



Department
for Culture
Media & Sport

Triennial Review of UK Sport and Sport England

Report

September 2015

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Executive Summary

1. The triennial review of UK Sport and Sport England was launched on 21 November 2014 by the laying of a Written Ministerial Statement in Parliament by the then Minister for Sport and Tourism, Helen Grant MP. Triennial reviews are part of the government's public bodies reform programme providing a robust challenge to the continuing need for non-departmental public bodies (NDPBs) and reviewing their functions, performance, control and governance arrangements. This is the first triennial review of UK Sport and Sport England.

2. UK Sport and Sport England were established by Royal Charter as the United Kingdom Sports Council and the English Sports Council in 1996 and became fully operational in 1997. UK Sport and Sport England were classified as NDPBs by the Department for Culture, Media and Sport (DCMS) in 1996. Both organisations receive grant-in-aid from DCMS and distribute funds raised by the national lottery under the provisions of the National Lottery Act 1993¹. In 2013 the government announced that it had decided not to proceed with a merger of UK Sport and Sport England. The two organisations are being reviewed together following the decision to maintain them as separate bodies.

3. To reflect public interest in the work of UK Sport and Sport England the review published an online survey during the evidence-gathering phase of the review. The review team also interviewed over 50 stakeholders from government departments, the home countries, national governing bodies (NGBs), national sports and expert organisations, international sports organisations, academics, local authorities and education organisations about their views on the work of both bodies, which are reflected in the report.

4. The review team received a clear and consistent message from stakeholders that UK Sport and Sport England remained essential in their current form. Stakeholders were generally positive about how well the bodies were delivering their main functions and the value they added in their current form. However, there was a strongly held view that the two organisations could work more closely together on certain functions.

5. Having identified the policy drivers behind the functions currently carried out by the sports councils, the review concluded that all current functions met clear policy drivers and, with one exception in relation to an aspect of Sport England's role as a statutory planning consultee, should continue. In judging whether there was a need for delivery of these functions at arms-length from government, the review applied the three NDPB tests,

¹ The full title of this act is The National Lottery etc. Act 1993

concluding that these were met in relation to the need for expertise and impartiality. Finally, the review considered other delivery models to the current ones but concluded that none of the alternatives would deliver significantly greater benefits than the status quo.

6. The key recommendations in this review relate to the effectiveness and efficiency of the functions of UK Sport and Sport England. The review concluded that although both organisations were delivering effectively across a range of activities, both bodies' effectiveness could be improved by closer working specifically in the areas of talent, participation and the governance of NGBs, while there is scope for Sport England to do more to raise participation in sport by continuing to drive forward current reforms on channels of intervention and evaluation and appraisal. The review also recommends more action on diversity in particular in relation to black, Asian and minority ethnic (BAME) and lesbian, gay, bisexual and transgender (LGB&T) groups.

7. The two bodies have made progress on delivering back office efficiencies through shared services in areas such as office facilities and internal audit – a condition set when deciding not to merge them in 2013. There is scope now to take this further in the areas of IT and finance in particular. Opportunities also exist for significant efficiencies in national governing body (NGB) overheads through shared services and colocation and to improve the efficiency of UK Sport grant spending through benchmarking the way in which grants are spent by NGBs. Further efficiencies could also be delivered through closer joint working between UK Sport and its wholly owned subsidiary, the English Institute of Sport.

8. Although generally still positive, stakeholders were less confident in UK Sport and Sport England's governance and management. The review has identified a number of ways in which this could be made more transparent. Finally, although both organisations clearly place a high priority on diversity, there is scope to make both bodies more reflective of the people they serve and to break down barriers standing in the way of those from diverse backgrounds being appointed to senior positions in the sport sector.

9. A full list of recommendations can be found at the end of this executive summary.

Full list of recommendations

Functions and form

1. UK Sport and Sport England remain necessary
2. UK Sport and Sport England's functions should continue and remain with their current organisation
3. Sport England and UK Sport should remain as NDPBs

Improving the effectiveness of UK Sport and Sport England

Talent

4. The boards of UK Sport and Sport England must agree a memorandum of understanding on working together on both talent and participation by December 2015
5. The athlete appearances programme should be reviewed by UK Sport in consultation with Sport England and where there is evidence to do so, revised so that it is more effective and maximises the value to both organisations by December 2015
6. DCMS should consider setting targets to support joint working in UK Sport and Sport England's management agreements for the next funding cycle
7. Sport England should publicise its talent objectives and the rationale for them and set corresponding metrics, in discussion with UK Sport where there is an impact on elite level, by early 2016

Participation

8. DCMS should set Sport England a clearer target for an overall increase in participation by early 2016
9. DCMS should, by the end of 2015, review the rules for using lottery money to ensure that they are flexible enough to allow partnerships with the private sector as well as the voluntary sector and local government where this is consistent with the National Lottery Act
10. Sport England should set out its new strategy covering its entire remit and all delivery channels showing how each is expected to contribute to increasing participation

11. Sport England should adopt a common appraisal and evaluation approach to all investments, so that their effectiveness can be directly compared, the best initiatives (or groups of initiatives) selected, and continuous improvement driven across all its investments
12. For the next funding cycle, Sport England take a strategic view of where best to channel resources, via NGBs or others, aiming to support those channels most likely to increase participation in the sport in question
13. The government should consider by the end of 2015 whether and how to extend Sport England's remit to take a strong role in leading school sport policy
14. The government should consider whether to give more priority to participation rates amongst older people for the next funding cycle and whether to set a separate target for older people
15. Sport England should ensure that its new approach to measuring participation and setting targets for delivery partners, especially NGBs, addresses weaknesses of the current approach and in particular incentivises overall increases in participation
16. DCMS and Sport England should explore the value of setting targets for participation by under-represented groups by early 2016

Governance of NGBs

17. UK Sport and Sport England should publish a single set of governance requirements for the next funding cycle by the end of 2015
18. UK Sport and Sport England should put in place a joint arrangement to provide support to NGBs to improve governance by spring 2016
19. UK Sport and Sport England should set stretching targets for BAME representation on NGB boards for the next funding cycle by spring 2016
20. Sport England should start to fund a national expert organisation covering LGB&T for similar purposes, and in the same way as it does for other characteristics protected under the Equality Act 2010 by spring 2016

Sport England's planning function

21. It should continue to be a statutory requirement to consult Sport England about planning applications for playing field land
22. DCMS should consider whether local authorities should continue to be required to consult the Secretary of State before approving planning applications that Sport England objects to

Improving the efficiency of UK Sport and Sport England

Overall operating and grant administration costs

23. UK Sport and Sport England should drive overall operating costs and grant making costs down further as a percentage of overall funding. Targets should be set by June 2016 reflecting planned operational improvements, and the results of benchmarking work across Government through the Cabinet Office Grants Efficiency Programme, DCMS arms-length bodies and the Lottery Distributors Forum²

Property

24. UK Sport and Sport England should ensure future staff contract terms do not stand in the way of an option to relocate outside of London

Shared services

25. Unless DCMS accept there are compelling reasons to the contrary, Sport England and UK Sport should agree plans, by June 2016, to share significantly more back office services as listed in the table in [paragraph 4.18](#), including having shared Heads of HR, Finance, and IT, either with each other or other organisations (NGBs or lottery distributors for example), with a view to realising savings over the course of the next funding cycle

26. Developing a reformed grants management system is a priority for Sport England, which once achieved should result in efficiencies through sharing finance systems. This work should move forward as quickly as possible with plans agreed by the end of 2015

Staffing

27. UK Sport and Sport England should develop plans to reduce overall headcount and staff spend for the next funding cycle by June 2016

Improving effectiveness and efficiency of grant recipients

28. UK Sport and Sport England should develop a shared vision with NGBs for future efficiencies by June 2016 including, where desirable, the creation of clusters and 'hub locations' across the country to enable co-location. As part of this work, NGBs should be encouraged to realise further cost savings from moving to shared services

UK Sport funding of World Class Programme

29. UK Sport should carry out an audit of NGB assessments of spend by June 2016, to be confident that NGBs are correctly categorising overhead spend

30. In preparation for the next funding cycle (Tokyo 2017-2021) UK Sport should set benchmarks for unit costs in common areas such as coaching and international competition

² For all efficiency recommendations, deadlines can be adjusted in agreement with DCMS if it is considered necessary.

and training and work with NGBs as part of ongoing performance management to monitor spend in these areas and promote best practice and efficiency

English Institute of Sport (EIS)

31. UK Sport and the EIS should make plans to deliver efficiencies and increase effectiveness through even closer strategic and operational working in advance of any new funding agreements with sports for the next funding cycle

Corporate Governance

Roles and responsibilities

32. DCMS, UK Sport and Sport England should continue to improve the representation of people from diverse backgrounds on their own boards by working with organisations such as Sporting Equals and the English Federation of Disability in Sport on the advertisement and recruitment of future board members

33. UK Sport and Sport England should consider whether inclusion advisory boards, reporting to their main boards, could help improve decision making on diversity.

