



**SPORT
ENGLAND**

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 2019*

HC 2303

The English Sports Council

Grant-in-Aid

and

National Lottery Distribution Fund

Annual Report and Accounts for the year ended 31 March 2019

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

Ordered by the House of Commons to be printed on 18 July 2019

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This publication is available at www.gov.uk/official-documents

ISBN 978-1-5286-1053-7
CCS0219624484 07/19

Printed on paper containing 75% recycled fibre content minimum

Printed in the UK by the APS Group on behalf of the Controller of Her Majesty's Stationery Office

**WELCOME TO SPORT ENGLAND'S ANNUAL
REPORT FOR 2018-19 – WE'RE WORKING
TO TRANSFORM PEOPLE'S LIVES THROUGH
SPORT AND PHYSICAL ACTIVITY**



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CHAIR'S FOREWORD

***ONLY BY THE SECTOR WORKING TOGETHER
CAN WE REALLY SEE THE DIFFERENCES WE'RE
SO DETERMINED TO MAKE***

We have an ambitious mission: to transform sport and physical activity so that everyone can benefit. Delivering that requires a significant shift in how we as a sector do things.

That shift is already well under way as we pass the two-year point of our *Towards an Active Nation* strategy. But the pace cannot relent.

We know what we need to do to help achieve our mission, and this year we've really focused on the how. That means, for example, being more flexible so we can support entrepreneurial ventures early on; and supporting the sector to meet the opportunity of digital technology.

None of this can be achieved on our own, and we're clear that only by the sector working together can we really see the differences we're so determined to make.

The results in December of our first Active Lives Children and Young People Survey underlined how crucial it is that everyone – from parents and children to the sports sector and all parts of government – comes together to address this issue and increase childhood activity. I would like to

extend my own thanks to those who made this survey possible, including of course the schools and children themselves.

I was particularly pleased to see us successfully co-host, alongside Public Health England, the International Society for Physical Activity and Health congress in October. With 1,000 delegates from around the world in attendance, the sharing of learning on so many important topics was a true example of collaboration in action.

I cannot talk about the past 12 months without thanking Sport England's employees, who continue to embrace our mission with tremendous passion. I'd also like to express my gratitude to members of the Sport England Board, who have devoted so much of their time and energy to ensuring we're building a more active nation that is inclusive of everyone, everywhere.

Nick Bitel
Chair

“We know what we need to do to help achieve our mission, and this year we've really focused on the how.”



CEO'S INTRODUCTION

**THE AMBITION OF OUR STRATEGY PRESENTS
A HUGE OPPORTUNITY TO TRANSFORM THE SPORT
AND PHYSICAL ACTIVITY LANDSCAPE**

It is a pleasure and privilege to have joined Sport England in November 2018 as its Chief Executive. I recognise how the ambition of our strategy presents a huge opportunity to transform the sport and physical activity landscape and genuinely to impact positively on the health and wellbeing of the nation.

I realise too, however, that we can only achieve that by galvanising and working together with the sector. We cannot continue to do the same things in the same way, as that will only produce the same results. Nor can we stand still – the need to increase the scale and pace of what we're doing to help even more people benefit from being active is clear.

As this review highlights, one way we're doing that is through our Local Delivery Pilots. These 12 carefully selected places across England are testing new ways to help people get active at a local community level, and we're beginning to glean rich information about what is and isn't working. We're not sitting on this insight: we're talking to the sector, actively sharing what we're learning, and being really open with sector professionals. It's important to see this test and learn approach in action, and it's continuing at speed.

We're also working with the sector to make sure we fully embrace the opportunities that digital technology presents. We're encouraging and helping organisations to open their data, so information about sport and physical activity opportunities can become more readily available. It's vital that we all open our eyes to what's possible, because digital and data solutions will shape the physical activity landscape of the future.

Lastly, it was tremendous to see the launch last October of the third phase of This Girl Can: Fit Got Real. This is such an important campaign for us, working to get women and girls from all backgrounds and from all walks of life moving by breaking down some of the barriers to physical activity. I firmly believe campaigns that are grounded in insight can make a real difference to the people we're trying to reach, and the next 12 months promises much on this as we look at new campaigning opportunities. I am really looking forward to the challenge.

Tim Hollingsworth OBE
Chief Executive

“The need to increase the scale and pace of what we're doing to help even more people benefit from being active is clear.”

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

We know 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.

This has a direct impact on their health – and on the wider economy too. The figures are startling: research shows that one in six adults in the UK die as a result of being inactive. Half of all women and a third of all men in England are damaging their health through a lack of physical activity. And this is costing the nation an estimated £7.4 billion each year (Public Health England, Everybody active, every day – 2014).

Our mission is to address the inequalities and transform sport and physical activity so that people in every part of the country can benefit.

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

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're committed to using our influence to bring about this change.

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.

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.

Through the considerable support of our partners, we've achieved a great deal. But we know there's still more to do.

So as we pass the midway point of our strategy period, we're now focusing on a number of key priorities that give us a clear direction on what we're trying to achieve between now and 2021.

With a set of evidence-based plans behind each priority, we're continuously testing and learning what we need to do to deliver these objectives and how we'll measure success. Constantly working to improve our understanding will help ensure that our resources – both our people and our investments – are allocated in the right way to meet the challenges we've set ourselves.

And through everything we do, we'll keep the consumer at the front of our minds, so that as we test new concepts and do things differently, we stay flexible and adapt as we learn more.





AREAS OF FOCUS IN 2018-19

OVER THE PAST 12 MONTHS WE'VE:

- Achieved against three targets to increase activity and saw the first drop in the number of people who are inactive
- Invested in Local Delivery Pilots, with specific sums awarded to Greater Manchester, Essex, Birmingham and Solihull, Doncaster, and Exeter and Cranbrook to trial new and innovative ways of tackling inactivity in specific locations
- Awarded funding through our Families Fund, which aims to help families get active together, and our fund helping regularly active people stay active when there are major changes in their lives
- Formed new partnerships, including with parkrun, Mencap, Intelligent Health's Beat the Streets, the Richmond Group of Charities and Man v Fat
- Launched the third phase of the This Girl Can Campaign – #FitGotReal – with a particular focus on minority ethnic and low-income groups
- Published our first Active Lives Children and Young People Survey results – a world-leading piece of insight that will help us understand more than ever before how and why children and young people get active
- Agreed and launched a new role for the Active Partnerships network (formerly known as County Sports Partnerships), focusing on finding the best ways to help communities get more active
- Ran a pilot of our free Teacher Training programme with 42 schools, prior to starting to roll it out to 17,000 secondary school PE teachers
- Generated £35 million of investment in sport facilities across England as part of our role as a statutory consultee for local councils on planning applications that affect playing fields
- Funded 226 projects from over 1,700 applicants to our Community Asset Fund, helping them develop a local space or place where people can get more active
- Worked with OpenActive and supported 10 startups that developed innovative ways to help people get more active
- Continued to invest in the NSPCC's Child Protection in Sport Unit, the Ann Craft Trust, NWG Network – which helps combat child sexual exploitation – and other safeguarding partners to provide expert advice and support to sports organisations and providers.

OUR STRATEGY

The remit of our work has expanded significantly since the publication of the Government's *Sporting Future* strategy, and the physical activity challenges the country faces remain complex, with no single intervention providing the solution.

We provide advocacy, expertise, insight and invest through a number of different funds – this all helps us to identify and understand a number of new approaches to improving individual, social, community and economic development, as well as people's long-term physical and mental wellbeing.

We've made a deliberate strategic choice to adopt a test and learn approach in this strategy period – which runs until 2021 – identifying what new ideas and interventions work, while making sure that we continue to support established successful work within the sector.

Every investment we make – in fact everything we do – focuses on at least one of the five outcomes in *Sporting Future* (see diagram below).

The operating model that supports our strategy, *Towards an Active Nation* – our response to *Sporting Future* – aims to simplify what is a complicated challenge.

Underpinning our vision to transform people's lives through sport and physical activity, we focus on two of three objectives from *Sporting Future*. We have five organisational priorities against which we invest under each of these.

Each priority has a set of success measures against which the progress of our work in each area is judged.

We have three organisational targets, agreed with Government, to measure the success of our priority of increasing activity, with a focus on women and people from lower socio-economic groups. These are to increase the number of:

- people who are regularly active by 500,000 nationally
- women who are regularly active by at least 250,000 nationally
- people from lower socio-economic groups who are more active by 100,000 in targeted locations.

Progress against these targets is being measured between November 2016 and November 2020.





THE INEQUALITIES IN ACTIVITY LEVELS

We know there are inequalities in levels of activity – that’s why we’re focusing on helping more women and people from lower-socio economic groups get active.

Our Active Lives Survey results for both adults and children (see pages 16 to 19) lay bare these stark inequalities. We know, for example, that disabled people are twice as likely to be inactive as non-disabled people.

There are many reasons why certain groups are less active than others, including poor provision of suitable local facilities, financial and emotional circumstances, or simply having too little time or motivation to get regularly involved.

All these factors and more, mean that too many people are missing out on the proven benefits of being active (see the rest of this report for more on how we’re addressing this).

ENHANCING LEADERSHIP AND GOVERNANCE

We believe that finding new ways of doing things, adapting governance structures and ensuring that leadership comprises the right skills and diversity, are fundamental to building a stronger sport and physical activity sector.

As the findings of our Active Lives Adult Survey show, the sporting culture and ways in which people take part in physical activity are also changing fast, placing new demands on leadership across the sector.

See page 25 to read how we’re helping develop potential leaders from a diverse range of backgrounds.

ENSURING APPROPRIATE SAFEGUARDING STANDARDS ARE IN PLACE

The success of sport at grassroots and elite level depends on putting first the safety, wellbeing and welfare of everybody involved.

That’s why we’re committed to helping protect everybody in the sector against all forms of bullying and exploitation. As well as vulnerable young people, these range from adult participants to administrators, sports club volunteers, match officials and more. We’re deeply aware of our responsibilities to ensure that all those in a position of influence, from policy-makers and governing bodies to clubs and individuals, act in accordance with their duty of care at all times.

HOW WE'LL DELIVER OUR PRIORITIES

We know what we want to do (our priorities), but sitting under that is the 'how'.

To deliver our priorities, we've identified five areas that offer the greatest potential for making rapid progress towards achieving our targets.

Investing in new markets and opportunities:

Rather than simply investing in organisations that already have a mature business model, we'll be flexible in how we invest in organisations and initiatives at any stage of their lifecycle. This means we can start to identify and support entrepreneurial ventures early enough to gain larger returns than would be possible through investing at a later stage. (See page 25 for information on how established innovations like the Daily Mile and parkrun are setting the standard for new ventures.)

Driving digital transformation:

Helping to make finding opportunities for sport and physical activity as easy as it is to book a restaurant or a hotel. This involves developing and adopting the digital 'mindset' that is already widespread among consumers, enabling us to identify and support innovations that will transform the sector and provide more and better data on opportunities to get active. (Page 32 outlines how we've supported 10 digital startups to create new opportunities for people to get active.)

National campaigns and activation:

With our This Girl Can campaign now in its third phase, we're working with partners to develop further insight-based communication programmes to help our target groups get more active – see pages 30-31 to find out about our work with the Richmond Group of Charities and Public Health England.

Place-based working:

By targeting specific geographical locations to influence the policy environment and test decisions, messaging and projects, we can identify those effective initiatives that work and should be scaled up for wider impact. This means we can bring together work on building active environments and other outdoor investments to create a physical infrastructure that enables people to get active. (See pages 20-23 for more information, including how we influence the design of new developments and are testing new ideas in our network of 12 Local Delivery Pilots.)

Traditional markets:

By targeting and influencing established partners like national governing bodies of sport, local authority leisure departments, and gym and fitness chains, we aim to improve what's on offer to people through continuous evolution and refinement. (See pages 26-29 for details on the national governing bodies and other partners we supported during the year).

These five areas form the basis for the Performance Analysis section of this report (pages 16-33), in which we describe our performance during 2018-19.





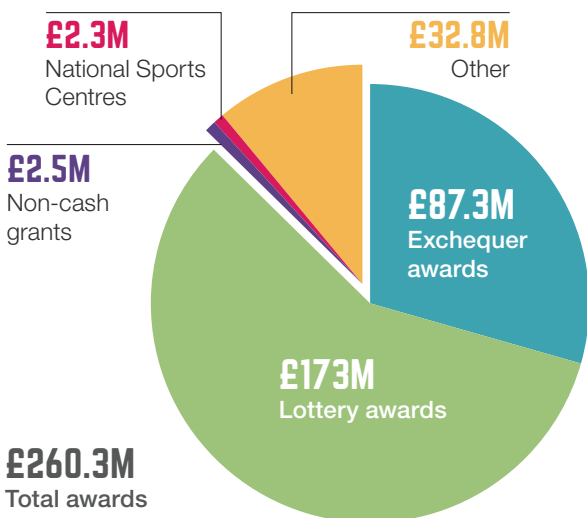
FINANCIAL OVERVIEW

NATIONAL LOTTERY AND EXCHEQUER INCOME

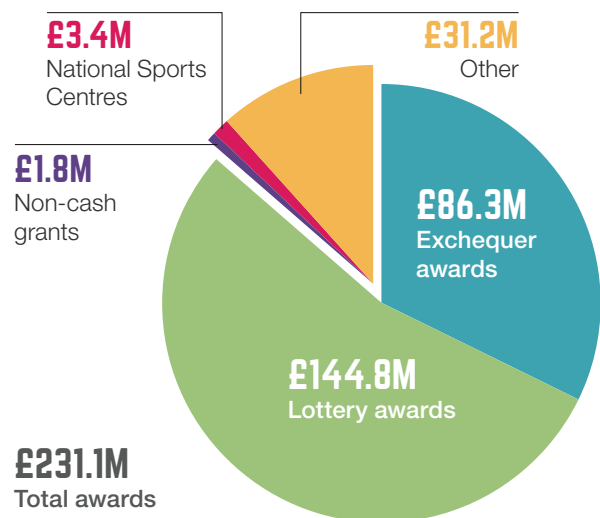
● Lottery funding ● Exchequer funding



TOTAL EXPENDITURE 2018-19: £297.9M



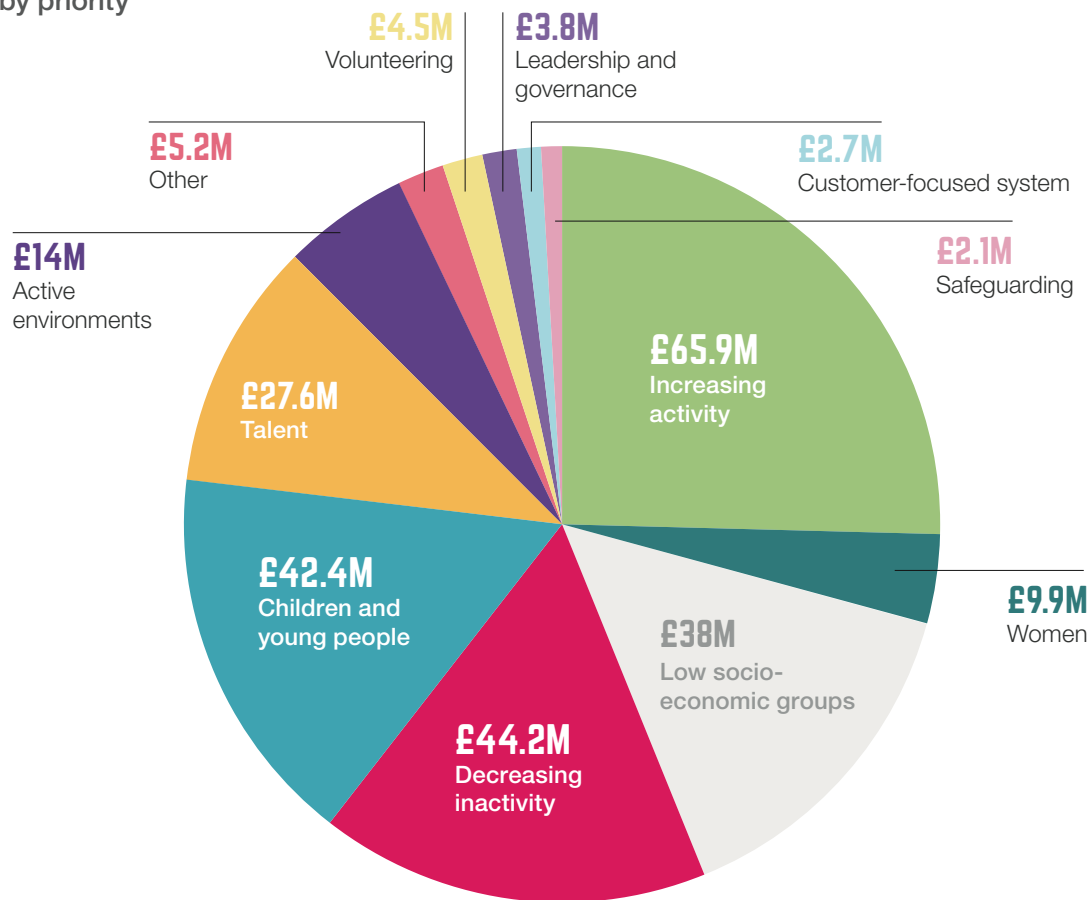
TOTAL EXPENDITURE 2017-18: £267.5M



Other expenditure includes Staff costs £16.7m (2018: £15.6m), Sports Development £9.4m (2018: £8.2m) and Administration £6.7m (2018: £7.4m)

AWARDS 2018-19

£260.3 million committed, shown by priority



1,575

awards (69% Lottery/
31% Exchequer)



£167K

Average award



67

different sports/
activities funded



£18M

Largest award to
Football Foundation



£300

Smallest awards to
Moreton Morrell
Community Trust and
Rotary Club of Witney

MEASURING ADULT ACTIVITY LEVELS

WITH INACTIVITY FALLING AND ACTIVITIES LIKE WALKING AND GYM AND FITNESS ON THE RISE, THE ACTIVE LIVES ADULT SURVEY IS SHOWING US HOW PEOPLE ARE CHOOSING TO DO WHAT BEST SUITS THEM AND THEIR LIVES

Now in its fourth year, the Active Lives Adult Survey gives us a comprehensive picture of the nation's activity levels, and builds on our understanding of what drives behaviours.

The survey was launched in November 2015, and means we can now also measure some of the key performance indicators in the Government's *Sporting Future* strategy, including: levels of physical activity and inactivity, volunteering and spectating among people in England aged 16 and over.

By giving an insight into the nation's activity levels, it's therefore an important tool in informing the work we do.

