



**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 2018*

The English Sports Council

Grant-in-Aid

and

National Lottery Distribution Fund

Annual Report and Accounts for the year ended 31 March 2018

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

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WELCOME TO SPORT ENGLAND'S ANNUAL REPORT FOR 2017-18 – A YEAR OF WORKING TO ENRICH PEOPLE'S LIVES THROUGH SPORT AND PHYSICAL ACTIVITY



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CHAIR'S FOREWORD



**WE HAVE MADE IMPORTANT CHANGES
TO OUR STRUCTURE TO ENSURE
WE MEET THE HUGE CHALLENGE
WE HAVE SET OURSELVES**

We are now almost two years into our *Towards an Active Nation* strategy, and the work we have done so far has given us new knowledge about how we can help people get active, particularly those in under-represented groups.

This has enabled us to refine the areas we are focusing on and to ensure we are using our resources in the best way to meet the huge challenge we have set ourselves, include getting more women and people in lower socio-economic groups active.

Meeting the needs of the people we are trying to reach is at the heart of each of our key priorities, and it's also at the core of our Local Delivery Pilots. It's been particularly exciting to see the work that has gone in to choosing the 12 areas in England – from towns to cities – that we will work with to test new and innovative ways to help ensure that there is a more cohesive approach to the delivery of sport and physical activity opportunities.

I have also been hugely impressed by the response to the Code for Sports Governance we developed with UK Sport – the most advanced sports governance reform implemented anywhere in the world.

We understand that this has been a challenge for sports organisations, including national governing bodies, but they have worked hard to meet the requirements, which will benefit the millions of people who play or give their time to sport every week.

This has been a year of significant change for Sport England and our people, as we made important changes to our structure to ensure we are best placed to deliver our strategy.

The Board is united in its belief that the performance of teams and individuals at every level of the organisation has been exceptional during the year. I would like to express my gratitude to everybody involved – whether established or new, home-based or in our London or Loughborough offices. Thank you for your work in building a more active nation.

Nick Bitel
Chair

**“MEETING THE NEEDS
OF THE PEOPLE
WE ARE TRYING TO
REACH IS AT THE
HEART OF EACH OF
OUR KEY PRIORITIES.”**

CEO'S INTRODUCTION



**THE OUTCOMES SPORT AND
PHYSICAL ACTIVITY CAN DELIVER
SIT AT THE HEART OF HOW WE
INVEST AND DEPLOY OUR RESOURCES**

I am often asked what's the biggest change in Sport England's strategic direction as a result of *Towards an Active Nation*. My answer is consistent: it's all about the outcomes now. For the first time the Government's sport strategy, *Sporting Future*, looked beyond the intrinsic value of sport to set clear priorities in terms of the outcomes sport and physical activity can deliver: physical and mental wellbeing and individual, community and economic development. Achieving these outcomes now sits at the heart of how Sport England invests and deploys its wider resources.

As we embed this approach, we are working with a much wider range of organisations, many of whom are expert in the audiences or outcomes we are aiming for, but may not have worked in sport or with public funding before. This is exciting, and we are learning a lot quite quickly, but we need to become more flexible and responsive to their needs. Next year (2018-19) we will be launching an improved version of our small grants scheme which is more accessible and will be a good entry point for community organisations looking to work with us for the first time. We are also encouraging more organisations to approach us just with a good idea, on which we can work with them to create a fundable proposition.

We are increasing our impact through our wider activities; it is not just about grant funding. We can also help by offering insight and advice, creating standards, and communicating ideas from experts in other sectors.

Using our influence wisely is as important as getting value for money from the funds we invest.

We now have a clear investment framework in place which will give us the best possible chance of achieving the population-wide targets we set during the year. We have a new Chief Operating Officer – Nick Pontefract – who has joined us from DCMS with a specific remit to drive our strategy implementation and to ensure we transform not just our impact but how we work as an organisation. This means more collaborative working, an even faster, more responsive grant system and an even greater willingness to learn from other sectors and organisations.

This is the last annual report I will be introducing as CEO of Sport England, after 11 years in the role. I would like to take the opportunity to thank everyone I have worked with during that time. I am very grateful both to the whole Sport England team, the Board and to all of our partner organisations, for their energy and dedication to improving lives through sport. It has been an absolute pleasure and a great privilege to lead Sport England, and I know I will be leaving it in extremely safe hands.

Jennie Price CBE
Chief Executive

**“WE NOW HAVE A
CLEAR INVESTMENT
FRAMEWORK WHICH
WILL GIVE US THE BEST
POSSIBLE CHANCE
OF ACHIEVING THE
POPULATION-WIDE
TARGETS WE SET
DURING THE YEAR.”**

SPORT AND ACTIVITY FOR ALL

ESTABLISHED BY 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

Sport England believes that being physically active enriches lives, builds stronger communities and creates a healthier, happier nation.

We want everyone in England regardless of their age, background or level of ability to feel able to participate in sport and physical activity. Yet too often the people with the most to gain from being active are the least able to take part.

Our mission is to address this injustice and transform sport and physical activity so that people and places everywhere can benefit.

We do this by providing expertise, insight and funding to improve the nation's long term physical and mental health.

Insight underpins everything we do. We gather evidence, provide expertise and conduct groundbreaking research to understand people's motivations and barriers so we can make evidence-based decisions and change behaviour.

We know long-term change is only possible if the sector as a whole is pulling in the same direction and meeting the needs of the consumer. So we are committed to using our influence to bring about this change.

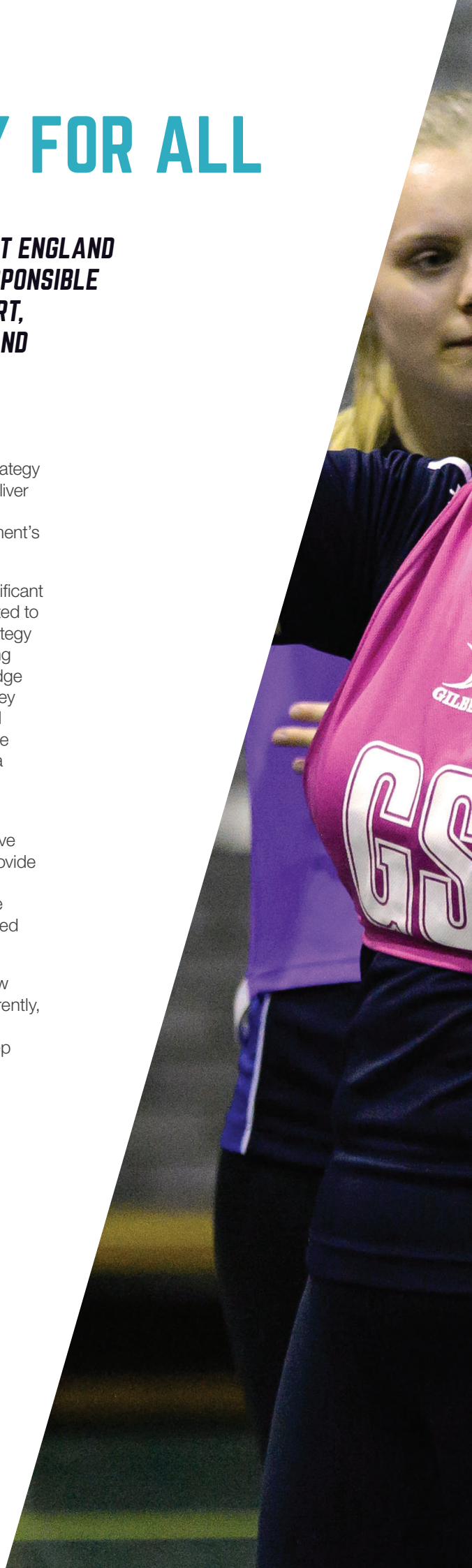
Looking ahead

Our *Towards an Active Nation* strategy was published in 2016 to help deliver the health, social and economic outcomes set out in the Government's *Sporting Future* strategy.

Since then, we have spent a significant amount of time on planning, started to invest in areas aligned to this strategy including volunteering and tackling inactivity, and grown our knowledge base. We have now refined our key priorities, established how we will measure success in each of these areas and are now entering into a new phase of implementation.

We have clarity over the specific actions we will be taking to achieve each of these priorities, which provide an organisational framework for decision-making that ensures the right amount of resource is focused on the key areas of our work.

We will be innovative, testing new concepts and doing things differently, while staying flexible so we can adapt as we learn more and keep the consumer at the heart of everything we do.





AREAS OF FOCUS IN 2017-18

OVER THE LAST 12 MONTHS WE HAVE:

- Identified specific ways we will get more people active across 12 key priorities, with the needs of the consumer at the heart of everything we do
- Set ambitious targets to help us build a more active nation for all, driven by getting more women and people in lower socio-economic groups active, to be achieved by 2020
- Partnered with 12 Local Delivery Pilot places, which will test bold new approaches to build more active communities
- Implemented the most advanced sports governance reform seen anywhere in the world through the Code for Sports Governance, with compliance across areas including structure and people now a condition of funding
- Launched the Active Lives: Children and Young People Survey, which will provide a world-leading approach to gathering data on how children aged five to 16 engage with sport and physical activity. It will also report on one of our most important key performance indicators – children's attitude to sport
- Awarded funding through specific opportunities, including supporting volunteers, and helping older adults and people in lower socio-economic groups to get active
- Committed investment in 43 County Sports Partnerships until 2021 and transformed their role, to help embed our strategy and contribute to the Government's outcomes
- Overseen groundbreaking data initiatives, including funding OpenActive, which uses open data and startup innovation to get more people active
- Awarded 44 national governing bodies of sport funding for their talent programmes, and supported Team England's preparations for the 2018 Commonwealth Games with a £4 million investment
- Invested in tackling inactivity by extending our partnership with Mind to help people with mental health problems get active, and partnering with Public Health England to better educate and support healthcare professionals to promote physical activity
- Revised our organisational structure to align with our strategic objectives.

OUR STRATEGIC PRIORITIES

ALMOST TWO YEARS INTO OUR TOWARDS AN ACTIVE NATION STRATEGY, WE HAVE IMPROVED WHAT WE KNOW IN A NUMBER OF AREAS.

DURING 2017-18, WE REFINED OUR AREAS OF FOCUS AND NOW HAVE 12 KEY PRIORITIES WHICH WILL DETERMINE HOW WE DEPLOY OUR RESOURCES AND MEASURE SUCCESS. THEY COVER THE TWO MAJOR TASKS SET FOR US IN SPORTING FUTURE.

1

GET MORE PEOPLE FROM EVERY BACKGROUND REGULARLY AND MEANINGFULLY ENGAGING IN SPORT AND PHYSICAL ACTIVITY

Three of our priorities in this area have numeric targets we want to achieve by 2020.

In setting these targets, we have drawn on learning and insight from other major whole population behaviour change policies, and they reflect *Sporting Future's* focus on tackling inactivity, especially among under-represented groups:

- Increase the number of people in England who are regularly active by 500,000 nationally
- Increase the number of women who are regularly active by 250,000 nationally
- Increase the number of people from lower socio-economic groups who are more active by 100,000 within targeted locations on which we will focus.



We will also work to:

- Reduce the number of inactive people in the places and projects we invest in
- Increase the enjoyment felt by children and young people getting active, so they have a more positive attitude to sport and physical activity
- Increase the number and diversity of volunteers
- Create the world's best sports talent system, producing higher quality athletes with more diversity in the talent pool.

2

DEVELOP A MORE PRODUCTIVE, SUSTAINABLE AND RESPONSIBLE SPORT SECTOR

- Enhance leadership and governance across the sector
- Build the evidence of the power of sport and physical activity to enhance lives and improve outcomes for individuals and communities
- Increase the effectiveness and efficiency of the sport and physical activity sector, so that it works for a wide range of consumers
- Ensure appropriate safeguarding standards are in place
- Work with the sector to improve the spaces and places where people choose to be active, how connected they are and the distances between them.

These priorities will guide how we invest our resources – both people and financial. We have examined all the evidence that exists in relation to each priority, and identified specific tactics for how we will achieve each one. Together, these create a clear organisational framework for our decision-making, with the consumer placed at the heart of everything we do.





FINANCIAL OVERVIEW

Our income

During the year, we had £284.7 million (2016-17: £308.4 million) of income. This comprises £81.3 million (2016-17: £105.6 million) Exchequer Grant-in-Aid funding and £203.3 million (2016-17: £202.8 million) National Lottery Funding.

The total Exchequer funding available for 2017-18 was £101.3 million (2016-17: £105.6 million) and covers the second year of the spending review period 2016-17 to 2019-20. £81.3 million of this funding was received in cash with £19.5 million, in agreement with DCMS, deferred to 2018-19 primarily driven by delays with the Parklife and Community Asset Fund programmes. £0.4 million was not drawn down to reflect the 2016-17 underspend.

Lottery income in 2017-18 is in line with the previous year, however is 15% lower than income received in 2015-16. Further declines in income, of up to 7%, were projected for 2017-18. There were four Euromillion rollovers with jackpots in excess of £100 million which were the main driver for better than expected ticket sales.

We will continue to monitor actual and projected income closely to ensure affordability of our investment plans. In addition, Lottery distributors are working closely with DCMS and the Gambling Commission to have an informed view of Lottery income projections and the impact of initiatives resulting from Camelot's strategic review.

Our commitments

We committed to spend a total of £267.5 million (2017: £335.3 million), of which £232.9 million (2016-17: £299.1 million) was invested as awards to achieve our strategic priorities with the remaining element being spent on sports development, administration and staff costs as detailed later on this page. The decrease in commitments compared to 2016-17 is mainly due to the commitment of a full four years of funding to National Governing Bodies in 2016-17 (for the period 2017-2021) which amounted to £99.4 million (see page 36 on how we manage our Lottery resources).

The breakdown of the £267.5 million commitments is as follows:

We awarded £86.3 million (2016-17: £86.1 million) of Exchequer awards and £144.8 million (2016-17: £208.1 million) of Lottery awards during the year.

We provided £1.8 million (2016-17: £4.9 million) of Lottery non-cash grants for the club development tool, Club Matters and the This Girl Can campaign, and £3.4 million (2016-17: £3.0 million) expenditure on the National sports centres.

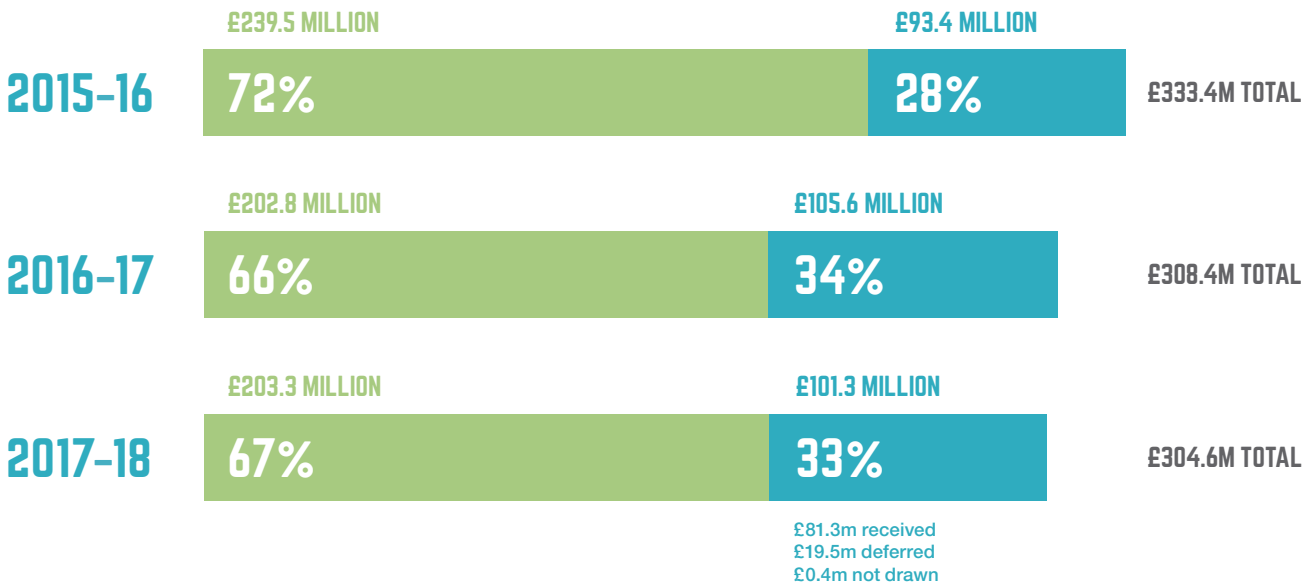
All Lottery awards, including non-cash grants, were consistent with our policy on additionality, the details of which can be found on our website: www.sportengland.org/fundingfaqs

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) amounted to £8.2 million (2016-17: £11.6 million).

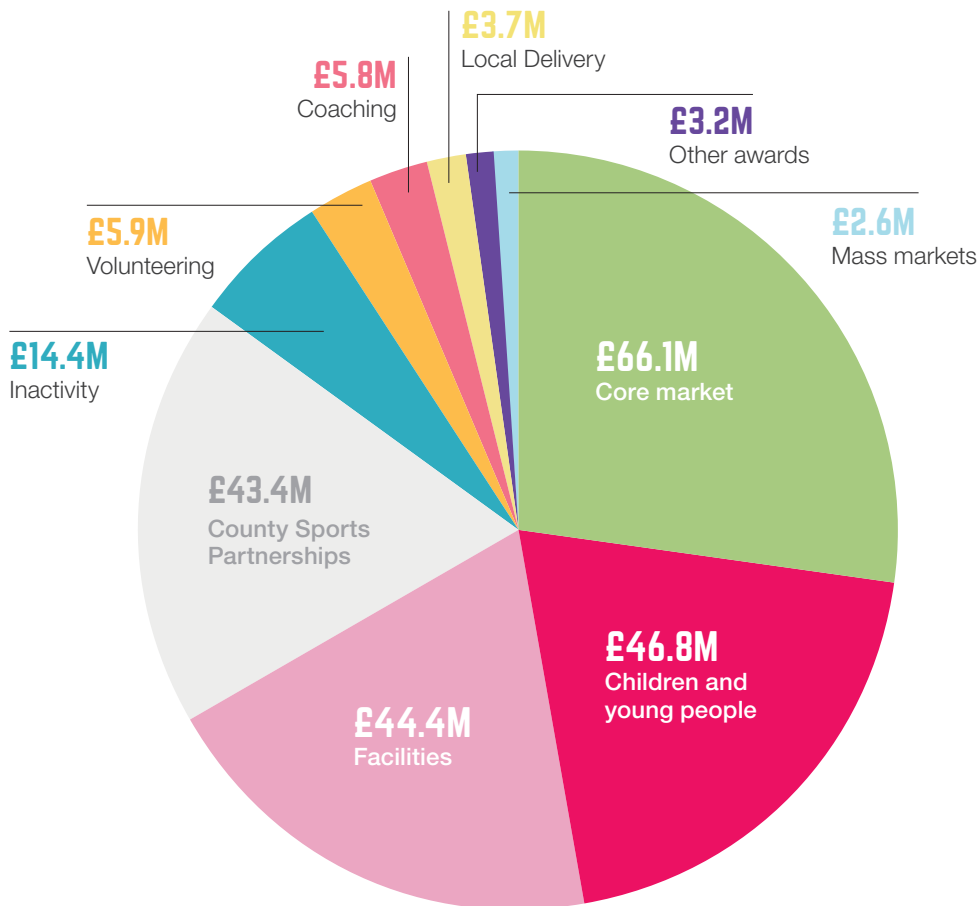
Our administration costs were £7.4 million (2016-17: £6.5 million). Staff costs incurred in delivering and supporting sports development and administration functions were £15.6 million (2016-17: £15.1 million).

NATIONAL LOTTERY AND EXCHEQUER INCOME

● Lottery funding ● Exchequer funding



AWARDS BREAKDOWN 2017-18



ACTIVE LIVES: MEASURING PARTICIPATION

TWO YEARS SINCE IT LAUNCHED, THE ACTIVE LIVES ADULT SURVEY IS GIVING US AN INCREASINGLY CLEAR PICTURE OF HOW THE NATION IS GETTING ACTIVE, AND THE OPPORTUNITIES AND CHALLENGES AHEAD

When we launched our Active Lives Adult participation survey in November 2015, it enabled us to measure some of the key performance indicators (KPIs) set by the Government's *Sporting Future* strategy. These include activity and inactivity levels, spectating and volunteering. The survey also used online data collection for the first time, significantly improving the quality of data collection and reducing cost.

