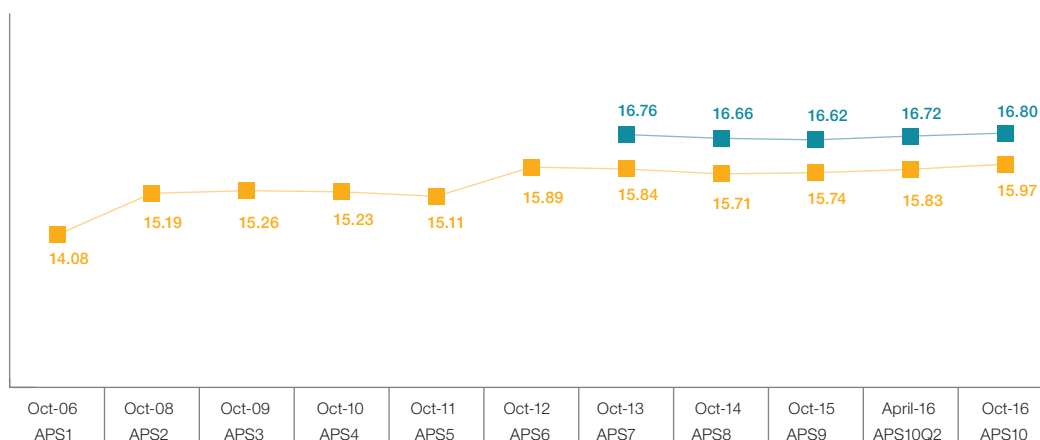
Our new strategy, with its commitment to tackling inactivity, will help us address this. Its success will be measured by our new participation survey, Active Lives.

Like Active People, our Active Lives Survey will measure the number of people aged 16 and over who take part in sport and physical activity by age, location, background and type of activity. We're currently developing an extension to Active Lives that will measure children's engagement in sport and physical activity, covering topics like attitudes and behaviours towards sport and physical activity, physical literacy, and swimming proficiency. Data collection is planned to start in autumn 2017.

Its new approach will enable us to measure some of the key performance indicators (KPIs) identified in the Government's strategy. That includes inactivity, spectating and volunteering.

## ONCE A WEEK SPORT PARTICIPATION

(1 X 30), millions



### 1 x 30 14+ year olds

APS10 16,802,900 36.9%

#### Change since

|         |          |       |
|---------|----------|-------|
| APS10Q2 | +82,000  | -0.1% |
| APS9    | +180,300 | +0.2% |
| APS7    | +46,400  | -0.6% |

### 1 x 30 16+ year olds

APS10 15,965,800 36.1%

#### Change since

|         |            |       |
|---------|------------|-------|
| APS10Q2 | +131,500   | +0.0% |
| APS9    | +229,400   | +0.3% |
| APS1    | +1,882,800 | +1.5% |

A photograph of a woman with wet hair, smiling and holding onto the edge of a swimming pool. In the background, other people are visible in the water.

## 229,400

more people played sport in 2016 than they did in 2015

## 3.83M

16-25 year-olds play sport once a week: an increase of 3,700 in a 12-month period

## 2.92M

people from black, Asian and ethnic minority backgrounds are playing sport. That's 26% compared to 39.5% white British people

## 1.6M

disabled people now play sport once a week (that's 20,900 fewer than 12 months ago)

## 7.2M+

women now play sport and do regular physical activity – 250,000 more than when we launched our This Girl Can campaign in 2015



### Safeguarding sports provision

One of our roles as the government's arms-length body responsible for grassroots sport is to object to developments on playing fields if the provision of sport and activity will be negatively affected.

We will often negotiate a new facility being built or existing pitches being upgraded so that more people are able to get active in their local area.

Our most recent figures show that in 2014-15\*:

- 91% (1,139 out of 1,254) of concluded planning applications affecting playing fields resulted in improved or safeguarded sports provision
- In 43% of cases where we originally objected to an application, our intervention and further negotiation led to an overall improvement in sports provision
- The remainder (57%) were either withdrawn, refused by the local authority or are yet to be determined
- Despite our objections during the planning process, 115 applications (9%) were approved by local planning authorities.

\* Planning application results are delayed by 12 months to allow for appeals.

### Generating extra investment

Our role as a consultee on planning applications also allows us to generate additional investment into sports facilities by ensuring that new housing developments are given adequate access to local sporting infrastructure. Through firm negotiation and the provision of tools such as the Sports Facilities Calculator we generated an additional £16 million investment into sport in 2015-16.

We further boosted local sporting infrastructure during the same period by securing 144 community use agreements that allow local people to use the school, college or university sports facilities.

---

**The original plans for Northstowe, a new town with 10,000 dwellings in Cambridgeshire, included community sports facilities on three sites. We considered the facilities to be inadequate and lacked a robust sports strategy – something that's crucial if they're going to last and be used by a wide range of people. As a result of our objections, the applicant reviewed the sport strategy and agreed to invest an additional £1.4 million in:**

- An extra 2.2 hectares of grass playing fields
- An additional full-size 3G artificial grass pitch
- Four floodlit multi-use games areas (MUGA), at the new secondary school but available for community use.

### Improving our function

We've also been implementing the recommendations set out in the DCMS triennial review (published in September 2015). This included developing a memorandum of understanding between ourselves and UK Sport, which was published in January 2017. It outlines how we will work together to jointly fund talent programmes and develop performance.

We also developed a common monitoring and evaluation approach to all investments – helping us compare success and continually improve all of our programmes and investments.

For more on the recommendations, go to [sportengland.org/triennialreview](http://sportengland.org/triennialreview)





## INVESTING IN SPORTS AND LEISURE FACILITIES 2012-17



|                          | INSPIRED<br>FACILITIES | PROTECTING<br>PLAYING FIELDS | IMPROVEMENT    | STRATEGIC    | TOTAL          |
|--------------------------|------------------------|------------------------------|----------------|--------------|----------------|
| Total<br>invested        | <b>£121.7M</b>         | <b>£23.7M</b>                | <b>£51.3M</b>  | <b>£68M</b>  | <b>£264.7M</b> |
| Total no.<br>of projects | <b>2,212</b>           | <b>440</b>                   | <b>152</b>     | <b>49</b>    | <b>2,853</b>   |
| Partnership<br>funding   | <b>£184.2M</b>         | <b>£17.1M</b>                | <b>£114.3M</b> | <b>£633M</b> | <b>£948.6M</b> |



# MOVING INTO CHANGE

**OUR NEW STRATEGY IS CLEAR THAT WE WILL FOCUS FAR MORE EFFORT, MONEY AND RESOURCES ON TACKLING INACTIVITY BECAUSE THIS IS WHERE THE GAINS FOR THE INDIVIDUAL AND FOR SOCIETY ARE GREATEST**

The benefits experienced by a sedentary person who does even a small amount of activity far outweigh the value of an already-active person doing even more. More than one quarter of the adult population in England is classed as inactive (Active Lives, January 2017), so the target audience is large. Over half of that audience already has a long-term health condition. Substantial change cannot be achieved by Sport England alone, so in 2016-17 we have developed relationships with organisations that can help us reach and engage with that audience.

Across 2017-21 we are dedicating time, expertise and at least 25% of our total investment to tackling inactivity. This includes direct investments through a new, dedicated National Lottery fund of £120 million, and ensuring that a proportion of our funding for local delivery, children and young people, and facilities also benefit this group.

In December 2016, we launched the first round of the new £10 million fund focused on Active Ageing. This will support projects, programmes and partners that will help us design innovative and effective approaches to helping older people get active.

More than 20 million people will be aged 60 or over by 2030 and activity steadily declines with age (Active Lives, January 2017).

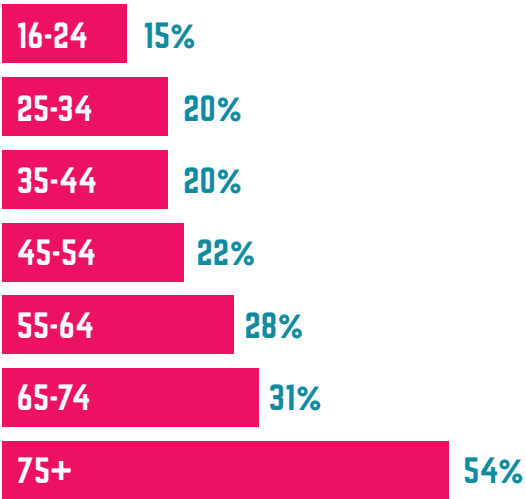
Tackling inactivity will be driven by powerful partnerships. People looking to start a new activity will need support, encouragement and motivation from people who they know and trust. We're working closely with Public Health England (PHE) to establish clear messages on the Chief Medical Officer's guidelines on activity, and a training programme to support primary healthcare professionals.





## INACTIVITY LEVELS BY AGE

Inactivity levels increase with age. Those aged 16-24 are least likely to be inactive (15% or 0.9m) whilst those aged 75+ are most likely to be inactive (54% or 2.4m).



We have recently agreed an investment of £1.3 million of National Lottery funds to PHE to deliver and evaluate the first stage of the Moving Healthcare Professionals Programme across the country during 2017-18. Our aim is to influence the behaviour of 7,000 doctors and 9,000 other health professionals (for example practice nurses and midwives), who will engage with approximately 9.4 million patients in the next 12 months.

We have started to develop a collaborative programme of work with leading health charities, including Asthma UK and Rethink Mental Illness, aiming to encourage those with long-term health conditions to be more active.

And we're partnering with The Richmond Group – an umbrella organisation comprising 14 large health and social care organisations – to help influence how its members deliver projects to combat inactivity. The group reaches people with long-term conditions who are likely to be inactive or are at risk of becoming inactive. Together, these organisations reach over 20 million people through their programmes of work.



## Children and young people

A person's attitude to sport is often shaped by their experiences as a child, from early years to teens.

All children, regardless of their ability or background, deserve to enjoy the physical, mental and social benefits sport and activity brings. Our aim is to give more children a positive sporting experience, to help more of tomorrow's adults feel that sport and physical activity is relevant and appealing to them. Our insight shows that three things are really important:

- instilling confidence and a sense of 'I can do this', irrespective of natural ability
- ensuring activities are fun and enjoyable
- avoiding negative or bad experiences, above all else.

The Government's *Sporting Future* strategy tasks us with supporting sport and physical activity outside the school curriculum for the 7 million 5-16 year-olds in England. There are so many aspects to this work – from the wide range of ages involved, to the attitude and influence of parents. A number of different approaches are required.

The brand new £40 million investment into families was launched in March 2017 and over the next 12 months we will invest in projects that give families the inspiration and confidence to get active together. We're targeting families where children are active for less than 60 minutes each day, the threshold recommended by the chief medical officer. The fund will focus on low income families and help tackle childhood obesity.

This family approach is a new way of working. Although families playing games together is not uncommon, it's usually self-organised. Very few providers of sport have offered it as an option. Research is clear that the demand for it is high.

Successful applicants will involve children in the decisions and planning of the activity, and include the adults in the exercise itself. The best ideas may come from organisations outside sport who are close to families, such as housing associations, charities, parent groups or outdoor activity providers.

Continuing its success from previous years, the School Games gives children from all backgrounds and abilities an early experience of competing in or volunteering at a multi-sport tournament. In 2016, a total of 22,000 schools took part. More than 2 million children took part in the four levels of the Games including more than 155,000 competing in the county festivals where more girls than boys take part. The national final was held in Loughborough where more than 1,500 of the most talented young people took part in 12 sports. During 2016 we led a major review of the School Games to ensure that it remains fit for purpose and maximises the impact against *Sporting Future's* five outcomes.







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# 22,000 SCHOOLS



took part across the four levels  
of the School Games in 2016.

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Satellite Clubs are continuing and growing, and in 2016-17 there are now more than 9,500 in operation, helping half a million young people take part in community sport. Our investment of up to £28 million into Satellite Clubs bridges the gap between school, college and community sport, and ensures there is a good sports and activity offer before and after the school day.

For older children, especially those out of the activity habit, we are working with further education colleges and their students. The 2.9 million further education students in England are incredibly diverse, and represent a demographic where there are potentially very significant gains to be made from public investment.

In February 2017, we launched our Tackling Inactivity in Colleges investment totalling £5 million into projects to help college students be more active. Awards were confirmed in May 2017, with projects kicking off at the start of the academic year in September 2017.

## Why are families so important?

Our insight tells us that families, particularly parents and caregivers, play a key role in shaping a child's attitude to sport and physical activity.

Parents and guardians can:

- Provide support and encouragement – but they can also add pressure
- Share their own sporting and physical activity passions – but they can also share their fears (sometimes sub-consciously)
- Organise access to the various opportunities on offer – but they can also limit options
- Model active behaviour by taking part with children – but they can also model sedentary behaviour.

Source: Sport England research

# MOVING TO SUPPORT THOSE ALREADY ACTIVE

## **WE'RE CONTINUING TO INVEST IN OUR CORE MARKET – THOSE WHO HAVE AN EXISTING SPORT AND ACTIVITY HABIT**

### **Supporting sport's core market**

Long-term analysis shows that a third of the adult population, or 14.4 million people, already have a sport and physical activity habit. Every demographic is represented in this group, but the core market customers are weighted towards the male, white, young, non-disabled and better-off.

Despite their active lifestyle, we don't take core market customers for granted. Their habit may not be as vulnerable to small interruptions – working late or friends not available – but the big changes in life do affect them.

Whether it's changing jobs, moving home, starting a family, retirement – these familiar milestones can have a dramatic effect on an individual's activity pattern and often cause it to stop completely. Those from under-represented groups are more vulnerable to these changes, which is why our first new core market fund in 2016-17 is aimed at reaching exactly those customers. Investment decisions will be made in June 2017.

*Sporting Future* also asked us to make the delivery of sport more efficient. Traditionally, large amounts of public funding have been spent on providing sport for the already-sporty.

As a result, some sports organisations have become progressively more reliant on public money. An objective in 2016-17 has been to try to reduce the subsidy, by spending less while still growing the market. National Governing Bodies (NGBs) have received awards 33% lower in the 2017-21 cycle than in 2013-17, and will be expected to at least maintain the numbers of regular players or participants they influence.

These NGBs are closest to the core market audience. In fact, they serve around half of the market through clubs, competitions and coaching.

We invested £388.4 million into 48 NGBs between 2013 and 2017. Each NGB was tasked with increasing the number of people playing their particular sport and helping talented individuals to fulfil their potential.

### **Better measures**

The Active People Survey (APS) provides the chief measure for sports large enough to provide a statistically robust sample size. Smaller sports often use their own bespoke measures.

This has been the case since 2006, when our Active People Survey was established. NGBs have taken responsibility for everyone who takes part in their particular sport, and success was defined as taking part at least once a week. The final data from APS was published in December 2016 and individual sport trends for the 10 most played sports are shown on page 21 (opposite). You can download a full list of all 46 sports by visiting [www.sportengland.org/activepeople](http://www.sportengland.org/activepeople)

### **Transformative Code**

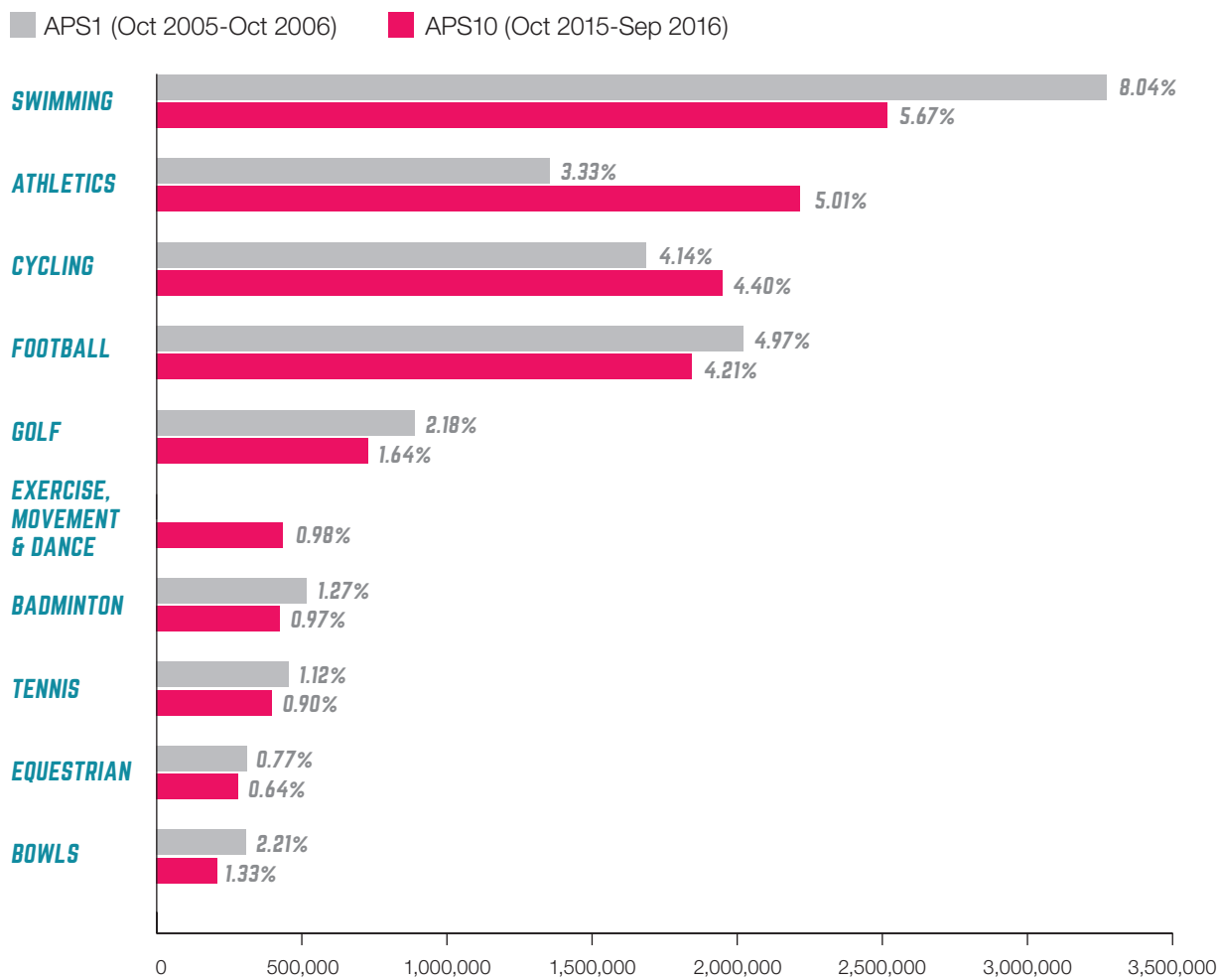
We also need to make sure that organisations receiving public money are well run and reflect all aspects of diversity in their leadership.

In October 2016, we launched the mandatory and transformative Code for Sports Governance which demands more diverse boards, greater transparency and clearer decision making.

We have since worked with 57 sports bodies, together with UK Sport, to help them prepare action plans to help them comply with the Code. Detailed assessments by 31 March 2017 showed that 70% of requirements are already being met, showing that the current standard of governance in sport is broadly good, and the industry has a firm base to build on.

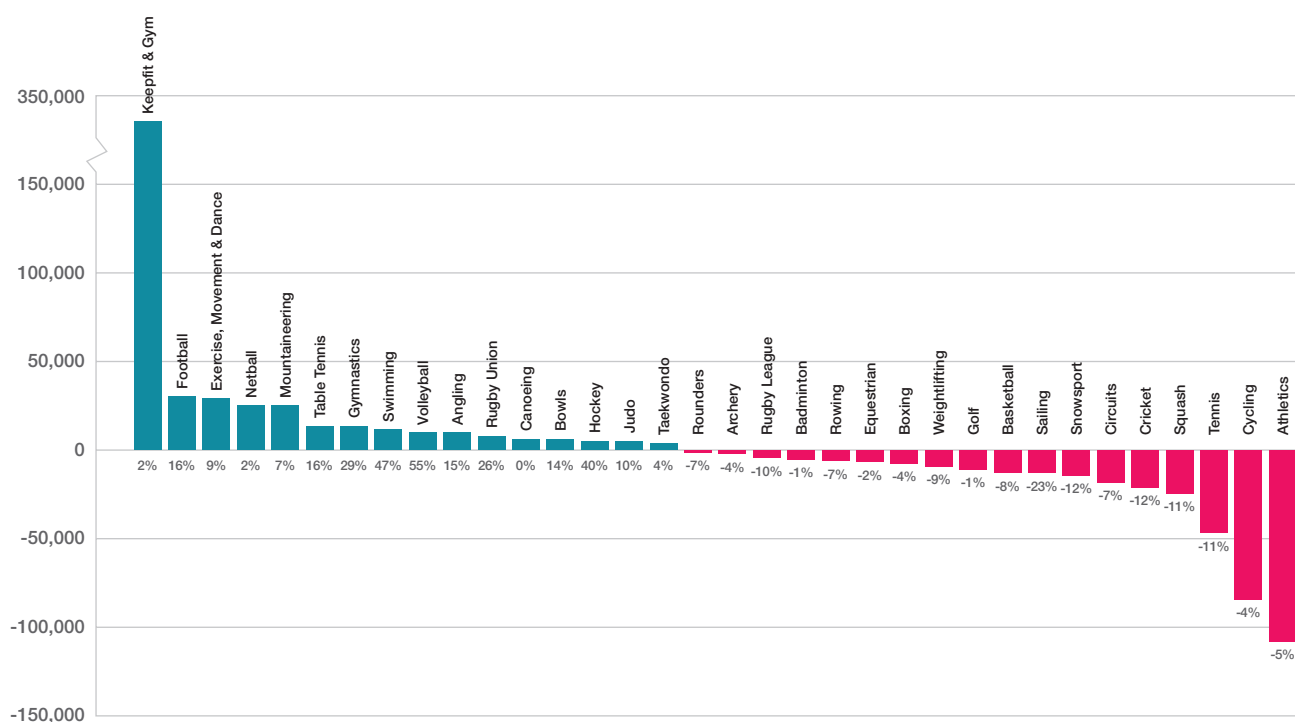
Most of these action plans have now been agreed, meaning that most organisations will be compliant by 31 October 2017. Some NGBs have already agreed significant changes and our attention now turns to the assessment of other organisations we fund who we will also require to meet the highest levels.

## Once a week participation in most-played funded sports (16 years and over)



Note: % figure shows each sport's participation change over 10 years, along with the total number of participants  
Source: Sport England's Active People Survey

## Change in once a week participation in funded sports and keepfit & gym (16 years and over) (October 2015-September 2016 vs October 2014-September 2015)



Note: % figures represent the relative change in the sport's participation numbers compared with 12 months ago  
Source: Sport England's Active People Survey



# TAKING PART



Over the last 12 months, 15 of the sports we fund including football, table tennis and swimming increased the number of people taking part once a month, while 17 saw a decline.

These trends, and an analysis of the data driving them, helped to inform our investment in NGBs between 2017-21.

Investment decisions were made by the Board in December 2016, and once again in February and March 2017.

In May 2016 we discussed each NGB's strategy and pinpointed any alignment with *Towards an Active Nation*. We found that most NGBs are working with core market customers, and each NGB has agreed an exact number of customers it can influence, and how.

Crucially, our insight helped us to identify and agree what the typical patterns of behaviour are for consumers of each sport. In many cases, that means 'success' can be measured in different ways from our previous weekly 30-minute measure.

An investment range was agreed for each NGB, with the quality of their implementation plans determining the final investment figure. We are planning to invest £238 million in NGBs (including investment in talent development) over the next four years. NGBs will also have the opportunity to access additional funding through other investment programmes, for example through mass market and tackling inactivity funds.

This remains a significant total but is approximately 33% lower than the 2013-17 funding cycle, fulfilling the strategy promise of a reduced subsidy. A large number of NGBs have adapted by developing plans to increase their non-public income and redesigning the way they deliver sport to be more efficient. Sustainability plans and commercial strategies, for those needing to reduce their reliance most, will be in receipt of our monitoring and support in 2017-18.