Participation increases, inactivity falls

Based on a sample of more than 185,000 respondents, the survey – which was completed by people between May 2017 and May 2018 – showed a 116,400 fall in the numbers of people classed as inactive (those doing fewer than 30 minutes' physical activity a week at moderate intensity, which means enough to raise your heart rate). It's encouraging to see this fall, and while the survey is still too new to give a full picture of long-term trends in how people are engaging with sport and physical activity, the data is helping us to refine our understanding of how people are getting active.

Looking at different ethnic groups, while activity levels are highest for mixed and white other adults, they're lowest for South Asian, black, and other adults.

The results also showed that women, people in lower socio-economic groups and disabled people are less likely to be active – reinforcing our strategy's focus on addressing the inequalities that exist in activity levels.

Walking, gym and fitness, and adventure sports on the rise

The Active Lives figures showed that 28 million people – 62.3% of all adults – are active, doing 150 minutes or more activity a week. Of all the activity groups that we measure, walking showed the greatest increase in participation, with nearly one million more people walking at a moderate intensity at least twice during the month prior to completing the survey.

Adventure sports saw 213,400 more people taking part, while combat sports and martial arts also grew. Particularly notable increases in people doing yoga, Pilates and high-intensity interval training helped gym and fitness classes grow in popularity. These rises suggest that the commercial health and fitness industry is achieving some success by continuously refreshing its offer. Activities that showed a decline in participation, including cycling and football, were adversely affected by bad weather in the spring of 2018.

Overall, the research suggests that people's activity habits continue to diversify, showing how important it is that the sector as a whole meets these varying needs.

Addressing the barriers to volunteering

Compared with the baseline data from 2017, the October 2018 Active Lives results showed a decline of around 400,000 in the number of people volunteering at least twice a year. This is a cause for concern, and we're currently carrying out research into the contributing factors behind this data, looking at volunteers' experience and retention rates.

Without volunteers, most sport and physical activity simply wouldn't happen, but there's so much more to volunteering. They also receive the same beneficial outcomes as those who are taking part in activity, including heightened levels of wellbeing, satisfaction, self-efficacy and social trust. To date, we've made 32 investments with a total value of more than £5 million in two volunteering funds. The results we're seeing from these are clearly demonstrating the benefits volunteers gain from these roles.

Through these Potential and Opportunity funds, we're working to support young people aged 10 to 20 and people from disadvantaged communities to mobilise a new generation of volunteers and help more people discover the benefits of volunteering.

THE STATS THAT MATTER



62.3%

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



116,400

fewer people are classed as inactive, managing fewer than 30 minutes' activity in a week



213,400

more people are taking part in adventure sports (i.e. hill walking and climbing)



6.3M

adults (14%) volunteered at least twice in the last 12 months

Figures from the Active Lives May 17/18 report.

INSPIRING ACTIVITY AMONG OLDER PEOPLE

Currently, 34% of people aged 55 and over are inactive, compared with 25% of the population as a whole. Our Active Ageing fund is supporting innovative and experimental approaches that put people at their heart as part of the effort to tackle inactivity, using sport and physical activity to address problems like poor mental health, dementia, loneliness and addiction.

The diverse range of 21 projects we've used the fund to support include a seated gymnastics programme from British Gymnastics, which is transforming the lives of people living with dementia.

The fund has also invested in Motitech's innovative indoor cycling programme, which gives care home residents the chance to 'cycle through' virtual environments, like their home town.

And we're supporting several projects that use walking and the attraction of exploring our waterways, coastline and parks to bring inactive – and often lonely – people together to socialise, learn new skills and get active.

STEPPING OUT WITH CARERS

The Stepping Out project, run by Ramblers GB, has brought together ramblers, volunteers and local carer organisations to provide regular walks for carers and the people they care for. The programme was set up because of the low attendance at walks aimed at engaging disabled people. Research showed that carers were a key missing link, so by focusing on the needs of carers, Stepping Out has discovered huge demand. Those taking part have built lasting friendships, as well as getting the benefits of being more physically active.

CHILDREN AND YOUNG PEOPLE

OUR NEW, WORLD-LEADING ACTIVE LIVES CHILDREN AND YOUNG PEOPLE SURVEY HAS REVEALED STARK AND INDEFENSIBLE INEQUALITIES IN ACTIVITY LEVELS

Working to identify and overcome the activity challenges that are specific to children and young people is a greater area of focus for us as part of *Towards an Active Nation*.

To help us create an appropriate agenda for identifying key issues, setting priorities and defining targets, we commissioned the first ever Active Lives Children and Young People Survey. By tracking engagement, activity and volunteering levels among more than 130,000 children aged 5-16, this has given us comprehensive insight into if and how children in England take part in sport and physical activity, both in and out of school.

The publication in December 2018 of data collected from the survey was a significant moment for us and our partners. The results represent a powerful wake-up call, demanding a national focus on the health and wellbeing of our children and reinforcing that the whole system should be united in delivering change.

We're very grateful to our partners in the survey, including the Active Partnerships, participating schools and teachers, the Department for Education, the Department for Health and Social Care, and parents and the young people themselves.

Factors influencing participation

The survey showed that around 3 million children (43.3%) lead active lives, with 1.2 million (17.5%) meeting the Chief Medical Officer's guidelines of more than 60 minutes of physical activity seven days a week.

But more than 2.3 million (32.9%) are less active and achieve fewer than 30 minutes of physical activity a day, while 1.7 million (23.9%) are fairly active, which means they do between 30-59 minutes of physical activity each day.

Critically, the survey revealed the key role that family income plays in influencing children's activity levels. In total, 39% of children from the least affluent families fail to reach the 30-minute level, compared with 26% from the most affluent. Even more starkly, just 42% of those from the least affluent families can swim 25 metres, contrasting with 86% for the most affluent.

There's another major divide between the activity levels of boys and girls. Boys are more likely to be active every day (20% versus 14% for girls) and the gap between the genders widens as children grow older.

The benefits of being active

The survey also demonstrated the clear benefits associated with being active, including links to children's physical and mental wellbeing, to their personal development and to the levels of trust in local communities.

We followed the publication of these first children's survey results with research that asked children about their physical literacy, which is a combination of a person's enjoyment, confidence, competence (how easy they find it), understanding (that it's beneficial) and knowledge (knowing how to get involved and improve).

The findings, published in March, showed that enjoyment is the single biggest factor in motivating children to be active, and that physically literate children do twice as much activity. But the results found physical literacy decreases with age and there are inequalities among certain groups of children which must be tackled.

Volunteering variations

When it comes to volunteering levels among young people, girls make up a slightly higher share of volunteers (51%) than boys. But males make up 60% of the adult volunteering population. We know that volunteering can have a positive impact on people – like improved mental wellbeing – so we need to understand why this volunteering gender gap appears as men and women get older.

THE STATS THAT MATTER



3M

children (43.3%)
lead active lives



2.3M

children (32.9%)
are less active



77%

of all children can
swim 25m unaided
by the time they
leave primary
school



20%

of boys aged 5-16
are active every day,
compared to 14%
of girls

Figures from the Active Lives academic year 17/18 report.



TRAINING TEACHERS TO INSPIRE WITH PHYSICAL ACTIVITY

We've made a £13.5 million investment of National Lottery money to provide free specialist training and mentoring to 17,000 secondary school PE teachers.

Run in partnership with local Teaching School Alliances, the training is designed to help foster a more positive attitude to sport and physical activity, by giving schools and teachers the know-how and support to design a wider range of opportunities to increase young people's enjoyment of sport and PE. A teacher at Impington Village College in Cambridge, one of the schools involved in the Teacher Training pilot, said the programme had "created a buzz" and could have an "unbelievable impact" on students.

Research from 2015 shows that fewer than half of children regard school PE lessons as a positive experience, and that a bad experience at school can put people off physical activity for life.

That's why we're working to address the issues involved – including through the Teacher Training programme – by partnering with the Department for Education, the Teaching School Council, the Youth Sport Trust, the Association for Physical Education and Activity Alliance. For example, we're working with government on the School Sport Action Plan, using the Active Lives results to prioritise action around the third of children who are less active and to tackle the inequalities within children's activity levels.

We want all children to be active and play sport, whether that be for learning, for health and fun or for competition and performance – and we want the Action Plan, which is being published later in 2019, to reflect this ambition.

TACKLING INACTIVITY IN COLLEGES

The two-year Tackling Inactivity in Colleges (TIC) programme aims to engage 23,000 inactive students aged 16 and over in physical activity. During the programme's first year, 12,000 of the 22,000 who took part were inactive. In addition, TIC has successfully contributed to our strategic priorities, halving inactivity among participating students from lower socio-economic groups and engaging more females than males. The investment is also shown to be enhancing the mental resilience of students and helping them feel more connected to their communities.

ENABLING ACTIVITY WHERE PEOPLE LIVE AND WORK

THE SPACES AND PLACES AROUND US ARE CRUCIAL TO HELPING PEOPLE FIT ACTIVITY INTO THEIR LIVES

“The design of where we live and work plays a vital role in keeping us active.” This statement, encapsulating the purpose behind our Active Design principles, explains why we play a national and local role in influencing both the human and the physical aspects of the built environment.

We work with local authorities, developers and national bodies to help them take an integrated approach to their communities, so that people can be active in their town centres, parks and other local assets. We believe that, with the right joined-up thinking, any environment where people live and work can support activity. This is why during the year we led a programme of work to identify new design approaches for Active Environments.

Designs for active living

Under the Active Design principles (see page 21), we work with developers to encourage activities like walking and cycling. For example, the Barking Riverside development of 11,000 homes in east London by our partner the L&Q Foundation includes a 2km riverside walkway, a cycling hub and a country park as well as a combined healthcare and leisure facility.

And Alconbury Weald in Cambridgeshire, the development of a former airfield to provide 8,000 jobs and 5,000 homes, has a layout designed to encourage walking and cycling. A founding principle ensures that all future residents have the option of walking to schools, shops and parks, and the inclusion of facilities like a cricket pitch, allotments and a skatepark aims to encourage active behaviour from day one.

Partnerships making progress

Other partnerships progressed well during the year. A three-year pilot programme with the Forestry

Commission led to a 246% increase in sporting visits to five sites in the nation’s forests, where as well as walking and cycling, visitors can play sports like table tennis, football and volleyball. The success of the pilot has enabled us to provide further National Lottery funding to extend the scheme to 14 sites.

Eight of the 10 cycle trails planned for National Trust properties, giving visitors a combined countryside and heritage experience, are now complete. And further projects to encourage brisk walking were under development with both the National Trust and Forestry Commission during the year.

We’ve formed long-term strategic relationships with the Canal and River Trust, Sustrans and the Town and Country Planning Association, all after successful pilot projects to drive urban delivery. We use these relationships to help influence how built and natural environments are formed in a way that encourages physical activity from a person’s doorstep.

WHAT DOES ACTIVE ENVIRONMENTS MEAN?

CREATING A PHYSICAL INFRASTRUCTURE THAT MAKES GETTING ACTIVE AN EASY AND PRACTICAL OPTION IN EVERYDAY LIFE.

Football facilities funding

We awarded £18 million to the Football Foundation, our delivery partner for the National Football Facilities Strategy, which is a joint plan between us, The FA and the Premier League. This helped build and improve a range of facilities across the country, benefitting numerous grassroots football organisations. This included a portfolio of Parklife Football Hubs

in Liverpool, with the creation of 12 floodlit 3G artificial grass pitches, as well as health and fitness facilities across four sites. It’s represented a major overhaul in grassroots football provision throughout the city.

Some of the other projects we supported included major improvement works to create three new football pitches for Bollington United Junior Football Club’s 24 teams of boys and girls aged from seven to 18, and two new full size, floodlit 3G football turf pitches at Nottinghamshire YMCA.

Investing in places

Our Community Asset Fund aims to help communities become more active. It invests capital funding into a wide range of projects and organisations, helping them develop capability and capacity. In 2018-19, all the projects to receive funding from among 1,700 applicants were seeking to develop a space or place where people could get more active locally.

One of many projects that typify how the fund can directly benefit local people was one to build a new community and sports hall for the village of Marshland St James in Norfolk. The need to replace the outdated previous facility emerged through a door-to-door survey and public meetings, when the vision of a ‘beating heart for the community’ was identified. The new building, which opened in 2018, caters for a wide range of uses, including meetings, a drop-in café, community shop and cinema, as well as two multi-use activity spaces.

Other successful applications included the modernisation of Harlow Judo Club’s building, and City of Leicester ABC relocating to a non-sports building to finally give the boxing club a permanent base.



GETTING THEIR SKATES ON

We saw some interesting alternative approaches to investment during the year, including that of MCR Projekts, a skate park under Manchester's Mancunian Way. It used a matched community share offer on a crowdfunding platform to raise over £132,000, allowing it to improve the consumer experience and become a sustainable community sports business.

PLANNING PRIORITIES

Planning is a key area for us. During the year, we updated our planning policy guidance and helped to revise the National Planning Policy Framework. In 2016-17 – the most recent year we have full figures for – we were consulted on 1,187 applications of which 93% (1,102) resulted in improved or safeguarded sports provision. In addition, our engagement with the planning system in 2017-18 generated additional investments in sports facilities worth £35m.

We also developed the Strategic Outcomes Planning Guidance during the year. It describes the stages and approach needed by local authorities to make sure their investments in sport and physical activity best meet the needs of their communities. In essence, helping investments make even more of an impact.

THE 10 ACTIVE DESIGN 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



LOCAL SUPPORT FOR LOCAL PEOPLE

WE'RE LEARNING A LOT FROM THE 12 LOCAL DELIVERY PILOTS THAT WE'RE INVESTING UP TO £100M IN, WORKING TO BUILD MORE ACTIVE COMMUNITIES – AND THAT KNOWLEDGE IS BEING SHARED WIDELY WITH THE SECTOR

Ultimately, everything that we do happens locally – on streets, in neighbourhoods, in parks and leisure centres, on pitches, on rivers and lakes, in living rooms and the countryside. Our *Towards an Active Nation* strategy therefore only works if its focus is around people and places.

At a local level, our work is increasingly organised around a number of influences: local policy; the physical environment; organisations like charities, GPs, schools and others; the social environment; and the opportunities available to individuals as well as their own motivations.

We're not directly in control of all these influences, and sport and physical activity is only a part of the wider picture. Our role is therefore increasingly working alongside services like health, transport, crime prevention and more to find integrated local solutions that work.

Local Delivery Pilots

To help test the activity, inclusivity and transformational benefits delivered by various types of local intervention, in late 2017 we announced the locations of 12 Local Delivery Pilots (LDPs) in towns and cities of varying sizes and types across England. These provide a new and transformative way of assessing and addressing the physical activity challenges facing communities across England. The pilots enable solutions to be identified – linked to specific places and communities – which have the potential to unlock something groundbreaking and impactful on a larger scale.

Places where significant progress in these pilots was made during 2018-19 include the Exeter and Cranbrook LDP, where Exeter City Council's strategy makes 'reducing inequalities through physical activity' the number one priority. And, illustrating the kind of project that can be galvanised by the LDPs, plans were under development for empty town centre retail space in Withernsea, in the East Riding of Yorkshire, to be converted into a community exercise hub.

We've also worked with our pilots to consider many interventions by partners addressing different local influences on physical activity. For example:

- Policy: pioneering the use of exercise in Calderdale's Adult Social Care service.
- Physical environment: reviewing the features and layout of estates in Hackney to identify appealing reasons for people to use their open spaces and barriers to getting active that could be removed.
- Organisations: appointing community engagement connectors in Bradford to foster relationships and build physical activity into existing networks, like religious groups.
- Social environment: mapping Doncaster's network of services and community groups to identify the barriers to, and opportunities for, improving physical activity.

- Individuals: expanding a programme in Birmingham and Solihull to 'reclaim' streets that have been dominated by anti-social behaviour, starting the process of connecting people to others in their communities and motivating individuals to exercise.

We're doing things differently with the LDPs, by not just trying new things, but constantly learning from what's happening across the 12 pilots. And this isn't happening in isolation: our test and learn approach – not just the 'what is being done', but also the 'why and the how' – is regularly being shared far and wide to help others develop their own approaches. This year, we've already been actively running workshops and webinars to share what we're learning to more than 300 sector professionals, helping other markets to learn from these and many other LDP projects.

We know some of the things being tried in the 12 pilot places won't work, or might need rethinking. But learning from that and understanding why – not just for us but for the sector as a whole – is just as important as learning from the success stories.

Focused support where it's needed

An important objective for our LDPs is to develop and test solutions that might better support those parts of society that haven't received sufficient encouragement to be active in the past.

Our Tackling Inactivity and Economic Disadvantage fund uses National Lottery money to help people from lower socio-economic groups – where inactivity is twice as likely as among people with higher incomes – to get active (see side panel).

We also work closely with the national network of 43 Active Partnerships – a network of organisations with a strong understanding of their local place. They can broker and support the right relationships, and help us find the best ways to help communities get more active. During the year, we worked with a small number of Active Partnerships to recruit eight senior

roles to pilot a radically different way of working. The new roles are designed to help strengthen the connection between us and what's being delivered locally, allowing knowledge and learning to be transferred and local knowledge applied to design better programmes, while at the same time building stronger local relationships.

Active Partnerships also play an important role in support of our LDPs. Active Essex, for example, is the lead partner for our consortium of organisations working in and around our Chelmsford LDP, while others, like Yorkshire Sport Foundation and Active Devon, have defined roles and are involved in shaping the work in some places.

CHANGING LIVES WITH OUR TACKLING INACTIVITY AND ECONOMIC DISADVANTAGE (TIED) FUND

Our TIED fund invests in locally-driven projects across communities with high levels of deprivation, to help people fit sport and physical activity into their lives in a way that works for them. We've made awards worth £3.5 million to 35 projects across England in 2018-19 as part of this fund.

These included £36,200 for the Redcar-based EVA Women's Aid Ltd, which helps women who have been victims of domestic abuse or who have additional mental health needs. The largest award, of £390,000, was to Rugby League Cares, which is creating a social physical activity programme for employed men in Yorkshire.

Valuable lessons learned from these local projects will help shape our work with other groups that work directly with this audience across the country.

ENTREPRENEURIAL OPPORTUNITIES FOR FUTURE INVESTMENT

PEOPLE STRUGGLE TO GET ACTIVE FOR ALL SORTS OF REASONS. WE'RE COMMITTED TO WORKING WITH INNOVATIVE NEW PROVIDERS AND PARTNERS TO SOLVE THESE COMPLEX PROBLEMS

To achieve our targets for getting more people from under-represented groups active and reducing inactivity levels across the population, we need to look beyond the places and partner organisations that we've traditionally focused on.

