



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

# **Annual Report and Accounts 2010 – 2011**



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and National Lottery Distribution Fund**

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**2010 – 2011**

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# Contents

Chair's foreword	2	Our performance	
CEO's introduction	3	Strategic outcomes	14
Sport England at a glance:		Our additional activities	17
Our mission	4	Our corporate structure	20
Our legislative framework	4	Finance report	22
Our desired outcomes	4	Remuneration report	28
Our role	4	Financial Statements Grant in Aid Exchequer Accounts	
Our partners	5	Statement of the Council's and Chief Executive's Responsibilities	36
Creating sporting opportunities		Statement on Internal Control	37
Youth and Communities	6	Certificate of the Comptroller and Auditor General	42
National Governing Bodies and Sport	6	Financial Statements	44
Facilities and Planning	6	Financial Statements National Lottery Distribution Fund	
Research and Strategy	7	Statement of the Council's and Chief Executive's Responsibilities	78
Business Partnerships	7	Statement on Internal Control	79
Corporate Services	7	Certificate of the Comptroller and Auditor General	84
Our funding strategy		Financial Statements	86
Investing in NGBs	8		
Working with national partners	8		
Open funding streams	9		
Places People Play programme	11		
Responding to change			
National Lottery reforms	12		
Local authority budgets	12		
Combination with UK Sport	12		
Four-year funding settlement	13		

## Chair's foreword

From the moment London won the 2012 Olympic and Paralympic Games, there has been much talk of a once-in-a-lifetime opportunity to transform grassroots sport. With just one year to go, we need to continue to build the foundations of its legacy now.

As the countdown to the London 2012 Games enters the home straight, sport is under the spotlight as never before.

Sport's collective focus must now be on creating a tangible and transformative mass participation legacy from the Games. We have the opportunity to deliver something never before achieved.

I know that this call to action comes after a period of challenge and change. We have adapted to new challenges including tough economic climate and reduced budgets, locally and nationally. We are all being asked to achieve more with less.

I also know, from my conversations with many of you throughout sport, that we are all determined not to let these challenges hamper our ambitions. By joining forces, I believe we can do it.

Sport England has worked closely with the Government to understand its priorities and establish how we can meet robust efficiency targets while protecting funding for grassroots sport's frontline.

Our investment in national governing bodies (NGBs) will help them reach stretching and difficult targets. By providing insight into how sport can build happier, healthier and more fulfilled communities we are helping local authorities protect sports investment.

Grassroots sport is benefitting from increased National Lottery funding thanks to the Government's restoration of Lottery Good Causes money to its four original pillars – sport, arts, heritage and charity.

As a result, we have been able to create *Places People Play*, our £135m legacy

initiative that brings together five distinct organisations (Sport England, LOCOG, British Olympic Association, the British Paralympic Association and DCMS) to promote and develop grassroots sport for the first time.

Now these relationships are in place, we are striving to ensure they succeed. We are also exploring with UK Sport how our organisations can be combined.

In both areas I am fortunate to work with a Main Board, whose experience stretches from elite sport to mass participation, from community work to the private sector, from health to local government. In September, I was delighted to welcome six new Board Members - Nick Bitel, Clare Connor OBE, Hanif Malik, Sadie Mason, Peter Rowley and Peter Stybelski. I take this opportunity to thank Karren Brady, who stood down from the Board in November, for her contribution.

I would like to thank Sport England staff and partners for all your hard work. We are all committed to helping more people to play more sport. As Olympic and Paralympic fever builds, attention may drift from the long-term legacy. We will stay focused and look forward to working with you to make it happen.



Richard Lewis  
Chair  
Sport England

## CEO's introduction

This has been an exceptional year for Sport England – a change of Government, a Comprehensive Spending Review setting a new financial framework to 2015, a major change to the Lottery Regulations and the proposal to combine us with our sister body, UK Sport.

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It might sound like a year of revolution and upheaval but, looking back, it feels more like a year of hard work, focus and relative stability.

Our central objective – increasing regular, sustained participation in sport – has remained the same.

Our core strategy – delivering through long term relationships with governing bodies, and working closely with partners such as local authorities and the voluntary sector – has continued to drive our work.

To this we have added a major new programme, Places People Play, specifically designed to ensure that as many people as possible will derive a direct benefit from the Olympic and Paralympic Games in London, be it through improved local sports facilities, additional support from volunteers, or the chance to try a new sport.

One of the highlights of my personal year was the presence at the launch of that programme of Lord Coe, Lord Moynihan and the Sports Minister, a visible symbol of the tremendous support we received from LOCOG, the BOA and the Government at every stage of its development.

Over the last twelve months I have also been impressed by the increasing focus of many governing bodies on the needs and wishes of their current and potential participants. Sport

is steadily becoming more consumer-orientated, which is essential if we are to deliver a significant, sustained increase in the number of people who play it regularly.

We are also filling the pipeline with young people – our Sport Unlimited Programme, delivered with excellent support from the County Sports Partnership Network among others, resulted in almost a million young people playing sport outside school. We will build on this with our new coaching programme for young people, Sportivate.

The current economic climate makes it more important than ever that any organisation receiving public funds drives down its costs, so I am pleased that, over the last three years, we have reduced our spend on overheads by a total of £22.3m, exceeding the £20m savings we promised when our current strategy was launched.

This has been achieved by the whole Sport England team, and I would like to thank my Executive team, and all of my colleagues, for their dedication and hard work throughout the year.



Jennie Price  
Chief Executive Officer  
Sport England

# Sport England at a glance

With just over one year to go until the London 2012 Olympic and Paralympic Games, Sport England is working to build a world-leading community sport environment.

## Our mission

Sport England is aiming to create a world-leading community sport environment.

We want England to be a nation where sport becomes a regular habit for many more people, and ensure the delivery of sporting opportunities in places and ways that people want.

We want to do this for sport's own sake and for the wider benefits it can bring. These include economic benefits, improved public health, happiness and wellbeing, and stronger, safer communities.

Our investment is building a sporting infrastructure of clubs, coaches, programmes, organisations and facilities.

It is reaching out to new and lapsed participants and helping to deliver high-quality sporting experiences to retain those already involved.

It is supporting talent development, to ensure more young sportsmen and women achieve their full potential.

And it is bringing the inspiration and magic of a home Olympic and Paralympic Games into the heart of local communities to deliver an enduring sporting legacy of increased and sustained mass participation in grassroots sport.

## Our legislative framework

The English Sports Council, operating as Sport England, was set up on 19 September 1996 by Royal Charter and became fully operational on 1 January 1997.

Sport England is responsible for managing and distributing public investment and is a statutory distributor of funds raised by the National Lottery under the provisions of the National Lottery etc. Act 1993 (as amended).

## Our desired outcomes

Our three outcomes – to grow and sustain participation and improve talent development – are supported by five goals:

### Grow

- One million people taking part in more sport
- More children and young people doing sport in their own time

### Sustain

- More people satisfied with their sporting experience
- 25% fewer 16-18 year olds dropping out of at least nine sports: badminton; basketball; football; hockey; gymnastics; netball; rugby league; rugby union and tennis

### Excel

- Improved talent development in at least 25 sports

## Our role

### Making strategic investments

We invest both Lottery and Exchequer funding in organisations and projects that will help us achieve our outcomes.



In 2010-11 we received £134m of Lottery funding and £121.4m of Exchequer or grant-in-aid funding.

Our investment supports a range of bodies, including national governing bodies of sport (NGBs) county sports partnerships (CSPs), local authorities, higher and further education, and local clubs, coaches and volunteers.

Post-award support and evaluation not only helps the projects we invest in to succeed but also generates valuable intelligence about what can make a tangible difference to grassroots sport participation.

## Delivering a London 2012 mass-participation legacy

The £135m *Places People Play* initiative, delivered by Sport England over the next four years, seeks to harness the excitement of the world's largest sporting celebration to achieve a long-term increase in sports participation.

It will transform the places where people play sport; recruit sports volunteers; and generate greater inspiration and more opportunities for people to take part in sport.

## Providing advice and expertise

We hold a privileged position. Our work with a wide range of partners means we can look across the sporting landscape and understand the variety of issues and opportunities that exist.

We are then able to use our specialist knowledge, tools and insight to support decision-making, creative thinking and relationship building in grassroots sport. This is particularly important in a challenging economic climate.

Our areas of expertise include:

- Sports development to increase and sustain participation
- Talent development
- Facilities planning and design guidance services
- Market data and analysis

- Local intelligence and support
- Children and young people's sports participation

## Protecting playing fields

As a statutory consultee on playing field redevelopment we ensure that, where possible, open space is protected for local communities.

We always object to the removal or reduction of playing fields, except when local sports provision is enhanced as a result.

## Our partners

To create a vibrant sporting culture, we work with a number of partners both inside and outside sport.

As well as investing in and supporting their work, we also bring them together. By identifying how and where our partners can collaborate and share resources we can maximise the benefits to grassroots sport.

### Our partners

Youth Sport Trust  
UK Sport  
National governing bodies of sport  
National partners with specialist expertise (listed on page 8)  
Local authorities  
County sports partnerships  
Higher and further education  
Charities and volunteering organisations  
The commercial sector  
The London Organising Committee of the Olympic Games and Paralympic Games  
The Olympic Delivery Authority  
The British Olympic Association  
The British Paralympic Association

# Creating sporting opportunities

Sport England is focused on creating more and better sporting opportunities. We invest our resources – time, knowledge and money – into the areas that deliver the greatest impact.

Sport England's five specialist directorates work individually and collaboratively to support, develop and promote grassroots sport, helping sport to reach beyond its traditional heartland.

## Youth and Communities

The Youth and Communities directorate strives to create more opportunities for people of all ages to play sport. It:

- Works with NGBs and CSPs to encourage children and young people to take part in sport in their own time and in their local communities
- Aims to get 300,000 higher and further education students doing more sport by 2012-13 by working with higher and further education institutions and British Universities & College Sport (BUCS)
- Engages with local authorities and partners to influence policy and provide tools and intelligence to support investment in sport

The directorate also leads Sport England's involvement with the School Games, for which we are the Lottery distributor.

## National Governing Bodies and Sport

The NGB and Sport directorate works closely with the NGBs we fund to deliver sport across England. It:

- Manages Sport England's investment into 46 NGBs and monitors performance
- Provides expertise to NGBs to help them deliver their agreed targets
- Generates and shares intelligence amongst NGBs, helping them to attract

and retain participants, and improve their talent development programmes

- Manages Sport England's investment in our national partners, listed on page 8, to provide further insight and support, on specific issues such as coaching, volunteering, talent development and equality and diversity.

## Facilities and Planning

The Facilities and Planning directorate offers a range of services to those involved in commissioning, developing and building sports facilities. It:

- Provides strategic planning advice to ensure new sports facilities are developed in response to a robust needs and evidence base
- Produces detailed guidance notes to raise sports facility standards
- Works with governing bodies to ensure they make best use of the capital funding we have invested through their four-year plans
- Manages our national sport centres, including Bisham Abbey and Lilleshall, which provide training and rehabilitation facilities for governing bodies, elite athletes and the community
- Acts as a statutory consultee on planning applications that may affect playing fields
- Works with the Olympic Delivery Authority (ODA) to ensure that the purpose-built venues will serve sport and the local community long after the London 2012 Games have finished.

## Research and Strategy

The Research and Strategy directorate generates data, insight and evidence on the progress and future direction of grassroots sport. It:

- Measures how many adults play sport, through the Active People Survey, and their satisfaction with their sporting experience
- Provides analysis and expert advice on sports participation for internal clients, local authorities, NGBs and other stakeholders
- Develops and reviews Sport England's strategy and targets, leading on business planning and corporate reporting
- Evaluates the impact of our investment to understand what works and show value for money.

## Business Partnerships

The Business Partnerships directorate manages Sport England's relationship with the Government, media and the commercial sector. It:

- Promotes our funding programmes to generate strong applications and highlights the results of our investment
- Helps the public, voluntary and private sectors understand how they can work with us and the benefits of doing so

- Secures private sector resources, including expertise, in-kind support and financial investment, to promote and develop grassroots sport
- Manages National Lottery branding and recognition
- Works with the media to raise the profile of grassroots sport
- Informs and advises the Government on issues relating to grassroots sport.

## Corporate Services

The Corporate Services directorate is responsible for all the essential back-office functions that ensure Sport England operates efficiently, at the same time as meeting all legal and good governance requirements. It:

- Manages our Lottery and Exchequer open funding stream grants from initial application through to the granting of an award and ongoing evaluation
- Supports compliance and risk mitigation with a range of specialist professional services including legal, information governance, and audit, risk and governance
- Ensures value for money from all our suppliers through effective procurement
- Provides financial support and advice to the organisation

# Our funding strategy

The three elements that comprise Sport England's investment – funding for 46 sports, support for expert partners and open funding programmes – combine to help achieve our three grow, sustain and excel ambitions.

## Investing in NGBs

We are investing £450m over four years (2009-2013) in 46 sports, including every Olympic and Paralympic sport.

In order to receive investment, each sport had to demonstrate how it would use its funding to increase its participant numbers as well as improving its talent development pathways.

Reviews are held every six months to evaluate each NGB's progress, and the resulting intelligence is used to inform future funding decisions.

We also work with each NGB individually to help them govern and develop their sport successfully, and support them collectively with a range of initiatives including:

- A governance self-help web tool, *Things to Think About*, developed in partnership with UK Sport.
- Themed workshops on sports development, sponsorship and promotion to help NGBs learn from each others' experience.
- The Parliamentary Fellowship Scheme which has connected 28 sports bodies to the same number of MPs to help both sides understand how the other works.

## Working with national partners

We invest up to £10m a year of Exchequer money in national partners whose specialist skills, knowledge and services provide governing bodies with support in tackling issues such as women's participation, child protection and disability sport.

National partners	2010-11 Investment
Child Protection in Sport Unit	£0.4m
English Federation of Disability Sport	£1.4m
SkillsActive	£0.6m
Sporting Equals	£0.5m
SportsAid	£0.3m
SportsCoach UK	£3.6m
StreetGames	£0.3m
Volunteering England	£0.1m
Women's Sport and Fitness Foundation	£0.8m
<b>Total</b>	<b>£8.0m</b>

We invested £12m of Exchequer funding in grassroots football and multi-sports facilities through the Football Foundation.

We also invested £1.5m in the Sport And Recreation Alliance, (formerly CCPR), which represents more than 300 sports and recreation bodies.

## Open funding streams

Our open funding streams are designed to make National Lottery and Exchequer funding more accessible to smaller organisations, fill gaps in sporting provision, and identify new ways of getting people to play sport.

In 2010-11 these programmes invested a combined total of £39.5m of National Lottery

and Exchequer funding directly into grassroots sport.

Following a public consultation on the future of Sport England's National Lottery funding, the Innovation Fund and the Themed Funding Rounds have now closed, while the Sustainable Facilities Fund has evolved into Iconic Facilities and is part of the *Places People Play* programme

### A summary of awards made through Sport England's five open funding streams in 2010-11

Funding stream	Aim and purpose	Awards made and results achieved
Innovation Fund	Using National Lottery funding to find and nurture genuine breakthroughs that will transform the way grassroots sport looks and feels.	<p><b>£0.2m invested in Ping! London</b> An informal approach to table tennis that took ping pong to the streets of London. Over 30,000 people took part, and 124,000 games were played. The Active People Survey shows that the number of people playing table tennis in London has almost doubled from 10,200 in 2005-06 to 19,100 in 2009-10.</p> <p><b>£0.3m invested in Yoodo Sports</b> A programme to encourage 400 people with disabilities to take up sport by matching them up with up to 200 buddies who provide support and motivation</p>
Themed Rounds	Investing National Lottery money to tackle gaps in sporting participation.	<p><b>£9m invested into 21 rural community sports projects</b> A forecast 156,402 people living or working in geographically isolated communities will have the chance to play more sport through projects ranging from a village games tournaments to village hall refurbishment to over-fifties coaching and taster sessions.</p> <p><b>£8.2m into 20 projects focused on mothers of young children and women from disadvantaged communities</b> A projected 163,341 women will benefit from programmes including a national women's cycling network, a programme of badminton, dance and exercise, and doorstep sport designed to build fitness and self-esteem in some of the most deprived areas.</p> <p><b>£7m invested into 42 student sport projects</b> 134,565 students in over 50% of English universities will have the chance to play more sport through university sports projects including volunteering programmes, multi-sport initiatives and a programme to create more</p>

A summary of awards made through Sport England's five open funding streams in 2010-11

Funding stream	Aim and purpose	Awards made and results achieved
Sustainable Facilities	Investing National Lottery and Exchequer funding into large-scale, multi-sport, regionally significant facilities.	<p>social and competitive opportunities to play lacrosse.</p> <p><b>£7.7m invested into 10 facilities</b></p> <p>Our investment into regionally significant, economically viable sports facilities such the Europa Centre in Bexley, London (£1.2m), the York Sports Village (£1m), and Birtley Young Peoples Club (£0.6m).</p>
Small Grants Programme	Grants of between £300 and £10,000 of National Lottery money to support local community sport project aimed at growing and sustaining participation.	<p><b>£7.3m invested into 1,104 separate projects</b></p> <p>A wide range of awards were made to fund projects such as tennis coaching schemes to portable goalposts to outdoor gyms.</p> <p>These awards helped a projected 232,233 people play more sport.</p>
Sportsmatch	Matching private sponsorship with Exchequer funding for awards of between £1,000 and £100,000 are available for projects growing and sustaining participation.	<p><b>£2m invested into 135 separate projects</b></p> <p>The programme generated £2.8m private sector sponsorship from a wide range of businesses and charitable trusts from local solicitors and estate agents to multi-national organisations such as Marks and Spencer and Nike.</p> <p>Funded projects include developing additional sports clubs through the Premier League for Sport programme to buying additional rowing boats and training equipment, and will help a projected 122,587 people play more sport.</p>

## Places People Play programme

During the year we developed and launched the *Places People Play* programme.

This £135m initiative will deliver a mass participation sporting legacy to communities across the country, answering London 2012's Singapore promise to inspire a new generation to play sport.

*Places People Play* will be delivered by Sport England, in partnership with the British Olympics Association and British Paralympic Association, with the support of LOCOG.

The programme's three strands will use the Games' inspiration and excitement to create more and better opportunities for people to play sport.

### Places

We are transforming the places where people play sport, making the benefits of London 2012 visible in cities, towns and villages across the country by:

- Upgrading up to a thousand local sports clubs and facilities
- Investing in a number of iconic multi-sport facilities that set the standards for future facilities development
- Protecting and improving hundreds of playing fields across the country, preserving high-quality spaces for local people to play and enjoy sport.

These facilities will be the only ones to carry the London 2012 Inspire mark, a permanent celebration of their role in the legacy of the Games.

### People

We are inspiring people to make sport happen at the local level, embedding the Olympic and Paralympic values in grassroots sport, by:

- Recruiting, training and providing deployment opportunities for 40,000 Sport Makers as the next generation of sports volunteers to organise and lead grassroots sporting activities.

### Play

We are creating the sporting opportunities and challenges that give everyone the chance to become part of the mass participation legacy, through:

- Gold Challenge – an independent initiative that will motivate over 100,000 adults to test themselves in multiple Olympic and Paralympic sports, and in doing so raise millions of pounds for charity
- Sportivate – a nationwide campaign that will capture the excitement of sport, providing opportunities for teenagers and young adults to receive six weeks of coaching in the sport of their choice and guiding them into regular participation within their community.

We are consulting disabled people and those who support them on how we can focus additional investment – at least £8m – on tackling the barriers they face when they want to play sport.

We are also making sure that every element of the *Places People Play* programme works for disabled sportsmen and women.

## Responding to change

Following the change of Government in May 2010, Sport England has adapted to a different operating environment, shaped by new priorities, a drive for efficiency, and the proposal to combine us with UK Sport.

### National Lottery reforms

The Lottery Shares Order, passed in November 2010, restored the shares of the National Lottery to 20% for each of the good causes of sport, heritage, charities and the arts by 1 April 2012.

This increase in funding enabled us to develop the *Places People Play* initiative.

At the same time, all Lottery distributors have been instructed to cap grant processing costs at 5% and gross costs at 8%. In the case of Sport England and UK Sport we have been required to do this by March 2013.

We are working towards achieving this by introducing more flexible working practices and reducing office space; driving major contracts and competitive tenders; and improving efficiency to manage our headcount.

### Local authority budgets

As local authorities manage budget reductions and identify services that can be delivered in new ways, local government investment in community sport is under scrutiny and tough choices are being made.

This is significant as local government currently spends approximately £1.9 billion per year on sport and leisure, according to the data from the Department of Communities and Local Government.

Using a range of Sport England's tools, publications and guidance, our team of national and local experts continue to provide advice and practical support to local councils.

This includes best practice case studies, new delivery models and evidence to show how sport can contribute to a range of local government agendas.

We also commissioned an Asset Transfer Toolkit to help local clubs interested in taking responsibility for sports facilities where the council wishes to explore transfer arrangements.

### Combination with UK Sport

In July 2010, the Department for Culture, Media and Sport announced its intention to combine Sport England and UK Sport into one body.

Sir Keith Mills has been appointed to chair the project board that is overseeing the project.

Members of this board include our Chair, Richard Lewis and Chief Executive Jennie Price alongside UK Sport's Chair, Baroness Sue Campbell CBE and Chief Executive, Liz Nicholl OBE, the Chair of Sport Scotland, Louise Martin CBE, and the Head of Sport at the Department for Culture, Media and Sport, Frances MacLeod.

The Project Board is working to complete the business case for the project by autumn 2011. The indicative implementation date is 1 April 2013.



## Four-year funding settlement

Our four-year settlement, announced in the Government's Comprehensive Spending Review in October, represented a 33% reduction in our grant-in-aid revenue funding up to 2014-15.

We are achieving the 33% savings without threatening frontline delivery by:

- Protecting revenue funding for national governing bodies, our major deliverers, until March 2013, subject to their contracted performance
- Limiting our reduction in grant-in-aid budget to NGBs for the 2013-17 funding cycle to no more than 15%
- Protecting Sportmatch for the next two years with a full review in 2013
- Reducing our investment in many organisations we fund, including our national partners, by around 30% over four years
- Reducing the amount of non-frontline expenditure by 50% by March 2015.

We also received a reduction in our capital grant budget of around 40% and have consulted NGBs and other affected organisations on the best way to manage the reduced amount of funding capital available.