**THE RESPONSE FROM NGBs TO THIS NEW WAY OF WORKING HAS BEEN LARGELY POSITIVE DESPITE THE REDUCTION IN FUNDING**

This represents a greater maturity in the relationship between Sport England and NGBs, with recognition that access to public money is a privilege not an entitlement.

Another key difference with our future funding is a focus on under-represented groups, particularly those on lower incomes and from more deprived communities. That's where subsidy is needed most – and sporting habits are more vulnerable to day-to-day interruptions such as a friend dropping out of an activity usually done together. Reducing these inequalities has already been, and will continue to be, a central focus of our approach to both NGB and non-NGB core market investment.

## Investing in talent

Recognising the particular needs of those with talent and the aim of international sporting success for the England and Great Britain teams, we will invest £85 million into talent and high performance programmes across 50 different sports between 2017 and 2021. This supports the 60,000 athletes in specific talent development programmes.

**THAT POSITIVE EXPERIENCE, FOR THOSE WHO DO OR DON'T MAKE THE PODIUM, IS A DRIVER OF OUR INVESTMENT**

Our future champions are in this group. Identifying and nurturing their ability is why the talent system exists, but their needs alone should not dominate the experience of the rest.

That positive experience, for those who do or don't make the podium, is a driver of our investment, along with a more inclusive talent pool which should make our international teams representative of our diverse population. In December 2016 we signed a Memorandum of Understanding with UK Sport to align our respective talent strategies and investments. In line with that document, investment decisions in jointly-funded sport talent systems have been made jointly.

We champion a responsible approach to developing and retaining talent and have had regular dialogue in 2016-17 and input into the Duty of Care review, which was published in April 2017. We are now assessing its implications for our talent investment.



Sport England has advocated an insight-driven, athlete-centred, inclusive approach to talent development for some time. Our Backing the Best scheme, carried out by SportsAid, continues to tackle financial barriers by giving bursaries to talented athletes from less affluent families. In 2016-17 more than 70 athletes from 31 different sports received an average award of up to £5,000 per athlete to help with kit, training and competition costs.

The next cohort includes 95 athletes and 41 of these are re-nominations of athletes already receiving support.

### **Help with funding**

Support from Backing the Best has meant that 13-year-old Katie Crowhurst has been able to train at a club with better facilities and longer training hours, further away from home. A member of British Swimming's Para-Academy, she competes in the S13 classification for visually impaired athletes. Her Backing the Best award has covered increased mileage costs and the purchase of essential equipment.

Our Talented Athlete Sport Scholarship (TASS) programme combines sport with education to help more student athletes work with professional coaches, nutritionists and other practitioners. In 2016-17 we supported 440 athletes from 31 sports, across 27 education sites. Around 12,000 student athletes also benefit from the broader TASS network of sports science provision, locally to them.

### **Golden opportunity**

Winning at an international level remains important. Team England will take the largest and best prepared team ever to Australia's Gold Coast in 2018 to compete in the Commonwealth Games.

We've backed Commonwealth Games England with a £4 million investment, made in October 2016. Together with money raised from sponsorship, this National Lottery investment will see athletes, coaches and support staff travel, train, prepare and compete to match or beat the medal haul from Glasgow 2014, where Team England recorded its best-ever results.







### Local delivery

The central principle of *Towards an Active Nation* is a focus on the customer – both current and potential – who is doing the sport or activity. They are part of local communities, each with their own unique characteristics. We want to understand how we can use insight and better understanding of local identities and circumstances to get more people active across England.

Over the next four years we are investing £128 million into behaviour change strategies in up to 10 selected places across England. Taking place in a mix of rural and urban areas, they will be focused on addressing inactivity and/or working with under-represented groups.

Within any community, there are stubborn inequalities in activity levels. Some people don't take part in sport and physical activity and may not have done so for quite some time. Older people, people with a disability and people from lower socio-economic groups are much more likely to be inactive.

We want these local pilots to focus on reducing the inequalities that are most persistent locally. And to understand how we can empower communities to tackle these issues themselves. The pilots deliberately focus on the whole place, not just the sporting infrastructure, so we expect to see new partners from beyond the sports sector as part of any consortia. This might include private sector companies if they are a large local employer. And we want to work collaboratively – not just as a passive investor but a broker of relationships and working together to create new, innovative and radical approaches.

### It is an approach we have already tested and learned from:

- In 2016-17, our women's pilot project in Bury, 'I Will If You Will' produced evidence to show that, as a result of our interventions, female leisure membership has increased across all local authority leisure sites between 16% and 57% since 2012-13. This is higher than male membership growth in all instances.

- Our 'City of Football' project in Nottingham shows that more than 39% of those taking part in the programme have come from a black, Asian or ethnic minority background in a city where the figure is currently at 35%. At the organised events and sessions, 59% of people attending had either played football infrequently or had never played the sport before.

The competitive process for the local delivery pilot awards was approved in November 2016 and by 31 March 2017 we had received more than 113 expressions of interest. To support the application process and help local authorities decide if they want to commit, we invited 700+ delegates from 30 organisations to workshops across the country, and made a short film to support those who couldn't attend.

In 2016-17 we have also continued our positive relationship with Public Health England which will be a key partner in helping us to identify the right locations where physical activity is a priority in local health and wellbeing strategies.

### Outside the local pilots promised in *Towards an Active Nation*

## 60 LOCAL AUTHORITIES



Throughout 2016-17 we continued to give support to more than 60 local authorities, enabling them to dedicate more resource to putting sport and physical activity at the top of the agenda.

This included continuing our Commissioning Support Programme and signing a memorandum of understanding with Greater Manchester Combined Authority and the NHS in Greater Manchester. This sets out how we'll work together to tackle inactivity, address inequality and have a positive impact on the health, social and economic outcomes for Greater Manchester's 2.8 million residents.





## Facilities

The places and areas where people play sport or do exercise matters. Building the right facilities in the right places makes taking part a realistic option for many more people and leads to a better experience for those who are already engaged.

Facilities, whether large or small, need to be based on insight into local need, supported by long-term business plans to reduce reliance on public investment. And they're designed to give customers a great experience that keeps them coming back. This customer-focused approach underpins our Strategic Facilities Fund.

We have prioritised facilities that are integrated with other community services such as schools, libraries or doctors' surgeries so the needs of local people are better served at a lower cost. We will direct capital investment to facilities with a clear focus on delivering local outcomes, robust business plans and cost-effective operating solutions.

In 2016-17 we awarded £15.5 million of National Lottery funding to 13 projects. This includes an award of £1.5 million to help Stockton-on-Tees develop its new Ingleby Barwick Leisure Facility. The new centre, which is being partner-funded to the tune of more than £10 million, will be a community leisure facility that encompasses a school, community library and inclusive sport and play activities.

## Delivering the legacy

As part of the London 2012 legacy programme we invested more than £126 million in more than 2,000 clubhouses, pitches and halls through our Inspired Facilities programme.

Our new Community Asset Fund builds on this success and is dedicated to improving and maintaining local spaces so that people are encouraged to get active. That could mean installing traditional pavilions and pitches, or adapting existing spaces such as tow-paths, woodlands or community halls. The facility may be owned already, but if not we can provide help with transferring the asset between organisations, for example from local authority ownership to a particular community group that wants to support the sport and activity agenda in its area.

The fund is always open, so organisations don't have to submit their application by a specific deadline. If they have a good idea, we want to know and if we think it has potential we will work with them to develop their submission. Projects can apply for revenue as well as capital costs.

By 31 March 2017 we had received 666 applications from a wide range of organisations, including many who are new to Sport England. Each year, £15 million is available through this fund.

## Funding football

We're also investing £18 million a year into a football facility investment strategy, which we developed in collaboration with the Football Association, the Premier League and the Football Foundation.

This includes the Parklife football hubs programme which will target areas with the greatest unmet demand for football facilities. This fund will provide significant new investment into local, accessible pitches and changing rooms – and differs from traditional football funding as it takes an area-wide approach rather than one-off site support.

The first two Parklife football hubs have already opened in Sheffield this year, with a third under construction. More hubs are under development and a further six will be built next year in Liverpool, Ealing and Hounslow. Plans are also being developed in Southampton and Eastleigh and a small number of London boroughs. In addition, up to 14 more local authorities will join the programme as it enters its national phase. These authorities and their partners will be working up their business case and detailed plans over the next year ready for construction in 2018-19 and beyond.

## Olympic success

Finally, our facility investment played its part in the unprecedented success of Team GB in the 2016 Rio Olympic and Paralympic Games. Last year, we invested £1.6 million in a network of elite training centres where international athletes from many sports prepared for the Games. This includes table tennis tables that precisely replicated the tables that would be used in Rio, and a £426,000 grant to support a new Triathlon Elite Training Centre at the University of Leeds.







### Volunteering – a dual benefit

Without volunteers, grassroots sport would grind to a halt. But that is not the only reason why we want to encourage more people from a wider range of backgrounds to get involved.

In its *Sporting Future* strategy, the Government asked Sport England and the sport sector to look at volunteering differently, through the eyes of the volunteer. Volunteering may be fundamental to sport, but what does or can it do to directly benefit the person concerned? Sport England is trying to determine how volunteering can best contribute to all of the five outcomes that *Sporting Future* is seeking to achieve.

In November 2016 we launched *Volunteering in an Active Nation*, a new strategy which explains how, over the next eight years, we will increase the number of people volunteering and change the demographics of volunteering in sport to become more representative of society as a whole. The first stage of that strategy is to understand how a positive, meaningful volunteering experience may look and feel. With this aim, the strategy's first two funds both opened in February 2017.

The £3 million Opportunity Fund will invest in projects that create volunteering opportunities for people from lower socio-economic groups. This is one of the most starkly under-represented groups in sports volunteering, and yet we know that individuals from this group have potentially the most to gain. Acknowledging some new and different approaches should be tested, we've committed to giving at least half of these funds to projects run by partners who are new to us – and perhaps even to the sport sector.

Research by Step Up to Serve shows that 70% of young people want to do more social action in the next 12 months, but are not sure how, or where. Also, according to the Youth Action Survey of 2015, people who start volunteering

when they are young are more likely to continue in later life. We want to unleash all this potential by funding projects which connect to the lives and aspirations of young people who haven't volunteered regularly before.

The Potentials Fund will reach 10-20 year olds who are interested in improving their local community, but haven't yet made a firm commitment. Our investment of £1.5 million will be match-funded by #IWill – a partnership between the Big Lottery Fund, DCMS and Step Up to Serve.

By the 24 April 2017 deadline, the Opportunities Fund had received 211 applications and the Potentials Fund 214. Awards are due to be announced in September 2017.

We've continued to support some of the most committed volunteers in sport – club administrators. Our online and live support package Club Matters has held over 300 workshops and had over 23,000 toolkits downloaded since its 2015 launch. The external evaluation of the programme in March 2017 reported that it is "having precisely the type of impact that a national public body should be seeking to achieve with an investment on the scale of Club Matters". Our commitment to the efficient running of sports clubs continues in 2017-18.

## 23,000 DOWNLOADS

Our online and live support package Club Matters has held over 300 workshops and had over 23,000 toolkits downloaded since its 2015 launch.



### **Taking sport and activity into the mass market**

We want to make life easier for the millions of people who are trying to be active but find that the physical, social and emotional motivations are just not enough or even relevant.

The market needs to create more practical solutions specifically for them, and not just support those with well-established habits. This will be critical to increasing the number of people who can enjoy the wider benefits of sport and physical activity. Our focus in this area is scale – we want ideas that will make a difference to hundreds and thousands of people.

It is a big challenge and we have created a new mass markets directorate to meet it, led by Dave Newton, former chief executive of Nova International, responsible for the Great North Run and various other mass participation events.

Aiming to reach the mass market, the second creative phase of our behaviour change campaign, This Girl Can, launched in January 2017. Our Phenomenal Women TV ad and billboards featured a range of new sports and activities in our campaign, including rugby, roller derby and mum/baby workout classes. It widened its age range, targeting girls and women aged from 14 to 60, and focused on building up a sense of belonging that can help them manage their fears and build up their resilience. It shows that it's normal for physical activity routines to get disrupted by everyday influences like bad weather or working late.

The new film was watched more than 1 million times on Facebook within four hours of launch and had been watched 6.3 million times online by 31 March 2017, while our This Girl Can community on Twitter, Facebook and Instagram grew by 16%.

There are over 10,000 registered supporters who are supporting and helping to run the campaign locally and we are working closely with the core cities and selected county sports partnerships to produce specific This Girl Can activities. We are now searching for commercial partners who can develop the campaign, without compromising its integrity.

Most importantly, the campaign continues to deliver results. Our tracking survey, measured by Kantar Public, shows that 43% of women aged 14-60 are aware of This Girl Can, as high as it was in 2015 after both bursts of TV and billboard advertising. While 35% of women who recognised at least one of the ads said they did some or more sport as a result.

**Newcastle celebrated the latest phase of This Girl Can with a 5km evening run in March 2017. Over 500 women took part and their details were captured for follow-up activity marketing.**



Making it easy for people to find out how and where they can get active also has an important role to play. Swimming, for example, is currently described in more than 6,000 different ways by those who offer swimming opportunities. This can make it difficult for customers to find the information they are looking for and impossible for developers to create the sort of website and apps to support people to swim.

*Sporting Future* tasked us with establishing data standards across the whole sector and make operators' activities more visible to the customer. In November 2016, we began working with the Open Data Institute (ODI) to make this a reality. This long-term project will raise our sector's data literacy as well as establishing processes and protocols to open data up, so the market can aggregate the information and develop its own customer-focused solutions. The ODI has already delivered more than 40 face-to-face and online data literacy training sessions. Already 10 organisations have opened up their data to the public, including social enterprise GLL and Table Tennis England. Information available includes location, timetables and cost per session.

In addition to campaigns and data, more new markets and new partners will be needed to achieve the scale of change we want.

Between April 2016 and March 2017, we saw an increase of 265% for those taking part in water-based activities such as canoeing and paddle boarding and using tow paths. We did this by working with the Canal and River Trust to engage local community groups and organising young carers canoeing courses, Canal & Park Activity Days, Give it a Go Canoeing and Stand Up Paddle Boarding.

The Forestry Commission has also seen a 100% increase from April 2016 to March 2017 in cycle hire and a 460% increase in sporting activity across its Active Forest sites. Activities were both formal and informal and include cycling, running, Gruffalo orienteering, archery, football and Nordic walking.

### **Developing a more productive, sustainable and responsible sport sector**

In addition to the work above corresponding to Sport England's seven investment areas, we have made progress on the aim of a more productive, sustainable and responsible sport sector, with a number of actions. We'll recruit those with the skills we need in new or expanded areas – especially inactivity, children and digital innovation. And we'll be appointing leadership roles to drive the implementation of our strategy at a local level. We'll also be increasing our insight function, ensuring that every decision we make has research at its heart.

#### **Jennie Price CBE**

Chief Executive and Accounting Officer  
The English Sports Council  
22 June 2017

### **County Sports Partnerships**

County Sports Partnerships (CSPs) continue to be a key part of the local sport and physical activity landscape as confirmed by Andy Reed's independent appraisal of the network published in August 2016. CSPs help join up local partners and broker relationships which help get and keep people active. Their local leadership of programmes like Sportivate and Satellite clubs have ensured great success.

The appraisal called for their role to be updated to maximise the impact against the wider values set by *Sporting Future*. During 2016-17 Sport England has begun to develop and consult widely on its future relationship with the network of partnerships and the role they should play. The emphasis will be on supporting local delivery prioritising tackling inactivity and working with under-represented groups. The new role and relationship will be confirmed during 2017.

Over the last 12 months CSPs have helped us land the *Towards an Active Nation* strategy, for example testing new and innovative ways of supporting coaches as part of the coaching plan for England.

### **Code for Sports Governance in the UK**

A new *Code of for Sports Governance* has been produced jointly with UK Sport in 2016-17, setting a new world-leading standard of governance for the sport industry.

The code has been developed with proportionality in mind and operates at three levels or 'tiers', depending on the size of organisation and the level of public investment it is seeking. It came in to force on 1 April 2017, after which any applicants looking to receive investment will need to be either code compliant, or have a suitable action plan to achieve the standards. The code was created after an industry consultation in 2016 with a response from over 300 sports organisations. It contains 58 separate criteria across five sections: structure, people, communication, ethics and conduct, policies and processes. Each organisation has until 31 October 2017 to comply with the code.

National Governing Bodies and other organisations in receipt of funding awards in 2017 were asked to submit an action plan for assessment, with the vast majority doing so on time and with the requisite detail. Implementation of the code will continue for the rest of the industry in 2017-18, with the Code believed to be the most advanced of its kind in the world.

#### **Nick Bitel**

Chair  
The English Sports Council  
22 June 2017



# ACCOUNTABILITY REPORT









## FINANCIAL REVIEW

### Consolidated activities

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

We do not prepare a full set of consolidated accounts due to the differing accounting policies we are required to follow under the two separate accounts directions. However, to give a better understanding of our activities, we have prepared the following summary results for the two accounts combined for the 2016-17 and 2015-16 financial years.

|  | <b>*Sport England Group **</b> |                | <b>Sport England</b> |                |
|--|--------------------------------|----------------|----------------------|----------------|
|  | <b>2017</b>                    | <b>2016</b>    | <b>2017</b>          | <b>2016</b>    |
|  | <b>£'000</b>                   | <b>£'000</b>   | <b>£'000</b>         | <b>£'000</b>   |
| <b>Income</b>  |                                |                |                      |                |
| Grant-in-Aid income  | 105,649                        | 93,885         | 105,649              | 93,885         |
| National Lottery income  | 202,772                        | 239,465        | 202,772              | 239,465        |
| Grants received  | -                              | 392            | -                    | 392            |
| Other income   | 1,711                          | 2,479          | 1,634                | 2,474          |
| <b>Total</b>   | <b>310,132</b>                 | <b>336,221</b> | <b>310,055</b>       | <b>336,216</b> |
| <b>Expenditure</b>   |                                |                |                      |                |
| Net Grant-in-Aid grant commitments   | 86,129                         | 80,401         | 86,096               | 80,344         |
| Net Lottery grant commitments  | 200,901                        | 116,834        | 208,101              | 116,834        |
| Non-cash grants  | 4,919                          | 4,038          | 4,919                | 4,038          |
| Operating and sports development costs   | 32,702                         | 34,738         | 32,753               | 34,804         |
| National Sports Centres  | 2,997                          | 3,434          | 2,997                | 3,434          |
| Media buying and planning (This Girl Can)  | 4,433                          | 2,729          | -                    | -              |
| Depreciation   | 3,585                          | 3,658          | 359                  | 402            |
| Assets gifted to subsidiaries  | -                              | -              | 1,938                | 2,407          |
| <b>Total</b>   | <b>335,666</b>                 | <b>245,832</b> | <b>337,163</b>       | <b>242,263</b> |
| <b>Net income for the year</b>   | <b>(25,534)</b>                | <b>90,389</b>  | <b>(27,108)</b>      | <b>93,953</b>  |
| Net gain on revaluation of properties  | 6,952                          | 9,926          | -                    | -              |
| Net gain/(loss) on investments   | 74                             | (40)           | -                    | -              |
| (Increase)/decrease in defined benefit pension re-measurement and interest liability | (9,537)                        | 7,005          | (9,537)              | 7,005          |
| <b>Total (expenditure)/income for the year</b>                                       | <b>(28,045)</b>                | <b>107,280</b> | <b>(36,645)</b>      | <b>100,958</b> |

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

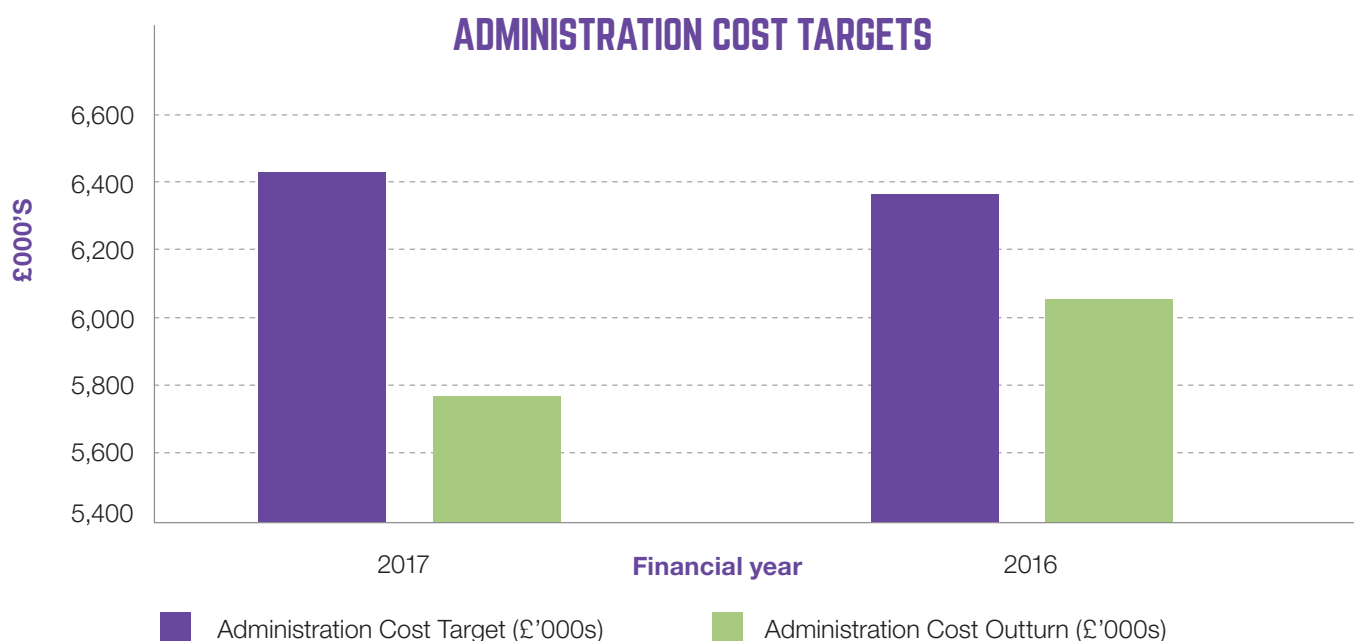
\*\* Includes the accounts of the two subsidiaries The Sports Council Trust Company and English Sports Development Trust Limited.



## WORKING EFFICIENTLY

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

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

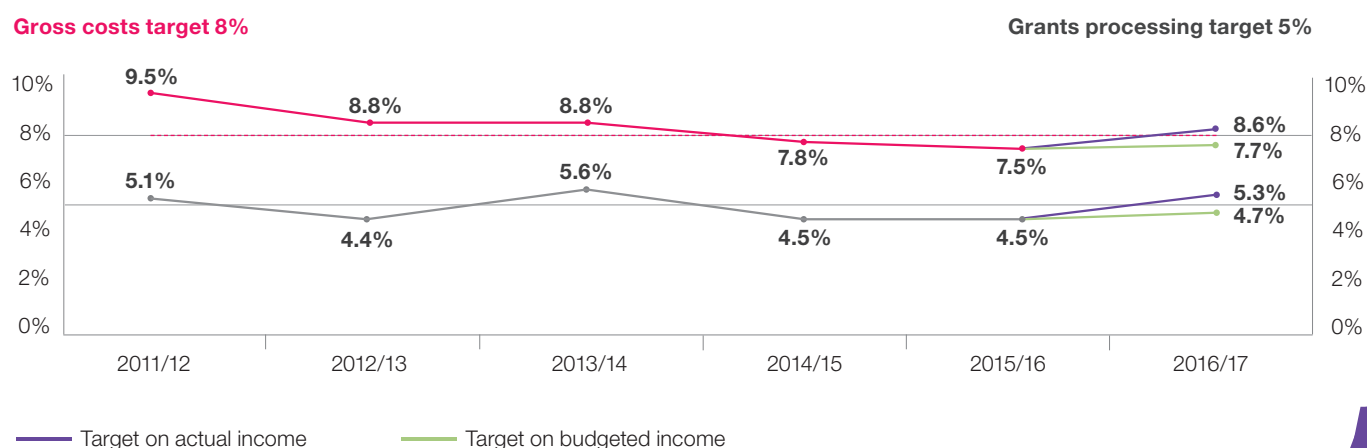


In addition we are required to operate within the overall budget limits set by DCMS. Our resource and capital Grant-in-Aid budgets were underspent by £0.4 million for the year (2016: £0.6 million), which is 0.4% (2016: 0.6%) of our Grant-in-Aid funding due to continued downward pressure on costs.