Findings of the adult survey

The latest data, published in March 2018, showed that between mid-November 2016 and mid-November 2017, 61.8% of people in England aged 16 and over (27.7 million) were active. This means they did 150 or more minutes a week of sport and physical activity at moderate intensity, (enough to raise your breathing rate), which matches or exceeds the levels recommended by the Chief Medical Officer. This shows a stable picture of activity levels over the two years during which the survey has collected data.

The survey also showed that 25.7% of people in England aged 16 and over (11.5m) were inactive. This means they were not reaching 30 minutes a week of sport and physical activity at moderate intensity. A further 12.5% (5.6m) were fairly active, doing 30-149 minutes of activity at a moderate intensity. These figures are why our *Towards an Active Nation* strategy for the first time allocates 25% of our investment to tackling inactivity.

Building on the successes of the previous strategy period, and specifically the This Girl Can campaign that began in 2015, it is encouraging to see that activity levels among women aged 16 to 60 have been maintained over the last 12 months (see pages 26-27).

While the nation's overall activity levels are stable from year to year, what people are choosing to do is moving with the times. For example, figures show an increase of 518,000 in people doing interval training sessions, such as high-intensity interval training (HIIT) sessions, at least twice in the preceding 28 days. While 20% of people did their interval training sessions at home, 75% were in a leisure/fitness/sport centre or gym.



18.6M

people walk for leisure



Walking remains the most popular activity, with 18.6m people walking for leisure. There are 14.5m people who walk for travel – an increase of 423,000.

Adventure sports, such as hill and mountain walking, rock climbing, abseiling, orienteering or high ropes, have enjoyed a boost in popularity, with 337,000 more people taking part. In contrast, swimming and cycling for leisure have both decreased in popularity.

The gap in activity levels between the higher and lower socio-economic groups has stabilised, although people on lower incomes and disabled people are still much less likely to be active enough to benefit their health. Helping these groups get active remains a major priority for us and we're dedicating significant investment to both groups (see pages 20-21 for further details).

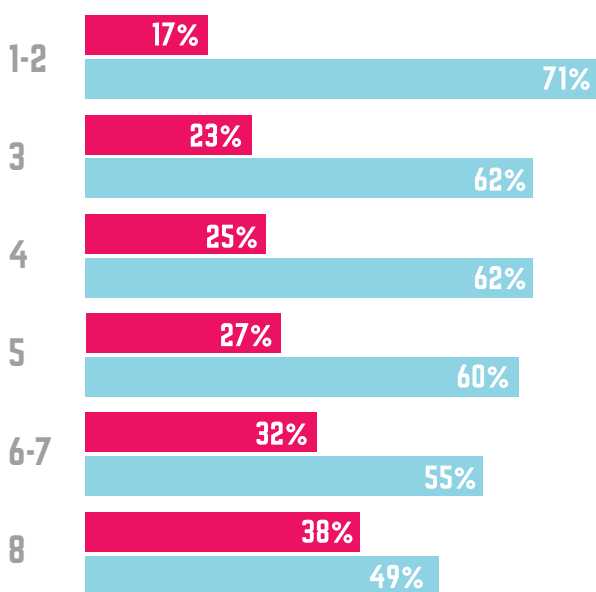
Importantly, in light of our ageing population, older people are getting more active, with the number of 55-74 year-olds meeting the 150-minute threshold increasing by 1.3% to 58.3%. Many older people are choosing to spend their leisure time in the great outdoors – brisk walking, including hill and mountain walking, appears to be driving this increase. Our work with the National Trust, the Forestry Commission and others to support more activity outdoors is a significant area of investment for us – see pages 30-31 for further details.

The survey also reveals the link between engaging in sport and physical activity and the positive impact it has on mental wellbeing, individual development and social and community development.

The Active Lives adult participation survey is a regular 'push-to-web' survey carried out for Sport England by Ipsos Mori. It was developed in conjunction with leading academics in the field of survey design and has been subject to external scrutiny from the Office for National Statistics. Involving close to 200,000 members of the public each year, and with a paper questionnaire also available, it provides unique insight into the levels of activity achieved by people in England aged 16 and over.

SOCIO-ECONOMIC GROUPS COMPARISON

NS-SEC GROUPS



INACTIVE
LESS THAN 30 MINUTES A WEEK



ACTIVE
150+ MINUTES A WEEK

NS-SEC GROUP DEFINITIONS

NS-SEC 1-2	Managerial, administrative and professional occupations (e.g. chief executive, doctor, actor)
NS-SEC 3	Intermediate occupations (e.g. auxiliary nurse, secretary)
NS-SEC 4	Self employed and small employers
NS-SEC 5	Lower supervisory and technical occupations (e.g. plumber, gardener, train driver)
NS-SEC 6-7	Semi-routine and routine occupations (e.g. shop assistant, bus driver)
NS-SEC 8	Long term unemployed or never worked

Children and Young People's Survey

The new annual Active Lives: Children and Young People participation survey will provide a world-leading approach to gathering data on how children aged five to 16 engage with sport and physical activity.

Data collected from the survey will be published for the first time in December 2018. Each term, a number of schools are randomly selected to take part, with the aim of getting 100,000 children and young people to complete it each academic year.

By the end of the spring term in 2018, we had received more than 70,000 responses from children. This means the survey is well on track to deliver the overall annual sample size of 100,000.

Like the adult survey, it will report on the number of children and young people who are inactive, active and (for those in year 7 upwards) volunteering in sport and physical activity. It will also report on children's physical literacy, those with a positive attitude towards sport and activity, their swimming proficiency and their wellbeing (based on levels of happiness, self-efficacy and social trust). Our most important KPI in this area is increasing the percentage of young people (11-18) with a positive attitude to sport and activity, as the evidence shows that positive experiences when young – and avoiding negative associations – are a key determinant of activity levels later on.

Measuring the outcomes

Our investment in sport and physical activity is not just for the activity itself, but for the wider outcomes sport can deliver.

In May 2017, we published a full review of the evidence on the extent to which sport and physical activity contribute to the outcomes in *Sporting Future*. The review revealed that there is already very strong evidence in some areas, including the positive impact of sport on physical and mental wellbeing. However, the evidence is less well established in individual development, social and community development and economic development. We need to improve our understanding in these areas.

We will continue to improve the range and quality of the evidence base in several ways, including:

- Regularly updating the review so that we can look at new evidence
- Evaluating the progress of the initiatives we invest in, giving us new evidence that helps us improve performance
- Helping others in the sector to improve their evaluation as well as generate new and better evidence. We completed an important step in this process in May 2017 when we published our Evaluation Framework.

THE STATS THAT MATTER



61.8%

of adults in England (27.7m) are physically active, meeting the 150-minute-a-week threshold



25.7%

of adults (11.5m) are inactive, managing less than 30 minutes' activity in a week



2.4M

people do interval sessions (including HIIT), a rise of 518,000



6.6M

(15%) of adults aged 16 and over in England volunteered at least twice in the last 12 months



283,000

fewer people take part in swimming activities



93,000

fewer people cycle for leisure (including exercise bike/spinning).

Based on the number of people who have participated at least twice in the last 28 days

PROTECTING PITCHES

PLAYING FIELDS ARE WHERE PITCH-BASED SPORTS ARE FIRST PLAYED AND WHERE THE INTEREST IN A SPORT IS OFTEN IGNITED

At a time when pressures to develop land are high, particularly in urban areas, playing fields are inevitably vulnerable. We play an important role in helping not only to safeguard these areas but also, where possible, to improve the facilities and opportunities they offer for people to be active. We do this by engaging proactively with developers and local authorities as early as possible through the planning system.

We are a statutory consultee on planning applications that affect playing fields, irrespective of who owns them – a school, local authority or a private organisation or club. This means that a local authority must always consult us. It is our policy to object to applications unless they safeguard and, wherever possible, provide an overall benefit to the interests of sport.

Planning for sport

This year we updated our playing fields policy and associated guidance to provide greater clarity on how we apply the policy, assess planning applications, interpret key terms and participate in the planning system.

In 2015-16 (the most recent period for which we have a complete picture), we were consulted on 1,200 planning applications across the country, with 1,138 (95%) of these resulting in improved or safeguarded sports provision. This was achieved, in part, due to the early advice and guidance provided by us and our negotiation on behalf of sport through the planning system.



Local needs, local benefits

Our planning guidance and evidence-based approach helps local authorities to undertake accurate and defensible assessments of the need for sports facilities in their area. We work with local authorities to ensure the assessments are used to develop and implement key recommendations and actions to improve provision and secure investment.

A good example of the effectiveness of our approach is the development of the Harperbury Hospital site in St Albans, Hertfordshire. A planning application to redevelop the derelict site for housing included the loss of a community playing field.

After our initial objection, we negotiated for the playing field to be located elsewhere within the development and for substantive improvements to be made to the remaining sports facilities through a £250,000 contribution from the developer.

With approximately 49% of grass pitches and 76% of sports halls in England on school sites, it is important, wherever possible, to allow local groups to use school, college or university sports facilities outside normal school hours. This is of particular benefit to local communities who may not have access to any other sports facilities within easy walking distance.

 **£14M**

of additional investment into sports facilities generated in 2016-17, through our engagement with the planning system

 **104**

community use agreements secured during 2016-17 through the planning system, to allow local communities improved access to educational facilities.

ACTIVE DESIGN: BUILDING ACTIVITY INTO EVERYDAY LIVES

Embedding physical activity into new communities is an important element of our work.

Our Active Design guidance and its 10 principles, developed in partnership with Public Health England, demonstrate how inspired design-and-build concepts in our towns and cities can promote activity, improve health and create stronger communities.

We aim to get involved with new housing developments at the outset to influence the planning stage and highlight how the effective and flexible design of buildings and open spaces can promote sport and active lifestyles.

Our input on a large housing project in Purfleet, Essex is a good example of the Active Design principles at work, where we are working collaboratively with the developer, local authority and community to help shape the scheme prior to the submission of the planning application.

The Active Design principles have also been incorporated into the revised Essex Design Guide, which is nationally renowned for leading the way in the planning and development sectors for urban design guidance.

Other new community projects we have been involved with include Old Oak Common, London (24,000 dwellings), Canada Water, London (4,500 dwellings) and Welborne, near Fareham in Hampshire (6,000 dwellings).

Over the next year, we will continue to test the effectiveness of Active Design's 10 principles in a number of different projects. We will also revise our other planning policy and guidance documents so they continue to effectively support the planning system to protect, enhance and provide opportunities for sport and physical activity. This will ensure they reflect the Government's revised National Planning Policy Framework.

THE 10 PRINCIPLES



ACTIVE BUILDINGS



ACTIVITY FOR ALL



ACTIVITY PROMOTION AND LOCAL CHAMPIONS



APPROPRIATE INFRASTRUCTURE



CO-LOCATING COMMUNITY FACILITIES



CONNECTED WALKING AND CYCLING ROUTES



HIGH QUALITY STREETS AND SPACES



MANAGEMENT, MAINTENANCE, MONITORING AND EVALUATION



NETWORK OF MULTI-FUNCTIONAL OPEN SPACES



WALKABLE COMMUNITIES

COACHES, VOLUNTEERS AND THE PAID WORKFORCE

THE MILLIONS OF PEOPLE WHO GIVE THEIR TIME, PAID OR UNPAID, TO HELP OTHERS BE PHYSICALLY ACTIVE ARE AT THE HEART OF ENGLAND'S SPORTING LIFE

Some of our most important projects during 2017-18 involved the people who make up the workforce in sport and physical activity, including coaches, volunteers and people who work in sport for their living.

Coaching for future success

We carried out a full review of the UK Coaching Certificate to ensure that future qualifications will be fit for purpose for years to come. We also worked closely with the Chartered Institute for the Management of Sport and Physical Activity to create four new professional standards for coaching. With a greater emphasis on attitude rather than technical skills, these will underpin the future training of coaches across English sport.

We also supported UK Coaching to produce the Coaching Population Survey, which has provided us with new insights into prevalent attitudes and demographics. Interestingly, this showed us that there are more women in coaching than we had originally thought. While this is encouraging, there are still clear challenges in terms of female progression and other areas of under-representation. The data gives us a strong baseline to track future progress.

Volunteers

We believe that volunteering has a dual benefit – not only for those who are enabled to participate in sport, but also for England's 6.7 million volunteers.

Now, for the first time, we have research data from our Active Lives Adult Survey demonstrating that volunteers have higher wellbeing measures than people who don't volunteer, particularly in areas like life satisfaction and feeling worthwhile.

The benefits extend to social and community development too. This data has reinforced why increasing the diversity of our volunteer-force is so important: people from lower socio-economic communities are the most under-represented group and women are less likely to be in front-line or leadership roles.



Based on that evidence, it was particularly exciting to announce our investment in 32 innovative pilot projects via two new volunteering funds: the Potentials Fund and the Opportunities Fund.

The Potentials Fund targets people aged between 10 and 20 to engage in youth social action.

The Opportunities Fund aims to attract volunteers aged 20 and over from disadvantaged communities, to see how we can get even more people volunteering in sport and activity.

The MindFit project at Birmingham's Small Heath Boxing Club, for example, will target adults suffering from mental health conditions who are living in areas of high deprivation in the city.

We also continue our work to get underneath what makes a great volunteer experience; encouraging them to continue giving their time, realising the benefits and inspiring others to do so as well.

For example, we published a guidance document for sports clubs and community groups, sharing best practice on how to ensure volunteers feel valued, recognised and rewarded for their efforts.

The paid workforce

We carried out an extensive consultation to give us a clear picture of the paid workforce in England and to identify key areas of development needed, both to improve the paid workforce and to enhance the experience for participants across the country.

This major exercise involved more than 50 one-to-one meetings with interested individuals, more than 60 people being given the opportunity to feed in during round-table consultations and discussions, the attendance of three think-tank sessions by 125 others, 50 qualitative responses to an online survey and an in-depth research programme covering published and web-based resources.

Following the consultation, we began developing a new Professional Workforce Strategy, *Working in an Active Nation*, which sets out two main objectives: developing a workforce that is more consumer focused and becoming more generally recognised as a profession.



PROVIDING THE SPACE TO BE ACTIVE

OUR COMMUNITY ASSET FUND PROVIDES INVESTMENT TO LOCAL COMMUNITIES TO IMPROVE SPACES AND FACILITIES AND GIVE PEOPLE IN THE AREA MORE OPPORTUNITIES TO BE ACTIVE

Good ideas often need support, and our goal is to help local organisations create great customer experiences and financially sustainable facilities that will benefit their community for years to come. This is where our Community Asset Fund (CAF) comes in: providing financial assistance to get projects up and running.

While we have provided funding for local projects before, CAF was launched in January 2017 and represents a new approach. From the outset, we stressed that we wanted to see applications from a broader range of organisations such as charities and ‘friends of’ groups as well as sports clubs. The response has been hugely positive, with over 2,000 funding applications received in year one.

Helping to satisfy a local need

The aim of CAF is to support communities on a broad level, by reaching active and inactive people, encouraging community spirit and responding to local needs. It might involve funding a sports club without premises so it can take on and refurbish

a building as its base, or enabling a housing association to respond to residents who want to use an outdoor space as an activity area.

Good projects start with local community consultation, seeking their views on what is holding them back from being more active. However, the emphasis is on a project’s ability to deliver wider health and social outcomes rather than promoting a specific sport.

A project part-funded by us in Stonehouse, Gloucestershire gives a good illustration of CAF’s ethos.

When a local youth club closed, there were concerns across the community about the lack of activities provided for young people. Community meetings were set up to establish what young people wanted and the costs were assessed.

From the consultation process, it was clear that young people placed a skate park at the top of their wish list. A community group (SPL4SH – Skate Park Lobby for Stonehouse) was set up,

becoming involved from the outset by contributing to the brief and helping to select the design and build contractor.

The result was a park designed for all abilities, from entry-level scooter activities for young children to more complex skateboarding and BMX activities. We provided a grant of £50,000 towards a total project cost of £118,500.

Stronger relationships

There was overwhelming support for the project from people of all ages who wanted to see new facilities and positive activities for young people. From the local council’s perspective, the project has helped it create a much stronger relationship with its young people and the success has enhanced its reputation within the local community.

Stonehouse is just one recent example of our support of local people at grassroots level. We believe that the impact of CAF in other regions will become evident as those who have successfully applied for funding put their ideas into action.

BECOMING AN ACTIVE NATION

PEOPLE IN LOWER SOCIO-ECONOMIC GROUPS ARE MORE LIKELY TO BE PHYSICALLY INACTIVE – THAT IS WHY WE ARE WORKING TO REACH AND INSPIRE PEOPLE FROM THESE GROUPS TO GET ACTIVE

A key priority for us is to encourage people in lower socio-economic groups (broadly, those falling within the National Statistics Socio-Economic Classification groups 6 to 8) to gain the wider benefits of taking part in physical activity.

During 2017-18, for the first time we set a specific target in this area. By 2020, we want to increase the numbers of people from lower socio-economic groups who are more active within targeted locations by 100,000.

This is a big group and although it includes some people facing extreme disadvantage, it also includes those who are employed in 'semi-routine' jobs, like shop assistants, hairdressers and bus drivers, and people in 'routine' jobs, such as waiters, cleaners and building labourers. It also includes people who are long-term unemployed or have never been employed.

Around 12 million people in England fall within this broad definition – that's nearly a third (31%) of the population aged 16 to 74.

This group is important because our Active Lives Adult Survey (see pages 14-15) shows that people from these socio-economic groups are significantly less likely to be active enough to benefit their health (the 150-minute threshold). They are also more likely than the population as a whole to be physically inactive.

Focused on real-life challenges

All teams across Sport England are increasingly focusing their efforts on reaching and inspiring members of lower socio-economic groups to become more active, overcoming practical challenges to participation and ensuring it is more affordable and accessible.

Several funding rounds awarded in 2017-18 targeted this audience, including the Helping the Active Stay Active When Life Changes fund and the Tackling Inactivity and Economic Disadvantage fund (see box below).

We are also adopting a new approach to building more active communities across England through 12 Local Delivery Pilots, creating place-based partnerships that will tailor local provision to specific community needs. This will ultimately make it easier for people to benefit from sport and physical activity (see pages 22-23).

Looking ahead to 2018-19 and beyond, we need to learn more about this key audience and gain deeper insight into what people need and want. We already work with partners who specialise in working with lower-socio economic groups. They are providing us with good advice, but we need to build on this, ensuring we engage regularly with the communities themselves and offering long-term solutions they feel will make a real difference.

THE TACKLING INACTIVITY AND ECONOMIC DISADVANTAGE FUND

This £4.5 million fund aims to support partner projects targeting people who are physically active for less than 30 minutes a week.

During the application phase, which closed in November 2017, we looked for proposals that offered sustainable programmes of activity and enabled access for people who feel financially pressured or with restricted opportunities to attend, such as carers and shift workers.

In particular, we were interested in partners who may not have been focused on physical activity projects,

but who had existing in-depth knowledge and engagement with their audiences.

In total, we received 565 expressions of interest and applications for funding. Of these, we have to date approved 34 small awards. Due to this significant demand from organisations reaching into disadvantaged communities at a very local level, we have agreed to invest in longer-term capacity-building for applicants. This will include tailored support to access funding by smaller community groups.



£4.5M

fund aims to support partner projects targeting people who are physically inactive



565

expressions of interest and applications for funding were received



34

small awards approved to date.



CASE STUDY

HOW PHYSICAL ACTIVITY EMPOWERS SOCIAL CHANGE

Alongside Comic Relief, we are a partner funder of the Active Burngreave community initiative, which aims to encourage more people from Sheffield's most culturally diverse district – one of the most deprived wards in the UK – to take part in weekly physical activities.

The project's key aim is to use sport and physical activity to empower local people to create social change and have a positive impact on social issues. Critically, it is focused on enabling the community to develop the activities its people want to do, how and where they want to do them.

Its target outcomes include reducing isolation, increasing understanding of the importance of physical activity, creating more opportunities for training or education and increasing the aspirations of young people. Active projects include opportunities to take part in activities ranging from boxing, basketball and dance, to walking, football and volunteering.