So during 2018-19, we invested significant time and resource into identifying new groups and organisations we can work with. Our particular focus was on finding solutions that will help our priority groups of women and people from lower socio-economic groups. This builds on our approach over the past two years, during which we've built new relationships with organisations from the charity and health sectors, as well as with developers and organisations who can provide outdoor activities (see pages 20 and 30).

We've also partnered with organisations from outside the sport sector who can help reduce the stubborn inequalities in the under-representation of disabled people across sport. This has seen relationships established with Mencap, Disability Rights UK, Sense, and Leonard Cheshire Disability.

Our £40 million Families Fund is designed to test new projects to help us identify which are suitable for scaling up. During the year, we invested in 31 projects aiming to bring families closer together through sport and physical activity. In particular, the fund supports projects targeting low income families, and includes new

partners such as the Gingerbread and Barnardo's charities. This follows the finding in our October 2018 Active Lives Adult Survey that just 54% of adults on a low income who have children are active, compared to 71% of those from higher income groups.

The need for innovation

We know that simply doing 'more of the same' will not help us reach new audiences and tackle complex social issues that can be barriers to people getting active. Other sectors are developing their consumer offer in new and exciting ways, and public expectations are growing all the time. So we need to encourage innovation, stimulating the development of both digital and non-digital solutions to help people become active.

To do this, we're working in new areas and with new organisations, refining our approach as we learn more. We're particularly keen to engage with new ideas at their very early stage, right through to when it might be able to expand as these ideas gain traction. We believe that investing in entrepreneurial businesses will help to create the products and services what will shape the physical activity landscape in the years ahead.

In 2018-19, we started to explore how we and the sector can be better at responding more positively and faster to new ideas. Achieving this will help us build a pipeline of new ideas that we can invest in that help people become more active. We expect this work to begin paying off during 2019-20 and the years ahead.

OUR MENTAL HEALTH PARTNERSHIP WITH MIND

For the second time, in 2018-19 we invested £1.5m in a partnership with Mind to help the health and fitness sector become more welcoming to people with mental health conditions. The investment is also being used to scale-up earlier work on increasing provision at a local level.

HOSTING THE ISPAH CONGRESS

With Public Health England, we co-hosted the seventh International Society for Physical Activity and Health (ISPAH) congress in London during October 2018, sponsored by the World Health Organization. At the three-day event, we welcomed more than 1,000 delegates from 59 countries, sharing learning and understanding from across the world on vital issues ranging from the active environment to policy change, workforce issues and engaging young people.



Building on existing investments in innovation

In the meantime, in 2018-19 we continued to build on our investments in transformative ventures.

We deepened our involvement with the highly successful Daily Mile programme, in which children from more than 3,000 schools walk or run at least a mile every day. We invested £1.5m of National Lottery money to help attract local and national co-ordinators, who'll sign up schools and help them run the Daily Mile, with the ultimate aim of supporting the Daily Mile Foundation to involve all of England's 20,000 primary schools.

We've also invested an additional £3.3m of National Lottery funding into the Beat the Street programme, the Intelligent Health initiative in which 72 towns and cities across the UK and Europe are already involved. Now, an additional 59 locations across south west England and the East Midlands – enabling more than 655,000 people to get active – will join the scheme, which uses card-based technology to track the distances that competing participants have walked, run, cycled or scooted. The results from the first four new areas (Swindon, Torbay, Weymouth and Portland, and Poole and Purbeck) are really encouraging, with over 61,000 children and adults taking part. Of the registered adults who took part, 68% were female, with significant

numbers of participants from areas of higher deprivation who said they were inactive, or not achieving Chief Medical Officer activity guidelines.

The parkrun programme is another successful example of expanding an established project into new markets. During the year, we made a £3m investment to help more women and people from lower socio-economic groups take part in the free-to-enter 5km runs, which see events take place in 584 locations around the UK. We're now collaborating with parkrun over the next three years to help create 200 new events that will engage new people to parkrun.

We've also invested £1m in Mencap's Round the World Challenge, which will support over 4,000 people with a learning disability over four years. The challenge sees participants 'race around the world' by completing minutes and hours of activity. Over 900 people completed the challenge in the pilot phase, and as well as increasing activity levels, those taking part benefited from improved mental and physical health, and felt more confident to work and access their local community.

DIVERSIFYING OUR WORKFORCE

We can't expect to be able to reach people in new communities that we may not have reached before, without being able to relate to the people who live there. So that's why building a diverse workforce that reflects the communities we're targeting is key – it's one of the objectives of our Professional Workforce Strategy. Building on our work to engage these diverse communities – such as consulting with faith, BAME, disability and LGBT+ organisations – we've also pioneered a more inclusive approach to recruiting volunteers, coaches and paid employees for the sector. In doing this, we've focused on targeting people from the communities where they'll be working – people who 'look like me' and 'understand me'.

In addition, we're working to increase the diversity of people in governance and leadership roles within sport, by developing new training, mentoring, and other support for potential candidates. At the end of 2018-19, 50 'board ready' diverse candidates had been identified to apply for leadership positions, with at least a further 90 to be supported by the end of 2020.

We also made a £1m investment in The Royal Foundation's Coach Core scheme, to encourage 200 young people not currently in education or employment to join an apprenticeship scheme developing the next generation of sports coaches.

SUPPORTING REGULARLY ACTIVE PEOPLE

WE WORK WITH A RANGE OF PARTNERS TO SUPPORT PEOPLE WHO ARE REGULARLY ACTIVE, HELPING TO ENSURE THEIR NEEDS ARE BOTH UNDERSTOOD AND MET

From national governing bodies (NGBs) to leisure centres and beyond, the places and organisations that support people who regularly get active play a crucial role.

If they can become more consumer-focused, so they're truly understanding and meeting the needs of people who have a regular relationship with sport and physical activity, they'll be best placed to give the right kind of support.

We work with a range of partners to drive this continuous evolution.

Around half of the people who regularly get active in a typical year do so through traditional sport – and that's primarily funded through NGBs.

Their investment to maintain the traditional sport system, and help it to become more consumer-focused, is crucial. They support clubs, train coaches, equip volunteers, administer sports leagues and run competitions, driving standards from the top to ensure their sports are well-run and governed.

NGBs are the fabric of the traditional sport sector, and so we have a big part to play in helping them to sustain the existing sporting system. When we're deciding which sports to invest in, we consider a range of factors including their ability to tackle inequalities within sport and physical activity, and to grow participation by better retaining existing participants.

Forty-nine NGBs have received investment in this strategy period, totalling more than £238 million over four years. As of April 2018, participation figures across all 49 had increased from 9.9 million to 10.8m, and by October 2018, reported figures were 13% above the year two target. Across all NGBs, there are 88 diversity targets split between women and girls, lower socio-economic groups, disability, older people, people from BAME backgrounds, and people who identify as LGBT+. For example, 15 NGBs have targets based around disabled people, with 65% of the year two targets achieved midway through 2018-19.

THE STATS THAT MATTER



49

NGBs funded between 2017-21, receiving more than £238 million

Following 2018's allocation from our Core Market investment programme, 10 sports that had been awarded initial funds two years ago will now collectively receive more than £16m to be spent on a range of programmes, from tackling inactivity to developing talented athletes.

For example, the Angling Trust, Baseball Softball UK, the British Equestrian Federation and the England and Wales Cricket Board will focus on building participation.

So will England Netball (see page 29) and Volleyball England, who along with British Fencing will also focus on the development of talented and high-performance athletes. British Cycling and EMD UK will prioritise occasional participants, while Swim England will target those adults who are active for fewer than 30 minutes a week.

Getting the right facilities in the right places

To get more people doing sport and physical activity across the nation, it's essential to ensure the right facilities are in the places where they're most needed. This is where our Strategic Facilities Fund fits in. Recognising the financial pressures faced by local authorities across England, we've used this to invest £100m in close to 100 projects. Half of these are already open and driving significant increases in participation among our target audiences, with more than 25m visits over the year – this is around four times the number recorded by the centres they replaced.

Examples from projects that opened during 2018-19 in which the fund invested include the Moberly Leisure Centre in Westminster (£1m awarded), The Hive Leisure Centre in East Cambridgeshire (£1.5m) and The Beacon of Light in Sunderland (£1.5m). The fund has also attracted around £1 billion in inward investment to our sector infrastructure, a vital contribution at a time of constrained local authority spending.





2018 COMMONWEALTH GAMES MEDALS WON BY ENGLAND



45



45



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THE STATS THAT MATTER



10,500

Clubmark-accredited clubs across England – up more than 25% on the previous 12 months

Success down under for English talent

Team England won 136 medals – 45 of them gold – at the Commonwealth Games in Australia in April 2018. This performance reflected our significant investments in preparing and presenting the team, as well as our support for the medal-preparation plans of those athletes and NGB programmes without funding from UK Sport. We're already providing design and cost support to influence and improve facilities for the 2022 Commonwealth Games in Birmingham.

We're investing around £76m in NGB Talent and High Performance Programmes during this four-year strategy period. This includes a focus on the specific talent targets at NGBs that are aligned to both performance and system development. Of the year one talent targets, 88% were met or exceeded, and progress for year two (2018-19) looks similar.

Individual investments this year included £2m to develop and support athletes in education via the Talented Athlete Scholarship Scheme, £1.6m in our Backing the Best programme to support talented athletes in financial

need, and £2m into supporting medal-preparation and ambition programmes for aspiring young athletes alongside the 2022 Commonwealth Games.

We published our first Talent Plan for England in 2018-19, outlining our aspirations for the system and providing a range of principles designed to improve understanding of the England talent system. This clear and comprehensive plan has two core objectives: supporting progression in the talent system that flows through the entire pathway, and ensuring England Talent Pathways are accessible and inclusive to all.

Supporting clubs

The traditional market of course goes beyond these areas. We support people who run sports clubs across the country through Club Matters, an online resource that equips them with the tools and information they need to, for example, grow their club, support and retain their volunteers and manage their finances. In 2018, a new Club Matters podcast was launched, with episodes on topics including safeguarding adults, which featured the Ann Craft Trust. Clubs can also get Clubmark accredited through Club Matters.



OUR FOCUS ON COACHING AND THE PROFESSIONAL WORKFORCE

As well as launching our first Professional Workforce Strategy during the year, we also continued to progress in a number of areas, including collaborating with the Chartered Institute for the Management of Sport and Physical Activity on identifying and improving professional standards in the industry, to make it a great place to work and a rewarding career choice.

We also worked with UK Coaching to deliver a high-profile social media campaign – #greatcoaching – as part of UK Coaching Week, to showcase the range of great skills and behaviours behind coaching. And we invested £450,000 in the Activity Alliance charity, to help it engage key groups in specialised training to give disabled people the best advice and pathways to get more active.

INVESTING TO BOOST NETBALL PARTICIPATION

We've invested in England Netball, so they can help women increase and maintain their physical activity levels by making it easier to participate in the Back to Netball and Walking Netball programmes. This includes a great partnership with the Women's Institute.

The first of these programmes gives women of all ages a gentle reintroduction to the sport. And the latter is Netball England's response to the growing demand for walking sports from newcomers and lapsed, injured or older players.

TRAINING DISABLED PEOPLE TO WORK IN THE FITNESS INDUSTRY

We've invested over £1.2m in Aspire to run the Instructability programme, which gives disabled people accessible fitness industry training and qualifications, followed by a voluntary industry work placement.

The programme has the dual benefit of supporting more disabled people to access training and employment opportunities, while breaking down barriers in the fitness industry so that more disabled people feel comfortable and confident to use their local facilities.

In the first phase of this programme, 200 people were trained and over 700 disabled people took part in activity sessions led by Instructability trainers. Half of the students who completed the programme have gone into employment.

BREAKING DOWN THE BARRIERS TO ACTIVITY

FROM THE THIRD PHASE OF THIS GIRL CAN, TO SHOWING THAT PEOPLE WITH LONG-TERM HEALTH CONDITIONS CAN BE ACTIVE, WE'RE WORKING TO BREAK DOWN COMMON BARRIERS

Our flagship, insight-driven This Girl Can campaign is designed to make physical activity more relevant and appealing to women who don't feel sport or exercise is for them or who have an inconsistent relationship with physical activity.

Its success has shown us the power of campaigns that are truly insight-driven, and we're looking at opportunities to develop other such campaigns, with the aim of helping more people become and stay physically active.

In a major vote of confidence in the impact and importance of This Girl Can, during 2018-19 it received approval from the Secretary of State for Digital, Culture, Media and Sport for a further three years of funding – which will be reviewed yearly and depends on the continued success of the campaign – worth a total of £9 million.

And in October 2018, the campaign entered its third phase – **#FITGOTREAL.**

Breaking down the barriers

This sees the campaign address a number of barriers to physical activity that research shows are more common among women from minority ethnic and low-income groups. For example, factors like cost, time limitations and childcare needs.

With an emphasis on talking to the target audience in a direct, realistic and empathetic way, it used a one-minute film on social media and video-on-demand to demonstrate how dancing in the living room, jogging with a pushchair or using a hula hoop in the kitchen can be as effective as any organised form of exercise.

A second key focus area was 'activation'. This means working with a range of existing and new partners to provide more accessible opportunities for women to get active. For example, we worked with England Athletics to organise a programme to attract 100 additional leaders keen to help women on low incomes to start running.

We also started the process of looking for a streaming partner to centralise exercise content on the web, making it far easier to access at home. And now we're also looking to extend the campaign's reach and engagement through commercial partnerships.

Developing new insight-driven campaigns

We're working with the Richmond Group of Charities, consisting of 14 of the country's leading health and social-care organisations (see side panel). Through this work, we're aiming to challenge misconceptions that people living with long-term conditions can't be active, and to establish a unified voice about physical activity.

Together, we're exploring how we can work jointly to target the 15 million people in England who live with such conditions. And as part of our partnership with the Richmond Group, insight is being built and behaviour change approaches tested across the charities to deliver our shared vision for increasing physical activity.

This includes the creation of a dementia-friendly guide for the sport and physical activity sector with Alzheimer's Society. And Breast Cancer Now has conducted research to understand attitudes towards physical activity for women who've had a breast cancer diagnoses, and what action we can take to support these women to become more active.

Focusing on healthcare professionals

Promoting physical activity as a form of medicine is not yet inherent in NHS culture or policies, and we believe that helping to embed it with clinical practices would achieve large-scale positive change. This is why we're working on many fronts with Public Health England, with the aim of equipping healthcare professionals to include getting active in the advice they regularly give patients.

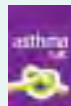
We submitted a consultation response to the General Medical Council, which encouraged the inclusion of physical activity education in the new curriculum for medical students. This was accepted, and there's now an opportunity to work with the medical colleges, who have until 2020 to respond.

There are many aspects of our work in the area of professional healthcare. For example, Moving Medicine is a new resource that gives healthcare professionals access to evidence on the role of physical activity in alleviating many health conditions, and supports them in having conversations about physical activity with patients.

And, among other projects, we've also been involved in developing resources to upskill healthcare professionals as part of their continuing professional development. This includes developing e-learning modules about physical activity for the British Medical Journal website and conducting pilots to test the integration of physical activity into hospitals.

As part of our role to influence national policy in this area, we've advocated the inclusion of physical activity in the Government's forthcoming Prevention Green Paper.

THE RICHMOND GROUP OF CHARITIES



THE POWER OF DIGITAL

WE KNOW THE SECTOR NEEDS SUPPORT TO MEET THE OPPORTUNITY THAT DATA AND INNOVATION PRESENTS

Digital is no longer just technology, it's a way of doing things that's changing all our lives. For us, data and innovation are important enablers of many elements of our strategy. During 2018-19, we explored a range of ways digital can help people get more active in their everyday lives.

We know it's far from easy to go online and book a football pitch for a game, for example, or quickly see what swimming sessions are available at your local pool. It can also be difficult for someone to decide what type of activity they might want to, and be able to, do. That's because of particular barriers that make it hard to find accurate and up-to-date information online, and access real-time feedback and recommendations from other people.

There are many examples of digital innovation across different sectors, but the use of digital in the sport and physical activity sector is comparatively limited. This contrasts with the hospitality, leisure and tourism sectors, where the ease of finding a restaurant or booking a holiday is setting ever-higher consumer expectations. While the highly fragmented nature of our sector makes the challenge complex, to remain relevant we need to embrace innovation and collaborate with data.

The OpenActive initiative

During 2018-19, we continued our work via the OpenActive initiative, which is overseen by the Open Data Institute, to create sector-wide confidence in the value of open data – this is data that anyone can access, use or share.

We focused on growing the breadth of opportunity data (data about what, where and when physical activity is happening) and released standards enabling this data to be used.

We also supported innovation through the six-month Accelerator startup programme. Having initially scouted over 100 early-stage businesses, we selected 10 with a unique approach to helping people get more active. Our mentorship and guidance helped several businesses secure seed funding to take them to the next stage.

The consumer-facing services being developed include:

- GoSweat, which lets people discover, book and experience fitness classes
- TrainAsOne, which gives runners a personalised training plan, powered by artificial intelligence
- NHS-approved iPrescribe Exercise activity app, that analyses health and prescribes a personalised exercise plan using an automated algorithm
- ONiGO, an immersive mobile-based adventure game, helping people get active outdoors while supporting their mental health.

Analysing data to meet real needs

Our open data work is just one part of our ambition for digital to be a key tool in helping more people get active. The amount of data our sector generates – reports, transactional data, images, sensor data and more – is growing fast. Fortunately, it's becoming increasingly affordable to access and use the power of data analytics technology, specialist data-science and business-intelligence skills.

With much of the sport sector coming late to digital technology, its full potential isn't widely recognised – and that's also true for Sport England. We've partnered with Atos, a digital transformation consultancy, to see how data can be used to support our

future investment decisions. And we're looking at how we can share data and collaborate as a sector, to both understand what data can tell us, and how we can use it to meet the needs of consumers.

Creating a digital mindset

Another area of focus, which we believe is vital to ensuring the sustainability and future direction of the sector, is to help current and future leaders create a digital mindset. With the publication of our Professional Workforce Strategy in 2018-19, we'll explore ways to ensure digital skills and capabilities become part of our workforce's DNA, particularly at leadership level. This is as true of our organisation as any other. It will remain a priority for years ahead.

We'll continue to champion the role that data and innovation can play in getting people active throughout 2019-20. And we'll start to apply data and innovation in other elements of our strategy, including consumer-facing campaigns (see page 30) and our local delivery pilots (see pages 22-23).

Tim Hollingsworth OBE

Chief Executive and Accounting Officer
The English Sports Council
3 July 2019

Nick Bitel

Chair
The English Sports Council
3 July 2019



THREE INVESTMENTS AT A GLANCE...