34. UK Sport and Sport England should work together to show leadership in tackling the lack of diversity in senior positions across the sports sector, working with expert organisations to break down barriers in the recruitment and advertisement of roles

Communications

35. UK Sport and Sport England should improve the transparency of the way they carry out their work by holding annual board meetings that are open to the public or an alternative event involving board members such as a public question time

36. UK Sport and Sport England should keep the need for a formal system for monitoring and reporting on their performance in handling correspondence under review

37. UK Sport and Sport England should publish summary data on complaints in their next and subsequent annual reports

38. Sport England should improve transparency by reviewing its website by December 2015 and ensuring that it is easy for anyone with an interest to find out about its current performance and corporate information more generally

39. Sport England should review the way information is presented on its website and in publications to make it more easily understood by the user

40. UK Sport should review the content of their website by December 2015 to ensure it is all up to date and replace any out of date material with current information

41. UK Sport and Sport England should undergo a communications capability review as part of the implementation of the triennial review, carried out by the Cabinet Office Communications Capability Review team

Conduct and behaviour

42. UK Sport should adopt a staff Code of Conduct in line with the *Model Code for Staff of Executive Non-Departmental Bodies* by the end of 2015

43. UK Sport, Sport England and DCMS to work together to ensure there are rules on accepting appointments or employment for both board members and staff by the end of 2015

Chapter 1: Background and introduction

Aim of the review

1.1 It is government policy that a non-departmental public body (NDPB) should only be set up, or remain in existence, where the model can be clearly evidenced as the most appropriate and cost-effective way of delivering the function(s) in question.

1.2 In April 2011, the Cabinet Office announced that all NDPBs still in existence following the reforms brought about by the Public Bodies Act 2011 would have to undergo a review at least once every three years. These triennial reviews would have two purposes

- to challenge whether there is a continuing need for individual NDPBs – both their function and their form, employing the ‘three tests’ discipline (whether the body performs a technical function, whether it performs a function that requires political impartiality, or whether it needs to establish facts/figures independently from ministers)
- where it is agreed that a particular body should remain as an NDPB, to review the control and governance arrangements in place to ensure that the public body is complying with recognised principles of good corporate governance

1.3 All triennial reviews are carried out in line with Cabinet Office guidance *Guidance on Reviews of Non-Departmental Public Bodies*, July 2014.³

Process

1.4 The review was launched on 21 November 2014 by Written Ministerial Statement ([Annex 1A](#)). It was carried out by a review team led by Graham Turnock, Chief Executive of the Better Regulation Executive in the Department for Business Innovation and Skills, supported by officials from the Department of Culture, Media and Sport (DCMS) and the Cabinet Office ([Annex 1B](#)). The terms of reference ([Annex 1C](#)) were published on the gov.uk website. The devolved administrations were informed of the review.

1.5 To comply with triennial review guidance, a challenge group was set up to review and challenge both the content and process of the review and to ensure that it was sufficiently robust and evidence based. Members of the challenge group had expertise particularly in business, policy and delivery and diversity, and experience in health, education, finance, the public and private sector. Further details of the membership and meetings are in [Annex 1D](#).

³ <https://www.gov.uk/government/publications/triennial-reviews-guidance-and-schedule>

Evidence and stakeholder engagement

1.6 The review team identified relevant stakeholders in consultation with UK Sport, Sport England and the DCMS sponsorship team. Members of the review team spoke individually to 50 of the most prominent stakeholders from government departments, the home country governments and sports councils, a sample of national governing bodies (NGBs), national sports and expert organisations, international sports organisations, academics, local authority and education organisations. The team also organised a round table for Scotland, Wales and Northern Ireland and held discussion groups at two Sport and Recreation Alliance (SRA) meetings of NGBs covering major spectator sports and games and sports.

1.7 An online survey seeking views and evidence for the review ran from 21 November 2014 to 4 January 2015. It was intensively promoted by DCMS and by UK Sport and Sport England via the organisations' websites and stakeholder channels and there were 154 responses. Information on the response to the survey can be found at [Annex 1E](#). The review team also received three letters from stakeholders. The team engaged with UK Sport and Sport England throughout the review process, observed Sport England's board meeting in January 2015 and UK Sport's Board meeting in February 2015 and visited some projects and facilities funded by UK Sport and Sport England in Manchester and Birmingham in March 2015. Written evidence highlighted by UK Sport, Sport England and DCMS Sport Team was also considered as part of the information-gathering process.

Select committee

1.8 The Minister for Sport and Tourism wrote to the chair of the Culture, Media and Sport Select Committee on Friday 21 November 2014, to inform him of the review.

Keeping UK Sport and Sport England informed

1.9 The review team liaised closely with UK Sport and Sport England, including through regular meetings between the lead reviewer and chief executives of the two organisations, to ensure that they were kept informed and had sufficient opportunity to comment on the approach taken by the team and the emerging conclusions and recommendations. The review team would like to put on record their thanks to the UK Sport and Sport England chairs, chief executives and senior management teams for their engagement with the review, and to the staff who set up and attended meetings and responded promptly to requests for information.

Use of evidence

1.10 The review team used the evidence gathered to inform conversations and discussions throughout the review process. All the review’s conclusions and recommendations are based on an assessment of this evidence base.

Overview of UK Sport and Sport England

1.11 UK Sport (the United Kingdom Sports Council) was established by Royal Charter in September 1996 and became fully operational on January 1997. Sport England was established by Royal Charter in September 1996 as the English Sports Council and became fully operational as Sport England in January 1997. These sport councils had been preceded by the GB Sports Council, which dealt with matters of both UK/GB and England significance. The GB Sports Council, along with the Scottish and Welsh Sports Councils, was established under Royal Charter in 1972. The Northern Irish Sports Council was established in 1974.

1.12 UK Sport and Sport England are NDPBs, accountable to DCMS. This means that they make their own funding decisions within a remit set by ministers, who are ultimately accountable to Parliament and to the public for UK Sport and Sport England (see chapter 2, [paragraphs 2.1 to 2.11](#) for more details). Both organisations receive grant-in-aid from DCMS and distribute funds raised by the national lottery under the provisions of the National Lottery Act 1993.

UK Sport

1.13 UK Sport supports the development of high performance sport within the UK. It invests in Olympic and Paralympic sports and world class sporting events in the UK. Performance investments are made over a four year cycle, taking into account the potential of each sport over an eight year⁴ period (i.e. the next two Olympic and Paralympic Games). The timing of investment in events depends on the relevant international bidding process.

1.14 UK Sport’s main remit is to “support athletes and sports to compete and win medals at the Olympic and Paralympic Games” and its mission is “to work in partnership to lead sport in the UK to World Class Success”⁵.

1.15 UK Sport described its ambitions in its business plan for 2013-2017 as follows

- to become the first nation to be more successful in both Olympic and Paralympic Games post hosting, and deliver a stronger more sustainable system for high performance sport in the UK
- establish the UK as a leading host of major international sporting events

⁴ This was extended from four years to eight in 2008

⁵ UK Sport Business Plan 2013-17 <http://www.uk sport.gov.uk/about-us>

- by 2018, for UK Sport-funded NGBs to be recognised within sport nationally and internationally as beacons of good practice for both their leadership and governance, with a commitment to continually improve to ultimately realise their maximum potential
- UK Sport's international influence and development programmes support our home ambitions

Sport England

1.16 Sport England is mainly focused on supporting the development of grassroots sport. It invests in programmes designed to increase the number of people, especially aged 14-25, playing sport at least 30 minutes once a week, every week.

1.17 Sport England describe their goals in their annual report⁶ as

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

Structure of UK Sport and Sport England

1.18 UK Sport is formally constituted by a board which currently comprises ten members, appointed by the Secretary of State. The board is chaired by Rod Carr, CBE, and includes the chairs of the four home country sports councils. UK Sport's board⁷ meets six times a year to provide strategic direction to the organisation, as well as considering and making decisions on those recommendations put forward by the executive team and/or UK Sport's various panels (each chaired by a board member and including other individuals of relevant experience and expertise).