According to the initiative's first annual report, progress has been rapid and positive: "Community leaders have come together in their support and the response from local residents has been overwhelming," says the report.

FINDING LOCAL SOLUTIONS TO STUBBORN INEQUALITIES



WE ARE TRIALLING A BOLD NEW APPROACH THROUGH 12 LOCAL DELIVERY PILOTS TO BUILD HEALTHIER, MORE ACTIVE COMMUNITIES ACROSS ENGLAND, WITH THE AIM TO LEARN HOW TO MAKE IT EASIER FOR PEOPLE IN PLACES EVERYWHERE TO BENEFIT FROM SPORT AND PHYSICAL ACTIVITY

More than a quarter of England's population is inactive, meaning they do less than 30 minutes' physical activity in a week. Some groups, including those in lower-paid jobs, women and disabled people are disproportionately affected.

In the past, efforts to address this issue have tended to focus on interventions targeting individuals and small groups, meaning that their impacts on the wider population have been small. We therefore need to test and learn new ways of achieving sustainable increases in participation for significant numbers of the population, targeting the most inactive people.

Engaging with communities

To achieve this, we launched the Local Delivery Pilots initiative in December 2016, engaging with communities from across the country in the search for Pilot places. During this phase, we met with 350 organisations and over 700 individuals from across the voluntary community, public and private sectors, leading to 113 expressions of interest. We shortlisted 19 potential Pilot places before selecting the final 12, which were announced by the Minister for Sport in December 2017.

The areas selected (see map) were specifically chosen to offer a range of different types of places that others can identify with and learn from – coastal, rural, towns and large cities – collectively delivering the full range of audiences we seek with the widest scope of required outcomes.



WE MET 350 ORGANISATIONS



113 APPLIED



19 PROPOSALS SHORTLISTED



12 PLACES SELECTED

Effective and long-lasting change

A key aim of the Pilots is to listen to what communities need, then to empower and support community leaders in creating solutions. The approach must be properly integrated, addressing factors like poor transport links, personal safety, cost and confidence that people frequently cite as preventing them from being active.

By bringing together all the different organisations with a role to play in the communities, such as schools, social enterprises, voluntary organisations, parenting groups, park operators, local commissioners, the police, GPs and councils, we want to encourage faster, more effective and long-lasting change.

We have developed four distinct indicators to enable us to track and measure our success in the Pilot areas through to 2025: more people living active lives, greater inclusivity, improved wider outcomes, and transformative changes that can be replicated in other communities.

Looking ahead

We will use the Pilots to build a community of learning, test innovative ideas and share insight and experience of what works and what doesn't work. Ultimately, this knowledge and information will be used with other locations to develop active frameworks in the community.

This will be open to all places and organisations that are interested in applying the principles and lessons from the Pilots in their locations. Based on the feedback we have received from a wide range of local organisations, we will develop the community of learning to provide a range of learning options including online resources as well as face-to-face sharing and other relevant opportunities.

We have already started knowledge transfer, with three events in December 2017 where we shared learning from the process of choosing the Pilots.

We will continue to collaborate closely with each community via our Sport England Pilot Team. We will invest time, expertise and money – up to £100 million in lottery funding is available for use based on a thorough

understanding of each place and its communities. Pilots are establishing themselves quickly and some need people to help. We are therefore making early funding available to each area to provide initial capacity for early local engagement, insight work and planning.

Key opportunities are already emerging, including a strong desire to tackle community cohesion and reduce isolation.

As an example, Calderdale in West Yorkshire is looking to tackle inactivity to transform its health and social care system. It will focus on the issue of integration in some of the large Pakistani communities within poorer urban environments. The intention is to build upon and create more community hubs through which local people will decide what activities should be provided and where volunteering mentors will work with people drawn from the same communities.

Evaluation to draw out learning will be vital, and we have appointed a national partner to develop the framework for the national evaluation and to support each Pilot to develop its local approach.



KEEPING ACTIVE PEOPLE ACTIVE AND NURTURING TALENT

WE ARE COMMITTED TO HELPING PEOPLE STAY ACTIVE, WHATEVER LIFE THROWS AT THEM, AND TO GIVING GIFTED YOUNG PEOPLE EVERY CHANCE OF SPORTING SUCCESS

In 2017-18, we invested in new partnerships that will help us learn more about the impact major life changes have on the activity levels of people already meeting the threshold of 150 minutes of activity each week. We also focused on finalising our investments into national governing bodies (NGBs) and agreeing the results and targets they will be aiming to achieve as a result.

As well as sustaining, and where possible increasing levels of regular sport and physical activity, we want to make the most of England's sporting talent and provide a consistent stream of higher-quality athletes progressing on to high-performance and senior programmes.

We therefore invest in NGB talent programmes and other partners supporting the athlete journey, to ensure that while athletes are in our system, they have a positive experience that supports and develops them as a person and as an athlete.

It is vital that the environment in which this takes place is inclusive and supportive of diversity, enabling everyone to achieve their full potential.

Funding the NGBs

The 49 NGBs that received investment in the 2013-17 cycle have again had a Sport England award approved, providing the certainty that enables them to plan ahead. For 48 of them, this was in the form of either a mid-term award to test concepts with the option of an extension, or full four-year awards. British Mountaineering is on a short-term holding award, with a full award submission due to be considered in 2018. Forty-four NGBs receive funding for their talent programmes. The total planned investment into NGBs over the current four-year funding period is £238 million.

In 2017-18, we agreed specific targets with each NGB receiving investment from us, focusing on overall activity levels in their sport, diversity, talent and financial sustainability.

During the year, we also started to review NGB financial profiles more closely, including their non-grant revenues and back-office costs, so that we can support them to become more financially sustainable and efficient over the funding cycle.

Core market funding

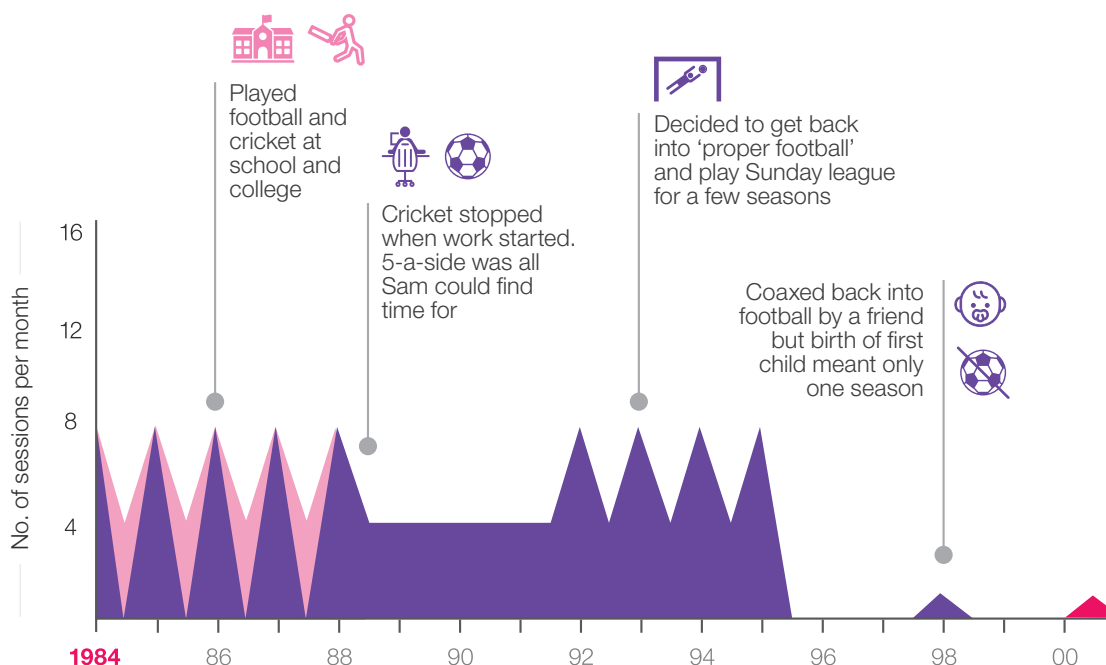
In early 2017, we launched a new fund to help regularly active people stay active when their lives change, allowing organisations to apply for funding to enable such people to maintain their habits. It aims to reduce the number of regularly active people who stop physical activity owing to major life changes, such as a life-altering health diagnosis, pregnancy, job relocation, moving house, retirement or taking on a full-time caring role (see Sam's Sporting Life below).

Taking care of our talent

During the year, there were examples of poor practice and culture regarding conduct and duty of care within the high-performance sport system.

SAM'S SPORTING LIFE

Even people traditionally seen as sporty fall in and out of sport and try lots of different activities, as Sam's sporting life illustrates.



While we are not directly involved with high-performance work, we do work extensively with the talent system and want to support it to ensure there are appropriate positive practices and cultures in place. We also require the organisations we invest in adhere to appropriate standards of conduct and with due regard to athletes' physical and mental health and welfare.

We continued investing in the Talented Athlete Scholarship Scheme (TASS), which helps around 400 athletes continue their sporting development alongside their education. Selected athletes receive a small cash grant as well as sports science and performance lifestyle services.

We also began providing these aspiring athletes with mental health support alongside the medical insurance which has been part of TASS for some time. It is important that mental wellbeing receives parity and the same care and sensitivity as physical injuries, including adequate support and, where necessary, treatment and rehab.

Elsewhere, we continued to support SportsAid, which in 2017-18 allocated grants averaging over £1,000 to 1,093 talented athletes.

Our £4m investment into Team England for the 2018 Commonwealth Games – along with money raised from sponsorship – meant athletes could benefit from a training camp in the Gold Coast, and funded the equipment and support services critical to their training as they looked to turn their potential into medal success.

We continue to work closely with colleagues at UK Sport to ensure that our collective investments in the high-performance sport system are as aligned and efficient as possible.

In simple terms, in those sports where UK Sport also invests, we invest in systems supporting athletes in England with potential. Once they transition to UK programmes (in theory, eight years from the podium), UK Sport takes over responsibility for investment in success.

It is helpful that UK Sport and Sport England occupy the same London building. We want to maximise our effectiveness by wherever possible sharing information and approaches and building on the work of UK Sport. In 2017-18, our work focused on establishing common metrics to assess the effectiveness of talent programmes and aligning our efforts in talent-leadership and coach-development programmes.

Encouraging shared services

We have worked with NGBs and other partners based in or near SportPark in Loughborough to identify efficiency savings and other benefits that can be achieved through sharing services. We have identified several areas where this is possible, working for example with the Sport and Recreation Alliance to provide sector support for initial compliance with the General Data Protection Regulation. We will be further investigating shared services in safeguarding, which is consistently raised as an area which would benefit from a joint approach.

THE AIMS OF THE HELPING THE ACTIVE STAY ACTIVE WHEN LIFE CHANGES FUND



**KEEP ACTIVE
PEOPLE ACTIVE**



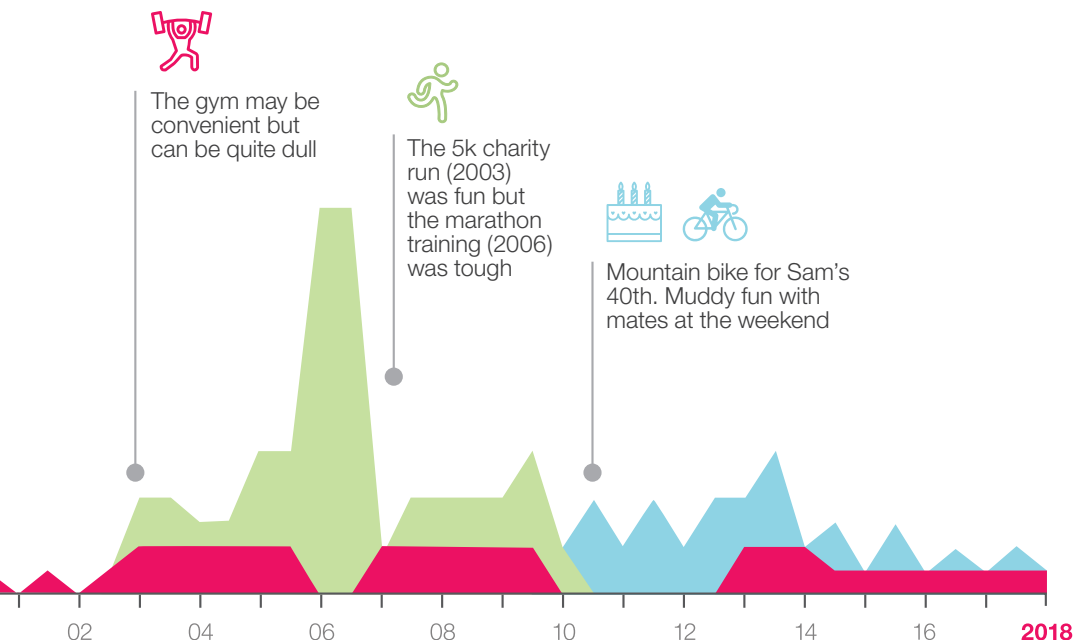
**FOCUS ON LIFE CHANGES
– HELP PEOPLE FIND THE
NEXT ACTIVITY THAT
MEETS THEIR NEW NEEDS**



**SUPPORT THOSE
MORE PRONE TO DROP
OUT (E.G. LOWER
SOCIO-ECONOMIC GROUPS,
WOMEN, AND THOSE
WITH A DISABILITY).**

Several organisations made successful applications to this fund in 2017, including Leonard Cheshire Disability, which is working with 450 active people who have recently been diagnosed with a disability. Another is Nouveau Wellbeing Community Interest Company, which explores ways to reduce the number of women who stop being physically active when they become pregnant.

Such projects should provide useful learnings that can be shared widely.



CRICKET



FOOTBALL



GYM



RUNNING



CYCLING

CLOSING THE GENDER GAP

MAKING PHYSICAL ACTIVITY MORE RELEVANT AND APPEALING TO WOMEN WHO FEEL SPORT OR EXERCISE IS NOT FOR THEM IS AT THE HEART OF THE THIS GIRL CAN CAMPAIGN

In January 2017, we stepped up our flagship This Girl Can campaign with the launch of its second creative phase – Phenomenal Women.

A major TV and out-of-home advertising campaign, integrated with ongoing social and digital marketing, inspired 3.9 million women to take action, with 1.6 million re-engaging with activity after a long gap, or starting for the first time.

53%

OF WOMEN AGED BETWEEN 14 AND 60 RECOGNISE ONE OR MORE OF THE ADVERTS (UP FROM 51% IN NOVEMBER 2016)

11%

INCREASE IN THE NUMBER OF WOMEN SAYING THEY'D HEARD OF THIS GIRL CAN, FROM 35% IN NOVEMBER 2016 TO 46% 12 MONTHS LATER.

This Girl Can aims to make activity more relevant and appealing to women who don't feel that sport or exercise is for them. Our insight shows that many may lack the self-confidence to become active, which is why the campaign uses authentic images of everyday women who have overcome their own emotional barriers. We are seeking to broaden the definition of what it means to be active and help more women feel like they too can take up an activity.

New habits and attitudes can be fragile, and our tracking data shows that while women's sense of belonging and confidence has remained steady over the last 12 months, we have

consolidated previous gains – 48% of women agree that women like them do take part in sport and exercise, while 45% don't worry what others think when they are exercising.

Social media benefits

Our online community grew significantly over the year to 800,000 women who regularly support, encourage and motivate each other. Our most popular posts were community questions and answers with our audience providing advice and morale boosts on everything from what kit to wear, to getting active with bad knees or dealing with street harassment while running.



Still slow. Still
everyone on

Big ideas, lasting impact

Activation of the campaign with our customers is also important, and simply encouraging women to get active is not enough if there's no suitable place or opportunity for them to actually do so. We continued to work with funded and non-funded partners across the country, creating a range of This Girl Can activities and opportunities.

For example, Newcastle City Council organised a race that attracted 1,800 female runners as part of its International Women's Day celebrations. Another project in Bristol helped a group of Somali women set up and run their own physical activity programme by providing dedicated leadership skills training.

Next steps

We are now developing the third phase of This Girl Can. Our research shows that the campaign had a bigger impact on more affluent women and those who were more willing and primed to get active.

This group is at the heart of the campaign's current online community, and it is essential this engagement continues to motivate them to stay active. Research demonstrates that new habits can be fragile, and that people can falter as they try to change their behaviour. Reinforcing a sense of belonging for women so they stay involved and advocate the benefits of an active lifestyle to others is important.

However, we clearly need to attract new audiences, particularly in harder-to-reach groups such as:

- Women from lower-socio economic backgrounds
- Women from black, Asian and minority ethnic groups
- Women who do more than 30 minutes but less than 150 minutes of moderate-intensity activity a week.

We will also prioritise activating the campaign in outlets delivering activity, such as local authority leisure centres and other partners who can potentially deliver and amplify the This Girl Can campaign and message to women, creating further opportunities for women to get active.



LEADING THE WAY ON GOVERNANCE

THE NEW CODE FOR SPORTS GOVERNANCE CAME INTO FORCE ON 1 APRIL 2017 FOR ALL ORGANISATIONS FUNDED BY US AND UK SPORT, SETTING NEW STANDARDS OF GOVERNANCE FOR THE SPORT SECTOR

Throughout the year, 49 Sport England-funded national governing bodies (NGBs) took part in the most advanced sports governance reform implemented anywhere in the world.

The code sets governance requirements across five themes: structure; people; communication; standards and conduct; policies and procedures. Compliance with those requirements is a condition of funding, creating a significant incentive for improved standards across sport. In December 2017, we were able to confirm that 46 of 49 NGBs had successfully met all the requirements of the code. These organisations ranged from the Football Association, the Handball Association and British Wheelchair Basketball to the England and Wales Cricket Board.

This achievement was made possible by a huge amount of collaborative work in a relatively short space of time. We would like to thank all those involved at the NGBs who worked so hard to meet the requirements. Their input and effort has not only kept us on track to deliver a 'gold' standard in sports governance, but will also benefit the millions of people who play or give their time to sport every week.

THE CODE FOR SPORTS GOVERNANCE DEMANDS:

- **Greater transparency, so members, fans and participants can more clearly understand the decision-making process of those leading their sport**
 - **Reforms to the composition of boards, including a minimum of 25% independent members**
 - **Commitment to greater diversity, with a minimum of 30% of both genders on an organisation's board at any time**
- **Boards to act as the ultimate decision-making authority within a sport rather than traditional councils**
 - **Tighter term limits for board and council members to ensure a regular renewal of ideas and expertise.**

The requirements also apply to many of the other organisations we work with, including charities, local sports clubs and County Sports Partnerships. More than 600 sporting bodies across England will need to comply with the code to be eligible for future funding and support. Our aim is to work with all these groups to assess them against the code's requirements and, if they fall short in any aspect, help them to improve.

Given the range of organisations to which it applies, both in terms of size and funding needs, the code has been split into three tiers, so the requirements can be applied proportionately. Organisations seeking smaller, one-off amounts only need to satisfy seven requirements of the code. However, organisations looking to secure larger, longer-term funding will need to comply with all 58 conditions.

Implementation

One important area of focus will be the code's diversity requirements. During the first phase of implementation, we have asked organisations to produce a specific plan setting out the actions needed to meet the diversity requirements of the code. Now our emphasis will be on the delivery of these plans.

To continue to comply, organisations will need to demonstrate that they are putting into practice not just the diversity commitments and actions they've identified, but also that they are continuing to meet all the requirements across the entire code.

A man in a white t-shirt and olive green cargo pants is climbing a rock wall. He is wearing a climbing harness and a rope. The rock wall is brown and has various colored climbing holds (green, blue, pink, yellow). The background is a bright orange wall.

**“IMPROVED STANDARDS
OF GOVERNANCE WILL
BENEFIT THE MILLIONS
OF PEOPLE WHO PLAY
OR GIVE THEIR TIME TO
SPORT EVERY WEEK.”**

JENNIE PRICE, CHIEF EXECUTIVE

WHY THE CODE IS NECESSARY

The code exists to contribute to the Government’s desire for “a more productive, sustainable and responsible sports sector”. The better governance it brings with it will help organisations be more effective in their decision-making to achieve strategic goals and long-term success. They should also be more attractive to sponsors and commercial partners, lessening their reliance on public funding.