# Our performance

Monitoring our progress is not just about accountability. It also helps us understand the impact of our work, and where necessary, make adjustments to ensure our ambitions for grassroots sport are realised

## Strategic outcomes

### Growing and sustaining participation

Active People Survey Number of adults doing at least thirty minutes of moderately intensive sporting activity at least three times a week				
Demographic group	Year to Oct 2008		Year to Oct 2010	
	No (000s)	%	No (000s)	%
All adults age 16 and over	6,815	16.4%	6,938	16.5%
Males	4,027	20.0%	4,176	20.3%
Females	2,788	13.1%	2,762	12.8%
White	6,092	16.5%	6,151	16.4%
Non-white	723	16.1%	787	17.3%
Long-term limiting illness/disability	595	6.7%	591	6.5%

Our ambition to get more people doing more sport is fundamental to everything we do.

Funding applicants must demonstrate how many people will play sport as a result of their project.

Our research programme collects and interprets data to understand what encourages or dissuades people from taking part in sport.

NGBs have growth targets in their funding agreements and we work with them to help them achieve positive results.

The impact of this work is monitored through the Active People Survey, which measures the number of people aged 16 and over who take part regularly in moderately intensive sport. It is the largest survey of sport and active recreation undertaken in Europe.

The results of the fourth Active People Survey, published in December 2010, show that 6.94m adults aged 16 and over regularly take part in sport. This is 16.5% of the adult population and 123,000 more participants than in the year to Oct 2008 which is the baseline year.

These results confirm our belief that sport remains a valued leisure activity despite challenging economic conditions.

The UK enjoys among the highest levels of sporting activity in Europe and sports participants in England record consistently high levels of satisfaction with their sporting experience. More people volunteer in sport than in any other cultural sector, emphasising the contribution that sport makes to community life.

However, while the number of men and non-white people playing sport regularly has increased, the number of women, people with disabilities and 16-34 year-olds has slightly declined.

We are addressing this directly with the NGBs and through funding programmes such as the Active Women themed round.

While some sports, including cycling, running, and netball, have seen significant growth, others have fallen behind.

Our work with NGBs suggests that those who understand their marketplace and are adopting a more customer-centered

approach are seeing the benefits in increased and sustained participation.

We are now working with the remaining governing bodies to help them adopt a similar approach.

### Getting more children and young people playing sport

We invest in activities designed to help children and young people experience sport outside the school environment, with the aim of delivering an extra half-million junior club participants and volunteers by 2012-13.

Programme	Investment	Results
Sport Unlimited	£14m (Exchequer)	Over 775,000 children and young people took part in 10-week taster sessions. 660,000 completed the course
School Club Links and Volunteering	£8m – of which £4m went to 34 NGBs (Exchequer)	59,940 young volunteers are active in sport, half through the 2009-13 funding cycle. This is 81% of the 2010-11 target  15 of the 34 funded sports have either met or exceeded their volunteering target  1,770,265 junior club participants were active in sports clubs, half way through the 2009-13 funding cycle. This is 106% of the 2010-11 target  18 of the 34 funded sports have either met or exceeded their target
Respect Athlete Mentoring Programme	£333,000 (Exchequer)	Former and current world-class athletes took part in 500 mentoring sessions with vulnerable young people
Sporting Champions	£272,000 (Exchequer)	Former and current world-class athletes made 232 visits to support Sport Unlimited activities throughout 2010-11
Change 4 Life Clubs	£1m (National Lottery)	8,000 Change 4 Life Sports Clubs have been launched in schools and colleges with the aim of involving 100,000 young people in the 2010-11 academic year
School Games	£1.9m (National Lottery)	Delivered by the Youth Sport Trust, nine pilots are due to take place in the summer of 2011

We also invested £378,000 into the Child Protection in Sport Unit. Jointly funded with the NSPCC, the unit's remit is to help children play sport and stay safe. It sets out a standards framework encouraging sports organisations to safeguard children, in line with their statutory responsibilities, and to ensure best practice.

## Retaining 16 to 18 year-olds in sport

We are working with nine self-selected sports to tackle the drop-off in participation when young people leave school or college at 16 and face the prospect of entering adult leagues.

Active People Surveys 2 (Oct 2007-08) to 4 (Oct 2009-10) show no statistical change in participation rates amongst 18 year olds across the basket of nine sports detailed below.

### Sports focussing on 16+ drop off rates

Badminton
Basketball
Football
Gymnastics
Hockey
Netball
Rugby union
Rugby league
Tennis

## Improving talent development

Over the last twelve months we have worked closely with NGB talent development personnel to more clearly define the England talent pathways across 25 sports.

There is some exceptional young talent in English sport. Our investment means they are able to access the infrastructure they need.

This includes:

- Good quality facilities
- Inspiring club environment
- High-quality coaching
- The right balance of competition and training within district, county, or regional squads or at the top of the England Talent Pathway at England junior or youth squad level

By March 2011, 22 sports met their year two talent development targets, and several sports, including triathlon, judo, golf and wheelchair basketball have introduced more stretching targets to drive their performance.

Alongside our NGB investment, we also supported national partners involved with young talented athletes.

For example, our investment of £289,000 in SportsAid generated a total sum of £1.35m that will be distributed to 1,650 young men and women across England with real potential.

Our £834,000 investment in Commonwealth Games England helped the team net an impressive 142 medals, including 37 gold at the Delhi games in the autumn of 2010.

The team exceeded its targets by winning 32 more medals than in 2006, and gave many up-and-coming athletes their first experience of a world-class, multi-sport event often an important stepping stone to future success.

We are now offering hands-on technical support and advice to enhance NGB frontline delivery of talent support.

## Our additional activities

As well as achieving progress towards our desired outcomes, we also report on a range of activities that are vital to create and maintain a strong and vibrant sporting infrastructure

### Statutory and strategic planning

We object to all planning applications that would affect or lead to the loss of a playing field, unless the developer can prove the proposals will improve or protect local sports provision.

In 2008-09, 95% of the applications we opposed eventually resulted in the places where people play sport being improved or safeguarded.

These are the most recent figures available, due to the length of time individual planning processes can take to complete.

#### Playing field protection data 2008-09

Concluded planning applications resulting in improved or safeguarded sports provision	1,181 out of 2,339 (95.3%)
Percentage of cases where Sport England initially objected, and subsequent negotiations led to an overall improvement in sports provision	43%
Applications where we sustained our objection, that were either withdrawn by the applicants or refused planning permission	78 out of 168
Applications which led to a detrimental impact on sport, despite our objections	58 (4.7%)

In April 2009, new laws gave Sport England more power to protect playing fields by including mini pitches, often found at many

primary schools. These were previously too small to qualify for protection. The impact of this change will be seen when the 2009-10 figures are published in December 2011.

### Investment in London 2012 facilities

Sport England has invested in three London 2012 venues to ensure they are available for community use after the Olympic and Paralympic Games, thus contributing to the legacy of increased participation.

We invested £900,000 in Lee Valley White Water Centre and £10.5m into the Velodrome. Both are complete, ahead of schedule, and have been officially unveiled. Construction continues on the Aquatic Centre, in which we anticipate investing £34m during 2011-12

To influence the design and construction of these, and other venues, such as the Handball Arena and Eton Manor, which will be used as a Paralympic venue for archery and wheelchair tennis, we are working with:

- LOCOG
- ODA
- Olympic Park Legacy Company

Our role is to make sure they are built as much for the community as for elite athletes.

### Commercial partnerships

Our commercial partnerships aim to add value to NGBs by helping them market and organise their sport better and connect people to local and relevant sporting opportunities.

In 2010-11 we:

- Repositioned our partnership with Facebook to reflect NGBs' experience with social media
- Signed 56 clubs up to JustGiving for Sports Clubs, raising a total of £182,000 for sport. We also worked with JustGiving to speed up the process for clubs gaining Community Amateur Sports Club (CASC) status
- Began exploring potential partnerships between *Places People Play* and London 2012 sponsors, including the Thomas Cook Children's Charity.

### National sport centres

We completed the re-tendering of our management contracts for all four centres throughout the year.

The Mountain Training Trust successfully retained the fifteen-year contract for Plas y Brenin; and EIS Sheffield transferred to Sheffield City Trust, enabling the current operator Sheffield International Venues to continue to operate the facility.

Fifteen-year contracts for the management of Bisham Abbey and Lilleshall were awarded to Serco. Further investment in the facilities is planned during the early years of the contract. The combined savings to Sport England are over £45m during the lifetime of the contract.

We invested £3.5m in upgrading facilities at Lilleshall National Sport Centre. These were officially opened by the Minister for Sport and the Olympics, Hugh Robertson MP, in October 2010.

New and refurbished facilities have been designed to give British archers, gymnasts and hockey players the edge as they prepare for London 2012. It includes a re-aligned outdoor range that mirrors the conditions archers will face in London and two artificial

pitches using the same surface the Olympic hockey tournament will be held on.

A new hockey pitch with this surface has been also built at Bisham Abbey.

### County sports partnership performance

Following a successful first year of core-service funding, we committed to investing £10m a year, over the next four years, in county sports partnerships.

This breaks down into £200,000 per annum for each CSP.

The Lottery funding pays for a contracted set of services, including helping NGBs deliver locally, developing local networks that generate more investment and resources for sport, and supporting specific work areas such as club and coach development.

Our commitment follows a review (see table on page 19) that showed that the CSP network was proving to be effective against a series of six measures that were surveyed in November 2010.

In addition, in the second year of the 2009-13 NGB investment cycle, CSPs attracted an investment of £41.3m into sport through advocacy and influence.

All 49 CSPs successfully met the advanced level of the Standards for Safeguarding and Protecting Children in Sport.

## CSP network review results November 2010

<p>NGBs are widely using CSP services</p>	<p>97% of NGBs that responded are working with CSPs 64% of NGBs were either satisfied or very satisfied that CSPs were delivering (28% were neutral) NGBs increasingly see CSPs as vital to connecting their sport to the local area and supporting the delivery of programmes</p>
<p>Consistency is being achieved across all CSPs</p>	<p>NGBs reported that overall, they were seeing greater consistency of service across all CSPs</p>
<p>The services provided by CSPs are right for sport</p>	<p>83% of NGBs said they were satisfied that the services were what they needed 100% of CSPs felt that the current services they provide reflect NGB need at local level.</p>
<p>CSPs are delivering effectively.</p>	<p>Through advocacy and influence, CSPs have helped to bring £61.7m into grassroots sport Feedback from NGBs and local authorities was positive CSPs are consistently performing well against their targets.</p>
<p>Local government is widely engaged with the CSP network</p>	<p>98% of local authorities said they were working with their local CSP and 68% invest in them.</p>
<p>CSPs are effectively managing Sport England funding</p>	<p>All CSPs are managing investments from Sport England well</p>

# Our corporate structure

Our Main Board sets the organisation's direction, with the support of a number of specialist sub-committees who provide advice, expertise and challenge. Day-to-day operations are the responsibility of the Executive Team who implement the strategy and monitor its results

## The Main Board

Sport England's Main Board takes overall responsibility for Sport England and its performance. Its remit includes:

- Setting and agreeing strategy and policy
- Overseeing the development and implementation of major projects
- Approving all grant awards which exceed £2m and considering reports from the Project Committee on all other awards
- Approving Sport England's Annual Report and Accounts
- Overseeing performance management.

### Sport England Board Members 2010-11

Richard Lewis (Chair)  
Jill Ainscough  
Nick Bitel\*  
Karren Brady\*\*  
Clare Connor OBE\*  
Michael Farrar CBE  
Hanif Malik\*  
Sadie Mason\*  
Peter Rowley\*  
R Michiel Stevenson OBE DL  
James Stewart  
Peter Stybelski\*  
Martin Thomas

\* From September 2010

\*\* Until November 2010

Meetings are chaired by Sport England's Chair, Richard Lewis, and minutes are published on the Sport England website.

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

## Sub-committees

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

### Project Committee

The Project Committee is responsible for grant awards up to £2m and making recommendations to the Sport England Main Board on funding applications over £2m.

Its members comprise Sport England's Chief Executive and four board members, one of whom is nominated chair.

### Project Committee members 2010-11

R Michiel Stevenson OBE DL (Chair)  
Clare Connor  
Hanif Malik  
Paul Millman  
Martin Thomas  
Jennie Price (in whose absence  
the COO deputises)



## Finance Committee

The Finance Committee ensures that our financial systems, policies and processes meet the needs of the organisation, and assists the Board's levels of understanding and confidence in the financial information presented. It also provides support and challenge to the executive finance function.

### Finance Committee members 2010-11

James Stewart (Chair)  
 R Michiel Stevenson OBE DL\*  
 Peter Rowley  
 Sadie Mason

\* Chair and member until September 2010

## Audit, Risk and Governance Committee

The Audit, Risk and Governance Committee is responsible for ensuring Sport England operates from a platform of financial propriety with good corporate governance and robust management controls.

The committee comprises three non-executive Main Board members and two independent external members.

### Audit Risk and Governance Committee members 2010-11

Peter Rowley (Chair)  
 Jill Ainscough\*  
 Michael Farrar  
 Nick Bitel  
 Ralph Sharpe  
 John Flook\*\*

\* Chair until July, member until November 2010

\*\* from March 2011

## Terms and Remuneration Committee

The Terms and Remuneration Committee is responsible for agreeing the Chief Executive's terms and remuneration and providing advice on other senior appointments.

### Terms and Remuneration Committee members 2010-11

Richard Lewis (Chair)  
 James Stewart  
 Michael Farrar  
 Peter Stybelski

## Regional Champions

The Government has appointed nine Regional Champions to act as advocates for sport in the run up to London 2012. One for each region, they report to our Chair, Richard Lewis, and meet as a group twice a year.

Regional Champion	Region
Cllr Stephen Castle	East of England
Cllr Manjula Sood	East Midlands
Shaun Dawson	London
Peter Rowley	North East
Pam Jervis	North West
John Cove	South East
Tim Coventry	South West
Dave Long	West Midlands
Yuri Matischen	Yorkshire and Humber

## The Executive Team

Our Executive Team is responsible for the day-to-day running of the business and managing the five directorates.

### Sport England Executive team

Name	Job title
Jennie Price	Chief Executive
Rona Chester	Chief Operating Officer
Mike Diaper	Director of Youth and Communities
Charles Johnston	Director of Facilities and Planning
Lisa O'Keefe	Director of Sport
Phil Smith	Director of Sport
Caroline Weber	Director of Business Partnerships

## Financial performance

The English Sports Council receives grant-in-aid from the Department for Culture, Media and Sport (DCMS) and is one of the bodies designated to distribute funds from the National Lottery by the National Lottery etc Act 1933 (as amended by the National Lottery Act 1998).

We prepare two sets of statutory accounts – one for our grant-in-aid funded activities and one for our Lottery-funded activities. These two sets of accounts are prepared on different accounting bases.

## English Sports Council Group

### Exchequer or Grant-in-Aid Financing

The grant-in-aid or Exchequer funding accounts include accounts for both The English Sports Council and The English Sports Council Group. The Group accounts include the subsidiary companies that own the National Centres and Caversham Lakes.

Awards are recorded as expenditure in the period to which they refer under the accruals concept of accounting. Grant-in-aid is shown as financing rather than income for the period received.

In 2010-11 our total grant-in-aid financing which was drawn down, was £121.4m. This compares with £134.4m in 2009-10. The main component of the decrease in funding related to capital awards for Free swimming which was withdrawn in 2010-11.

We awarded grants of £98.1m (compared to £111.4m in 2009-10).

### Grants Awarded from Grant-in-Aid Funding

Grants	2010-11	2009-10
National Governing Bodies	£49.6m	£46.4m
Football Foundation	£12.0m	£15.0m
Five Hour Offer	£14.6m	£13.4m
National Partners	£9.5m	£9.1m
SportsMatch	£2.0m	£3.0m
Free Swimming	-	£10.0m
Other Grants	£10.4m	£14.5m
<b>Total</b>	<b>£98.1m</b>	<b>£111.4m</b>

## Assets and working capital

As at 31 March 2011 the value of the Group's non current assets, which are mainly the National Centres and equipment, had decreased to £63.3m (compared to £90.3m on 31 March 2010).

There are two significant events that account for the movement. The membership of Phoenix Sports Limited which owns EIS Sheffield was transferred to Sheffield City Trust as at 31 March 2011. The value of the asset at Sheffield was £28m. At 31 March 2011 the quinquennial independent valuation of the National Centres was undertaken by the Valuation Office Agency and yielded a net surplus of £1.0m.

By applying strong financial control over our working capital we were able to maintain reduced Group cash balances to £2.8m (2010 £3.8m). However, in order to meet the "Managing Public Money" requirement to not draw down in advance of need, capital retentions not draw down of £1.4m in former years will still be required to be paid out on the completion of the projects in future years. Providing the level of retentions remains the same year on year, we will not need to draw down these funds in the future.

As at 31 March 2011 we had Exchequer tax payers' equity of £50.9m compared to

£68.2m on 31 March 2010. The reduction includes the transfer of Phoenix Sports Limited (£28m) reduction in the pension scheme deficit (£8.5m), and asset revaluation (£1m).

## National Lottery Distribution Fund (NLDF)

### Income and awards

Lottery accounts are prepared on the basis of the expenditure commitments and recognise firm offers of awards to applicants made during the year, regardless of the period or periods to which the awards relate.

The Lottery accounts show Sport England's share of proceeds from the National Lottery as income.

Last year we received £134.6m of proceeds and investment returns from the National Lottery, compared to £126.9m in 2009-10.

During the year we made net grant commitments of £67.0m compared to £258.7m in 2010-11.

The key components of the commitments are shown in the table below.

Lottery Grant Commitments		
Grants	2010-11	2009-10
NGB Funding	£4.5m	£209.1m
Football Foundation	-	£25.3m
County Sports Partnerships	£9.8m	£0.6m
Community Investment Fund	£11.8m	£15.8m
Small Grants	£7.0m	£6.0m
Themed Rounds	£13.9m	£1.4m
Innovation	£0.9m	-
School Games	£1.2m	-
Olympic Venues	£10.5m	-
Sustainable Facilities	£6.7m	-
Other Grants	£0.7m	£0.5m
<b>Total</b>	<b>£67.0m</b>	<b>£258.7m</b>

The governing body funding reflects the four year commitments made for the 2009-13 NGB plans and a 4 year commitment has also been made to the Football Foundation.

The Community Investment Fund closed to new applications in January 2009. Funds of £36m are forecast to be disbursed over the next two years.

### Financial assets

The financial assets are the funds within the National Lottery Distribution Fund that are available to Sport England when needed. These reflect the balance of funds that are awaiting distribution for committed grants. In total these amount to £183.3m (2009-10 £187.1m).

The balance of hard commitments which have not been paid has decreased from £270.2m in 2009-10 to £214.3m in 2010-11. In addition to hard commitments; soft commitments will be required to be paid once accepted. As these grants are paid, the balance on the financial assets will decrease.

Sport England is a major funder of the Aquatics Olympic venue. A final construction payment of £29m will be released prior to completion of the venue.

In order to maintain control over future funds the Board has put in place a policy that ensures that awards are only offered if we can demonstrate that a minimum balance of £20m is maintained in financial assets. Our lottery cashflow is monitored constantly to ensure that the right balance is maintained between ensuring that we have new programmes in place to achieve our strategic objectives but that this takes into account the uncertainty of lottery income projections.

### Change in the share of Lottery income

The Lottery Shares Order, passed in November 2010, restored the shares of the National Lottery to 20% for each of the good causes. Sport England's share will increase from 10.3% to 11.2% on 1<sup>st</sup> April 2011 and to 12.4% on 1<sup>st</sup> April 2012. In addition the final

Olympic contribution of £12.5m is deducted from net operator proceeds in 2012-13.

## Lottery funding and additionality

Lottery funding is distinct from government funding and should not replace Exchequer spending. Where appropriate, it can complement government and other programmes, policies and funding.

All Lottery distributors are required to report on their policy and practice.

When we assess applications for funding, we ensure additionality is considered. We work closely with leading organisations and experts in the relevant sectors to ensure that our funding programmes add value to government and other funding but do not replace it.

In some circumstances grant officers assessing applications may have to judge whether a project is additional. Clear guidance has been developed to ensure that Lottery funding will not subsidise or replace statutory funding for a service and will not duplicate statutory responsibilities. We work hard to ensure that this is applied consistently and fairly. All awards in 2010-11 have been consistent with this definition.

## Total expenditure

Certain expenditures are apportioned between the Exchequer and Lottery accounts in accordance with Note 1.6 in the Exchequer account and Note 1.4 of the Lottery accounts. This is based upon a timesheet completion exercise. As the allocation may change between years, adding these expenditures together for Exchequer and Lottery makes it easier to analyse movements. In 2010-11 the average allocation attributed to Exchequer expenditure was 47% (2010 45%). This reflects the additional resources required in 2010-11 on the procurement of the National Centres contracts and re-profiling of current and future Exchequer expending as a result of the Comprehensive Spending Review.

## Operating costs

Table 4 summarises the total position of Exchequer and Lottery operating costs.

	2010-11 Exchequer	2010-11 Lottery	2010-11 Total	2009-10 Total
Staff Costs	£8.6m	£8.0m	£16.6m	£16.3m
Operating Costs	£3.3m	£3.6m	£6.9m	£9.1m
Sports Development	£5.2m	£3.8m	£9.0m	£9.2m
<b>Total</b>	<b>£17.1m</b>	<b>£15.4m</b>	<b>£32.5m</b>	<b>£34.6m</b>

Staff costs increased a result of an additional payment of £0.5m to the defined benefit pension scheme to reduce the funding deficit. Our reliance on agency staff has continued to reduce.

The decrease in operating costs of £2.1m is due to:

- Corporate tax rebate of £0.5m
- Property and office costs decreasing by £0.5m
- Communication costs decreasing by £0.4m
- Legal costs decreasing by £0.8m of which £0.4m related to the costs of the Dutton Inquiry in 2009-10.

Sports development costs which include those costs directly attributable to specific awards have steadily decreased since 2008-09.

## Efficient public service

It has always been important for publicly-funded organisations to spend wisely, ensuring value for money and the highest possible return on investment. In a tough economic climate it is more critical than ever to make every penny count.

We were asked to generate £20.0m of cumulative savings between April 2008 and

March 2011. By 31 March 2011 the total cumulative savings were £22.3m.

During 2010-11 Sport England returned funds of £6.7m to the DCMS compared with the original CSR07 settlement. £4.3m reflected the in year reductions agreed with the DCMS in June 2010.

Operating costs as a percentage of our Lottery revenue continues to decrease. Exchequer operating costs decreased by £1.2m but as a percentage of Exchequer funding increased slightly. If the percentage had been calculated based on our grant-in-aid agreed at the beginning of 2010-11 the percentage would have decreased to 8.8%.