1.19 Sport England's board currently comprises ten members and the chair, similarly appointed by the Secretary of State. It is chaired by Nick Bitel. Sport England's board⁸ meet at least six times a year to set direction and give the Executive Team, who are responsible for the day to day running of the business, support and advice. Organograms of the senior management structures of each organisation are in [Annex 1F](#).

⁶ <https://www.sportengland.org/media/339673/annual-report-2013-14.pdf>

⁷ UK Sport board <http://www.uk sport.gov.uk/about-us/board>

⁸ Sport England board http://archive.sportengland.org/about_us/how_we_are_structured.aspx

1.20 The government previously considered merging the bodies, but announced in January 2013 that in view of the challenges associated with merging a UK-wide organisation with an England only body (see also [paragraph 1.23](#) below) it had decided to maintain them as separate organisations, recognising though that significant benefits could be realised by closer working between them.

Staffing of UK Sport and Sport England

1.21 As at 31 March 2015 UK Sport employed 105 staff and Sport England employed 240.5 staff.

Funding of UK Sport and Sport England

1.22 UK Sport and Sport England both receive grant in aid from DCMS and are lottery distributors (see chapter 2, [paragraphs 2.3 to 2.6](#)). In 2015/2016 UK Sport's exchequer funding is £38.4 million and projected lottery funding £81.9 million and Sport England's exchequer funding is £80.2 million⁹ and projected lottery funding £222.5 million. A breakdown of both bodies' exchequer and lottery funding¹⁰ for 2010-2016 is in [Annex 1G](#).

Decision to maintain UK Sport and Sport England as separate organisations

1.23 As noted above, in January 2013 the government announced¹¹ that it had decided not to merge UK Sport and Sport England. This decision followed a review, led by Sir Keith Mills, which looked at how UK Sport and Sport England might work more efficiently and effectively together. As a result of the review the government set a number of conditions, which the bodies were required to meet including

- that the two organisations deliver the economic benefits intended from the merger, particularly plans for co-location and sharing back office services
- that the two organisations work much closer together through joint governance agreements with sporting Governing Bodies, joint talent development, a greater emphasis for UK Sport in driving sporting participation, and a shared 2013-17 strategic plan

1.24 UK Sport and Sport England have reported on progress against these conditions at their quarterly meetings with DCMS policy officials, at their board meetings and at their meetings with the Sports Minister. The government also committed to a joint triennial review of both organisations to maintain momentum, and ensure that the two organisations deliver the economic and strategic benefits intended from the merger.

⁹ Excluding £10 million for the Parklife project

¹⁰ UK Sport received additional lottery funding for London 2012. £73m was transferred every quarter from February 2009 - August 2012, with the last two payments being for a slightly smaller amount of £68m. UK Sport also releases funding from its lottery balance if required to meet its funding commitments.

¹¹ <http://www.publications.parliament.uk/pa/cm201213/cmhansrd/cm130123/wmstext/130123m0001.htm>

Overview of Sport

1.25 Sport is an important activity in the UK. In England, 15.5 million people aged 16 years or over played sport for at least 30 minutes at least once a week during the period October 2014 to March 2015¹². According to the latest estimate, in 2010 sport was worth £33.8 billion to the UK economy, representing 2.7% of the UK GVA. Sport related consumer spending is now worth £26.6 billion or 3.0% of all UK spending¹³. In the UK, there were 639 thousand people employed in the sport sector in 2010¹⁴. An estimated 3.2 million volunteers work in sport (20% of all volunteering) with an estimated social value of £53 billion¹⁵.

1.26 The benefits of sport are widely acknowledged. These include improving educational attainment, reducing the risk of both physical and mental illness, helping to bring people together social and providing jobs and income to local communities. Initiatives such as the 'Get Healthy, Get Active Fund' and the 'This Girl Can' campaign have helped to drive participation in sport and realise the benefits of physical activity.

1.27 British athletes have won 633 Olympic and Paralympic medals since National Lottery funding began in 1997. Attendances at professional sports events in the UK reached 75 million in 2012. The British public's appetite for attending sporting events is unmatched anywhere in the world.

1.28 Apart from support to elite athletes pursuing Olympic and Paralympic success, sport in the UK is devolved. Each home country has its own sports council responsible for delivering priorities and distributing funding for this country. Although the other home country sports councils are not accountable to the UK government and so were not formally covered by the terms of reference, the review team appreciated the importance of perspectives from Scotland, Wales and Northern Ireland and these were gathered as part of the stakeholder engagement process (see [paragraph 1.6](#) above).

1.29 Sport is organised and delivered through a complex network of organisations with different roles. NGBs are independent, usually membership organisations which are responsible for organising and regulating their particular sport. Local authorities are a key player in community sport, since they provide many of the facilities and programmes at a local level. Local government spends approximately £1 billion per year¹⁶ on sport and leisure. County Sports Partnerships (CSPs) are networks of local agencies and local representatives of NGBs supported by Sport England that work together to increase participation in sport and physical activity. There are numerous sports clubs dedicated to a single sport or to several - an estimated 151,000 - in the UK. Within government the

¹² <https://www.sportengland.org/media-centre/news/2015/june/11/further-decline-in-swimming-numbers-dominate-latest-sports-figures/>

¹³ DCMS Sports Satellite accounts, published February 2015

¹⁴ DCMS Sports Satellite accounts, published February 2015

¹⁵ Join In "Hidden Diamonds" research, 2014

¹⁶ Source – Sport England <http://www.sportengland.org/our-work/local-work/local-government> In 2009-10 local government spending was around £1.5 billion

Department for Education leads on school sport and the Department of Health on physical activity.

Chapter 2: Functions and form of UK Sport and Sport England

Framework for functions

Royal Charters

2.1 Both UK Sport and Sport England are Royal Charter¹⁷ bodies. Their Royal Charters (full texts in [Annex 2A](#)) give them legal existence, specify their respective objects and give them a range of powers to further those objects.

UK SPORT
<p>Objects:</p> <ul style="list-style-type: none"> • Fostering, supporting and encouraging the development of sport and physical recreation and the achievement of excellence therein in the United Kingdom (UK) and the provision of facilities therefor <p>Main Powers:</p> <ol style="list-style-type: none"> a. To take a lead in all aspects of sport and physical recreation which require administration, co-ordination or representation for the benefit of the UK as a whole; b. To develop cohesive and coordinated strategies for furthering the interests of the UK in sport; c. To develop and improve the knowledge and practice of, and education and training in, sport and physical recreation, to benefit the UK as a whole; d. To encourage and develop higher standards of performance and the achievement of excellence among persons or teams from the UK participating in sport and physical recreation; e. To foster, support and undertake provision of facilities for the benefit of sport and physical recreation in the UK as a whole; f. To advise, encourage and assist individuals or teams representing the UK participating in events or seeking to gain relevant experience at home or abroad; g. To promote the UK or any part of it as a venue for international sporting events, and to advise, encourage and assist bodies in the UK staging or seeking to stage such events;

¹⁷ Royal Charters are granted by the sovereign on the advice of the Privy Council and Parliament has no role in amending them.

- h. To promote and support the sporting interests of the UK by collaborating with foreign and international bodies.

SPORT ENGLAND

Objects:

- Fostering, supporting and encouraging the development of sport and physical recreation and achievement of excellence therein among the public at large in England and the provision of facilities therefor

Main Powers:

- a. To take a lead in all aspects of sport and physical recreation which require administration, co-ordination or representation in England;
- b. To develop and improve the knowledge and practice of, and education and training in, sport and physical recreation in the interests of social welfare and the enjoyment of leisure;
- c. To encourage and develop higher standards of performance and the achievement of excellence among persons or teams from England participating in sport and physical recreation;
- d. To foster, support and undertake provision of facilities for the benefit of sport and physical recreation;
- e. To advise, encourage and assist individuals or teams from England participating in events or seeking to gain relevant experience at home or abroad;
- f. To collaborate with the United Kingdom Sports Council in dealings with national, foreign or international bodies.

2.2 In furthering their objects and exercising their powers the bodies are obliged to have regard to any general statements of policy issued by the Secretary of State (see [paragraphs 2.8 to 2.11](#) below).

National legislation and directions

2.3 The statutory framework for the distribution of national lottery funding specifies the “good causes” to which lottery proceeds may be distributed, which bodies are distributors for those good causes in each of the home countries and, in the case of sport, across the UK as a whole, and each distributor’s share of the total funds available.

2.4 Following a rebalancing of lottery proceeds, sport’s share was increased and since 1 April 2012 has been 20%, of which UK Sport receives 4.56% and Sport England 12.4%. The chief executive of each lottery distributor is accountable for the use of lottery funds to ministers, who are in turn accountable to Parliament. The Comptroller and Auditor General examines, certifies and reports on distributors’ annual statement of accounts. All current distributors are either statutory or Royal Charter bodies and rely on their own powers to pay lottery grants – none are conferred through lottery legislation.