One of the key aims of the code is to help the sports sector to run itself sustainably and effectively. The requirements around the structure of organisations are designed to promote transparency of decision making. Designating the board as the ultimate decision-making body removes ambiguity and ensures that those who are liable and accountable under law have the authority they need to make decisions.

The code’s requirement that 25% of board members be independent from the sport is a positive step in ensuring organisations benefit from a breadth of perspectives and skills. Tighter term limits for board members were also designed to encourage new ideas and refreshed perspectives in leadership roles.

LEADING THROUGH PARTNERSHIP

PARTNERSHIPS ARE CRUCIAL TO OUR VISION OF AN ACTIVE NATION THAT CATERS FOR EVERYONE

Successful collaboration is not just about forming relationships with sports clubs, we also work with non-traditional sporting organisations to reach consumers in the mass market and help more people experience the benefits of sport and physical activity.

A model partnership

Our collaboration with the National Trust is an excellent example of our partnership model in practice, with Sport England funding activities at the Trust's properties and open countryside across the country.

We helped the National Trust to select the most suitable activities for each location according to local demographics. Activities have included archery, orienteering, running and cycling.

Like all good partnerships, they are built on mutual benefit to both parties. In the case of the National Trust, they benefit from offering additional activities that can attract new audiences, increase the number of visitors and length of visit, as well as generate revenue from new memberships and onsite sales.

At the same time, we have the opportunity of activating the National Trust property and engaging the consumer in a range of activities which they may have never tried before, inspiring them and their family to get active and stay active. This helps us promote sport and activity to audiences we might not normally reach in places that are not always associated with being active or playing sport.

A sustainable approach

Crucially, our partnerships are not long-term funding commitments; rather they are designed to demonstrate the advantages of activity programmes for consumers.

Our focus is on sustainability, providing seed funding to kick-start new programmes with our partners, who can then carry the baton forward.

By contributing funding and helping to organise activities, we provide support both to overcome some of the initial hurdles of introducing a new activity programme and to promote its advantages. Once the programme is in place and operating well, our hope is that the added-value benefit to our partners is clear, inspiring them to sustain the activity beyond the initial funding period.

Once our partners have recognised the benefits that partnership with us contributes to their business, they might opt to fund their own activity programmes. The National Trust is a case in point, having decided to fund its own programmes from this year onwards.

Through our partnership with the National Trust, 185,934 participants took part in 3,602 events or taster sessions. Of these visitors, 38% went on to try a new activity, and it was particularly encouraging that 17% of these people had previously been inactive. Some of our most successful partnerships are highlighted here and on page 31.

Canal & River Trust

We began working with the Canal & River Trust in 2015 with the shared goal of enriching lives and improving health and mental wellbeing through physical activity.

Drawing on data from the 2011 Census, Public Health England (PHE) and our Active Lives Adult Survey, the Canal & River Trust undertook an important piece of work to better understand the health and wellbeing needs of waterside communities. This helped them to design activity programmes to suit the different demographics within communities.

Working with us, PHE, clinical commissioning groups, GPs and community foundations, the Canal & River Trust now has a vision of rolling out activity programmes across a 2,000-mile network of canals and rivers in cities such as Birmingham, Liverpool, London, Manchester, Leeds and Sheffield. The programmes make the most of the vast network of canal paths and waterways to introduce outdoor activities such as canoeing, angling, running, cycling and stand-up paddle boarding to densely-populated urban areas.

CASE STUDY

CONNECTING CARERS

In the summer of 2017, the Canal & River Trust ran a six-week taster canoeing course for young carers in Buckinghamshire. It was targeted at people aged 14-25 who care for family members and ordinarily have little spare time to take part in sport. Participants were able to make social connections and the course provided a pathway to a local club, helping many of them to now canoe on a regular basis.



GETTING ACTIVE IN NOTTINGHAM

A three-year Fit in the Community (FITC) pilot project in Nottingham concluded in 2017. Designed to help inactive residents become more active, Nottingham City Homes (NCH) took the lead on the pilot rather than a traditional sports organisation.

A partnership between NCH and Nottingham City Council Sport and Leisure, the FITC project's objective was to reach 10% of the NCH's 55,000 social-housing residents. With funding and support from us, the pilot sought to demonstrate the significant benefits of regular activity for social housing residents.

The project allowed us to interact with large numbers of hard-to-reach groups in the community and share learnings with both the housing and sport sectors to support further regional projects.

Over a period of 12 months from signing up to the pilot, the number of active participants (out of a total 5,184) rose from 54% to 86%.

Of the 46% that had previously been inactive, only 14% were still inactive 12 months later.

As well as improved physical wellbeing, the pilot showed that enhanced resident engagement can help support social housing community goals as well as combatting social isolation. NCH has since employed a wellbeing specialist within its organisation to help tenants understand the health and social benefits of a more active lifestyle.

Finding the right fit

1,034 ENGAGED

in community fitness – predominantly Zumba and boxercise

1,578 SIGNED UP

for Swim for £1 or Fit in the Community for £1 at the local leisure centre

999 REACHED

through local sport clubs – netball and football, for example

417 TOOK PART

in the Golden Games over 10 months, which focused on indoor activities held across the Nottingham Homes Independent Living Community Sites.

Building on success

During 2018, we will look to form new partnerships with non-governmental organisations and provide seed funding for innovative projects which make a difference to the population's health and wellbeing, and particularly in lower socio-economic groups.

The development of these partnerships will be a key strategy that we will use to build the distribution network that can be used to deliver sport and activity into non-traditional active places.





OPEN DATA: REMOVING BARRIERS

MAKING SPORT AND ACTIVITY DATA MORE ACCESSIBLE IN OUR DATA-RICH DIGITAL WORLD CAN PLAY A KEY PART IN HELPING TO BUILD A MORE ACTIVE NATION

For every person leading an active lifestyle there is another who, for a variety of reasons, is not physically active. In fact, nearly 18 million adults in England struggle to maintain any regular physical activity.

We know that many people want to be more active and are already convinced of the benefits to their physical and mental wellbeing. However, the transition from good intention to regular action sustained over a period of time often fails to materialise.

To overcome this, people not only need to have sufficient motivation, but also the reassurance that they are capable of doing the activity in question and can connect with suitable opportunities in their area.

WHAT IS OPEN DATA?

Open data is data that anyone can access, use or share. When large businesses and government departments release non-personal data, it allows individuals, start-ups, small businesses and researchers to make more informed decisions and to develop resources that help their communities. We believe open data has a key role to play in boosting the national physical activity levels.

Information overload

In a digital world, where so much information is accessible at the touch of a screen or a click of a mouse, finding an activity at the right price, in a suitable location, at an appropriate level and convenient time, should be relatively easy. Unfortunately, this is not always the case. Information is frequently presented badly or not targeted correctly, and all too often there is simply too much information to take in. What, in theory, should be a simple search suddenly turns into hard work.

Currently in the sport sector, there is limited access to the information people need to help them get active. The data quality is inconsistent and often confusing to consumers with information about opportunities frequently hidden away in outdated websites, social media groups, PDFs or printed flyers.


We believe that open data has a key role to play in supporting the behaviour change of consumers, by ensuring that the opportunity data most relevant to being active is easily available for anyone to access, use and share.

For example, we know that when searching for information, people are highly likely to use a keyword/phrase that includes their location, so this should be factored into all online listings.

Data inadequacies create barriers, both for people who want to discover and participate in suitable activities and for activity providers who want to attract more people. No matter how much quality provision there is out there, if people can't find out about it then engagement levels will never reach their full potential.

To help overcome these problems, in November 2016 we established a partnership called OpenActive with the Open Data Institute.

The purpose of OpenActive is to ensure that those looking to be more active aren't discouraged or frustrated at the fact-finding stage. By ensuring information about where and when activities are taking place is readily available, it will help people to develop a more consistent relationship with sport and physical activity. It is a community-led initiative, with over 80 organisations already signed up to support it and over 20 physical activity data sets now openly available. But there is still more to do, as this represents a small portion of the physical activity opportunities available to consumers. The success of OpenActive is dependent on all sector partners, to ensure that our sector can futureproof itself and keep up with the digital expectations of our consumers.



“NO MATTER HOW MUCH QUALITY PROVISION THERE IS OUT THERE, IF PEOPLE CAN’T FIND OUT ABOUT IT THEN ENGAGEMENT LEVELS WILL NEVER REACH THEIR FULL POTENTIAL.”

Relevant data

Easy access to data is only part of the story. How an opportunity is presented makes a big difference to whether someone is attracted to it or not. People want to know what to expect from a new sport or activity to be sufficiently motivated to take part. For example, it might help disabled people if they can see images showing how accessible a venue is before they get there. Alternatively, watching a video of an exercise class before signing up (especially if it shows participants of all shapes and sizes), can help deal with any inhibitions or concerns about what kit or skill level is required to take part.

Consumers are used to having choices presented to them in ways that feel personalised and inclusive, so it’s important that sport opportunities are tailored to individual needs, rather than delivered in a one-size-fits-all fashion. The emphasis should be on offering people what they want and on their terms. It should neither lecture on what they should be doing nor offer a limited window when they can participate.

The technology is available for you to search for a yoga session, at a beginner level, with a female instructor, starting in the next two hours, within a mile of your home or office, with space for you and your friend. It just needs to be more widely applied.

Efficient data access can also empower GPs, care workers or community leaders with up-to-the-minute information on relevant local fitness classes or events specifically suited to the people they are trying to help become more physically active.

Innovation

We also want to stimulate innovative usage of this data by digital developers, harnessing it for websites, online tools and apps that deliver information in the most personalised and engaging ways possible.

Combining joined-up thinking (transport networks, community groups, sports organisations, healthcare providers) with latest app technology can make a real difference in clear messaging.

The Open Data initiative previously worked in the transport sector, and journey-planning apps were a direct result of companies within a specific area agreeing to open up their data. The sport sector is well placed to enjoy the same benefits if a similar collaborative and tech-friendly approach is adopted. The only strenuous part of physical activity should be in the doing; not the planning.

Jennie Price CBE

Chief Executive and Accounting Officer
The English Sports Council
21 June 2018

Nick Bitel

Chair
The English Sports Council
21 June 2018

CONSOLIDATED ACTIVITIES

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

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 2017–18 and 2016–17.

	Sport England Group ¹		Sport England	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Income				
Grant-in-Aid income	81,343	105,649	81,343	105,649
National Lottery income	203,336	202,772	203,336	202,722
Other income	3,158	1,711	3,157	1,634
Total	287,837	310,132	287,836	310,055
Expenditure				
Net Grant-in-Aid grant commitments	86,301	86,129	86,292	86,096
Net Lottery grant commitments	144,768	200,901	144,768	208,101
Non-cash grants	1,833	4,919	1,833	4,919
Operating costs and sports development costs	30,698	32,702	30,754	32,753
National Sports Centres	3,429	2,997	3,429	2,997
Media buying and planning (This Girl Can)	2,480	4,443	-	-
Depreciation	3,970	3,585	432	359
Assets gifted to subsidiaries ²	-	-	1,507	1,938
Total	273,479	335,666	269,015	337,163
Net income for the year	14,358	(25,534)	18,821	(27,108)
Net gain on revaluation of properties	7,856	6,952	-	-
Net (loss)/gain on investments	(5)	74	-	-
Decrease/(increase) in defined benefit pension re-measurement and interest liability	7,938	(9,537)	7,938	(9,537)
Total income/(expenditure) for the year	30,147	(28,045)	26,759	(36,645)

¹ Includes the accounts of the two subsidiaries The Sports Council Trust Company and English Sports Development Trust Limited.

² Capital expenditure at the National sports centres owned by The Sports Council Trust Company.

FINANCIAL REVIEW

During the year £31.2 million (2017: £33.1 million) was spent to support the delivery of our strategy award programmes and core operations, which are separated into three areas: sports development, administration (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 seek 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 £8.2 million (2017: £11.6 million). Costs in 2017-18 were lower due to lower survey costs (mainly Active Lives) and lower award programme support costs as a result of the strategic review and transition to the new organisation structure. These lower costs have meant corresponding lower irrecoverable VAT.

Administration costs are incurred to operate the business. During the year operating costs were £7.4 million (2017: £6.5 million). Underlying costs are higher in 2017-18 due to higher grant processing costs where the number of grants being assessed required some outsourcing, irrecoverable VAT and depreciation.

The **cost of staff** who deliver and support both sports development and administrative functions was £15.6 million (2017: £15.1 million). Costs include £0.5 million (2017: £0.6 million) of exit packages to align our structure to deliver *Towards an Active Nation*. The underlying increase in staff costs is almost entirely due to the required increase in ongoing employer contributions from 12% in 2016-17 to 16.1% in 2017-18 to the Defined Benefit pension scheme (see page 86) as well as a voluntary deficit contribution during the year.



WORKING EFFICIENTLY

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

Exchequer: We are set an absolute administration cost target as part of our spending review settlement for the period 2016-2020, which has been achieved, as illustrated in fig 1, below.

In addition we are required to operate within the overall budget limits set by DCMS. Resource and capital GIA were underspent by £0.9 million for the year (2017: £0.4 million), which is 0.9% (2017: 0.4%) of total GIA funding of £101.3 million (2017: £105.6 million).

Lottery: In 2010 the Lottery distributors agreed to work towards a benchmark of 5% for grant processing costs and 8% 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 Lives Survey, and with the agreement of DCMS, the cost of the Active Lives 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).

The achievement against targets for 2017-18 and 2016-17 are similar, due to income and costs being broadly the same, at 5.7% and 8.5% (2017: 8.6% and 5.3%). The reduction in Lottery income from 2015-16 is the main contributor to exceeding the 5 and 8% targets, as actual costs were reduced from 2015-16 to 2016-17 by 5%. A new approach to the 8% target has been agreed by all distributors with Government which came into effect on 1 April 2018. This uses a three-year rolling average Lottery income as its base to reflect fluctuations in Lottery income over a longer period, and excludes irrecoverable VAT. Using the new methodology, the outturn for 2017-18 would have been within the target at 7.4%.

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 2018 was £14.1 million (2017: £18.1 million).

The lower cash balance at 31 March is due to improved cash management processes, with £19.5 million of cash draw down deferred to 2018-19 following expected delays mainly with the Parklife and Community Asset Fund programmes.

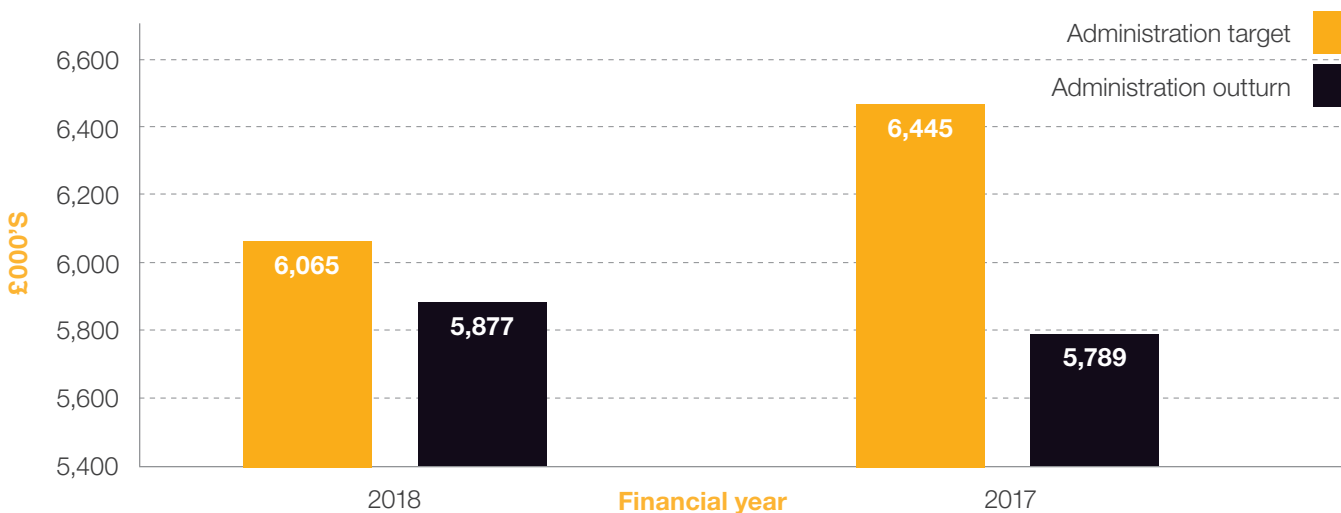
The management of our **Lottery cash resources** is by a rolling five year investment and cash flow plan which is regularly reviewed by the Executive and the Board. The investment and cash plan ensures that the right balance is maintained between having award programmes in place to achieve our strategic priorities 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 2018 was £125.9 million (2017: £97.3 million).

The movement in the NLDF balance is detailed in note 2 of the Lottery Accounts.

fig. 1

ADMINISTRATION COST TARGETS



OTHER FINANCIAL INFORMATION

EQUITY

Exchequer: Taxpayers' equity is £77.0 million (2017: £86.8 million) and includes increases in the revaluation and pension reserve and a decrease in the general reserve (2017: increase in the general reserve and decrease in the pension reserve).

The increase in the pension reserve results from the calculation of liabilities in IAS19 is explained below.

The decrease in the general reserve by £19.4 million is due to the cash deferral of £19.5 million of the total 2017-18 GIA allocation (£101.3 million) to 2018-19.

Lottery: The deficit in equity amounted to £156.9 million (2017: deficit £199.5 million).

The decrease in the deficit reflects that our grant commitments during the year were less than the annual income received. How we manage our income and commitments is explained in the cash management section opposite.

DEFINED BENEFIT PENSION SCHEME

The IAS19 valuation of the defined benefit and unfunded pension liability for accounting purposes is £47.8 million (2017: £55.3 million). This includes the value of the unfunded liability at £8.2 million (2017: £8.7 million). The decrease in value (2017: increase in value) of the pension deficit is mainly due to the reduction in the rate of pension increases 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 15 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 (2017: £50,000) and £50,000 for the Lottery account (2017: £50,000). Both of the subsidiary companies were also audited by C&AG and the audit fees for the year were £19,800 (2017: £19,800).

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 Sports Centres. These include a biomass heating system at Lilleshall which significantly reduces reliance on fossil fuels as well as solar panels and 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 2018 (2017: Nil) which exceeded £100k, nor did the aggregate exceed £100k.

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 2017-18 the average period from date of receipt to payment of valid invoices was 10 days, 97% were paid within 30 days. (2016-17: 9 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 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. Although Sport England is not subject to Statutory gender pay gap reporting, as it employs less than 250 employees, Sport England voluntarily reports on this since March 2018 (see page 45).

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 ¹	March 2010
Mike Diaper OBE	November 2009
Charles Johnston	August 2008
Lisa O'Keefe	July 2008
Phil Smith	September 2008
Chris Perks ²	October 2017
Nick Pontefract ³	March 2018

¹ Rona Chester retired on 9 April 2018.

² Chris Perks was promoted to Executive Director on 23 October 2017.

³ Nick Pontefract was appointed on 19 March 2018.

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 (2016–17: £218).

There were no bonuses or benefit in kind payments made to Board Members during 2017–18 or 2016–17.

SUBJECT TO AUDIT

Board Member	Term of Appointment	2018 £'000	2017 £'000
Nick Bitel ¹	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
Debbie Jevans CBE	Oct 2013–Oct 2019	0-5	0-5
Kate Bosomworth	Oct 2013–Oct 2019	5-10	0-5
Chris Grant	Sep 2016–Sep 2019	0-5	-
Professor Denise Barrett-Baxendale MBE	Sep 2016–Sep 2019	-	0-5
Andy Long	Sep 2016–Sep 2019	-	0-5
Professor Ian Cumming OBE	Oct 2016–Oct 2019	0-5	0-5
Wasim Khan MBE	Oct 2016–Oct 2019	0-5	0-5
Karen Pickering MBE	Oct 2016–Oct 2019	5-10	0-5
David Goldstone CBE ²	Oct 2013–Nov 2017	0-5	0-5
Ian Drake	Oct 2013–Jan 2017	-	0-5
Mark Spelman	Oct 2013–Oct 2016	-	0-5
Sally Gunnell OBE DL	Oct 2013–Oct 2016	-	0-5
Clare Connor OBE	Sep 2010–Sep 2016	-	0-5
Hanif Malik OBE	Sep 2010–Sep 2016	-	0-5
Peter Rowley OBE	Sep 2010–Sep 2016	-	5-10

Notes

¹ 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.