The aggregate cost has come down to 8.1% in 2010-11 from 8.8% in 2009-10, as shown in the table below.

Operating Costs as a Percentage of Revenue *		
	2010-11	2009-10
Exchequer	9.3%	9.0%
Lottery	7.3%	8.5%
Aggregate	8.1%	8.8%

\* before Olympic contribution

In 2010 the Lottery distributors agreed to work towards a benchmark of 5% for grant processing costs and 8% for gross costs. Sport England has a target date of March 2014 to achieve this. The target is challenging but initial plans are being developed, which include combining with UK Sport to meet this target. In calculating this percentage the Lottery distributors have agreed a common definition including exclusions. For Sport England gross costs would include both operating costs and sport development costs but would exclude the impact of the accounting adjustments relating to the defined benefit pension fund to comply with IAS 19 and the payment of deficit contributions.

## Effective corporate governance

Effective governance has to underpin everything we do without hindering our ability to deliver.

All of our employees are responsible for ensuring the highest possible standards of compliance are adhered to in their work. We continually review the structures and systems we have in place to support this.

In line with the guidance issued by HM Treasury, separate statements on internal control have been prepared for both The English Sports Council Group and The English Sports Council National Lottery Distribution Fund and appear on page 37 and page 79 respectively.

## Auditing procedure

The Council is required to have its accounts audited by a body approved by the Secretary of State for Culture, Olympics, Media and Sport.

The Comptroller and Auditor General has been appointed to audit the accounts of The English Sports Council. The audit fee was £53,000 for the audit of the Council and £76,100 for the audit of the Group. The Group accounts include a further amount of £8,000 for the audit of Phoenix Sports Limited which, following its disposal on 31 March 2011, is no longer audited by C&AG.

The National Lottery Act etc. 1993 (as amended) also requires The English Sports Council National Lottery Distribution Fund accounts to be audited by the Comptroller and Auditor General. The audit fee for the year was £53,000 for the audit of the Lottery financial statements only.

## Prompt payment policy

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

In 2010-11 the average period for the payment of invoices was 20 days (2009-10: 22 days).

## **Sickness policy**

We have policies and procedures in place to monitor sickness absence, both long-term and short-term. This information is regularly reported to the Executive Team and the Main Board.

During 2010-11, sick absence excluding long-term sick absence, averaged 2.4 days per person, compared to 2.3 days per person in 2009-10.

Five colleagues (2009-10: two) had long-term sick absences (defined as periods of 20 or more days).

## **Corporate responsibility and sustainable development**

We are committed to supporting and promoting sustainable development in all aspects of our work.

This includes investing in projects and facilities that demonstrate sound business plans explaining how they will support themselves financially beyond the end of any grant or subsidy support.

We believe it is important that our employees are encouraged to play a full role in their community and so we allow our colleagues to take three days paid and two days unpaid leave to do volunteering work every year.

We have reduced the amount of material we print, using our new corporate website and email newsletters to disseminate information less wastefully.

When we do print materials we are committed to using recycled or sustainable sources of paper. And we recycle as much redundant ICT equipment as possible through charities that repurpose it for use in developing countries.

## **Requests for information**

As a public body we receive numerous requests for information including questions parliamentary questions (PQs) and Freedom of Information requests.

From 1 April 2010 to 31 March 2011 we responded to 140 requests to help answer oral and written parliamentary questions.

We also received 102 requests for information under the Freedom of Information Act. All responses were dealt with on time.

## **Reporting of personal data-related incidents**

In accordance with Cabinet Office guidance under the Security Policy Framework – December 2008 (SPF), Sport England has in place robust and specific measures to ensure information security applies to all staff and third parties and will be introducing further measures as required.

All Sport England laptops and USB sticks are now encrypted and it is impossible to write onto unencrypted media from Sport England systems. A loss of encrypted removable media is not recorded as a personal data-related incident.

There were no reported losses of personal data on unencrypted media in 2010-11

## Pension provision

Sport England provides employees with a final salary pension scheme which has been closed to new members since 30 September 2005.

The latest actuarial valuation of the Sport England elements of the scheme at 31 March 2010 prepared by the Trustees indicated a deficit of £17.5m, excluding unfunded obligations.

The actuarial valuation determines the future funding of the scheme and is important to Sport England because it defines the level of future annual cash contributions to cover the scheme deficit. Discussions have already commenced with the Trustees in order to extend the period over which the deficit is paid.

The financial statements which are prepared as at 31 March 2011 under the assumptions prescribed by IAS 19 indicate a deficit of £30.9m (2009-10 deficit £52.2m), including unfunded obligations of £6.6m as at 31 March 2011 (2009-10 £5.5m). The principal reason for the change in the liabilities is the reduction in the measurement of benefit increases through use of the Consumer Price Index rather than the Retail Price Index. The share of the defined benefit pension liability is allocated to the Exchequer and Lottery accounts in the ratio 40:60.

Sport England also provides a Group Stakeholder Pension Scheme for all new employees.

# Remuneration report

## Remuneration Policy

The Board of the Council has appointed a Remuneration Committee with responsibility for the remuneration of senior executive members of the staff of the Council in accordance with the Council's agreed pay structure.

In setting its Remuneration Policy the Council has regard to the following:

- the need to recruit, retain and motivate suitably able and qualified people to fully exercise their different responsibilities;
- government policies for improving public services including the requirement on departments and non-department public bodies to meet output targets for the delivery of services;
- government policy on pay in the public sector
- the funds available to the Council as set out in the three-year funding agreement with the Department for Culture, Media and Sport;
- the requirement for the Council to meet its agreed efficiency delivery programme; and
- the evidence the Council receives about wider economic considerations and the affordability of its recommendations.

## Service contracts

All appointments including Senior Executive members of the Council are made in accordance with the Council's stated Recruitment and Selection/Pay Guidelines. Guidelines based upon the Council's commitment to recruit and retain individuals with the required skills and experience for our roles. The Council's recruitment and selection process ensures practices are compliant with legislation, are based on merit and are fair and transparent.

Unless otherwise stated below, the Senior Executive members of the Council covered by this report hold appointments, which are open-ended. Early termination, other than resignation, frustration or dismissal for disciplinary or capability reasons would result in the individual receiving payments as set out in the Organisational Change Policy. This Policy is not applicable to non-executive Board members.

## Salary and pension entitlements

The following sections provide details of the remuneration and pension interests of the Senior Executive members and non-Executive members of the Council.

Board Members salary includes allowances of £218 for attendance at Board meetings



Subject to audit

Name	2010-11		2009-10	
	Salary £'000	Benefits in kind ( to nearest £100)	Salary £'000	Benefits in kind (to nearest £100)
Richard Lewis Chairman from April 2009 Full time equivalent	45 - 50 110 - 115	- -	45 - 50 110 - 115	- -
Michael Farrar Board Member from Mar 2005 to Mar 2012	-	-	-	-
Jill Ainscough Board Member from Apr 2007 to Apr 2011	0 - 5	-	-	-
Karren Brady Board Member from Mar 2005 to Nov 2010	-	-	0 - 5	-
Phil Lemanski Board Member from Apr 2007 to Apr 2010	-	-	0 - 5	-
Dr Jack Rowell OBE Board Member from Jan 2006 to Dec 2009	-	-	0 - 5	-
Mich Stevenson OBE DL Board Member from Apr 2007 to Apr 2013	0 - 5	-	5 - 10	-
James Stewart Board Member from Apr 2007 to Apr 2013	-	-	-	-
Martin Thomas Board Member from Apr 2007 to Apr 2013	0 - 5	-	0 - 5	-
Peter Rowley Board Member from Sep 2010 to Sep 2012	0 - 5	-	-	-
Nick Bitel Board Member from Sep 2010 to Sep 2012	0 - 5	-	-	-
Clare Connor Board Member from Sep 2010 to Sep 2012	0 - 5	-	-	-
Hanif Malik Board Member from Sep 2010 to Sep 2012	0 - 5	-	-	-
Sadie Mason Board Member from Sep 2010 to Sep 2012	0 - 5	-	-	-
Peter Stybelski Board Member from Sep 2010 to Sep 2012	0 - 5	-	-	-
Jennie Price (note 1) Chief Executive from Apr 2007 Full time equivalent is	125 - 130 160 - 165	- -	170 - 175 160 - 165	- -

Name	2010-11		2009-10	
	Salary £'000	Benefits in kind ( to nearest £100)	Salary £'000	Benefits in kind (to nearest £100)
Rona Chester Chief Operating Officer from Mar 2010 Full year equivalent in 09-10 was	145 - 150 - -	- - -	10 - 15 145 - 150	- -
Judith Dean (note 2) Director of Communities from Dec 2008 to Sep 2010 Full year equivalent is	60 - 65 - 100 - 105	- - -	85 - 90 - 90 - 95	- - -
Thomas Godfrey Commercial Director from Oct 2007 to Sep 2010 Full year equivalent is	55 - 60 - 100 - 105	- - -	100 - 105 - -	- - -
Charles Johnston (note 3) Director of Property from Aug 2008	115 - 120	-	120 - 125	-
Lisa O'Keefe Director of National Sport - joint from Jul 2008	100 - 105	-	85 - 90	-
Phil Smith Director of National Sport - joint from Sep 2008	110 - 115	-	110 - 115	-
Mihir Warty Director of Research and Strategy from Aug 2006 to Sep 2010 Full year equivalent is	75 - 80 - 95 - 100	- - -	95 - 100 - -	- - -
Caroline Weber Director of Business Partnerships from Nov 2008	100 - 105	-	90 - 95	-
Mike Diaper Director Youth and Communities from Nov 2009	90 - 95	-	80 - 85	-
Green Park Interim & Executive Limited Interim Director of Finance and Corporate Services from Dec 2007 to Aug 2009 (Philip Mabe)	-	-	85 - 90	-
Green Park Interim & Executive Limited Interim Director of Finance and Corporate Services from Aug 2009 to Mar 2010 (Robert Kendall)	-	-	120 - 125	-
Joanna Robinson (note 4) Director of Regional Sport from Oct 2004 Seconded to Commonwealth Games Council Feb 2009 to Dec 2010 left Sport England Dec 2010 Full year equivalent is	80 - 85 - - 95 - 100	- - - -	60 - 65 - - 95 - 100	- - - -

## Notes

1. Chief Executive's 09-10 remuneration includes a performance related element for 0809, 50% of which was waived. The amount accepted was Band £10k - £15k. A performance related bonus was also awarded in 10-11 for 09-10 however this was waived in full. Reduction from 5 days per week to 4 days per week in 10-11
2. Judith Dean partially worked 4.5 days per week in 09-10 and 10-11
3. Charles Johnson's 09-10 remuneration includes a performance related element for 08-09 (Band £10k -£15k)
4. Joanne Robinson reduced her working week from 5 days to 4 days in 09-10 she took maternity leave from Apr 2009 to Oct 2009 on a mixture of full pay, half pay and unpaid leave, the position was not covered during this period.
5. The Executive Team reduced in size during 10-11 which led to some remaining Executives taking on substantially increased responsibilities. The additional pay recognised this increased responsibility
6. Included above are three exit packages for executive directors the details of which cannot be disclosed because of the terms of their settlements included a confidentiality clause.

## Salary

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

This report is based on payments made by the Council and thus recorded in these accounts.

## Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the Inland Revenue as a taxable emolument. There are no benefits in kind.

Pension Benefits – London Pension Funds Authority (subject to audit)

	Accrued pension at age 65 as at 31/03/11	Real increase in pension at age 65	Real increase in lump sum at age 65	Lump sum at 31/03/11	CETV at 31/03/11	CETV at 31/03/10	Real increase in CETV
	£000	£000	£000	£000	£000	£000	£000
Lisa O'Keefe <i>Director of National Sport - joint from Jul 2008</i>	15-20	2.5-5	2.5-5	30-35	149	120	18
Joanna Robinson Director of Regional Sport from Oct 2004 Seconded to Commonwealth Games Council Feb 2009 to Dec 2010 left Sport England Dec 2010	5-10	0-2.5	2.5-5	15-20	76	58	13

Partnership Pension Accounts (subject to audit)

	Provider	Employer Contributions for the Year 2011	CETV at 31/03/11	Employer Contributions for the Year 2010	CETV at 31/03/10
		£000	£000	£000	£000
Jennie Price <i>Chief Executive from Apr 2007</i>	Standard Life	12	369	14	327
Rona Chester <i>Chief Operating Officer from Mar 2010</i>	St. James's Place	15	150	-	99
Mihir Warty <i>Director of Research and Strategy from Aug 2006 to Sep 2010</i>	Scottish Equitable Group Stakeholder Pension Scheme	5	90	11	68
Thomas Godfrey <i>Commercial Director from Oct 2007 to Sep 2010</i>	Scottish Equitable Group Stakeholder Pension Scheme	5	63	11	49
Caroline Weber <i>Director of Communications from Nov 2008</i>	Scottish Equitable Group Stakeholder Pension Scheme	8	35	7	19
Phil Smith <i>Director of National Sport - joint from Sep 2008</i>	Scottish Equitable Group Stakeholder Pension Scheme	12	60	12	35
Mike Diaper <i>Director Youth and Communities from Nov 2009</i>	Scottish Equitable Group Stakeholder Pension Scheme	11	18	3	4
Judith Dean <i>Director of Communities from Dec 2008 to Sep 2010</i>	Scottish Equitable Group Stakeholder Pension Scheme	4	51	10	40

\* This amount includes the effect of contributions made by the employee

## Pensions

Pension benefits are provided through the London Pension Fund Authority Superannuation Scheme (LPFA), AEGON Scottish Equitable Group Stakeholder Pension Scheme (GSPS) and Standard Life. The LPFA scheme was closed to new members on 1 October 2005.

LPFA: Employee contributions are set at the rate of 5.5-7.5% of pensionable earnings. Benefits accrued at a rate of 1/80th for each year built up in the scheme to 31 March 2008, and 1/60th from 1 April 2008. The change in the accrual rate is allied to changes in the tax free lump sum available to retirees. The English Sports Council is one of a large number of employers whose staff participates in the scheme.

GSPS: Sport England operates a GSPS with AEGON Scottish Equitable. Colleagues choose the level of contribution into the personal Stakeholder Pension fund. The alternative levels of contributions are:

- Colleague contribution 3%, Sport England contributes 3%
- Colleague contributes 4%, Sport England contributes 5%
- Colleague contributes 5%, Sport England contributes 8%
- Colleague contributes 6.5%, Sport England contributes 11%
- Standard Life and St. James's Place: Sport England contributes 10% of the annual basic salary.
- Cash Equivalent Transfer Values (London Pension Funds Authority and Partnership Pension Accounts)

Colleagues may also choose to contribute to this scheme through salary exchange arrangements.

Standard Life and St. James's Place: Sport England contributes 10% of the annual basic salary.

## Cash Equivalent Transfer Values (London Pension Funds Authority and Partnership Pension Accounts)

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme.

A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme.

The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

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

## Real increase in CETV (London Pension Funds Authority)

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.

Civil service compensation scheme – exit packages  
(comparative data is shown in packets for the previous year)

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band	
	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12
<£10,000	Nil	(Nil)	1	(10)	1	(10)
£10,000 - £25,000	Nil	(Nil)	5	(4)	5	(4)
£25,000 - £50,000	Nil	(Nil)	Nil	(4)	Nil	(4)
£50,000 - £100,000	Nil	(Nil)	Nil	(1)	Nil	(1)
£100,000- £150,000	Nil	(Nil)	Nil	(1)	Nil	(1)
£150,000- £200,000	Nil	(Nil)	Nil	(1)	Nil	(1)
£200,000- £250,000	Nil	(Nil)	Nil	(1)	Nil	(1)
£250,000- £300,000	Nil	(Nil)	Nil	(Nil)	Nil	(Nil)
£300,000- £350,000	Nil	(Nil)	Nil	(1)	Nil	(1)
<b>Total number of exit packages</b>	Nil	(Nil)	6	(23)	6	(23)

Jennie Price

Chief Executive and Accounting Officer of The English Sports Council

24 June 2011

Richard Lewis

Chair of The English Sports Council

24 June 2011

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

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

The accounts 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 accounts the Council is required to:

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

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

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

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

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

Jennie Price

Chief Executive and Accounting Officer of the English Sports Council

24 June 2011

Richard Lewis

Chair of The English Sports Council

24 June 2011



# Statement on internal control

## 1. Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of Sport England's policies, aims and objectives, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in "Managing Public Money" and for ensuring compliance with the requirements of Sport England's Financial Memorandum and Management Statement, Dear Accounting Officer letters and Financial Directions.

Sport England's Main Board acknowledges its responsibility for the funds and assets of Sport England and for maintaining a sound system of internal control. It is advised by the Audit, Risk and Governance Committee.

Sport England is a Non-Departmental Public Body sponsored by DCMS. Regular meetings are held between members of my Executive Group and other key staff with our sponsor department. On a quarterly basis formal meetings are held when the strategic risk register, quarterly performance report and management accounts are provided to DCMS following Board approval. A senior DCMS official also attends Main Board meetings as an observer. Both I, and the Chair, meet with Ministers during the year to discuss issues that relate to delivery of Sport England's strategy.

## 2. The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Sport England's

policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in Sport England for the year ended 31 March 2011 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

## 3. Capacity to handle risk

As Accounting Officer I am personally responsible for ensuring Sport England has an effective risk management process. We have a documented risk management strategy that follows Treasury's Orange Book guidance on risk management and outlines the key principles underpinning our approach to the management of risk. Each strategic and significant operational risk is managed by a member of the Executive Group.

The strategic risk register and Sport England's risk register relating to the Combination Project are presented to Audit, Risk and Governance Committee meetings and to the Sport England Main Board. Audit, Risk and Governance Committee has also reviewed the Olympic Legacy Programme register and a sample of operational risk registers.

Staff are equipped to manage risks in a number of ways including through:

- Inclusion of risk identification and assessment sections in papers presented to Project Committee which approves all awards between £500k and £2m;
- Formal identification and assessment of risks for each award assessed by grants management staff within the Corporate Service Directorate as part of the awards assessment process;

- In the Sport Directorate, training in risk particularly for the NGB Relationship Managers which was a focus in 2010-11;
- Risk training workshops for grants management staff and facilitated risk sessions with other teams;
- The establishment of a cross-directorate risk group to better integrate understanding and management of strategic and operational risk across the organisation.

## 4. The risk and control framework

Executive Group regularly identified and evaluated key risks to the delivery of Sport England's strategy. Strategic risks, together with existing controls and planned actions to manage risks, are recorded in the strategic risk register. Separate registers owned by Executive Group cover the Olympic Legacy Programme and the planned combination with UK Sport.

A cyclical approach to review of the strategic risk register and Sport England's risk register relating to the Combination Project by Executive Group, Audit, Risk & Governance Committee and then by Board operated during the year.

Audit, Risk & Governance Committee scrutinises risks, risk assessments and controls and actively challenges management to deliver planned actions to mitigate key risks identified. Where Members consider that specific key risks require more immediate action to reduce the residual risk assessment through more immediate implementation of planned actions, this is communicated to management and appropriate action taken with reporting of outcomes to the next Committee meeting.

In December 2010 the Main Board held a risk workshop. The purpose of the workshop was to allow the Board to consider Sport England's risk profile and the Board's risk appetite collectively. The risk profile discussions resulted in reconfiguration of the

strategic register and Sport England's risk register relating to the Combination Project with similar risks collated and risks grouped thematically rather than by directorate into 'core delivery' and 'core operational' risks. Contextual risks are now separated out to clearly distinguish between those risks Sport England can directly influence or control and those it cannot. Risk appetite discussions led to formal approval by the Board of their risk appetite statement early in 2011-12. The statement balances the Board's desire for a strong control framework with a culture of openness and transparency and is set out below.

"Sport England, as a custodian of public funds, operates within a framework of strong governance and internal control. The Board, Executive and all colleagues must be aware when risks are taken and management must ensure that adequate controls are in place to manage risks. There should be open discussion of any actual errors or mistakes or near misses so that the organisation can reflect upon and share any learning. The Board encourages an open, honest, self-aware culture in relation to risk.

Sport England's Board has defined its risk appetite as 'medium'. The Board considers that Sport England's remit is such that it has to be innovative (more so than other landscape partners) so that it can be aspirational for sport but always within a framework of strong governance and control."

The most significant risks in the strategic risk register at 31 March were:

- Reduced capacity within local authorities and the voluntary sector to support delivery of community sport to support Sport England objectives;
- Where local authorities close the wrong centres to mitigate spending cuts this will have an adverse effect on sporting outcomes;
- Failure to meet Sport England's organisational targets, especially on growing participation; and
- Failure of the NGBs to deliver their contractually agreed outcomes.

Assurance work highlighted that Sport England is reliant on a single supplier to support development of our business critical Grants Management System. This needs to be actively considered as part of the proposed combination with UK Sport.

All Executive Group members are required to provide me with an assurance that proper and reasonable internal controls have been operated effectively over the accounting period and that proper standards of conduct have been maintained. This signed assurance process has applied to all members of Executive in 2010-11, including those in post for part of the financial year only.

Controls are in place for all NGB and National Partner funding investments to ensure that public money is correctly accounted for and payments are suspended where any concerns exist. Funding to one sport was temporarily suspended pending a special investigation and later switched to monthly payments signed off by me. Payments to two other sports were also suspended.

During the year a process for de-committing funds from sports who are under-performing in terms of participation was developed, and in February 2011 £1.2m was de-committed from the award made to England Basketball. Further work is underway to better scrutinise value for money in relation to both NGBs and National Partners. NGB and National Partner governance is regularly reviewed by the Audit, Risk and Governance Committee.

In December 2009 an independent investigation was conducted by Timothy Dutton QC into the creation and operation of arrangements known as the World Class Payments Bureau (the Dutton report). A project was established jointly with UK Sport to cover the sports governance recommendations.

The project has specifically looked at:

- Refreshing the NGB recognition process;
- Ensuring that Sport England and UK Sport's respective governance roles and responsibilities are clear;

- Setting out our Standards for Core Funded Bodies and providing support both to them through our 'Things to Think About' tool; and
- Reviewing current systems and processes in relation to governance compliance and financial control.

The recommendation within the Dutton report for a joint standing committee for NGBs to turn to for advice and approval of governance bodies (a Sports Governance Committee) has to some extent been superseded by the announcement of a combination between Sport England and UK Sport but is being considered as part of the Dutton project in partnership with UK Sport.