2.5 Lottery distributors comply with three sets of directions given by the Secretary of State covering finance, accounting and policy (see [Annex 2B](#)). The last of these sets out general policy priorities for distributing lottery funding which apply to all distributors and any specific priorities for individual distributors. Sport England for example is required to take into account “the need to increase access and participation for those who do not currently benefit from the sporting opportunities in England”. This system of separate distributors operating within a framework of policy and financial direction from the Secretary of State enshrines the arm’s length principle on which the national lottery is founded.

2.6 Successive governments have supported the policy that government should not benefit financially from lottery funding. This principle is enshrined in section 34 of the National Lottery Act 1993 which requires all Lottery distributors to ensure that lottery funding is not allowed to become a substitute for funding that would normally fall to mainstream programmes.

Other statutory powers or duties

2.7 Sport England is a statutory consultee on all planning applications which affect playing field lands under schedule 5 of the Town and Country Planning (Development Management Procedure) (England) Order 2015. UK Sport does not have any particular statutory powers or duties.

Government policy and priorities

2.8 UK Sport and Sport England deliver government sport policy. Over recent years, this has been to

- maintain and improve Britain's elite sports performance, helping the UK’s best athletes reach their full potential, giving them more chances to compete in the UK and keeping elite sport drug-free¹⁸
- get more people playing sport, starting at an early age and continuing throughout their lives
- create a lasting legacy from the 2012 Olympic and Paralympic Games

2.9 The Minister for Sport and Tourism announced on 11 June 2015 that the government was urgently to develop a new strategy for sport¹⁹. A consultation on the future of sport, which will inform the development of the new strategy, began on 4 August and runs until 2 October. The new strategy will replace at least in part the main published statements of government sport policy of the last 5 years

¹⁸ UK Anti-Doping has been responsible for this function since December 2009

¹⁹ The strategy is primarily for England but will also cover those UK wide matters for which the UK Government is responsible.

- *Creating a sporting habit for life* (DCMS policy statement published in 2012) which aims to increase the proportion of people (particularly 14-25 year olds) regularly playing sport
- the September 2012 Written Ministerial Statement on the sporting legacy of London 2012 which sets out the government’s commitments in terms of elite funding, world class facilities, major sports events, community, school sport, disability sport and international development to “Inspire a Generation” and create a lasting legacy from the games

2.10 The government is committed to supporting Team GB to emulate or better their performance at the 2012 Olympics at the Rio Games in 2016, as announced by the Prime Minister on 13 August 2012²⁰.

2.11 UK Sport and Sport England must also comply with priorities and requirements set as part of each spending review²¹ and with the priorities, targets and performance measures set out in their management agreements with DCMS²². Other requirements and priorities (and associated objectives or targets) may be set in separate grant-in-aid letters²³²⁴, from DCMS and other government departments.

The functions of UK Sport and Sport England

2.12 The framework within which UK Sport and Sport England operate is relatively flexible compared with that of many NDPBs that have specific statutory duties. Their individual specific functions are significantly influenced by government policy and the bodies’ own views on how best to carry out their roles. The bodies’ main functions are set out below. A detailed description of these functions and their staffing and spending is in [Annex 2C](#).

Main functions

UK Sport

- supporting teams and individuals to compete for the UK or Great Britain at the summer and winter Olympics and Paralympics and equivalent world level events
- co-ordinating the bidding for and staging of major international sporting events in the UK with a focus on Olympic, Paralympic and Commonwealth disciplines
- maximising the UK’s status and influence in international sport

Sport England

²⁰ <https://www.gov.uk/government/news/elite-athlete-funding-secured>

²¹ <https://www.gov.uk/government/publications/dcms-bodies-settlement-letters-spending-review-2013>

²² <http://www.uk sport.gov.uk/about-us/board> <https://www.sportengland.org/media/942902/semanagementagreement-final.pdf>

²³ <https://www.gov.uk/government/publications/uk-sport-funding-settlement-letters>

²⁴ <https://www.gov.uk/government/publications/sport-england-funding-settlement-letters>

- creating an environment in which more people in England aged 14 and above choose to play sport regularly (including facilities)
- identifying and developing talent and supporting teams and individuals and teams representing their county, region or England (including facilities)
- consultee and expert advisor on sport-related planning decisions

Joint

- ensuring the sports and organisations that receive UK Sport and Sport England funding are well led and governed

Should the functions continue?

2.13 Stakeholders were generally very positive about delivery of the bodies' main functions. Positive ratings ranged from 82% for UK Sport's role in supporting elite sport, 75% for UK Sport's major events work and Sport England's participation function, 71% for UK Sport's international relations work and 68% for Sport England's planning advice role. However, only just over half thought Sport England performed well in relation to talent, while almost a fifth also thought it was performing poorly on participation.

2.14 Stakeholders were largely opposed to any of the two bodies' main functions being stopped or transferred wholesale elsewhere. Stakeholders from all sectors believed that UK Sport and Sport England remained essential in their current form as national, strategic and expert funders of elite and community sport respectively. One main reason for this view was wanting stability and sport-related functions to be kept together. Another reason was that alternative delivery organisations (local or national) lacked the expertise and capacity to exercise these functions or would deliver them less effectively, and in some cases were already contributing optimally their particular expertise by working in partnerships with the two bodies.

2.15 The review team has considered whether the functions of UK Sport and Sport England need to be maintained. This analysis is summarised in the table at [Annex 2D](#).

2.16 Overall, the review concluded that the functions remain relevant and valuable. They have been the means of effectively delivering government sport policy and contribute to health and social policies and the UK's international reputation and prestige. Without support to high performance sport the UK would undoubtedly win far fewer Olympic and Paralympic medals and without the support given to grassroots sport levels of participation would be lower than they are, with negative sporting, economic and social consequences.

Should individual functions be carried out differently?

2.17 A significant minority of stakeholders saw scope to transfer some individual functions away from the two bodies, mentioning major events, planning and improving NGB governance. Almost all stakeholders thought the two bodies could work more effectively together to eliminate gaps and overlaps, mentioning talent, governance and corporate functions most often.

Major events

UK Sport's £40m Gold Events Series programme, launched in November 2012 and running from 2013 to 2023 supports NGBs and other organisations bids to host top level international sporting events with funding and expert advice. The events are targeted to help British athletes to qualify for the Olympics and Paralympics. So far²⁵ 59 events have been secured, of which 34 have been staged, generating an economic impact of £157m and attracting 5.5m spectators.

2.18 Stakeholders considered work by UK Sport supporting major sporting events to be important and thought it should continue. In representing the UK government, UK Sport's support to a major event was considered to be extremely influential in international forums. While some stakeholders recognised that this function could in principle be carried out in the centre by DCMS²⁶, the general view was that this would be likely to weaken the expert skill base currently in UK Sport.

2.19 The review team agree that there is no particular advantage in moving this function away from UK Sport, where in addition to the argument about expertise, it has the advantage of being able to be coordinated with decisions about funding elite sport. The review team also notes that the roles of UK Sport and DCMS and other parts of the UK government in major events have recently been reiterated in an updated major events framework²⁷ published on 26 March 2015, which should improve further coordination on some aspects of major events which DCMS leads on. Chapter 3 discusses how UK Sport and Sport England might work together to enhance the impact of major events on participation.

Planning

2.20 Whether Sport England's statutory role as a consultee and expert adviser on sport-related planning decisions should be stopped or transferred to another organisation is covered in a discussion of the function as a whole in chapter 3.

²⁵ Figures as at July 2015

²⁶ Major sporting events in Scotland and Wales are not treated separately from other types of major event and are within the remit of EventScotland (part of Visit Scotland) and the Welsh government's Major Events Unit respectively.

²⁷ <https://www.gov.uk/government/publications/gold-framework>

Improving governance of NGBs

2.21 Some stakeholders suggested that the work of UK Sport and Sport England on improving NGB governance could be transferred to an independent organisation, in particular the Sport and Recreation Alliance (SRA). The review team was not persuaded that this was sensible or feasible. NGB governance is an integral tool in the armoury of the sports councils in seeking to improve the effectiveness of funding and the SRA in particular would, in the view of the review team, have difficulty in reconciling this role with the status of the NGBs as member organisations of the SRA.