² David Goldstone resigned from the Board on 30 November 2017.

³ Some Board Members have chosen to waive their attendance allowance and thus their remuneration may have a NIL value.

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 2017-18 all employees, including Executive Directors, received an average 1 per cent pay award (2016-17: 1 per cent); with a limited number of staff (excluding Executive Directors) receiving (in line with government policy) a fixed amount (£300) 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 2017-18 or 2016-17.

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 and Chris Perks are the only Executive Directors who are members 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 15 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 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 £'000	Bonus payments £'000	Benefits in kind £'000	Pension benefits accrued to nearest £'000	Total £'000
2018					
Jennie Price CBE ¹	155-160	-	-	15	170-175
Full time equivalent is ¹	170-175	-	-	-	-
Rona Chester ²	155-160	-	-	-	155-160
Charles Johnston ³	130-135	-	-	17	150-155
Lisa O'Keefe ^{3 and 4}	115-120	-	-	37	155-160
Phil Smith	115-120	-	-	13	130-135
Mike Diaper OBE ³	100-105	-	-	13	115-120
Chris Perks ⁴	90-95	-	-	109	200-205
Full time equivalent is	95-100	-	-	-	-
Nick Pontefract	0-5	-	-	1	5-10
Full time equivalent is	120-125	-	-	-	-
2017					
Jennie Price CBE	150-155	-	-	15	165-170
Full time equivalent is	165-170	-	-	-	165-170
Rona Chester ²	155-160	-	-	-	155-160
Charles Johnston	130-135	-	-	14	145-150
Lisa O'Keefe	115-120	-	-	33	150-155
Phil Smith	115-120	-	-	13	130-135
Mike Diaper OBE	100-105	-	-	11	110-115
Tanya Joseph ⁵	95-100	-	-	10	105-110
Full time equivalent is	110-115	-	-	-	110-115

Notes

- ¹ Jennie Price worked 4.5 days per week and in February 2018 moved back to full time. This change in addition to the 1 per cent pay award resulted in the movement to a higher pay band including the full time equivalent salary.
- ² No employer pension contributions were made for Rona Chester in 2017-18 or 2016-17.
- ³ The 1 per cent pay award has resulted in the movement to a higher total pay band for Charles Johnston, Lisa O'Keefe and Mike Diaper but their actual salary has remained within existing salary bands.
- ⁴ The pension benefits for Lisa O'Keefe and Chris Perks are calculated using the method described under Pension benefits on page 40. The higher value for Chris Perks is due to his higher real increase in CETV as shown and explained on page 42.
- ⁵ 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 44.

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 2017-18 was £170k-£175k and in 2016-17 was £165k-£170k.

This was 3.94 (2017: 3.83) times the median remuneration of the workforce, which was £43,748 (2017: £43,748). No employees received remuneration in excess of the highest paid director in 2017-18 or 2016-17.

LPFA PENSION BENEFITS

Subject to audit	Accrued pension at age 65 as at 31/03/18	Real increase in pension at age 65	Real increase lump sum at age 65	Lump sum at age 65	CETV at 31/03/18	CETV at 31/03/17	Real increase in CETV ¹
Lisa O'Keefe	35-40	2.5-5	(2.5)-0	40-45	432	406	1
Chris Perks	40-45	5-7.5	5-7.5	70-75	589	516	48

¹ Chris Perks was promoted to Executive Director in October 2017, with the change in his final salary (for pension purposes) from 31 March 2017 to 31 March 2018 being higher than that of Lisa O'Keefe who received the 1 per cent pay award during the year.

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)	
	2018	2017
Permanent staff & fixed term temporary staff		
Wages and salaries	10,714	11,176
Social security costs	1,228	1,183
Pension costs	2,477	1,665
Total permanent staff & fixed term staff	14,419	14,024
Agency staff	1,135	1,047
Total	15,554	15,071

The table above shows the consolidated position. The total permanent and fixed staff amount of £14.4m is made up of Exchequer £4.6m (32%) and Lottery £9.8m (68%). Included in Wages and Salaries is £0.5 million of exit packages to align the organisation's structure to the new strategy.

We have a total of 229 full time equivalent (2016-17: 233) permanent and fixed-term temporary staff and a total of 23 full time equivalent (2016-17:19) agency staff.

Within the above staff numbers there were 59 homeworkers (2016-17: 65) which represented 25.8% and 27.9% of the headcount in each of the respective years.

In 2017-18 the senior Executive team comprised three women and four men (this excludes Nick Pontefract who was appointed on 19 March 2018). In 2016-17 the Executive team comprised four women and three men (this included Tanya Joseph who left the organisation in January 2017).

Women currently make up 56% of our workforce (2016-17: 52%).

Sickness absence during the year, excluding long-term sick absence, averaged 1.4 days per person (2016-17: 2.64 days). There were seven colleagues who had long-term sickness of greater than 20 days (2016-17: 8).

There was no relevant consultancy expenditure during the year (2016-17: £nil).

Off payroll tax engagements

As of 31 March 2018, there were three off payroll tax engagements (2016-17: 3) earning more than £245 per day (2016-17 £220 per day) for longer than six months. One of these off payroll tax engagements has lasted between one and two years (2016-17: none). The required evidence and declarations were obtained for all off payroll engagements.

Trade Union Facility time

During 2017-18 Sport England had 1 employee who acted as a union official (full time equivalent: 1). This employee spent 25% of their time on facility time, at a total cost of 0.1% of the total pay bill, excluding agency staff, of £14.4 million, based on a notional hourly cost. A notional hourly cost has been used to protect the privacy of the individual, who is easily identifiable.

Staff policies and recruitment

Sport England participates in the Disability Confident 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.

Further details regarding staff policies are in 'How we work' on pages 45-46.

EXIT PACKAGES

2018 (subject to audit)			
Cost Band	Number of compulsory redundancies	Number of other departures agreed ¹	Total number of exit packages
<£10,000	Nil	2	2
£10,000-£25,000	Nil	4	4
£25,000-£50,000	Nil	5	5
£50,000-£100,000	Nil	3	3
£100,000-£150,000	Nil	1	1
Total number of exit packages	Nil	15	15
Value of exit packages	Nil	£519,377	

2017 (subject to audit)			
Cost Band	Number of compulsory redundancies	Number of other departures agreed ¹	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	

Notes

1. The increase in the number of exit packages in 2017-18 reflect the organisation's continued structural changes, due to the implementation of the new *Towards an Active Nation* strategy, which commenced in 2016-17.
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 41 for details.
4. Exit packages include legally required defined benefit pension scheme capital costs for members over age 55. These costs are a large portion of the package in excess of £100,000.
5. An expected voluntary redundancy in 2017 changed due to a staff redeployment. The revised value of the exit packages in 2017 is £540,590 but the adjustment is included in 2017-18.

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 16 of the Lottery accounts.

SPORT ENGLAND'S PEOPLE – HOW WE WORK

THE FINANCIAL YEAR 2017-18 WAS ONE OF SIGNIFICANT CHANGE FOR THE ORGANISATION, DURING WHICH WE WORKED TO EMBED THE NEW STRUCTURE CREATED TO ENABLE THE DELIVERY OF OUR TOWARDS AN ACTIVE NATION STRATEGY

The requirement at the heart of *Towards an Active Nation* is to help everyone feel able to take part in sport or physical activity, no matter their background, age or ability. This was the year during which we did the bulk of the work involved in shaping our organisation in the best way to achieve this.

Not only did we significantly develop the way we are structured. We also acquired new skills to ensure we have the diverse, skilled and engaged workforce required to meet the challenges of the future.

Embedding a new structure for Sport England

We have focused significant effort and resource on defining and recruiting for the increased numbers of more specialist teams we need to deliver against the strategy. Even those teams that still exist from our former structure have undergone significant change, meaning that Sport England is now a very different organisation from just 18 months ago.

Recruiting significant numbers of people during the year brought about a heightened need for learning and development activities and emphasised the importance of diversity in our workforce.

The drive for diversity

As our Chairman, Nick Bitel, writes in our Diversity Action Plan, launched during the year to explain all the actions we are taking to create a more diverse Sport England: “Organisations that attract and retain a diverse workforce make better decisions and are more likely to achieve their business goals.”

This issue is particularly important for us, as we are at the forefront of efforts to tackle inequalities in the sporting workforce, volunteering and participation across the whole of England. We have an established Equality Committee that meets quarterly, comprising a diverse range of employees from across the organisation. It is also why our Diversity Action Plan exists, giving us the framework we need to ensure that we are in good shape to say that, in the activity sector, “equality starts with us”.

We have already achieved several milestones. For example, we were awarded Investors in Diversity accreditation for the second time during the year, and are recognised as a Disability Confident Employer, with measures in place to recruit and retain disabled people or those with long-term health conditions.

Men and women are represented equally in our workforce too, and the 5% of employees who report as LGBTQ+ mirrors the national population average. However, we need to do much more to attract and retain people from black, Asian and minority ethnic and disabled backgrounds.

Dignity and unconscious bias

Attributes of a truly diverse organisation include equality of reward. This is why we welcomed the introduction of Gender Pay Gap Reporting, which came into force in March 2018. We see it as an important step forward for equality that gives us the opportunity to increase the transparency of any pay challenge we face.

We are committed to going beyond statutory requirements in this area, so we are voluntarily publishing our gender pay figures, despite being below the current threshold for mandatory reporting. While our mean gender pay gap of 6.4% is significantly lower than similar benchmarked organisations, we would like to reduce it, and will keep this under review.

The respectful treatment of colleagues and an unbiased outlook that's shared by everybody are other key features of a diverse organisation. During the year, we launched a network of ‘Dignity at Work’ advisers, whose role is to provide confidential support and an information service to any colleagues who have been subjected to, have witnessed or are accused of bullying and harassment. The advisers’ role is to help colleagues identify the problems they face and decide the most effective course of action to pursue.

Line managers in the organisation also attended Dignity at Work workshops, to help them identify and act on the issues involved with bullying and harassment at work.

We have introduced unconscious bias training for employees at every level, as well as Board members. This enables people to identify, discuss and reflect on their own biases and those that exist throughout the organisation. The training sessions, which have been tailored to meet the specific needs of Sport England, are based on robust psychological research into the actions that individuals can take to manage and reduce the impact of their own biases and help others to manage theirs.

Managing the effects of flexibility

One outcome of having an increasingly diverse workforce is the need to give employees more flexible ways of working. This is particularly the case as our head office is based in central London, which presents growing numbers of colleagues with cost and access challenges.

As a result we are becoming a less office-focused organisation, with around 60 people now working primarily from home. For many of them, this is a major cultural and practical shift to which it can be difficult to acclimatise. We are therefore working hard to ensure they feel in touch and supported, including investment in development and training opportunities.

“IT IS BECAUSE WE ARE COMMITTED TO GOING BEYOND STATUTORY REQUIREMENTS THAT WE ARE VOLUNTARILY PUBLISHING OUR GENDER PAY FIGURES, DESPITE BEING BELOW THE CURRENT THRESHOLD FOR MANDATORY REPORTING.”

ORGANISATIONAL STRUCTURE



JENNIE PRICE CBE
Chief Executive



NICK PONTEFRACT
Chief Operating Officer



MIKE DIAPER OBE
Executive Director of
Children and Young
People, Tackling
Inactivity



CHARLES JOHNSTON
Executive Director of
Property



LISA O'KEEFE
Executive Director
of Insight



PHIL SMITH
Executive Director
of Sport



CHRIS PERKS
Executive Director of
Local Delivery

GOVERNANCE STATEMENT 2017-18

OVERVIEW

As Accounting Officer and Chief Executive, 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, Board, the Audit, Risk and Governance Committee and the Executive Group. Collectively, we work to ensure that effective governance, risk management processes and internal control arrangements 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 Digital, Culture, Media and Sport (DCMS). 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 DCMS. 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 2016-2018 has been a period of significant change for Sport England and for our partners as we transition from our previous strategy. Our governance framework supports the new way in which we work to help deliver these outcomes and ensures the right committee and accountability structure is in place to help us deliver our strategic objectives.

The following committees contribute to the foundation behind Sport England: the Audit, Risk and Governance Committee; the Investment Committee; the Workforce Committee; and the Chairs 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.

Board

- Comprises a maximum of 14 Board members (Chairman, Vice-Chair and up to 12 other members), although in practice there are 10 members (including the Chairman and the Vice-Chair).
- Meets at least six times each year.
- Takes overall responsibility for Sport England's strategy, policies, delivery and performance.
- Approves and monitors: major projects; top level grant awards (over £2 million); and the Annual Report & Accounts.
- Executive Group members, a DCMS nominee, and others as invited by the Chairman also attend meetings, but are not Board Members.

Committees

Investment Committee

- Comprises a Chair and 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)
- Meets at least six times each year
- 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).

Audit, Risk and Governance Committee

- Comprises up to six members, of which at least three (including the Chair) are Non-Executive Board members and two are Independent members
- Meets at least four times each year
- Undertakes scrutiny and provides advice to support the Board in carrying out its responsibilities for risk management, financial reporting, control and governance.

Workforce Committee

- Comprises a Chair and up to five members, of which at least two are Non-Executive Board members
- Meets at least four times each year
- 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.
- Approves and monitors grant awards relating to workforce programmes (up to £1 million).

Chairs & Remuneration Committee

- 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
- Meets at least four times each year (changed from 'at least once a year' in 2016)
- Serves as a Remuneration Committee with responsibility to agree the terms and remuneration of the CEO
- Responsibility for strengthening the alliance between the Committees and the Board.

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. SCTC 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 (ESDTL) 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. The day to day management of the campaign is overseen by the This Girl Can Project Board. In early 2018, the membership of the Project Board was strengthened through the appointment of the Chair of the ESDTL to the Project Board, which itself is chaired by the Sport England Chief Executive and of which another Independent Board member is Vice-Chair.

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 2017-2021 funding cycle, all organisations seeking public funding for sport and physical activity must meet new standards of governance considered to be among the most advanced in the world. The Code for Sports Governance (the Code), launched in October 2016 by Sport England and UK Sport, and in consultation with sport and non-sports organisations, sets out the levels of transparency, accountability and financial integrity that will be required from those who ask for Government and National Lottery funding from April 2017 onwards. The Code can be found on our website at: www.sportengland.org/governancecode

The Code is proportionate, expecting the highest standards of good governance from organisations requesting the largest public investments. It has three tiers, with Tier 3 representing the top level of mandatory governance requirements in this Code. As part of Sport England's internal audit plan for 2016-17, a review of our arrangements for Corporate Governance was undertaken. This is an area that is routinely audited and on this occasion, was expanded to consider the extent to which we are compliant with the Code. Sport England complies with Tier 3 requirements of the Code, meeting the highest standards for all five of the principles for good governance. This is evidenced by a number of factors, including those in relation to Independent members on Boards; diversity of Board; term limits to all appointments to the Board; primacy of the Board in decision-making; transparency and accountability including the publication of a wide range of information on our governance structure, strategy and financial position.

We also 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 with 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 10 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.

One Board member, David Goldstone, resigned from the Board in November 2017. The term of office of a further Board member, Charles Reed, is due to come to an end in October 2018. Three new Board members have recently been appointed to the Board, with two of the appointees due to start by June 2018 and the third by the end of October 2018. The new Board members are excluded from any statistical reporting, which reflects Board members in post to 31 March 2018.

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.

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. We also have two BAME members on our Board. All members of the Board are Non-Executive members.

A key priority as set out in Sport England's Diversity Action Plan is to further strengthen the diversity of our Board with the aim of moving towards a Board composition that represents the communities in which we serve. We continue to work closely with DCMS and Sport on Board appointments to achieve this aim.

Board and Committee evaluations

In line with relevant good governance practice as set out in the Code, the Sport England Board undertakes evaluation annually, with this being externally facilitated at least every four years. The 2017 evaluation was externally facilitated and comprised questionnaires evaluating Board members' own performance, the performance of the Board, and that of the Chairman; observation of a Board meeting by the facilitator; and individual interviews with each Board member and the Chief Executive. The overall outcome of the evaluation was positive, with the independent observation and interviews confirming a high level of performance and concluding that Sport England is well governed and has a high performing Board. Some further improvements were identified and have been incorporated into establishing robust arrangements for tracking achievement of the strategy and creating more time at Board meetings for strategic rumination.

The Board will undertake an internal evaluation in 2018, with Board members completing evaluation questionnaires and performance discussions with the Chairman.

The Audit, Risk and Governance, Investment and Workforce Committees are currently undertaking internal evaluations of their performance using a questionnaire process. Following the change in Committee structure in September 2016 it was agreed with the Sport England Chair that committee effectiveness reviews would take place in the first half of 2018 to allow for a suitable number of meetings to have taken place to ensure a valuable review of Committee and Chair performance. This will be the first review of the Investment and Workforce Committees following their inception in September 2016. The Audit, Risk and Governance Committee last evaluated its performance in June 2016 with the result indicating a high degree of effectiveness.

The Chairs of the Audit, Risk and Governance; Investment and Workforce Committees produce annual reports on the activity and performance of the committees to the Sport England Board.

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 eight times during 2017-2018. 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. In March 2018, the Board undertook an externally facilitated training session on Unconscious Bias. In December 2017, an induction programme was provided for our new Independent Audit, Risk and Governance Committee member, Adam Spires. An induction programme will be provided in 2018 for our new Non-Executive Board members once appointed. During the induction process, new members will meet 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.

This year, the Board's principal focus has been to oversee the implementation of the 2016-21 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.

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 Board is satisfied that the reporting and quality of the information it receives is sufficient to allow it to make informed decisions. The Active Lives Adult Survey, which measures sport and activity across England, provides key data that helps inform decision-making. The survey is designed to be as flexible as possible to support a wide range of measures – engagement with sport and physical activity, inactivity, spectating, and volunteering information.

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

Sport England Strategy	Delivery and implementation of the strategy for Sport England (2016-2021) that delivers the goals of the Government's new cross-government strategy for Sport.
Sport England measurement framework	Developing the measurement framework and setting targets for engagement levels in sport and physical activity.
Strategic review of Sport England's investment priorities	Approval of the process and approach to allocating Sport England's available resource to our strategy through the creation of a new investment plan, including key insights and tactics for each strategic priority to facilitate the achievement of our targets in the most efficient and efficient way.
Code for Sports Governance	Regular discussion of the implementation of the Code for Sports Governance and how Sport England is supporting organisations to enable them to meet the requirements, including a particular focus on helping organisations to meet the diversity requirements of the Code.
Active Lives	Regular discussion of the Active Lives Survey results measuring sport and activity across England.
Equality and Diversity	Regular review and monitoring of Equality, Diversity and Inclusion (EDI) work to ensure that EDI runs through everything that Sport England does as an employer and becomes a more central feature of the organisation's work in future.
Safeguarding Children and Young People plus Adults at Risk	Regular discussion of safeguarding, with formal commitment to consider safeguarding at least twice a year.
Corporate Risk	Regular discussion of corporate risk and the organisation's risk appetite, including a risk workshop in October 2017 where the Board reviewed and agreed Sport England's risk management strategy and risk appetite to ensure alignment with the organisation's objectives.
Annual Report and Accounts	Approval of Sport England Annual Report and Accounts.
2018-19 Financial Budget	Approval of Sport England budget for the next financial year.
Funded Partner Investments	Over the year the board considered major investment into a number of bodies including; National Governing Bodies, County Sports Partnerships and other organisations.
This Girl Can behaviour change campaign	Regular updates on the campaign and approval of overall funding for the campaign.

In addition to the above, at each meeting there was a report from the Chief Executive (including topics such as updates on organisational design and strategy implementation) and also regular reports from the Chief Operating Officer (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

In addition to the Board, Sport England has the following Committees: the Audit, Risk and Governance Committee, the Investment Committee, the Workforce Committee, and the Chairs and Remuneration Committee.