In January 2010 an Information Risk and Governance project was initiated with the aim of improving the way Sport England creates processes and stores its records and information. As part of this project there was a drive to achieve compliance with governmental Information Governance (IG) requirements and to address concerns raised about Sport England's IG in the Dutton Report.

The work carried out has helped to address the Dutton Report recommendations on records management and helped Sport England demonstrate compliance with all relevant legislation and regulations. A number of key IG policies, guidance notes and activities were issued and completed in 2010-11. Executive Group agreed to the formation of an Information Governance Committee and the appointment of a number of officers to be Information Assets Owners with respect to information systems containing sensitive and/or personal information.

Overall I am satisfied that adequate controls are in place to mitigate IG risks and that processes are being continuously improved in order to implement full compliance with the mandatory requirements of the Cabinet Office HMG Security Policy Framework. There were no reported Data Protection Act breaches or other incidents which seriously compromised the security of Sport England's information.

## 5. Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the Executive Directors who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board and the Audit, Risk and Governance Committee, and a plan to ensure continuous improvement of the system is in place. My review has been informed by advice from the following sources:

- The Main Board – All Board members are appointed by the Secretary of State for Culture, Olympics, Media and Sport. The Board met 6 times this year to consider Sport England's strategy and performance and to assess investment decisions.
- The Audit, Risk and Governance Committee – This comprises three Board members, one of whom is Chair, and two additional non-executive members who have been selected for their expertise in this field. The Committee met five times this year with both Internal and External Auditors present, to receive and respond to reports, to consider and advise me on the appropriateness of our corporate governance, risk management and internal control arrangements and to review the financial statements prior to submission to the Main Board.
- The Project Committee – This comprises four Main Board members, the CEO (in whose absence the COO deputises) and a non-executive member. It is chaired by a Main Board Member and is makes funding decisions on awards of up to £2m.
- The Finance Committee – This comprises three Main Board members. The Committee has been set up to assist the Board in monitoring the financial performance of Sport England, its subsidiaries and to ensure that strong support and challenge is provided to the Executive Finance function. The Committee meets three weeks before Board meetings and presents written reports to the Board.
- The Terms and Remuneration Committee – This comprises four Main Board members as is chaired by the Main Board Chair. The Committee met once during the year.
- The Executive Group – I meet regularly with my Executive Group to manage operational and strategic issues, risks, plans and objectives. Each of my Executive Directors was required to provide me with an assurance that proper and reasonable internal controls operated effectively and that proper standards of conduct had been maintained during 2010-11.
- Senior Information Risk Owner – The SIRO provides written advice to me to support the content of this statement in regard to information risk.
- Internal Audit – The Head of Internal Audit, supported by an outsourced IA team, provides an objective evaluation of, and opinion on, the overall adequacy and effectiveness of Sport England's framework of governance, risk management and control in line with Treasury requirements. Internal Audits are carried out throughout the financial year in accordance with a programme agreed by the Audit, Risk and Governance Committee.
- External Audit – The external auditors provide comments on internal control in their management letters and other report.

A number of other sources of independent assurance were in place during the 2010-11 financial year. These included:

- Independently assessed self-assurance returns from all NGBs and funded partners in receipt of 09-13 funding as well as on-site audits for a sample of bodies funded through the 09-13 programme;
- OGC Gateway review on the National Centres Procurement process and related scrutiny of the process by the DCMS Investment Committee;
- A Sport England/NGB jointly commissioned special investigation report carried out by independent

auditors into complaints received by Sport England about an NGB;

- An NAO review of the oversight of the National Governing Bodies; and
- Legal advice and guidance on the decommitment process.

## **6. Significant internal control issues:**

There are no significant internal control issues to report.

Jennie Price

Chief Executive and Accounting Officer of the English Sports Council

24 June 2011

Richard Lewis

Chair of The English Sports Council

24 June 2011

# Independent auditor's report to the English Sports Council

The English Sports Council and the English Sports Council Group Consolidated Financial Statements for the year ended 31 March 2011

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

I have audited the financial statements of the English Sports Council (the Council) and Group for the year ended 31 March 2011. These comprise the Group and Council Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Statement of Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Council, Chief Executive and auditor

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

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an

assessment of: whether the accounting policies are appropriate to the Council's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Council; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income 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.

### Opinion on regularity

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

### Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the English Sports Council's and the Group's affairs as at 31 March 2011 and of the 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 other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the Royal Charter of the English Sports Council; and
- the information given in the Corporate structure and Finance report sections of the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which I report by exception

- I have nothing to report in respect of the following matters which I report to you if, in my opinion:
- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

*Amyas C E Morse*

*Comptroller and Auditor General*

*National Audit Office*

*157-197 Buckingham Palace Road*

*Victoria*

*London*

*SW1W 9SP*

*Date 7 July 2011*

# Group and Council statement of comprehensive net expenditure

	Note	Group		Council	
		2011	2010	2011	2010 Restated
		£000	£000	£000	£000
<b>EXPENDITURE</b>					
Staff costs	3	8,595	8,328	8,588	8,323
Grants	4	98,116	111,397	98,116	111,397
Active England programme awards	4.1	-	4,590	-	4,590
Net national sports centres costs	5	4,363	4,209	4,363	4,209
Sports development costs	6	5,170	5,396	5,170	5,396
Other operating costs	7	7,605	8,615	3,343	4,549
Pension (credit) / charge IAS 19	8	(4,232)	1,238	(4,232)	1,238
Assets gifted to subsidiaries	11	-	-	1,991	3,527
Notional interest on capital employed		-	1,022	-	(592)
Loss on revaluation		5,085	1,641	-	-
		<b>124,702</b>	<b>146,436</b>	<b>117,339</b>	<b>142,637</b>
<b>INCOME</b>					
Other operating income	2	(1,840)	(2,178)	(1,205)	(1,718)
Big Lottery Fund Income: Active England Programme	4.1	-	(4,590)	-	(4,590)
Lottery grants received and released		(1,840)	(1,497)	-	-
Other grants received and released		(52)	(77)	-	-
		<b>(3,732)</b>	<b>(8,342)</b>	<b>(1,205)</b>	<b>(6,308)</b>
<b>Net Operating Expenditure</b>		<b>120,970</b>	<b>138,094</b>	<b>116,134</b>	<b>136,329</b>
Dividends and interest	9	(23)	(36)	(16)	(20)
<b>Net Operating Expenditure before Taxation</b>		<b>120,947</b>	<b>138,058</b>	<b>116,118</b>	<b>136,309</b>
Taxation	10	(130)	(50)	(130)	4
<b>Net Expenditure for the Year after Taxation</b>		<b>120,817</b>	<b>138,008</b>	<b>115,988</b>	<b>136,313</b>
Notional interest written back		-	(1,022)	-	592
<b>Net Operating Expenditure for the Year</b>	<b>16</b>	<b>120,817</b>	<b>136,986</b>	<b>115,988</b>	<b>136,905</b>
<b>Other Comprehensive Expenditure</b>					
Net Operating Expenditure for the Year		120,817	136,986	115,988	136,905
(Surplus)/deficit owing to revaluation of properties	24	(6,119)	13,357	-	-
Impairment arising from transfer of PSL ownership	24	7,719	-	-	-
Net gain on financial assets	13.1	(6)	(159)	-	-
Actuarial (gain) / loss on pension scheme		(2,859)	8,931	(2,859)	8,931
<b>Total Comprehensive Expenditure for the Year</b>		<b>119,552</b>	<b>159,115</b>	<b>113,129</b>	<b>145,836</b>

All Income and Expenditure relates to continuing activities.

The notes on pages 49 to 77 form part of these financial statements



# Group and council statement of financial position

	Note	Group		Council	
		2011	2010	2011	2010
		£000	£000	£000	£000
<b><u>NON CURRENT ASSETS</u></b>					
Property, Plant and Equipment	11	62,455	89,435	132	167
Intangible assets	12	230	255	230	255
Financial assets	13	605	599	-	-
		<b>63,290</b>	<b>90,289</b>	<b>362</b>	<b>422</b>
<b><u>CURRENT ASSETS</u></b>					
Trade and other receivables	14	5,452	6,036	5,068	5,471
Assets for resale		299	-	299	-
Cash and cash equivalents		2,814	3,819	2,758	3,636
		<b>8,565</b>	<b>9,855</b>	<b>8,125</b>	<b>9,107</b>
<b>Total Assets</b>		<b>71,855</b>	<b>100,144</b>	<b>8,487</b>	<b>9,529</b>
<b><u>CURRENT LIABILITIES</u></b>					
Net Grants Outstanding	22	(2,394)	(4,927)	(2,394)	(4,927)
Trade and other payables	15	(4,568)	(4,816)	(4,335)	(4,295)
		<b>(6,962)</b>	<b>(9,743)</b>	<b>(6,729)</b>	<b>(9,222)</b>
<b><u>NON CURRENT LIABILITIES</u></b>					
Provisions	19	(282)	-	(282)	-
Pension Liability	18	(13,695)	(22,205)	(13,695)	(22,205)
		<b>(13,977)</b>	<b>(22,205)</b>	<b>(13,977)</b>	<b>(22,205)</b>
<b>Total Liabilities</b>		<b>(20,939)</b>	<b>(31,948)</b>	<b>(20,706)</b>	<b>(31,427)</b>
<b>Assets less Liabilities</b>		<b>50,916</b>	<b>68,196</b>	<b>(12,219)</b>	<b>(21,898)</b>
<b><u>TAXPAYERS EQUITY</u></b>					
Deferred Grant Reserve	25	14,336	36,942	-	-
Revaluation Reserve	24	10,380	12,169	-	-
National Centres Reserve	23	34	34	34	34
General Reserve	16	41,196	38,359	2,777	(2,624)
Pension Reserve	17	(15,030)	(19,308)	(15,030)	(19,308)
<b>Total Taxpayers Equity</b>		<b>50,916</b>	<b>68,196</b>	<b>(12,219)</b>	<b>(21,898)</b>

The notes on pages 49 to 77 form part of these financial statements

Approved by the Board and signed on its behalf by

Jennie Price

Chief Executive and Accounting Officer of The English Sports Council  
24 June 2011

Richard Lewis

Chair of The English Sports Council  
24 June 2011

# Group and Council statement of cash flows

	Note	Group		Council	
		2011 £000	2010 £000	2011 £000	2010 £000
<b><u>Cash Flows from Operating Activities</u></b>					
Net Cash Outflow from Operating Activities	27	(119,775)	(139,179)	(119,885)	(139,121)
<b><u>Cash Flows from Investing Activities</u></b>					
Purchase of Property, Plant and Equipment	11	(2,251)	(3,805)	(2,007)	(3,674)
Purchase of Intangible Assets		(92)	(206)	(92)	(206)
Purchase of Assets for Resale		(299)	-	(299)	-
Dividends and Interest Received	9	23	36	16	20
<b>Net Cash Outflow from Investing Activities</b>		<b>(2,619)</b>	<b>(3,975)</b>	<b>(2,382)</b>	<b>(3,860)</b>
<b><u>Management of Liquid Resources</u></b>					
Acquisition of financial investments	13	(599)	-	-	-
Disposal of financial investments		599	-	-	-
<b>Net Cash inflow or outflow from Management of Liquid Resources</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Cash Flow from Financing Activities</u></b>					
Grant-in-Aid applied towards Revenue Expenditure		79,643	80,227	79,643	80,227
Grant-in-Aid applied towards Capital Awards		39,348	50,315	39,348	50,315
Grant-in-Aid applied towards purchase of Property, Plant and Equipment and other Assets		2,398	3,880	2,398	3,880
<b>Net Cash Inflow from Financing Activities</b>		<b>121,389</b>	<b>134,422</b>	<b>121,389</b>	<b>134,422</b>
<b>Net (decrease) in cash and cash equivalents in the period</b>	<b>26</b>	<b>(1,005)</b>	<b>(8,732)</b>	<b>(878)</b>	<b>(8,559)</b>
Cash and Cash Equivalents at the beginning of the period		3,819	12,551	3,636	12,195
Cash and Cash Equivalents at the end of the period		2,814	3,819	2,758	3,636
<b>Net (decrease) in cash and cash equivalents in the period</b>		<b>(1,005)</b>	<b>(8,732)</b>	<b>(878)</b>	<b>(8,559)</b>

The notes on pages 49 to 77 form part of these financial statements

# The English Sports Council Statement of changes in taxpayers' equity

	National centres reserve	Pension reserve	General reserve Restated	Total
	£000	£000	£000	£000
<b>Balance at 1 April 2009</b>	<b>34</b>	<b>(11,808)</b>	<b>(141)</b>	<b>(11,915)</b>
Changes in Taxpayers' Equity for 2010				
Net Operating Expenditure for the Year	-	-	(136,905)	(136,905)
Movements in Pension Reserve	-	(7,500)	-	(7,500)
<b>Total recognised Income and Expenditure for 2010</b>	<b>-</b>	<b>(7,500)</b>	<b>(136,905)</b>	<b>(144,405)</b>
Grant-in-Aid received	-	-	134,422	134,422
<b>Balance at 31 March 2010</b>	<b>34</b>	<b>(19,308)</b>	<b>(2,624)</b>	<b>(21,898)</b>
Changes in Taxpayers' Equity for 2011				
Net Operating Expenditure for the Year	-	-	(115,988)	(115,988)
Movements in Pension Reserve	-	4,278	-	4,278
<b>Total recognised Income and Expenditure for 2011</b>	<b>-</b>	<b>4,278</b>	<b>(115,988)</b>	<b>(111,710)</b>
Grant-in-Aid received	-	-	121,389	121,389
<b>Balance at 31 March 2011</b>	<b>34</b>	<b>(15,030)</b>	<b>2,777</b>	<b>(12,219)</b>

The notes on pages 49 to 77 form part of these financial statements

# The English Sports Council Group statement of changes in taxpayers' equity

	Deferred Grant reserve	Reval reserve	National Centres reserve	Pension reserve	General reserve	Total
	£000	£000	£000	£000	£000	£000
<b>Balance at 1 April 2009</b>	<b>38,379</b>	<b>26,046</b>	<b>34</b>	<b>(11,808)</b>	<b>38,850</b>	<b>91,501</b>
Changes in Taxpayers' Equity for 2010						
Net Operating Expenditure for the Year	-	-	-	-	(136,986)	(136,986)
(Deficit) owing to revaluation of properties	-	(13,357)	-	-	-	(13,357)
Amortisation of Revaluation Reserve to General Reserve	-	(511)	-	-	-	(511)
Revaluation adjustment	-	(9)	-	-	-	(9)
Grants received	690	-	-	-	-	690
Grants released to General Reserve	(1,570)	-	-	-	-	(1,570)
Charity assets revaluation and depreciation	(557)	-	-	-	-	(557)
Other movements in subsidiary reserves	-	-	-	-	2,073	2,073
Movements in Pension Reserve	-	-	-	(7,500)	-	(7,500)
<b>Total recognised Income and Expenditure for 2010</b>	<b>(1,437)</b>	<b>(13,877)</b>	<b>-</b>	<b>(7,500)</b>	<b>(134,913)</b>	<b>(157,727)</b>
Grant-in-Aid Received	-	-	-	-	134,422	134,422
<b>Balance at 31 March 2010</b>	<b>36,942</b>	<b>12,169</b>	<b>34</b>	<b>(19,308)</b>	<b>38,359</b>	<b>68,196</b>
Changes in Taxpayers' Equity for 2011						
Net Operating Expenditure for the Year					(120,817)	(120,817)
Surplus owing to revaluation of properties		6,120				6,120
Amortisation of Revaluation Reserve to General Reserve		(190)				(190)
Grant received	767					767
Grant release to General Reserve	(1,854)					(1,854)
Charity assets revaluation and depreciation	(2,107)					(2,107)
Transfer of Phoenix Sports Limited	(19,412)	(7,719)				(27,131)
Movements in Pension Reserve				4,278		4,278
Other movements in Subsidiary Reserves					2,265	2,265
<b>Total recognised Income for Expenditure for 2011</b>	<b>(22,606)</b>	<b>(1,789)</b>	<b>-</b>	<b>4,278</b>	<b>(118,552)</b>	<b>(138,669)</b>
Grant-in-Aid received					121,389	121,389
<b>Balance at 31 March 2011</b>	<b>14,336</b>	<b>10,380</b>	<b>34</b>	<b>(15,030)</b>	<b>41,196</b>	<b>50,916</b>

The notes on pages 49 to 77 form part of these financial statements

# Notes to the financial statements

## 1. Statement of accounting policies

These financial statements have been prepared in accordance with Article 14 of the Royal Charter of The English Sports Council and directions issued thereunder by the Secretary of State for Culture, Olympics Media and Sport with the consent of HM Treasury and the 2010-11 Government Financial Reporting Manual (FReM) used by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate for the particular circumstances of The English Sports Council for the purpose of giving a true and fair view has been selected. The particular policies adopted by The English Sports Council are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

### 1.1 Accounting convention

The accounts have been prepared on a going concern basis under the historical cost convention modified to account for the revaluation of property, plant and equipment to fair value as determined by the relevant accounting standard. Without limiting the information given, the accounts meet the requirements of the Accounting Standards Board and the HM Treasury guidance on accounts of Non-Departmental Public Bodies insofar as those requirements are appropriate to each of The English Sports Council and the Group.

### 1.2 Going concern

The Group and Council's Statement of Financial Position reflects the inclusion of liabilities falling due in future years which, to the extent that they are not to be met from Sport England's other sources of income, may only be met by future grants or Grant-In-Aid from Sport England's sponsoring department, the Department for Culture Media and Sport. This is because, under the normal conventions applying to parliamentary control over income and expenditure, such grants may not be issued in advance of need.

There is no reason to believe that the department's future sponsorship and future parliamentary approval will not be forthcoming. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

### 1.3 Basis of consolidation

The Group accounts consolidate the accounts of The English Sports Council, The Sports Council Trust Company (a charity), Phoenix Sports Limited, and Caversham Lakes Trust Limited. Phoenix Sports Limited was transferred out of the Group on 31 March 2011. The results of Phoenix Sports Limited for the year are included within the Statement of Comprehensive Net Expenditure but the Statement of Financial Position as at March 2011 does not include any assets or liabilities.

The accounts of The Sports Council Trust Company, Phoenix Sports Limited, and Caversham Lakes Trust Limited have been included in the consolidation on the basis that The English Sports Council holds controlling

voting rights in these companies and that it exercised significant management and financial control over their affairs.

All the accounts consolidated are made up to 31 March 2011. Please refer to note 13.2 for more details on the treatment of Phoenix Sports Limited (PSL).

Unless otherwise stated, the acquisition method of accounting has been adopted. Under this method the results of subsidiary undertakings are included in the Statement of Comprehensive Net Expenditure from the date of acquisition. Intra-Group sales and profits are eliminated fully on consolidation.

In The English Sports Council accounts, the investments in subsidiary undertakings are not apparent as the cost to The English Sports Council was nil.

The financial activities of the National Lottery Distribution Fund administered by The English Sports Council, under the title of the Sport England National Lottery Distribution Fund, have not been included in these accounts and a separate financial report has been prepared for them.

## 1.4 Income and expenditure

All income and expenditure is accounted for on an accruals basis, net of VAT. HM Treasury has judged that Grant-In-aid should be recognised as financing and therefore credited directly to reserves as opposed to income (refer note 16).

## 1.5 Grants

To further its objectives, The English Sports Council gives grants to sport related organisations. Grants are offered on the basis of entering into a financial commitment. Grants payable are charged to the Statement of Comprehensive Net Expenditure on an accrual basis.

## 1.6 Apportionment of Operating Costs

The English Sports Council is required to apportion the operating costs between its Grant-In-Aid and National Lottery Distribution

Fund activities. The apportionment of these costs is determined in accordance with a time recording system which splits the time spent by staff between Grant-In-Aid and National Lottery Distribution Fund activities. In all cases the charges have been calculated on a full cost recovery basis in accordance with HM Treasury's "Managing Public Money". The costs so apportioned to The English Sports Council National Lottery Distribution Fund activities will be reimbursed from The English Sports Council National Lottery Distribution Fund to the Grant-In-Aid account.

## 1.7 Pensions

The pension liabilities and assets of the defined benefit scheme are recorded in line with IAS19, with a valuation undertaken by an independent actuary. IAS19 measures the value of pension assets and liabilities at the Statement of Financial Position to date, determines the benefits accrued in the year and the interest on scheme assets and liabilities. The value of benefits accrued is used to determine the pension charge in the Statement of Comprehensive Net Expenditure and the interest on scheme assets and liabilities is shown in the Statement of Comprehensive Net Expenditure .

The change in the value of the assets and liabilities arising from asset valuations, changes in benefits, actuarial assumptions or change in the level of deficit attributable to members, is recognised in the Statement of Changes in Taxpayers' Equity. The resulting pension liability or asset is shown on the Statement of Financial Position.

The apportionment of the resulting pension liability or asset between Grant-In-Aid and National Lottery Distribution Fund activities is based on a historical apportionment of cost based on the time recording system which splits the time spent by staff between Grant-In-Aid and National Lottery Distribution Fund activities.

## 1.8 Operating Leases

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

## 1.9 Cost of Capital

In accordance with the 2010-11 FReM the cost of capital charge has been removed from Operating costs for 2011. For the year ended 31 March 2010 the charge is calculated at the real rate set by HM Treasury, currently 3.5% (2009: 3.5%), on the average carrying amount of all assets less liabilities, except for Lottery funded assets.

## 1.10 Property, plant and equipment

Valuations of land and buildings are carried out at five yearly intervals. Freehold land and buildings were subject to a full valuation at 31 March 2011. These properties were valued by the Valuation Office Agency, an executive agency of HM Revenue & Customs providing property valuation services in accordance with the Statement of Valuation Practice published by the Royal Institution of Chartered Surveyors. Between valuations appropriate price indices, as recommended by the Department for Culture, Media and Sport have been used. Valuations are based on Depreciated Replacement Costs (DRC), for specialist properties and open market value for other properties. The DRC basis generates an open market valuation of the land based on an estimate 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. DRC valuations on alternative sites are based on locations currently occupied.

Art Works and Antiques are carried at external valuation date 17 January 2008. The valuers value these assets for the purpose of insurance based on their opinion of the actual purchase price or probable cost of replacing the items with comparable items in similar condition by purchase in the normal retail market.

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

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

## 1.11 Intangible assets

Software is amortised on a straight line basis over 3 years. The capitalisation threshold is £1,000 and assets purchased below the capitalisation threshold are normally expensed in year with the exception of grouped assets. Intangible assets are reviewed annually for impairment and are stated at amortised historic cost.