International relations

2.22 A small number of stakeholders, including NGBs, questioned the effectiveness of UK Sport's support to NGBs in maximising the UK's status and influence in international sport through securing appointments to international federations and other international bodies. Given the on-going problems in international governance of some sports most recently highlighted by the allegations of corruption surrounding FIFA, it is important for all sports bodies to uphold the highest standards of governance, transparency and accountability. The review team has concluded that UK Sport should continue to exercise this function but at the same time invite challenge from NGBs on the form this support should take.

NDPB tests

2.23 UK Sport and Sport England were established as Executive NDPBs by Royal Charter in 1997 and 1996 respectively. Executive NDPBs typically have the following characteristics²⁸

- a. typically established in statute and carry out executive, administrative, regulatory and/or commercial functions
- b. have varying degrees of operational autonomy from Ministers and the Sponsoring Department
- c. work within a strategic framework set by Ministers, to whom they are directly accountable. The Secretary of State for Culture, Media and Sport sets financial and policy directions for UK Sport and Sport England's work
- d. do not have their own Estimate. They are funded within the Estimate of their sponsoring Department, and this funding is usually delivered through grant or grant in aid
- e. are accountable for their own budget and publish their own annual reports and accounts

2.24 The government's presumption is that if a public function is needed then it should be undertaken by a body that is democratically accountable at either national or local level. A body should only exist at arm's length from government if it meets one of 3 tests

²⁸https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/80075/Categories_of_public_bodies_Dec12.pdf

- it performs a technical function
- its activities require political impartiality and/or
- it needs to act independently to establish facts²⁹

2.25 Three quarters of stakeholders who responded to the survey felt UK Sport and Sport England passed all three NDPB tests. The review has concluded that the work of UK Sport and Sport England passes the first two tests, but that it does not pass the third.

Test 1 - It performs a technical function (pass)

2.26 Both UK Sport and Sport England perform technical functions which require a level of expertise and technical knowledge which doesn't exist in government. Supporting teams and individuals to represent and compete for the UK or Great Britain, or identifying investments most likely to increase participation, are functions best performed by experts in the field of sport and recreation and by organisations at arms-length from government.

Test 2 - its activities require political impartiality (pass)

2.27 As set out earlier in this chapter, both UK Sport and Sport England receive lottery money and funding from the exchequer to carry out its functions. The National Lottery Act 1993 sets out the principle that national lottery money should not be used for projects of aspects of projects for which funds would be unlikely to be made available by a government department. Therefore it is essential UK Sport and Sport England are politically impartial in carrying out their functions.

2.28 Test 3 - It needs to act independently to establish facts (fail)

Both UK Sport and Sport England gather facts and figures about their work, this is not a function that can or should only be carried out by the two organisations.

Alternative Delivery Models

2.29 The review considered the potential advantages and disadvantages of a range of alternative delivery models based on the models assessed in the triennial review of the BIG Lottery Fund, as an organisation presenting significant similarities to UK Sport and Sport England, and suggestions from stakeholders that certain functions would be better delivered elsewhere e.g. NGBs, local authorities and central government. Given the costs of transition to any new form of organisation/governance the review was focused in particular on whether any alternative delivery models offered significant benefits compared to the status quo.

Moving closer to central government

2.30 In respect of their lottery distribution functions, it is important for both UK Sport and Sport England to remain politically impartial. Any move towards central government would be very unpopular with the sports sector and potentially detrimental to lottery sales, raising

²⁹ <https://www.gov.uk/public-bodies-reform>

questions about impartiality in grant making and the principle of additionality in relation to lottery funding.

Merger

2.31 Merging UK Sport and Sport England would allow for closer working and greater synergies between the two organisations. A merger would secure delivery of back office efficiencies and encourage greater interface between the two organisations in respect of working with NGBs to improve governance, work on talent, and participation. There would however be significant implications for the Devolved Administrations and potentially a loss of focus for both organisations. Taking into consideration the decision not to merge the two organisations in 2013, the review team have concluded merging the two organisations remains undesirable and that the benefits of a merger could be delivered by both organisations working effectively together. However, the review has considered the merger of UK Sport with the English Institute of Sport. This option is considered further in chapter 4.

Devolving to local government/regional structures

2.32 Devolution to a regional or local level could have benefits for support to grassroots sport in allowing more effective adaptation to local circumstances, and could build on the model of CSPs working together to increase the number of people taking part in sport and physical activity at a local level. However there would be significant disadvantages of moving to such a model, including a loss of strategic oversight, scale and consistency, and potentially increased political pressure at local level to use lottery income to fill budget and service shortfalls. The review has therefore concluded this model would not deliver net benefits.

Outsourcing to the private sector

2.33 Outsourcing the functions of UK Sport and Sport England to the private sector has the potential to deliver efficiencies in respect of non-core activity, and to deliver benefits in respect of increased focus on commercial models of delivery. However the review team consider outsourcing to the private sector could result in a reduction in effectiveness and flexibility caused by the need to establish a contractual relationship with government. The review has therefore concluded that the potential benefits of outsourcing the functions of UK Sport and Sport England do not outweigh the potential reductions in effectiveness and flexibility.

Conversion to a public corporation

2.34 The public corporation model offers potential benefits and efficiencies. Potential benefits include the ability to manage its affairs with independence and freedom to adapt to changing circumstances as a result of its autonomous nature. However this option was ruled out by the review given the requirement for a public corporation to cover 50% of its operating costs from selling goods and services, which neither organisation is able to fulfil.

Conversion to a charitable body

2.35 Moving to greater arm's length could strengthen the independence of both UK Sport and Sport England. However ministerial oversight is required for lottery distribution and there are charity law requirements for independence that would conflict with this. For the same reasons as set out in the BIG lottery triennial review, this review considers that the increased bureaucracy involved in trying to make these two models work together does not fit with the policy aim of public bodies reform to improve efficiency.

2.36 In conclusion, the review decided that none of the delivery models considered would result in significantly greater benefits than the current NDPB status for both UK Sport and Sport England, and that the costs of implementing a different delivery model would outweigh the benefits of doing so. However some of the benefits from the models considered can and should be delivered within the existing NDPB structure, including the two organisations working more closely together, exploring how sharing certain back office services could deliver efficiencies and improve effectiveness, and effective partnership working with local authorities and private sector providers of sporting opportunities.

Recommendations

- 1. UK Sport and Sport England remain necessary**
- 2. UK Sport and Sport England's functions should continue and remain with their current organisation**
- 3. Sport England and UK Sport should remain as NDPBs**

Chapter 3: Improving the effectiveness of UK Sport and Sport England

3.1 Having concluded that UK Sport and Sport England should continue to exercise their current functions, this chapter looks at how they can do so more effectively. It considers both individual and joint working and how well relevant conditions attached to the decision not to merge the two organisations have been met. The three main areas for improvement are working together on talent, Sport England’s participation function and joint working on governance. This chapter looks also at Sport England’s planning function and joint working on major events. Efficiency, including working together on corporate functions, is covered in chapter 4.

Talent

3.2 If success in major competitions is the yardstick, the talent system in the UK and England works very well. British athletes won 65 Olympic and 120 Paralympic medals at London 2012 and finished third in both medals tables, and four Olympic and six Paralympic medals at Sochi 2014. England athletes won 174 medals and topped the medals table at the 2014 Commonwealth Games³⁰. The England women’s squash team were 2014 world champions and the England women’s rugby team are the current world champions.

3.3 Nevertheless NGBs, home country interests, national expert organisations and others repeatedly raise concerns about the talent system. These included

- the lack of a clear pathway/transition into elite level
- gaps in talent funding between what Sport England provides and UK Sport’s programmes
- the need to draw in talent from all parts of the UK and the lack of a strategic plan to do so
- unclear objectives and outcomes for Sport England’s talent work
- failure to retain talent within the wider sport system
- whether UK Sport should be more nuanced in where it directed its funding for Olympic and Paralympic medals, including more or less support to team sports, sports where medals were expensive to win, and sports where medals were more/less likely to stimulate participation

³⁰ Other home countries can point to similar success. Scottish athletes won 53 medals, Welsh athletes won 36 medals and athletes representing Northern Ireland won 12 medals.

3.4 Stakeholders highlighted talent as an issue on which the two organisations needed to work more closely, and joint talent development was a condition of the decision not to merge them.

3.5 Some stakeholder concerns were not born out by the evidence gathered by the review. For example, the proportions of athletes from Scotland and Wales on UK Sport programmes are higher than expected by the populations of those countries, but for England the proportion is lower³¹. UK Sport has set up the High Performance Strategic Advisory Group (HPSAG) made up of UK Sport and all four home country sports councils to improve connections and alignment in the talent system and has put in place a high performance system strategy covering the entire UK. It will take some time to see the full benefits of HPSAG's work.