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

Investment Committee	Audit, Risk and Governance Committee
<ul style="list-style-type: none"> • Approval of all major capital and revenue awards under new investment programmes – 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"> - Strategic Facilities investments - Community Asset Fund - MIND (mental health charity) strategic partnership - School Games and School Games Organisers - Funded partner investments including National Governing Bodies, County Sports Partnerships. • Regular updates on progress of Local Delivery Pilots. • Regular updates on the development of the Volunteering Strategy. • Approval of investments under final year of the previous strategy. • Regular discussion about the overall performance of the Sport England investment portfolio. 	<ul style="list-style-type: none"> • Regular review of corporate (strategic) and operational risk profile. • The 2017-2018 accounts preparation process. • Review of financial forecasts including critically cash-flow and detailed monitoring of monthly management accounts every quarter. • Review of funded partners including key governance developments and related issues arising from the audit and assurance process. • The internal audit plan for 2017-2018 and internal audit reports. • Regular reports on fraud and insolvency. • Regular reports on Freedom of Information, Complaints and Data Assurance, including General Data Protection Regulation and our preparedness for the new regulations. • Regular reports on the new Grants Management and Finance systems.
Chairs & Remuneration Committee	Workforce Committee
<ul style="list-style-type: none"> • Maintained overview of developments in public sector pay. • Chief Executive's remuneration, performance and objectives. • Advised the Chief Executive on organisational design and structural changes required to support the implementation of the new strategy. 	<ul style="list-style-type: none"> • Oversight and development of Workforce Strategy, Volunteering Strategy, Professional Workforce Strategy, and the Coaching Plan for England, including for example: <ul style="list-style-type: none"> - Coaching Plan implementation and investment - Volunteering implementation and investment - Professional workforce – development of the strategy - Regular discussion of our work with the Chartered Institute for the Management of Sport and Physical Activity.

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 and championed by Sport England's Chairman.

Sport England's work and interest in Equality and Diversity (E&D) covers the full spectrum of protected characteristics and we are also actively working on E&D in the context of deprivation, income levels and background, concentrating particularly on lower socio-economic groups. Because of the depth and diversity of this work, which is naturally spread across the organisation and falls within the responsibilities of many members of staff, a group of relevant and committed colleagues to own this work is being drawn together, chaired by the Chief Executive. The Equality Group will become a self-contained Group, and will focus on internal equality and diversity issues within Sport England.

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 was awarded reaccreditation in October 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 on pages 53-56.

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 with 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 2017-2018, as we continued to implement our strategy, we conducted a full review of Sport England's current corporate risks in our Corporate Risk Register, considering also the external factors which might impact our ability to deliver our objectives. We have continued to review the Corporate Risk Register on a dynamic basis throughout the year.

Internal controls

The system of internal control is supported by various policies and procedures to ensure that we are compliant with the policy, financial and accounts directions issued by DCMS.

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 on a quarterly basis. 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 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 to achieve its strategic objectives. The Board reviewed and agreed Sport England's risk management strategy and risk appetite in October 2017 to ensure alignment with the organisation's objectives. The risk appetite is described as follows:

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

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

Within its framework of evidence-based and well-controlled decision-making, Sport England is currently willing to adopt a higher risk appetite in order to drive increased participation in sport, including:

- innovations, where outputs can be evidenced and evaluated;
- undertaking exploratory projects, e.g. local pilots, to learn and to gather evidence;
- remaining assertive on performance management, including taking action to shift investments where performance is poor; and developing potential sources of partnership and/or commercial income, providing there is a clear alignment with our values.

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 added and closed a risk related to effective delivery of the new Code for Sports Governance, having successfully implemented the Code with a large number of partners. We also closed a risk related to senior management succession with the appointment of several new senior members of staff, including a new Chief Operating Officer.

Last year I highlighted the operational and reputational risks we needed to manage as we implemented our strategy, *Towards an Active Nation* and the new Code for Sports Governance.

The high degree of change associated with implementation of the strategy, both internally (in terms of organisational structure and ways of working) and externally means it has continued to be a dominant theme in the risk environment. Alongside this, a risk has evolved this year on the need to deliver the strategy at pace and in a way that enables us to manage our stakeholders' expectations effectively whilst taking account of the entrenched nature of some of the inequalities we are tackling and the long term nature of behaviour change work. As I noted last year, many of the programmes and approaches that are core to our strategy relate to areas of work outside Sport England's recent experience. We are therefore working with a much wider range of partners, many of them for the first time, and successful delivery of our strategy relies on our ability to foster effective and successful relationships with these partners. The Executive Group and the Board have maintained robust oversight of these areas and worked to ensure risks are mitigated. We have continued to recognise the importance of maintaining effective communication with staff throughout the organisation to ensure they have a clear and common understanding of what is required to deliver the strategy. This has included regular updates on progress, 'pulse' check surveys with staff every few months, and piloting new ways of working in cross-functional teams. We have also prioritised the completion of the restructure, the final stages of which will be completed early in the coming year.

The new Code for Sports Governance contains a mandatory set of requirements for those organisations seeking public funding and came into force in April 2017. Implementing the formal process for assessing compliance has been a significant piece of work this year and we have continued to engage closely with the sector to achieve this. The process has helped to protect the value for money the public receives from investment into sport and maximise the effectiveness of those investments. It has also provided me with a more detailed level of assurance over the investments we make.

One of the emerging risks I identified in last year's report regarding certainty of income has remained prominent in our discussions this year. Although there has been some recent recovery in Lottery sales, income remains at a lower level than when our strategic approach was designed, and our partners are also impacted by the grant funding environment leading to a risk that we are not able to achieve our strategic objectives. We will continue to take this into account in our financial planning and forecasting throughout the year, and are prioritising a variety of actions that are dependent on influence and advocacy rather than on scale of funding.

Selecting the right replacements for our Finance and Grants Management systems has been another area of focus this year in terms of risk, and will continue to be important as we look ahead. Both systems are fundamental to how we operate and manage the public money we are responsible for, as well as providing crucial management information to inform our decisions. The Grants Management system also acts as an important interface with our partners. The need to procure both systems concurrently because of critical timelines has required us to manage an increased workload at a time when the business is also under extra pressure because of the organisational restructure. In order to manage this risk, we have put in place formal project governance arrangements, employed additional resource and expertise, and sought independent assurance on various aspects of the project.

Other risks emerging during 2017-18 relate to implementation and readiness for new data protection legislation and changes and uncertainty in the economic environment. The new General Data Protection Regulation (GDPR) has created an additional pressure on the organisation at a time of significant change, which we are addressing by employing additional resource, seeking external advice and support and establishing a cross-organisational group to manage the process.

Information risks

Within our management structure we have an Information Governance Committee, chaired by our Senior Information Risk Owner (SIRO), which meets quarterly to consider reports on the operation of key information governance controls and to review the Information Risk Register.

Sport England has provided regular assurances to the Audit, Risk and Governance Committee regarding its preparatory work to ensure compliance with the General Data Protection Regulations GDPR, which will be effective from 25 May 2018. The GDPR will affect the way that Sport England collects and manages the personal data used in relation to several key business activities. A GDPR Transition Working Group has been established to advise on and monitor Sport England's preparations for the transition to GDPR. The Working Group is a sub-group of the Information Governance Committee and as is being led by the Principal In-House Solicitor and Information Governance Manager with support from across the business and external advisers.

As part of our ongoing development and management of the Sport England IT architecture, we have implemented a number of systems and controls to mitigate cyber security risks.

No significant issues have been reported to the Information Commissioner's Office (ICO). There was one incident reported during the year relating to the IP address of a tenant organisation being accessed, which was not reported to the ICO as no Sport England server or personal information was accessed.

Continuing the improvements we made during 2017-2018 to embed best practice for records management and information security, we are currently reviewing Sport England's information governance documentation with the purpose of rationalising, updating and incorporating practices into the organisation's migration to Office 365.

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.

To manage these risks, Sport England has a Counter Fraud Strategy and a Fraud and Bribery Prevention Policy which was reviewed and updated in January 2018.

During the 2017-18 financial year there have been only three cases raised where fraud has been suspected concerning grant recipient organisations, or concerning individuals in management positions at recipient organisations. Two of these cases were closed after no evidence of fraud or attempted fraud were found and the other has been passed to the police for investigation. 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.

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 internal 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 2017-18, overall there has been an adequate and effective framework of governance, risk management and control that provides reasonable assurance over the achievement of objectives. Certain weaknesses and exceptions were highlighted as part of the audit work, none of which were fundamental in nature.

A number of recommendations were made, all of these have been, or are in the process of being addressed.

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 internal control frameworks. The process for assessing compliance with the Code for Sports Governance has been informed by evidence from these audits and other independent sources such as Companies House records.

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 Active Lives Adult Survey data is prepared and quality checked by Ipsos MORI, with data also shared with analysts at DCMS, Public Health England and DfT in advance of publication. As well as extensive user consultation and testing, the design of the Active Lives child survey and questionnaire is being developed by a steering group comprised of policy experts from DCMS, DfE and DHSE. Sheffield Hallam University is also completing a validation study on key aspects of the child questionnaire.

A panel of academic experts independently reviewed the Sport Outcomes Evidence Review published in May 2017, with the future direction of this work also being overseen by a group of independent academics and practitioners.

Complaints

Through our formal complaints procedure we have recorded 36 complaints in 2017-2018, of which we had one complaint referred to the Parliamentary and Health Services Ombudsman which was not upheld.

Whistleblowing

Sport England has a Whistleblowing policy and procedure that is reviewed annually for effectiveness and to ensure it is in line with good practice. The last review was undertaken in April 2018. There were no whistleblowing complaints in 2017-18.

BOARD AND COMMITTEE ATTENDANCE

Name	Board Governance	Audit, Risk & Committee Committee	Investment	Chairs and Remuneration Committee	Workforce Committee
Number of meetings in the year	8	5	7	3	5
Nick Bitel	8	-	-	3	-
Dr Denise Barrett-Baxendale MBE ¹	5	4	-	-	5
Kate Bosomworth	6	-	6	-	-
Ian Cumming	7	-	2	-	-
Karen Creavin	-	-	5	-	-
John Flook ¹	-	2	-	-	-
David Goldstone ²	3	4	-	-	-
Chris Grant	8	-	7	-	-
Sue James ³	-	-	-	-	4
Eilish Jamieson	-	4	-	-	-
Debbie Jevans	7	-	-	3	5
Wasim Khan	7	-	-	-	3
Andrew Long ⁴	8	5	2	3	-
Karen Pickering	8	-	-	-	4
Charles Reed	8	-	7	3	-
Peter Rowley	-	-	7	-	-
Adam Spires ⁵	-	1	-	-	-

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:

¹ Tenure ended 31 August 2017.

² Resigned from the Board 30 September 2017.

³ Appointed 5 September 2017.

⁴ Chair of Audit Committee from 1 September 2017 at which time stepped down from Investment Committee.

⁵ Appointed 15 September 2017.

Jennie Price

Chief Executive and Accounting Officer
The English Sports Council
21 June 2018

Nick Bitel

Chair
The English Sports Council
21 June 2018

The English Sports Council

Grant-in-Aid

Consolidated Accounts for the year ended 31 March 2018

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 Digital, 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 Digital, 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 Digital, 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
21 June 2018

Nick Bitel
Chair
The English Sports Council
21 June 2018

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

Opinion on financial statements

I have audited the financial statements of The English Sports Council Grant-in-Aid for the year ended 31 March 2018. The financial statements comprise: the Group and Parent Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

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 2018 and of the group's and the parent's net operating 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 regularity

In my opinion, in all material respects the income and expenditure 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.

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of The English Sports Council Grant-in-Aid in accordance with the ethical requirements that are relevant to my audit and

the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Council and Chief Executive for the financial statements

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.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit the financial statements in accordance with the Royal Charter of The English Sports Council.

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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions,

misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and The English Sport Council Grant-in-aid's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and The English Sport Council Grant-in-aid's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

Other Information

The Council and Chief Executive are responsible for the other information. The other information comprises information included in the annual report, other than the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- the parts of the Accountability 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;
- in the light of the knowledge and understanding of the group and the parent and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; and
- the information given in 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 Accountability 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
28 June 2018

Statement of comprehensive net expenditure for the year ended 31 March 2018

	Note	Group		Council	
		2018 £'000	2017 £'000	2018 £'000	2017 £'000
Income					
Grants received	2	2,674	4,393	-	-
Other income	3	821	715	820	638
Total		3,495	5,108	820	638
Expenditure					
Grants	4	86,301	86,129	86,292	86,096
Staff costs	5	4,905	4,945	4,905	4,945
National sports centres	6	3,429	2,997	3,429	2,997
Sports development costs	7	4,989	7,818	2,509	3,385
Operating costs	8	6,119	5,497	2,605	2,303
Assets gifted to subsidiaries	11	-	-	1,507	1,938
Total		105,743	107,386	101,247	101,664
Other					
Net interest on net defined benefit liability	22	607	693	607	693
Impairment reversals	11	(503)	(384)	-	-
Total		104	309	607	693
Net operating expenditure before interest, financial asset income and taxation		(102,352)	(102,587)	(101,034)	(101,719)
Interest receivable		17	35	17	35
Financial asset income	13	32	26	-	-
Taxation		(3)	(13)	(3)	(6)
Net operating expenditure for the year		(102,306)	(102,539)	(101,020)	(101,690)
Other comprehensive income					
Surplus owing to revaluation of properties	23	7,353	6,568	-	-
Net (loss)/gain on financial assets	13	(5)	74	-	-
Re-measurement of defined benefit liability	22	3,830	(3,349)	3,830	(3,349)
Total comprehensive net expenditure for the year		(91,128)	(99,246)	(97,190)	(105,039)

All income and expenditure relates to continuing activities.

The notes on pages 68 to 93 form part of these accounts.

Statement of financial position as at 31 March 2018

	Note	Group		Council	
		2018 £'000	2017 £'000	2018 £'000	2017 £'000
Non-current assets					
Property, plant and equipment	11	109,966	104,277	370	506
Intangible assets	12	550	441	550	441
Financial assets	13	962	967	-	-
Total		111,478	105,685	920	947
Current assets					
Inventory	14	-	-	-	-
Assets held for sale	15	-	-	-	-
Trade and other receivables	16	7,223	7,680	6,609	6,616
Cash and cash equivalents		14,188	18,169	14,141	18,122
Total		21,411	25,849	20,750	24,738
Total assets		132,889	131,534	21,670	25,685
Current liabilities					
Grants outstanding	17	(28,138)	(10,522)	(28,138)	(10,522)
Trade and other payables	18	(7,175)	(10,400)	(7,312)	(9,876)
Provisions	19	-	(31)	-	-
Total		(35,313)	(20,953)	(35,450)	(20,398)
Non-current liabilities					
Provisions	19	(186)	(186)	-	-
Pension liabilities	22	(20,384)	(23,604)	(20,384)	(23,604)
Total		(20,570)	(23,790)	(20,384)	(23,604)
Total liabilities		(55,883)	(44,743)	(55,834)	(44,002)
Assets less liabilities		77,006	86,791	(34,164)	(18,317)
Taxpayers equity					
Reserves		77,006	86,791	(34,164)	(18,317)
Total		77,006	86,791	(34,164)	(18,317)

The notes on pages 68 to 93 form part of these accounts.

Jennie Price CBE
 Chief Executive and Accounting Officer
 The English Sports Council
 21 June 2018

Nick Bitel
 Chair
 The English Sports Council
 21 June 2018

Statement of cash flows for the year ended 31 March 2018

	Note	Group		Council	
		2018 £'000	2017 £'000	2018 £'000	2017 £'000
Net cash outflow from operating activities	24	(83,444)	(90,968)	(83,412)	(90,979)
Cash flows from investing activities					
Purchase of property, plant and equipment	11	(1,579)	(2,220)	(1,579)	(2,220)
Purchase of intangible assets	12	(333)	(238)	(333)	(238)
Proceeds from property sale	15	-	258	-	-
Proceeds from financial assets sale		-	652	-	-
Purchase of financial assets		-	(910)	-	-
Financial asset income	13	32	26	-	-
Net cash outflow from investing activities		(1,880)	(2,432)	(1,912)	(2,458)
Cash flows from financing activities					
Grant-in-Aid – resource		46,912	72,168	46,912	72,168
Grant-in-Aid – capital		34,431	33,481	34,431	33,481
Net cash inflow from financing activities		81,343	105,649	81,343	105,649
Net (decrease)/increase in cash and cash equivalents		(3,981)	12,249	(3,981)	12,212
Cash and cash equivalents at 1 April		18,169	5,920	18,122	5,910
Cash and cash equivalents at 31 March		14,188	18,169	14,141	18,122

The notes on pages 68 to 93 form part of these accounts.

Statement of changes in taxpayers' equity – Group for the year ended 31 March 2018

	Revaluation reserve £'000	Pension reserve £'000	General reserve £'000	Total reserves £'000
Note	23	22		
Balance at 1 April 2016	31,057	(19,979)	69,310	80,388
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
Balance at 31 March 2017	36,634	(23,604)	73,761	86,791
Net operating expenditure for the year	-	-	(102,306)	(102,306)
Surplus owing to revaluation of properties	7,353	-	-	7,353
Amortisation of revaluation reserve	(1,004)	-	1,004	-
Re-measurement of defined benefit liability	-	3,830	-	3,830
Transfer between reserves	-	(610)	610	-
Net gain on financial assets	-	-	(5)	(5)
Grant-in-Aid received – resource	-	-	46,912	46,912
Grant-in-Aid received – capital	-	-	34,431	34,431
Balance at 31 March 2018	42,983	(20,384)	54,407	77,006

The notes on pages 68 to 93 form part of these accounts.

Statement of changes in taxpayers equity – Council for the year ended 31 March 2018

	Pension reserve £'000	General reserve £'000	Total £'000
Note	22		
Balance at 31 March 2016	(19,979)	1,052	(18,927)
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
Balance at 31 March 2017	(23,604)	5,287	(18,317)
Net operating expenditure for the year	-	(101,020)	(101,020)
Re-measurement of defined benefit liability	3,830	-	3,830
Transfer between reserves	(610)	610	-
Grant-in-Aid received – resource	-	46,912	46,912
Grant-in-Aid received – capital	-	34,431	34,431
Balance at 31 March 2018	(20,384)	(13,780)	(34,164)

The notes on pages 68 to 93 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 Digital, Culture, Media and Sport with the consent of HM Treasury and the 2017-18 Government Financial Reporting Manual (FRoM) 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 FRoM apply International Financial Reporting Standards (IFRS) as adopted by the European Union, and as adapted or interpreted for the public sector.

Where the FRoM 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 (Exchequer) 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 FRoM, 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 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 Digital, 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 Exchequer, 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 2018.

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 National Lottery Distribution Fund (Lottery) activities (pages 94 to 117), in accordance with the Lottery Accounts Direction issued by the Secretary of State for Digital, 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 FRoM.

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 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.

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 Exchequer and gifted to 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

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 historical 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 60 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 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 (service costs), past service costs, 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.

The 2018-19 FReM requires the following standards to be applied from 1 April 2018. The application of the standards will not have a material impact on these accounts.

- IFRS 9 – Financial Instruments: Recognition and Measurement
- IFRS 15 – Revenue from contracts with customers

2 Grants received

	Group		Council	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Lottery grant	2,674	4,393	-	-

The Lottery grant received from the Sport England Lottery Fund financed the media planning and buying for the second phase of the women's marketing campaign "This Girl Can" which was launched in January 2017.

3 Other income

	Group		Council	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
External funding income	89	62	89	62
Active people survey recharges	211	249	211	249
Asset hire recharges	291	241	291	241
Other income	230	163	229	86
Total	821	715	820	638

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	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Resource grants				
Local delivery	-	122	-	122
Inactivity	368	113	368	113
Children and young people	11,102	11,102	11,102	11,102
Mass markets	249	1,521	249	1,521
Facilities	862	559	853	526
Core market	30,847	31,132	30,847	31,132
Coaching	4,863	5,985	4,863	5,985
Other resource grants	5,180	4,807	5,180	4,807
Total	53,471	55,341	53,462	55,308
Capital grants				
Facilities ¹	27,500	22,333	27,500	22,333
Core market ²	2,848	8,571	2,848	8,571
Local delivery	2,500	-	2,500	-
Total	32,848	30,904	32,848	30,904
Total	86,319	86,245	86,310	86,212
Grant recoveries	(18)	(116)	(18)	(116)
Total	86,301	86,129	86,292	86,096

¹ Facilities capital grants includes the Community Asset Fund (£9m) which was created as part of Sport England's Towards an Active Nation Strategy.