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

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

Performance since 2011 is shown in the graph below. In 2016-17 actual Lottery income was £24 million lower than expected when budgets were set at the beginning of the year. If Lottery income had been as expected then both targets would have been achieved.



During the year, £33.1 million (2016: £35.3 million) was spent to support the delivery of our strategy award programmes and core operations, which are separated into three areas; sports development, administration (operating costs), and staff costs in the Exchequer and Lottery accounts. This expenditure is incurred at regular intervals throughout the year. No significant changes are anticipated over the longer term and where possible we are seeking to drive efficiencies.

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

**Sports development** costs support the delivery of our award programmes as well as promoting the development of sport in local communities.

The costs for the year were £11.6 million (2016: £13.1 million). Costs in 2016 were higher due to the increased costs for the parallel running of the Active Lives Survey with the Active People Survey for six months. Costs in 2017 are back in line with 2015 spending levels.

**Administration** costs are incurred to operate the business. During the year administration costs were £6.5 million (2016: £7.5 million). Costs are lower in 2016-17 due to reduced legal costs (£0.3 million), release of dilapidation provisions £0.1 million (see note 19 of the Exchequer accounts), no storage costs relating to the relocatable pools project £0.1 million (see note 14 of the Exchequer accounts), change in purchase order provisions £0.2 million in addition to the related Irrecoverable VAT.

The **costs of staff** that deliver and support both sports development and administrative functions was £15.1 million (2016: £14.7 million). Costs incurred in 2017 include £0.6 million of exit packages to align our structure to deliver *Towards an Active Nation*. These costs are offset by lower salary costs of £0.2 million due to lower overall staff numbers during the year compared to 2016.

## CASH MANAGEMENT

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

Our Exchequer cash balance at 31 March 2017 was £18.1 million (2016: £5.9 million).

The higher cash balance at 31 March is due to slower than expected payments particularly on revenue projects and higher than usual award commitments in the final quarter. We have historically not drawn down funds to cover capital retentions of £0.9 million. Providing the level of retentions remains the same year on year, we will not need to draw down these funds in the future.

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

Our Lottery cash balance at 31 March 2017 was £97.3 million (2016: £123.4 million). The movement in the NLDF balance is detailed in note 2 of the Lottery Accounts.



## OTHER FINANCIAL INFORMATION

### EQUITY

**Exchequer:** Taxpayers' equity is £86.8 million (2016: £80.4 million) and includes increases in the revaluation and general reserve and a decrease in the pension reserve (2016: increase in the pension reserve) which results from calculating the liabilities in accordance with IAS 19 explained below.

The increase is mainly due the revaluation of the buildings at our National Centres totalling £7.0 million.

**Lottery:** The deficit in equity amounted to £199.5 million (2016: deficit £162.3 million).

The increase in the deficit reflects that our grant commitments during the year were more than the annual income received, which reflects the commitment of the four year NGB funding for the period 2017 to 2021.

### DEFINED BENEFIT PENSION SCHEME

IAS 19 valuation of the defined benefit and unfunded pension liability for accounting purposes is £55.3 million (2016: £46.8 million). This includes the value of the unfunded liability at £8.7 million (2016: £7.5 million). The increase in value (2016: decrease 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 2016 indicated a surplus of £0.5 million. The deficit reduced by £6.1 million from the previous valuation as at 31 March 2013 as part of the Board strategy to make both compulsory and voluntary contributions to achieve full funding based on the actuarial valuation.

Sport England contributions to pension schemes are detailed in note 22 to the Exchequer and note 13 to the Lottery Accounts.

### AUDIT

Sport England is required to have its Exchequer and Lottery Accounts audited by the Comptroller and Auditor General (C&AG). The audit fee was £50,000 for the Exchequer accounts (2016: £52,500) and £50,000 for the Lottery account (2016: £52,500). Both of the subsidiary companies were also audited by C&AG and the audit fees for the year were £19,800 (2016: £21,900).

### SUSTAINABILITY REPORTING

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

This includes:

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

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

### SPECIAL LOSSES AND PAYMENTS

There were no individual losses or special payments during the year ended 31 March 2017 (2016: Nil) which exceeded £300,000, nor did the aggregate exceed £300,000.

### 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 2016–17 the average period from date of receipt to payment of valid invoices was 9 days, 99% were paid within 30 days. (2015–16: 10 days, 99% within 30 days).

# REMUNERATION AND STAFF REPORT

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

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

## Remuneration policy

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

The principles governing Sport England's remuneration policy are:

- To work within the financial constraints set by HM Treasury, DCMS and the Cabinet Office through the annual pay remit process.
- To provide a strong relationship between pay and performance with annual salary increases reflecting individual performance and success.
- To effectively promote all aspects of Sport England's employee offer (pay, benefits, personal development, work-life balance, environment and culture) to attract, engage and retain the right talent needed to deliver our strategic outcomes.
- To promote equal pay and operate a pay and reward system which is transparent, based on objective criteria and free from bias. Sport England is subject to Statutory gender pay reporting and will report on this in 2017-18.

## Appointments

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

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

| Executive Director           | Date of Appointment |
|------------------------------|---------------------|
| Jennie Price CBE             | April 2007          |
| Rona Chester                 | March 2010          |
| Mike Diaper OBE <sup>1</sup> | November 2009       |
| Charles Johnston             | August 2008         |
| Lisa O'Keefe                 | July 2008           |
| Phil Smith                   | September 2008      |
| Tanya Joseph <sup>2</sup>    | January 2012        |

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

<sup>2</sup> Tanya Joseph left the organisation in January 2017.

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



## Board Members' remuneration

Board Members' remuneration includes travel and subsistence and an allowance for attendance at Board and sub-committee meetings of £218 per day (2015–16: £218).

There were no bonuses or benefit in kind payments made to Board Members during 2016–17 or 2015–16.

## SUBJECT TO AUDIT

| Board Member                    | Term of Appointment | 2017<br>£'000 | 2016<br>£'000 |
|---------------------------------|---------------------|---------------|---------------|
| Nick Bitel <sup>1</sup>         | Sep 2010–Apr 2021   | 40-45         | 40-45         |
| Full Time Equivalent is         |                     | 100-105       | 100-105       |
| Charles Reed                    | Oct 2013–Oct 2018   | 5-10          | 5-10          |
| David Goldstone CBE             | Oct 2013–Oct 2019   | 0-5           | 0-5           |
| Debbie Jevans CBE               | Oct 2013–Oct 2019   | 0-5           | 0-5           |
| Ian Drake <sup>2</sup>          | Oct 2013–Oct 2018   | 0-5           | 0-5           |
| Kate Bosomworth                 | Oct 2013–Oct 2019   | 0-5           | 0-5           |
| Mark Spelman                    | Oct 2013–Oct 2016   | 0-5           | 0-5           |
| Sally Gunnell OBE DL            | Oct 2013–Oct 2016   | 0-5           | 0-5           |
| Clare Connor OBE                | Sep 2010–Sep 2016   | 0-5           | 0-5           |
| Hanif Malik OBE                 | Sep 2010–Sep 2016   | 0-5           | 5-10          |
| Peter Rowley OBE                | Sep 2010–Sep 2016   | 5-10          | 5-10          |
| Dr Denise Barrett-Baxendale MBE | Sep 2016-Sep 2019   | 0-5           | -             |
| Professor Ian Cumming OBE       | Oct 2016–Oct 2019   | 0-5           | -             |
| Chris Grant                     | Sep 2016-Sep 2019   | -             | -             |
| Wasim Khan MBE                  | Oct 2016-Oct 2019   | 0-5           | -             |
| Andy Long                       | Sep 2016-Sep 2019   | 0-5           | -             |
| Karen Pickering MBE             | Oct 2016-Oct 2019   | 0-5           | -             |

### Notes

<sup>1</sup> Nick Bitel served as a Non-Executive Board Member from September 2010. He was originally appointed Chair of Sport England in April 2013, and his reappointment until 21 April 2021 was confirmed in January 2017.

<sup>2</sup> Ian Drake resigned from the Board on 6 January 2017.

## EXECUTIVE DIRECTORS' REMUNERATION

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

### Salary

'Salary' includes gross salary, performance pay and any other allowances to the extent that they are subject to UK taxation. In 2016–17 all employees, including Executive Directors, received an average 1 per cent pay award (2015–16: 1 per cent); with a limited number of staff (excluding Executive Directors) receiving (in line with government policy) a fixed amount (£200) of performance related pay.

### Bonus

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. There have been no non-consolidated performance or bonus payments in either 2016–17 or 2015–16.

### 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 decrease due to a transfer of pension rights. Lisa O'Keefe is the only Executive Director who is a member of the LPFA scheme.

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

Employee and employer contribution rates for the above schemes are detailed in note 22 of the Exchequer accounts and note 13 of the Lottery accounts.

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

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

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



| Subject to audit              | Salary<br>£'000 | Bonus payments<br>£'000 | Benefits in kind<br>£'000 | Pension benefits<br>accrued to nearest<br>£'000 | Total<br>£'000 |
|-------------------------------|-----------------|-------------------------|---------------------------|---|----------------|
| <b>2017</b>                   |                 |                         |                           |   |                |
| Jennie Price CBE <sup>1</sup> | 150-155         | -                       | -                         | 15,000  | 165-170        |
| Full time equivalent is       | 165-170         | -                       | -                         | -   | 165-170        |
| Rona Chester <sup>2</sup>     | 155-160         | -                       | -                         | -   | 155-160        |
| Charles Johnston              | 130-135         | -                       | -                         | 14,000  | 145-150        |
| Lisa O'Keefe                  | 115-120         | -                       | -                         | 33,000  | 150-155        |
| Phil Smith <sup>3</sup>       | 115-120         | -                       | -                         | 13,000  | 130-135        |
| Mike Diaper OBE               | 100-105         | -                       | -                         | 11,000  | 110-115        |
| Tanya Joseph <sup>4</sup>     | 95-100          | -                       | -                         | 10,000  | 105-110        |
| Full time equivalent is       | 110-115         | -                       | -                         | -   | 110-115        |
| <b>2016</b>                   |                 |                         |                           |   |                |
| Jennie Price CBE <sup>1</sup> | 150-155         | -                       | -                         | 15,000  | 165-170        |
| Full time equivalent is       | 165-170         | -                       | -                         | -   | 165-170        |
| Rona Chester <sup>2</sup>     | 155-160         | -                       | -                         | -   | 155-160        |
| Charles Johnston              | 130-135         | -                       | -                         | 14,000  | 140-145        |
| Lisa O'Keefe                  | 115-120         | -                       | -                         | 40,000  | 155-160        |
| Phil Smith                    | 115-120         | -                       | -                         | 13,000  | 125-130        |
| Mike Diaper OBE               | 100-105         | -                       | -                         | 11,000  | 110-115        |
| Tanya Joseph                  | 110-115         | -                       | -                         | 12,000  | 125-130        |

#### Notes

<sup>1</sup> Jennie Price CBE works 4.5 days per week, the resulting FTE salary is shown in the tables above.

<sup>2</sup> No employer pension contributions were made for Rona Chester in 2016-17 or 2015-16.

<sup>3</sup> The change in pay banding for Phil Smith is due to the 1 per cent pay award.

<sup>4</sup> Tanya Joseph left the organisation in January 2017, the resulting FTE salary is shown in the table above. In addition to her salary above she received a payment of £61,635, which included redundancy and pay in lieu of notice in accordance with Sport England's Redundancy Policy. This is included in the exit packages disclosure on page 42.

#### 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 2016-17 and 2015-16 was £165k-£170k.

This was 3.83 (2016: 3.87<sup>1</sup>) times the median remuneration of the workforce, which was £43,748 (2016: £43,332). No employees received remuneration in excess of the highest paid director in 2016-17 or 2015-16.

<sup>1</sup>The prior year figure has been restated.

# LPFA PENSION BENEFITS

| Subject to audit | Accrued pension at age 65 as at 31/03/17 | Real increase in pension at age 65 | Real increase lump sum at age 65 | Lump sum at age 65 | CETV at 31/03/17 | CETV at 31/03/16 | Real increase in CETV |
|------------------|--|------------------------------------|----------------------------------|--------------------|------------------|------------------|-----------------------|
|                  | £'000                                    | £'000                              | £'000                            | £'000              | £'000            | £'000            | £'000                 |
| Lisa O'Keefe     | 30-35                                    | 0-2.5                              | (2.5)-0                          | 40-45              | 393              | 341              | 36                    |

## Cash equivalent transfer values (LPFA only)

Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003/04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the LPFA pension scheme and for which a transfer payment commensurate with the additional pension liabilities assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries

## Real increase in CETV

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



# STAFF COSTS, NUMBERS AND COMPOSITION

|   | Costs (£'000s) |               |
|---|----------------|---------------|
|   | 2017           | 2016          |
| <b>Permanent staff &amp; fixed term temporary staff</b> |                |               |
| Wages and salaries                                      | 11,176         | 10,811        |
| Social security costs                                   | 1,183          | 1,142         |
| Pension costs   | 1,665          | 1,752         |
| <b>Total permanent staff &amp; fixed staff</b>          | <b>14,024</b>  | <b>13,705</b> |
| Agency staff  | 1,047          | 996           |
| <b>Total</b>  | <b>15,701</b>  | <b>14,701</b> |

The table above shows the consolidated position. The total permanent and fixed staff amount of £14.0m is made up of Exchequer £4.7m (33%) and Lottery £9.4m (67%). Included in Wages and Salaries is £0.6 million of exit packages to align the organisation's structure to the new strategy.

We have a total of 233 (2016: 242) permanent and fixed-term temporary staff and a total of 19 (2016: 18) agency staff.

Within the above staff numbers there were 65 homeworkers (2015–16: 61) which represented 27.9% and 25.2% of the headcount in each of the respective years.

In 2016–17 the senior Executive team comprised of three women<sup>1</sup> (including the Chief Executive), and three men (2015–16: 4 women and 3 men).

Women currently make up 52% our workforce (2015–16: 51%).

Sickness absence during the year excluding long-term sick absence averaged 1.82 days per person (2016: 2.64 days). There were eight colleagues who had long-term sickness of greater than 20 days (2016: 7).

There was no relevant consultancy expenditure during the year (2016: £nil).

## Off payroll tax engagements

As of March 31, 2017, there were three off payroll tax engagements in 2016–17, (2015–16: three) earning more than £220 per day for longer than six months. The required evidence and declarations were obtained for all off payroll engagements.

## Staff policies and recruitment

Sport England is focused on helping individuals and communities from all backgrounds take part in sport and physical activity. As an employer we actively seek to ensure that our workforce reflects the communities we serve, recognising that this makes us better able to understand their needs and priorities. We can only do this by ensuring that the people who work for us are the best they can be irrespective of their age, gender, sexuality, ethnicity, disability, marital status, religion or belief. We attained Investors in Diversity accreditation in February 2015 and are working towards reaccreditation by June 2017. We are also a Stonewall Diversity Champion.

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

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

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

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

<sup>1</sup>Tanya Joseph left the organisation in January 2017 reducing the number of women on the senior Executive team from four to three.

## EXIT PACKAGES

| 2017 (subject to audit)       |                                   |                                   |                               |
|-------------------------------|-----------------------------------|-----------------------------------|-------------------------------|
| Cost Band                     | Number of compulsory redundancies | Number of other departures agreed | Total number of exit packages |
| <£10,000                      | Nil                               | 2                                 | 2                             |
| £25,000–£50,000               | Nil                               | 3                                 | 3                             |
| £50,000–£100,000              | Nil                               | 1                                 | 1                             |
| £150,000–£200,000             | Nil                               | 1                                 | 1                             |
| £200,000–£250,000             | Nil                               | 1                                 | 1                             |
| Total number of exit packages | Nil                               | 8                                 | 8                             |
| Value of exit packages        | Nil                               | £567,224                          |                               |

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

### Notes

1. The increase in the number of exit packages in 2017 reflect the organisation's structural changes due to the implementation of the new Towards an Active Nation strategy.
2. Exit packages are paid under terms of employment. No ex-gratia payments were made.
3. 2017 includes an exit package paid to Executive Director, Tanya Joseph, see page 39 for details. There were no exit packages paid to Executive Directors in 2015-16.
4. Exit packages include legally required defined benefit pension scheme capital costs for members over age 55. These costs are a significant portion of the two largest value exit packages.

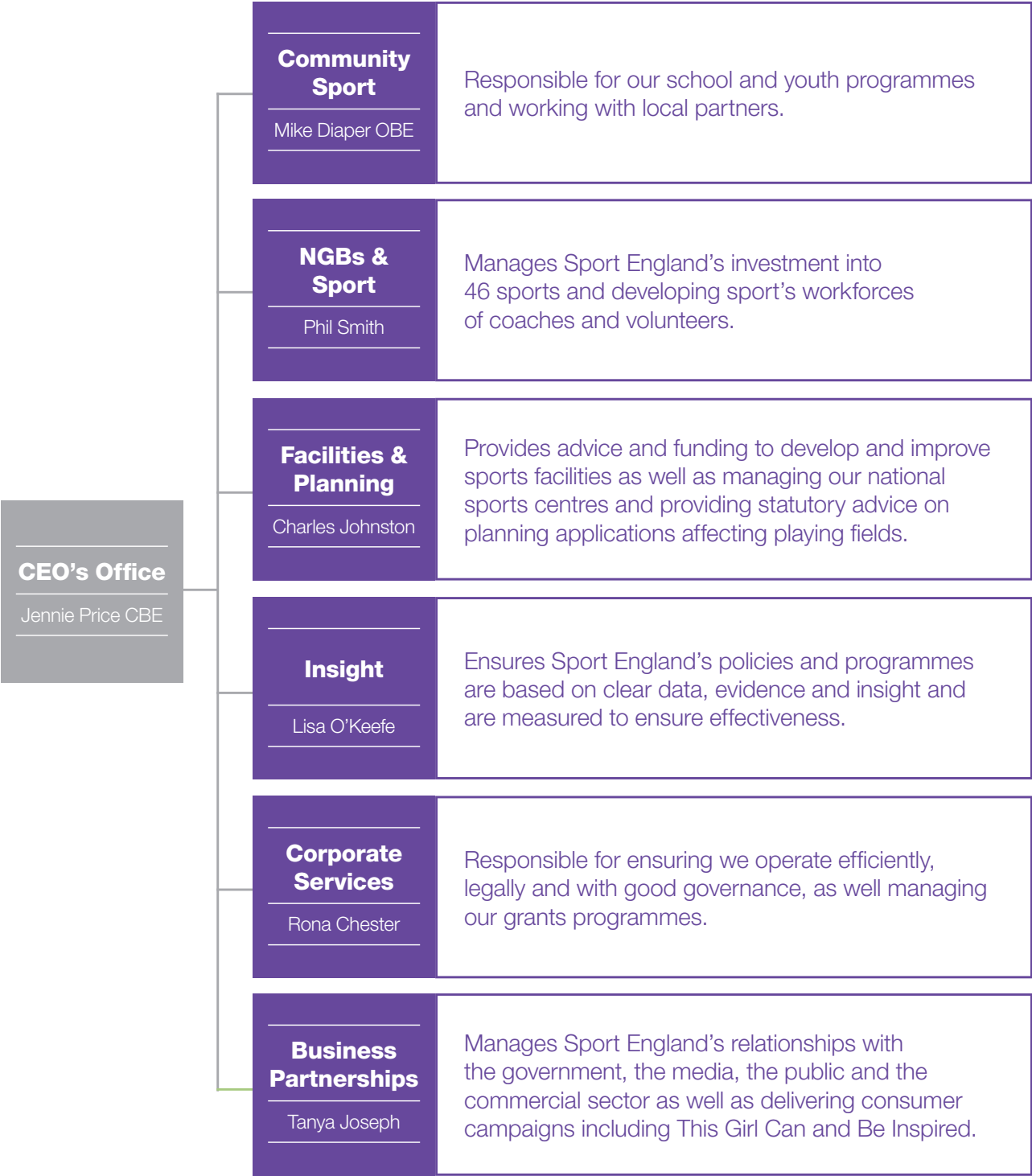
### Related party transactions

Details of all related party transactions and register of interests of Board Members, Executive Directors and other key managerial staff are disclosed in note 25 of the Exchequer and note 14 of the Lottery accounts.



# THE PEOPLE THAT MOVE SPORT ENGLAND

## ORGANISATIONAL STRUCTURE 2016-17

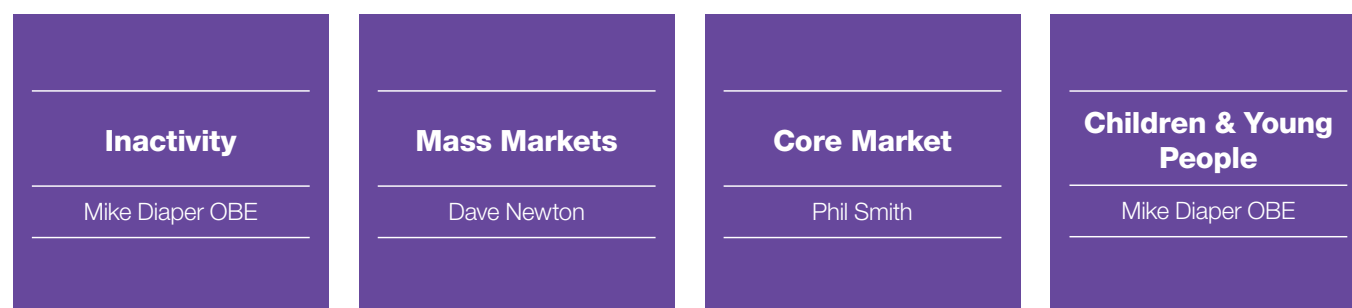


Sport England's workers have always worked collectively and collaboratively to achieve the organisation's objectives, but a new remit and focus requires a different structure.

Over the last 12 months we have developed, in consultation with our workforce, a new structure more focused on our audiences underpinned by areas of specialist expertise and the essential back office services to ensure the organisation operates efficiently and effectively. This will be implemented in phases throughout 2017-18.

Structural change will not be enough in itself. We also need adapt the way we work to support a more flexible, matrix style culture. This will also be a key focus of 2017-18.

## PLANNED ORGANISATIONAL STRUCTURE 2017-21



### Supported by





# GOVERNANCE STATEMENT 2016-17

## OVERVIEW

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

## OUR GOVERNANCE FRAMEWORK

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

Sport England's strategy for 2016-2021 *Sport England: Towards an Active Nation* was launched on 19 May 2016. The strategy sets out our ambition to help to develop a sports sector that welcomes everyone, meets their needs, treats them as individuals and values them as customers. At its heart are five outcomes: physical wellbeing, mental wellbeing, individual development, social and community development and economic development. Putting this strategy into practice to achieve these outcomes has meant that 2016-2017 has been a period of significant change for Sport England and for our partners as we transition from our previous strategy. In order to support the new way in which Sport England works to help deliver these outcomes, changes were made to our governance framework in order to ensure the right committee and accountability structure is in place to help us deliver our strategic objectives.

In addition to the Audit, Risk and Governance Committee, three new Committees have been established: the Investment Committee, the Workforce Committee, and the Chairs and Remuneration Committee (previously the Terms and Remuneration Committee). Each of these Committees provides challenge and input from a non-executive perspective and, where indicated in the Terms of Reference, may have the remit to sign off individual investments. Information about the work of each Committee is provided later in this statement.