## 1.12 Depreciation

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

Land	Infinite
Buildings	Unexpired life maximum is 66 years
Bund	42 years
Building leases	Expected life of lease
Equipment & Vehicles	5 Years
IT Equipment	3 Years
IT Software	3 Years

Freehold buildings are depreciated over their specific expected useful lives as identified by the Valuation Office Agency. Improvements to leasehold buildings are written off over the unexpired term of the specific leases. No depreciation is applied in the year the assets are purchased, excluding freehold buildings for which the valuer has given a specific life from the date of the valuation. Full-year

depreciation is applied in the year in which the assets are disposed of.

### **1.13 Financial assets**

Financial assets are recognised initially at their fair value at 31 March 2011. Income is included in the period in which it is received.

### **1.14 Trade receivables and payables**

Trade receivables are recognised initially at fair value, less a provision for any specific impairment. A provision for impairment of trade receivables is established when there is objective evidence that The English Sports Council will not be able to collect all amounts due to the original terms of the receivables. Trade Payables are recognised initially at fair value.

### **1.15 Dilapidations**

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

### **1.16 Staff costs**

Under IAS19 Employee Benefits, all staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the cost of any untaken leave as at the year end. The cost of untaken leave has been determined using data from leave records.

### **1.17 Taxation**

The English Sports Council is registered for VAT being involved in business and non-business activity for VAT purposes. The English Sports Council recovers all VAT incurred on the business activity of running The National Sports Centre and where project and other costs are recharged to partners, VAT at the standard rate is charged where appropriate. The English Sports Council pays corporation tax on bank interest received net of bank charges. No corporation tax is payable on the activities of the National

Sports Centres as they operate at a deficit. In the case of the subsidiaries, no corporation tax is payable by The Sports Council Trust Company as its activities are of a charitable nature. For Phoenix Shorts Limited, corporation tax is payable on interest receivable net of bank charges. For Caversham Lakes Trust Limited corporation tax is payable on interest receivable, net of bank charges and rental income.

### **1.18 National Centres**

The English Sports Council via an agency agreement with The Sports Council Trust Company, acts as the agent for three National Sports Centres; Bisham Abbey, Lilleshall and Plas y Brenin. The English Sports Council, as an agent, procures and enters into management operator contracts for each of these National Sports Centres. The income and expenditure in respect of these management contacts is incorporated within the operating receipts and centre management fees. Full details of the income and expenditure are set out in note 5.

### **1.19 Sports development costs**

Sports Development costs include expenditure which aims to promote the development of sport, thereby creating increased sporting opportunities for the local community. This is largely achieved through a partnership approach and incorporates expenditure in categories such as Project Management, Surveys, Planning and Facilities. These costs are expensed in the year in which they are incurred.

### **1.20 Grants received and released**

Grants in respect of capital and revenue expenditure are credited to a deferred income account and are released to the statement of comprehensive net expenditure to match them with the expenditure towards which they are intended to contribute.



## **1.21 Disposal of subsidiaries**

Disposals within government are accounted for in accordance with a machinery of government change whereby all transactions assets and liabilities for the current and preceding year are excluded. Disposals outside of government are accounted for by accounting for the impact of the disposal within the current year.

## **1.22 Assets gifted to subsidiaries**

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

## 2 Other operating income

	Group		Council	
	2011	2010	2011	2010
	£000	£000	£000	£000
Grant clawback	384	542	384	542
Management Income Fee	147	109	45	-
External Funding Income	228	192	228	192
Active people survey recharges	326	515	326	515
Asset hire recharges	89	155	89	155
Other Income	666	665	133	314
	<b>1,840</b>	<b>2,178</b>	<b>1,205</b>	<b>1,718</b>

## 3 Staff costs

	Group		Council	
	2011	2010	2011	2010
	£000	£000	£000	£000
Wages & salaries	5,662	5,371	5,655	5,366
Social security costs	547	525	547	525
Other pension costs	2,083	1,635	2,083	1,635
Agency staff	303	797	303	797
<b>Aggregate Staff Costs</b>	<b>8,595</b>	<b>8,328</b>	<b>8,588</b>	<b>8,323</b>
The aggregated staff costs covers the following areas of activity:				
Permanent & fixed term temporary staff	8,292	7,531	8,285	7,526
Agency staff	303	797	303	797
<b>Aggregated Staff Costs</b>	<b>8,595</b>	<b>8,328</b>	<b>8,588</b>	<b>8,323</b>

Average monthly number of full time equivalent employees is made up as follows:

	Group		Council	
	2011	2010	2011	2010
Permanent Staff	107	90	107	90
Fixed Term, Temporary Staff	3	11	3	11
Agency Staff	4	11	4	11
<b>Average number of employees</b>	<b>114</b>	<b>112</b>	<b>114</b>	<b>112</b>

## 4. Grants

	Group		Council	
	2011 £000	2010 £000	2011 £000	2010 £000
<b>CAPITAL AWARDS</b>				
<b>Ring Fenced</b>				
EIS Capital	632	878	632	878
Free Swimming	-	10,000	-	10,000
<b>Total Ring Fenced</b>	<b>632</b>	<b>10,878</b>	<b>632</b>	<b>10,878</b>
<b>Non-ring Fenced</b>				
NGB Capital Funding	25,719	20,837	25,719	20,837
Football Foundation	12,000	15,000	12,000	15,000
Facilities Investment	1,011	3,560	1,011	3,560
Community Club Development	(14)	40	(14)	40
<b>Total Non-ringed Fenced</b>	<b>38,716</b>	<b>39,437</b>	<b>38,716</b>	<b>39,437</b>
<b>TOTAL CAPITAL AWARDS</b>	<b>39,348</b>	<b>50,315</b>	<b>39,348</b>	<b>50,315</b>
<b>RESOURCE AWARDS</b>				
<b>Ring Fenced</b>				
5 Hour Offer	14,560	13,408	14,560	13,408
<b>Total Ring Fenced</b>	<b>14,560</b>	<b>13,408</b>	<b>14,560</b>	<b>13,408</b>
<b>Non-ring Fenced</b>				
National Governing Bodies	23,845	25,560	23,845	25,560
Step into Sport	3,636	3,979	3,636	3,979
School Club Links	4,382	4,145	4,382	4,145
RAMP	-	166	-	166
Community Sports Coach Scheme	(488)	953	(488)	953
Sportsmatch	1,999	2,976	1,999	2,976
Velodrome Trust	230	230	230	230
Community Investment Fund	82	142	82	142
Holme Pierrepont	500	500	500	500
National Partners	9,484	9,083	9,484	9,083
National Exchequer Awards	538	-	538	-
Legacy Docommitments	-	(60)	-	(60)
<b>Total Non-ring Fenced</b>	<b>44,208</b>	<b>47,674</b>	<b>44,208</b>	<b>47,674</b>
<b>TOTAL RESOURCE AWARDS</b>	<b>58,768</b>	<b>61,082</b>	<b>58,768</b>	<b>61,082</b>
<b>TOTAL AWARDS</b>	<b>98,116</b>	<b>111,397</b>	<b>98,116</b>	<b>111,397</b>
The analysis of the net grant commitments between public and private sector recipients is:				
Public sector	86,832	89,673	86,832	89,673
Private Sector	11,284	21,724	11,284	21,724
<b>Net Grant Commitments</b>	<b>98,116</b>	<b>111,397</b>	<b>98,116</b>	<b>111,397</b>

## 4.1 Active England Programme

The Active England programme is a jointly funded scheme between the Big Lottery Fund (71.76%), and Sport England (28.24%).

The total grant funding for the programme was initially intended to be £108.5m but has outturned at £103.5m. These accounts only reflect Sport England's share of the grants funded by the Big Lottery Fund which for this year is £nil (2010: £4,590,000).

## 5 National Sports Centres

	Group		Council	
	2011 £000	2010 £000	2011 £000	2010 £000
National Sports Centres:				
Operating Receipts	5,307	4,967	5,307	4,967
<b>Total Income from National Centres</b>	<b>5,307</b>	<b>4,967</b>	<b>5,307</b>	<b>4,967</b>
Less Expenses:				
Centre Management Fees	7,707	7,933	7,707	7,933
Insurances	68	81	68	81
Net Rates	12	11	12	11
General Maintenance	853	556	853	556
Other Centre Expenses	1,030	595	1,030	595
<b>Total Costs associated with National Centres</b>	<b>9,670</b>	<b>9,176</b>	<b>9,670</b>	<b>9,176</b>
<b>Net National Centres Costs</b>	<b>4,363</b>	<b>4,209</b>	<b>4,363</b>	<b>4,209</b>

## 6 Sports development

	Group		Council	
	2011 £000	2010 £000	2011 £000	2010 £000
Legal	93	163	93	163
Surveys	2,650	2,171	2,650	2,171
Research	182	293	182	293
Facilities	406	462	406	462
Planning	557	607	557	607
Communications	44	15	44	15
Project Management	1,017	1,240	1,017	1,240
Equality Standards	7	5	7	5
Programme Development	105	123	105	123
Property & Office costs	-	1	-	1
Free Swimming	109	316	109	316
<b>Total Sports Development Costs</b>	<b>5,170</b>	<b>5,396</b>	<b>5,170</b>	<b>5,396</b>

## 7 Operating costs

	Group		Council	
	2011 £000	2010 £000	2011 £000	2010 £000
Auditor's Remuneration *	85	102	53	55
Audit and Governance	91	117	91	117
Board Expense	31	11	31	11
Travel and Subsistence	323	428	319	426
Staff Training	66	27	66	27
Other Staff Costs	41	118	41	118
Property Costs – Operating Lease Rentals	1,282	1,087	1,155	1,137
Other Property Costs including Office Costs	461	682	363	579
Communications	168	332	168	332
Irrecoverable Value Added Tax	449	446	449	446
IT Infrastructure and Systems Costs	489	464	489	464
Legal	120	518	120	518
Project Management	7	60	7	60
Depreciation	3,247	3,232	168	281
Loss on Disposal of Property, Plant and Equip	-	41	-	-
Other Costs	745	950	(177)	(22)
<b>Total Other Operating Costs</b>	<b>7,605</b>	<b>8,615</b>	<b>3,343</b>	<b>4,549</b>

\* The 2010 audit fee for the Council includes £4,000 for the audit of work in preparedness for IFRS. No other payment was made to the auditors for non-audit work. The 2011 audit fee for the Group contains an £8,000 accrual for fees of Phoenix Sports Limited's accounts which will not be audited by the Comptroller and Auditor General following the transfer of the Company.

## 7.2 Losses and special payments

There were no individual losses or special payments during the year ended 31 March 2011 which exceeded £250,000 (2010: £nil) and the aggregate did not exceed £250,000 (2010: £nil).

In assessing losses and special payments for 2010 a detailed review of the Dutton Report was undertaken to identify payments that would fall within the definition of a loss or special payment as set out in "Managing Public Money". This review did not identify any individual loss or special payment identity during the year ended 31 March 2010 that exceeded £250,000 and the aggregate did not exceed £250,000.

## 7.3 Commitments under operating leases

	Group		Council	
	2011 £000	2010 £000	2011 £000	2010 £000
Land & Buildings				
Leases – expiring within 1 year	1,765	1,524	1,765	1,524
Leases – expiring between 1 & 5 years	6,850	5,669	6,850	5,669
Leases – expiring after at least 5 years	4,358	4,487	4,358	4,487
<b>Total value of outstanding commitments</b>	<b>12,973</b>	<b>11,680</b>	<b>12,973</b>	<b>11,680</b>

Land and Buildings operating leases relating to the Council are held in the name of The Sports Council Trust Company, and are recharged to The English Sports Council. The total value of commitments are under these leases and therefore treated as those of The English Sports Council.

## 8 Pension (credit)/charge

	Group		Council	
	2011 £000	2010 £000	2011 £000	2010 £000
Finance (credit) / charge IAS19	(4,232)	1,238	(4,232)	1,238
	<b>(4,232)</b>	<b>1,238</b>	<b>(4,232)</b>	<b>1,238</b>

## 9 Financial asset income

	Group		Council	
	2011 £000	2010 £000	2011 £000	2010 £000
Income accrued from the following financial assets:				
Overnight and short-term investment of bank balances	16	28	16	20
Quoted stocks & securities	7	8	-	-
<b>Total financial asset income</b>	<b>23</b>	<b>36</b>	<b>16</b>	<b>20</b>

## 10 Taxation

	Group		Council	
	2011 £000	2010 £000	2011 £000	2010 £000
Corporation tax charge current year	1	4	1	4
Overpayment of tax for prior year	(131)	(54)	(131)	-
	<b>(130)</b>	<b>(50)</b>	<b>(130)</b>	<b>4</b>

The English Sports Council pays Corporation Tax at 21% (2010: 21%) on its financial asset income after deducting bank charges. The Council received a repayment in the year. Refunds in the financial statements of Caversham Lakes Trust Limited in 2010 have resulted in a credit amount in the Group financial statements.

## 11 Property, plant and equipment

Year Ended 31 March 2011	Land	Building	Bund	Equip & Vehicle	IT Equip	Artwork & Antiques	Under Construction	Total
Group	£000	£000	£000	£000	£000	£000	£000	£000
Cost at 1 April 2010	12,195	87,765	-	2,351	894	960	256	104,421
Reclassification	(6,695)	(401)	7,096	-	-	-	-	-
Additions	-	1,650	-	568	33	-	-	2,251
Disposals	-	-	-	(2)	(46)	-	-	(48)
Revaluations adjustments	2,788	(10,092)	(628)	-	-	-	-	(7,932)
Transfer of PSL ownership	-	(22,369)	-	(617)	(17)	-	-	(23,003)
Transfers	-	256	-	-	-	-	(256)	-
<b>Cost at 31 March 2011</b>	<b>8,288</b>	<b>56,809</b>	<b>6,468</b>	<b>2,300</b>	<b>864</b>	<b>960</b>	<b>-</b>	<b>75,689</b>
Accumulated depreciation at 1 April 2010	-	12,844	-	1,350	792	-	-	14,986
Reclassification	-	(48)	48	-	-	-	-	-
Charge for year:	-	2,647	170	274	41	-	-	3,132
Disposals	-	-	-	(1)	(45)	-	-	(46)
Revaluations adjustments	-	(1,247)	-	-	-	-	-	(1,247)
Transfer of PSL ownership	-	(3,111)	-	(471)	(9)	-	-	(3,591)
<b>Accumulated depreciation at 31 March 2011</b>	<b>-</b>	<b>11,085</b>	<b>218</b>	<b>1,152</b>	<b>779</b>	<b>-</b>	<b>-</b>	<b>13,234</b>
Net Book Value at 31 March 2011	8,288	45,724	6,250	1,148	85	960	-	62,455
Net Book Value at 31 March 2010	12,195	74,921	-	1,001	102	960	256	89,435

	Land	Buildings	Equip & Vehicle	IT Equip	Under Construction	Total
Council	£000	£000	£000	£000	£000	£000
Cost at 1 April 2010	-	-	159	833	-	992
Additions	-	1,492	484	33	-	2,009
Gifted to The Sports Council Trust Company	-	(1,492)	(499)	-	-	(1,991)
Disposals	-	-	-	(2)	-	(2)
<b>Cost at 31 March 2011</b>	<b>-</b>	<b>-</b>	<b>144</b>	<b>864</b>	<b>-</b>	<b>1,008</b>
Accumulated depreciation at 1 April 2010	-	-	82	743	-	825
Charge for year	-	-	16	36	-	52
Disposals	-	-	-	(1)	-	(1)
<b>Accumulated depreciation at 31 March 2011</b>	<b>-</b>	<b>-</b>	<b>98</b>	<b>778</b>	<b>-</b>	<b>876</b>
Net Book Value at 31 March 2011	-	-	46	86	-	132
Net Book Value at 31 March 2010	-	-	77	90	-	167



Year Ended 31 March 2010	Land	Building	Equip & Vehicle	IT Equip	Artwork & Antiques	Under Construction	Total
Group	£000	£000	£000	£000	£000	£000	£000
Cost at 1 April 2009	14,435	98,151	2,832	916	-	1,710	118,044
Additions	-	3,085	383	81	-	256	3,805
Disposals	(29)	(37)	(957)	(103)	-	-	(1,126)
Revaluations adjustments	(2,211)	(15,051)	-	-	-	-	(17,262)
Transfers	-	1,617	93	-	-	(1,710)	-
Art Works and Antiques	-	-	-	-	960	-	960
<b>Cost at 31 March 2010</b>	<b>12,195</b>	<b>87,765</b>	<b>2,351</b>	<b>894</b>	<b>960</b>	<b>256</b>	<b>104,421</b>
Accumulated depreciation at 1 April 2009	-	12,325	2,084	794	-	-	15,203
Charge for year:	-	2,736	219	100	-	-	3,055
Disposals	-	(29)	(953)	(102)	-	-	(1,084)
Revaluation adjustments	-	(2,188)	-	-	-	-	(2,188)
<b>Accumulated depreciation at 31 March 2010</b>	<b>-</b>	<b>12,844</b>	<b>1,350</b>	<b>792</b>	<b>-</b>	<b>-</b>	<b>14,986</b>
Net Book Value at 31 March 2010	12,195	74,921	1,001	102	960	256	89,435
Net Book Value at 31 March 2009	14,435	85,826	748	122	-	1,710	102,841

Council	Land	Buildings	Equip & Vehicle	IT Equip	Under Construction	Total
	£000	£000	£000	£000	£000	£000
Cost at 1 April 2009	-	-	139	865	-	1,004
Additions	-	3,286	317	71	-	3,674
Gifted to The Sports Council Trust Company	-	(3,286)	(241)	-	-	(3,527)
Disposals	-	-	(56)	(103)	-	(159)
<b>Cost at 31 March 2010</b>	<b>-</b>	<b>-</b>	<b>159</b>	<b>833</b>	<b>-</b>	<b>992</b>
Accumulated depreciation at 1 April 2009	-	-	135	745	-	880
Charge for year	-	-	3	100	-	103
Disposals	-	-	(56)	(102)	-	(158)
<b>Accumulated depreciation at 31 March 2010</b>	<b>-</b>	<b>-</b>	<b>82</b>	<b>743</b>	<b>-</b>	<b>825</b>
Net Book Value at 31 March 2010	-	-	77	90	-	167
Net Book Value at 31 March 2009	-	-	4	120	-	124

## 11.1 Group

The English Sports Council and The English Sports Council Group owns all its assets and has no finance leases or PFI contracts.

The Net Book Value of land and buildings at 31 March 2011 includes an amount of £59,323,000 (2010: £58,596,000) in respect of freehold properties and £938,000 (2010: £28,520,000) in respect of leasehold properties. The historical cost of Land and Buildings at 31 March 2011 was £60,261,000 (2010: £87,116,000). The values for the net book values of leasehold properties and the historical cost of Land and

Buildings have decreased significantly in 2011 as a result of the transfer of Phoenix Sports Limited. Land and Buildings owned by subsidiary companies was valued by the Valuation Office Agency at 31 March 2011.

Art Works and Antiques: There is a collection of art works, furniture and fittings at Bisham Abbey dating from the 16th Century. The historical significance classifies the collection as Art Works and Antiques. The collection was valued for insurances purposes by Sotheby's at £959,700 as at 17 January 2008.

## 12 Intangible Assets

Intangible Assets comprise software licenses and the associated implementation costs:

Group	Total £000
Cost at 1 April 2010	2,426
Additions	92
<b>Cost at 31 March 2011</b>	<b>2,518</b>
Accumulated depreciation at 1 April 2010	2,171
Charge for Year	117
<b>Accumulated depreciation at 31 March 2011</b>	<b>2,288</b>
Net Book Value at 31 March 2011	230
Net Book Value at 31 March 2010	255
Council	Total £000
Cost at 1 April 2010	2,393
Additions	92
<b>Cost at 31 March 2011</b>	<b>2,485</b>
Accumulated depreciation at 1 April 2010	2,138
Charge for Year	117
<b>Accumulated depreciation at 31 March 2011</b>	<b>2,255</b>
Net Book Value at 31 March 2011	230
Net Book Value at 31 March 2010	255

## Year Ended 31 March 2010

Group	Total £000
Cost at 1 April 2009	2,415
Additions	206
Disposals	(195)
<b>Cost at 31 March 2010</b>	<b>2,426</b>
Accumulated depreciation at 1 April 2009	2,189
Charge for Year	177
Disposals	(195)
<b>Accumulated depreciation at 31 March 2010</b>	<b>2,171</b>
Net Book Value at 31 March 2010	255
Net Book Value at 31 March 2009	226
Council	Total £000
Cost at 1 April 2009	2,382
Additions	206
Disposals	(195)
<b>Cost at 31 March 2010</b>	<b>2,393</b>
Accumulated depreciation at 1 April 2009	2,156
Charge for Year	177
Disposals	(195)
Transfers	-
<b>Accumulated depreciation at 31 March 2010</b>	<b>2,138</b>
Net Book Value at 31 March 2010	255
Net Book Value at 31 March 2009	226

## 13 Financial assets

### 13.1 Listed Stocks and Securities

	Group		Council	
	2011 £000	2010 £000	2011 £000	2010 £000
Cost Balance at 1 April	650	650	-	-
Disposal	(650)	-	-	-
Additions	599	-	-	-
<b>Cost Balance at 31 March</b>	<b>599</b>	<b>650</b>	-	-
<u>Statement of financial position</u>				
Market Value at 1 April	599	440	-	-
Write up to Market Value	6	159	-	-
<b>Market Value at 31 March</b>	<b>605</b>	<b>599</b>	-	-

### 13.2 Group investments up to 31 March 2011 in subsidiary undertakings:

Company and Country of Incorporation	Financial Activity	Description & Proportion held by:
The Sports Council Trust Company (England and Wales)	Charitable Trust dedicated to the promotion of sport	English Sports Council (inc. nominee) 100% guarantor
Phoenix Sports Limited (England and Wales)	Sports Training Facility Development and Operation	English Sports Council (sole member) 100% guarantor
Caversham Lakes Trust Limited (England and Wales)	Rowing Training Facility Development	English Sports Council (sole member) 100% guarantor
National Sports Foundation Limited	This dormant company has now been struck off the Register at Companies House	

#### Phoenix Sports Limited

Phoenix Sports Limited (PSL) was transferred, out of government, to Sheffield City Trust on 31 March 2011. The Group Statement of Comprehensive Net Expenditure contains the operating expenditure and income for the year ended 31 March 2011. The Group Statement of Financial Position as at 31 March 2011 excludes all assets and liabilities as these were not held by The Group. The transfer of assets and liabilities was carried out at fair values.