² Core market capital grants in 2016-17 included grants to National Governing Bodies (NGBs) for the final year of the 2013-17 funding period.

5 Staff costs

	Group		Council	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Permanent and fixed term staff				
Wages and salaries	3,325	3,679	3,325	3,679
Social security costs	382	397	382	397
Pension costs	827	583	827	583
Total	4,534	4,659	4,534	4,659
Agency staff	371	286	371	286
Total staff costs	4,905	4,945	4,905	4,945

6 National sports centres

	Group		Council	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Income	7,594	7,369	7,594	7,369
Expenditure				
Centre operator expenditure ¹	9,377	8,765	9,377	8,765
Other expenditure	1,646	1,601	1,646	1,601
Total	11,023	10,366	11,023	10,366
Net expenditure	3,429	2,997	3,429	2,997

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.

¹ Includes operator management fees of £171,000 (2017: £180,000)

7 Sports development costs

	Group		Council	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Grant programme support costs				
Local delivery	6	12	6	12
Children and young people	50	210	50	210
Facilities	86	91	86	91
Core market	35	148	35	148
Coaching	73	34	73	34
Other	-	52	-	52
Total	250	547	250	547
Other sports development costs				
Communications	13	31	13	31
Facilities expertise and support	361	319	361	319
Irrecoverable VAT	114	308	114	308
Legal	26	15	26	15
Measurement surveys	987	1,405	987	1,405
Media buying and planning ¹	2,480	4,433	-	-
Other costs	212	(14)	212	(14)
Planning data and guidance	377	511	377	511
Research	169	263	169	263
Total	4,739	7,271	2,259	2,838
Total	4,989	7,818	2,509	3,385

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.

¹ 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	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Auditor's remuneration ¹	70	70	54	54
Board expenses	11	3	11	3
Communications	32	43	32	43
Depreciation	3,970	3,585	432	359
Grant outsourcing costs	198	200	198	200
Internal audit and governance	22	45	22	45
Irrecoverable VAT	199	94	199	94
IT infrastructure and systems costs	433	494	433	494
Legal	100	94	100	94
Other costs	247	16	247	16
Other staff costs	100	87	100	87
Property operating leases	356	335	398	384
Other property costs	12	18	12	18
Staff training	60	83	60	83
Travel and subsistence	264	290	262	289
Defined benefit scheme admin charges	45	40	45	40
Total	6,119	5,497	2,605	2,303

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.

¹ No other payment was made to the auditors for non-audit work. The Group audit fees for the year were £69,800 (2017: £69,800), the Council audit fees for the year were £53,800 (2017: £53,800). Included within the Council for 2018 is £3,800 relating to the fees of English Sports Development Trust Limited (2017: £3,800) which were paid on its behalf by Sport England.

9 Net costs apportioned from Exchequer to Lottery – Group

	2018			2017		
	Gross £'000	Lottery recharge £'000	Net £'000	Gross £'000	Lottery recharge £'000	Net £'000
Other income	(1,444)	623	(821)	(1,489)	774	(715)
Staff costs	15,849	(10,944)	4,905	15,888	(10,943)	4,945
Sports development	10,547	(5,558)	4,989	16,010	(8,192)	7,818
Operating costs	9,848	(3,729)	6,119	9,177	(3,680)	5,497
Total	34,800	(19,608)	15,192	39,586	(22,041)	17,545

9 Net costs apportioned from Exchequer to Lottery – Council

	2018			2017		
	Gross	Lottery recharge	Net	Gross	Lottery recharge	Net
	£'000	£'000	£'000	£'000	£'000	£'000
Other income	(1,443)	623	(820)	(1,412)	774	(638)
Staff costs	15,849	(10,944)	4,905	15,888	(10,943)	4,945
Sports development	8,067	(5,558)	2,509	11,577	(8,192)	3,385
Operating costs	6,334	(3,729)	2,605	5,983	(3,680)	2,303
Total	28,807	(19,608)	9,199	32,036	(22,041)	9,995

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	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Land & buildings				
Expiring within one year	1,028	977	1,028	977
Expiring between one & five years	3,705	3,967	3,705	3,967
Expiring after at least five years	95	566	95	566
Total	4,828	5,510	4,828	5,510

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 £0.8 million (2017: £1.0 million).

11 Property, plant and equipment— Group

	Land	Buildings and Bund	Leasehold Improv'm't	Equipm't	IT Equipm't	Artworks and Antiques	Under Constr- uction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost								
At 1 April 2016	14,065	98,625	1,173	3,036	975	827	2,380	121,081
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)	-
At 31 March 2017	14,998	108,955	1,170	2,666	894	827	-	129,510
Additions	-	763	-	63	58	-	695	1,579
Disposals	-	-	-	(1)	(110)	-	-	(111)
Revaluation	874	6,479	-	-	-	-	-	7,353
Impairment reversals	(2)	505	-	-	-	-	-	503
Transfers	-	(79)	-	79	-	-	-	-
At 31 March 2018	15,870	116,623	1,170	2,807	842	827	695	138,834
Depreciation								
At 1 April 2016	-	19,788	181	1,970	639	-	-	22,578
Charge for year	-	2,769	154	307	168	-	-	3,398
Disposals	-	-	-	(380)	(363)	-	-	(743)
At 31 March 2017	-	22,557	335	1,897	444	-	-	25,233
Charge for year	-	3,092	154	287	213	-	-	3,746
Disposals	-	-	-	-	(111)	-	-	(111)
At 31 March 2018	-	25,649	489	2,184	546	-	-	28,868
Net Book Value								
At 31 March 2017	14,998	86,398	835	769	450	827	-	104,277
At 31 March 2018	15,870	90,974	681	623	296	827	695	109,966

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 2017-18 and 2016-17, the value of land, buildings and bund increased through revaluation and impairment reversals as a direct result of an increase in the Building Cost Information Service (BCIS) indices that are utilised and applied under the DRC Valuation methodology.

In 2017-18 revaluation and impairment reversals amounted to £7.9 million and 2016-17 £7.0 million.

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

11 Property, plant and equipment – Council

	Buildings	Equipment	IT Equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 April 2016	-	205	865	1,070
Additions	1,928	10	282	2,220
Gifted assets ¹	(1,928)	(10)	-	(1,938)
Disposals	-	(18)	(363)	(381)
At 31 March 2017	-	187	784	971
Additions	1,457	64	58	1,579
Gifted assets ¹	(1,457)	(50)	-	(1,507)
Disposals	-	(1)	(110)	(111)
At 31 March 2018	-	200	732	932
Depreciation				
At 1 April 2016	-	67	607	674
Charge for year	-	41	131	172
Disposals	-	(18)	(363)	(381)
At 31 March 2017	-	90	375	465
Charge for year	-	32	176	208
Disposals	-	-	(111)	(111)
At 31 March 2018	-	122	440	562
Net Book Value				
At 31 March 2017	-	97	409	506
At 31 March 2018	-	78	292	370

¹ 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	Council
	£'000	£'000
Cost		
At 1 April 2016	3,431	3,431
Additions	238	238
Disposals	(192)	(192)
At 31 March 2017	3,477	3,477
Additions	333	333
Disposals	-	-
At 31 March 2018	3,810	3,810
Depreciation		
At 1 April 2016	3,041	3,041
Charge for year	187	187
Disposals	(192)	(192)
At 31 March 2017	3,036	3,036
Charge for year	224	224
Disposals	-	-
At 31 March 2018	3,260	3,260
Net Book Value		
At 31 March 2017	441	441
At 31 March 2018	550	550

Intangible assets comprise computer software which provides ongoing economic benefits.

13 Financial assets

Listed stocks and securities

	Group		Council	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Market value at 1 April	967	635	-	-
Additions	-	910	-	-
Disposals	-	(652)	-	-
Revaluation of financial asset	(5)	74	-	-
Market value at 31 March	962	967	-	-

Listed stocks and securities at 31 March 2018 relate to a managed investment fund held by The Sports Council Trust Company. The holding is classified as an available for sale asset, although there is no intention of withdrawing from holding this investment fund in the immediate future.

The historical cost of the asset at 31 March 2018 was £910,000 (2017: £910,000).

The income received on the investment fund for the year to March 2018 was £32,000 (2017: £26,000).

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	2018: £110.9m 2017: £105.1m	2018: (£1.5m) 2017: (£0.8m)
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	2018: £224,000 2017: £30,000	2018: £194,000 2017: £28,000

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 consisted 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, at nil consideration. This equipment is treated as current assets at nil value and was disposed of in 2017-18 at nil value.

15 Assets held for sale

	Group		Council	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
As at 31 March	-	259	-	-
Impairment	-	(1)	-	-
Proceeds of sale	-	(258)	-	-
Total	-	-	-	-

The sale of Ashlands House, Crewkerne 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	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Trade receivables	595	366	538	365
Other receivables	462	425	462	425
Staff travel loans	42	49	42	49
Prepayments and accrued income	2,083	2,293	1,526	1,230
Sport England Lottery	4,041	4,547	4,041	4,547
Total	7,223	7,680	6,609	6,616

17 Grants outstanding

	Group		Council	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Grants outstanding	28,138	10,522	28,138	10,522

Future commitments

On the undertaking that funds are to be provided by DCMS, Sport England at 31 March 2018 had entered into commitments to pay grants to award recipients in respect of their approved programmes in the following years. These commitments, which are to NGB 2017-2021 funding, Football Foundation and Parklife (Capital grants: Facilities), have not been recognised in the Statement of comprehensive net expenditure or the Statement of financial position and are shown below.

	Group		Council	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
2016-17	-	-	-	-
2017-18	-	24,527	-	24,527
2018-19	50,290	27,275	50,290	27,275
2019-20	44,896	24,174	44,896	24,174
2020-21	25,171	22,574	25,171	22,574
Total	120,357	98,550	120,357	98,550

18 Trade and other payables

	Group		Council	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Trade payables	511	509	511	509
Corporation tax	28	14	28	7
Accruals	6,234	9,450	6,160	8,809
Other payables	402	427	402	427
The Sports Council Trust Company	-	-	27	51
English Sports Development Trust Limited	-	-	184	73
Total	7,175	10,400	7,312	9,876

19 Provisions

	Group		Council	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Amounts falling due within one year:				
Balance at 1 April	31	51	-	-
Reclassification from after one year	-	161	-	-
Utilised during the year	(31)	(109)	-	-
Reversed unused	-	(72)	-	-
Balance at 31 March	-	31	-	-

	Group		Council	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Amounts falling due after one year:				
Balance at 1 April	186	347	-	-
Reclassification to within one year	-	(161)	-	-
Balance at 31 March	186	186	-	-

The provisions above relate to the properties detailed below:

Cardigan Road

Early surrender of the lease was completed on 11 August 2017 fully utilising the remaining provisions.

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 no capital commitments contracted but not provided for in the financial statements as at 31 March 2018 (2017: £278,000).

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 2017 and 2018 and those that are expected to be made in 2019 for the Exchequer portion of the scheme:

Employee contribution rates

2018 and 2017 salary range	Contribution rate
Less than £13,600	5.5%
£13,601- £21,200	5.8%
£21,201- £34,400	6.5%
£34,401- £43,500	6.8%
£43,501- £60,700	8.5%
£60,701- £86,000	9.9%
£86,001- £101,200	10.5%
£101,201- £151,800	11.4%
Over £151,801	12.5%

Employer contributions to schemes

	2019	2018	2017
All figures in £'000s			
% Employer contributions	16.1%	16.1%	12%
Contributions to pension schemes			
Employer contributions	184	166	136
Required additional contributions	-	274	567
Voluntary additional contributions	-	150	-
Total contributions to pension schemes	184	590	703

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 £'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)

	2018 % per annum	2017 % per annum	2016 % per annum
Price increases – RPI	3.3%	3.6%	3.2%
Price increases – CPI	2.3%	2.7%	2.3%
Salary increase	3.8%	4.2%	4.1%
Pension increase	2.3%	2.7%	2.3%
Discount rate	2.6%	2.7%	3.7%

Life expectancy assumptions from age 65

		2018 Years	2017 Years
Retiring today	Males	22.2	22.1
	Females	24.7	24.6
Retiring in 20 years	Males	24.5	24.4
	Females	27.0	26.8

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

Statement of financial position disclosure

	2018 £'000	2017 £'000	2016 £'000
Present value of funded liabilities	(58,538)	(61,087)	(50,603)
Fair value of employer assets	41,421	40,943	33,643
Present value of unfunded liabilities	(3,267)	(3,460)	(3,019)
Net liability in the Statement of financial position	(20,384)	(23,604)	(19,979)
Liabilities	(61,805)	(64,547)	(53,622)
Assets	41,421	40,943	33,643
Net liability in the Statement of financial position	(20,384)	(23,604)	(19,979)

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

	2018 £'000	%	2017 £'000	%
Equities	25,328	61	24,261	60
Target return portfolio	9,283	23	8,651	21
Infrastructure	1,812	4	2,156	5
Property	2,980	7	2,087	5
Cash	2,018	5	3,788	9
Total	41,421	100	40,943	100

22 Pension liabilities (continued)

Amounts recognised in the Statement of comprehensive net expenditure

	2018 £'000	2017 £'000
Service cost	548	246
Net interest on the net defined benefit liability	607	693
Administration expenses	45	40
Total	1,200	979

Re-measurements in Other comprehensive income

	2018 £'000	2017 £'000
Return on plan assets in excess of interest	574	5,611
Change in demographic assumptions	-	585
Change in financial assumptions	3,256	(13,252)
Actuarial gains	-	1,194
Experience gain on defined benefit obligation	-	2,513
Total Re-measurement credit/(cost)	3,830	(3,349)

Changes in the present value of the defined benefit obligation

	2018 £'000	2017 £'000
Opening defined benefit obligation	64,547	53,622
Service cost	352	246
Interest cost	1,723	1,958
Change in demographic assumptions	-	(585)
Change in financial assumptions	(3,256)	13,252
Experience gain on defined benefit obligation	-	(2,513)
Contributions by members	96	103
Curtailments	196	-
Estimated unfunded benefits paid	(175)	(175)
Estimated benefits paid	(1,678)	(1,361)
Closing defined benefit obligation	61,805	64,547

Changes in the fair value of the plan assets

	2018 £'000	2017 £'000
Opening fair value of employer assets	40,943	33,643
Interest on assets	1,116	1,265
Return on assets less interest	574	5,611
Actuarial gains	-	1,194
Administration expenses	(45)	(40)
Contributions by members	96	103
Contributions by employer	590	703
Estimated benefits paid	(1,853)	(1,536)
Closing fair value of employer assets	41,421	40,943

22 Pension liabilities (continued)

Sensitivity Analysis

	£'000	£'000	£'000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	60,743	61,805	62,886
Projected service cost	313	321	329
Adjustment to long-term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	61,861	61,805	61,749
Projected service cost	321	321	321
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	62,832	61,805	60,79
Projected service cost	329	321	313
Adjustment to life expectancy assumption	+1 year	None	-1 year
Present value of total obligation	64,182	61,805	59,518
Projected service costs	331	321	311

Defined contribution Aviva GPPP

Employer contributions for staff members of this scheme for the year ended 31 March 2018 were £228,000 (2017: £226,000). Auto enrolment was implemented from April 2014. There were no amounts outstanding or pre-paid at 31 March 2018 (2017: £nil).

Contribution rates ¹	
Employee	Employer
1%	2% ²
3%	3%
4%	5%
5%	8%
6.5%	11%

¹ Contribution rates apply to all salary levels

² Relates to auto enrolment

23 Revaluation reserves - group

	2018 £'000	2017 £'000
Land and buildings		
Balance at 1 April	36,634	31,057
Surplus owing to revaluation of properties	7,353	6,568
Amortisation of revaluation reserve	(1,004)	(830)
Property disposal	-	(161)
Balance at 31 March	42,983	36,634

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	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Net operating expenditure	(102,352)	(102,587)	(101,034)	(101,719)
Depreciation	3,970	3,585	432	359
Impairment reversals	(503)	(384)	-	-
Net interest on net defined benefit liability and administration costs	652	733	652	733
Decrease in receivables	457	286	7	784
Decrease/(increase) in payables	(3,225)	3,545	(2,564)	2,884
Increase in grants outstanding	17,616	4,470	17,616	4,470
Decrease in provisions	(31)	(181)	-	-
LPFA service costs	548	246	548	246
LPFA employer contributions	(590)	(703)	(590)	(703)
Assets gifted to subsidiaries	-	-	1,507	1,938
Taxation	(3)	(13)	(3)	(6)
Interest received	17	35	17	35
Net cash outflow from operating activities	(83,444)	(90,968)	(83,412)	(90,979)

25 Related party transactions

Sport England is a non-departmental public body sponsored by the Department for Digital, 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 2018. Decommittments are shown in brackets.
- Awards unpaid at 31 March 2018
- Supplier transactions during the year ended 31 March 2018
- Unpaid supplier transactions at 31 May 2018.

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 2017-18	Awards unpaid at 31 March 2018	Supplier transactions in 2017-18	Unpaid supplier transactions at 31 March 2018
	£	£	£	£
Department for Digital, Culture, Media and Sport				
Grant-in-Aid funding	-	-	81,343,000	-
Payable by Sport England	-	-	18,634	5,508
The Sports Council Trust Company				
Payable by Sport England	-	-	495,450	838
Nick Bitel				
Partner: Member Lawn Tennis Association	-	170,574	-	-
Consultant to advisors of Rugby Football Union	590,000	-	15,401	280
Consultant to advisors of England and Wales Cricket Board	1,150,000	400,492	-	-
Board Member, UK Sport	-	-	164	-
Partner: Member British Triathlon Federation	604,008	3,596	-	-
Professor Denise Barrett-Baxendale MBE				
Director, Everton Football Club	-	-	973	-
Professor Ian Cumming OBE				
Member, Amateur Swimming Association	1,261,875	10,790	-	-
Chris Grant				
Employment, Sported	37,383	-	-	-
Consultant, UK Sport	-	-	164	-

25 Related party transactions (continued)

Relationship	Awards made in 2017-18	Awards unpaid at 31 March 2018	Supplier transactions in 2017-18	Unpaid supplier transactions at 31 March 2018
	£	£	£	£
Debbie Jevans CBE				
Consultant, Birmingham City Council	1,150,000	-	-	-
Wasim Khan MBE				
Member, England and Wales Cricket Board	1,150,000	400,492	-	-
Karen Pickering MBE				
Member, Amateur Swimming Association	1,261,875	10,790	-	-
Imm. Family: Member, Amateur Swimming Association				
Consultant, Women in Sport	753,359	-	-	-
Charles Reed				
Chair, Activity Alliance	1,214,495	-	3,274	-
John Flook				
Board Member, British Orienteering Federation	78,000	-	-	-
Peter Rowley OBE				
Member, England Athletics	205,662	-	-	-
Chair, Sports Council Trust Company	-	-	495,450	838
Director, Streetgames UK	52,313	3,264	-	-
Andy Long				
Imm. Family: Member, Amateur Swimming Association	1,261,875	10,790	-	-
Jennie Price CBE				
Board Member, Football Foundation	18,000,000	10,000,000	10,166	-
Rona Chester				
Board Member, Football Foundation	18,000,000	10,000,000	10,166	-
Partner: Member, England Golf	650,000	126,000	-	-
Lisa O'Keefe				
Board Member, Mountain Training Trust	80,000	80,000	606,419	130,062
Member, British Mountaineering Council	54,822	27,411	-	-
Member, British Cycling	1,672,167	139,167	-	-
Partner: Employment, England and Wales Cricket Board	1,150,000	400,492	-	-
Phil Smith				
Member, CIMPSA	523,420	-	-	-
Alison Selfe				
Imm. Family: Member, British Cycling	1,672,167	139,167	-	-
Brian Whaley				
Member, CIMPSA	523,420	-	-	-

26 Derivatives and other financial instruments

Sport England Exchequer 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 Exchequer 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 (2018: £32,000; 2017: £26,000). 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 Exchequer 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 Exchequer does not enter into any interest rate swaps or similar financial instruments.