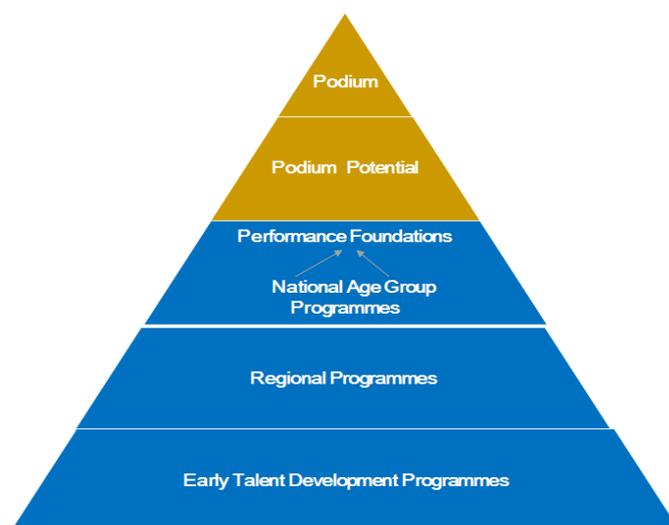
3.6 Stakeholders were recently able to express views directly to UK Sport about how it prioritises and allocates its funding through the consultation on its investment strategy for the 2017-2021 Tokyo cycle. The conclusions were announced on 19 March 2015, so the review team did not pursue these issues further.

Working more closely together and funding gap

3.7 There are different perspectives on the talent system and where the problems lie. Elite sport interests focus on the transition between UK Sport's programmes for athletes expected to win medals for the UK in the next four or eight years (Podium and Podium Potential) and what is often known as "performance foundation" level. This lies immediately below UK Sport's remit and is the main source of future athletes for the two top levels as shown in the diagram below. Looked at from this perspective, in some sports there is currently a shortage of athletes at this level and some are not sufficiently well prepared for UK Sport's programmes, so more than expected drop out. The solution from this perspective is a performance foundation system with named athletes, Institutes of Sport provision and investment in both NGBs and individuals, mostly funded by Sport England (and the other home country sports councils)³².

³¹ Scotland: athletes 12%, population 8%; Wales: athletes 6%, population 5%; England athletes 78%, population 84%.

³² UK Sport funds performance foundation level in 8 summer sports which have no mass participation base and all winter Olympic and Paralympic sports.



3.8 From a whole sport perspective, the top of the performance pathway receives the lion's share of attention compared to other talented athletes throughout the system for which Sport England is responsible under its Royal Charter³³ and lottery directions. The main problems for the full talent pathway are about access for a wide range of people, keeping talented individuals in sport once past their peak and the lack of connections between the talent and wider sports systems. From this perspective, talent resources need to be invested throughout the system to create really strong sports, while spending more at the top would be at the expense of other priorities.

3.9 UK Sport and Sport England's different focus and priorities, while not fundamentally in conflict, affect where resources are targeted and can make it difficult to find common ground. The government's sport policies and the targets it sets for the two organisations underpin these objectives. Sport England has no high performance targets³⁴ like those which lead the other home country sports councils to fund specific performance foundation systems (see [paragraphs 3.15 to 3.16](#) on Sport England's talent objectives). Their collaboration on major events shows how well Sport England and UK Sport can work together when their objectives are strongly aligned. Similarly they work very closely on elite facilities, where the capital investment is made by Sport England.

3.10 Despite different priorities, UK Sport and Sport England have worked more closely together in the run up to the Rio Olympics and Paralympics, both bilaterally and through HPSAG. They have jointly funded talent pathway manager posts in some sports and also have some joint programmes such as NGB leadership training. So far this joint working on talent has looked mainly at the top of the talent pyramid.

³³ Sport England's object is *Fostering, supporting and encouraging the development of sport and physical recreation and achievement of excellence therein among the public at large in England and the provision of facilities therefor* [emphasis added]

³⁴ The exception is the outcome targets Sport England set when investing directly in high performance sport such as squash and netball and for the performance by England athletes at the Commonwealth Games

3.11 That said, progress under the HPSAG on performance foundations appears to be slow, which is concerning given UK Sport see this level as critical to the UK's continued competitive advantage in high performance sport. Some of this seems to reflect a difference of views at the strategic level. Although UK Sport and Sport England are able to point to a number of ways in which they have collaborated and aligned activity for the 2013-17 sports funding period, there does not appear to be the single shared strategic plan that was a condition of retaining two separate organisations. In view of this, the boards of UK Sport and Sport England should agree a memorandum of understanding on joint working, which should cover talent and participation, recognising that there is still more to do to realise the full impact of high performance success at the grass roots. This should explicitly recognise both organisations' individual remits and objectives and set out shared objectives. It should also specify the resources and activities each organisation will contribute and any joint projects.

3.12 Joint working on participation should include the athlete appearances programme owned by UK Sport, which encourages podium and podium potential athletes to give time to inspiring future athletes. This should draw on evidence of what works best using the results of Sport England's insight work to identify which type of athletes are most likely to inspire particular types of audiences. For example are school children more likely to be inspired by medal winners or those further down the pyramid?

Recommendations

4. The boards of UK Sport and Sport England must agree a memorandum of understanding on working together on both talent and participation³⁵ by December 2015

5. The athlete appearances programme should be reviewed by UK Sport in consultation with Sport England and where there is evidence to do so, revised so that it is more effective and maximises the value to both organisations by December 2015

3.13 The government should consider how it can support joint working when it updates the targets it sets for both organisations. For example, the Government could set performance sport objectives for Sport England on numbers of athletes accepted onto UK Sports programmes, or to explicitly require each organisation to contribute to the work of the other.

Recommendation

6. DCMS should consider setting targets to support joint working in UK Sport and Sport England's management agreements for the next funding cycle

³⁵ This memorandum of understanding could be expanded to include the other home country sports councils if desired

3.14 UK Sport and Sport England acknowledge that they have not fully met the condition requiring joint talent development. The review team believes that implementing the recommendations above will help them to do so fully.

Sport England's talent objectives

3.15 Stakeholders told the review team that Sport England's talent objectives were not clear. Sport England acknowledges that until recently, talent objectives and targets had been handled at individual sport level through NGBs' whole sport plans. The Sport England board has now agreed strategic level objectives and metrics for the organisation as a whole.

Progression - More effective and more inclusive talent pathways producing higher quality athletes to each tier

- Athletes on to senior elite and World Class programmes
- Athletes on to next tier of pathway
- Athletes on from talent to coaching, volunteering, support and club roles
- Athletes on to a new sport, back to community sport

Inclusion - Increase the opportunities and access to the talent system for all athletes with potential, regardless of their background or circumstances

- Key to accessing the pathway is talent, not consequence of social or economic factors.
- Pathway should be equally accessible for all hard to reach groups - gender, disability, race

Integration - Effective integration of the talent system with community, education and performance sport sectors

- Increase impact from enhancing partnership, working across all sectors
- Reapplication of best practice
- Increase congruence, reduce duplication for the benefits of all athletes passing through system

3.16 This is a very helpful development. It would now be useful to set some metrics, in discussion with UK Sport where there is an impact on the elite level, and to ensure that awareness and understanding of Sport England's role in talent is as strong as that for participation.

Recommendation

7. Sport England should publicise its talent objectives and the rationale for them and set corresponding metrics, in discussion with UK Sport where there is an impact on elite level, by early 2016

Participation

Participation rates

3.17 Sport England's current target is a year on year increase in the number of people aged 14 and older taking part in sport for at least 30 minutes once a week. Participation in sport on this measure has remained fairly steady over the last few years, at around 35% of adults.

	Oct 06	Oct 07	Oct 08	Oct 09	Oct 10	Oct 11	Oct 12	Oct 13	Oct 14
Adults 16+ (millions)	14.1	-	15.2	15.3	15.2	15.1	15.9	15.8	15.7

Participation rates are well above that for Europe as a whole - 41% of Europeans exercise or play sport³⁶ once a week compared to 48.5%³⁷ in England. They are however still significantly below the countries with the highest levels (70% in Sweden, 68% in Denmark and 66% in Finland)³⁸.