The vision behind the **Shout** software-as-a-service (SaaS) information exchange is to make cities smarter by giving people the ability to instantly get information about things around them. It allows people to discover highly-personalised information about sports and wellbeing, connected travelling, local jobs, accommodation offers and much more.

SPRYT is a free-to-use social network helping people discover new teammates, opponents, training partners, coaches and facilities near where they are. It removes all the awkward barriers people can find in approaching other sports and exercise enthusiasts, creating the platform to engage, create connections and discover new opportunities to get fit.

TrackActive Me, which has progressed to the NHS Digital Accelerator, is a self-help application providing individualised and adaptable exercise programmes, driven by data intelligence and machine learning, for people trying to get and remain fit and healthy.

WORKING TOWARDS THE BEST ENVIRONMENT FOR OUR PEOPLE

**WE'VE BEEN WORKING HARD TO ENSURE THE PEOPLE WHO
WORK FOR US CONTINUE TO BE SUPPORTED AND ENGAGED**

It's our people who bring to life our shared aim of everyone feeling able to get physically active, regardless of their age, background or ability.

This was another year of major change for our organisation as we continued to shape ourselves to meet the demands placed upon us by our *Towards an Active Nation* strategy.

A year of intensive recruitment

In order to deliver against our priorities and targets, we needed to attract a wide range of new skills and experiences into our teams. Over the year, we recruited for many new positions within our structure, including roles in our investment, digital and health teams.

Colleague engagement

The recruitment phase of our change programme is now largely complete, and emphasis is switching to focus on employee engagement and development. In October 2018, 79% of employees took part in an in-depth staff engagement survey designed to give an insight into how our employees truly feel about their working life and to help generate a discussion on how to create a better place to work. This sits alongside other sources of insight, including exit interviews, pulse surveys and monitoring of our absence and turnover data.

The findings showed 70% of employees responding positively to more than three-quarters of the questions. Highlights included positive responses to questions around line management, dignity at work and employees' commitment to Sport

England. Responses around pay were less positive; as an arms-length body of government, we're subject to strict controls on pay growth.

Learning and development

We're currently developing action plans at team and organisational level in response to the survey's findings. We're also using the results to help us pinpoint precisely where we should allocate our future spending on learning and development. This is already informing our new learning and development strategy, which aims to ensure that we have a motivated workforce with the skills we need as we work towards a more active nation. An important part of our focus in 2018-19 was on upskilling our line managers, who were all encouraged to attend dignity at work training. We also created a 'managing people successfully' programme for those new to line management.

Other new engagement initiatives include our informal homeworker forums (a third of our workforce is now home-based) and the recruitment of dignity at work advisors and mental health first aiders. This was promoted through some extensive communications.

Our focus on diversity

Diversity is a vital area of focus for us, as we're determined to ensure our workforce reflects the communities that seek our funding. We therefore continue to develop our Diversity Action Plan, and over the year we recruited more disabled people, people from BAME backgrounds and people who identify as LGBT+.

We were proud to be awarded Disability Confident Level 2 accreditation during the year. We also won the Employer Award from the National Mentoring Consortium, an organisation aiming to promote quality and diversity in the employability of BAME students and those with a disability or dyslexia. And we continue to participate in the Investors in Diversity accreditation scheme, where we've achieved level 2 and are working towards Leaders in Diversity status.

We adopted blind recruitment practices during the year. These involve removing identifying factors like age and name from a candidate's application. Removing such information makes it easier for hiring managers to make objective decisions about a candidate's suitability, lessening the risk of bias in the selection process.

We continue to monitor equal pay across Sport England, undertaking Gender Pay Reporting during 2018-19 which showed our gender pay gap has narrowed to a mean of 5.3% and a median of 2%. This is substantially lower than other similar organisations benchmarked, but we're clear that while progress has been made, we still have much to do. We also carried out an Equal Pay Audit, which didn't highlight any areas for concern. Both reports are available on our website.



OUR EXECUTIVE TEAM



TIM HOLLINGSWORTH OBE

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



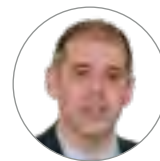
LISA O'KEEFE

Executive Director
of Insight



PHIL SMITH

Executive Director
of Sport



CHRIS PERKS

Executive Director
of Local Delivery

CONSOLIDATED ACTIVITIES

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

We don't prepare a full set of consolidated accounts due to the differing accounting policies we're required to follow under the two separate accounts directions. However, to give a better understanding of our activities, we've prepared the following summary results for the two accounts combined for the 2018-19 and 2017-18 financial years.

	Sport England Group ¹		Sport England	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Income				
Grant-in-Aid income	98,765	81,343	98,765	81,343
National Lottery income	199,419	203,336	199,419	203,336
Other income	2,386	3,158	2,346	3,157
Total	300,570	287,837	300,530	287,836
Expenditure				
Net Grant-in-Aid grant commitments	87,317	86,301	87,277	86,292
Net Lottery grant commitments	165,785	144,768	172,985	144,768
Non-cash grants	2,503	1,833	2,503	1,833
Operating costs and sports development costs	32,313	30,698	32,363	30,754
National Sports Centres	2,268	3,429	2,268	3,429
Media buying and planning (This Girl Can)	1,171	2,480	-	-
Depreciation	4,177	3,970	431	432
Assets gifted to subsidiaries ²	-	-	1,994	1,507
Total	295,534	273,479	299,821	269,015
Net income for the year	5,036	14,358	709	18,821
Net gain on revaluation of properties	3,958	7,856	-	-
Net (loss)/gain on investments	30	(5)	-	-
Decrease/(increase) in defined benefit pension re-measurement and interest liability	5,801	7,938	5,801	7,938
Total income/(expenditure) for the year	14,825	30,147	6,510	26,759

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

Our income

Exchequer funding available for 2018-19 was £104.3 million (2018: £101.3 million) and covers the third year of the spending review period 2016-17 to 2019-20. £98.8 million of this funding was received in cash; which included £19.5 million deferred from 2017-18 with £24.1 million deferred to 2019-20 primarily driven by delays with the ParkLife, RFL/Cycling Legacy and Community Asset Fund programmes. £0.9 million was not drawn down to reflect the 2017-18 underspend.

Lottery income of £199.4 million (2018: £203.3 million) is broadly in line with the previous year and in line with Gambling Commission projections during the year.

We continue to monitor actual and projected income closely to ensure affordability of our investment plans. Lottery distributors have worked closely with DCMS and the Gambling Commission during the year 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 £297.9 million (2018: £267.5 million), of which £262.8 million (2018: £232.9 million) was invested as awards to achieve our strategic priorities, with the remaining element being spent on sports development (supporting the delivery of our award programmes), administration and staff costs as detailed below.

The breakdown of the £297.9 million commitments is as follows:

We awarded £87.3 million of Exchequer awards (2018: £86.3 million) and £173.0 million (2018: £144.8 million) of Lottery awards during the year.

We provided £2.5 million (2018: £1.8 million) of Lottery non-cash grants primarily for the club development tool, Club Matters and the This Girl Can campaign, and £2.3 million (2018: £3.4 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 via: www.sportengland.org/fundingfaqs.

During the year £32.8 million (2018: £31.2 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 and physical activity in local communities. The costs for the year were £9.4 million (2018: £8.2 million). As a result of the strategic review and transition into the new organisation, structure costs in 2018 were lower.

Administration costs are incurred to operate the business. During the year operating costs were £6.7 million (2018: £7.4 million). Costs were lower mainly due to a reduction in grant outsourcing costs and the reversal of purchase order provisions.

The **costs of staff** who deliver and support both sports development and administrative functions was £16.7 million (2018: £15.6 million). Costs include £0.08 million (2018: £0.5 million) of exit packages. The increase in cost is due to the planned recruitment to the new structure during the year (see page 34).

WORKING EFFICIENTLY

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

Exchequer: We're set an absolute value administration cost target as part of our spending review settlement for the period 2016-2020, which has been achieved.

In addition, we're required to operate within the overall budget limits set by DCMS. Resource and capital GIA were underspent by £0.8 million for the year (2018: £0.9 million), which is 0.8% (2018: 0.9%) of total GIA funding of £104.3 million (2018: £101.3 million).

Lottery: A new approach to the benchmark 8% gross costs target came into effect from 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.

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.

The achievement against targets for 2018-19 is 7.9% (2018: 7.4%). The difference in the target performance is mainly due to a decrease in Lottery income.

The three-year rolling average income for the 2017-18 target calculation was £215.7 million and for 2018-19 was £201.8 million.

CASH MANAGEMENT

Management of our **Exchequer cash resources** is in line with the requirement to minimise our cash balances, which is contained within HM Treasury's *Managing Public Money*.

Our Exchequer cash balance at 31 March 2019 was £13.8 million (2018: £14.1 million).

The management of our **Lottery cash resources** is by a rolling five-year investment and cash flow plan which is regularly reviewed by the Executive and Board. The investment and cash plan ensure 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 2019 was £167.4 million (2018: £125.9 million).

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

OTHER FINANCIAL INFORMATION

EQUITY

Exchequer: Taxpayers' equity is £77.5 million (2018: £77.0 million) and includes increases in the revaluation and pension reserve and a decrease in the general reserve (2018: increase in the revaluation and pension reserve and decrease in the general reserve).

The increase in the pension reserve results from the calculation of liabilities in IAS 19 is explained below.

The decrease in the general reserve by £4.6 million is mainly due to the net cash deferral of £5 million GIA from 2018-19 to 2019-20 (£19.5 million from 2017-18 to 2018-19 offset by £24.1 million deferral from 2018-19 to 2019-20).

Lottery: The deficit in equity amounted to £148.5 million (2018: deficit £156.9 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.

DEFINED BENEFIT PENSION SCHEME

The IAS 19 valuation of the defined benefit and unfunded pension liability for accounting purposes is £42.2 million (2018: £47.8 million). This includes the value of the unfunded liability at £8.0 million (2018: £8.2 million). The decrease in value (2018: decrease in value) of the pension deficit is mainly due to revised mortality assumptions made by the pension scheme actuaries.

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. The results of the 31 March 2019 valuation will be known in early 2020.

Sport England contributions to pension schemes are detailed in note 20 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 (2018: £50,000) and £50,000 for the Lottery account (2018: £50,000). Both subsidiary companies were also audited by C&AG and the audit fees for the year were £19,800 (2018: £19,800).

SUSTAINABILITY REPORTING

Sport England falls below the threshold for mandatory inclusion of a Sustainability Report; however, we're 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.

Our environmental champions across our National Sports Centre sites are working with key onsite partners to reduce waste and consumption annually. This year the sites used the theme from World Environment Day of reducing plastic pollution to identify all the single use plastics and develop an action plan to reduce use and replace with more sustainable alternatives.

SPECIAL LOSSES AND PAYMENTS

There were no individual losses or special payments during the year ended 31 March 2019 (2018: 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.

During the year the average period from date of receipt to payment of valid invoices was 8 days, 98.5% were paid within 30 days. (2018: 10 days, 99% within 30 days).

REMUNERATION AND STAFF REPORT

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

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

Remuneration policy

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

The principles governing Sport England's remuneration policy are:

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

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 ¹	April 2007
Tim Hollingsworth OBE ²	November 2018
Rona Chester ³	March 2010
Mike Diaper OBE	November 2009
Charles Johnston	August 2008
Lisa O'Keefe	July 2008
Phil Smith	September 2008
Chris Perks	November 2017
Nick Pontefract	March 2018

¹ Jennie Price left on 30 November 2018.

² Tim Hollingsworth OBE was appointed on 19 November 2018.

³ Rona Chester retired on 9 April 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's 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 (2017-18: £218).

There were no bonuses or benefit in kind payments made to Board Members during 2018-19 or 2017-18.

SUBJECT TO AUDIT

Board Member	Term of Appointment	2019 £'000	2018 £'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	0-5	5-10
Debbie Jevans CBE	Oct 2013–Oct 2019	0-5	0-5
Kate Bosomworth ²	Oct 2013–Feb 2019	0-5	5-10
Chris Grant	Sep 2016–Sep 2019	0-5	0-5
Professor Denise Barrett-Baxendale MBE ^{2,4}	Sep 2016–May 2019	-	-
Andy Long ⁴	Sep 2016–Sep 2019	-	-
Professor Ian Cumming OBE	Oct 2016–Oct 2019	0-5	0-5
Wasim Khan MBE ²	Oct 2016–Jan 2019	0-5	0-5
Karen Pickering MBE	Oct 2016–Oct 2019	0-5	5-10
Sue James ³	Apr 2018–Apr 2021	0-5	-
Natalie Ceeney ^{3,4}	Jun 2018–Jun 2021	-	-
Rashmi Becker ³	Jul 2018–Jul 2021	0-5	-
Mohamed Elsarky ^{3,4}	Oct 2018–Oct 2021	-	-

Notes

¹ Nick Bitel served as a Non-Executive Board Member from September 2010. He was appointed Chair of Sport England in April 2013.

² Resignations from the Board during the year were as follows: Denise Barrett-Baxendale resigned on 16 May 2018, Wasim Khan resigned on 31 January 2019 and Kate Bosomworth resigned on 8 February 2019.

³ Appointments to the Board during the year were as follows: Sue James appointed on 30 April 2018, Natalie Ceeney appointed on 1 June 2018, Rashmi Becker appointed on 23 July 2018 and Mohamed Elsarky appointed on 29 October 2018.

⁴ 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're subject to UK taxation. In 2018-19 all employees, including Executive Directors, received an average 1.5 per cent pay award (2017-18: 1 per cent); with a limited number of staff (excluding Executive Directors) receiving (in line with government policy) a fixed amount (£400) 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 2018-19 or 2017-18

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. Five 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 20 of the Exchequer accounts and note 15 of the Lottery accounts.

For one member of the Executive team, Sport England contributed 10 per cent of their annual basic salary to a personal pension plan. This arrangement has now ended with the resignation of this member.

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
2019					
Tim Hollingsworth OBE	55-60	-	-	6	60-65
Full time equivalent is ¹	145-150	-	-	-	-
Jennie Price CBE ²	115-120	-	-	11	125-130
Full time equivalent is ¹	170-175	-	-	-	-
Nick Pontefract	120-125	-	-	14	130-135
Rona Chester ²	0-5	-	-	-	0-5
Full time equivalent is ¹	155-160	-	-	-	-
Charles Johnston ³	135-140	-	-	16	150-155
Lisa O'Keefe ^{3,4}	120-125	-	-	32	150-155
Phil Smith ³	120-125	-	-	13	130-135
Mike Diaper OBE	100-105	-	-	12	115-120
Chris Perks ^{3,4}	100-105	-	-	25	125-130
2018					
Jennie Price CBE	155-160	-	-	15	170-175
Full time equivalent is ¹	170-175	-	-	-	-
Rona Chester ²	155-160	-	-	-	155-160
Charles Johnston	130-135	-	-	17	150-155
Lisa O'Keefe ⁴	115-120	-	-	37	155-160
Phil Smith	115-120	-	-	13	130-135
Mike Diaper OBE	100-105	-	-	13	115-120
Chris Perks ⁴	90-95	-	-	109	200-205
Full time equivalent is ¹	95-100	-	-	-	-
Nick Pontefract	0-5	-	-	1	5-10
Full time equivalent is ¹	120-125	-	-	-	-

Notes

¹ FTE salary bands are included where an Executive Director has not been in post for the full financial year or was working part-time.

² No employer pension contributions were made for Rona Chester in 2017-18 and 2018-19 (retired 9 April 2018).

³ The 1.5 per cent pay award has resulted in the movement to a higher salary band for Charles Johnston, Lisa O'Keefe, Phil Smith and Chris Perks. This increase also resulted in the movement to a higher total pay band for Charles Johnston.

⁴ The pension benefits for Lisa O'Keefe and Chris Perks are calculated using the method described under Pension benefits on page 45. The higher value for Chris Perks in 2018 was due to his promotion causing a higher real increase in CETV.

Median remuneration of staff

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

The banded remuneration of the highest-paid director in Sport England in the financial year 2018-19 was £145k-£150k and in 2017-18 was £170k-£175k.

This was 3.40 (2018: 3.94) times the median remuneration of the workforce, which was £43,332 (2018: £43,748). No employees received remuneration in excess of the highest paid director in 2018-19 or 2017-18.

Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.



LPFA PENSION BENEFITS

Subject to audit	Accrued pension at age 65 as at 31/03/19	Real increase in pension at age 65	Real increase lump sum at age 65	Lump sum at age 65	CETV at 31/03/19	CETV at 31/03/18	Real increase in CETV
Lisa O'Keefe	35-40	0-2.5	(2.5)-0	35-40	477	432	20
Chris Perks	40-45	0-2.5	(2.5)-0	60-65	637	589	23

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 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)	
	2019	2018
Permanent staff and fixed term temporary staff		
Wages and salaries	11,823	10,714
Social security costs	1,345	1,228
Pension costs	2,118	2,477
Total permanent staff and fixed term staff	15,286	14,419
Agency staff	1,430	1,135
Total	16,716	15,554

The table above shows the consolidated position. The total permanent and fixed staff amount of £15.3m is made up of Exchequer £5.6m (37%) and Lottery £9.7m (63%). Included in Wages and Salaries is £79k of exit packages (see page 47).

We have a total of 258 full time equivalent (2017-18: 229) permanent and fixed-term temporary staff and a total of 25 full time equivalent (2017-18: 23) agency staff.

The increase in cost and staff numbers is due to the planned recruitment to the new structure during the year (see page 34).

Within the above staff numbers there were 75 homeworkers (2017-18: 59) which represented 29.2% and 25.8% of the headcount in each of the respective years.

As at 31 March 2019, the senior Executive team comprised of one woman and six men, (this excludes Rona Chester who left on 9 April 2018 and Jennie Price who left on 30 November 2018 but includes Tim Hollingsworth OBE, who was appointed on 19 November 2018); (2017-18: 3 women and 5 men).

Women currently make up 55% of our workforce (2017-18: 56%).

Sickness absence during the year excluding long-term sick absence averaged 1.7 days per person (2017-18: 1.4 days). There were six colleagues who had long-term sickness of greater than 20 days (2017-18: 7).

There was no relevant consultancy expenditure during the year (2017-18: £nil).

Off payroll tax engagements

As at 31 March 2019, there were two off payroll tax engagements (2017-18: 3) earning more than £245 per day (2017-18 £245 per day) who had been engaged for longer than six months at this date. One off-payroll tax engagement had lasted between one and two years during 2018-19 (2017-18: 1). The engagement ceased in July 2018. The required evidence and declarations were obtained for all off payroll engagements.

Trade Union Facility time

During 2018-19 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 £15.3 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

Details regarding staff policies are in 'Working Towards the Best Environment for our People' on page 34.