The Project Committee, whose principal function was to approve and monitor major grant awards, was disbanded, with its functions now being undertaken by the Investment Committee. The Insight Forum, which was constituted as an ad hoc advisory group (alongside Sport England's insight function) to offer insight, market development and communications guidance, was disbanded as the insight approach has become embedded in the culture of the organisation and forms an integral part of decision making.

| Board   |  |
|---|--|
| <ul style="list-style-type: none"> <li>• Comprises a maximum of 14 Board Members (Chairman, Vice-Chair and up to 12 other Members), although in practice there are 11 members (including the Chairman and the Vice-Chair).</li> <li>• Meets at least six times each year.</li> <li>• Takes overall responsibility for Sport England's strategy, policies, delivery and performance.</li> <li>• Approves and monitors: major projects; top level grant awards (over £2 million); and the Annual Report &amp; Accounts.</li> <li>• Executive Group members, a DCMS nominee, and others as invited by the Chairman also attend meetings, but are not Board Members.</li> </ul> |  |
| Committees  |  |
| <b>Investment Committee</b> <ul style="list-style-type: none"> <li>• Comprises up to seven members, of which at least three are Non-Executive Board members and one is an Independent member and the CEO (or COO)</li> <li>• Meets at least six times each year</li> <li>• Supports the Board in fulfilling its obligations relating to all existing and potential investments. Key role in the evolution of Sport England's approach to investment under the 2016-2021 strategy. Approves and monitors major grant awards (up to £2 million).</li> </ul>   | <b>Audit, Risk and Governance Committee</b> <ul style="list-style-type: none"> <li>• Comprises up to six members, of which at least three are Non-Executive Board members and two are Independent members</li> <li>• Meets at least four times each year</li> <li>• Undertakes scrutiny and provides advice to support the Board in carrying out its responsibilities for risk management, financial reporting, control and governance.</li> </ul>   |
| <b>Workforce Committee</b> <ul style="list-style-type: none"> <li>• Comprises up to five members, of which at least two are Non-Executive Board members</li> <li>• Meets at least four times each year</li> <li>• Oversees the development and delivery of relevant programmes – Workforce Strategy, Volunteering Strategy, Coaching Plan for England, Professional Development – Leadership and Diversity and provides advice to support the Board in the development of wider partnerships.</li> <li>• Approves and monitors grant awards relating to workforce programmes (up to £1 million).</li> </ul>   | <b>Chairs &amp; Remuneration Committee</b> <ul style="list-style-type: none"> <li>• Comprises the Chairman of Sport England and the Chairs of the Investment; Audit, Risk and Governance; and Workforce Committees and up to one additional member</li> <li>• Meets at least four times each year (changed from 'at least once a year' in 2016)</li> <li>• Serves as a Remuneration Committee with responsibility to agree the terms and remuneration of the CEO</li> <li>• Responsibility for strengthening the alliance between the Committees and the Board.</li> </ul> |
| Subsidiaries  |  |
| The Sports Council Trust Company  | English Sports Development Trust Limited   |



## SUBSIDIARIES

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

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

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

## OUR GOVERNANCE STANDARDS

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

Within the 2013-2017 funding cycle, our funded national governing bodies (NGBs), national partners and county sports partnerships (CSPs) have been required to satisfy a number of key criteria for effective governance, set out in the Sport England Governance Strategy: On Board for Better Governance, which can be found on our website at: [www.sportengland.org/about-us/governance/governance-strategy](http://www.sportengland.org/about-us/governance/governance-strategy)

We meet these standards for effective governance, including those in relation to independent members on Boards, open recruitment, restricted tenure, actual size of Board, diversity, decision making, transparency and accountability.

This year Sport England has worked with UK Sport, in consultation with sport and non-sport organisations, to develop a new *Code for Sports Governance* ("the Code"), as required under the UK Government's December 2015 strategy *Sporting Future*. The Code sets out levels of transparency, accountability and financial integrity that will be required from those who ask for Government and National Lottery funding from April 2017. The Code has three tiers and will apply to any organisation seeking funding from Sport England or UK Sport, regardless of size and sector, including national governing bodies of sport, clubs and charities. The Code is proportionate, expecting the highest standards of good governance from organisations requesting the largest public investments. Tier 3 represents the top level of mandatory governance requirements in this Code. The requirements in Tier 3 seek to ensure high governance standards because of the significant public investment being made. Our joint work with UK Sport continues as we implement and assess compliance against the Code. This year we reviewed our compliance against the Tier 3 requirements and identified that we comply with all requirements. This is evidenced by a number of factors, including: there being 36% female Board members; primacy of the Board in decision making; the publication of a wide range of information on our governance structure, strategy and financial position; and, term limits to all appointments to the Sport England Board.

We comply with the *Corporate Governance in Central Government Departments: Code of Good Practice* (to the extent that its application is relevant to non-departmental public bodies) and to the relevant principles set out in HM Treasury's *Managing Public Money* (2015).

## OUR BOARD

Sport England has an experienced, effective and diverse Board of 11 members, openly recruited on a skills basis, and led by our Chairman, Nick Bitel, who was reappointed as Chairman in early 2017 by the Secretary of State for a second term of four years.

A significant recruitment of the Board was undertaken in 2016 as a consequence of five Board Members – Clare Connor, Sally Gunnell, Hanif Malik, Peter Rowley and Mark Spelman – reaching the end of their terms of appointment. Six new Board Members – Dr Denise Barrett-Baxendale, Professor Ian Cumming, Chris Grant, Wasim Khan, Andrew Long and Karen Pickering – were appointed. One Board Member – Ian Drake – resigned from the Board in early 2017. In addition to the Chairman, five Board Members – Kate Bosomworth, Ian Drake, Debbie Jevans, David Goldstone and Charles Reed – were reappointed for a further term.

Non-Executive Board Members are appointed for a term of three years following a formal, rigorous and transparent procedure, with appointments made on merit and in line with the skills required of the Board. 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. The Chairman is appointed by the Department for Culture, Media and Sport for a four year term and, as outlined above, his appointment has recently been renewed for a further four years.

We recognise that diversity is the key foundation for introducing different perspectives into Board debate. We have four women on our Board representing 36% of total membership. This exceeds the requirement of a minimum of 30% of each gender on the Board as required by the *Code for Sports Governance*. We also have two BAME Members on our Board. All Members of the Board are Non-Executive members.

### Board and Committee evaluations

The Board last undertook an evaluation in late 2015, with Board Members completing questionnaires evaluating their own performance, the performance of the Board, and the Chairman. The overall outcome was positive. Some further improvements for the future were identified and were incorporated into strengthening the governance framework and ensuring that the recruitment to the Board in 2016 was focused in the right areas. In line with good practice, an independent review is being undertaken (spring 2017) to provide an external and independent perspective on the performance of the Board.

The Audit, Risk and Governance Committee evaluated its performance using a questionnaire process, and in June 2016 reviewed the outcomes, which indicated a high degree of effectiveness.

The first evaluation of the Investment Committee, Workforce Committee and Chairs and Remuneration Committee will be undertaken in late 2017/early 2018.

## BOARD ACTIVITY

Board activities are structured to assist the Board in achieving its goal to support and advise executive management on the delivery of Sport England's strategy within a transparent governance framework.

The Board met nine times during 2016–2017. Attendance records for Board and committee meetings are provided at the end of this statement.

The Chairman is responsible for ensuring that each Non-Executive Board member receives an induction on joining the Board and receives the training he or she requires, tailored to their specific requirements. This year, an induction programme was provided for our new members – Dr Denise Barrett-Baxendale, Professor Ian Cumming, Chris Grant, Wasim Khan, Andrew Long and Karen Pickering. During the induction process new Non-Executive Directors met with the Chief Executive and Executive Directors of Sport England to hear about the aspects of the organisation's business for which they are responsible.

Last year was a year of change as we launched our 2016-2021 strategy. The Board's principal focus has been to oversee the implementation of the new strategy, which aims to ensure everyone in England, regardless of age, background or level of ability, feels able to engage in sport and physical activity; alongside the delivery of the final year of Sport England's 2012-2017 Youth and Community Strategy, which aimed 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. The Board, with the support of its Committees, scrutinises a significant amount of performance data in support of achievement of its objectives. The Active People Survey and the new Active Lives Survey provide key data that helps inform its decision making.

Set out overleaf are some of the key areas which the Board focused on during the year.



|   |  |
|---|--|
| Sport England Strategy  | Ensuring delivery of objectives for the final year of the Youth and Community Strategy (2012-2017), alongside delivery and implementation of a new strategy for Sport England (2016-2021) that delivers the goals of the Government's new cross-government strategy for sport.                     |
| Active People / Active Lives                                      | Our Active Lives Survey is a new way of measuring sport and activity across England and replaces the Active People Survey. (The survey systems ran in parallel for 10 months in order to fulfil Sport England's accountability requirements to Whole Sport Plan-funded National Governing Bodies.) |
| Corporate Risk  | Regular discussion of corporate risk and the organisation's risk appetite.   |
| Equality and Diversity  | Regular review of Equality, Diversity and Inclusion (EDI) work to ensure that EDI runs through everything that Sport England does as an employer.  |
| Safeguarding Children and Young People plus Adults at Risk        | Regular discussion of safeguarding, with formal commitment to consider safeguarding at least twice a year.   |
| Annual Report and Accounts  | Approval of Sport England Annual Report and Accounts.  |
| 2017-18 Financial Budget  | Approval of Sport England budget for the next financial year.  |
| This Girl Can behaviour change campaign                           | Regular updates on the campaign and approval of overall funding for the campaign.  |
| Payment for Results-Review of National Governing Body Performance | Regular review of National Governing Body performance and approval of any resultant recommendations.   |
| Business Partnership Updates                                      | Regular report on Business Partnership activity.   |

In addition to the above, at each meeting there was a report from the Chief Executive Officer (including topics such as updates on organisational design and strategy implementation) and also from the Chief Operating Officer, Rona Chester (including topics such as financial performance and investment budgets).

Sport England is committed to being transparent and open in how we operate. Our publication scheme sets out information about who we are, how we are organised, how we spend public and Lottery money, what our goals are and how well we are doing in meeting those goals. Major policy proposals and decisions are made by the Board and the agendas and minutes for the Board meetings are published on Sport England's website as part of the publication scheme.

## OUR COMMITTEE STRUCTURE

As explained earlier in this statement, in addition to the Audit, Risk and Governance Committee, Sport England established three new Committees in September 2016 – the Investment Committee, the Workforce Committee, and the Chairs and Remuneration Committee (previously the Terms and Remuneration Committee). The Project Committee was disbanded in September 2016, with its functions relating to approving and monitoring major grant awards being undertaken by the Investment Committee

Set out below are some of the key areas which the Committees focused on during the year.

| Project Committee (disbanded September 2016)  | Audit, Risk and Governance Committee  |
|---|---|
| <ul style="list-style-type: none"> <li>• <b>Approval of all major capital and revenue awards under the 2012-2017 strategy, including for example:</b> <ul style="list-style-type: none"> <li>- Strategic Facilities</li> <li>- Improvement Fund</li> <li>- Protecting playing fields</li> <li>- Our dedicated youth and disability programmes</li> </ul> </li> </ul>  | <ul style="list-style-type: none"> <li>• Regular review of corporate (strategic) and operational risk profile</li> <li>• The 2016-2017 accounts preparation process</li> <li>• Review of financial forecasts including critically cash-flow and detailed monitoring of monthly management accounts every quarter</li> <li>• National Governing Body and partner governance, including key issues arising from the audit and assurance process</li> <li>• The internal audit plan for 2016-2017 and internal audit reports</li> <li>• Regular reports on fraud and whistleblowing</li> </ul> |
| Investment Committee (est. Sept 2016)   | Workforce Committee   |
| <ul style="list-style-type: none"> <li>• <b>Approval of all major capital and revenue awards under new investment programmes –</b> Tackling Inactivity, Children and Young People, Volunteering, Mass Markets, Sustaining the Core Market, Working Locally and Facilities, including for example: <ul style="list-style-type: none"> <li>- Community Sport Activation Fund</li> <li>- School Games and organisers</li> <li>- Swim Pilots</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>• <b>Oversight and development of Workforce Strategy, Volunteering Strategy, Coaching Plan for England, Professional Development – Leadership and Diversity, including for example:</b> <ul style="list-style-type: none"> <li>- Coaching Plan implementation and investment</li> <li>- Volunteering implementation and investment</li> <li>- Professional workforce</li> </ul> </li> </ul>  |
| Chairs & Remuneration Committee (est. Sept 2016)  |   |
| <ul style="list-style-type: none"> <li>• Maintained overview of developments in public sector pay</li> <li>• Chief Executive's remuneration, performance and objectives</li> <li>• Advised the Chief Executive on organisational design and any structural changes required to support the implementation of the new strategy.</li> </ul>   |   |



## OTHER GROUPS

Sport England has an Equality Group which was set up six years ago to oversee the development of our Equality Scheme and Equality Action Plan. The Group is chaired by Sport England's Chief Operating Officer, Rona Chester and championed by Sport England's Chairman, Nick Bitel.

In February 2015 Sport England attained the 'Investors in Diversity' accreditation from the National Centre for Diversity, an organisation which works to embed best practice in Equality, Diversity and Inclusion. Sport England is currently seeking to retain its accreditation by undergoing a reaccreditation process with the National Centre, which it hopes to achieve by June 2017.

## SYSTEM FOR MANAGING RISK

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

### Management's approach to risk

As part of our internal operational management, Sport England maintains Directorate and Project Risk Registers through which we record key risks, controls in place, risk assessments and planned actions. Risks are managed on an active and dynamic basis by the Directors and Project Leads, who review and update these operational registers on a quarterly basis.

The Cross Directorate Risk Group, which is composed of officers from across Sport England, has oversight of these registers. The group meets quarterly to discuss key current operational risks across our business. A summary of the key themes, highest operational risks and any emerging key risks, is then provided to the Executive Group to inform the Group's wider discussions on risk management.

At least once a year the Risk Registers are refreshed in reference to our current business and to a 'horizon scan' of the environment in which we operate. If there are significant changes in our operating environment, a full review of the Corporate Risk Register is conducted. During 2016-2017, against the backdrop of our new strategy *Towards an Active Nation*, we conducted a full review of Sport England's current corporate risks in our Corporate Risk Register. We have continued to review the Corporate Risk Register on a dynamic basis throughout the year as we continue to implement the strategy.

### Internal controls

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

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

## Board scrutiny of risk management and risk appetite

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

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

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

1. Sport England has a very low risk appetite around transparency and control of governance and finance, and this will not change.
2. 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.

Now, as we begin to deliver our new strategy, and after the induction of a number of new Board members, we have a Board workshop planned

in October 2017 to review Sport England's risk management strategy, including the Board's risk appetite, in order to ensure appropriate alignment with our new 2016-2021 strategy.

## Managing our key delivery risks

During the year, the Executive Group and the Board have actively reviewed the Corporate Risk Register, with risks being added, consolidated and closed as a result of these reviews. For example, we have closed the risk related to a potential reduction in Exchequer funding following the comprehensive spending review announcement, and we have closed the risk relating to a change in the Royal Charter following a successful Judicial Review outcome.

Last year, I highlighted the operational and reputational risks we needed to manage as we developed our response to the Government's *Sporting Future* strategy with the publication of our strategy, *Towards an Active Nation* and the new *Code of Sports Governance*, which contains a mandatory set of requirements for those organisations seeking public funding.

Managing the implementation of the new strategy continues to be a dominant theme in the risk environment. Alongside a continued emphasis on ensuring the effective management of organisational change, a risk that has evolved this year relates to the need to simultaneously manage the transition from existing to new programmes. This risk has been exacerbated because many of the new programmes and approaches that are core to our new strategy relate to areas of work outside Sport England's recent experience. The strategy has a focus on physical wellbeing, mental wellbeing, individual development, social and community development and economic development. Some projects are therefore fundamentally different to our previous approach and involve working with a much wider range of partners, many of them for the first time. At the same time as we are working on these new programmes, we are restructuring the organisation and closing old programmes. The Executive Group and the Board have maintained robust oversight of these areas and worked to ensure risks are mitigated. We have recognised the importance of maintaining effective communication with staff throughout the organisation so that the workforce has had a clear and common understanding of what is required of them in relation to implementing the new strategy, and we have planned development support for colleagues. To manage increased pressure, we are phasing the introduction of new programmes, the implementation of the organisational structure and the closure of programmes as they reach completion.



Developing and implementing the Code for *Sports Governance* is another theme that has been dominant this year and will continue to be important as we look ahead. This has been a significant piece of work that will have a substantial impact on governance in sport, shaping the delivery of a 'gold standard' in domestic governance standards which will help to protect the value for money the public receives from investment into sport and maximise the effectiveness of those investments. Managing the high workload generated by the need to assess compliance against the mandatory Requirements of the Code for organisations seeking investment has had to be balanced alongside challenging timelines and the demands for change it places on the sector. In order to manage this risk, we have engaged closely with the sector and have joint project governance arrangements in place with UK Sport. Formal processes for assessing compliance and agreement of Governance Action Plans are in place, and we have plans to further develop guidance to support the sector to deliver the Requirements of the Code.

As we approached the year-end we were acutely aware of the operational and reputational risks we needed to manage as we further developed our response to the Government's *Sporting Future* strategy. Other risks emerging during 2016-17 relate to innovation in ways of working, lottery sales decline and cyber security.

Associated with the delivery of the new strategy, those involved in local projects are having to work in increasingly innovative and sometimes unpractised ways, which is stretching teams in both Sport England and within the organisations we work with locally. There has been a significant increase in testing and learning. We are addressing this by increasing levels of support, which includes work with the sports sector to support them to understand and take advantage of digital advancements.

Recent lottery sales decline has also created some uncertainty and the prospect of managing reduced income and risks to the delivery of the organisation's strategic objectives. Examples of how we are addressing this include close monitoring of income forecasts and trends and by building flexibility within budgets to plan for variations in lottery sales.

Cybersecurity is currently a cross government priority and security and data protection risks are taken very seriously by Sport England. We constantly test and improve our security measures such as firewalls, Denial of Services & Disaster recovery measures and anti-virus and malware software. Our computers and hosting services are fully protected and where applicable, encryption services are deployed. Our services have been assessed and fully comply with the UK Government-endorsed security standard, Cyber Essentials.

## Information risks

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

No significant issues have been reported to the Information Commissioner's Office (ICO). There were two incidents during the year (outlined in the table below), which were not reported to the ICO as they were minor incidents, with no adverse impact on or damage to individuals.

| Date                  | 03/08/2016                            | 16/03/2017                            |
|-----------------------|---------------------------------------|---------------------------------------|
| Type of data          | Business data                         | Business data                         |
| Incident or near miss | Incident                              | Incident                              |
| Description           | Email sent to incorrect recipient     | Email sent to incorrect recipient     |
| Action taken          | Email deleted from third party server | Email deleted from third party server |
| ICO report?           | No                                    | No                                    |

As part of the Internal Audit Plan for 2016-2017, our internal auditors undertook a review of Sport England's controls and processes in place for Information Security and Data Protection. The audit endorsed that Sport England recognises the importance of monitoring its key information risks, which are reviewed by the Information Governance Committee and reported to the Audit, Risk and Governance Committee when appropriate. Sport England comply with the EU General Data Protection Regulation with regards to how it shares and stores personal data. We have been proactive in reviewing the implications of the regulation amendments that will be effective from 25 May 2018.

Continuing the improvements we made during 2015-2016 (which includes a change to the process of recording information risk), we are currently reviewing Sport England's information governance documentation with the purpose of rationalising, updating and further improving it to be completed by the end of the next financial year.

## Fraud risks

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

During the 2016-2017 financial year there have been only four cases raised where fraud has been suspected concerning grant recipient organisations or concerning individuals in management positions at recipient organisations. Two of these cases are joint investigations between our Accredited Counter Fraud Specialists and the police. A fraud register is maintained within Sport England that monitors past and present cases, their status and final outcomes and quarterly updates are presented to the Audit Risk and Governance Committee.

During the financial year the Counter Fraud Strategy and the Fraud Loss and Bribery Prevention Policy were reviewed and updated. We have also undertaken a fraud and error risk assessment as part of the Cabinet Office's counter fraud work. Sport England is also a member of the Lottery Forum Fraud Operational Group which continues to meet four times a year to share best practice and intelligence.

## Independent assurance

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

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

The internal auditors are Mazars LLP, who were appointed jointly by Sport England and UK Sport to provide internal audit services, which includes fulfilling the role of Head of Internal Audit, to both sports councils for the period from 1 April 2015 to 31 March 2018.

Mazars LLP have concluded in their opinion that, during 2016–2017, overall there has been an adequate and effective framework of governance, risk management and control that provides reasonable assurance over the achievement of objectives.

In addition to the assurance from internal audit, Moore Stephens LLP carry out a number of on-site

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

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

The Government commissioned an independent appraisal of County Sports Partnerships which was published in August 2016. The appraisal is helping inform us about the capacity of key partners to deliver on our *Towards an Active Nation* strategy.

In our Active Lives young people programmes we have worked with statistics and policy experts from DCMS, DfE and DH as well as carrying out user testing with young people, parents and teachers to ensure the design developed is feasible.

The behavioural insight that underpins the infrastructure of our *Towards an Active Nation* strategy is taken from an independent review of behaviour change theory and evidence (by The Behavioural Architects), and included interviews with prominent behavioural academics. The report has been independently sense-checked with other groups of behaviour change experts at the University College London.

As we outlined earlier in the report, our services have been assessed and fully comply with the UK Government-endorsed security standard, Cyber Essentials.

## Active Lives Survey

We have now completed the first year of data collection for the new Active Lives Survey, publishing the results in January 2017 (results are referred to in more detail earlier in the report). The successful implementation of the new survey is a major milestone.

The year 1 results published in January had a clear focus on the priorities, objectives and performance measures set out in *Sporting Future* and *Towards an Active Nation*.

## Complaints

Through our formal complaints procedure we have recorded 31 complaints in 2016-2017, none of which has been referred to the Parliamentary and Health Services Ombudsman.



## BOARD AND COMMITTEE ATTENDANCE

| Name   | Board | Audit, Risk & Governance Committee | Project Committee | Investment Committee | Chairs and Remuneration Committee | Workforce Committee |
|--|-------|------------------------------------|-------------------|----------------------|-----------------------------------|---------------------|
| Number of meetings in the year               | 9     | 5                                  | 3                 | 4                    | 2                                 | 2                   |
| Nick Bitel                                   | 9/9   | -                                  | -                 | 1 (guest)            | 2/2                               | -                   |
| Dr Denise Barrett-Baxendale MBE <sup>1</sup> | 5/6   | 2/3                                | -                 | -                    | -                                 | 2/2                 |
| Kate Bosomworth                              | 7/9   | 2/4                                | -                 | 3/4                  | -                                 | -                   |
| Clare Connor OBE <sup>2</sup>                | 2/4   | -                                  | 0/3               | -                    | -                                 | -                   |
| Karen Creavin                                | -     | -                                  | 2/3               | 1/4                  | -                                 | -                   |
| Professor Ian Cumming OBE <sup>3</sup>       | 4/4   | -                                  | -                 | 1/3                  | -                                 | -                   |
| Ian Drake <sup>4</sup>                       | 7/7   | -                                  | 2/3               | -                    | -                                 | 1/1                 |
| John Flook                                   | -     | 5/5                                | -                 | -                    | -                                 | -                   |
| David Goldstone CBE                          | 5/9   | 4/5                                | -                 | -                    | 2/2                               | -                   |
| Chris Grant <sup>5</sup>                     | 5/5   | -                                  | -                 | 4/4                  | -                                 | -                   |
| Sally Gunnell OBE DL <sup>6</sup>            | 3/5   | -                                  | 2/3               | -                    | -                                 | -                   |
| Eilish Jamieson                              | -     | 5/5                                | -                 | -                    | -                                 | -                   |
| Debbie Jevans CBE                            | 9/9   | -                                  | -                 | -                    | 1/2                               | 2/2                 |
| Wasim Khan MBE <sup>7</sup>                  | 4/4   | -                                  | -                 | -                    | -                                 | 1/2                 |
| Andrew Long <sup>8</sup>                     | 5/5   | 2/3                                | -                 | 2/4                  | -                                 | -                   |
| Hanif Malik OBE <sup>9</sup>                 | 3/4   | -                                  | 2/3               | -                    | -                                 | -                   |
| Karen Pickering MBE <sup>10</sup>            | 5/5   | -                                  | -                 | -                    | -                                 | 2/2                 |
| Charles Reed                                 | 9/9   | 1/2                                | 3/3               | 4/4                  | 2/2                               | -                   |
| Peter Rowley OBE <sup>11</sup>               | 4/4   | 2/2                                | -                 | 3/4                  | -                                 | -                   |
| Mark Spelman <sup>12</sup>                   | 4/5   | -                                  | 2/3               | -                    | -                                 | -                   |

There have been membership changes during the year that in some instances may affect the number of meetings attended.