3.18 Significant investment has not led to the large boost in participation hoped for from London 2012 and indeed participation has fallen in the last two Active People Survey results. Although just maintaining current levels of participation is challenging given societal and demographical trends, the current target is neither particularly inspiring, nor does it reflect the underlying policy intention of a step change in participation levels. But at the same time it is difficult to meet consistently as it requires a regular increase which may be neither realistic nor desirable given seasonal factors and the trajectory that tends to be seen in relation to big stimuli in participation such as the 2012 Olympics which can be initially fragile and prone to fluctuations. Some influences on participation are not under Sport England's direct control and local authorities, which invest £1bn a year, rather than Sport England, are the major investor in sport, and the private sector is also a major provider. Both local authorities and the private sector can help drive up participation through promotional and marketing campaigns³⁹ and providing opportunities to participate⁴⁰. But they cannot take over the leadership role of Sport England: the option of transferring Sport England's

³⁶ Including walking and all forms of cycling

³⁷ Source Sport England, calculated using Active People survey data

³⁸ <http://eose.org/2014/03/special-eurobarometer-survey-on-sport-and-physical-activity-now-available/>

³⁹ For example Birmingham City Council: Be Active <http://beactivebirmingham.co.uk>, Nike: Better for it campaign <http://news.nike.com/news/nike-powers-women-to-be-betterforit>

⁴⁰ For example local authority-owned leisure centres, football pitches, tennis courts etc. In the private sector PowerLeague football pitches, many gyms and golf courses

participation role to either of these sectors was considered and rejected along with other alternative delivery models in chapter 2.

Recommendation

8. DCMS should set Sport England a clearer target for an overall increase in participation by early 2016

3.19 Experience shows that step-changes in participation can be created and sustained. Sport England attributes a big increase between 2006 and 2008 to economic conditions at the time and another big increase between October 2011 and October 2012 to significant coordinated activity and large-scale investment. Sport England hopes that further work to stimulate demand for sport and exercise such as the “This Girl Can” campaign, and a push to reach the currently inactive in partnership with the health sector, will result in a similar step-change in participation. Demographic factors influence how far participation can further increase as the proportion of older and disabled people in the population increases. However Sport England believes growth of 0.5 to 0.9 million participants is possible over the period covered by the forthcoming 2016-21 strategy.

3.20 Despite the lack of recent progress, a majority of stakeholders (75% of survey respondents) think that Sport England is delivering its participation function well, and there were many positive comments about this role. Stakeholders expressed a range of views about how important participation is and how best to increase it. The debate was mainly around the balance between investing via NGBs and other channels, and on how far the investment should go mainly on mass-participation sports and on groups amongst which participation was low. There is also a view that Sport England is not clear enough about the relative value and effectiveness of different types and channel of intervention, and that in the round its programme of interventions is not having a significant effect on levels of participation.

3.21 Stakeholders’ specific concerns and questions included

- a lack of detail in Sport England’s strategy beneath the headline mission and aims
- too many initiatives using different delivery mechanisms measured in different ways making it very hard to see what works and what doesn’t, and diluting the organisation’s focus
- investment in initiatives that may not drive up participation
- should NGBs with a poor record continue to receive participation funding?
- scepticism about the scope for increasing participation via NGBs because of a lack of capacity and facilities. Mass participation activities such as swimming and running for example were more about alternative providers than NGBs;
- despite improvements on insight, there needed to be more expertise on consumer behaviour and a cultural shift across the organisation to understand the reasons for non-participation

3.22 The Minister for Sport and Tourism announced on 11 June that the government would start work on a new strategy for sport to address the recent downward trend in participation. There would be consultation with the sector on a new approach to strengthen sport across the country, focus support on those who can deliver the goods and look to take a more joined up approach to sport and physical activity across Whitehall.

Enhancing the value of investment in participation

3.23 Sport England is developing its investment strategy for the four year cycle 2016 to 2021, so is well-placed to address concerns that have been raised through the review and will, of course, need to work to the government's forthcoming new strategy for sport. Sport England intends to consult before bringing in their new strategy in 2016. It is clearly vital to maximise the return on investment in the form of more people playing sport at a time of pressure on exchequer funding, uncertain lottery income and further reductions in local authority funding.

3.24 A range of factors shape how Sport England decides to invest to promote participation

- a market assessment of consumer demand and how providers might cater for it, looking at individual sports, consumer preferences and likely trends
- working with a range of delivery partners to minimise risk
- channelling a significant share of resources (£100m a year) via NGBs not only because they are important providers but also to influence their behaviour
- reserving a small proportion of funding earmarked for NGBs (£40m out of £393.3m for the 2013-17 funding cycle) to reward exceptional success and provide extra capacity for unexpected surges in demand⁴¹. To date 13 NGBs have been awarded additional funding
- loss of up to 20% of NGBs remaining investment or only short term (one or two years rather than four) funding for poorly performing NGBs. To date 13 NGBs have seen a reduction in their funding for this reason
- responding to market failures in NGB provision for people amongst whom participation rates were low, such as women and socially excluded groups⁴²
- developing new models for raising participation that can then be replicated and working with non-sports organisations to become suppliers of opportunities to participate⁴³
- sustaining sporting infrastructure
- incentivising and supporting economically sustainable provision by working with local authorities to map and meet local demand

3.25 Sport is a fragmented sector with several key players and no critical mass. Historically Sport England has tended to deal separately with the main categories of investment and

⁴¹ For example in gymnastics due to 'Tumble', a reality television programme

⁴² For example the Street Games

⁴³ Examples include work with the National Trust (see box) and the City of Running in Birmingham

stakeholder⁴⁴, but has recently made progress towards a more comprehensive and holistic approach. Its aim is to deal with the market as whole, identifying existing demand, supply and the scope to change attitudes and behaviour to increase demand and to take a cross-sectoral approach to investment. This, however, depends on being able to take a consistent approach to the evaluation of investments to ensure that the efficiency and effectiveness of investment via NGBs and in one off initiatives can be compared. At present evaluations appear to be bespoke rather than carried out against a common set of criteria, which makes comparative evaluation and selection of the best interventions (or groups of interdependent interventions⁴⁵) difficult.

3.26 Sport England has already developed some successful partnerships with other organisations (see box). However so far these have been only with not for profit organisations, and Sport England has expressed a concern that guidance on the use of lottery funds limits the scope for further joint initiatives working with private sector partners. A strategic marketing partnership⁴⁶ with a sports-wear company, for example, could help extend Sport England’s consumer reach and influence. It would clearly be concerning if lottery rules prevented the funding of projects which could deliver better value for money in achieving increases in participation, so the scope of any limitations placed on Sport England should be reviewed by DCMS.

Sport England and the National Trust have entered a four year partnership, each investing £1.7 million, to encourage people to take part in sport by providing activities such as cycling, running and horse riding, and events such as parkruns, night runs and local Sky Rides on 12 National Trust sites.

Recommendation

9. DCMS should, by the end of 2015, review the rules for using lottery money to ensure that they are flexible enough to allow partnerships with the private sector as well as the voluntary sector and local government where this is consistent with the National Lottery Act

3.27 There are also a number of general steps that Sport England should take to help maximise the rate of return on its investment in sport in the next cycle under the new strategy the government plans to put in place. Two other important factors - targeted ages and measurements and targets - are covered separately below.

Recommendations

⁴⁴ For example holding workshops with elected members of local authorities about the facilities strategy.

⁴⁵ For example complementary investment in facilities, marketing and coaching

⁴⁶ Visit Britain has successfully used this approach in a joint marketing campaign with Emirates.