The value of the investment held in the accounts of the Council for PSL was £nil therefore the transfer had no impact on the Council's accounts. Under accounting standards PSL constituted a disposal group for the purposes of the transfer and accordingly it was revalued at fair values less costs to transfer as set out in the table below. This valuation was undertaken by the Valuation Office Agency and resulted in an impairment of the disposal group to £nil. The revaluation reserve has sufficient balance to accommodate this impairment of £7.719m, so the charge has been recognised in the revaluation reserve in the group accounts. The transfer of the ownership of Phoenix Sports Limited had no impact on the going concern of The English Sports Council. The assets and liabilities at the date of transfer, following the impairment of the disposal group were:

As at 31 March 2011	£000
Tangible fixed assets (after impairment write down of £7.719m)	19,412
Deferred income liability	(19,412)

## 14 Trade and other receivables

	Group		Council	
	2011 £000	2010 £000	2011 £000	2010 £000
Trade Receivables	825	1,238	826	1,221
Other Receivables	604	1,168	604	1,167
Staff Loans	57	59	57	59
The Sports Council Trust Company	-	-	640	66
Caversham Lakes Trust Limited	-	-	1	-
Prepayments and Accrued Income	2,212	1,082	1,186	469
Balances with other Central Government Bodies:				
The English Sports Council	1,754	2,489	1,754	2,489
National Lottery Distribution Fund				
<b>All amounts fall due within one year</b>	<b>5,452</b>	<b>6,036</b>	<b>5,068</b>	<b>5,471</b>
Included in receivables are the following intra-government balances:				
Other central government bodies	1,944	2,765	831	2,831
Local authorities	217	44	233	173
Bodies external to government	3,291	3,227	4,004	2,467
	<b>5,452</b>	<b>6,036</b>	<b>5,068</b>	<b>5,471</b>

## 15 Trade and other payables

	Group		Council	
	2011 £000	2010 £000	2011 £000	2010 £000
Trade Payables	188	49	189	39
Corporation Tax	-	5	-	5
Accruals & Deferred Income	3,992	4,331	3,758	3,892
Other Payables	388	358	388	358
Caversham Lakes Trust Limited	-	-	-	1
Balances with other central government bodies:				
The English Sports Council	-	73	-	-
National Lottery Distribution Fund				
<b>All amounts falling due within one year</b>	<b>4,568</b>	<b>4,816</b>	<b>4,335</b>	<b>4,295</b>
Included in payables are the following Intra-government balances:				
Local authorities	10	1	10	1
Bodies external to government	3,888	4,813	4,295	4,292
	<b>4,568</b>	<b>4,816</b>	<b>4,335</b>	<b>4,295</b>

## 16 General reserve

	Group		Council	
	2011	2010	2011	2010
	£000	£000	£000	Restated £000
At 1 April	38,318	38,798	(2,659)	(176)
Net Operating Expenditure for year	(120,817)	(136,986)	(115,988)	(136,905)
Core Grant-In-Aid received towards resource expenditure	79,658	80,922	79,658	80,922
Capital Grant-In-Aid received towards capital expenditure	41,731	53,500	41,731	53,500
Other movements in subsidiary reserves	2,265	2,084	-	-
	<b>41,155</b>	<b>38,318</b>	<b>2,742</b>	<b>(2,659)</b>
Revenue Funds:				
National Anglers Council	6	6	-	-
Greater Manchester Fund	35	35	35	35
<b>Total General Reserve</b>	<b>41,196</b>	<b>38,359</b>	<b>2,777</b>	<b>(2,624)</b>

## 17 Pension reserve

	Group		Council	
	2011	2010	2011	2010
	£000	£000	£000	£000
Balance at 1 April	(19,308)	(11,808)	(19,308)	(11,808)
Movements in the Year	4,278	(7,500)	4,278	(7,500)
<b>Total Pension Reserve</b>	<b>(15,030)</b>	<b>(19,308)</b>	<b>(15,030)</b>	<b>(19,308)</b>

## 18 Pension liability

### 18.1 London Pension Fund Authority Scheme

The number of members of the London Pension Fund Authority Superannuation Scheme (LPFA) is set below in the employers membership statistics. This final salary scheme closed to new members on 30 September 2005. The English Sports Council is one of a large number of employers whose staff participate in the scheme, however the data given in this note relates just to the Council.

The pension scheme (460 English Sports Council) is a defined benefit type and it is funded by employees and employers at actuarially determined rates. Employer contributions for members of the Scheme amounted to £577,670 in 2011 (2010: £624,505). The Council made additional payments of £2,856,764 (2010: £2,610,403) to reduce the liability of the pension schemes. The Council is also a member of a second closed multi-employer scheme. This scheme (440 Sports Council) was closed after an earlier restructure of The Sports Council in 1997. The Council has included the whole of the amounts brought to account in relation to this closed scheme in its accounts; no

amount has been apportioned to Sport England Lottery.

#### IAS19 Calculation

The Scheme report apportions the assets and liabilities from the closed legacy multi-employer 440 Scheme into the employer's 460 Scheme.

The actuarial method used, calculates the net deficit or surplus as the difference between the present value of employees and employers future contributions together with the value of existing fund assets, and the present value of the benefit entitlements of existing members, pensioners and their dependents.

Following the advice of the consulting actuaries to the LPFA The English Sports Council's employer contribution (as a percentage of pensionable payroll) is 15% (2010:15%).

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

Employee Contribution rates for 2011 and 2010 are set out below

2011 salary range	2010 salary range	Contribution rate
Less than £12,600	Less than £12,600	5.5%
£12,601-£14,700	£12,601-£14,700	5.8%
£14,701-£18,900	£14,701-£18,900	5.9%
£18,901-£31,500	£18,901-£31,500	6.5%
£31,501-£42,000	£31,501-£42,000	6.8%
£42,001-£78,700	£42,001-£78,700	7.2%
More than £78,700	More than £78,700	7.5%

The employer contribution rate for 2012 has been increased to 16.6%.

These estimated figures which have been provided by the LPFA's consulting actuaries relates to Sport England as a whole. International Accounting Standard 19 'Employees Benefits' requires the disclosure of the following additional information, in respect of the council superannuation scheme.

The independent actuary's valuation at 31 March 2011 for the purpose of IAS19, estimates a net pension liability of £30,945,000 (2010: £52,187,000).

The IAS19 valuation is for Sport England as a whole, the actuaries have not made separate valuations for the Sport England Exchequer liabilities or the Sport England Lottery Liabilities. The apportionment of the liability between Exchequer and Lottery is set out in the accounting policies. The apportionment calculation of the net pension liability as at 31 March 2011 gives a liability for Exchequer of £13,695,000 (2010: £22,205,000).

Employer membership statistics			
Number of people as at	Mar 2010	Feb 2010	Feb 2009
Actives	90	94	142
Deferred Pensioners	409	411	393
Pensioners	148	148	128
<b>Total</b>	<b>647</b>	<b>653</b>	<b>663</b>

Statement of Financial Position Disclosure as at 31 March 2011			
Year Ended 31 March	2011	2010	2009
	£000	£000	£000
Present Value of Funded Liabilities	(85,089)	(104,596)	(68,605)
Fair Value of Employer Assets	60,739	57,949	44,386
Present Value of Unfunded Liabilities	(6,595)	(5,540)	(6,357)
Unrecognised Past Service Cost	-	-	-
<b>Net Liability in Statement of Financial Position</b>	<b>(30,945)</b>	<b>(52,187)</b>	<b>(30,576)</b>
Amount in the Statement of Financial Position			
Liabilities	30,945	52,187	30,576
Assets	-	-	-
<b>Net (Liability)</b>	<b>(30,945)</b>	<b>(52,187)</b>	<b>(30,576)</b>



Analysis of amounts recognised in the Net Expenditure Account, are as follows:

Year Ended 31 March	2011 £000	2010 £000	2009 £000
Current Service Costs	932	352	600
Interest on obligation	5,754	5,081	5,368
Expected return on employer assets	(3,837)	(2,857)	(3,874)
Past service cost	(13,531)	-	344
Losses on curtailments and settlements	-	517	503
<b>Total</b>	<b>(10,682)</b>	<b>3,093</b>	<b>2,941</b>
Actual returns on Plan Assets	4,018	13,035	(11,570)

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

Year Ended 31 March	2011 £000	2010 £000	2009 £000
<b>Opening Defined Benefit Obligation</b>	<b>110,136</b>	<b>74,962</b>	<b>78,095</b>
Service Cost	932	352	600
Interest Cost	5,754	5,081	5,368
Contributions by members	253	304	415
Actuarial (gains)/losses	(8,887)	32,284	(7,885)
Past services (gains)/losses	(13,531)	-	344
Losses on curtailments and settlements	-	517	503
Estimated unfunded benefits paid	(387)	(281)	(274)
Estimated benefits paid	(2,586)	(3,083)	(2,204)
<b>Closing Defined Benefit Obligation</b>	<b>91,684</b>	<b>110,136</b>	<b>74,962</b>

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

Year Ended 31 March	2011 £000	2010 £000	2009 £000
<b>Opening Fair Value of Employer Assets</b>	<b>57,949</b>	<b>44,386</b>	<b>54,536</b>
Expected returns on assets	3,837	2,857	3,874
Contributions by members	253	304	415
Contributions by the employer	3,539	3,589	3,419
Contributions in respect of unfunded benefits	Inc above	Inc above	274
Actuarial (losses)/gains	(1,866)	10,177	(15,654)
Estimated unfunded benefits paid	Inc below	(281)	(274)
Estimates benefits paid	(2,973)	(3,083)	(2,204)
<b>Closing Fair Value of Employer Assets</b>	<b>60,739</b>	<b>57,949</b>	<b>44,386</b>

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

Year Ended 31 March	2011	2010	2009
Assets			
Equities	69%	70%	57%
Target return funds	12%	10%	10%
Alternative assets	14%	14%	25%
Cash	3%	5%	8%
Corporate Bonds	2%	1%	-

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

Assumptions as at 31 March	2011	2010	2009
	% per annum	% per annum	% per annum
Price Increases - RPI	3.5%	3.9%	3.1%
Price Increases - CPI	2.7%	n/a	n/a
Salary Increase	4.5%	5.4%	4.6%
Pension Increase	2.7%	3.9%	3.1%
Expected Return in assets	6.7%	6.8%	6.4%
Discount Rate	5.5%	5.5%	6.9%

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

Year Ended 31 March	2011	2010	2009	2008	2007
	£000	£000	£000	£000	£000
Fair value of employer assets	60,739	57,949	44,386	54,536	54,378
Present value of defined obligation	(91,684)	(110,136)	(74,962)	(78,095)	(86,746)
<b>(Deficit)</b>	<b>(30,945)</b>	<b>(52,187)</b>	<b>(30,576)</b>	<b>(23,559)</b>	<b>(32,368)</b>
Experience gains/(losses) on assets	180	10,177	(15,654)	(5,127)	-
Experience gains on liabilities	5,766	2,282	175	159	-

These estimated figures, which have been provided by the LPFA's consulting actuaries, relate to Sport England as a whole. Unlike the actuarial method of Pension Fund Valuation, IAS19 disclosures do not take into account employees' and employer's future contributions.

## 18.2 Scottish Equitable, Group Stakeholder Pension Scheme

From 1 October 2005 Sport England operates a Group Stakeholder Pension Scheme (GSPS) with AEGON Scottish Equitable which includes death in service life assurance cover of two times the annual salary for staff commencing after this date. Colleagues choose the level of contribution into the personal Stakeholder Pension fund and this is matched by Sport England contributions using the following formulae:

- Colleague contributes 3%, Sport England contributes 3%
- Colleague contributes 4%, Sport England contributes 5%
- Colleague contributes 5%, Sport England contributes 8%
- Colleague contributes 6.5%, Sport England contributes 11%

Employer contributions for staff members of this scheme for the same year ended 31 March 2011 were £508,989 (2010: £615,245).

There were no amounts outstanding or pre-paid at 31 March 2011 (2010: £ nil)

## 19 Provisions

Full provision for the restructuring costs and the probable cost of dilapidations payable at the end of a property lease is made in the accounts in the year in which it is decided by the Sport England Executive Group. In respect of dilapidations, this is the decision whether to renew the lease.

	Group		Council	
	2011 £000	2010 £000	2011 £000	2010 £000
Balance at 1 April	-	69	-	69
Provided / (released) during the year	282	(69)	282	(69)
<b>Balance at 31 March</b>	<b>282</b>	<b>-</b>	<b>282</b>	<b>-</b>

## 20 Contingent liabilities

### Contributions towards property, plant and equipment

In 1979, the Football Association (FA) contributed £500,000 towards the construction of a hostel at Lilleshall National Sports Centre. A management agreement with the FA was entered into by the Group 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 the Group were to terminate the agreement at any time before 2039, then a proportion of the £500,000 would fall due to be repaid to the FA calculated by the reference to effluxion of time. The Directors consider it unlikely that the agreement will be terminated by the Group.

## Lease commitments

The charitable subsidiary, The Sports Council Trust Company owns the head lease for premises at various locations across England. Common to the leases is the requirement to hand-back the premises at the end of the lease period in a good condition. In substance, this may obligate the charity to incur future expenditure on returning the premises to its pre-occupied condition. Currently, no provisions have been made in the accounts for these costs due to the uncertainty in the timing and value of the expenditure. A full provision will be made in the year in which it is decided not to renew the lease.

## 21 Capital commitment

The Group had contractual commitments for capital works amounting to £nil as at 31 March 2011 (2010: £52,000). This amount has not been provided in these financial statements.

## 22 Grant commitments

	Group		Council	
	2011 £000	2010 £000	2011 £000	2010 £000
Grants Outstanding	(2,394)	(5,677)	(2,394)	(5,677)
Deferred Grants	-	750	-	750
<b>Net Grant Outstanding as per Statement of Financial Position</b>	<b>(2,394)</b>	<b>(4,927)</b>	<b>(2,394)</b>	<b>(4,927)</b>
Included within grant commitments are the following intra government balances:				
Local Authorities	675	1,995	675	1,995
Bodies external to government	1,719	3,682	1,719	3,682
<b>Grants outstanding</b>	<b>2,394</b>	<b>5,677</b>	<b>2,394</b>	<b>5,677</b>

On the undertaking that funds are to be provided by DCMS, Sport England entered into commitments to pay grants amounting to £47,624,000 for 2011-12 (2011: £77,052,000). These commitments at 31 March 2011 have not yet been recognised in the Comprehensive Net Expenditure Statement or the Statement of Financial Position.

## 23 National Centres Reserve

	Group		Council	
	2011 £000	2010 £000	2011 £000	2010 £000
Balance at 1 April	34	34	34	34
Transfer from Reserve	-	-	-	-
<b>Balance at 31 March</b>	<b>34</b>	<b>34</b>	<b>34</b>	<b>34</b>

In the 2003-04 year this reserve was established for expected major repairs in relation to Crystal Palace National Sports Centre. It was agreed as part of Sport England's arrangement with Greater London Authority and London Borough of Bromley that Sport England would attend to any major repairs necessary, prior to Greater London Authority taking over the operation of the site.

## 24 Revaluation reserves

	Group	
	2011 £000	2010 £000
Land and Buildings		
Balance at 1 April	12,169	26,046
Surplus/(deficit) owing to revaluation of properties	6,119	(13,357)
Revaluation adjustment	-	(9)
Amortisation of revaluation reserve to income and expenditure account	(189)	(511)
Impairment arising from transfer of PSL ownership	(7,719)	-
<b>Balance at 31 March</b>	<b>10,380</b>	<b>12,169</b>

## 25 Deferred grant reserve

	Group	
	2011 £000	2010 £000
Balance at 1 April	36,942	38,379
Grant received	767	690
Grant released to revenue reserve	(1,854)	(1,570)
Charity assets revaluation and depreciation	(2,107)	(557)
Reduction arising from transfer of PSL ownership	(19,412)	-
<b>Balance at 31 March</b>	<b>14,336</b>	<b>36,942</b>

## 26 Reconciliation of net cash (outflow)/inflow to movement in net debt

	Group		Council	
	2011	2010	2011	2010
	£000	£000	£000	£000
Cash (outflow) in the year	(1,005)	(8,732)	(878)	(8,559)
Opening net Funds 1 April	3,819	12,551	3,636	12,195
<b>Closing net funds at 31 March</b>	<b>2,814</b>	<b>3,819</b>	<b>2,758</b>	<b>3,636</b>

## 27 Reconciliation of net operating expenditure to net cash (outflow) / inflow from operating activities

	Group		Council	
	2011	2010	2011	2010
	£000	£000	£000	Restated £000
Net operating expenditure	(120,970)	(138,094)	(116,134)	(136,329)
Depreciation of property, plant & equip	3,249	3,232	169	281
Notional interest on capital employed	-	1,022	-	(592)
Disposal of property, plant & equipment	2	42	(1)	-
Finance (Credit)/Charge	(4,232)	1,238	(4,232)	1,238
Loss on revaluation	5,085	1,641	-	-
Decrease/(increase) in receivables	584	(2,250)	403	(2,346)
Decrease in prepaid grants	-	95	-	95
(Decrease)/increase in grants outstanding	(2,533)	415	(2,533)	415
(Decrease)/Increase in payables	(248)	(5,575)	40	(5,338)
(Decrease) in provisions	282	(69)	282	(69)
(Decrease) in deferred grants received/released	(684)	(880)	-	-
(Decrease)/Increase in other reserves	(38)	(41)	-	-
Repayment of restricted fund	-	(5)	-	-
Assets gifted to subsidiaries	-	-	1,991	3,527
PSL asset adjustment	(402)	-	-	-
Taxation	130	50	130	(3)
<b>Net Cash (Outflow) from Operating Activities</b>	<b>(119,775)</b>	<b>(139,179)</b>	<b>(119,885)</b>	<b>(139,121)</b>

## 28 Prior Year Restatement

Following a review of the accounting treatment of the gifting of assets to subsidiaries it has been necessary to restate the following amounts for The Council included in the statement of comprehensive net expenditure, statement of changes in

taxpayers' equity, General Reserves note, and the cash flow reconciliation note of net operating expenditure to net cash outflow from operating activities, as at 31 March 2010.

	Council	
	Previously Reported £000	Restated £000
<b>Statement of comprehensive net expenditure</b>		
Assets gifted to subsidiaries	-	3,527
Net operating expenditure for the year	133,378	136,905
<b>Statement of taxpayers' equity</b>		
Net operating expenditure for the year	133,378	136,905
Assets gifted to The Sports Council Trust Company	3,527	-
<b>General reserve note</b>		
Assets gifted to The Sports Council Trust Company	3,527	-
<b>Cash flow reconciliation note</b>		
Net operating expenditure	132,802	136,329
Assets gifted to subsidiaries	-	3,527

## 29 Related party transactions

Both the Department for Culture, Media and Sport as the sponsoring department, and The English Sports Council's subsidiary companies are deemed to be related parties of The English Sports Council. The English Sports Council had material transactions with all parties. None of the Council Members or key managerial staff have undertaken any material transactions with The English Sports Council during the year.

Council Members and senior executive staff maintain publicly available, registers of

interest, and declare any direct interest in grant applications made to Sport England and any direct commercial relationships with the Council. If any member has an interest in an application, they exclude themselves from the relevant grant appraisal, discussion and decision processes within the Council. The following related party transactions occurred during the year in respect of Council Members and key managerial staff, and include both The English Sports Council and National Lottery Distribution Fund transactions.

	Awards 2011 £	Supplier Transactions £	Balances Remaining £
The Sports Council Trust Company (Subsidiary company of The English Sports Council)	-	2,628,731	610,256
Richard Lewis (Chairman)			
Lawn Tennis Association (member)	7,273,536	-	4,114,269
Rugby Football League (employment)	1,323,678	56,875	889,873
Nick Bitel (Board Member)			
Rugby Football Union (solicitor)	5,624,197	4,140	4,064,874
England and Wales Cricket Board (other)	10,576,920	-	6,119,954
Lawn Tennis Association (other)	7,273,536	-	4,114,269
Clare Connor (Board Member)			
England and Wales Cricket Board (member)	10,576,920	-	6,119,954
Sussex County Cricket Club (member)	34,000	-	-
Sussex Women's Cricket Association (member)	8,875	-	-
Phil Lemanski (Board Member)			
Deloitte and Touche (retired Partner)	-	141,049	-
Hanif Malik (Board Member)			
Rugby Football Union (other)	5,624,197	4,140	4,064,874
Hamara Healthy Living Centre (other)	41,025	-	-
Sadie Mason (Board Member)			
England Basketball (other)	1,825,000	4,000	23,750
Sussex County Sports Partnership Trust (employment)	1,466,470	4,000	1,166,524
Peter Rowley (Board Member)			
University of Teesside (Governor)	417,471	12,412	200,000
Peter Stybelski (Board Member)			
Bolton Lads and Girls Club (Bolton CSN) (employee)	22,646	-	-
Martin Thomas (Board Member)			
Commonwealth Games Council for England (non-Executive Director)	786,199	1,998	55,160
Jennie Price (Chief Executive Officer)			
Goodform Limited (other)	-	94	-
British Fencing Association (other)			
The Leisure Database Company (family member)	246,833	-	144,551
	-	702,316	-
Rona Chester (Chief Operating Officer)			
Lawn Tennis Association (member)	7,273,536	-	4,114,269
England Squash (member)	1,007,669	-	816,890
Lisa O'Keefe (Director of National Sport – joint)			
British Mountaineering Council (member)			



	Awards 2011 £	Supplier Transactions £	Balances Remaining £
Wooden Spoon (member)	74,902	-	28,484
	50,000	-	-
Joanna Robinson (Director of Regional Sport seconded out)			
Commonwealth Games Council for England (employment)	786,199	1,998	55,160
Phil Smith ((Director of National Sport – joint)			
Football Foundation (Management Board)	12,000,000	-	-
Sports Coach UK (Management Board representing Sport England as Corporate Director)	4,218,720	3,050	2,850,000
James Buller (Head of Shared Service Centre)			
PMP Consultancy (previous employment)	-	80,984	-

### 30 Derivatives and other financial instruments

The English Sports Council relies mainly on Parliamentary voted 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.

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

The English Sport Council Group does not hold, in one of its subsidiary companies, a financial instrument. These relate to financial instruments listed in the United Kingdom. The return from investments is not material and therefore The English Sport Council is not exposed to significant market risk. The subsidiary company board regularly undertakes reviews to mitigate the risks of performance of this instrument.