This table includes both Board Members and Independent Members. Where there have been changes, appointment and tenure end dates are listed below:

<sup>1</sup> Appointed 9 September 2016

<sup>5</sup> Appointed 9 September 2016

<sup>9</sup> Tenure ended 6 September 2016

<sup>2</sup> Tenure ended 6 September 2016

<sup>6</sup> Tenure ended 27 October 2016

<sup>10</sup> Appointed 28 October 2016

<sup>3</sup> Appointed 28 October 2016

<sup>7</sup> Appointed 28 October 2016

<sup>11</sup> Tenure ended 6 September 2016 (Ongoing – independent member of Investment Committee)

<sup>4</sup> Resigned from the Board 6 January 2017

<sup>8</sup> Appointed 9 September 2016

<sup>12</sup> Tenure ended 6 September 2016

### Jennie Price CBE

Chief Executive and Accounting Officer  
The English Sports Council  
22 June 2017

### Nick Bitel

Chair  
The English Sports Council  
22 June 2017

# The English Sports Council

## Grant-in-Aid

Consolidated Accounts for the year ended 31 March 2017



## 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.

The Accounting Officer confirms that the annual report and accounts as a whole is fair, balanced and understandable and takes personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

### **Jennie Price CBE**

Chief Executive and Accounting Officer  
The English Sports Council

22 June 2017

### **Nick Bitel**

Chair  
The English Sports Council

22 June 2017

## The report of the Comptroller and Auditor General to The English Sports Council

I have audited the Group and Grant-in-aid financial statements of the English Sports Council for the year ended 31 March 2017. The financial statements comprise: the Group and Council Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration and Staff Report that is described in that report as having been audited.

### **Respective responsibilities of the Council, Chief Executive and auditor**

As explained more fully in the Statement of the Council's and Chief Executive's Responsibilities, the Council and Chief Executive are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements. I have 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 2017 and of its net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Royal Charter of the English Sports Council and Secretary of State directions issued thereunder.

### **Opinion on other matters**

In my opinion:

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



statements are prepared is consistent with the financial statements.

### **Matters on which I report by exception**

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

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

**Sir Amyas C E Morse**  
**Comptroller and Auditor General**  
National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP  
7 July 2017

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## Statement of comprehensive net expenditure for the year ended 31 March 2017

|  |      | Group         |               | Council       |               |
|--|------|---------------|---------------|---------------|---------------|
|  | Note | 2017<br>£'000 | 2016<br>£'000 | 2017<br>£'000 | 2016<br>£'000 |
| Income   |      |               |               |               |               |
| Grants received  | 2    | 4,393         | 3,122         | -             | 392           |
| Other income   | 3    | 715           | 970           | 638           | 965           |
| Total  |      | 5,108         | 4,092         | 638           | 1,357         |
| Expenditure  |      |               |               |               |               |
| Grants   | 4    | 86,129        | 80,401        | 86,096        | 80,344        |
| Staff costs  | 5    | 4,945         | 4,825         | 4,945         | 4,825         |
| National sports centres  | 6    | 2,997         | 3,434         | 2,997         | 3,434         |
| Sports development costs   | 7    | 7,818         | 6,565         | 3,385         | 3,835         |
| Operating costs  | 8    | 5,497         | 6,240         | 2,303         | 3,032         |
| Assets gifted to subsidiaries  | 11   | -             | -             | 1,938         | 2,407         |
| Total  |      | 107,386       | 101,465       | 101,664       | 97,877        |
| Other  |      |               |               |               |               |
| Net interest on net defined benefit liability                                  | 22   | 693           | 725           | 693           | 725           |
| Impairment reversals   | 11   | (384)         | (2,376)       | -             | -             |
| Total  |      | 309           | (1,651)       | 693           | 725           |
| Net operating expenditure before interest, financial asset income and taxation |      | (102,587)     | (95,722)      | (101,719)     | (97,245)      |
| Interest receivable  |      | 35            | 37            | 35            | 37            |
| Financial asset income   | 13   | 26            | 19            | -             | -             |
| Taxation   |      | (13)          | (8)           | (6)           | (7)           |
| Net operating expenditure for the year   |      | (102,539)     | (95,674)      | (101,690)     | (97,215)      |
| Other comprehensive income   |      |               |               |               |               |
| Surplus owing to revaluation of properties                                     | 23   | 6,568         | 7,550         | -             | -             |
| Net gain/(loss) on financial assets  | 13   | 74            | (40)          | -             | -             |
| Re-measurement of defined benefit liability                                    | 22   | (3,349)       | 3,623         | (3,349)       | 3,623         |
| Total comprehensive net expenditure for the year                               |      | (99,246)      | (84,541)      | (105,039)     | (93,592)      |

All income and expenditure relates to continuing activities.

The notes on pages 66 to 91 form part of these accounts.

## Statement of financial position as at 31 March 2017

|                               |      | Group         |               | Council       |               |
|-------------------------------|------|---------------|---------------|---------------|---------------|
|                               | Note | 2017<br>£'000 | 2016<br>£'000 | 2017<br>£'000 | 2016<br>£'000 |
| Non-current assets            |      |               |               |               |               |
| Property, plant and equipment | 11   | 104,277       | 98,503        | 506           | 396           |
| Intangible assets             | 12   | 441           | 390           | 441           | 390           |
| Financial assets              | 13   | 967           | 635           | -             | -             |
| Total                         |      | 105,685       | 99,528        | 947           | 786           |
| Current assets                |      |               |               |               |               |
| Inventory                     | 14   | -             | -             | -             | -             |
| Assets held for sale          | 15   | -             | 259           | -             | -             |
| Trade and other receivables   | 16   | 7,680         | 7,966         | 6,616         | 7,400         |
| Cash and cash equivalents     |      | 18,169        | 5,920         | 18,122        | 5,910         |
| Total                         |      | 25,849        | 14,145        | 24,738        | 13,310        |
| Total assets                  |      | 131,534       | 113,673       | 25,685        | 14,096        |
| Current liabilities           |      |               |               |               |               |
| Grants outstanding            | 17   | (10,522)      | (6,052)       | (10,522)      | (6,052)       |
| Trade and other payables      | 18   | (10,400)      | (6,856)       | (9,876)       | (6,992)       |
| Provisions                    | 19   | (31)          | (51)          | -             | -             |
| Total                         |      | (20,953)      | (12,959)      | (20,398)      | (13,044)      |
| Non-current liabilities       |      |               |               |               |               |
| Provisions                    | 19   | (186)         | (347)         | -             | -             |
| Pension liabilities           | 22   | (23,604)      | (19,979)      | (23,604)      | (19,979)      |
| Total                         |      | (23,790)      | (20,326)      | (23,604)      | (19,979)      |
| Total liabilities             |      | (44,743)      | (33,285)      | (44,002)      | (33,023)      |
| Assets less liabilities       |      | 86,791        | 80,388        | (18,317)      | (18,927)      |
| Taxpayers equity              |      |               |               |               |               |
| Reserves                      |      | 86,791        | 80,388        | (18,317)      | (18,927)      |
| Total                         |      | 86,791        | 80,388        | (18,317)      | (18,927)      |

The notes on pages 66 to 91 form part of these accounts.

### Jennie Price CBE

Chief Executive and Accounting Officer  
The English Sports Council  
22 June 2017

### Nick Bitel

Chair  
The English Sports Council  
22 June 2017



## Statement of cash flows for the year ended 31 March 2017

|   | Note      | Group           |                 | Council         |                 |
|---|-----------|-----------------|-----------------|-----------------|-----------------|
|   |           | 2017<br>£'000   | 2016<br>£'000   | 2017<br>£'000   | 2016<br>£'000   |
| <b>Net cash outflow from operating activities</b> | <b>24</b> | <b>(90,968)</b> | <b>(88,855)</b> | <b>(90,979)</b> | <b>(88,775)</b> |
| <b>Cash flows from investing activities</b>       |           |                 |                 |                 |                 |
| Purchase of property, plant and equipment         |           | (2,220)         | (2,642)         | (2,220)         | (2,522)         |
| Purchase of intangible assets                     |           | (238)           | (106)           | (238)           | (106)           |
| Proceeds from property sale                       |           | 258             | -               | -               | -               |
| Proceeds from financial assets sale               |           | 652             | -               | -               | -               |
| Purchase of financial assets                      |           | (910)           | -               | -               | -               |
| Financial asset income                            | 13        | 26              | 19              | -               | -               |
| <b>Net cash outflow from investing activities</b> |           | <b>(2,432)</b>  | <b>(2,729)</b>  | <b>(2,458)</b>  | <b>(2,628)</b>  |
| <b>Cash flows from financing activities</b>       |           |                 |                 |                 |                 |
| Grant-in-Aid – resource                           |           | 72,168          | 58,322          | 72,168          | 58,322          |
| Grant-in-Aid – capital                            |           | 33,481          | 35,563          | 33,481          | 35,563          |
| Net cash inflow from financing activities         |           | 105,649         | 93,885          | 105,649         | 93,885          |
| <b>Net increase in cash and cash equivalents</b>  |           | <b>12,249</b>   | <b>2,301</b>    | <b>12,212</b>   | <b>2,482</b>    |
| Cash and cash equivalents at 1 April              |           | 5,920           | 3,619           | 5,910           | 3,428           |
| <b>Cash and cash equivalents at 31 March</b>      |           | <b>18,169</b>   | <b>5,920</b>    | <b>18,122</b>   | <b>5,910</b>    |

The notes on pages 66 to 91 form part of these accounts.

## Statement of changes in taxpayers equity – Group for the year ended 31 March 2017

|   | Revaluation<br>reserve<br>£'000<br>23 | Pension<br>reserve<br>£'000<br>22 | General<br>reserve<br>£'000 | Total<br>reserves<br>£'000 |
|---|---------------------------------------|-----------------------------------|-----------------------------|----------------------------|
| Note  |                                       |                                   |                             |                            |
| <b>Balance at 1 April 2015</b>              | <b>24,224</b>                         | <b>(23,293)</b>                   | <b>70,113</b>               | <b>71,044</b>              |
| Net operating expenditure for the year      | -                                     | -                                 | (95,674)                    | (95,674)                   |
| Surplus owing to revaluation of properties  | 7,550                                 | -                                 | -                           | 7,550                      |
| Amortisation of revaluation reserve         | (717)                                 | -                                 | 717                         | -                          |
| Re-measurement of defined benefit liability | -                                     | 3,623                             | -                           | 3,623                      |
| Transfer between reserves                   | -                                     | (309)                             | 309                         | -                          |
| Net loss on financial assets                | -                                     | -                                 | (40)                        | (40)                       |
| Grant-in-Aid received – resource            | -                                     | -                                 | 58,322                      | 58,322                     |
| Grant-in-Aid received – capital             | -                                     | -                                 | 35,563                      | 35,563                     |
| <b>Balance at 31 March 2016</b>             | <b>31,057</b>                         | <b>(19,979)</b>                   | <b>69,310</b>               | <b>80,388</b>              |
| Net operating expenditure for the year      | -                                     | -                                 | (102,539)                   | (102,539)                  |
| Surplus owing to revaluation of properties  | 6,568                                 | -                                 | -                           | 6,568                      |
| Amortisation of revaluation reserve         | (830)                                 | -                                 | 830                         | -                          |
| Re-measurement of defined benefit liability | -                                     | (3,349)                           | -                           | (3,349)                    |
| Transfer between reserves                   | -                                     | (276)                             | 276                         | -                          |
| Net gain on financial assets                | -                                     | -                                 | 74                          | 74                         |
| Property disposal                           | (161)                                 | -                                 | 161                         | -                          |
| Grant-in-Aid received – resource            | -                                     | -                                 | 72,168                      | 72,168                     |
| Grant-in-Aid received – capital             | -                                     | -                                 | 33,481                      | 33,481                     |
| <b>Balance at 31 March 2017</b>             | <b>36,634</b>                         | <b>(23,604)</b>                   | <b>73,761</b>               | <b>86,791</b>              |

The notes on pages 66 to 91 form part of these accounts.

## Statement of changes in taxpayers equity – Council for the year ended 31 March 2017

|   | Note | Pension<br>reserve<br>£'000<br>22 | General<br>reserve<br>£'000 | Total<br>£'000  |
|---|------|-----------------------------------|-----------------------------|-----------------|
| <b>Balance at 1 April 2015</b>              |      | <b>(23,293)</b>                   | <b>4,073</b>                | <b>(19,220)</b> |
| Net operating expenditure for the year      |      | -                                 | (97,215)                    | (97,215)        |
| Re-measurement of defined benefit liability |      | 3,623                             | -                           | 3,623           |
| Transfer between reserves                   |      | (309)                             | 309                         | -               |
| Grant-in-Aid received – resource            |      | -                                 | 58,322                      | 58,322          |
| Grant-in-Aid received – capital             |      | -                                 | 35,563                      | 35,563          |
| <b>Balance at 31 March 2016</b>             |      | <b>(19,979)</b>                   | <b>1,052</b>                | <b>(18,927)</b> |
| Net operating expenditure for the year      |      |                                   | (101,690)                   | (101,690)       |
| Re-measurement of defined benefit liability |      | (3,349)                           | -                           | (3,349)         |
| Transfer between reserves                   |      | (276)                             | 276                         | -               |
| Grant-in-Aid received – resource            |      | -                                 | 72,168                      | 72,168          |
| Grant-in-Aid received – capital             |      | -                                 | 33,481                      | 33,481          |
| <b>Balance at 31 March 2017</b>             |      | <b>(23,604)</b>                   | <b>5,287</b>                | <b>(18,317)</b> |

The notes on pages 66 to 91 form part of these accounts.



## Notes to the accounts

### 1 Statement of accounting policies

These accounts have been prepared in accordance with Article 14 of the Royal Charter of The English Sports Council (Sport England) account directions issued thereunder by the Secretary of State for Culture, Media and Sport with the consent of HM Treasury and the 2016-17 Government Financial Reporting Manual (FReM) issued by HM Treasury. A copy of the account directions can be obtained from Sport England at 21 Bloomsbury Street, London, WC1B 3HF. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adopted by the European Union, and as adapted or interpreted for the public sector.

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

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

#### 1.1 Accounting convention

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

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

#### 1.2 Going concern

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

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

control over income and expenditure, such grants may not be issued in advance of need.

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

#### 1.3 Basis of consolidation

The Group accounts consolidate the accounts of Sport England (Council), The Sports Council Trust Company (a Charity), and English Sports Development Trust Limited. Details of the Group's investment in subsidiary undertakings are contained in note 13.

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 2017.

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 96 to 115), in accordance with the Lottery Accounts Direction issued by the Secretary of State for Culture, Media and Sport, which follow different accounting policies.

#### 1.4 Income recognition

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

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

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

### 1.5 Grants

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

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

Grant awards which are funded from future year's funding are shown as contingent liabilities (shown as future commitments – note 17).

### 1.6 Other expenditure

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

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

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

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

### 1.7 Property operating leases

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

### 1.8 Assets gifted to subsidiaries

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

### 1.9 Property, plant and equipment

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

#### Land and Buildings

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

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

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

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

#### Artworks and Antiques

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

#### Equipment and leasehold improvements

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

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

## Depreciation

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

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

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

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

### 1.10 Intangible assets

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

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

### 1.11 Financial assets

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

### 1.12 Cash and cash equivalents

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

### 1.13 Trade and other receivables

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

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

### 1.14 Inventory

Inventory is valued at the lower of cost or net realisable value (note 14).

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

### 1.15 Assets held for sale

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

### 1.16 Trade and other payables

Trade and other payables are recognised at fair value.

### 1.17 Dilapidations

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

### 1.18 Taxation

#### VAT

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

#### Corporation Tax

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



## 1.19 Pensions

### Defined contribution scheme

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

### Defined benefit scheme

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

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

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

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

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

## 1.20 Use of estimates and judgement

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

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

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

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

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

## 2 Grants received

|                                       | Group         |               | Council       |               |
|---------------------------------------|---------------|---------------|---------------|---------------|
|                                       | 2017<br>£'000 | 2016<br>£'000 | 2017<br>£'000 | 2016<br>£'000 |
| Department for Education <sup>1</sup> | -             | 392           | -             | 392           |
| Lottery grant <sup>2</sup>            | 4,393         | 2,730         | -             | -             |
| <b>Total</b>                          | <b>4,393</b>  | <b>3,122</b>  | <b>-</b>      | <b>392</b>    |

<sup>1</sup> The grant from the Department for Education in 2016 was to support volunteer coaches and leaders in the delivery of competitive school sport and the school games.

<sup>2</sup> The Lottery grant received from the Sport England Lottery Fund financed the media planning and buying for the women's marketing campaign "This Girl Can". In 2016, the balance from the first £7.2 million grant was received. The funds received in 2017 relate to the second £7.2 million grant. In 2017 there was more spend on out of home advertising and digital media.

## 3 Other income

|                                | Group         |               | Council       |               |
|--------------------------------|---------------|---------------|---------------|---------------|
|                                | 2017<br>£'000 | 2016<br>£'000 | 2017<br>£'000 | 2016<br>£'000 |
| External funding income        | 62            | 138           | 62            | 138           |
| Active people survey recharges | 249           | 301           | 249           | 301           |
| Asset hire recharges           | 241           | 270           | 241           | 270           |
| Other income                   | 163           | 261           | 86            | 256           |
| <b>Total</b>                   | <b>715</b>    | <b>970</b>    | <b>638</b>    | <b>965</b>    |

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       |               |
|---------------------------|---------------|---------------|---------------|---------------|
|                           | 2017<br>£'000 | 2016<br>£'000 | 2017<br>£'000 | 2016<br>£'000 |
| <b>Resource grants</b>    |               |               |               |               |
| Local delivery            | 122           | 58            | 122           | 58            |
| Inactivity                | 113           | -             | 113           | -             |
| Children and young people | 11,102        | 11,202        | 11,102        | 11,202        |
| Mass markets              | 1,521         | 1,710         | 1,521         | 1,710         |
| Facilities                | 559           | 367           | 526           | 338           |
| Core market <sup>1</sup>  | 31,132        | 24,162        | 31,132        | 24,162        |
| Coaching                  | 5,985         | 5,246         | 5,985         | 5,246         |
| Other resource grants     | 4,807         | 4,794         | 4,807         | 4,794         |
| <b>Total</b>              | <b>55,341</b> | <b>47,539</b> | <b>55,308</b> | <b>47,510</b> |
| <b>Capital grants</b>     |               |               |               |               |
| Facilities                | 22,333        | 20,468        | 22,333        | 20,468        |
| Core market               | 8,571         | 12,404        | 8,571         | 12,404        |
| Other capital grants      | -             | 28            | -             | -             |
| <b>Total</b>              | <b>30,904</b> | <b>32,900</b> | <b>30,904</b> | <b>32,872</b> |
| <b>Total</b>              | <b>86,245</b> | <b>80,439</b> | <b>86,212</b> | <b>80,382</b> |
| Grant recoveries          | (116)         | (38)          | (116)         | (38)          |
| <b>Total</b>              | <b>86,129</b> | <b>80,401</b> | <b>86,096</b> | <b>80,344</b> |

The aggregate amounts in 2016 are unchanged from last year; however the categories of grants have been revised in order to reflect the new 2016-2021 strategy.

<sup>1</sup> Includes £6.0 million of NGB Talent awards funded in previous years through Lottery



## 5 Staff costs

|                                       | Group         |               | Council       |               |
|---------------------------------------|---------------|---------------|---------------|---------------|
|                                       | 2017<br>£'000 | 2016<br>£'000 | 2017<br>£'000 | 2016<br>£'000 |
| <b>Permanent and fixed term staff</b> |               |               |               |               |
| Wages and salaries                    | 3,679         | 3,583         | 3,679         | 3,583         |
| Social security costs                 | 397           | 383           | 397           | 383           |
| Pension costs                         | 583           | 618           | 583           | 618           |
| <b>Total</b>                          | <b>4,659</b>  | <b>4,584</b>  | <b>4,659</b>  | <b>4,584</b>  |
| Agency staff                          | 286           | 241           | 286           | 241           |
| <b>Total staff costs</b>              | <b>4,945</b>  | <b>4,825</b>  | <b>4,945</b>  | <b>4,825</b>  |

## 6 National sports centres

|  | Group         |               | Council       |               |
|--|---------------|---------------|---------------|---------------|
|  | 2017<br>£'000 | 2016<br>£'000 | 2017<br>£'000 | 2016<br>£'000 |
| <b>Income</b>                            | 7,369         | 6,635         | 7,369         | 6,635         |
| <b>Expenditure</b>                       |               |               |               |               |
| Centre operator expenditure <sup>1</sup> | 8,765         | 8,307         | 8,765         | 8,307         |
| Other expenditure                        | 1,601         | 1,762         | 1,601         | 1,762         |
| <b>Total</b>                             | <b>10,366</b> | <b>10,069</b> | <b>10,366</b> | <b>10,069</b> |
| <b>Net expenditure</b>                   | <b>2,997</b>  | <b>3,434</b>  | <b>2,997</b>  | <b>3,434</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 11 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.

<sup>1</sup> Includes operator management fees of £180,000 (2016: £180,000)

## 7 Sports development costs

|  | Group         |               | Council       |               |
|--|---------------|---------------|---------------|---------------|
|  | 2017<br>£'000 | 2016<br>£'000 | 2017<br>£'000 | 2016<br>£'000 |
| <b>Grant programme support costs</b>   |               |               |               |               |
| Local delivery                         | 12            | 18            | 12            | 18            |
| Children and young people              | 210           | 319           | 210           | 319           |
| Facilities                             | 91            | 157           | 91            | 157           |
| Core market                            | 148           | 90            | 148           | 90            |
| Coaching                               | 34            | 206           | 34            | 206           |
| Other                                  | 52            | 115           | 52            | 115           |
| <b>Total</b>                           | <b>547</b>    | <b>905</b>    | <b>547</b>    | <b>905</b>    |
| <b>Other sports development costs</b>  |               |               |               |               |
| Communications                         | 31            | 19            | 31            | 18            |
| Facilities expertise and support       | 319           | 423           | 319           | 423           |
| Irrecoverable VAT                      | 308           | 263           | 308           | 263           |
| Legal                                  | 15            | 27            | 15            | 27            |
| Measurement surveys                    | 1,405         | 1,487         | 1,405         | 1,487         |
| Media buying and planning <sup>1</sup> | 4,433         | 2,729         | -             | -             |
| Other costs                            | (14)          | 24            | (14)          | 24            |
| Planning data and guidance             | 511           | 490           | 511           | 490           |
| Research                               | 263           | 198           | 263           | 198           |
| <b>Total</b>                           | <b>7,271</b>  | <b>5,660</b>  | <b>2,838</b>  | <b>2,930</b>  |
| <b>Total</b>                           | <b>7,818</b>  | <b>6,565</b>  | <b>3,385</b>  | <b>3,835</b>  |

The aggregate amounts in 2016 are unchanged from last year; however the categories have been revised in order to reflect the new 2016-2021 strategy and the review of underlying cost classification.