EXIT PACKAGES

2019 (subject to audit)

Cost Band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages
£10,000-£25,000	Nil	1	1
£25,000-£50,000	Nil	2	2
Value of exit packages	Nil	£78,598	

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	

Notes

- ¹ The exit packages in 2017-18 reflected the organisation's structural changes, following the implementation of *Towards an Active Nation*.
- ² Exit packages are paid under terms of employment. No ex-gratia payments were made.
- ³ 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 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 23 of the Exchequer and note 16 of the Lottery accounts.





GOVERNANCE STATEMENT

OVERVIEW

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

OUR GOVERNANCE FRAMEWORK

Sport England was established on 19 September 1996 by Royal Charter as a non-departmental public body (NDPB) of the Department for 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, *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, with a particular focus on further engaging less active groups – such as women, disabled people, those from lower socio-economic groups and older people.

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 2016-2019 has been a period of significant change for Sport England and for our partners as we transition from our previous strategy. The strategy for sport and physical activity moves beyond merely looking at how many people take part. It considers what people get out of participating and what more can be done to transform sport and physical activity so that everyone can benefit. Funding decisions are made on the basis of the outcomes that sport and physical activity can deliver, not simply on the number of participants.

Our governance framework supports the way in which we work to help deliver the five 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; 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 12 Board members (Chairman, Vice-Chair and up to 10 other members), although in practice there are currently 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 and 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 a Chair and up to five members, of which at least three 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 Audit, Risk and Governance; Investment 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's also a charity registered with the Charity Commission for England and Wales. The sole member and parent body is Sport England. The Sports Council Trust Company is responsible for the preservation and safeguarding of the physical and mental health of the community through physical recreation, including sports, education and the provision of facilities. The charity looks at increasing participation in sport through a wide range of sporting activities. It owns a number of world class sports facilities around the country and the SCTC Board's main responsibility is for the performance of the contracts to manage these National Sport Centres, overseeing the provision, improvement and maintenance of the facilities. The Centres are used by members of their local communities and Olympic and Paralympic competitors. The SCTC Board members have a role in ensuring the Centres are leading the standards for elite training provision across the country and providing community access to the facilities. 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 current main 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.

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

OUR GOVERNANCE STANDARDS

Throughout the 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 to encourage and support continuous improvement in sports governance, ensuring both we and our partners are better able to effectively fulfil our various roles and responsibilities.

Since April 2017, all organisations seeking public funding from Sport England (and UK Sport) have had to meet the governance requirements in A Code for Sports Governance (the Code). Developed by Sport England and UK Sport, the Code sets out the levels of transparency, accountability and financial integrity required from those seeking Government and National Lottery funding. The Code can be found on our website at: www.sportengland.org/governancecode.

Implementing the formal process for assessing compliance with the Code continues to be a significant piece of work as we make new investments. We continue to engage closely with the sector to achieve this and, in line with our strategic priority in this area, to support our partners to reach the high governance standards set by the Code. The assessment process helps to protect the value for money the public receives from investment into sport and maximises the effectiveness of those investments. It also provides us with a more detailed level of assurance over the investments we make.

The Code adopts a proportionate approach, expecting the highest standards of governance from those organisations requesting the largest public investments. It has three tiers, with Tier 3 representing the top level of mandatory governance requirements. Sport England complies with Tier 3 requirements, which include independence and diversity on the Board, term limits for appointments, primacy of the Board in decision making and transparency and accountability. We publish a wide range of information about 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 12 members, openly recruited on a skills basis, and led by our Chairman, Nick Bitel.

Three Board members resigned from the Board during 2018-19 – Denise Barrett Baxendale in May 2018, Wasim Khan in January 2019 and Kate Bosomworth in February 2019. Charles Reed retired from the Board in 2018, having served a maximum of six years. Debbie Jevans, Vice-Chair, took a sabbatical from her Sport England duties from October 2018 – January 2019, during which period Andy Long served as Senior Independent Director.

Four new Non-Executive members joined the Board in 2018-19 – Sue James in April 2018, Natalie Ceeney in June 2018, Rashmi Becker in July 2018 and Mohamed Elsarky in October 2018. Sue James had served previously as a co-opted member of the Sport England Workforce Committee.

The terms of office for five Board members are due to come to an end in 2019 – Chris Grant and Andy Long in September 2019, Ian Cumming and Karen Pickering in October 2019, all of whom are serving their first term. Debbie Jevans will retire from the Board in October 2019, having served a maximum of six years. The remaining four Board members have all been appointed to serve a second term of three years.

A recruitment of the Board is currently underway and is due to conclude by the summer. 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's no provision for compensation.

We recognise that diversity is the key foundation for introducing different perspectives into Board debate. We have five women on our Board, exceeding 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 the Department for Digital, Culture, Media and Sport on Board appointments to achieve this aim.

The Executive Group, including the Chief Executive and the Chief Operating Officer, attend all Board meetings. I was appointed Chief Executive in November 2018, following on from Jennie Price.

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 (last external evaluation undertaken in 2017).

The Board undertook an internal evaluation in September 2018, using a questionnaire broadly structured around the five principles contained in the Code. The Executive Team participated in the evaluation, as did the four newest members of the Board. The overall outcome of the evaluation was positive, with the responses confirming a high level of performance. Some recommendations were identified, with actions put in place to address these.

The Audit, Risk and Governance; Investment and Workforce Committees all undertook an internal evaluation of their performance using a questionnaire process. This was the first review of the Investment and Workforce Committees following their inception in September 2016. All three Committees' results indicated 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 seven times during 2018-2019. 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. Induction programmes were provided for the new Non-Executive Board members – Rashmi Becker, Natalie Ceeney, Sue James and Mohamed Elsarky. During the induction process the new members met with the Chief Executive and Executive Directors of Sport England to hear about the various aspects of the organisation's business for which they were 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 Active Lives 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. In December 2018, Sport England published the first set of results from the new Active Lives Children and Young People Survey. The results, which covered the academic year September 2017 to July 2018, provided a comprehensive view of the activity levels of children and young people in England.

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 cross-government strategy for sport, including regular discussion of Sport England's priorities and internally, the culture of the organisation and the challenge to work in a different way.
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 effective and efficient way.
Sport England measurement framework	Developing the measurement framework and setting targets for engagement levels in sport and physical activity, including performance/impact on targets set for Increasing Activity, Women and Lower socio-economic groups; and ongoing work to agree targets for Volunteering.
Local Delivery Pilots	Regular discussion of the Local Delivery Pilots programme and approval of investment into five of the Pilot Places – Greater Manchester; Birmingham and Solihull; Essex; Doncaster; and Exeter and Cranbrook.
Code for Sports Governance	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 Adult and Active Lives Children and Young People	Regular discussion of the results of these two world-leading 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 is a central feature of the organisation's work.
Talent Inclusion	Discussion of the organisation's work to deliver its three strategic aspirations for talent: progression, positive experience and inclusion.
Safeguarding Children and Young People plus Adults at Risk	Regular discussion of safeguarding, with formal consideration of safeguarding at least twice a year.
Corporate Risk	Regular discussion of corporate risk and the organisation's risk strategy and appetite.
Annual Report and Accounts	Approval of Sport England Annual Report and Accounts.
2019-20 Financial Budget	2019-20 Financial Budget.
Funded Partner Investments	Over the year the Board considered major investment into a number of bodies including National Governing Bodies, Active Partnerships (formerly County Sports Partnerships), Public Health England and other organisations.
This Girl Can Fit Got Real 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 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're 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 – Audit, Risk and Governance Committee; Investment Committee; Workforce Committee; 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 our priorities and tactics dashboard, including for example: <ul style="list-style-type: none"> - Strategic Facilities investments - Community Asset Fund - School Games and School Games Organisers - Funded partner investments including National Governing Bodies, Active Partnerships - Capital Exchequer Legacy Projects including Rugby League World Cup and the British Cycling Road World Championship. • Regular updates on progress of Local Delivery Pilots. • Regular updates on the development of the Volunteering Strategy. • Regular updates on the development of the Workforce 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 2018-2019 accounts preparation process. • Review of financial forecasts including critical 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 2018-2019 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. • Review of Whistleblowing policies.
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 (CIMSPA).

OTHER GROUPS

Sport England has an Equality, Diversity & Inclusion (ED&I) Group which has responsibility for oversight of work, both internal and external, that we undertake to ensure we improve equality, diversity and inclusion within the sport and physical activity sectors and within Sport England itself. Internal work covers areas such as the development of our Equality Scheme, our Diversity Action Plan and focusing on recruitment, engagement and progressing talent. Our external work covers the full spectrum of protected characteristics and we are also actively working on ED&I in the context of deprivation, income levels and background, concentrating particularly on lower socio-economic groups.

The Group provides broader challenge to Sport England on all matters of equality, diversity and inclusion to ensure that our impact in this important area is maximised.

The Group is chaired by Sport England's Chief Operating Officer and championed by Sport England's Chairman.

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 retained this accreditation in October 2017. As of April 2018, Sport England also attained the 'Leaders in Diversity' accreditation.

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 (in terms of threats and potential missed opportunities) on a continuing basis, which is summarised below.

Management's approach to risk

As part of our internal operational management, Sport England maintains directorate, team and project risk registers through which we record key risks, controls in place, risk assessments and planned actions. We also report on risks against delivery of our strategic priorities. Risks are managed on an active and dynamic basis by Directors and Project Leads, who review and update registers on an at least quarterly basis. Consideration and reporting of operational, corporate and strategic priority risks are aligned to enable full discussion on risk across the business.

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

Sport England's Risk Management Strategy, which sets out our approach to risk, including our risk appetite, is reviewed on an annual basis. This provides an opportunity to consider the environment within which we work and whether we have the right processes and approach in place. A dynamic approach to reviewing risk registers is adopted throughout the year leading to risks being added, amended and closed, as appropriate. During the year we actively reviewed and amended Sport England's corporate risks, considering also the external factors which might impact our ability to deliver our objectives.

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 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, within the areas for which they are each responsible.

While a number of areas were highlighted in the statements, all were known to me and I'm 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. Matters and proposals being reviewed by the Board and its Committees also include consideration of risk.

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) at least every two years or in line with any changes to Sport England's strategic objectives. The Board believes it's important Sport England can be innovative and take managed risks to achieve its strategic objectives. The Board reviewed and agreed Sport England's risk management strategy and risk appetite in March 2019 to ensure alignment with the organisation's objectives. The risk appetite is described as follows:

- Sport England has a medium risk appetite overall, but recognises a multi-faceted approach to risk management is required to deliver its strategic aims, as described below:
- Sport England will continue to adopt a low risk appetite around transparency and stewardship of public money.
- Within its framework of evidence-based and well-controlled decision-making, Sport England is currently willing to adopt a higher risk appetite to deliver its strategic priorities in circumstances such as the following:
 - innovations, where outputs can be evidenced and evaluated;
 - exploratory projects that enable a 'test and learn' environment;
 - rerouting investment where performance or governance 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

As noted on page 55, the Executive Group and Board have actively reviewed the Corporate Risk Register during the year, with risks being added, consolidated and closed as a result of these reviews. For example, a risk related to the organisational restructure was added and subsequently closed once the restructure had been implemented successfully. A risk related to the recruitment of, and transition to, a new Chief Executive Officer was also opened and closed following my appointment in November 2018.

The operational and reputational risks Sport England has needed to manage as it implements its strategy have broadly remained the same as last year.

The scale of change and breadth of investment required to deliver the strategy remains dominant in the risk environment. The long-term nature of behaviour change work as well as the deep-rooted nature of some of the inequalities being tackled by our strategy mean the perceived pace of delivery remains a risk. We're also working in areas outside of Sport England's recent experience, and with a much wider range of partners, many of them for the first time. It's important we establish and maintain effective relationships with all of our stakeholders to realise the opportunities presented by new and existing partnerships. This also means understanding the changed funding environment we and our partners are operating in.

The Executive Group and the Board have maintained robust oversight of these strategic risks and worked to ensure they're mitigated. This includes agreeing a clear framework for managing our strategic priorities and a flexible budget plan. Our communications strategy, which has been developed over the year, actively seeks to reach out to new stakeholders whilst ensuring we maintain positive relationships with our existing partners. In support of this, I have spent much of my time during the first few months in role meeting a range of stakeholders. We've also made sure funding streams are designed and implemented in view of the funding environment for our partners as well as seeking non-financial opportunities to influence.

Underpinning the externally-focused strategic risks are our people resources and the way in which we work. Successful achievement of our strategic priorities requires us to manage both of those effectively, ensuring colleagues have a clear and common understanding of what's required and are provided with the right tools to deliver new ways of working. As noted, the organisation has undergone a restructure during the year to ensure it's set up in the best way to deliver the strategy. At the same time, several system projects have also been under development, either as upgrades to existing tools (e.g. finance and grant management systems) or to embed more agile ways of working (e.g. Office 365). This has meant a period of significant change for the organisation and as such has also received close oversight from the Executive Group and Board to ensure risks are being mitigated and opportunities realised. This includes providing regular progress updates and question and answer sessions for colleagues on the strategy and restructure, colleague involvement in project groups and training across the organisation on new systems such as

Office 365. A 'colleague engagement survey' has also been conducted this year, the results of which are currently being considered by the Executive Group, which has made a strong commitment to review and act on feedback.

One of the emerging risks identified in last year's report related to implementation and readiness for new data protection legislation. The new General Data Protection Regulations (GDPR) created an additional pressure on the organisation at a time of significant change, which we addressed by employing additional resource, seeking external advice and support and establishing a cross-organisational group to manage the process. GDPR was included in this year's internal audit plan to ensure the controls we implemented were adequate and effective, and that we complied with the relevant regulations. The independent audit report provided assurance this was the case.

A risk that has emerged during the year concerns how best to measure the outcome-based nature of our strategy to ensure targets are meaningful and meet the expectations of our key stakeholders. As the strategy tackles many new areas and longer term matters such as behaviour change, it's been important to think about what success measures will provide the most useful indicators of impact and change, particularly where there is no current measurement. To help manage this, we've developed a Measurement and Evaluation Framework which is being rolled out across all relevant investments and also agreed various participation targets with our sponsor department, the Department for Digital, Culture, Media and Sport. We'll continue to focus on this area to ensure future investments are informed by the insights we receive about the impact of our work.

The current uncertainty in the broader political and operating environment is another risk which remains on our strategic risk register as we look ahead. Whilst much of this is outside of our control, we're taking steps to ensure we're as well prepared as we can be. This includes ensuring our strategic and financial plans contain sufficient flexibility to enable us to adapt to changing circumstances and reviewing operational matters such as contracting, should there be changes as a result of Brexit. In our risk discussions this year, we've also taken the opportunity to 'step back' and think about outside influences or factors that could have an impact on our risk environment. Although these may not always be within our control, they provide important context when considering Sport England's strategic risks and prompt us to consider if there are areas we should monitor more closely or additional mitigations we should put in place.

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 readiness preparation and ongoing compliance with GDPR that came into effect from 25 May 2018. The GDPR affects the way that Sport England collects and manages the personal data

used in relation to several key business activities. Sport England has undertaken a significant amount of work to ensure organisational compliance with the GDPR, including the introduction of mandatory annual GRDP training. An Internal Audit of Sport England's GDPR compliance was conducted in 2018-19 and a 'substantial assurance' rating was achieved. The Principal In-House Solicitor and Information Governance Manager continue to lead on ensuring this level of assurance is maintained now the GDPR is in force.

As part of our ongoing development and management of the Sport England IT architecture, we've implemented a number of systems and controls to mitigate cyber security risks. These include enhancing our Mimecast email hygiene platform; email, URL, and attachment protection embedded as standard which prevents phishing and malicious applications arriving at our mail server; phish threat software which will be used to assess each colleagues' awareness and response to phishing threats; Checkpoint which forms the last line of defence against multiple threats including botnet armies and ransomware; we've moved to passphrases for our passwords which are more almost impossible to crack via brute force methods, and piloting Multi-Factor Authentication with a small group of users. This multi-layered approach to security helps to prevent attacks on Sport England's network and information.

No significant issues have been reported to the Information Commissioner's Office. However, Sport England keeps all data security incidents under close review and has continued to maintain a data breach and near miss incident log.

Continuing the improvements we made during 2018-2019 to embed best practice for records management and information security, we're 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's a risk to grant giving bodies of fraud occurring while undertaking their day-to-day grant giving process through which funds are made available to third parties. No matter how effective the controls and checks, which are in place and followed by the grant giving body, there remains a possibility that fraud may occur.

During the 2018-19 financial year there have been only four cases raised where fraud has been suspected concerning grant applicants, recipient organisations, or concerning individuals in management positions at recipient organisations. One of these related to an application that was not funded but where prior knowledge of a police investigation was received. Two relate to allegations against organisations we've funded but where we do not have evidence Sport England funds were implicated in any fraud, these cases remain open while investigations continue. One was a failed attempt at using a funded organisation's identity to obtain funds, this case being referred to the police. A fraud register is maintained within Sport England that monitors past and present cases, their status and

final outcomes and quarterly updates are presented to the Audit Risk and Governance Committee. We also work collaboratively with partners, sharing information and best practice through the Lottery Funders Counter Fraud Forum.

Write-Off

There were no fraud cases where write off was recorded. There were two organisations that went into liquidation prior to grant expenditure being reported or reconciled. One case reported a small underspend of £383 against £122,455 received but went into liquidation before repayment was made. The other case was where the final payment of £31,783, of the total £114,376 award, was not reported on. While there was some evidence of project delivery, full reconciliation could not be obtained. The total write off for these two cases was £32,166.

Independent assurance

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

An annual programme of internal audit work is carried out to professional standards by an external firm of accountants informed by our risk registers, 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 have provided internal audit services for Sport England, including fulfilling the role of Head of Internal Audit, since 1 April 2015.

Mazars LLP have concluded in their opinion that, on the basis of their work on the internal audit plan during 2018-19, Sport England's risk management and internal control arrangements are generally adequate and effective to manage achievement of the organisation's objectives.

In addition to the assurance from internal audit, Moore Stephens LLP have carried out a number of on-site management audits to provide assurance over our grant funding to national governing bodies, national partners, Active Partnerships and other significant grants in terms of size or complexity. The timing and scope of the on-site audits reflect our collective assessment of the organisations' governance, risk and 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's 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. In September and October 2018, the Office for National Statistics conducted a review of the production and assurance of Active Lives Adult Survey data. The review team were satisfied that the processes in place were sound but also made recommendations for how they could be strengthened further. Sport England's Quantitative Research

team has acted on these recommendations and made further improvements to the process of producing and assuring survey results. Where applicable, improvements have also been applied to the production and assurance of the Active Lives Children and Young People Survey results.