### 31 Post financial Year-end events

The Annual Report and Accounts was authorised for issue on 14 July 2011.

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

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

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

disclose and explain any material departures in the financial statements and

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

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

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

Jennie Price

Chief Executive and Accounting Officer  
of The English Sports Council

24 June 2011

Richard Lewis

Chair of The English Sports  
Council

24 June 2011

# Statement on internal control

## 1. Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of Sport England's policies, aims and objectives, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in "Managing Public Money" and for ensuring compliance with the requirements of Sport England's Financial Memorandum and Management Statement, Dear Accounting Officer letters and Financial Directions.

Sport England's Main Board acknowledges its responsibility for the funds and assets of Sport England and for maintaining a sound system of internal control. It is advised by the Audit, Risk and Governance Committee.

Sport England is a Non-Departmental Public Body sponsored by DCMS. Regular meetings are held between members of my Executive Group and other key staff with our sponsor department. On a quarterly basis formal meetings are held when the strategic risk register, quarterly performance report and management accounts are provided to DCMS following Board approval. A senior DCMS official also attends Main Board meetings as an observer. Both I, and the Chair, meet with Ministers during the year to discuss issues that relate to delivery of Sport England's strategy.

## 2. The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Sport England's

policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in Sport England for the year ended 31 March 2011 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

## 3. Capacity to handle risk

As Accounting Officer I am personally responsible for ensuring Sport England has an effective risk management process. We have a documented risk management strategy that follows Treasury's Orange Book guidance on risk management and outlines the key principles underpinning our approach to the management of risk. Each strategic and significant operational risk is managed by a member of the Executive Group.

The strategic risk register and Sport England's risk register relating to the Combination Project are presented to Audit, Risk and Governance Committee meetings and to the Sport England Main Board. Audit, Risk and Governance Committee has also reviewed the Olympic Legacy Programme register and a sample of operational risk registers.

Staff are equipped to manage risks in a number of ways including through:

- Inclusion of risk identification and assessment sections in papers presented to Project Committee which approves all awards between £500k and £2m;
- Formal identification and assessment of risks for each award assessed by grants management staff within the Corporate Service Directorate as part of the awards assessment process;

- In the Sport Directorate, training in risk particularly for the NGB Relationship Managers which was a focus in 2010-11;
- Risk training workshops for grants management staff and facilitated risk sessions with other teams;
- The establishment of a cross-directorate risk group to better integrate understanding and management of strategic and operational risk across the organisation.

## 4. The risk and control framework

Executive Group regularly identified and evaluated key risks to the delivery of Sport England's strategy. Strategic risks, together with existing controls and planned actions to manage risks, are recorded in the strategic risk register. Separate registers owned by Executive Group cover the Olympic Legacy Programme and the planned combination with UK Sport.

A cyclical approach to review of the strategic risk register and Sport England's risk register relating to the Combination Project by Executive Group, Audit, Risk & Governance Committee and then by Board operated during the year.

Audit, Risk & Governance Committee scrutinises risks, risk assessments and controls and actively challenges management to deliver planned actions to mitigate key risks identified. Where Members consider that specific key risks require more immediate action to reduce the residual risk assessment through more immediate implementation of planned actions, this is communicated to management and appropriate action taken with reporting of outcomes to the next Committee meeting.

In December 2010 the Main Board held a risk workshop. The purpose of the workshop was to allow the Board to consider Sport England's risk profile and the Board's risk appetite collectively. The risk profile discussions resulted in reconfiguration of the

strategic risk register and Sport England's risk register relating to the Combination Project with similar risks collated and risks grouped thematically rather than by directorate into 'core delivery' and 'core operational' risks. Contextual risks are now separated out to clearly distinguish between those risks Sport England can directly influence or control and those it cannot. Risk appetite discussions led to formal approval by the Board of their risk appetite statement early in 2011-12. The statement balances the Board's desire for a strong control framework with a culture of openness and transparency and is set out below.

"Sport England, as a custodian of public funds, operates within a framework of strong governance and internal control. The Board, Executive and all colleagues must be aware when risks are taken and management must ensure that adequate controls are in place to manage risks. There should be open discussion of any actual errors or mistakes or near misses so that the organisation can reflect upon and share any learning. The Board encourages an open, honest, self-aware culture in relation to risk.

Sport England's Board has defined its risk appetite as 'medium'. The Board considers that Sport England's remit is such that it has to be innovative (more so than other landscape partners) so that it can be aspirational for sport but always within a framework of strong governance and control."

The most significant risks in the strategic risk register at 31 March were:

- Reduced capacity within local authorities and the voluntary sector to support delivery of community sport to support Sport England objectives;
- Where local authorities close the wrong centres to mitigate spending cuts this will have an adverse effect on sporting outcomes;
- Failure to meet Sport England's organisational targets, especially on growing participation; and
- Failure of the NGBs to deliver their contractually agreed outcomes.

Assurance work highlighted that Sport England is reliant on a single supplier to support development of our business critical Grants Management System. This needs to be actively considered as part of the proposed combination with UK Sport.

All Executive Group members are required to provide me with an assurance that proper and reasonable internal controls have been operated effectively over the accounting period and that proper standards of conduct have been maintained. This signed assurance process has applied to all members of Executive in 2010-11, including those in post for part of the financial year only.

Controls are in place for all NGB and National Partner funding investments to ensure that public money is correctly accounted for and payments are suspended where any concerns exist. Funding to one sport was temporarily suspended pending a special investigation and later switched to monthly payments signed off by me. Payments to two other sports were also suspended.

During the year a process for de-committing funds from sports who are under-performing in terms of participation was developed, and in February 2011 £1.2m was de-committed from the award made to England Basketball. Further work is underway to better scrutinise value for money in relation to both NGBs and National Partners. NGB and National Partner governance is regularly reviewed by the Audit, Risk and Governance Committee.

In December 2009 an independent investigation was conducted by Timothy Dutton QC into the creation and operation of arrangements known as the World Class Payments Bureau (the Dutton report). A project was established jointly with UK Sport to cover the sports governance recommendations.

The project has specifically looked at:

- Refreshing the NGB recognition process;

- Ensuring that Sport England and UK Sport's respective governance roles and responsibilities are clear;
- Setting out our Standards for Core Funded Bodies and providing support both to them through our 'Things to Think About' tool; and
- Reviewing current systems and processes in relation to governance compliance and financial control.

The recommendation within the Dutton report for a joint standing committee for NGBs to turn to for advice and approval of governance bodies (a Sports Governance Committee) has to some extent been superseded by the announcement of a combination between Sport England and UK Sport but is being considered as part of the Dutton project in partnership with UK Sport.

In January 2010 an Information Risk and Governance project was initiated with the aim of improving the way Sport England creates processes and stores its records and information. As part of this project there was a drive to achieve compliance with governmental Information Governance (IG) requirements and to address concerns raised about Sport England's IG in the Dutton Report.

The work carried out has helped to address the Dutton Report recommendations on records management and helped Sport England demonstrate compliance with all relevant legislation and regulations. A number of key IG policies, guidance notes and activities were issued and completed in 2010-11. Executive Group agreed to the formation of an Information Governance Committee and the appointment of a number of officers to be Information Assets Owners with respect to information systems containing sensitive and/or personal information.

Overall I am satisfied that adequate controls are in place to mitigate IG risks and that processes are being continuously improved in order to implement full compliance with the

mandatory requirements of the Cabinet Office HMG Security Policy Framework. There were no reported Data Protection Act breaches or other incidents which seriously compromised the security of Sport England's information.

## 5. Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the Executive Directors who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board and the Audit, Risk and Governance Committee, and a plan to ensure continuous improvement of the system is in place. My review has been informed by advice from the following sources:

- The Main Board – All Board members are appointed by the Secretary of State for Culture, Olympics, Media and Sport. The Board met 6 times this year to consider Sport England's strategy and performance and to assess investment decisions.
- The Audit, Risk and Governance Committee – This now comprises three Board members, one of whom is Chair, and two additional non-executive members who have been selected for their expertise in this field. The Committee met five times this year with both Internal and External Auditors present, to receive and respond to reports, to consider and advise me on the appropriateness of our corporate governance, risk management and internal control arrangements and to review the financial statements prior to submission to the Main Board.
- The Project Committee – This comprises four Main Board members, the Chief Executive (in whose absence the COO deputises) and an additional non-executive member. It is chaired by a member of the Main Board. It is responsible for making funding decisions on awards of up to £2m.
- The Finance Committee – This comprises three Main Board members. The Committee has been set up to assist the Board in monitoring the financial performance of Sport England, its subsidiaries and to ensure that strong support and challenge is provided to the Executive Finance function. The Committee meets three weeks before Board meetings and presents written reports to the Board.
- The Terms and Remuneration Committee – This comprises four Main Board members as is chaired by the Main Board Chair. The Committee met once during the year.
- The Executive Group – I meet regularly with my Executive Group to manage operational and strategic issues, risks, plans and objectives. Each of my Executive Directors was required to provide me with an assurance that proper and reasonable internal controls operated effectively and that proper standards of conduct had been maintained during 2010-11.
- Senior Information Risk Owner – The SIRO provides written advice to me to support the content of this statement in regard to information risk.
- Internal Audit – The Head of Internal Audit, supported by an outsourced IA team, provides an objective evaluation of, and opinion on, the overall adequacy and effectiveness of Sport England's framework of governance, risk management and control in line

with Treasury requirements. Internal Audits are carried out throughout the financial year in accordance with a programme agreed by the Audit, Risk and Governance Committee.

- External Audit – The external auditors provide comments on internal control in their management letters and other reports.

A number of other sources of independent assurance were in place during the 2010-11 financial year. These included:

- Independently assessed self-assurance returns from all NGBs and funded partners in receipt of 09-13 funding as well as on-site audits for a sample of bodies funded through the 09-13 programme;

- OGC Gateway review on the National Centres Procurement process and related scrutiny of the process by the DCMS Investment Committee;
- A Sport England/NGB jointly commissioned special investigation report carried out by independent auditors into complaints received by Sport England about an NGB;
- An NAO review of the Oversight of the National Governing Bodies; and
- Legal advice and guidance on the recommitments process.

## **6. Significant internal control issues:**

There are no significant internal control issues to report.

Jennie Price

Chief Executive and Accounting Officer  
of The English Sports Council

24 June 2011

Richard Lewis

Chair of The English Sports  
Council

24 June 2011

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

The English Sports Council National Lottery Distribution Fund Financial Statements for the year ended 31 March 2011

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

I certify that I have audited the financial statements of the English Sports Council National Lottery Distribution Fund for the year ended 31 March 2011 under the National Lottery etc. Act 1993. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Council, Chief Executive and auditor

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

Auditing Practices Board's Ethical Standards for Auditors.

### Scope of the Audit of the Financial Statements

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

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income 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.

### Opinion on regularity

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



## Opinion on financial statements

### In my opinion:

- the financial statements give a true and fair view of the state of the English Sports Council National Lottery Distribution Fund's affairs as at 31 March 2011 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 other matters

### In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the National Lottery etc. Act 1993; and
- the information given in the Corporate structure and Finance report sections of the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which I report by exception

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

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

## Report

I have no observations to make on these financial statements.

Amyas C E Morse  
Comptroller and Auditor General  
National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP  
Date 7 July 2011

## Statement of comprehensive net expenditure

	Note	2011 £000	2010 £000
<b>EXPENDITURE</b>			
Grant commitments made in the year	2	71,372	260,446
Grant de-commitments occurring in year	2	(4,334)	(1,796)
Staff costs	3	8,024	8,024
Sport development costs	4	3,806	3,829
Other operating costs	5	3,613	4,514
Pension (credit) / charge IAS19	6	(6,450)	1,855
		<b>76,031</b>	<b>276,872</b>
<b>INCOME</b>			
Share of proceeds from the National Lottery	7	132,887	126,084
Investment returns from the National Lottery	7	1,543	850
Bank interest receivable		5	8
Grant recoveries	8	161	1,456
		<b>134,596</b>	<b>128,398</b>
<b>Net Income / (Expenditure) before Taxation</b>		<b>58,565</b>	<b>(148,474)</b>
Taxation	9	409	(2)
<b>Net Income / (Expenditure) for the Year</b>		<b>58,974</b>	<b>(148,476)</b>

Other Comprehensive Expenditure			
		2011 £000	2010 £000
Net Income / (Expenditure) for the Year		58,974	(148,476)
Actuarial gain /(loss) on pension scheme		4,162	(13,176)
<b>Total Comprehensive Income / (Expenditure) for the Year</b>		<b>63,136</b>	<b>(161,652)</b>

All Income and Expenditure relates to continuing activities  
The notes on pages 90 to 109 form part of these financial statements

# Statement of financial position

	Note	2011 £000	2010 £000
<b><u>CURRENT ASSETS</u></b>			
Financial assets	7	183,307	187,077
Trade and other receivables	11	71	320
Cash and cash equivalents		267	440
<b>Total Current Assets</b>		<b>183,645</b>	<b>187,837</b>
<b><u>NON CURRENT ASSETS</u></b>			
Trade and other receivables over one year	11	435	574
<b>Total Non Current Assets</b>		<b>435</b>	<b>574</b>
<b>Total Assets</b>		<b>184,080</b>	<b>188,411</b>
<b><u>CURRENT LIABILITIES</u></b>			
Trade and other payables	12	1,755	2,664
Hard grant commitments	14	127,963	114,777
<b>Total Current Liabilities</b>		<b>129,718</b>	<b>117,441</b>
<b>Total Assets less current liabilities</b>		<b>54,362</b>	<b>70,970</b>
<b><u>NON CURRENT LIABILITIES</u></b>			
Pension liabilities	13	17,250	29,982
Hard grant commitments	14	86,332	155,464
<b>Total Non Current Liabilities</b>		<b>103,582</b>	<b>185,446</b>
<b>Assets less Liabilities</b>		<b>(49,220)</b>	<b>(114,476)</b>
<b><u>EQUITY</u></b>			
General reserve	16	(30,325)	(89,299)
Pension reserve	16	(18,895)	(25,177)
<b>Total Equity</b>		<b>(49,220)</b>	<b>(114,476)</b>

The notes on pages 90 to 109 form part of these financial statements

Jennie Price

Chief Executive and Accounting Officer  
of The English Sports Council

24 June 2011

Richard Lewis

Chair of The English Sports  
Council

24 June 2011

## Statement of cash flows

	Note	2011 £000	2010 £000
<b><u>Cash Flows from Operating Activities</u></b>			
Cash drawn down from NLDF	7	138,200	121,000
Other Income		549	1,073
Awards payments	14	(122,984)	(110,278)
Staff Costs	3	(8,024)	(8,024)
Sports Development Costs	4	(3,806)	(3,829)
Other Operating Costs		(4,522)	(2,002)
Corporation Tax Paid	9	409	(2)
<b>Net Cash (Outflow) from operating activities</b>	<b>17</b>	<b>(178)</b>	<b>(2,062)</b>
<b><u>Cash Flows from Investing Activities</u></b>			
Interest Received		5	8
<b>Net Cash (Outflow)</b>	<b>19</b>	<b>(173)</b>	<b>(2,054)</b>

The notes on pages 90 to 109 form part of these financial statements

## Statement of changes in equity

	Note	Pension Reserve £000	General Reserve £000	Total £000
Balance at 1 April 2009		(14,159)	59,177	45,018
Changes in Equity for 2010				
Comprehensive Income for the year		-	(148,476)	(148,476)
Movements in Pension reserve	16	(11,018)	-	(11,018)
<b>Total recognised Income and Expenditure for 2010</b>		<b>(11,018)</b>	<b>(148,476)</b>	<b>(159,494)</b>
<b>Balances at 31 March 2010</b>		<b>(25,177)</b>	<b>(89,299)</b>	<b>(114,476)</b>
Changes in Equity for 2011				
Net Expenditure for the year		-	58,974	58,974
Movements in Pension reserve	16	6,282	-	6,282
<b>Total recognised Income and Expenditure for 2011</b>		<b>6,282</b>	<b>58,974</b>	<b>65,256</b>
<b>Balance at 31 March 2011</b>		<b>(18,895)</b>	<b>(30,325)</b>	<b>(49,220)</b>

The notes on pages 90 to 109 form part of these financial statements

# Notes to the financial statements

## 1 Accounting policies

These financial statements have been prepared in accordance with the National Lottery etc. Act 1993 (as amended) and directions issued thereunder by the Secretary of State for Culture, Olympics, Media and Sport with the consent of HM Treasury and the 2010-11 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be the most appropriate for the particular circumstances of The English Sports Council National Lottery Distribution Fund for the purpose of giving a true and fair view has been selected. The particular policies adopted by The English Sports Council National Lottery Distribution Fund are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

### 1.1 Accounting convention

The Accounts have been prepared on a going concern basis under the historical cost convention. Without limiting the information given, the accounts meet the requirements of the Companies Act 2006, the Accounting Standards issued or adopted by the Accounting Standards Board, the HM Treasury guidance on the accounts of Non-Departmental Public Bodies and the National Lottery etc. Act 1993 (as amended) insofar as those requirements are appropriate to The English Sports Council National Lottery Distribution Fund.

The Accounts have been prepared under the accruals basis and all income and

expenditure on operating costs are taken into account in the financial period to which it relates. Awards are accounted for on a commitment basis (see 1.2 below).

In compliance with Section 35 of the National Lottery etc. Act 1993, the accounts cover the year to 31 March 2011. Comparative figures are shown for the year ended 31 March 2010.

Separate accounts have been prepared for The English Sports Council activities funded from Grant-in-Aid, in accordance with the instructions issued by the Secretary of State for Culture, Olympics, Media and Sport. Consolidated accounts have not been prepared. These accounts following are entirely separate from The English Sports Council Exchequer Accounts.

### 1.2 Hard and soft commitments

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

1.2.1 a 'hard commitment' occurs when a firm offer of award has been made by the Council and this offer has been accepted, together with any conditions upon which the award has been made; and

1.2.2 a 'soft commitment' occurs where there is agreement in principle by the Council to fund a scheme but the offer and associated conditions have not yet been accepted.

Only 'hard commitments' are recognised in the Statement of Comprehensive Net Expenditure and are shown in Note 14. 'Soft commitments' are detailed in Note 15.

## 1.3 Receipts from the National Lottery Distribution Fund

Funds are received from the National Lottery operator into a centrally maintained fund, the National Lottery Distribution Fund, which is managed by the Commissioners for the repayment of National Debt. A proportion of the National Lottery Distribution Fund is available for distribution by The English Sports Council in respect of current and future commitments. Funds are withdrawn from the National Lottery Distribution Fund into the bank account of The English Sports Council National Lottery Distribution Fund in order to meet payments falling due to suppliers, award recipients and other costs.

Capital sums are distributed in accordance with the provision of the National Lottery etc. Act 1993 (as amended). Interest earned on the sums invested is apportioned to each of the Lottery Distributors on the basis of their percentage share of the total remaining National Lottery Distribution Fund at the time the interest is received.

## 1.4 Apportionment of operating costs

The English Sports Council is required to attribute the costs of overheads between its Grant-In-Aid and National Lottery Distribution Fund activities. The attribution of these costs is determined in accordance with a time recording system which splits the time spent by staff between Grant-In-Aid and National Lottery Distributions Fund activities. In all cases the charges have been calculated on a full cost recovery basis in accordance with HM Treasury's "Managing Public Money". The costs so apportioned to the National Lottery Distribution Fund activities will be reimbursed from the National Lottery Distribution Fund to the Grant-In-Aid account. The National Lottery Fund bears its full share of costs properly attributable to the fund.

## 1.5 Pensions

The pension liabilities and assets of the defined benefit scheme are recorded in line with IAS19, with a valuation undertaken by an independent actuary. IAS19 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 scheme assets and liabilities. The benefits accrued are used to determine the pension charge in the Statement of Comprehensive Net Expenditure and the interest on scheme assets and liabilities is shown in the Statement of Comprehensive Net Expenditure.

The change in the value of the assets and liabilities arising from asset valuations, changes in benefits, actuarial assumptions or change in the level of deficit attributable to members, is recognised in the Statement of Changes of Equity. The resulting pension liability or asset is shown on the Statement of Financial Position.

The apportionment of the resulting pension liability or asset between Grant-In-Aid and National Lottery Distribution Fund activities is based on a historical apportionment of cost based on the time recording system which splits the time spent by staff between Grant-In-Aid and National Lottery Distribution Fund activities.

## 1.6 Financial assets

Balances held in the National Lottery Distribution Fund remain under the stewardship of the Secretary of State for Culture, Olympics, Media and Sport. However, the share of these balances attributable to The English Sports Council National Lottery Distribution Fund is shown in the accounts and, as at 31 March 2011, has been certified by the Secretary of State for Culture, Olympics, Media and Sport as being available for distribution by The English Sports Council National Lottery Distribution

Fund in respect of current and future commitments.

## **1.7 Taxation**

The English Sports Council National Lottery Distribution Fund is registered for VAT as part of The English Sports Council's VAT registration. The English Sports Council National Lottery Distribution Fund does not undertake any business activities for VAT purposes therefore no VAT is recoverable on any VAT it incurs on its operating expenditure.

Corporation tax is payable on bank interest received net of bank charges. Investment income generated on balances held and invested by the National Lottery Distribution Fund on The English Sport Council's behalf are not taxable.

## **1.8 Staff costs**

Under IAS19 Employee Benefits, all staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the cost of any untaken leave as at the year end. The cost of untaken leave has been determined using data from leave records.

## **1.9 Sports development costs**

Sports development costs include expenditure incurred which aims to promote the development of sport, thereby creating increased sporting opportunities for the local community. This is largely achieved through a partnership approach and incorporates expenditure in categories such as Project Management, Surveys, Planning and Facilities.

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



## 2 Grant Commitments

Grant commitments and grant de-commitments are summarised below:

	2011	2010
	£000	£000
Grant commitments made in the year	71,372	260,446
Grant de-commitments occurring in year	(4,334)	(1,796)
<b>Net Grant Commitments</b>	<b>67,038</b>	<b>258,650</b>

A summary of the net grant commitments is set out below

	2011	2010
	£000	£000
National Governing Bodies	4,469	209,110
Change 4 Life	1,000	-
Community Investment Fund	11,758	15,801
County Sport Partnerships	9,833	643
Olympic Venues	10,500	-
Community Capital	(640)	(197)
Commonwealth Games	786	664
Phoenix Sports Limited	775	850
Football Foundation	-	25,300
Innovation Fund	970	-
Sustainable Facilities Investment	6,713	-
School Games	1,154	-
Themed Rounds	13,899	1,359
Small Grants	6,992	6,010
Space for Sport and Arts	(108)	(187)
Active England	(117)	(110)
Legacy Decommitments	(946)	(593)
<b>Net Grant Commitments</b>	<b>67,038</b>	<b>258,650</b>
The analysis of the net grant commitments between public and private sector recipients is:		
Public sector	25,259	10,688
Private Sector	41,779	247,962
<b>Net Grant Commitments</b>	<b>67,038</b>	<b>258,650</b>

## The Space for Sport and Arts programme

The Space for Sport and Arts programme was a jointly funded scheme between The Department for Culture Media and Sport (£79m), Big Lottery Fund (£25m), The Arts Council of England (£5) and Sport England (£25m). The total grant and administration funding for the life of the programme is £134m. The administration of the programme was completed in the year to 31 March 2011 with the final payments made to awardees.