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> 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       |               |
|--------------------------------------|---------------|---------------|---------------|---------------|
|                                      | 2017<br>£'000 | 2016<br>£'000 | 2017<br>£'000 | 2016<br>£'000 |
| Auditor's remuneration <sup>1</sup>  | 70            | 74            | 54            | 57            |
| Board expenses                       | 3             | 4             | 3             | 4             |
| Communications                       | 43            | 34            | 43            | 34            |
| Depreciation                         | 3,585         | 3,658         | 359           | 402           |
| Grant outsourcing costs              | 200           | 239           | 200           | 239           |
| Internal audit and governance        | 45            | 62            | 45            | 62            |
| Irrecoverable VAT                    | 94            | 314           | 94            | 314           |
| IT infrastructure and systems costs  | 494           | 375           | 494           | 375           |
| Legal                                | 94            | 370           | 94            | 370           |
| Other costs                          | 16            | 100           | 16            | 100           |
| Other staff costs                    | 87            | 51            | 87            | 51            |
| Property operating leases            | 335           | 501           | 384           | 567           |
| Bloomsbury Street fit-out costs      | 18            | 16            | 18            | 16            |
| Staff training                       | 83            | 111           | 83            | 111           |
| Travel and subsistence               | 290           | 283           | 289           | 282           |
| Defined benefit scheme admin charges | 40            | 48            | 40            | 48            |
| <b>Total</b>                         | <b>5,497</b>  | <b>6,240</b>  | <b>2,303</b>  | <b>3,032</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 £69,800 (2016: £73,500), the Council audit fees for the year were £53,800 (2016: £56,500). Included within the Council for 2017 is £3,800 relating to the fees of English Sports Development Trust Limited (2016: £4,000) which were paid on its behalf by Sport England.

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

|                    | 2017           |                              |               | 2016           |                              |               |
|--------------------|----------------|------------------------------|---------------|----------------|------------------------------|---------------|
|                    | Gross<br>£'000 | Lottery<br>recharge<br>£'000 | Net<br>£'000  | Gross<br>£'000 | Lottery<br>recharge<br>£'000 | Net<br>£'000  |
| Other income       | (1,489)        | 774                          | (715)         | (2,243)        | 1,273                        | (970)         |
| Staff costs        | 15,888         | (10,943)                     | 4,945         | 15,624         | (10,799)                     | 4,825         |
| Sports development | 16,010         | (8,192)                      | 7,818         | 15,790         | (9,225)                      | 6,565         |
| Operating costs    | 9,177          | (3,680)                      | 5,497         | 10,062         | (3,822)                      | 6,240         |
| <b>Total</b>       | <b>39,586</b>  | <b>(22,041)</b>              | <b>17,545</b> | <b>39,233</b>  | <b>(22,573)</b>              | <b>16,660</b> |



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

|                    | 2017           |                              |              | 2016           |                              |               |
|--------------------|----------------|------------------------------|--------------|----------------|------------------------------|---------------|
|                    | Gross<br>£'000 | Lottery<br>recharge<br>£'000 | Net<br>£'000 | Gross<br>£'000 | Lottery<br>recharge<br>£'000 | Net<br>£'000  |
| Other income       | (1,412)        | 774                          | (638)        | (2,238)        | 1,273                        | (965)         |
| Staff costs        | 15,888         | (10,943)                     | 4,945        | 15,624         | (10,799)                     | 4,825         |
| Sports development | 11,577         | (8,192)                      | 3,385        | 13,061         | (9,225)                      | 3,836         |
| Operating costs    | 5,983          | (3,680)                      | 2,303        | 6,854          | (3,822)                      | 3,032         |
| <b>Total</b>       | <b>32,036</b>  | <b>(22,041)</b>              | <b>9,995</b> | <b>33,301</b>  | <b>(22,573)</b>              | <b>10,728</b> |

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

## 10 Commitments under operating leases

|                                    | Group         |               | Council       |               |
|------------------------------------|---------------|---------------|---------------|---------------|
|                                    | 2017<br>£'000 | 2016<br>£'000 | 2017<br>£'000 | 2016<br>£'000 |
| <b>Land &amp; buildings</b>        |               |               |               |               |
| Expiring within one year           | 977           | 970           | 977           | 970           |
| Expiring between one & five years  | 3,967         | 4,012         | 3,967         | 4,012         |
| Expiring after at least five years | 566           | 1,537         | 566           | 1,537         |
| <b>Total</b>                       | <b>5,510</b>  | <b>6,519</b>  | <b>5,510</b>  | <b>6,519</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 due to Sport England under non-cancellable subleases are £1.0 million (2016: £1.2 million).

## 11 Property, plant and equipment— Group

|                         | Land          | Buildings and Bund | Leasehold Improvm't | Equipm't     | IT Equipm't  | Artworks and Antiques | Under Construction | Total          |
|-------------------------|---------------|--------------------|---------------------|--------------|--------------|-----------------------|--------------------|----------------|
|                         | £'000         | £'000              | £'000               | £'000        | £'000        | £'000                 | £'000              | £'000          |
| <b>Cost</b>             |               |                    |                     |              |              |                       |                    |                |
| <b>At 1 April 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> |
| Additions               | -             | 167                | 15                  | (2)          | 150          | -                     | 2,194              | 2,524          |
| Disposals               | -             | -                  | -                   | (544)        | (518)        | -                     | -                  | (1,062)        |
| Revaluation             | 1,393         | 6,157              | -                   | -            | -            | -                     | -                  | 7,550          |
| Impairment reversals    | 17            | 2,359              | -                   | -            | -            | -                     | -                  | 2,376          |
| Transfers               | -             | (80)               | -                   | -            | 80           | -                     | -                  | -              |
| Transfer to AHFS*       | (82)          | (240)              | -                   | -            | -            | -                     | -                  | (322)          |
| <b>At 31 March 2016</b> | <b>14,065</b> | <b>98,625</b>      | <b>1,173</b>        | <b>3,036</b> | <b>975</b>   | <b>827</b>            | <b>2,380</b>       | <b>121,081</b> |
| Additions               | -             | 1,931              | (3)                 | 10           | 282          | -                     | -                  | 2,220          |
| Disposals               | -             | -                  | -                   | (380)        | (363)        | -                     | -                  | (743)          |
| Revaluation             | 933           | 5,635              | -                   | -            | -            | -                     | -                  | 6,568          |
| Impairment reversals    | -             | 384                | -                   | -            | -            | -                     | -                  | 384            |
| Transfers               | -             | 2,380              | -                   | -            | -            | -                     | (2,380)            | -              |
| <b>At 31 March 2017</b> | <b>14,998</b> | <b>108,955</b>     | <b>1,170</b>        | <b>2,666</b> | <b>894</b>   | <b>827</b>            | <b>-</b>           | <b>129,510</b> |
| <b>Depreciation</b>     |               |                    |                     |              |              |                       |                    |                |
| <b>At 1 April 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>  |
| Charge for year         | -             | 2,658              | 153                 | 448          | 191          | -                     | -                  | 3,450          |
| Disposals               | -             | -                  | -                   | (544)        | (518)        | -                     | -                  | (1,062)        |
| Transfer to AHFS*       | -             | (63)               | -                   | -            | -            | -                     | -                  | (63)           |
| <b>At 31 March 2016</b> | <b>-</b>      | <b>19,788</b>      | <b>181</b>          | <b>1,970</b> | <b>639</b>   | <b>-</b>              | <b>-</b>           | <b>22,578</b>  |
| Charge for year         | -             | 2,769              | 154                 | 307          | 168          | -                     | -                  | 3,398          |
| Disposals               | -             | -                  | -                   | (380)        | (363)        | -                     | -                  | (743)          |
| <b>At 31 March 2017</b> | <b>-</b>      | <b>22,557</b>      | <b>335</b>          | <b>1,897</b> | <b>444</b>   | <b>-</b>              | <b>-</b>           | <b>25,233</b>  |
| <b>Net Book Value</b>   |               |                    |                     |              |              |                       |                    |                |
| At 31 March 2016        | 14,065        | 78,837             | 992                 | 1,066        | 336          | 827                   | 2,380              | 98,503         |
| <b>At 31 March 2017</b> | <b>14,998</b> | <b>86,398</b>      | <b>835</b>          | <b>769</b>   | <b>450</b>   | <b>827</b>            | <b>-</b>           | <b>104,277</b> |

\*Assets held for sale (AHFS) at net book value is shown in note 15.

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

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

During 2016-17 and 2015-16, the value of land, buildings and bund increased through revaluation and impairment reversals as a direct result of an increase in the BCIS indices that are utilised and applied under the DRC Valuation methodology.

In 2016-17 revaluation and impairment reversals amounted to £7.0 million and 2015-16 £9.9 million.

There is a collection of art works, furniture and fittings at Bisham Abbey that date from the 16<sup>th</sup> 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.

## 11 Property, plant and equipment – Council

|                            | Buildings<br>£'000 | Equipment<br>£'000 | IT<br>Equipment<br>£'000 | Total<br>£'000 |
|----------------------------|--------------------|--------------------|--------------------------|----------------|
| <b>Cost</b>                |                    |                    |                          |                |
| <b>At 1 April 2015</b>     | -                  | 331                | 1,251                    | 1,582          |
| Additions                  | 2,379              | (8)                | 151                      | 2,522          |
| Gifted assets <sup>1</sup> | (2,379)            | (9)                | (19)                     | (2,407)        |
| Disposals                  | -                  | (109)              | (518)                    | (627)          |
| <b>At 31 March 2016</b>    | -                  | 205                | 865                      | 1,070          |
| Additions                  | 1,928              | 10                 | 282                      | 2,220          |
| Gifted assets <sup>1</sup> | (1,928)            | (10)               | -                        | (1,938)        |
| Disposals                  | -                  | (18)               | (363)                    | (381)          |
| <b>At 31 March 2017</b>    | -                  | 187                | 784                      | 971            |
| <b>Depreciation</b>        |                    |                    |                          |                |
| <b>At 1 April 2015</b>     | -                  | 141                | 965                      | 1,106          |
| Charge for year            | -                  | 35                 | 160                      | 195            |
| Disposals                  | -                  | (109)              | (518)                    | (627)          |
| <b>At 31 March 2016</b>    | -                  | 67                 | 607                      | 674            |
| Charge for year            | -                  | 41                 | 131                      | 172            |
| Disposals                  | -                  | (18)               | (363)                    | (381)          |
| <b>At 31 March 2017</b>    | -                  | 90                 | 375                      | 465            |
| <b>Net Book Value</b>      |                    |                    |                          |                |
| <b>At 31 March 2016</b>    | -                  | 138                | 258                      | 396            |
| <b>At 31 March 2017</b>    | -                  | 97                 | 409                      | 506            |

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



## 12 Intangible assets

|                         | Group<br>£'000 | Council<br>£'000 |
|-------------------------|----------------|------------------|
| <b>Cost</b>             |                |                  |
| At 1 April 2015         | 3,506          | 3,506            |
| Additions               | 106            | 106              |
| Disposals               | (181)          | (181)            |
| <b>At 31 March 2016</b> | <b>3,431</b>   | <b>3,431</b>     |
| Additions               | 238            | 238              |
| Disposals               | (192)          | (192)            |
| <b>At 31 March 2017</b> | <b>3,477</b>   | <b>3,477</b>     |
| <b>Depreciation</b>     |                |                  |
| At 1 April 2015         | 3,016          | 3,016            |
| Charge for year         | 206            | 206              |
| Disposals               | (181)          | (181)            |
| <b>At 31 March 2016</b> | <b>3,041</b>   | <b>3,041</b>     |
| Charge for year         | 187            | 187              |
| Disposals               | (192)          | (192)            |
| <b>At 31 March 2017</b> | <b>3,036</b>   | <b>3,036</b>     |
| <b>Net Book Value</b>   |                |                  |
| At 31 March 2016        | 390            | 390              |
| <b>At 31 March 2017</b> | <b>441</b>     | <b>441</b>       |

Intangible assets comprise computer software which provides ongoing economic benefits.

## 13 Financial assets

### Listed stocks and securities

|                                 | Group         |               | Council       |               |
|---------------------------------|---------------|---------------|---------------|---------------|
|                                 | 2017<br>£'000 | 2016<br>£'000 | 2017<br>£'000 | 2016<br>£'000 |
| Market value at 1 April         | 635           | 675           | -             | -             |
| Additions                       | 910           | -             | -             | -             |
| Disposals                       | (652)         | -             | -             | -             |
| Revaluation of financial asset  | 74            | (40)          | -             | -             |
| <b>Market value at 31 March</b> | <b>967</b>    | <b>635</b>    | <b>-</b>      | <b>-</b>      |

Listed stocks and securities relate to a managed investment fund held by The Sports Council Trust Company. Following the change of investment manager in May 2016, the proceeds of the investments held in the Baring's Targeted Return Fund of £652,000 were invested in the Sarasin Alpha CIF for Endowments fund. In August 2016 the proceeds from the sale of Ashlands House, Crewkerne of £258,000 (note 15) were invested with Sarasin.

The historical cost of the asset at 31 March 2017 was £910,000 (2016: £600,000).

The income received on the investment fund for the year to March 2017 was £26,000 (2016: £19,000).

### Group investments in subsidiary undertakings

| Company and Country of Incorporation                         | Financial Activity   | Proportion held            | Status of Subsidiary | Total reserves at 31 March    | Net (expenditure)/ income    |
|--|--|----------------------------|----------------------|-------------------------------|------------------------------|
| The Sports Council Trust Company (England and Wales)         | Charitable trust dedicated to the promotion of sport                         | Sole member 100% guarantor | Active               | 2017: £105.1m<br>2016: £99.3m | 2017: (£0.8m)<br>2016: £1.5m |
| 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               | 2017: £30,000<br>2016: Nil    | 2017: £28,000<br>2016: Nil   |

#### English Sports Development Trust Limited

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

## 14 Inventory

Inventory consists of the remaining plant filtration equipment relating to the relocatable legacy pool project that was transferred from the Olympic Development Authority (ODA) to Sport England in 2012 following the London 2012 Olympic Games. The transfer of the inventory was at nil consideration. This equipment is treated as current assets at nil value and is expected to be disposed of in 2017-18 at nil cost.

Of the nine relocatable swimming pools, five have been transferred to permanent sites, three have been returned to the manufacturer and are unlikely to be relocated to a permanent site and one pool was transferred to a private limited company for installation at a new site that is being determined.

## 15 Assets held for sale at net book value

|                                  | Group         |               | Council       |               |
|----------------------------------|---------------|---------------|---------------|---------------|
|                                  | 2017<br>£'000 | 2016<br>£'000 | 2017<br>£'000 | 2016<br>£'000 |
| As at 31 March 2016              | 259           | -             | -             | -             |
| Transfer from land and buildings |               | 259           | -             | -             |
| Impairment                       | (1)           | -             | -             | -             |
| Proceeds of sale                 | (258)         | -             | -             | -             |
| <b>Total</b>                     | <b>-</b>      | <b>259</b>    | <b>-</b>      | <b>-</b>      |

Assets held for sale in 2016 were the land and buildings of Ashlands House, Crewkerne at cost of £321,000 and accumulated depreciation of £63,000.

The sale of the property was completed in August 2016 resulting in proceeds of £258,000 which were invested by The Sports Council Trust Company in listed stocks and securities (note 13).

## 16 Trade and other receivables

|                                | Group         |               | Council       |               |
|--------------------------------|---------------|---------------|---------------|---------------|
|                                | 2017<br>£'000 | 2016<br>£'000 | 2017<br>£'000 | 2016<br>£'000 |
| Trade receivables              | 366           | 1,379         | 365           | 1,298         |
| Other receivables              | 425           | 543           | 425           | 543           |
| Staff travel loans             | 49            | 69            | 49            | 69            |
| Prepayments and accrued income | 2,293         | 1,523         | 1,230         | 1,038         |
| Sport England NLDF             | 4,547         | 4,452         | 4,547         | 4,452         |
| <b>Total</b>                   | <b>7,680</b>  | <b>7,966</b>  | <b>6,616</b>  | <b>7,400</b>  |



## 17 Grants outstanding

|                           | Group         |               | Council       |               |
|---------------------------|---------------|---------------|---------------|---------------|
|                           | 2017<br>£'000 | 2016<br>£'000 | 2017<br>£'000 | 2016<br>£'000 |
| <b>Grants outstanding</b> | <b>10,522</b> | <b>6,052</b>  | <b>10,522</b> | <b>6,052</b>  |

### Future commitments

On the undertaking that funds are to be provided by DCMS, Sport England at 31 March 2017 had entered into commitments to pay grants to award recipients in respect of their approved programmes in the following years. These commitments, which are mainly NGB 2017-2021 funding, have not been recognised in the Statement of comprehensive net expenditure or the Statement of financial position and are shown below.

|                | Group         |               | Council       |               |
|----------------|---------------|---------------|---------------|---------------|
|                | 2017<br>£'000 | 2016<br>£'000 | 2017<br>£'000 | 2016<br>£'000 |
| <b>2016-17</b> | -             | 33,712        | -             | 33,712        |
| <b>2017-18</b> | 24,527        | -             | 24,527        | -             |
| <b>2018-19</b> | 27,275        |               | 27,275        |               |
| <b>2019-20</b> | 24,174        |               | 24,174        |               |
| <b>2020-21</b> | 22,574        |               | 22,574        |               |
| <b>Total</b>   | <b>98,550</b> | <b>33,712</b> | <b>98,550</b> | <b>33,712</b> |

## 18 Trade and other payables

|  | Group         |               | Council       |               |
|--|---------------|---------------|---------------|---------------|
|  | 2017<br>£'000 | 2016<br>£'000 | 2017<br>£'000 | 2016<br>£'000 |
| Trade payables                           | 509           | 248           | 509           | 248           |
| Corporation tax                          | 14            | 9             | 7             | 8             |
| Accruals                                 | 9,450         | 6,131         | 8,809         | 6,074         |
| Pre-paid income                          | -             | 18            | -             | -             |
| Other payables                           | 427           | 450           | 427           | 450           |
| The Sports Council Trust Company         | -             | -             | 51            | 194           |
| English Sports Development Trust Limited | -             | -             | 73            | 18            |
| <b>Total</b>                             | <b>10,400</b> | <b>6,856</b>  | <b>9,876</b>  | <b>6,992</b>  |

## 19 Provisions

|                                      | Group         |               | Council       |               |
|--------------------------------------|---------------|---------------|---------------|---------------|
|                                      | 2017<br>£'000 | 2016<br>£'000 | 2017<br>£'000 | 2016<br>£'000 |
| Amounts falling due within one year: |               |               |               |               |
| Balance at 1 April                   | 51            | 119           | -             | 68            |
| Reclassification from after one year | 161           | 51            | -             | -             |
| Utilised during the year             | (109)         | (119)         | -             | (68)          |
| Reversed unused                      | (72)          | -             | -             | -             |
| <b>Balance at 31 March</b>           | <b>31</b>     | <b>51</b>     | <b>-</b>      | <b>-</b>      |

|                                     | Group         |               | Council       |               |
|-------------------------------------|---------------|---------------|---------------|---------------|
|                                     | 2017<br>£'000 | 2016<br>£'000 | 2017<br>£'000 | 2016<br>£'000 |
| Amounts falling due after one year: |               |               |               |               |
| Balance at 1 April                  | 347           | 398           | -             | -             |
| Reclassification to within one year | (161)         | (51)          | -             | -             |
| <b>Balance at 31 March</b>          | <b>186</b>    | <b>347</b>    | <b>-</b>      | <b>-</b>      |

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

### Cardigan Road

In 2014 an onerous lease provision was included at £206,000. £51,000 has been utilised annually since 2015. Early surrender of the lease is being negotiated, as a result of this £40,000 of the onerous lease provision has been reversed unused.

In 2015 a provision of £108,000 was made to cover the costs of dilapidations on the termination of the lease. £58,000 of this provision was utilised during the year. The current estimate for dilapidations is £18,000 thus £32,000 has been reversed unused.

### Bloomsbury Street

This is the main operational premises occupied by Sport England. The lease expires in November 2022 with no option to extend. A provision of £186,000 was made in 2015 to cover the costs of dilapidations.

## 20 Contingent liabilities

### Contributions towards property, plant and equipment

In 1979, the Football Association (FA) contributed £500,000 towards the construction of a hostel at Lilleshall National Sports Centre. A management agreement with the FA was entered into by 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 £500,000 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 19.

## 21 Capital commitments

The Group had capital commitments contracted but not provided for in the financial statements as 31 March 2017 amounting to £278,000 (2016: £70,000).

## 22 Pension liabilities

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

### Defined benefit LPFA scheme

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

The scheme is funded by employee and employer contributions at actuarially determined rates based on current members. Additional employer contributions are paid into the scheme to reduce the deficit as advised by the scheme's actuaries based on triennial valuations. The most recent triennial valuation was at 31 March 2016. Sport England will also make additional voluntary contributions to the scheme where the funding is available to do so.

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



## 22 Pension liabilities (continued)

The tables below show employee contribution rates and employer contributions for 2016 and 2017 and those that are expected to be made in 2018 for the Exchequer portion of the scheme:

### Employee contribution rates

| 2017 salary range  | Contribution rate | 2016 salary range  | Contribution rate |
|--------------------|-------------------|--------------------|-------------------|
| Less than £13,600  | 5.5%              | Less than £13,600  | 5.5%              |
| £13,601- £21,200   | 5.8%              | £13,601- £21,200   | 5.8%              |
| £21,201- £34,400   | 6.5%              | £21,201- £34,400   | 6.5%              |
| £34,401- £43,500   | 6.8%              | £34,401- £43,500   | 6.8%              |
| £43,501- £60,700   | 8.5%              | £43,501- £60,700   | 8.5%              |
| £60,701- £86,000   | 9.9%              | £60,701- £86,000   | 9.9%              |
| £86,001- £101,200  | 10.5%             | £86,001- £101,200  | 10.5%             |
| £101,201- £151,800 | 11.4%             | £101,201- £151,800 | 11.4%             |
| Over £151,801      | 12.5%             | Over £151,801      | 12.5%             |

### Employer contributions to schemes

|   | 2018       | 2017       | 2016       |
|---|------------|------------|------------|
| <b>All figures in £'000s</b>                  |            |            |            |
| % Employer contributions                      | 16.1%      | 12%        | 12%        |
| <b>Contributions to pension schemes</b>       |            |            |            |
| Employer contributions                        | 186        | 136        | 138        |
| Required additional contributions             | -          | 567        | 550        |
| Voluntary additional contributions            | -          | -          | 102        |
| <b>Total contributions to pension schemes</b> | <b>186</b> | <b>703</b> | <b>790</b> |

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

The following information relates to the scheme as a whole:

### Employer membership statistics

|                     | Number | Salaries/Pensions<br>£'000 | Average age |
|---------------------|--------|----------------------------|-------------|
| Actives             | 59     | 2,832                      | 49          |
| Deferred pensioners | 517    | 2,015                      | 50          |
| Pensioners          | 377    | 3,017                      | 70          |
| Unfunded pensioners | 133    | 429                        | 73          |

Represents membership data as at 31 March 2016 receiving funded and unfunded benefits.