27 Events after the reporting period

There were no post balance sheet events between the year end and when 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 2018

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 Digital, 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 Digital, 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 Digital, 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 Digital, 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

21 June 2018

Nick Bitel

Chair
The English Sports Council

21 June 2018

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

Opinion on financial statements

I certify that I have audited the financial statements of The English Sports Council National Lottery Distribution Fund for the year ended 31 March 2018 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, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of The English Sports Council National Lottery Distribution's affairs as at 31 March 2018 and of its net income for the year then ended; and
- the financial statements have been properly prepared in accordance with the National Lottery etc. Act 1993 and Secretary of State directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects the income and expenditure 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.

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's

Revised Ethical Standard 2016. I am independent of The English Sports Council National Lottery Distribution Fund in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Council and Chief Executive for the financial statements

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.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the National Lottery etc. Act 1993.

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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to

those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The English Sports Council National Lottery Distribution Fund's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on The English Sports Council National Lottery Distribution Fund's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any

significant deficiencies in internal control that I identify during my audit.

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

Other Information

The Council and Chief Executive are responsible for the other information. The other information comprises information included in the annual report, other than the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Secretary of State directions made under the National Lottery etc. Act 1993;
- in the light of the knowledge and understanding of The English Sports Council National Lottery Distribution Fund and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; and

- the information given in 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 Accountability 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
28 June 2018

Statement of comprehensive net expenditure for the year ended 31 March 2018

	Note	2018 £'000	2017 £'000
Income			
National Lottery share of proceeds	2	202,750	202,113
National Lottery investment returns	2	586	659
Grant recoveries		468	243
Interest receivable		1	2
Other income	3	1,869	753
Total		205,674	203,770
Expenditure			
Grants made	4	147,052	209,345
Grant de-commitments	4	(2,284)	(1,244)
Non-cash grants	5	1,833	4,919
Staff costs	6	10,649	10,126
Sport development costs	7	5,739	8,192
Operating costs	8	4,769	4,192
Total		167,758	235,530
Net interest on net defined benefit liability	15	881	1,005
Net income/(expenditure) before taxation		37,035	(32,765)
Taxation	9	(25)	-
Net income/(expenditure) for the year		37,010	(32,765)
Other comprehensive income			
Re-measurement of defined benefit liability	15	5,596	(4,490)
Total comprehensive net income/(expenditure) for the year		42,606	(37,255)

All Income and Expenditure relates to continuing activities.

The notes on pages 103 to 118 form part of these accounts.

Statement of financial position as at 31 March 2018

	Note	2018 £'000	2017 £'000
Current assets			
National Lottery Distribution Fund	2	125,949	97,340
Trade and other receivables	10	866	76
Cash and cash equivalents		500	145
Total		127,315	97,561
Current liabilities			
Trade and other payables	12	(4,367)	(4,547)
Grants payable	13	(146,171)	(170,726)
Total		(150,538)	(175,273)
Total assets less current liabilities		(23,223)	(77,712)
Non-current liabilities			
Grants payable	13	(106,231)	(90,063)
Pension liabilities	15	(27,455)	(31,740)
Total		(133,686)	(121,803)
Net liabilities		(156,909)	(199,515)
Equity			
General reserve		(129,454)	(167,775)
Pension reserve		(27,455)	(31,740)
Total		(156,909)	(199,515)

The notes on pages 103 to 118 form part of these accounts

Jennie Price CBE

Chief Executive and Accounting Officer
The English Sports Council

21 June 2018

Nick Bitel

Chair
The English Sports Council

21 June 2018

Statement of cash flows for the year ended 31 March 2018

	2018 £'000	2017 £'000
Net income/(expenditure) before taxation	37,035	(32,765)
(Increase)/decrease in trade and other receivables	(790)	61
(Decrease)/increase in trade and other payables	(180)	95
(Decrease)/increase in grant commitments	(8,387)	4,701
Corporation tax	(25)	-
Transfer between reserves	1,311	478
(Increase)/decrease in NLDF	(28,609)	26,029
Net cash inflow/(outflow) from operating activities	355	(1,401)
Net increase/(decrease) in cash and cash equivalents	355	(1,401)
Cash and cash equivalents at 1 April	145	1,546
Cash and cash equivalents at 31 March	500	145

The notes on pages 103 to 118 form part of these accounts.

Statement of changes in equity for the year ended 31 March 2018

	Pension Reserve £'000	General Reserve £'000	Total £'000
Balance at 1 April 2016	(26,772)	(135,488)	(162,260)
Net income for the year	-	(32,765)	(32,765)
Re-measurement of defined benefit liability	(4,490)	-	(4,490)
Transfer between reserves	(478)	478	-
Balance at 31 March 2017	(31,740)	(167,775)	(199,515)
Net expenditure for the year	-	37,010	37,010
Re-measurement of defined benefit liability	5,596	-	5,596
Transfer between reserves	(1,311)	1,311	-
Balance at 31 March 2018	(27,455)	(129,454)	(156,909)

The notes on pages 103 to 118 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 Digital, Culture, Media and Sport with the consent of HM Treasury and the 2017-18 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 (Lottery) 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 modified by the revaluation of assets and liabilities to fair value and only reflects the activities associated with the Sport England Lottery.

Without limiting the information given, the accounts of the Sport England Lottery 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 Lottery.

In compliance with Section 35 of the National Lottery etc. Act 1993 (as amended), the accounts cover the year to 31 March 2018. Comparative figures are shown for the year ended 31 March 2017.

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 Digital, Culture, Media and Sport.

1.2 Going concern

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

Grant commitments for future years (note 13) 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 informed by DCMS, Gambling Commission and Camelot. 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 National Lottery Distribution Fund (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.

All other income is accounted for on an accruals basis, net of VAT.

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 14. 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 priorities
- 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.

Most 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.

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

VAT

Sport England Lottery 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

Corporation tax is payable on bank interest received net of bank charges and other income derived from trading activities.

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, 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.

The 2018-19 FReM requires the following standards to be applied from 1 April 2018. The application of the standards will not have a material impact on these accounts:

- IFRS 9 – Financial Instruments: Recognition and Measurement
- IFRS 15 – Revenue from contracts with customers

2 National Lottery Distribution Fund

	2018 £'000	2017 £'000
Balance at 1 April	97,340	123,369
Share of proceeds	202,750	202,113
Investment returns	586	659
Funds drawn down	(174,727)	(228,801)
National Lottery Distribution Fund	125,949	97,340

Balances held in the National Lottery Distribution Fund remain under the stewardship of the Secretary of State for Digital, 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 Digital, 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

	2018 £'000	2017 £'000
Big Lottery Award contribution ¹	1,101	-
External funding income	61	43
Active Lives survey recharges	434	512
“This Girl Can” income	130	-
Other recharges	143	198
Total	1,869	753

¹ Contribution to the Potentials and Opportunities Volunteering funds (see page 18 of the Annual Report)

4 Grants made

	2018 £'000	2017 £'000
Grants made in the year	147,052	209,345
Grant de-commitments	(2,284)	(1,244)
Net grants made	144,768	208,101
<hr/>		
Local delivery	1,249	1,542
Inactivity	13,984	11,326
Children and young people	35,741	17,715
Volunteering	4,387	33
Mass markets	1,896	23,197
Facilities	12,591	37,073
Core market	32,260	108,673
Coaching/Workforce	980	2,432
County Sports Partnerships	43,964	7,067
Decommitments	(2,284)	(957)
Total	144,768	208,101

5 Non-cash grants

	2018 £'000	2017 £'000
Club Matters - guidance and support for running a club	1,355	1,993
Creative assets of the "This Girl Can" campaign	478	2,926
Total	1,833	4,919

6 Staff costs

	2018 £'000	2017 £'000
Permanent and fixed term staff		
Wages and salaries	7,389	7,497
Social security costs	846	786
Pension costs	1,650	1,082
Total	9,885	9,365
Agency staff	764	761
Total staff costs	10,649	10,126

7 Sports development costs

	2018 £'000	2017 £'000
Grant programme support costs		
Local delivery	168	82
Inactivity	8	7
Children and young people	55	19
Mass markets	37	246
Facilities	444	489
Core market	63	241
Coaching/Workforce	140	65
Other	113	823
Total	1,028	1,972
Other sports development costs		
Legal	312	164
Measurement surveys	2,027	2,886
Research	347	539
Facilities expertise and support	248	219
Planning data and guidance	624	798
Communications	118	281
Other costs	75	(47)
Irrecoverable VAT	960	1,380
Total	4,711	6,220
Total	5,739	8,192

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

	2018 £'000	2017 £'000
Auditor's remuneration ¹	50	50
Board expenses	23	5
Communications	92	171
Grant outsourcing costs	583	175
Internal audit and governance	45	92
Irrecoverable VAT	690	498
IT infrastructure and systems costs	887	1,015
Legal	121	76
Other costs	68	(2)
Other staff costs	275	178
Property operating leases	849	823
Other property costs	25	37
Staff training	125	174
Travel and subsistence	556	589
Asset hire	291	241
Defined benefit scheme administration charge	89	70
Total	4,769	4,192

¹ No other payment was made to the auditors for non-audit work. The audit fees for the year were £50,000 (2017: £50,000).

9 Taxation

	2018 £'000	2017 £'000
UK corporation tax at 19% (2017 - 20%)	25	-

In 2017-18 Sport England received income from Vic Health in respect of the use of the "This Girl Can" brand (note 3) as trading income this is subject to UK corporation tax (note 1.11).

10 Trade and other receivables

	2018 £'000	2017 £'000
Trade receivables	233	76
Accrued income	633	-
Total	866	76

11 Capital commitments

There are no capital commitments as at 31 March 2018 (2017: £nil).

12 Trade and other payables

	2018 £'000	2017 £'000
Sport England Grant-in-Aid	3,909	4,547
Trade payables	195	-
Accruals	263	-
Total	4,367	4,547

13 Grants payable

	2018 £'000	2017 £'000
Grants payable at 1 April	260,789	256,088
Grants paid during the year	(153,155)	(203,400)
Grant de-commitments	(2,284)	(1,244)
Grants made in the year	147,052	209,345
Grants payable at 31 March	252,402	260,789
Amounts due during 2018 Financial Year	-	170,726
Amounts due during 2019 Financial Year	146,171	44,610
Amounts due during 2020 Financial Year	58,331	24,675
Amounts due during 2021 Financial Year	42,615	20,778
Amounts due during 2022 Financial Year	3,382	-
Amounts due during 2023 Financial Year	1,903	-
Grants payable at 31 March	252,402	260,789

Grant commitments payable in more than one year amount to £106.2 million (2017: £90.1 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.

14 Contingent Liabilities

Contingent liabilities amounting to £19.6 million (2017: £20.3 million) comprise of grant commitments where the conditions of the funding remain under the control of Sport England.

15 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.

The tables below show employee contribution rates and employer contributions for 2017 and 2018 and those that are expected to be made in 2019 for the Lottery portion of the scheme:

Employee contribution rates

2018 and 2017 salary range	Contribution rate
Less than £13,600	5.5%
£13,601- £21,200	5.8%
£21,201- £34,400	6.5%
£34,401- £43,500	6.8%
£43,501- £60,700	8.5%
£60,701- £86,000	9.9%
£86,001- £101,200	10.5%
£101,201- £151,800	11.4%
Over £151,801	12.5%

Employer contributions to schemes

	2019	2018	2017
All figures in £'000s			
% Employer contributions	16.1%	16.1%	12%
Contributions to pension schemes			
Employer contributions	267	242	197
Required additional contributions	-	397	823
Voluntary additional contributions	-	-	-
Total contributions to pension schemes	267	639	1,020

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).

15 Pension liabilities (continued)

The following information relates to the scheme as a whole:

Employer membership statistics

	Number	Salaries/Pensions £'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.

Financial assumptions (expressed as weighted average)

	2018 % per annum	2017 % per annum	2016 % per annum
Price increases – RPI	3.3%	3.6%	3.2%
Price increases – CPI	2.3%	2.7%	2.3%
Salary increase	3.8%	4.2%	4.1%
Pension increase	2.3%	2.7%	2.3%
Discount rate	2.6%	2.7%	3.7%

Life expectancy assumptions from age 65

		2018 Years	2017 Years
Retiring today	Male	22.2	22.1
	Female	24.7	24.6
Retiring in 20 years	Male	24.5	24.4
	Female	27.0	26.8

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

Statement of financial position disclosure

	2018 £'000	2017 £'000	2016 £'000
Present value of funded liabilities	(85,015)	(88,521)	(73,266)
Fair value of employer assets	62,461	61,972	51,023
Present value of unfunded liabilities	(4,901)	(5,191)	(4,529)
Net liability in the Statement of financial position	(27,455)	(31,740)	(26,772)
Liabilities	(89,916)	(93,712)	(77,795)
Assets	62,461	61,972	51,023
Net liability in the Statement of financial position	(27,455)	(31,740)	(26,772)

15 Pension liabilities (continued)

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

	2018		2017	
	£'000	%	£'000	%
Equities	38,193	61	36,720	60
Target return portfolio	13,999	23	13,095	21
Infrastructure	2,732	4	3,263	5
Property	4,495	7	3,160	5
Cash	3,042	5	5,734	9
Total	62,461	100	61,972	100

Amounts recognised in the Statement of comprehensive net expenditure

	2018	2017
	£'000	£'000
Service cost	980	423
Net interest on the net defined benefit liability	881	1,005
Administration expenses	89	70
Total	1,950	1,498

Re-measurements in Other comprehensive income

	2018	2017
	£'000	£'000
Return on plan assets in excess of interest	869	8,510
Change in demographic assumptions	-	848
Change in financial assumptions	4,727	(19,227)
Actuarial gains	-	1,732
Experience gain on defined benefit obligation	-	3,647
Total Re-measurement credit/(cost)	5,596	(4,490)

Changes in the present value of the defined benefit obligation

	2018	2017
	£'000	£'000
Opening defined benefit obligation	93,712	77,795
Service cost	696	423
Interest cost	2,502	2,840
Change in demographic assumptions	-	(848)
Change in financial assumptions	(4,727)	19,227
Experience gain on defined benefit obligation	-	(3,647)
Contributions by members	140	150
Curtailments	284	-
Estimated unfunded benefits paid	(254)	(254)
Estimated benefits paid	(2,437)	(1,974)
Closing defined benefit obligation	89,916	93,712

15 Pension liabilities (continued)

Changes in the fair value of the plan assets

	2018 £'000	2017 £'000
Opening fair value of employer assets	61,972	51,023
Interest on assets	1,621	1,835
Return on assets less interest	869	8,510
Actuarial gains	-	1,732
Administration expenses	(89)	(70)
Contributions by members	140	150
Contributions by employer	639	1,020
Estimated benefits paid	(2,691)	(2,228)
Closing fair value of employer assets	62,461	61,972

Sensitivity Analysis

	£'000	£'000	£'000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	88,732	89,916	91,488
Projected service cost	619	634	650
Adjustment to long-term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	89,997	89,916	89,835
Projected service cost	634	634	634
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	91,140	89,916	88,447
Projected service cost	650	634	619
Adjustment to life expectancy assumption	+1 year	None	-1 year
Present value of total obligation	93,375	89,916	86,589
Projected service cost	654	634	614

Defined contribution Aviva GPPP

Employer contributions for staff members of this scheme for the year ended 31 March 2018 were £504,000 (2017: £459,000). Auto enrolment was implemented from April 2014. There were no amounts outstanding or pre-paid at 31 March 2018 (2017: £nil).

Contribution rates ¹	
Employee	Employer
1%	2% ²
3%	3%
4%	5%
5%	8%
6.5%	11%

¹Contribution rates apply to all salary levels

²Relates to auto enrolment

16 Related party transactions

Sport England is a non-departmental public body sponsored by the Department for Digital, 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 2018. Decommittments are shown in brackets.
- Awards unpaid at 31 March 2018
- Supplier transactions during the year ended 31 March 2018
- Unpaid supplier transactions at 31 March 2018.

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 2017-18 £	Awards unpaid at 31 March 2018 £	Supplier transactions in 2017-18 £	Unpaid Supplier transactions at 31 March 2018 £
The Sports Council Trust Company				
Payable by Sport England	-	-	1,017,836	1,721
Department for Digital, Culture, Media and Sport				
Payable by Sport England	-	-	38,281	10,392
English Sports Development Trust Limited				
Payable by Sport England	-	152,221	-	-
Nick Bitel				
Consultant to advisors of Rugby Football Union	-	7,350,000	31,639	575
Consultant to advisors of England and Wales Cricket Board	-	2,510,000	-	-
Board Member, London Legacy Development Corporation	-	80,401	-	-
Board Member, UK Sport	-	-	336	-
Partner: Member, British Triathlon Federation	36,864	2,024,446	-	-
Professor Denise Barrett-Baxendale MBE				
Executive Chair, Everton in the Community	7,910	55,565	-	-
Director, Everton Football Club	-	-	1,998	-
Professor Ian Cumming OBE				
Member, Amateur Swimming Association	-	5,643,552	-	-

16 Related party transactions (continued)

Relationship	Awards made in 2017-18	Awards unpaid at 31 March 2018	Supplier transactions in 2017-18	Unpaid supplier transactions at 31 March 2018
	£	£	£	£
Chris Grant				
Trustee, Youth Sport Trust	6,037,420	3,482,752	-	-
Employment, Sported	50,000	-	-	-
Consultant, Tennis Foundation	20,000	-	-	-
Consultant, UK Sport	-	336	-	-
Debbie Jevans CBE				
Consultant, Birmingham City Council	-	2,814,998	-	-
Partner: Member, National Trust	-	2,547,506	-	-
Wasim Khan MBE				
Member, England and Wales Cricket Board	-	2,510,000	-	-
Karen Pickering MBE				
Member, Amateur Swimming Association	-	5,643,552	-	-
Imm. Family: Member, Amateur Swimming Association				
Charles Reed				
Chair, Activity Alliance	-	-	6,726	-
Board Member, Cirencester College Sports Careers Academy	85,000	75,040	-	-
David Goldstone CBE				
Director, London Legacy Development Corporation	-	80,401	-	-
Imm. Family: Durham University	-	17,292	-	-
John Flook				
Board Member, British Orienteering Federation	-	608,785	-	-
Member, National Trust	-	2,547,506	-	-
Andy Long				
Member, National Trust	-	2,547,506	-	-
Partner: Member, National Trust				
Imm. Family: Member, Amateur Swimming Association	-	5,643,552	-	-
Eilish Jamieson				
Member, National Trust	-	2,547,506	-	-
Partner: Member, National Trust				
Adam Spires				
Committee Member, Fareham College	-	2,916	-	-
Peter Rowley OBE				
Member, England Athletics	-	4,618,433	-	-
Chair, Sports Council Trust Company	-	-	1,017,836	1,721
Director, Streetgames UK	54,000	241,255	-	-
Director, Tees Valley Community Foundation	150,000	112,600	-	-
Jennie Price CBE				
Board Member, Football Foundation	-	-	20,884	-

16 Related party transactions (continued)

Relationship	Awards made in 2017-18	Awards unpaid at 31 March 2018	Supplier transactions in 2017-18	Unpaid supplier transactions at 31 March 2018
	£	£	£	£
Rona Chester				
Board Member, Eastlands Trust Limited	5,300	-	-	-
Board Member, Football Foundation	-	-	20,884	-
Member, National Trust	-	2,547,506	-	-
Partner: Member, National Trust	-	-	-	-
Partner: Member, England Golf	-	1,177,132	-	-
Charles Johnston				
Director, Eastlands Trust	5,300	-	-	-
Lisa O'Keefe				
Board Member, Mountain Training Trust	-	-	1,245,808	267,195
Member, British Mountaineering Council	-	74,084	-	-
Member, British Cycling	-	7,191,000	-	-
Partner: Employment, England and Wales Cricket Board	-	2,510,000	-	-
Phil Smith				
Imm. Family: Member, Salusbury Primary School	-	2,397	-	-
Alison Selfe				
Imm. Family: Member, British Cycling	-	7,191,000	-	-
Partner: Employment, London Borough of Havering	-	62,220	-	-

17 Derivatives and other financial instruments

Sport England Lottery 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.

Sport England Lottery 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.

Sport England Lottery 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 Sport England Lottery 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 grant budgets to compensate for the decline.

18 Events after the reporting period

There were no post balance sheet events between the year end and when 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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