## Active England Programme

The Active England programme is a jointly funded scheme between the Big Lottery Fund (71.76%) and Sport England (28.24%). The total grant funding for the programme was initially intended to be £108.5m but has outturned at £103.5m. There is £1.3m of awards still to be paid out as at 31 March 2011. These accounts only reflect Sport England's share of the grants awarded under the programme. Income received from The Big Lottery Fund for the Active England Programme is recorded in the accounts of The English Sports Council.

### 3 Staff costs

The staffing costs of The English Sports Council National Lottery Distribution Fund during the period under review

	2011 £000	2010 £000
Wages and Salaries	4,627	4,570
Social Security Costs	454	425
Other Pension Costs	2,620	2,017
Agency Staff	323	1,012
<b>Aggregate staff costs</b>	<b>8,024</b>	<b>8,024</b>
The aggregate staff costs cover the following areas of activity:		
Permanent & fixed term temporary staff	7,701	7,012
Agency staff	323	1,012
<b>Aggregate staff costs</b>	<b>8,024</b>	<b>8,024</b>

The average monthly number of full time equivalent employees is made up as follows:

	2011	2010
Permanent Staff	122	110
Fixed Term Temporary Staff	3	13
Agency Staff	5	14
<b>Average number</b>	<b>130</b>	<b>137</b>

## 4 Sports development costs

	2011 £000	2010 £000
Legal	105	199
Surveys	2,305	2,103
Research	54	67
Facilities	187	217
Planning	524	607
Communications	26	-
Project Management	469	513
Equality Standards	10	8
Programme Development	63	115
Olympic Legacy	63	-
<b>Total Sport Development Costs</b>	<b>3,806</b>	<b>3,829</b>

## 5 Other Operating Costs

	2011 £000	2010 £000
Auditors' Remuneration*	53	55
Audit and Governance	103	144
Travel and Subsistence	250	341
Board Expenses	29	9
Staff Training	75	41
Other Staff Costs	46	144
Property and Office Costs	1,110	1,134
Property Costs, Other	348	589
IT Infrastructure and System Costs	635	523
Legal	121	542
Communications	193	414
Project Management	8	76
Irrecoverable VAT	1,344	1,275
Asset hire charges	89	155
Olympic Legacy	19	-
Other operating income	(555)	(899)
Interest received on Corporation Tax Refund	(67)	-
Other costs not specified above	(188)	(29)
<b>Total Other Operating Costs</b>	<b>3,613</b>	<b>4,514</b>

\*The auditors' remuneration for 2010 includes £4,000 for the audit of work in preparedness for IFRS. No other payment was made to the auditors for non-audit work.

## 5.2 Losses and special payments

There were no individual losses or special payments during the year ended 31 March 2011 which exceeded £250,000 (2010: £nil) and the aggregate did not exceed £250,000 (2010: £nil). In assessing losses and special payments for 2010 a detailed review of the Dutton Report was undertaken to identify

payments that would fall within the definition of a loss or special payment as set out in "Managing Public Money". This review did not identify any individual loss or special payment identity during the year ended 31 March 2010 that exceeded £250,000 and the aggregate did not exceed £250,000

## 6 Pension (credit) / charge

	2011 £000	2010 £000
Finance charge IAS19	(6,450)	1,855
<b>Total Pension (credit) / charge</b>	<b>(6,450)</b>	<b>1,855</b>

## 7 Financial assets – National Lottery Distribution Fund

During the period under review The English Sports Council National Lottery Distribution Fund received and distributed the following sums:

	2011	2010
	£000	£000
<b>Balance brought forward</b>	<b>187,077</b>	<b>181,143</b>
Share of net operator proceeds	159,787	152,984
Less: Olympic contribution	(26,900)	(26,900)
<b>Net operator proceeds</b>	<b>132,887</b>	<b>126,084</b>
Financial assets returns	1,207	1,087
Realised gain on sale of investments	651	153
Unrealised (loss)	(315)	(390)
<b>Net financial asset returns</b>	<b>1,543</b>	<b>850</b>
<b>Total net operator proceeds and financial asset returns</b>	<b>134,430</b>	<b>126,934</b>
Funds drawn down	(138,200)	(121,000)
<b>Balance carried forward</b>	<b>183,307</b>	<b>187,077</b>

The above balances are based on the distribution of National Lottery Funds as set out in the National Lottery etc. Act 1993 , as amended.

In February 2008 a statutory instrument (SI 2008 No. 255 The Payments into the Olympic Lottery Fund Distribution Fund etc. Order 2008) was passed which allowed for the transfer of up to £1,085m from the National Lottery Distribution Fund in order to meet some of the costs of hosting the 2012 games; Sport England is committed to contribute until 2012-13.

## 8 Grant recoveries

	2011	2010
	£000	£000
Clawback of grant awards	161	1,456
<b>Total Grant Recoveries</b>	<b>161</b>	<b>1,456</b>

## 9 Taxation

	2011 £000	2010 £000
UK corporation tax @ 21% (2010: 21%)		
Adjustment for prior years	411	-
Current tax charge	(2)	(2)
<b>Total Taxation</b>	<b>409</b>	<b>(2)</b>

## 10 Capital commitments

There are no capital commitments as at 31 March 2011 (2010: £nil)

## 11 Trade and other receivables

	2011 £000	2010 £000
Amounts falling due within one year		
Trade receivables	71	320
Amounts falling due after more than one year		
Trade Receivables	435	574
<b>Total Trade and Other Receivables</b>	<b>506</b>	<b>894</b>
Included in Receivables are the following intra-government balances:		
Other central government bodies	-	-
Local authorities	26	215
Bodies external to government	480	679
	<b>506</b>	<b>894</b>

## 12 Trade and other payables

	2011 £000	2010 £000
The English Sports Council – Exchequer	1,755	2,489
Amounts due to National Partners	-	175
<b>Total Trade and Other Payables</b>	<b>1,755</b>	<b>2,664</b>
Included in payables are the following intra-government balances:		
Other central government bodies	1,755	2,489
Bodies external to government	-	175
<b>Total intra-government balance</b>	<b>1,755</b>	<b>2,664</b>

## 13 Pension liability

### 13.1 London Pension Fund Authority Scheme

The number of members of the London Pension Fund Authority Superannuation Scheme (LPFA) is set below in the employers membership statistics. This final salary scheme closed to new members on 30 September 2005. The English Sports Council is one of a large number of employers whose staff participate in the scheme, however the data given in this note relates just to the Council.

The pension scheme (460 English Sports Council) is a defined benefit type and it is funded by employees and employers at actuarially determined rates. Employer contributions for members of the Scheme amounted to £577,670 in 2011 (2010: £624,505). The Council made additional payments of £2,856,764 (2010: £2,610,403) to reduce the liability of the pension schemes. The Council is also a member of a second closed multi-employer scheme. This scheme (440 Sports Council) was closed after an earlier restructure of The Sports Council in 1997. The Council has included the whole of the amounts brought to account in relation to this closed scheme in its accounts; no

amount has been apportioned to Sport England Lottery.

#### IAS19 Calculation

The Scheme report apportions the assets and liabilities from the closed legacy multi-employer 440 Scheme into the employer's 460 Scheme.

The actuarial method used, calculates the net deficit or surplus as the difference between the present value of employees' and employers future contributions together with the value of existing fund assets, and the present value of the benefit entitlements of existing members, pensioners and their dependents.

Following the advice of the consulting actuaries to the LPFA The English Sports Council's employer contribution (as a percentage of pensionable payroll) is 15% (2010:15%).

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

Employee Contribution rates for 2011 and 2010 are set out below

2011 salary range	2010 salary range	Contribution rate
Less than £12,600	Less than £12,600	5.5%
£12,601-£14,700	£12,601-£14,700	5.8%
£14,701-£18,900	£14,701-£18,900	5.9%
£18,901-£31,500	£18,901-£31,500	6.5%
£31,501-£42,000	£31,501-£42,000	6.8%
£42,001-£78,700	£42,001-£78,700	7.2%
More than £78,700	More than £78,700	7.5%

The employer contribution rate for 2012 has been increased to 16.6%.

These estimated figures which have been provided by the LPFA's consulting actuaries relates to Sport England as a whole. International Accounting Standard 19 'Employees Benefits' requires the disclosure of the following additional information, in respect of the council superannuation scheme.

The independent actuary's valuation at 31 March 2011 for the purpose of IAS19, estimates a net pension liability of £30,945,000 (2010: £52,187,000).

The IAS19 valuation is for Sport England as a whole, the actuaries have not made separate valuations for the Sport England Exchequer liabilities or the Sport England Lottery Liabilities. The apportionment of the liability between Exchequer and Lottery is set out in the accounting policies. The apportionment calculation of the net pension liability as at 31 March 2011 gives a liability for Exchequer of £17,250,000 (2010: £29,982,000).

Employer membership statistics			
Number of people as at	Mar 2010	Feb 2010	Feb 2009
Actives	90	94	142
Deferred Pensioners	409	411	393
Pensioners	148	148	128
<b>Total</b>	<b>647</b>	<b>653</b>	<b>663</b>

Statement of Financial Position Disclosure as at 31 March 2011			
Year Ended 31 March	2011	2010	2009
	£000	£000	£000
Present Value of Funded Liabilities	(85,089)	(104,596)	(68,605)
Fair Value of Employer Assets	60,739	57,949	44,386
Present Value of Unfunded Liabilities	(6,595)	(5,540)	(6,357)
Unrecognised Past Service Cost	-	-	-
<b>Net Liability in Statement of Financial Position</b>	<b>(30,945)</b>	<b>(52,187)</b>	<b>(30,576)</b>
Amount in the Statement of Financial Position			
Liabilities	30,945	52,187	30,576
Assets	-	-	-
<b>Net (Liability)</b>	<b>(30,945)</b>	<b>(52,187)</b>	<b>(30,576)</b>



Analysis of amounts recognised in the Net Expenditure Account, are as follows:

Year Ended 31 March	2011 £000	2010 £000	2009 £000
Current Service Costs	932	352	600
Interest on obligation	5,754	5,081	5,368
Expected return on employer assets	(3,837)	(2,857)	(3,874)
Past service cost	(13,531)	-	344
Losses on curtailments and settlements	-	517	503
<b>Total</b>	<b>(10,682)</b>	<b>3,093</b>	<b>2,941</b>
Actual returns on Plan Assets	4,018	13,035	(11,570)

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

Year Ended 31 March	2011 £000	2010 £000	2009 £000
<b>Opening Defined Benefit Obligation</b>	<b>110,136</b>	<b>74,962</b>	<b>78,095</b>
Service Cost	932	352	600
Interest Cost	5,754	5,081	5,368
Contributions by members	253	304	415
Actuarial (gains)/losses	(8,887)	32,284	(7,885)
Past services (gains)/losses	(13,531)	-	344
Losses on curtailments and settlements	-	517	503
Estimated unfunded benefits paid	(387)	(281)	(274)
Estimated benefits paid	(2,586)	(3,083)	(2,204)
<b>Closing Defined Benefit Obligation</b>	<b>91,684</b>	<b>110,136</b>	<b>74,962</b>

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

Year Ended 31 March	2011 £000	2010 £000	2009 £000
<b>Opening Fair Value of Employer Assets</b>	<b>57,949</b>	<b>44,386</b>	<b>54,536</b>
Expected returns on assets	3,837	2,857	3,874
Contributions by members	253	304	415
Contributions by the employer	3,539	3,589	3,419
Contributions in respect of unfunded benefits	Inc above	Inc above	274
Actuarial (losses)/gains	(1,866)	10,177	(15,654)
Estimated unfunded benefits paid	Inc below	(281)	(274)
Estimates benefits paid	(2,973)	(3,083)	(2,204)
<b>Closing Fair Value of Employer Assets</b>	<b>60,739</b>	<b>57,949</b>	<b>44,386</b>

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

Year Ended 31 March	2011	2010	2009
Assets			
Equities	69%	70%	57%
Target return funds	12%	10%	10%
Alternative assets	14%	14%	25%
Cash	3%	5%	8%
Corporate Bonds	2%	1%	-

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

Assumptions as at 31 March	2011	2010	2009
	% per annum	% per annum	% per annum
Price Increases - RPI	3.5%	3.9%	3.1%
Price Increases - CPI	2.7%	n/a	n/a
Salary Increase	4.5%	5.4%	4.6%
Pension Increase	2.7%	3.9%	3.1%
Expected Return in assets	6.7%	6.8%	6.4%
Discount Rate	5.5%	5.5%	6.9%

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

Year Ended 31 March	2011	2010	2009	2008	2007
	£000	£000	£000	£000	£000
Fair value of employer assets	60,739	57,949	44,386	54,536	54,378
Present value of defined obligation	(91,684)	(110,136)	(74,962)	(78,095)	(86,746)
<b>(Deficit)</b>	<b>(30,945)</b>	<b>(52,187)</b>	<b>(30,576)</b>	<b>(23,559)</b>	<b>(32,368)</b>
Experience gains/(losses) on assets	180	10,177	(15,654)	(5,127)	-
Experience gains on liabilities	5,766	2,282	175	159	-

These estimated figures, which have been provided by the LPFA's consulting actuaries, relate to Sport England as a whole. Unlike the actuarial method of Pension Fund Valuation, IAS19 disclosures do not take into account employees' and employer's future contributions.

## 13.2 Scottish Equitable, Group Stakeholder Pension Scheme

From 1 October 2005 Sport England operates a Group Stakeholder Pension Scheme (GSPS) with AEGON Scottish Equitable which includes death in service life assurance cover of two times the annual salary for staff commencing after this date. Colleagues choose the level of contribution into the personal Stakeholder Pension fund and this is matched by Sport England contributions using the following formulae:

- Colleague contributes 3%, Sport England contributes 3%

- Colleague contributes 4%, Sport England contributes 5%
- Colleague contributes 5%, Sport England contributes 8%
- Colleague contributes 6.5%, Sport England contributes 11%

Employer contributions for staff members of this scheme for the same year ended 31 March 2011 were £508,989 (2010: £615,245).

There were no amounts outstanding or pre-paid at 31 March 2011 (2010: £ nil).

## 14 Hard commitments

	2011 £000	2010 £000
Hard Commitments brought forward	270,241	121,869
Hard Commitments paid	(122,984)	(110,278)
Hard de-commitments	(4,334)	(1,796)
Hard commitments entered into	71,372	260,446
<b>Hard Commitments carried forward as at 31 March</b>	<b>214,295</b>	<b>270,241</b>

	2011 £000	2010 £000
Amounts due during 2011 Financial Year	-	114,777
Amounts due during 2012 Financial Year	127,963	90,651
Amounts due during 2013 Financial Year	81,228	64,813
Amounts due during 2014 Financial Year	5,104	-
<b>Hard Commitments carried forward as at 31 March</b>	<b>214,295</b>	<b>270,241</b>
Included within hard commitments are the following intra-government balances:		
Other central government bodies	675	224
NHS Bodies	872	1,199
Local Authorities	45,185	41,155
Bodies external to government	167,563	227,663
<b>Total intra-government balances</b>	<b>214,295</b>	<b>270,241</b>

As explained in the Accounting Policies note, hard commitments are charged to the Statement of Net Comprehensive expenditure in the accounting period in which the award offer is accepted. A number of these award offers cover up to three and four years of revenue funding and the payment of these awards are not profiled to occur within the next 12 months.

The allocation of hard commitments over the financial years is based on management's latest assessment of the likely timing of cash payments. These assumptions are periodically reviewed and updated.

## 15 Soft commitments

	2011 £000	2010 £000
Soft Commitments brought forward	95,720	80,789
Soft Commitments transferred to hard commitments	(71,372)	(260,446)
Soft de-commitments entered into	103,188	275,377
<b>Soft Commitments carried forward as at 31 March</b>	<b>127,536</b>	<b>95,720</b>

Soft Commitments are the aggregate of award offers made which have not yet been accepted by the award recipient and the award decision has been approved by the relevant authority and where no formal award offer has been sent at 31 March 2011.

The amounts committed to hard and soft commitments exceed the available recourses by £176,756,000 (2010: £210,179,000). It has been the policy of Sport England to make forward commitments against future income streams to speed up the outflow of lottery cash, which is in line with DCMS policy.

## 16 General reserves

	2011 £000	2010 £000
(Deficit)/surplus brought forward	(114,476)	45,018
Increase/(decrease) in lottery for the year	58,974	(148,476)
Movement in pension plan	6,282	(11,018)
<b>(Deficit)/carried forward</b>	<b>(49,220)</b>	<b>(114,476)</b>
Analysed as follows		
General reserve	(30,325)	(89,299)
Pension reserve	(18,895)	(25,177)
<b>(Deficit) carried forward</b>	<b>(49,220)</b>	<b>(114,476)</b>

## 17 Reconciliation of (decrease)/increase in Lottery funds before taxation to net cash (outflow)/inflow from operating expenses

	2011 £000	2010 £000
Increase / (decrease) in lottery before taxation	58,565	(148,474)
Increase / (decrease) in trade and other receivables	388	(382)
(Decrease) / increase in trade and other payables	(69,587)	163,756
Interest receivable	(5)	(8)
Corporation tax	409	(2)
Movement in pension liabilities	6,282	(11,018)
Decrease / (increase) in NLDF	3,770	(5,934)
<b>Net cash (outflow) from operating activities</b>	<b>(178)</b>	<b>(2,062)</b>

## 18 Reconciliation of Net Cash Flow to Movement in Net Funds

	2011 £000	2010 £000
(Decrease) in Cash	(173)	(2,054)
Movement in liquid resources - NLDF balances	(3,770)	5,934
<b>(Decrease) / Increase in Net Funds</b>	<b>(3,943)</b>	<b>3,880</b>
Net Funds brought forward	187,517	183,637
Net Funds carried forward	183,574	187,517

## 19 Change in cash during the year

	2011 £000	2010 £000
Opening Cash Balance	440	2,494
Net Cash (Outflow)	(173)	(2,054)
<b>Cash and Bank Balances at Year End</b>	<b>267</b>	<b>440</b>

## 20 Related party transactions

Both the Department for Culture, Media and Sport as the sponsoring department and The English Sports Council's subsidiary companies are deemed to be related parties of The English Sports Council. The English Sports Council had material transactions with all parties. None of the Council Members or key managerial staff has undertaken any material transactions with The English Sports Council during the year.

Council Members and senior executive staff maintain publicly available registers of interests and declare any direct interests in

grant applications made to Sport England and any direct commercial relationships with the Council. If any Member has an interest in an application, they exclude themselves from the relevant grant appraisal, discussions and decision processes within the Council. The following related party transactions occurred during the year in respect of Council Members and key managerial staff and include both The English Sports Council and National Lottery Distribution Fund transactions.

	Awards 2011 £	Supplier Transactions £	Balances Remaining £
The Sports Council Trust Company (Subsidiary company of The English Sports Council)	-	2,628,731	610,256
Richard Lewis (Chairman)			
Lawn Tennis Association (member)	7,273,536	-	4,114,269
Rugby Football League (employment)	1,323,678	56,875	889,873
Nick Bitel (Board Member)			
Rugby Football Union (solicitor)	5,624,197	4,140	4,064,874
England and Wales Cricket Board (other)	10,576,920	-	6,119,954
Lawn Tennis Association (other)	7,273,536	-	4,114,269
Clare Connor (Board Member)			
England and Wales Cricket Board (member)	10,576,920	-	6,119,954
Sussex County Cricket Club (member)	34,000	-	-
Sussex Women's Cricket Association (member)	8,875	-	-
Phil Lemanski (Board Member)			
Deloitte and Touche (retired Partner)	-	141,049	-
Hanif Malik (Board Member)			
Rugby Football Union (other)	5,624,197	4,140	4,064,874
Hamara Healthy Living Centre (other)	41,025	-	-
Sadie Mason (Board Member)			
England Basketball (other)	1,825,000	4,000	23,750
Sussex County Sports Partnership Trust (employment)	1,466,470	4,000	1,166,524
Peter Rowley (Board Member)			
University of Teesside (Governor)	417,471	12,412	200,000
Peter Stybelski (Board Member)			
Bolton Lads and Girls Club (Bolton CSN) (employee)	22,646	-	-

	Awards 2011 £	Supplier Transactions £	Balances Remaining £
Martin Thomas (Board Member) Commonwealth Games Council for England (non-Executive Director)	786,199	1,998	55,160
Jennie Price (Chief Executive Officer) Goodform Limited (other) British Fencing Association (other) The Leisure Database Company (family member)	- 246,833 -	94 - 702,316	- 144,551 -
Rona Chester (Chief Operating Officer) Lawn Tennis Association (member) England Squash (member)	7,273,536 1,007,669	- -	4,114,269 816,890
Lisa O'Keefe (Director of National Sport – joint) British Mountaineering Council (member) Wooden Spoon (member)	74,902 50,000	- -	28,484 -
Joanna Robinson (Director of Regional Sport seconded out) Commonwealth Games Council for England (employment)	786,199	1,998	55,160
Phil Smith (Director of National Sport – joint) Football Foundation (Management Board) Sports Coach UK (Management Board representing Sport England as Corporate Director)	12,000,000 4,218,720	- 3,050	- 2,850,000
James Buller (Head of Shared Service Centre) PMP Consultancy (previous employment)	-	80,984	-

## 21 Derivatives and other financial instruments

The Sport England National Lottery Distribution Fund relies mainly on its share of proceeds from the National Lottery, with some partnership 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.

The Sport England National Lottery Distribution Fund performs all transactions in Sterling and therefore has no currency exchange risk and does not enter into any

forward foreign currency contracts or similar financial instruments.

The Sport England National Lottery Distribution Fund 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. The Sport England Lottery Fund does not enter into any interest rate swaps or similar financial instruments.



## 22 Post financial year end events

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