In 2017-18, extensive user consultation and testing was undertaken to inform the child survey and questionnaire design. This work also involved considerable input from a steering group consisting of policy leads and analysts from DCMS, the Department for Education and the Department of Health and Social Care. In 2018-19 Sheffield Hallam University completed a validation study on key aspects of the child questionnaire. The findings of the study were important in ensuring the greatest possible accuracy of the survey results (with first results published in December 2018).

Active Lives Survey

We have now completed three full years of data collection for the Active Lives Adult Survey, with the latest Active Lives Adult Survey report summarising activity levels in England from November 2017 to November 2018, published on 11 April 2019 (due to the date of publication, the results referred to in this report relate to the period May 2017 to May 2018). This year we also completed the first full year of data collection for the Active Lives Children and Young People Survey for the academic year 2017-18. The child survey results have been published in two parts. The first data release (published on 6 December 2018) focused upon the sport and physical activity behaviour of children. The second data release on 21 March 2019 focused upon the attitudes and motivations which both shape and are shaped by those behaviours. The Active Lives Children and Young People Survey will be published on an annual basis, whilst the Active Lives Adult Survey will continue to report every six months.

Complaints

Through our formal complaints procedure we've recorded 44 complaints in 2018-2019 (2017-18: 36), of which we had no complaints referred to the Parliamentary and Health Services Ombudsman (2017-18: one). We continue to monitor trends and themes to determine if action can be taken to address issues raised, and to reduce the number of complaints received.

Whistleblowing

The Whistleblowing Policy is reviewed by the Audit, Risk and Governance Committee and this was last carried out in January 2017. The next review is scheduled for June 2019.

BOARD AND COMMITTEE ATTENDANCE

Name	Board Governance	Audit, Risk & Committee Committee	Investment	Chairs and Remuneration Committee	Workforce Committee
Number of meetings in the year	7	5	8	3	4
Nick Bitel	7	-	-	3	-
Dr Denise Barrett-Baxendale MBE ¹	1	1	-	-	-
Rashmi Becker ²	3	-	2	-	-
Kate Bosomworth ³	2	-	4	-	-
Natalie Ceeney ⁴	4	-	5	-	-
Karen Creavin	-	-	5	-	-
Ian Cumming	6	-	1	-	3
Mohamed Elsarky ⁵	4	-	-	-	-
Chris Grant	6	2	5	-	-
Sue James ⁶	5	-	-	-	4
Eilish Jamieson	-	5	-	-	-
Debbie Jevans ⁷	4	-	-	2	3
Wasim Khan ⁸	4	-	-	-	-
Andrew Long	6	5	-	3	-
Karen Pickering	5	-	-	-	4
Charles Reed ⁹	3	-	5	2	-
Peter Rowley	-	-	6	-	-
Adam Spires ¹⁰	-	3	-	-	-

There have been membership changes during the year that in some instances may affect the number of meetings attended. This table includes both Board members and Independent members. Where there have been changes, appointment and tenure end dates are listed below:

¹ Resigned from the Board 16 May 2018

² Appointed as Board member 23 July 2018

³ Resigned from the Board 8 February 2019

⁴ Appointed as Board member 1 June 2018

⁵ Appointed as Board member 29 October 2018

⁶ Appointed as Board member 30 April 2018

⁷ Took a sabbatical from the Board 9 October 2018 – 1 February 2019

⁸ Resigned from the Board 31 January 2019

⁹ Tenure as Board member ended 27 October 2018

¹⁰ Resigned from the Audit, Risk & Governance Committee 22 February 2019

Tim Hollingsworth OBE

Chief Executive and Accounting Officer
The English Sports Council
3 July 2019

Nick Bitel

Chair
The English Sports Council
3 July 2019

The English Sports Council

Grant-in-Aid

Consolidated Accounts for the year ended 31 March 2019

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. The relevant responsibilities as Accounting Officer, including the responsibility for the propriety and regularity of public finances for which he 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 that ought to have been taken to make themselves 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.

Tim Hollingsworth OBE
Chief Executive and Accounting Officer
The English Sports Council
3 July 2019

Nick Bitel
Chair
The English Sports Council
3 July 2019

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 2019. 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 2019 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.

Conclusions relating to going concern

We are required to 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 Grant-in-Aid's ability to continue as a going concern for a period of at least twelve months from the date of approval of the financial statements. 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. I have nothing to report in these respects.

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.
- 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.

Gareth Davies
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

12 July 2019

Statement of comprehensive net expenditure for the year ended 31 March 2019

	Note	Group		Council	
		2019 £'000	2018 £'000	2019 £'000	2018 £'000
Income					
Grants received	2	1,259	2,674	-	-
Other income	3	647	821	607	820
Total		1,906	3,495	607	820
Expenditure					
Grants	4	87,317	86,301	87,277	86,292
Staff costs	5	6,129	4,905	6,129	4,905
National sports centres	6	2,268	3,429	2,268	3,429
Sports development costs	7	4,571	4,989	3,400	2,509
Operating costs	8	6,370	6,119	2,647	2,605
Assets gifted to subsidiaries	11	-	-	1,994	1,507
Total		106,655	105,743	103,715	101,247
Other					
Net interest on net defined benefit liability	20	502	607	502	607
Impairment charge/(reversals)	11	82	(503)	-	-
Total		584	104	502	607
Net operating expenditure before interest, financial asset income and taxation		(105,333)	(102,352)	(103,610)	(101,034)
Interest receivable		44	17	44	17
Financial asset income	13	34	32	-	-
Taxation		(14)	(3)	(7)	(3)
Net operating expenditure for the year		(105,269)	(102,306)	(103,573)	(101,020)
Other comprehensive income					
Surplus owing to revaluation of properties	21	4,040	7,353	-	-
Net gain/(loss) on financial assets	13	30	(5)	-	-
Re-measurement of defined benefit liability	20	2,794	3,830	2,794	3,830
Total comprehensive net expenditure for the year		(98,405)	(91,128)	(100,779)	(97,190)

All income and expenditure relate to continuing activities.

The notes on pages 70 to 94 form part of these accounts.

Statement of financial position as at 31 March 2019

	Note	Group		Council	
		2019 £'000	2018 £'000	2019 £'000	2018 £'000
Non-current assets					
Property, plant and equipment	11	112,114	109,966	312	370
Intangible assets	12	941	550	941	550
Financial assets	13	992	962	-	-
Total		114,047	111,478	1,253	920
Current assets					
Trade and other receivables	14	6,803	7,223	5,939	6,609
Cash and cash equivalents		13,824	14,188	13,804	14,141
Total		20,627	21,411	19,743	20,750
Total assets		134,674	132,889	20,996	21,670
Current liabilities					
Grants outstanding	15	(31,435)	(28,138)	(31,435)	(28,138)
Trade and other payables	16	(7,485)	(7,175)	(7,642)	(7,312)
Provisions	17	-	-	-	-
Total		(38,920)	(35,313)	(39,077)	(35,450)
Non-current liabilities					
Provisions	17	(186)	(186)	-	-
Pension liabilities	20	(18,097)	(20,384)	(18,097)	(20,384)
Total		(18,283)	(20,570)	(18,097)	(20,384)
Total liabilities		(57,203)	(55,883)	(57,174)	(55,834)
Assets less liabilities		77,471	77,006	(36,178)	(34,164)
Taxpayers equity					
Reserves		77,471	77,006	(36,178)	(34,164)
Total		77,471	77,006	(36,178)	(34,164)

The notes on pages 70 to 94 form part of these accounts.

Tim Hollingsworth OBE

Chief Executive and Accounting Officer
The English Sports Council

3 July 2019

Nick Bitel

Chair
The English Sports Council

3 July 2019

Statement of cash flows for the year ended 31 March 2019

	Note	Group		Council	
		2019 £'000	2018 £'000	2019 £'000	2018 £'000
Net cash outflow from operating activities	22	(96,402)	(83,444)	(96,341)	(83,412)
Cash flows from investing activities					
Purchase of property, plant and equipment	11	(2,132)	(1,579)	(2,132)	(1,579)
Purchase of intangible assets	12	(629)	(333)	(629)	(333)
Financial asset income	13	34	32	-	-
Net cash outflow from investing activities		(2,727)	(1,880)	(2,761)	(1,912)
Cash flows from financing activities					
Grant-in-Aid – resource		63,633	46,912	63,633	46,912
Grant-in-Aid – capital		35,132	34,431	35,132	34,431
Net cash inflow from financing activities		98,765	81,343	98,765	81,343
Net decrease in cash and cash equivalents		(364)	(3,981)	(337)	(3,981)
Cash and cash equivalents at 1 April		14,188	18,169	14,141	18,122
Cash and cash equivalents at 31 March		13,824	14,188	13,804	14,141

The notes on pages 70 to 94 form part of these accounts.

Statement of changes in taxpayers' equity – Group for the year ended 31 March 2019

	Revaluation reserve £'000	Pension reserve £'000	General reserve £'000	Total reserves £'000
Note	21	20		
Balance at 1 April 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
Net operating expenditure for the year	-	-	(105,269)	(105,269)
Surplus owing to revaluation of properties	4,040	-	-	4,040
Amortisation of revaluation reserve	(1,237)	-	1,237	-
Re-measurement of defined benefit liability	-	2,794	-	2,794
Prior period restatement in ESDT	-	-	105	105
Transfer between reserves	-	(507)	507	-
Net gain on financial assets	-	-	30	30
Grant-in-Aid received – resource	-	-	63,633	63,633
Grant-in-Aid received – capital	-	-	35,132	35,132
Balance at 31 March 2019	45,786	(18,097)	49,782	77,471

The notes on pages 70 to 94 form part of these accounts.

Statement of changes in taxpayers equity – Council for the year ended 31 March 2019

	Pension reserve £'000	General reserve £'000	Total reverses £'000
Note	20		
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)
Net operating expenditure for the year	-	(103,573)	(103,573)
Re-measurement of defined benefit liability	2,794	-	2,794
Transfer between reserves	(507)	507	-
Grant-in-Aid received – resource	-	63,633	63,633
Grant-in-Aid received – capital	-	35,132	35,132
Balance at 31 March 2019	(18,097)	(18,081)	(36,178)

The notes on pages 70 to 94 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 2018-19 Government Financial Reporting Manual (FReM) issued by HM Treasury. A copy of the account directions can be obtained from Sport England at 21 Bloomsbury Street, London, WC1B 3HF. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adopted by the European Union, and as adapted or interpreted for the public sector.

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

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

1.1 Accounting convention

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

Without limiting the information given, the accounts of Sport England Grant-in-Aid (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 FReM, in so far as those requirements are appropriate to Sport England.

1.2 Going concern

Sport England continues to adopt the going concern concept in the preparation of Sport England's 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 2019.

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 95 to 119), 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 FReM.

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

1.5 Grants

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

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

Grant awards which are funded from future year's funding are shown as contingent liabilities (shown as future commitments – note 15).

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 were 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 2019.

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 2019. 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 Equipment	Expected life of lease
IT Equipment	5 years
	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 Investments

Investments (not held for trading) that were previously classified as available-for-sale financial assets and were measured at fair value at each reporting date under IFRS 9.

1.15 Trade and other payables

Trade and other payables are recognised at fair value.

1.16 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.

1.17 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.

1.18 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.

1.19 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.

1.20 Accounting standards adopted in 2018-19

Two new accounting standards have been applied for the first time during 2018-19:

IFRS 9 – Financial Instruments

IFRS 15 – Revenue from Contracts and Customers

The application of these standards has not had a material impact on the accounts.

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 2019-20 FReM requires IFRS 16 – Leases, to be applied from 1 April 2019. The application of the standard will have a material impact on the accounts. This standard will be applied to the financial statements ending 31 March 2020.

As at 31 March 2019, the Group has non-cancellable operating lease commitments of £3.8m (note 10). Under IFRS 16 these will be recognised from 1 April 2019 as right-of-use assets of £3.6m and a corresponding lease liability of £3.6m in respect of all these leases. The impact will decrease property costs by £1m, increase depreciation by £962k and interest by £72k in 2019-20.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Group opts to take the exemption permitted by the FReM and IFRS 16 and will continue to account for these through property costs.

2 Grants received

	Group		Council	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Lottery grant	1,259	2,674	-	-

3 Other income

	Group		Council	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
External funding income	68	89	68	89
Active Lives survey recharges	224	211	224	211
Asset hire recharges	285	291	285	291
Other income	70	230	30	229
Total	647	821	607	820

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	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Resource grants				
Active Environments	268	274	268	274
Children and young people	11,501	11,441	11,501	11,441
Decreasing Inactivity	1,608	1,552	1,608	1,552
Demand Led	797	677	797	677
Evidence Base	15	-	15	-
Increasing Activity	9,775	9,131	9,775	9,131
Leadership and Governance	923	1,131	923	1,131
Low Socioeconomic Groups	2,267	3,954	2,267	3,954
Safeguarding	1,080	1,036	1,080	1,036
Talent	19,982	21,278	19,982	21,278
Volunteering	592	540	592	540
Women	403	344	403	344
Other	63	2,113	23	2,104
Total	49,274	53,471	49,234	53,462
Capital grants				
Active Environments	5,934	4,485	5,934	4,485
Increasing Activity	13,455	12,146	13,455	12,146
Low Socioeconomic Groups	14,376	11,869	14,376	11,869
Talent	634	1,536	634	1,536
Volunteering	39	40	39	40
Women	568	-	568	-
Other	3,197	2,772	3,197	2,772
Total	38,203	32,848	38,203	32,848
Total	87,477	86,319	87,437	86,310
Grant recoveries	(160)	(18)	(160)	(18)
Total	87,317	86,301	87,277	86,292

The headings for 2018 have been changed to reflect the current business reporting by strategic priority. There is no change to the aggregate total of grants and the resource and capital split.

5 Staff costs

	Group		Council	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Permanent and fixed term staff				
Wages and salaries	4,335	3,325	4,335	3,325
Social security costs	491	382	491	382
Pension costs	754	827	754	827
Total	5,580	4,534	5,580	4,534
Agency staff	549	371	549	371
Total staff costs	6,129	4,905	6,129	4,905

6 National sports centres

	Group		Council	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Income	7,882	7,594	7,882	7,594
Expenditure				
Centre operator expenditure ¹	9,073	9,377	9,073	9,377
Other expenditure	1,077	1,646	1,077	1,646
Total	10,150	11,023	10,150	11,023
Net expenditure	2,268	3,429	2,268	3,429

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.

Expenditure includes an adjustment of £921k for the Biomass building at Lilleshall, which houses the new central heating system. The building and boiler were part funded through revenue in 2017-18 but meet the requirements for capitalisation so these 2017-18 costs have been capitalised in 2018-19 (note 11 – Council).

¹ Includes operator management fees of £176,338 (2018: £171,000)

7 Sports development costs

	Group		Council	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Grant programme support costs				
Local delivery	23	6	23	6
Children and young people	48	50	48	50
Facilities	286	86	286	86
Core market	168	35	168	35
Coaching	70	73	70	73
Total	595	250	595	250
Other sports development costs				
Communications	15	13	15	13
Facilities expertise and support	421	361	421	361
Irrecoverable VAT	349	114	349	114
Legal	16	26	16	26
Measurement surveys	1,062	987	1,062	987
Media buying and planning ¹	1,171	2,480	-	-
Other costs	84	212	84	212
Planning data and guidance	712	377	712	377
Research	146	169	146	169
Total	3,976	4,739	2,805	2,259
Total	4,571	4,989	3,400	2,509

Sports development costs is expenditure which aims to promote the development of sport, thereby creating increased opportunities to take part in sport or physical activity for the local community.

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	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Auditor's remuneration ¹	70	70	54	54
Board expenses	2	11	2	11
Communications	52	32	52	32
Depreciation	4,177	3,970	431	432
Grant outsourcing costs	167	198	167	198
Internal audit and governance	13	22	13	22
Irrecoverable VAT	323	199	323	199
IT infrastructure and systems costs	432	433	432	433
Legal	131	100	131	100
Other costs	(49)	247	(49)	247
Other staff costs	137	100	137	100
Property operating leases	421	356	462	398
Other property costs	14	12	14	12
Staff training	78	60	78	60
Travel and subsistence	356	264	354	262
Defined benefit scheme admin charges	46	45	46	45
Total	6,370	6,119	2,647	2,605

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 (2018: £69,800), the Council audit fees for the year were £53,800 (2018: £53,800). Included within the Council for 2019 is £3,800 relating to the fees of English Sports Development Trust Limited (2018: £3,800) which were paid on its behalf by Sport England. All audit fees are excluding VAT.

9 Net costs apportioned from Exchequer to Lottery – Group

	2019			2018		
	Gross £'000	Lottery recharge £'000	Net £'000	Gross £'000	Lottery recharge £'000	Net £'000
Other income	(1,600)	953	(647)	(1,444)	623	(821)
Staff costs	16,630	(10,501)	6,129	15,849	(10,944)	4,905
Sports development	10,525	(5,954)	4,571	10,547	(5,558)	4,989
Operating costs	10,167	(3,797)	6,370	9,848	(3,729)	6,119
Total	35,722	(19,299)	16,423	34,800	(19,608)	15,192

9 Net costs apportioned from Exchequer to Lottery – Council

	2019			2018		
	Gross £'000	Lottery recharge £'000	Net £'000	Gross £'000	Lottery recharge £'000	Net £'000
Other income	(1,560)	953	(607)	(1,443)	623	(820)
Staff costs	16,630	(10,501)	6,129	15,849	(10,944)	4,905
Sports development	9,354	(5,954)	3,400	8,067	(5,558)	2,509
Operating costs	6,444	(3,797)	2,647	6,334	(3,729)	2,605
Total	30,868	(19,299)	11,569	28,807	(19,608)	9,199

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	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Land & buildings				
Expiring within one year	1,028	1,028	1,028	1,028
Expiring between one & five years	2,735	3,705	2,735	3,705
Expiring after at least five years	38	95	38	95
Total	3,801	4,828	3,801	4,828

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 £0.7 million (2018: £0.8 million).