## 22 Pension liabilities (continued)

### Financial assumptions (expressed as weighted average)

|                       | 2017<br>% per annum | 2016<br>% per annum | 2015<br>% per annum |
|-----------------------|---------------------|---------------------|---------------------|
| Price increases – RPI | 3.6%                | 3.2%                | 3.2%                |
| Price increases – CPI | 2.7%                | 2.3%                | 2.4%                |
| Salary increase       | 4.2%                | 4.1%                | 4.2%                |
| Pension increase      | 2.7%                | 2.3%                | 2.4%                |
| Discount rate         | 2.7%                | 3.7%                | 3.3%                |

### Life expectancy assumptions from age 65

|                      |         | 2017<br>Years | 2016<br>Years |
|----------------------|---------|---------------|---------------|
| Retiring today       | Males   | 22.1          | 22.7          |
|                      | Females | 24.6          | 25.4          |
| Retiring in 20 years | Males   | 24.4          | 25.1          |
|                      | Females | 26.8          | 27.7          |

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

### Statement of financial position disclosure

|   | 2017<br>£'000   | 2016<br>£'000   | 2015<br>£'000   |
|---|-----------------|-----------------|-----------------|
| Present value of funded liabilities                         | (61,087)        | (50,603)        | (54,575)        |
| Fair value of employer assets                               | 40,943          | 33,643          | 34,544          |
| Present value of unfunded liabilities                       | (3,460)         | (3,019)         | (3,262)         |
| <b>Net liability in the Statement of financial position</b> | <b>(23,604)</b> | <b>(19,979)</b> | <b>(23,293)</b> |
| Liabilities   | (64,547)        | (53,622)        | (57,837)        |
| Assets  | 40,943          | 33,643          | 34,544          |
| <b>Net liability in the Statement of financial position</b> | <b>(23,604)</b> | <b>(19,979)</b> | <b>(23,293)</b> |

### The major categories of plan assets as a percentage of total plan assets

|                         | 2017<br>£'000 | %          | 2016<br>£'000 | %          |
|-------------------------|---------------|------------|---------------|------------|
| Equities                | 24,261        | 60         | 15,628        | 46         |
| LDI/Cash flow matching  | -             | -          | 3,410         | 10         |
| Target return portfolio | 8,651         | 21         | 7,157         | 21         |
| Infrastructure          | 2,156         | 5          | 1,843         | 5          |
| Commodities             | -             | -          | 151           | 1          |
| Property                | 2,087         | 5          | 1,200         | 4          |
| Cash                    | 3,788         | 9          | 4,254         | 13         |
| <b>Total</b>            | <b>40,943</b> | <b>100</b> | <b>33,643</b> | <b>100</b> |

## 22 Pension liabilities (continued)

### Amounts recognised in the Statement of comprehensive net expenditure

|   | 2017<br>£'000 | 2016<br>£'000 |
|---|---------------|---------------|
| Service cost                                      | 246           | 326           |
| Net interest on the net defined benefit liability | 693           | 725           |
| Administration expenses                           | 40            | 48            |
| <b>Total</b>                                      | <b>979</b>    | <b>1,099</b>  |

### Re-measurements in Other comprehensive income

|   | 2017<br>£'000  | 2016<br>£'000 |
|---|----------------|---------------|
| Return on plan assets in excess of interest   | 5,611          | (1,391)       |
| Change in demographic assumptions             | 585            | -             |
| Change in financial assumptions               | (13,252)       | 5,012         |
| Actuarial gains                               | 1,194          | -             |
| Experience gain on defined benefit obligation | 2,513          | 2             |
| <b>Total Re-measurement (cost)/credit</b>     | <b>(3,349)</b> | <b>3,623</b>  |

### Changes in the present value of the defined benefit obligation

|   | 2017<br>£'000 | 2016<br>£'000 |
|---|---------------|---------------|
| <b>Opening defined benefit obligation</b>     | <b>53,622</b> | <b>57,837</b> |
| Service cost                                  | 246           | 326           |
| Interest cost                                 | 1,958         | 1,886         |
| Change in demographic assumptions             | (585)         | -             |
| Change in financial assumptions               | 13,252        | (5,012)       |
| Experience gain on defined benefit obligation | (2,513)       | (2)           |
| Contributions by members                      | 103           | 98            |
| Estimated unfunded benefits paid              | (175)         | (175)         |
| Estimated benefits paid                       | (1,361)       | (1,336)       |
| <b>Closing defined benefit obligation</b>     | <b>64,547</b> | <b>53,622</b> |

### Changes in the fair value of the plan assets

|  | 2017<br>£'000 | 2016<br>£'000 |
|--|---------------|---------------|
| <b>Opening fair value of employer assets</b> | <b>33,643</b> | <b>34,544</b> |
| Interest on assets                           | 1,265         | 1,161         |
| Return on assets less interest               | 5,611         | (1,391)       |
| Actuarial gains                              | 1,194         | -             |
| Administration expenses                      | (40)          | (48)          |
| Contributions by members                     | 103           | 98            |
| Contributions by employer                    | 703           | 790           |
| Estimated benefits paid                      | (1,536)       | (1,511)       |
| <b>Closing fair value of employer assets</b> | <b>40,943</b> | <b>33,643</b> |



## 22 Pension liabilities (continued)

### Sensitivity Analysis

|  | £'000   | £'000  | £'000   |
|--|---------|--------|---------|
| Adjustment to discount rate                              | +0.1%   | 0.0%   | -0.1%   |
| Present value of total obligation                        | 63,440  | 64,547 | 65,675  |
| Projected service cost                                   | 379     | 389    | 398     |
| Adjustment to long-term salary increase                  | +0.1%   | 0.0%   | -0.1%   |
| Present value of total obligation                        | 64,631  | 64,547 | 64,463  |
| Projected service cost                                   | 389     | 389    | 389     |
| Adjustment to pension increases and deferred revaluation | +0.1%   | 0.0%   | -0.1%   |
| Present value of total obligation                        | 65,589  | 64,547 | 63,522  |
| Projected service cost                                   | 398     | 389    | 379     |
| Adjustment to life expectancy assumption                 | +1 year | None   | -1 year |
| Present value of total obligation                        | 67,007  | 64,547 | 62,180  |
| Projected service costs                                  | 401     | 389    | 377     |

### Defined contribution Aviva GPPP

Employer contributions for staff members of this scheme for the year ended 31 March 2017 were £226,000 (2016: £225,000). Auto enrolment was implemented from April 2014. There were no amounts outstanding or pre-paid at 31 March 2017 (2016: £nil).

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

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

<sup>2</sup> Relates to auto enrolment

## 23 Revaluation reserves - group

|  | 2017<br>£'000 | 2016<br>£'000 |
|--|---------------|---------------|
| <b>Land and buildings</b>                  |               |               |
| <b>Balance at 1 April</b>                  | <b>31,057</b> | <b>24,224</b> |
| Surplus owing to revaluation of properties | 6,568         | 7,550         |
| Amortisation of revaluation reserve        | (830)         | (717)         |
| Property disposal                          | (161)         | -             |
| <b>Balance at 31 March</b>                 | <b>36,634</b> | <b>31,057</b> |

For further detail relating to the surplus owing to the revaluation of properties see note 11 Property, plant and equipment – group.

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

|  | Group           |                 | Council         |                 |
|--|-----------------|-----------------|-----------------|-----------------|
|  | 2017<br>£'000   | 2016<br>£'000   | 2017<br>£'000   | 2016<br>£'000   |
| Net operating expenditure  | (102,587)       | (95,722)        | (101,719)       | (97,245)        |
| Depreciation   | 3,585           | 3,658           | 359             | 402             |
| Impairment reversals   | (384)           | (2,376)         | -               | -               |
| Net interest on net defined benefit liability and administration costs | 733             | 773             | 733             | 773             |
| Decrease in receivables  | 286             | 3,129           | 784             | 3,221           |
| Increase/(decrease) in payables  | 3,545           | (1,586)         | 2,884           | (1,654)         |
| Increase in grants outstanding   | 4,470           | 3,823           | 4,470           | 3,823           |
| Decrease in provisions   | (181)           | (119)           | -               | (68)            |
| LPFA service costs   | 246             | 326             | 246             | 326             |
| LPFA employer contributions  | (703)           | (790)           | (703)           | (790)           |
| Assets gifted to subsidiaries  | -               | -               | 1,938           | 2,407           |
| Taxation   | (13)            | (8)             | (6)             | (7)             |
| Interest received  | 35              | 37              | 35              | 37              |
| <b>Net cash outflow from operating activities</b>                      | <b>(90,968)</b> | <b>(88,855)</b> | <b>(90,979)</b> | <b>(88,775)</b> |

## 25 Related party transactions

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

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

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 and Committee Members, Executive Directors and principal decision makers 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 2017. Decommitments are shown in brackets.
- Awards unpaid at 31 March 2017
- Supplier transactions during the year ended 31 March 2017. There were no unpaid amounts on these transactions at 31 March 2017.

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

| Relationship  | Awards made in 2016-17<br>£ | Awards unpaid at 31 March 2017<br>£ | Supplier transactions in 2016-17<br>£ |
|---|-----------------------------|-------------------------------------|---------------------------------------|
| <b>Department for Culture, Media and Sport</b>            |                             |                                     |                                       |
| Grant-In-Aid funding                                      |                             |                                     | 105,648,500                           |
| Payable by Sport England                                  |                             |                                     | 8,496                                 |
| <b>The Sports Council Trust Company</b>                   |                             |                                     |                                       |
| Payable by Sport England                                  |                             |                                     | 534,566                               |
| <b>English Sports Development Trust Limited</b>           |                             |                                     |                                       |
| Payable by Sport England                                  |                             |                                     | 4,322                                 |
| <b>Nick Bitel</b>   |                             |                                     |                                       |
| Partner: Member Lawn Tennis Association                   | 1,563,000                   | 186,611                             |                                       |
| Consultant to advisors of Rugby Football Union            | 500,000                     |                                     | 18,999                                |
| Consultant to advisors of England and Wales Cricket Board | 1,877,000                   | 355,551                             |                                       |
| Member, All England Lawn Tennis and Croquet Club          |                             |                                     | 744                                   |
| Board Member, UK Sport                                    |                             |                                     | 467                                   |
| <b>Professor Denise Barrett-Baxendale MBE</b>             |                             |                                     |                                       |
| Director, Everton Football Club                           |                             |                                     | 937                                   |
| Board Member, British Canoeing                            | 173,692                     | 1,560                               |                                       |
| <b>Kate Bosomworth</b>                                    |                             |                                     |                                       |
| Trustee, Disability Sports Coach                          | 158,646                     |                                     |                                       |
| <b>Professor Ian Cumming OBE</b>                          |                             |                                     |                                       |
| Member, Amateur Swimming Association                      | 1,627,864                   | 85,790                              |                                       |



## 25 Related party transactions (continued)

| Relationship  | Awards made in 2016-17<br>£        | Awards unpaid at 31 March 2017<br>£ | Supplier transactions in 2016-17<br>£ |
|---|------------------------------------|-------------------------------------|---------------------------------------|
| <b>Chris Grant</b><br>Employment, Sported<br>Consultant, UK Sport   | 36,000                             | 36,000                              | 327<br>467                            |
| <b>Debbie Jevans CBE</b><br>Committee Member, All England Lawn Tennis and Croquet Club  |                                    |                                     | 744                                   |
| <b>Wasim Khan MBE</b><br>Member, England and Wales Cricket Board  | 1,877,000                          | 355,551                             |                                       |
| <b>Karen Pickering MBE</b><br>Member, Amateur Swimming Association<br>Imm. Family: Member, Amateur Swimming Association   | 1,627,864                          | 85,790                              |                                       |
| <b>Charles Reed</b><br>Chair, English Federation of Disability Sport  | 1,214,495                          |                                     |                                       |
| <b>Ian Drake</b><br>Director, British Cycling<br>Imm. Family: Employment, Northamptonshire CSP  | 3,280,138<br>8,000                 | 417,233                             |                                       |
| <b>Clare Connor OBE</b><br>Employment, England and Wales Cricket Board  | 1,877,000                          | 355,551                             |                                       |
| <b>Sally Gunnell OBE</b><br>Partner: Employment, England Athletics  |                                    |                                     | 409                                   |
| <b>Mark Spelman</b><br>Consultant, Ipsos MORI   |                                    |                                     | 618,947                               |
| <b>John Flook</b><br>Board Member, British Orienteering Federation  | 197,492                            |                                     |                                       |
| <b>Peter Rowley OBE</b><br>Member, England Athletics<br>Director, Skillsactive<br>Chair, British Weightlifters Association<br>Chair, The Sports Council Trust Company<br>Director, Streetgames UK | (4,781)<br>152,300                 | 17,520                              | 409<br>534,566<br>1,751               |
| <b>Rona Chester</b><br>Board Member, Football Foundation<br>Member, England Golf<br>Partner: Member, England Golf<br>Member, Lawn Tennis Association<br>Partner: Member, Lawn Tennis Association  | 18,040,000<br>150,962<br>1,563,000 | 135,962<br>186,611                  |                                       |
| <b>Lisa O'Keefe</b><br>Board Member, Mountain Training Trust<br>Member, British Mountaineering Council<br>Member, British Cycling   | 75,404<br>155,000<br>3,280,138     | 52,352<br>417,233                   | 284,222                               |
| <b>Jennie Price CBE</b><br>Partner: Chair, Institute of Groundsmanship<br>Partner: Board Member, British Fencing Association  | 174,627                            |                                     | 295                                   |
| <b>Alison Selfe</b><br>Imm Family: Member, British Cycling  | 3,280,138                          | 417,233                             |                                       |

## 26 Derivatives and other financial instruments

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

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

The Sports Council Trust Company holds a financial instrument listed in the United Kingdom. The return from investments is not material (2017: £26,000; 2016: £19,000). Due to the value of the investment held by The Sports Council Trust Company, Sport England is not exposed to significant market risk. The Board of The Sports Council Trust Company regularly undertakes reviews to mitigate the risks of performance of this instrument.

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

## 27 Events after the reporting period

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

# The English Sports Council

National Lottery Distribution Fund

Accounts for the year ended 31 March 2017



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

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

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

In preparing the financial statements The Council is required to:

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

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

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

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

The Accounting Officer confirms that the annual report and accounts as a whole is fair, balanced and understandable and takes personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

### Jennie Price CBE

Chief Executive and Accounting Officer  
The English Sports Council

22 June 2017

### Nick Bitel

Chair  
The English Sports Council

22 June 2017

## The certificate and report of the Comptroller and Auditor General to the House of Commons

I certify that I have audited the financial statements of the English Sports Council National Lottery Distribution Fund for the year ended 31 March 2017 under the National Lottery etc. Act 1993. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration and Staff Report that is described in that report as having been audited.

### **Respective responsibilities of the Council, Chief Executive and auditor**

As explained more fully in the Statement of the Council's and Chief Executive's Responsibilities, the Council and Chief Executive are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with International Standards on Auditing (UK and Ireland).

Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the English Sports Council National Lottery Distribution Fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the English Sports Council National Lottery Distribution Fund; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies

with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit.

If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

### **Opinion on regularity**

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

### **Opinion on financial statements**

In my opinion:

- the financial statements give a true and fair view of the state of the English Sports Council National Lottery Distribution Fund's affairs as at 31 March 2017 and of its net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the National Lottery etc. Act 1993 and Secretary of State directions issued thereunder.

### **Opinion on other matters**

In my opinion:

- the parts of the Remuneration and Staff Report to be audited have been properly prepared in accordance with Secretary of State directions made under the National Lottery etc. Act 1993; and

- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which I report by exception**

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

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

### **Report**

I have no observations to make on these financial statements.

**Sir Amyas C E Morse**  
**Comptroller and Auditor General**  
 National Audit Office  
 157-197 Buckingham Palace Road  
 Victoria  
 London  
 SW1W 9SP  
 7 July 2017



## Index to the National Lottery Distribution Fund Accounts

| <b>Abbreviation</b> | <b>National Lottery Distribution Fund Accounts</b> | <b>97-115</b>  |
|---------------------|--|----------------|
| SOCNE               | Statement of comprehensive net expenditure         | 97             |
| SOFP                | Statement of financial position                    | 98             |
| Cash flow           | Statement of cash flows                            | 99             |
| Equity              | Statement of changes in equity                     | 100            |
| <b>Note number</b>  | <b>Notes to the accounts</b>                       | <b>101-115</b> |
| 1                   | Statement of accounting policies                   | 101-103        |
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| 3                   | Other income                                       | 104            |
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| 7                   | Sports development costs                           | 106            |
| 8                   | Operating costs                                    | 107            |
| 9                   | Capital commitments                                | 107            |
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| 14                  | Related party transactions                         | 113-115        |
| 15                  | Derivatives and other financial instruments        | 115            |
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## Statement of comprehensive net expenditure for the year ended 31 March 2017

|  | Note | 2017<br>£'000   | 2016<br>£'000  |
|--|------|-----------------|----------------|
| <b>Income</b>  |      |                 |                |
| National Lottery share of proceeds                               | 2    | 202,113         | 238,492        |
| National Lottery investment returns                              | 2    | 659             | 973            |
| Grant recoveries   |      | 243             | 285            |
| Interest receivable  |      | 2               | 5              |
| Other income   | 3    | 753             | 1,224          |
| <b>Total</b>   |      | <b>203,770</b>  | <b>240,979</b> |
| <b>Expenditure</b>   |      |                 |                |
| Grants made  | 4    | 209,345         | 120,190        |
| Grant de-commitments   | 4    | (1,244)         | (3,356)        |
| Non-cash grants  | 5    | 4,919           | 4,038          |
| Staff costs  | 6    | 10,126          | 9,876          |
| Sport development costs  | 7    | 8,192           | 9,225          |
| Operating costs  | 8    | 4,192           | 4,446          |
| <b>Total</b>   |      | <b>235,530</b>  | <b>144,419</b> |
| Net interest on the net defined benefit liability                |      | 1,005           | 1,050          |
| <b>Net (expenditure)/income before taxation</b>                  |      | <b>(32,765)</b> | <b>95,510</b>  |
| <b>Taxation</b>  |      | -               | (1)            |
| <b>Net (expenditure)/income for the year</b>                     |      | <b>(32,765)</b> | <b>95,509</b>  |
| <b>Other comprehensive income</b>                                |      |                 |                |
| Re-measurement of the defined benefit liability                  |      | (4,490)         | 5,157          |
| <b>Total comprehensive net (expenditure)/income for the year</b> |      | <b>(37,255)</b> | <b>100,666</b> |

All Income and Expenditure relates to continuing activities.

The notes on pages 101 to 115 form part of these accounts.

## Statement of financial position as at 31 March 2017

|  | Note | 2017<br>£'000    | 2016<br>£'000    |
|--|------|------------------|------------------|
| <b>Current assets</b>                        |      |                  |                  |
| National Lottery Distribution Fund           | 2    | 97,340           | 123,369          |
| Trade receivables                            |      | 76               | 94               |
| Cash and cash equivalents                    |      | 145              | 1,546            |
| <b>Total</b>                                 |      | <b>97,561</b>    | <b>125,009</b>   |
| <b>Non-current assets</b>                    |      |                  |                  |
| Trade receivables                            |      | -                | 43               |
| <b>Total assets</b>                          |      | <b>97,561</b>    | <b>125,052</b>   |
| <b>Current liabilities</b>                   |      |                  |                  |
| Trade and other payables                     | 10   | (4,547)          | (4,452)          |
| Grants payable                               | 11   | (170,726)        | (213,757)        |
| <b>Total</b>                                 |      | <b>(175,273)</b> | <b>(218,209)</b> |
| <b>Total assets less current liabilities</b> |      | <b>(77,712)</b>  | <b>(93,157)</b>  |
| <b>Non-current liabilities</b>               |      |                  |                  |
| Grants payable                               | 11   | (90,063)         | (42,331)         |
| Pension liabilities                          | 13   | (31,740)         | (26,772)         |
| <b>Total</b>                                 |      | <b>(121,803)</b> | <b>(69,103)</b>  |
| <b>Net liabilities</b>                       |      | <b>(199,515)</b> | <b>(162,260)</b> |
| <b>Equity</b>                                |      |                  |                  |
| General reserve                              |      | (167,775)        | (135,488)        |
| Pension reserve                              |      | (31,740)         | (26,772)         |
| <b>Total</b>                                 |      | <b>(199,515)</b> | <b>(162,260)</b> |

The notes on pages 101 to 115 form part of these accounts

**Jennie Price CBE**

Chief Executive and Accounting Officer  
The English Sports Council  
22 June 2017

**Nick Bitel**

Chair  
The English Sports Council  
22 June 2017



## Statement of cash flows for the year ended 31 March 2017

|   | 2017<br>£'000   | 2016<br>£'000 |
|---|-----------------|---------------|
| <b>Net (expenditure)/income before taxation</b>             | <b>(32,765)</b> | <b>95,510</b> |
| Decrease in trade and other receivables                     | 61              | 70            |
| Increase/(decrease) in trade and other payables             | 95              | (3,701)       |
| Increase/(decrease) in grant commitments                    | 4,701           | (125,324)     |
| Corporation tax   | -               | (1)           |
| Movement in pension liabilities                             | 478             | 531           |
| Decrease in NLDF  | 26,029          | 34,336        |
| <b>Net cash (outflow)/inflow from operating activities</b>  | <b>(1,401)</b>  | <b>1,421</b>  |
| <b>Net (decrease)/increase in cash and cash equivalents</b> | <b>(1,401)</b>  | <b>1,421</b>  |
| Cash and cash equivalents at 1 April                        | 1,546           | 125           |
| <b>Cash and cash equivalents at 31 March</b>                | <b>145</b>      | <b>1,546</b>  |

The notes on pages 101 to 115 form part of these accounts.

## Statement of changes in equity for the year ended 31 March 2017

|   | Pension<br>Reserve<br>£'000 | General<br>Reserve<br>£'000 | Total<br>£'000   |
|---|-----------------------------|-----------------------------|------------------|
| <b>Balance at 1 April 2015</b>              | <b>(31,398)</b>             | <b>(231,528)</b>            | <b>(262,926)</b> |
| Net income for the year                     | -                           | 95,509                      | 95,509           |
| Re-measurement of defined benefit liability | 5,157                       | -                           | 5,157            |
| Transfer between reserves                   | (531)                       | 531                         | -                |
| <b>Balance at 31 March 2016</b>             | <b>(26,772)</b>             | <b>(135,488)</b>            | <b>(162,260)</b> |
| Net expenditure for the year                | -                           | (32,765)                    | (32,765)         |
| Re-measurement of defined benefit liability | (4,490)                     | -                           | (4,490)          |
| Transfer between reserves                   | (478)                       | 478                         | -                |
| <b>Balance at 31 March 2017</b>             | <b>(31,740)</b>             | <b>(167,775)</b>            | <b>(199,515)</b> |

The notes on pages 101 to 115 form part of these accounts.

## Notes to the accounts

### 1 Statement of accounting policies

These accounts have been prepared in accordance with the National Lottery etc. Act 1993 (as amended), the Lottery Accounts Direction issued thereunder by the Secretary of State for Culture, Media and Sport with the consent of HM Treasury in December 2014 and the 2016-17 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.

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 2017. Comparative figures are shown for the year ended 31 March 2016.

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

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

#### 1.3 National Lottery Distribution Fund

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

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

#### 1.4 Income recognition

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.

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

## 1.5 Grants

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

Grant awards which do not meet the definition of liabilities are not included in expenditure in the Statement of comprehensive net expenditure but are disclosed as contingent liabilities in note 12. These are amounts which the Board, or the relevant delegated authority, have agreed to consider at a future date subject to the required conditions being met.

## 1.6 Non-cash grants

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

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

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

## 1.7 Other expenditure

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

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

All Lottery expenditure on Staff, Sports development and Operating costs is initially funded by Exchequer. Sport England is required to apportion expenditure between its Exchequer and Lottery activities. Amounts used by Exchequer to initially fund Lottery activities are reimbursed throughout the year by Lottery and any

outstanding balance at the year-end is reflected as a payable balance in the Lottery accounts with a corresponding receivable balance in the Exchequer accounts. The apportionment of expenditure is calculated using metrics derived from the organisation's annual business planning process, unless the costs are considered to be entirely Exchequer or Lottery related. The resulting cost allocations are subject to annual review by the Executive Team. These calculations are also subject to audit.

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

## 1.8 Trade receivables

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

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

## 1.9 Cash and cash equivalents

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

## 1.10 Trade and other payables

Trade and other payables are recognised at fair value.

## 1.11 Taxation

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

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

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

## 1.12 Pensions

### Defined contribution scheme

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



### Defined benefit scheme

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

The pension liabilities and assets of the defined benefit scheme are recorded in accordance with IAS 19 (2011) which measures the value of pension assets and liabilities at the Statement of financial position date, determines the benefits accrued in the year, and the interest on the scheme's assets and liabilities. This valuation is undertaken by an independent actuary.

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

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

The scheme's administration expenses are shown in the Statement of comprehensive net expenditure within operating costs. Re-measurement of the net defined benefit liability which comprises actuarial gains and losses and returns on plan assets (in excess of interest), is recognised immediately in the Statement of financial position and in Other comprehensive income.