11 Property, plant and equipment— Group

	Land	Buildings and Bund	Leasehold Improvm't	Equipm't	IT Equipm't	Artworks and Antiques	Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost								
At 1 April 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
Additions	-	1,124	-	50	138	-	820	2,132
Disposals	-	-	-	(154)	(30)	-	-	(184)
Revaluation	3,230	810	-	-	-	-	-	4,040
Impairment charge	14	(134)	-	-	-	38	-	(82)
Transfers	-	376	-	-	-	-	(376)	-
At 31 March 2019	19,114	118,799	1,170	2,703	950	865	1,139	144,740
Depreciation								
At 1 April 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
Charge for year	-	3,360	154	260	165	-	-	3,939
Disposals	-	-	-	(154)	(27)	-	-	(181)
At 31 March 2019	-	29,009	643	2,290	684	-	-	32,626
Net Book Value								
At 31 March 2018	15,870	90,974	681	623	296	827	695	109,966
At 31 March 2019	19,114	89,790	527	413	266	865	1,139	112,114

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

The freehold properties were valued as at 31 March 2019 by an external valuer, Gerald Eve LLP, a regulated firm of Chartered Surveyors. The valuation was prepared in accordance with the requirements of the RICS Valuation – Global Standard 2017 and the UK national standards and guidance set out in national supplement (November 2018 Edition).

The valuation of the non-specialised properties was undertaken on a Fair Value basis, on the assumption of continuation of the existing use. Specialised properties were valued by reference to Depreciated Replacement Cost (DRC).

Land, buildings and bund comprise freehold properties. All assets are owned, no assets are supported by either finance leases or PFI contracts.

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 valued as at 31 March 2019 by Sotheby's.

11 Property, plant and equipment – Council

	Buildings	Equipment	IT Equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 April 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
Additions	1,944	50	138	2,132
Gifted assets ¹	(1,944)	(50)	-	(1,994)
Disposals	-	(6)	(30)	(36)
At 31 March 2019	-	194	840	1,034
Depreciation				
At 1 April 2017	-	90	375	465
Charge for year	-	32	176	208
Disposals	-	-	(111)	(111)
At 31 March 2018	-	122	440	562
Charge for year	-	34	159	193
Disposals	-	(6)	(27)	(33)
At 31 March 2019	-	150	572	722
Net Book Value				
At 31 March 2018	-	78	292	370
At 31 March 2019	-	44	268	312

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.

A building at Lilleshall, which houses the new central heating system, was completed and capitalised in 2018-19. The building and boiler were part funded through revenue in 2017-18 but meet the requirements for capitalisation so these 2017-18 costs have also been capitalised in 2018-19.

The value of the adjustment (£921k) is not material to the overall value of the National Centre assets (£107m) as a whole nor to Lilleshall itself (£50m).

12 Intangible assets

	Group	Council
	£'000	£'000
Cost		
At 1 April 2017	3,477	3,477
Additions	333	333
At 31 March 2018	3,810	3,810
Additions	629	629
Disposals	(5)	(5)
At 31 March 2019	4,434	4,434
Depreciation		
At 1 April 2017	3,036	3,036
Charge for year	224	224
At 31 March 2018	3,260	3,260
Charge for year	238	238
Disposals	(5)	(5)
At 31 March 2019	3,493	3,493
Net Book Value		
At 31 March 2018	550	550
At 31 March 2019	941	941

Intangible assets comprise computer software which provides ongoing economic benefits.

Additions include software costs incurred for the new finance and grant management systems.

13 Financial assets

Listed stocks and securities

	Group		Council	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Market value at 1 April	962	967	-	-
Revaluation of financial asset	30	(5)	-	-
Market value at 31 March	992	962	-	-

Listed stocks and securities at 31 March 2019 relate to a managed investment fund held by The Sports Council Trust Company. These investments are held for medium to long-term strategic purposes. The holding is classified as 'not held for trading'. However, part of this investment (value at 31 March 2019 - £274k) may be used to purchase a property at the Lilleshall National Sports Centre during 2019-20.

The historical cost of the asset at 31 March 2019 was £910,000 (2018: £910,000).

The income received on the investment fund for the year to 31 March 2019 was £34,000 (2018: £32,000).

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	2019: £113.2m 2018: £110.9m	2019: (£1.8m) 2018: (£1.5m)
English Sports Development Trust Limited (England and Wales)	Media buying for the campaign to increase women and girls participation in sport	Sole member 100% guarantor	Active	2019: £445,000 2018: £329,000 (restated) ¹	2019: £116,000 2018: £299,000 (restated) ¹

English Sports Development Trust Limited (ESDT)

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

¹ ESDT's 2017-18 financial statements were restated for a prior period adjustment in the 2018-19 accounts. The restatement, which increased net assets by £105k, is not material in the Group accounts and has been accounted for as an in-year adjustment.

14 Trade and other receivables

	Group		Council	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Trade receivables	781	595	459	538
Other receivables	632	462	632	462
Staff travel loans	51	42	51	42
Prepayments and accrued income	2,367	2,083	1,825	1,526
Sport England Lottery	2,972	4,041	2,972	4,041
Total	6,803	7,223	5,939	6,609

From 1 April 2018 the impairment of trade receivables is based on expected credit losses (IFRS 9 paragraph 5.5.15). These expected credit losses were calculated using a provision matrix which reviewed the historical credit loss experience of trade receivables, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

Two years of historic data were used and on this basis at 31 March 2019 the lifetime expected loss provision for trade receivables is nil.

15 Grants outstanding

	Group		Council	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Grants outstanding	31,435	28,138	31,435	28,138

Future commitments

On the undertaking that funds are to be provided by DCMS, Sport England at 31 March 2019 had entered into commitments to pay grants to award recipients in respect of their approved programmes. These commitments, which are mainly for NGB 2017-21 funding and awards to the Football Foundation for 2019-20, have not been recognised in the statement of comprehensive net expenditure or the statement of financial position and are shown below.

	Group		Council	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
2018-19	-	50,290	-	50,290
2019-20	63,345	44,896	63,345	44,896
2020-21	28,703	25,171	28,703	25,171
2021-22	305	-	305	-
Total	92,353	120,357	92,353	120,357

16 Trade and other payables

	Group		Council	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Trade payables	9	511	297	511
Corporation tax	15	28	8	28
Accruals	6,920	6,234	5,723	6,160
Other payables	541	402	541	402
The Sports Council Trust Company	-	-	43	27
English Sports Development Trust Limited	-	-	1,030	184
Total	7,485	7,175	7,642	7,312

17 Provisions

	Group		Council	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Amounts falling due within one year:				
Balance at 1 April	-	31	-	-
Utilised during the year	-	(31)	-	-
Balance at 31 March	-	-	-	-

	Group		Council	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Amounts falling due after one year:				
Balance at 1 April	186	186	-	-
Balance at 31 March	186	186	-	-

The provision is for dilapidations at Bloomsbury Street, 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.

18 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 17.

Pensions

Pension liabilities are disclosed in Note 20 of these financial statements. This disclosure makes no allowance for the implication of a recent Court of Appeal judgement which related to age discrimination (within the New Judicial Pension Scheme) and subsequent uncertainty of how this judgement may affect London Pension Fund Authority (LPFA) members' past or future service benefits.

Barnett Waddingham were instructed to undertake calculations to estimate the possible impact of any amendments that may be required as a result of this judgement and to consider the possible impact on the International Accounting Standard 19 (IAS19) disclosure prepared for Sport England as at 31 March 2019, which was prepared by them in respect of pension benefits provided by the LPFA to employees of Sport England.

Barnett Waddingham have estimated that the impact on the total liabilities at 31 March 2019 would be 0.4% of liabilities (which equates to £220,594) and the impact on the projected service cost for the year to 31 March 2020 would be 2.8% of the service cost (which equates to £9,768).

19 Capital commitments

The Group had capital commitments contracted but not provided for in the financial statements as at 31 March 2019 amounting to £804,806 (2018: £Nil). These commitments include the refurbishment of the main house at Lilleshall (£0.5m) and the implementation of new IT systems (£0.3m).

20 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.

20 Pension liabilities (continued)

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.

The tables below show employee contribution rates and employer contributions for 2018 and 2019 and those that are expected to be made in 2020 for the Exchequer portion of the scheme:

Employee contribution rates

2019 salary range	2019	2018 salary range	2018
Less than £14,100	5.5%	Less than £13,600	5.5%
£14,101-£22,000	5.8%	£13,601- £21,200	5.8%
£22,001- £35,700	6.5%	£21,201- £34,400	6.5%
£35,701- £45,200	6.8%	£34,401- £43,500	6.8%
£45,201- £63,100	8.5%	£43,501- £60,700	8.5%
£63,101- £89,400	9.9%	£60,701- £86,000	9.9%
£89,401- £105,200	10.5%	£86,001- £101,200	10.5%
£105,201- £157,800	11.4%	£101,201- £151,800	11.4%
Over £157,801	12.5%	Over £151,801	12.5%

Employer contributions to schemes

	2020	2019	2018
All figures in £'000s			
% Employer contributions	16.1%	16.1%	16.1%
Contributions to pension schemes			
Employer contributions	165	157	166
Required additional contributions	-	175	274
Voluntary additional contributions	-	-	150
Total contributions to pension schemes	165	332	590

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).

20 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)

	2019 % per annum	2018 % per annum	2017 % per annum
Price increases – RPI	3.4%	3.3%	3.6%
Price increases – CPI	2.4%	2.3%	2.7%
Salary increase	3.9%	3.8%	4.2%
Pension increase	2.4%	2.3%	2.7%
Discount rate	2.4%	2.6%	2.7%

Life expectancy assumptions from age 65

		2019 Years	2018 Years
Retiring today	Males	21.2	22.2
	Females	23.6	24.7
Retiring in 20 years	Males	23.0	24.5
	Females	25.3	27.0

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

Statement of financial position disclosure

	2019 £'000	2018 £'000	2017 £'000
Present value of funded liabilities	(59,294)	(58,538)	(61,087)
Fair value of employer assets	44,407	41,421	40,943
Present value of unfunded liabilities	(3,210)	(3,267)	(3,460)
Net liability in the Statement of financial position	(18,097)	(20,384)	(23,604)
Liabilities	(62,504)	(61,805)	(64,547)
Assets	44,407	41,421	40,943
Net liability in the Statement of financial position	(18,097)	(20,384)	(23,604)

20 Pension liabilities (continued)

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

	2019 £'000	%	2018 £'000	%
Equities	24,159	54	25,328	61
Target return portfolio	11,842	27	9,283	23
Infrastructure	2,676	6	1,812	4
Property	4,176	9	2,980	7
Cash	1,554	4	2,018	5
Total	44,407	100	41,421	100

Amounts recognised in the Statement of comprehensive net expenditure

	2019 £'000	2018 £'000
Service cost	291	548
Net interest on the net defined benefit liability	502	607
Administration expenses	46	45
Total	839	1,200

Re-measurements in Other comprehensive income

	2019 £'000	2018 £'000
Return on plan assets in excess of interest	3,288	574
Change in demographic assumptions	2,616	-
Change in financial assumptions	(3,110)	3,256
Total Re-measurement credit/(cost)	2,794	3,830

Changes in the present value of the defined benefit obligation

	2019 £'000	2018 £'000
Opening defined benefit obligation	61,805	64,547
Service cost	291	352
Interest cost	1,585	1,723
Change in demographic assumptions	(2,616)	-
Change in financial assumptions	3,110	(3,256)
Contributions by members	86	96
Curtailments	-	196
Estimated unfunded benefits paid	(175)	(175)
Estimated benefits paid	(1,582)	(1,678)
Closing defined benefit obligation	62,504	61,805

20 Pension liabilities (continued)

Changes in the fair value of the plan assets

	2019 £'000	2018 £'000
Opening fair value of employer assets	41,421	40,943
Interest on assets	1,083	1,116
Return on assets less interest	3,288	574
Actuarial gains	-	-
Administration expenses	(46)	(45)
Contributions by members	86	96
Contributions by employer	332	590
Estimated benefits paid	(1,757)	(1,853)
Closing fair value of employer assets	44,407	41,421

Sensitivity Analysis

	£'000	£'000	£'000
Adjustment to discount rate	+0.1%	0.0%	-0.0%
Present value of total obligation	61,429	62,504	63,600
Projected service cost	290	297	304
Adjustment to long-term salary increase	+0.1%	0.0%	-0.0%
Present value of total obligation	62,563	62,504	62,446
Projected service cost	297	297	297
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	63,539	62,504	61,486
Projected service cost	304	297	290
Adjustment to life expectancy assumption	+1 year	None	-1 year
Present value of total obligation	64,711	62,504	60,373
Projected service costs	307	297	287

Defined contribution Aviva GPPP

Employer contributions for staff members of this scheme for the year ended 31 March 2019 were £329,678 (2018: £228,000). There were no amounts outstanding or pre-paid at 31 March 2019 (2018: £nil).

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

¹ Contribution rates apply to all salary levels

² Relates to auto enrolment

21 Revaluation reserves - group

	2019 £'000	2018 £'000
Land and buildings		
Balance at 1 April	42,983	36,634
Surplus owing to revaluation of properties	4,040	7,353
Amortisation of revaluation reserve	(1,237)	(1,004)
Balance at 31 March	45,786	42,983

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

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

	Group		Council	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Net operating expenditure	(105,333)	(102,352)	(103,610)	(101,034)
Depreciation	4,177	3,970	431	432
Disposal of property, plant and equipment	3	-	3	-
Impairment reversals	82	(503)	-	-
Net interest on net defined benefit liability and administration costs	548	652	548	652
Decrease in receivables	630	457	775	7
Increase/(decrease) in payables	205	(3,225)	225	(2,564)
Increase in grants outstanding	3,297	17,616	3,297	17,616
Decrease in provisions	-	(31)	-	-
LPFA service costs	291	548	291	548
LPFA employer contributions	(332)	(590)	(332)	(590)
Assets gifted to subsidiaries	-	-	1,994	1,507
Taxation	(14)	(3)	(7)	(3)
Interest received	44	17	44	17
Net cash outflow from operating activities	(96,402)	(83,444)	(96,341)	(83,412)

23 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 2019. Decommitments are shown in brackets.
- Awards unpaid at 31 March 2019.
- Supplier transactions during the year ended 31 March 2019.
- Unpaid supplier transactions at 31 March 2019.

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 2018-19	Awards unpaid at 31 March 2019	Supplier transactions in 2018-19	Unpaid supplier transactions at 31 March 2019
	£	£	£	£
Department for Digital, Culture, Media and Sport				
Grant-in-Aid funding			98,765,000	-
Payable by Sport England			17,615	-
The Sports Council Trust Company				
Payable by Sport England	-	-	609,190	5,767
English Sports Development Trust Limited				
Payable by Sport England	-	-	2,874	-
Nick Bitel				
Consultant to advisors of Rugby Football Union	740,000	-	-	-
Member, English Sports Development Trust Limited	-	-	2,874	-
Partner: Member, Lawn Tennis Association	750,000	18,472	-	-
Partner: Member, British Triathlon Federation	597,911	3,596	-	-
Professor Denise Barrett-Baxendale MBE				
Director, Everton Football Club	-	-	146	-
Professor Ian Cumming OBE				
Member, Amateur Swimming Association	1,191,625	10,790	-	-
Chris Grant				
Employment, Sported	-	-	28,861	48

23 Related party transactions (continued)

Relationship	Awards made in 2018-19	Awards unpaid at 31 March 2019	Supplier transactions in 2018-19	Unpaid supplier transactions at 31 March 2019
	£	£	£	£
Wasim Khan MBE				
Member, England and Wales Cricket Board	1,090,000	376,929	-	-
Karen Pickering MBE				
Member, Amateur Swimming Association	1,191,625	10,790	-	-
Imm. Family: Member, Amateur Swimming Association				
Charles Reed				
Chair, Activity Alliance	1,217,495	3,000	-	-
Karen Creavin				
Consultant, Birmingham City Council	-	180,000	29	-
Peter Rowley OBE				
Member, England Athletics	167,405	1	-	-
Chair, The Sports Council Trust Company	-	-	609,190	5,767
Andy Long				
Imm. Family: Member, Amateur Swimming Association	1,191,625	10,790	-	-
Imm. Family: Member, British Rowing	590,490	295,244	-	-
Rashmi Becker				
Member, Activity Alliance	1,217,495	3,000	-	-
Mohamed Elsarky				
Chair, English Sports Development Trust Limited	-	-	2,874	-
Chair, British Equestrian	350,700	2	-	-
Eilish Jamieson				
Imm. Family: Member, Rugby Football Union	740,000	-	-	-
Imm. Family: Member, England Hockey	975,000	317,450	-	-
Jennie Price CBE				
Board Member, Football Foundation	18,075,907	5,275,907	5,435	-
Tim Hollingsworth OBE				
Board Member, Football Foundation	18,075,907	5,275,907	5,435	-
Imm. Family: Member, British Rowing	590,490	295,244	-	-
Lisa O'Keefe				
Board Member, Mountain Training Trust	-	-	503,273	55,273
Member, British Mountaineering Council	79,850	-	-	-
Member, British Cycling	2,387,301	1,133,542	-	-
Member, English Sports Development Trust Limited	-	-	2,874	-
Partner: Employment, England and Wales Cricket Board	1,090,000	376,929	-	-
Phil Smith				
Imm. Family: Member, Lawn Tennis Association	750,000	18,472	-	-
Alison Selfe				
Imm. Family: Member, British Cycling	2,387,301	1,133,542	-	-
Brian Whaley				
Member, CIMPSA	744,000	-	-	-
Rona Chester				
Member, English Golf Union	650,000	126,000	-	-
Member, Lawn Tennis Association	750,000	18,472	-	-
Partner: Member, Lawn Tennis Association				

24 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 (2019: £34,000; 2018: £32,000). 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.

25 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 2019

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. The relevant responsibilities as Accounting Officer, including the responsibility for the propriety and regularity of public finances for which he 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 that ought to have taken to make themselves 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.

Tim Hollingsworth OBE

Chief Executive and Accounting Officer
The English Sports Council

3 July 2019

Nick Bitel

Chair
The English Sports Council

3 July 2019

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

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 2019 under the National Lottery etc. Act 1993. The financial statements comprise: the Statements of Comprehensive Net Income, 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 2019 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.

Conclusions relating to going concern

We are required to 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 for a period of at least twelve months from the date of approval of the financial statements. 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. I have nothing to report in these respects.

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.
- 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.

Gareth Davies
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP
12 July 2019

Statement of comprehensive net income for the year ended 31 March 2019

	Note	2019 £'000	2018 £'000
Income			
National Lottery share of proceeds	2	198,402	202,750
National Lottery investment returns	2	1,017	586
Grant recoveries		615	468
Interest receivable		7	1
Other income	3	1,124	1,869
Total		201,165	205,674
Expenditure			
Grants made	4	175,773	147,052
Grant de-commitments	4	(2,788)	(2,284)
Non-cash grants	5	2,503	1,833
Staff costs	6	10,587	10,649
Sport development costs	7	5,954	5,739
Operating costs	8	4,120	4,769
Total		196,149	167,758
Net interest on net defined benefit liability	15	732	881
Net income before taxation		4,284	37,035
Taxation	9	(1)	(25)
Net income for the year		4,283	37,010
Other comprehensive income			
Re-measurement of defined benefit liability	15	4,241	5,596
Total comprehensive net income for the year		8,524	42,606

All Income and Expenditure relates to continuing activities.

The notes on pages 104 to 119 form part of these accounts.

Statement of financial position as at 31 March 2019

	Note	2019 £'000	2018 £'000
Current assets			
National Lottery Distribution Fund	2	167,368	125,949
Trade and other receivables	10	441	866
Cash and cash equivalents		8	500
Total		167,817	127,315
Current liabilities			
Trade and other payables	12	(3,319)	(4,367)
Grants payable	13	(175,707)	(146,171)
Total		(179,026)	(150,538)
Total assets less current liabilities		(11,209)	(23,223)
Non-current liabilities			
Grants payable	13	(113,163)	(106,231)
Pension liabilities	15	(24,118)	(27,455)
Total		(137,281)	(133,686)
Net liabilities		(148,490)	(156,909)
Equity			
General reserve		(124,372)	(129,454)
Pension reserve		(24,118)	(27,455)
Total		(148,490)	(156,909)

The notes on pages 104 to 119 form part of these accounts

Tim Hollingsworth OBE

Chief Executive and Accounting Officer
The English Sports Council

3 July 2019

Nick Bitel

Chair
The English Sports Council

3 July 2019

Statement of cash flows for the year ended 31 March 2019

	2019 £'000	2018 £'000
Net income before taxation	4,284	37,035
Decrease/(increase) in trade and other receivables	425	(790)
Decrease in trade and other payables	(1,048)	(180)
Increase/(decrease) in grants payable	36,468	(8,387)
Corporation tax	(1)	(25)
Prior period restatement in ESDT	(105)	-
Transfer between reserves	904	1,311
Increase in NLDF	(41,419)	(28,609)
Net cash (outflow)/inflow from operating activities	(492)	355
Net (decrease)/increase in cash and cash equivalents	(492)	355
Cash and cash equivalents at 1 April	500	145
Cash and cash equivalents at 31 March	8	500

The notes on pages 104 to 119 form part of these accounts.

Statement of changes in equity for the year ended 31 March 2019

	Pension Reserve £'000	General Reserve £'000	Total £'000
Balance at 1 April 2017	(31,740)	(167,775)	(199,515)
Net income 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)
Net income for the year	-	4,283	4,283
Re-measurement of defined benefit liability	4,241	-	4,241
Prior period restatement in ESDT	-	(105)	(105)
Transfer between reserves	(904)	904	-
Balance at 31 March 2019	(24,118)	(124,372)	(148,490)

The notes on pages 104 to 119 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 2018-19 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 2019. Comparative figures are shown for the year ended 31 March 2018.

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 income 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 income 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 income 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 income 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 income within staff costs.

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

The scheme's administration expenses are shown in the Statement of comprehensive net income within operating costs. Re-measurement of the net defined benefit liability which comprises actuarial gains and losses and returns on plan

assets (in excess of interest), is recognised immediately in the Statement of financial position and in Other comprehensive income.

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

1.13 Use of estimates and judgement

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

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

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

1.14 Accounting standards that have been issued but not adopted

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

2 National Lottery Distribution Fund

	2019 £'000	2018 £'000
Balance at 1 April	125,949	97,340
Share of proceeds	198,402	202,750
Investment returns	1,017	586
Funds drawn down	(158,000)	(174,727)
National Lottery Distribution Fund	167,368	125,949

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

	2019 £'000	2018 £'000
Big Lottery Award contribution ¹	218	1,101
External funding income	307	61
Active Lives survey recharges	434	434
"This Girl Can" income	-	130
Other recharges	165	143
Total	1,124	1,869

¹ Contribution to the Potentials and Opportunities Volunteering funds

4 Grants made

	2019 £'000	2018 £'000
Grants made in the year	175,773	147,052
Grant de-commitments	(2,788)	(2,284)
Net grants made	172,985	144,768
Active Environments	7,799	8,392
Children and young people	30,921	29,133
Decreasing Inactivity	42,613	35,381
Demand Led	1,937	1,529
Increasing Activity	42,661	22,627
Leadership and Governance	2,840	764
Low Socioeconomic Groups	21,266	15,334
Safeguarding	1,025	-
Talent	7,026	2,300
Volunteering	3,825	5,360
Women	8,901	9,526
Other	4,959	16,706
Decommitments	(2,788)	(2,284)
Total	172,985	144,768

The headings for 2018 have been changed to reflect the current business reporting by strategic priority. There is no change to the aggregate total of grants.

5 Non-cash grants

	2019 £'000	2018 £'000
Club Matters - guidance and support for running a club	1,096	1,355
Creative assets of the "This Girl Can" campaign	1,407	478
Total	2,503	1,833

6 Staff costs

	2019 £'000	2018 £'000
Permanent and fixed term staff		
Wages and salaries	7,488	7,389
Social security costs	854	846
Pension costs	1,364	1,650
Total	9,706	9,885
Agency staff	881	764
Total staff costs	10,587	10,649

7 Sports development costs

	2019 £'000	2018 £'000
Grant programme support costs		
Local delivery	252	168
Inactivity	69	8
Children and young people	178	55
Mass markets	89	37
Facilities	557	444
Core market	207	63
Coaching/Workforce	187	140
Other	3	113
Total	1,542	1,028
Other sports development costs		
Legal	480	312
Measurement surveys	2,062	2,027
Research	283	347
Facilities expertise and support	328	248
Planning data and guidance	120	624
Communications	34	118
Other costs	170	75
Irrecoverable VAT	935	960
Total	4,412	4,711
Total	5,954	5,739

Sports development costs is expenditure which aims to promote the development of sport, thereby creating increased opportunities to take part in sport or physical activity for the local community.

8 Operating costs

	2019 £'000	2018 £'000
Auditor's remuneration ¹	50	50
Board expenses	4	23
Communications	109	92
Grant outsourcing costs	55	583
Internal audit and governance	26	45
Irrecoverable VAT	547	690
IT infrastructure and systems costs	842	887
Legal	197	121
Other costs	(100)	65
Other staff costs	264	275
Property operating leases	895	849
Other property costs	27	25
Staff training	152	125
Travel and subsistence	676	556
Asset hire	285	291
Strategy	2	3
Defined benefit scheme administration charge	89	89
Total	4,120	4,769

¹ No other payment was made to the auditors for non-audit work. The audit fees for the year were £50,000 (2018: £50,000).

9 Taxation

	2019 £'000	2018 £'000
UK corporation tax at 19% (2018 - 19%)	1	25

10 Trade and other receivables

	2019 £'000	2018 £'000
Trade receivables	122	233
Accrued income	319	633
Total	441	866

11 Capital commitments

There are no capital commitments as at 31 March 2019 (2018: £nil).

12 Trade and other payables

	2019 £'000	2018 £'000
Sport England Grant-in-Aid	2,972	3,909
Trade payables	138	195
Accruals	209	263
Total	3,319	4,367

13 Grants payable

	2019 £'000	2018 £'000
Grants payable at 1 April	252,402	260,789
Grants paid during the year	(136,517)	(153,155)
Grant de-commitments	(2,788)	(2,284)
Grants made in the year	175,773	147,052
Grants payable at 31 March	288,870	252,402

Amounts due during 2019 Financial Year	-	146,171
Amounts due during 2020 Financial Year	175,707	58,331
Amounts due during 2021 Financial Year	97,911	42,615
Amounts due during 2022 Financial Year	15,067	3,382
Amounts due during 2023 Financial Year	185	1,903
Grants payable at 31 March	288,870	252,402

Grant commitments payable in more than one year amount to £113.2 million (2018: £106.2 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

Grant commitments

Contingent liabilities amounting to £29.9 million (2018: £19.6 million) comprise of grant commitments where the conditions of the funding remain under the control of Sport England.

Pensions

Pension liabilities are disclosed in Note 15 of these financial statements. This disclosure makes no allowance for the implication of a recent Court of Appeal judgement which related to age discrimination (within the New Judicial Pension Scheme) and subsequent uncertainty of how this judgement may affect London Pension Fund Authority (LPFA) members' past or future service benefits.

Barnett Waddingham were instructed to undertake calculations to estimate the possible impact of any amendments that may be required as a result of this judgement and to consider the possible impact on the International Accounting Standard 19 (IAS19) disclosure prepared for Sport England as at 31 March 2019, which was prepared by them in respect of pension benefits provided by the LPFA to employees of Sport England.

14 Contingent Liabilities (continued)

Barnett Waddingham have estimated that the impact on the total liabilities at 31 March 2019 would be 0.4% of liabilities (which equates to £321,406) and the impact on the projected service cost for the year to 31 March 2020 would be 2.8% of the service cost (which equates to £14,232).

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 2018 and 2019 and those that are expected to be made in 2020 for the Lottery portion of the scheme:

Employee contribution rates

2019 salary range	2019	2018 salary range	2018
Less than £14,100	5.5%	Less than £13,600	5.5%
£14,101-£22,000	5.8%	£13,601- £21,200	5.8%
£22,001- £35,700	6.5%	£21,201- £34,400	6.5%
£35,701- £45,200	6.8%	£34,401- £43,500	6.8%
£45,201- £63,100	8.5%	£43,501- £60,700	8.5%
£63,101- £89,400	9.9%	£60,701- £86,000	9.9%
£89,401- £105,200	10.5%	£86,001- £101,200	10.5%
£105,201- £157,800	11.4%	£101,201- £151,800	11.4%
Over £157,801	12.5%	Over £151,801	12.5%

15 Pension liabilities (continued)

Employer contributions to schemes

	2020	2019	2018
All figures in £'000s			
% Employer contributions	16.1%	16.1%	16.1%
Contributions to pension schemes			
Employer contributions	240	229	242
Required additional contributions	-	255	397
Total contributions to pension schemes	240	484	639

International Accounting Standard IAS 19 (2011) Employees Benefits requires the disclosure of additional information, in respect of the Sport England's superannuation scheme. The information has been provided by the LPFA's consulting actuaries. The actuaries have not made separate valuations for the Sport England Exchequer and Lottery liabilities. The apportionment of the liability between Exchequer and Lottery is set out in the accounting policies (note 1.12).

The following information relates to the scheme as a whole:

Employer membership statistics

	Number	Salaries/Pensions £'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)

	2019 % per annum	2018 % per annum	2017 % per annum
Price increases – RPI	3.4%	3.3%	3.6%
Price increases – CPI	2.4%	2.3%	2.7%
Salary increase	3.9%	3.8%	4.2%
Pension increase	2.4%	2.3%	2.7%
Discount rate	2.4%	2.6%	2.7%

Life expectancy assumptions from age 65

		2019 Years	2018 Years
Retiring today	Male	21.2	22.2
	Female	23.6	24.7
Retiring in 20 years	Male	23.0	24.5
	Female	25.3	27.0

15 Pension liabilities (continued)

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

Statement of financial position disclosure

	2019 £'000	2018 £'000	2017 £'000
Present value of funded liabilities	(86,262)	(85,015)	(88,521)
Fair value of employer assets	66,960	62,461	61,972
Present value of unfunded liabilities	(4,816)	(4,901)	(5,191)
Net liability in the Statement of financial position	(24,118)	(27,455)	(31,740)
Liabilities	(91,078)	(89,916)	(93,712)
Assets	66,960	62,461	61,972
Net liability in the Statement of financial position	(24,118)	(27,455)	(31,740)

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

	£'000	2019 %	£'000	2018 %
Equities	36,429	54	38,193	61
Target return portfolio	17,857	27	13,999	23
Infrastructure	4,034	6	2,732	4
Property	6,296	9	4,495	7
Cash	2,344	4	3,042	5
Total	66,960	100	62,461	100

Amounts recognised in the Statement of comprehensive net income

	2019 £'000	2018 £'000
Service cost	567	980
Net interest on the net defined benefit liability	732	881
Administration expenses	89	89
Total	1,388	1,950

Re-measurements in Other comprehensive income

	2019 £'000	2018 £'000
Return on plan assets in excess of interest	4,959	869
Change in demographic assumptions	3,807	-
Change in financial assumptions	(4,525)	4,727
Total Re-measurement credit	4,241	5,596

15 Pension liabilities (continued)

Changes in the present value of the defined benefit obligation

	2019 £'000	2018 £'000
Opening defined benefit obligation	89,916	93,712
Service cost	567	696
Interest cost	2,307	2,502
Change in demographic assumptions	(3,807)	-
Change in financial assumptions	4,525	(4,727)
Contributions by members	126	140
Curtailments	-	284
Estimated unfunded benefits paid	(254)	(254)
Estimated benefits paid	(2,302)	(2,437)
Closing defined benefit obligation	91,078	89,916

Changes in the fair value of the plan assets

	2019 £'000	2018 £'000
Opening fair value of employer assets	62,461	61,972
Interest on assets	1,575	1,621
Return on assets less interest	4,959	869
Administration expenses	(89)	(89)
Contributions by members	126	140
Contributions by employer	484	639
Estimated benefits paid	(2,556)	(2,691)
Closing fair value of employer assets	66,960	62,461

Sensitivity Analysis

	£'000	£'000	£'000
Adjustment to discount rate	+0.1%	0.0%	-0.0%
Present value of total obligation	89,511	91,078	92,674
Projected service cost	564	578	593
Adjustment to long-term salary increase	+0.1%	0.0%	-0.0%
Present value of total obligation	91,164	91,078	90,993
Projected service cost	578	578	578
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	92,587	91,078	89,595
Projected service cost	593	578	564
Adjustment to life expectancy assumption	+1 year	None	-1 year
Present value of total obligation	94,293	91,078	87,973
Projected service cost	598	578	559

15 Pension liabilities (continued)

Defined contribution Aviva GPPP

Employer contributions for staff members of this scheme for the year ended 31 March 2019 were £593,633 (2018: £504,000). There were no amounts outstanding or pre-paid at 31 March 2019 (2018: £nil).

Contribution rates ¹	
Employee	Employer
2%	3% 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 2019. Decommittments are shown in brackets.
- Awards unpaid at 31 March 2019.
- Supplier transactions during the year ended 31 March 2019.
- Unpaid supplier transactions at 31 March 2019.

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 2018-19	Awards unpaid at 31 March 2019	Supplier transactions in 2018-19	Unpaid Supplier transactions at 31 March 2019
	£	£	£	£
Department for Digital, Culture, Media and Sport				
Payable by Sport England	-	-	36,187	-
The Sports Council Trust Company				
Payable by Sport England	-	-	1,251,500	11,848

16 Related party transactions (continued)

Relationship	Awards made in 2018-19	Awards unpaid at 31 March 2019	Supplier transactions in 2018-19	Unpaid Supplier transactions at 31 March 2019
	£	£	£	£
English Sports Development Trust Limited				
Payable by Sport England	7,200,000	6,092,991	5,904	-
Nick Bitel				
Consultant to advisors of Rugby Football Union	-	4,575,000	-	-
Member, English Sports Development Trust Limited	7,200,000	6,092,991	5,904	-
Partner: Member, Lawn Tennis Association	1,406,664	3,165,299	-	-
Partner: Member, British Triathlon Federation	1,044,516	1,726,847	-	-
Professor Denise Barrett-Baxendale MBE				
Chief Executive, Everton Football Club	-	-	301	-
Professor Ian Cumming OBE				
Member, Amateur Swimming Association	460,000	4,105,667	-	-
Chris Grant				
Employment, Sported	-	-	59,291	100
Wasim Khan MBE				
Member, England and Wales Cricket Board	2,606,640	3,876,640	-	-
Karen Pickering MBE				
Member, Amateur Swimming Association	460,000	4,105,667	-	-
Imm. Family: Member, Amateur Swimming Association				
Charles Reed				
Chair, Activity Alliance	882,000	750,184	-	-
Advisor, Cirencester College	39,818	74,475	-	-
Karen Creavin				
Consultant, Birmingham City Council	7,945,056	10,110,726	59	-
Trustee, Streetgames UK	7,150,000	5,543,169	-	-
Debbie Jevans CBE				
Member, National Trust	1,128	1,367,950	-	-
Peter Rowley OBE				
Member, England Athletics	22,375	2,932,058	-	-
Chair, The Sports Council Trust Company	-	-	1,251,500	11,848
Director, Streetgames UK	7,150,000	5,543,169	-	-
Andy Long				
Member, National Trust	1,128	1,367,950	-	-
Partner, Member, National Trust				
Imm. Family: Member, Amateur Swimming Association	460,000	4,105,667	-	-
Imm. Family: Member, England Netball	-	97,112	-	-
Imm. Family: Member, British Rowing	-	2,549,937	-	-
Rashmi Becker				
Member: Get Yourself Active	26,228	26,228	-	-
Member: Activity Alliance	882,000	750,184	-	-
Mohamed Elsarky				
Chair, English Sports Development Trust Limited	7,200,000	6,092,991	5,904	-
Chair, British Equestrian	1,223,355	1,231,281	-	-

16 Related party transactions (continued)

Relationship	Awards made in 2018-19	Awards unpaid at 31 March 2019	Supplier transactions in 2018-19	Unpaid Supplier transactions at 31 March 2019
	£	£	£	£
Eilish Jamieson				
Member, National Trust	1,128	1,367,950	-	-
Partner, Member, National Trust				
Imm.Family: Member, England Hockey	1,446,600	1,188,691	-	-
Jennie Price CBE				
Board Member, Football Foundation	-	-	11,165	-
Tim Hollingsworth OBE				
Board Member, Football Foundation	-	-	11,161	-
Imm. Family: Member, British Rowing	-	2,549,937	-	-
Lisa O'Keefe				
Board Member, Mountain Training Trust	-	-	1,033,908	113,552
Member, British Mountaineering Council	914,783	607,075	-	-
Member, British Cycling	5,690,000	8,404,000	-	-
Member, English Sports Development Trust Limited	7,200,000	6,092,991	5,904	-
Partner: Employment, England and Wales Cricket Board	2,606,640	3,876,640	-	-
Phil Smith				
Imm. Family: Member, Lawn Tennis Association	1,406,664	3,165,229	-	-
Member, Salusbury Primary School	(2,397)	-	-	-
Alison Selfe				
Imm. Family: Member, British Cycling	5,690,000	8,404,000	-	-
Partner: Employment, London Borough of Havering	-	62,220	-	-
Brian Whaley				
Member, CIMPSA	1,300,000	1,300,000	-	-
Rona Chester				
Member, English Golf Union	1,168,000	712,088	-	-
Member, Lawn Tennis Association	1,406,664	3,165,229	-	-
Member, National Trust	(1,022)	1,367,950	-	-
Partner, Member, National Trust				

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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CCS0219624484
978-1-5286-1053-7