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

### 1.13 Use of estimates and judgement

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

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

Estimates are made in relation to the pension scheme defined benefit plan assets and liabilities which determine the scheme's deficit position, and for the profiling of the future periods when grants payable fall due for payment.

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

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

## 2 National Lottery Distribution Fund

|   | 2017<br>£'000  | 2016<br>£'000  |
|---|----------------|----------------|
| <b>Balance at 1 April</b>                 | <b>123,369</b> | <b>157,705</b> |
| Share of proceeds                         | 202,113        | 238,492        |
| Investment returns                        | 659            | 973            |
| Funds drawn down                          | (228,801)      | (273,801)      |
| <b>National Lottery share of proceeds</b> | <b>97,340</b>  | <b>123,369</b> |

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

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

Capital sums are distributed in accordance with the provisions of the National Lottery etc. Act 1993 (as amended). Investment returns are apportioned on the basis of the percentage share of the NLDF at the time the interest is received.

## 3 Other income

|                                | 2017<br>£'000 | 2016<br>£'000 |
|--------------------------------|---------------|---------------|
| External funding income        | 43            | 213           |
| Active people survey recharges | 512           | 618           |
| Other recharges                | 198           | 393           |
| <b>Total</b>                   | <b>753</b>    | <b>1,224</b>  |

## 4 Grants made

|                                    | 2017<br>£'000  | 2016<br>£'000  |
|------------------------------------|----------------|----------------|
| Grants made in the year            | 209,345        | 120,190        |
| Grant de-commitments               | (1,244)        | (3,356)        |
| <b>Net grants made</b>             | <b>208,101</b> | <b>116,834</b> |
| Local delivery                     | 1,542          | 12,191         |
| Inactivity                         | 11,326         | 3,674          |
| Children and young people          | 17,715         | 21,380         |
| Volunteering                       | 33             | 803            |
| Mass markets                       | 23,197         | 1,331          |
| Facilities                         | 37,073         | 33,518         |
| Core market                        | 108,673        | 26,966         |
| Coaching and Workforce             | 2,432          | 981            |
| County Sports Partnerships         | 7,067          | 16,073         |
| Other programmes and decommitments | (957)          | (83)           |
| <b>Total</b>                       | <b>208,101</b> | <b>116,834</b> |

The aggregate amount in 2016 is unchanged from last year at £116.8 million; however the categories of grants have been revised in order to reflect the new 2016-2021 strategy.

## 5 Non-cash grants

|  | 2017<br>£'000 | 2016<br>£'000 |
|--|---------------|---------------|
| Club Matters - guidance and support for running a club | 1,993         | 1,767         |
| Creative assets of the "This Girl Can" campaign        | 2,926         | 2,271         |
| <b>Total</b>   | <b>4,919</b>  | <b>4,038</b>  |

## 6 Staff costs

|                                       | 2017<br>£'000 | 2016<br>£'000 |
|---------------------------------------|---------------|---------------|
| <b>Permanent and fixed term staff</b> |               |               |
| Wages and salaries                    | 7,497         | 7,228         |
| Social security costs                 | 786           | 760           |
| Pension costs                         | 1,082         | 1,133         |
| <b>Total</b>                          | <b>9,365</b>  | <b>9,121</b>  |
| Agency staff                          | 761           | 755           |
| <b>Total staff costs</b>              | <b>10,126</b> | <b>9,876</b>  |

## 7 Sports development costs

|                                       | 2017<br>£'000 | 2016<br>£'000 |
|---------------------------------------|---------------|---------------|
| <b>Grant programme support costs</b>  |               |               |
| Local delivery                        | 82            | 121           |
| Inactivity                            | 7             | 25            |
| Children and young people             | 19            | 107           |
| Volunteering                          | -             | 67            |
| Mass markets                          | 246           | 252           |
| Facilities                            | 489           | 562           |
| Core market                           | 241           | 132           |
| Coaching/Workforce                    | 65            | 54            |
| Other                                 | 823           | 1,089         |
| <b>Total</b>                          | <b>1,972</b>  | <b>2,409</b>  |
| <b>Other sports development costs</b> |               |               |
| Legal                                 | 164           | 458           |
| Measurement surveys                   | 2,886         | 3,055         |
| Research                              | 539           | 408           |
| Facilities expertise and support      | 219           | 306           |
| Planning data and guidance            | 798           | 810           |
| Communications                        | 281           | 268           |
| Other costs                           | (47)          | (31)          |
| Irrecoverable VAT                     | 1,380         | 1,542         |
| <b>Total</b>                          | <b>6,220</b>  | <b>6,816</b>  |
| <b>Total</b>                          | <b>8,192</b>  | <b>9,225</b>  |

The aggregate amount in 2016 is unchanged from last year at £9.2million; however the categories have been revised in order to reflect the new 2016-2021 strategy and the review of underlying cost classifications.

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



## 8 Operating costs

|  | 2017<br>£'000 | 2016<br>£'000 |
|--|---------------|---------------|
| Auditor's remuneration <sup>1</sup>          | 50            | 53            |
| Board expenses                               | 5             | 8             |
| Communications                               | 171           | 138           |
| Grant outsourcing costs                      | 175           | 227           |
| Internal audit and governance                | 92            | 115           |
| Irrecoverable VAT                            | 498           | 583           |
| IT infrastructure and systems costs          | 1,015         | 765           |
| Legal  | 76            | 115           |
| Other costs                                  | (2)           | 178           |
| Other staff costs                            | 178           | 105           |
| Property operating leases                    | 823           | 985           |
| Bloomsbury Street fit-out costs              | 37            | 32            |
| Staff training                               | 174           | 228           |
| Travel and subsistence                       | 589           | 562           |
| Asset hire                                   | 241           | 270           |
| Defined benefit scheme administration charge | 70            | 82            |
| <b>Total</b>                                 | <b>4,192</b>  | <b>4,446</b>  |

<sup>1</sup> No other payment was made to the auditors for non-audit work. The audit fees for the year were £50,000 (2016: £52,500).

## 9 Capital commitments

There are no capital commitments as at 31 March 2017 (2016: £nil).

## 10 Trade and other payables

|                            | 2017<br>£'000 | 2016<br>£'000 |
|----------------------------|---------------|---------------|
| Sport England Grant-in-Aid | 4,547         | 4,452         |
| <b>Total</b>               | <b>4,547</b>  | <b>4,452</b>  |

## 11 Grants payable

|  | 2017<br>£'000  | 2016<br>£'000  |
|--|----------------|----------------|
| <b>Grants payable at 1 April</b>       | <b>256,088</b> | <b>381,413</b> |
| Grants paid during the year            | (203,400)      | (242,159)      |
| Grant de-commitments                   | (1,244)        | (3,356)        |
| Grants made in the year                | 209,345        | 120,190        |
| <b>Grants payable at 31 March</b>      | <b>260,789</b> | <b>256,088</b> |
| Amounts due during 2017 Financial Year | -              | 213,757        |
| Amounts due during 2018 Financial Year | 170,726        | 39,260         |
| Amounts due during 2019 Financial Year | 44,610         | 3,071          |
| Amounts due during 2020 Financial Year | 24,675         | -              |
| Amounts due during 2021 Financial Year | 20,778         | -              |
| <b>Grants payable at 31 March</b>      | <b>260,789</b> | <b>256,088</b> |

Grant commitments payable in more than one year amount to £90.1 million (2016: £42.3 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.

## 12 Contingent Liabilities

Contingent liabilities amounting to £20.3 million (2016: £23.6 million) comprise of grant commitments where the conditions of the funding remain under the control of Sport England.

## 13 Pension liabilities

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

### Defined benefit LPFA scheme

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

The scheme is funded by employee and employer contributions at actuarially determined rates based on current members. Additional employer contributions are paid into the scheme to reduce the deficit as advised by the scheme's actuaries based on triennial valuations, the most recent triennial valuation being 31 March 2016. Sport England will make additional voluntary contributions to the scheme where the funding is available to do so.

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

## 13 Pension liabilities (continued)

The tables below show employee contribution rates and employer contributions for 2016 and 2017 and those that are expected to be made in 2018 for the Lottery portion of the scheme:

### Employee contribution rates

| 2017 salary range  | Contribution rate | 2016 salary range  | Contribution rate |
|--------------------|-------------------|--------------------|-------------------|
| Less than £13,600  | 5.5%              | Less than £13,600  | 5.5%              |
| £13,601- £21,200   | 5.8%              | £13,601- £21,200   | 5.8%              |
| £21,201- £34,400   | 6.5%              | £21,201- £34,400   | 6.5%              |
| £34,401- £43,500   | 6.8%              | £34,401- £43,500   | 6.8%              |
| £43,501- £60,700   | 8.5%              | £43,501- £60,700   | 8.5%              |
| £60,701- £86,000   | 9.9%              | £60,701- £86,000   | 9.9%              |
| £86,001- £101,200  | 10.5%             | £86,001- £101,200  | 10.5%             |
| £101,201- £151,800 | 11.4%             | £101,201- £151,800 | 11.4%             |
| Over £151,801      | 12.5%             | Over £151,801      | 12.5%             |

### Employer contributions to schemes

|   | 2018       | 2017         | 2016         |
|---|------------|--------------|--------------|
| All figures in £'000s                         |            |              |              |
| % Employer contributions                      | 16.1%      | 12%          | 12%          |
| <b>Contributions to pension schemes</b>       |            |              |              |
| Employer contributions                        | 269        | 197          | 200          |
| Required additional contributions             | -          | 823          | 798          |
| Voluntary additional contributions            | -          | -            | 148          |
| <b>Total contributions to pension schemes</b> | <b>269</b> | <b>1,020</b> | <b>1,146</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 1.12).

The following information relates to the scheme as a whole:

### Employer membership statistics

|                     | Number | Salaries/Pensions<br>£'000 | Average age |
|---------------------|--------|----------------------------|-------------|
| Actives             | 59     | 2,832                      | 49          |
| Deferred pensioners | 517    | 2,015                      | 50          |
| Pensioners          | 377    | 3,017                      | 70          |
| Unfunded pensioners | 133    | 429                        | 73          |

Represents membership data as at 31 March 2016 receiving funded and unfunded benefits.

## 13 Pension liabilities (continued)

### Financial assumptions (expressed as weighted average)

|                       | 2017<br>% per annum | 2016<br>% per annum | 2015<br>% per annum |
|-----------------------|---------------------|---------------------|---------------------|
| Price increases – RPI | 3.6%                | 3.2%                | 3.2%                |
| Price increases – CPI | 2.7%                | 2.3%                | 2.4%                |
| Salary increase       | 4.2%                | 4.1%                | 4.2%                |
| Pension increase      | 2.7%                | 2.3%                | 2.4%                |
| Discount rate         | 2.7%                | 3.7%                | 3.3%                |

### Life expectancy assumptions from age 65

|                      |        | 2017<br>Years | 2016<br>Years |
|----------------------|--------|---------------|---------------|
| Retiring today       | Male   | 22.1          | 22.7          |
|                      | Female | 24.6          | 25.4          |
| Retiring in 20 years | Male   | 24.4          | 25.1          |
|                      | Female | 26.8          | 27.7          |

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

### Statement of financial position disclosure

|   | 2017<br>£'000   | 2016<br>£'000   | 2015<br>£'000   |
|---|-----------------|-----------------|-----------------|
| Present value of funded liabilities                         | (88,521)        | (73,266)        | (78,940)        |
| Fair value of employer assets                               | 61,972          | 51,023          | 52,436          |
| Present value of unfunded liabilities                       | (5,191)         | (4,529)         | (4,894)         |
| <b>Net liability in the Statement of financial position</b> | <b>(31,740)</b> | <b>(26,772)</b> | <b>(31,398)</b> |
| Liabilities   | (93,712)        | (77,795)        | (83,834)        |
| Assets  | 61,972          | 51,023          | 52,436          |
| <b>Net liability in the Statement of financial position</b> | <b>(31,740)</b> | <b>(26,772)</b> | <b>(31,398)</b> |

### The major categories of plan assets as a percentage of total plan assets

|                         | 2017<br>£'000 | 2017<br>%  | 2016<br>£'000 | 2016<br>%  |
|-------------------------|---------------|------------|---------------|------------|
| Equities                | 36,720        | 60         | 23,702        | 46         |
| LDI/Cash flow matching  | -             | -          | 5,172         | 10         |
| Target return portfolio | 13,095        | 21         | 10,853        | 21         |
| Infrastructure          | 3,263         | 5          | 2,795         | 5          |
| Commodities             | -             | -          | 228           | 1          |
| Property                | 3,160         | 5          | 1,821         | 4          |
| Cash                    | 5,734         | 9          | 6,452         | 13         |
| <b>Total</b>            | <b>61,972</b> | <b>100</b> | <b>51,023</b> | <b>100</b> |



## 13 Pension liabilities (continued)

### Amounts recognised in the Statement of comprehensive net expenditure

|   | 2017<br>£'000 | 2016<br>£'000 |
|---|---------------|---------------|
| Service cost                                      | 423           | 545           |
| Net interest on the net defined benefit liability | 1,005         | 1,050         |
| Administration expenses                           | 70            | 82            |
| <b>Total</b>                                      | <b>1,498</b>  | <b>1,677</b>  |

### Re-measurements in Other comprehensive income

|   | 2017<br>£'000  | 2016<br>£'000 |
|---|----------------|---------------|
| Return on plan assets in excess of interest   | 8,510          | (2,112)       |
| Change in demographic assumptions             | 848            | -             |
| Change in financial assumptions               | (19,227)       | 7,265         |
| Actuarial gains                               | 1,732          | -             |
| Experience gain on defined benefit obligation | 3,647          | 4             |
| <b>Total Re-measurement (cost)/credit</b>     | <b>(4,490)</b> | <b>5,157</b>  |

### Changes in the present value of the defined benefit obligation

|   | 2017<br>£'000 | 2016<br>£'000 |
|---|---------------|---------------|
| Opening defined benefit obligation            | 77,795        | 83,834        |
| Service cost                                  | 423           | 545           |
| Interest cost                                 | 2,840         | 2,734         |
| Change in demographic assumptions             | (848)         | -             |
| Change in financial assumptions               | 19,227        | (7,265)       |
| Experience gain on defined benefit obligation | (3,647)       | (4)           |
| Contributions by members                      | 150           | 141           |
| Estimated unfunded benefits paid              | (254)         | (254)         |
| Estimated benefits paid                       | (1,974)       | (1,936)       |
| <b>Closing defined benefit obligation</b>     | <b>93,712</b> | <b>77,795</b> |

### Changes in the fair value of the plan assets

|  | 2017<br>£'000 | 2016<br>£'000 |
|--|---------------|---------------|
| <b>Opening fair value of employer assets</b> | <b>51,023</b> | <b>52,436</b> |
| Interest on assets                           | 1,835         | 1,684         |
| Return on assets less interest               | 8,510         | (2,112)       |
| Actuarial gains                              | 1,732         | -             |
| Administration expenses                      | (70)          | (82)          |
| Contributions by members                     | 150           | 141           |
| Contributions by employer                    | 1,020         | 1,146         |
| Estimated benefits paid                      | (2,228)       | (2,190)       |
| <b>Closing fair value of employer assets</b> | <b>61,972</b> | <b>51,023</b> |

## 13 Pension liabilities (continued)

### Sensitivity Analysis

|  | £'000   | £'000  | £'000   |
|--|---------|--------|---------|
| Adjustment to discount rate                              | +0.1%   | 0.0%   | -0.1%   |
| Present value of total obligation                        | 92,104  | 93,712 | 95,349  |
| Projected service cost                                   | 652     | 668    | 685     |
| Adjustment to long-term salary increase                  | +0.1%   | 0.0%   | -0.1%   |
| Present value of total obligation                        | 93,835  | 93,712 | 93,590  |
| Projected service cost                                   | 668     | 668    | 668     |
| Adjustment to pension increases and deferred revaluation | +0.1%   | 0.0%   | -0.1%   |
| Present value of total obligation                        | 95,225  | 93,712 | 92,225  |
| Projected service cost                                   | 685     | 668    | 652     |
| Adjustment to life expectancy assumption                 | +1 year | None   | -1 year |
| Present value of total obligation                        | 97,284  | 93,712 | 90,275  |
| Projected service cost                                   | 690     | 668    | 647     |

### Defined contribution Aviva GPPP

Employer contributions for staff members of this scheme for the year ended 31 March 2017 were £459,000 (2016: £457,000). Auto enrolment was implemented from April 2014. There were no amounts outstanding or pre-paid at 31 March 2017 (2016: £nil).

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

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

<sup>2</sup>Relates to auto enrolment

## 14 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.

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 and Committee Members, Executive Directors and principal decision makers 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 2017. Decommitments are shown in brackets.
- Awards unpaid at 31 March 2017
- Supplier transactions during the year ended 31 March 2017. There were no unpaid amounts on these transactions at 31 March 2017.

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

| Relationship  | Awards made in<br>2016-17<br>£ | Awards unpaid<br>at 31 March<br>2017<br>£ | Supplier<br>transactions<br>in 2016-17<br>£ |
|---|--------------------------------|---|---|
| <b>Sports Council Trust Company</b>                       |                                |   |   |
| Payable by Sport England                                  |                                |   | 1,098,194                                   |
| <b>Department for Culture Media and Sport</b>             |                                |   |   |
| Payable by Sport England                                  |                                |   | 17,454                                      |
| <b>English Sports Development Trust Limited</b>           |                                |   |   |
| Payable by Sport England                                  | 7,200,000                      | 3,327,756                                 | 8,878                                       |
| <b>Nick Bitel</b>   |                                |   |   |
| Partner: Member, Lawn Tennis Association                  | 4,730,292                      | 5,204,992                                 |   |
| Consultant to advisors of Rugby Football Union            | 9,500,000                      | 10,000,000                                | 39,032                                      |
| Consultant to advisors of England and Wales Cricket Board | 3,117,000                      | 3,360,000                                 |   |
| Board Member, London Legacy Development Corporation       | 164,703                        | 368,319                                   | 958   |
| Board Member, UK Sport                                    |                                |   |   |
| Member, All England Lawn Tennis & Croquet Club            |                                |   | 1,528                                       |
| <b>Professor Denise Barrett-Baxendale MBE</b>             |                                |   |   |
| Executive Chair, Everton in the Community                 |                                | 95,312                                    |   |
| Director, Everton Football Club                           |                                |   | 1,925                                       |
| Board Member, British Canoeing                            | 3,690,040                      | 3,691,540                                 |   |
| <b>Kate Bosomworth</b>                                    |                                |   |   |
| Consultant to advisors of Badminton England               | 3,911,477                      | 3,911,477                                 |   |

| Relationship   | Awards made in<br>2016-17<br>£ | Awards unpaid<br>at 31 March<br>2017<br>£ | Supplier<br>transactions<br>in 2016-17<br>£ |
|--|--------------------------------|---|---|
| <b>Professor Ian Cumming OBE</b>                         |                                |   |   |
| Member, Amateur Swimming Association                     | 6,713,000                      | 8,011,303                                 |   |
| <b>David Goldstone CBE</b>                               |                                |   |   |
| Director, London Legacy Development Corporation          | 164,703                        | 368,319                                   |   |
| Imm. Family: Durham University                           | 51,873                         | 51,873                                    |   |
| <b>Chris Grant</b>                                       |                                |   |   |
| Trustee, Youth Sport Trust                               | 7,677,057                      | 3,029,816                                 |   |
| Employment, Sported                                      |                                |   | 673   |
| Consultant, UK Sport                                     |                                |   | 958   |
| <b>Debbie Jevans CBE</b>                                 |                                |   |   |
| Committee Member, All England Lawn Tennis & Croquet Club | 874,650                        | 3,384,648                                 | 1,528                                       |
| Partner: Member, National Trust                          |                                |   |   |
| <b>Wasim Khan MBE</b>                                    |                                |   |   |
| Member, England and Wales Cricket Board                  | 3,117,000                      | 3,360,000                                 |   |
| <b>Andrew Long</b>                                       |                                |   |   |
| Member, National Trust                                   | 874,650                        | 3,384,648                                 |   |
| Imm. Family: Member, National Trust                      |                                |   |   |
| <b>Karen Pickering MBE</b>                               |                                |   |   |
| Member, Amateur Swimming Association                     | 6,713,000                      | 8,011,303                                 |   |
| Imm. Family: Member, Amateur Swimming Association        |                                |   |   |
| <b>Charles Reed</b>                                      |                                |   |   |
| Board Member, English Federation of Disability Sport     |                                | 180,056                                   |   |
| <b>Ian Drake</b>   |                                |   |   |
| Director, British Cycling                                | 11,280,000                     | 12,018,000                                |   |
| Director, Eastlands Trust                                | 4,226                          |   |   |
| Imm. Family: Employment, Northamptonshire CSP            | 177,619                        | 167,000                                   |   |
| <b>Clare Connor OBE</b>                                  |                                |   |   |
| Employment, England and Wales Cricket Board              | 3,117,000                      | 3,360,000                                 |   |
| <b>Hanif Malik OBE</b>                                   |                                |   |   |
| Employment, Hamara HLC                                   |                                | 104,545                                   |   |
| <b>Sally Gunnell OBE</b>                                 |                                |   |   |
| Partner: Employment, England Athletics                   | 6,983,308                      | 6,925,808                                 | 841   |
| <b>Mark Spelman</b>                                      |                                |   |   |
| Consultant, Ipsos MORI                                   |                                |   | 1,271,544                                   |
| <b>Eilish Jamieson</b>                                   |                                |   |   |
| Member, National Trust                                   | 874,650                        | 3,384,648                                 |   |
| Partner: Member, National Trust                          |                                |   |   |
| <b>John Flook</b>  |                                |   |   |
| Board Member, British Orienteering Federation            | 805,000                        | 805,000                                   |   |
| Member, National Trust                                   | 874,650                        | 3,384,648                                 |   |
| <b>Peter Rowley OBE</b>                                  |                                |   |   |
| Member, England Athletics                                | 6,983,308                      | 6,925,808                                 | 841   |
| Chair, British Weightlifters Association                 | 1,658,701                      | 1,648,701                                 |   |
| Chair, The Sports Council Trust Company                  |                                |   | 1,098,194                                   |
| Director, Streetgames UK                                 | 18,000                         | 9,000                                     | 3,596                                       |



| Relationship                                    | Awards made in<br>2016-17<br>£ | Awards unpaid<br>at 31 March<br>2017<br>£ | Supplier<br>transactions<br>in 2016-17<br>£ |
|---|--------------------------------|---|---|
| <b>Rona Chester</b>                             |                                |   |   |
| Board Member, Eastlands Trust                   | 4,226                          |   |   |
| Member, England Golf                            | 2,971,600                      | 2,971,600                                 |   |
| Partner: Member, England Golf                   |                                |   |   |
| Member, Lawn Tennis Association                 | 4,730,292                      | 5,204,992                                 |   |
| Partner: Member, Lawn Tennis Association        |                                |   |   |
| Member, National Trust                          | 874,650                        | 3,384,648                                 |   |
| Partner: Member, National Trust                 |                                |   |   |
| <b>Charles Johnston</b>                         |                                |   |   |
| Director, Eastlands Trust                       | 4,226                          |   |   |
| <b>Lisa O'Keefe</b>                             |                                |   |   |
| Board Member, Mountain Training Trust           |                                |   | 583,897                                     |
| Member, British Cycling                         | 11,280,000                     | 12,018,000                                |   |
| <b>Jennie Price CBE</b>                         |                                |   |   |
| Partner: Board Member, British Fencing          | 1,260,188                      | 1,260,188                                 |   |
| Partner: Chair, Institute of Groundsmanship     |                                |   | 605   |
| <b>Alison Selfe</b>                             |                                |   |   |
| Partner: Employment, London Borough of Havering |                                | 1,074,000                                 |   |
| Imm. Family: Member, British Cycling Federation | 11,280,000                     | 12,018,000                                |   |

## 15 Derivatives and other financial instruments

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

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

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

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

### Liquidity risks

The bulk of the financial assets of The Sport England NLDF are held by the NLDF.

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.

## 16 Events after the reporting period

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





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