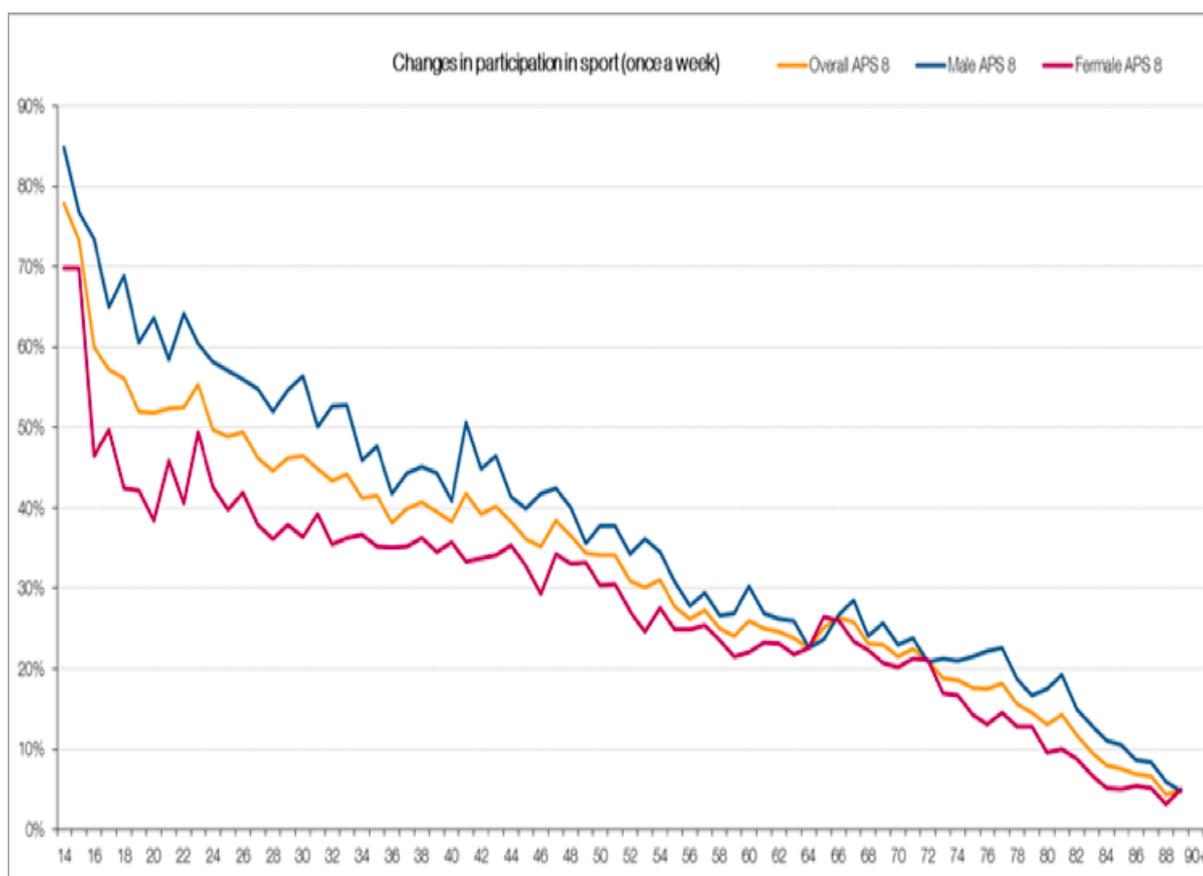
10. Sport England should set out its new strategy covering its entire remit and all delivery channels showing how each is expected to contribute to increasing participation

11. Sport England should adopt a common appraisal and evaluation approach to all investments, so that their effectiveness can be directly compared, the best initiatives (or groups of initiatives) selected, and continuous improvement driven across all its investments

12. For the next funding cycle, Sport England should take a strategic view of where best to channel resources, via NGBs or others, aiming to support those channels most likely to increase participation in the sport in question

Targeted ages

3.28 In line with government policy, Sport England places a significant emphasis on the 14 to 25 age group. The focus on 14+ is partly a result of the need to prioritise finite resources and ministers' priorities. Sport England's formal remit of 14 upwards at first sight appears to correlate with the age range where participation drops off sharply. However, evidence suggests that the reasons for that drop-off may relate at least in part to experiences at younger ages, and indeed in the gap in participation rates between boys and girls has already opened up (as shown below, source: Active People Survey).



3.29 School sport policy is driven by education priorities, which include helping children to learn, as well as developmental and health benefits. However, some stakeholders have questioned how well school sport policy is being delivered (which is formally out of scope of this review) and suggested it should reflect more explicitly the need to establish habits and motivations that will be likely to sustain participation as children get older and leave school.

3.30 Sport England is active in this area. It has advised on how primary schools could best use their PE and sport premium funding. It has also provided funding to support the development and delivery of the School Games, and encouraged NGB and CSP involvement. It is bringing its insight to future decisions on the school sport curriculum and forges links with secondary schools via satellite clubs. However Sport England’s involvement in setting school sport policy is relatively limited. It could play a stronger leading role, not least to ensure school sport policy places a strong emphasis on laying the groundwork for maintaining participation throughout adolescence and adulthood.

3.31 Under the current strategy, Sport England’s resources are focussed on the people who are most likely to participate in sport once a week - young people. However, as the population ages, participation by older people is likely to become an increasingly important issue in terms of health and social inclusion. It may make sense to give more priority to them as time moves on.

Recommendations

13. The government should consider by the end of 2015 whether and how to extend Sport England's remit to take a strong role in leading school sport policy

14. The government should consider whether to give more priority to participation rates amongst older people for the next funding cycle and whether to set a separate target for older people

Measurements and targets

3.32 The single Active People measure has successfully focussed NGBs on increasing participation. As an independent, population-wide survey it has provided extensive data about patterns of consumption that underpins the rationale for continuing to invest in sport. Data from the survey is used by government departments, health authorities, local authorities etc. Sport England recognises the survey's main weaknesses of the landline-only methodology, that it is only a snapshot of the previous 28-day's activity and its length and complexity.

3.33 Stakeholders raised a number of concerns about the Active People survey, and targets based on once a week participation of 30 minutes each time over four consecutive weeks. These included exclusion of the under 14s, unfairness to team sports, the fact that people participating in a range of sports may not count against any one sport's targets, a failure to pick up the barriers to participation by LGB&T people and a mistaken perception that increases in participation shown by the survey are not a requirement for Sport England's investment via channels other than NGBs.

3.34 Sport England is devising a new tracking survey which aims to increase the number of individuals who participate in sport overall ("the active person") and minimise competition between sports for the same customers. Unlike now, individual sports could have targets which incentivise them to increase the total number of people participating in sport, across a range of sports. The new survey will be used for the next funding cycle and Sport England expects the first set of results in mid-2016.

3.35 At present Sport England is only given a target for overall levels of participation. The risk is that this blunts the incentive on Sport England and others to drive progress on participation by people from groups with particularly low participation rates. Setting targets for such groups could help to address the particular decline in participation amongst adults on lower incomes, or provide further focus in support of work to increase female participation.

Recommendations

15. Sport England should ensure that its new approach to measuring participation and setting targets for delivery partners, especially NGBs,

addresses weaknesses of the current approach and in particular incentivises overall increases in participation

16. DCMS and Sport England should explore the value of setting targets for participation by under-represented groups by early 2016

Role of UK Sport

3.36 A greater emphasis for UK Sport in driving participation was a condition of the decision not to merge the two organisations. The two main means of addressing this has been through major events and athlete appearances. The review team considers that there has been sufficient progress to meet the condition on the first of these, although there is more to do on the second (see [paragraph 3.13](#) above).

Governance of NGBs

3.37 NGBs need to be well managed and financially sound, not only as recipients of public money, but also to deliver sporting success, and NGB performance information shared with the review team demonstrates the correlation between the two. Recent revelations about FIFA have shown how important it is for sports bodies to uphold the highest standards of governance, transparency and accountability. At present twenty sports receive funding from, and must meet the governance requirements, of both organisations. Assurance is through a combination of self-assessment, independent audit and an annual review of governance as part of an overall assessment of delivery. Organisations that do not meet minimum requirements can lose funding. Governance requirements are set for four year funding cycles and standards are raised/added as existing ones are met.

For the 2013-17 funding cycle, UK Sport and Sport England require funded sports

- to have strategic plans
- to conduct skills audits and board evaluations for board members
- to have at least 25% independent members on their boards
- for board recruitment to be skilled based, open and transparent, with no one grouping being dominant on the board
- board members to have fixed terms of service (2 x 4 year terms)
- aspire to 25% female board members by 2017

3.38 88% of survey respondents said that UK Sport and Sport England were exercising their function of ensuring the organisations they fund are well led and governed very well or well, while 12% thought they were exercising this function poorly or very poorly. Some stakeholders, however, thought there was a lack of consistency between the two organisations' governance requirements while, others thought there was duplication.

3.39 Stakeholders suggested various ways to improve how UK Sport and Sport England exercise their governance function and some changes to the governance framework applied to NGBs. These included working to a single framework, the two organisations combining their governance requirements and support to NGBs on governance. Some even suggested that organisations should be able to submit a single bid to UK Sport and Sport England for joint funding. Possible changes to the framework itself included making it less mechanistic and tailoring requirements to the size of the organisation, and the level of funding it was receiving. Other suggestions were strengthening requirements on home country representation on UK NGBs, and extending the requirements for certain safeguarding policies to cover bullying and harassment of athletes – a concern of one representative body.

3.40 Some aspects of this work are already well joined up. The two organisations have a single firm of auditors and a joint assurance process, and both UK and England NGBs are advised to use the “Things to Think About” guidance⁴⁷ produced by Sport England and UK Sport. They are also looking to develop a new contract for audit, which could include streamlining monitoring of compliance, while raising the bar generally on governance as NGBs strengthen their performance against current standards.

3.41 Other aspects are separate or not so joined up. UK Sport and Sport England take different approaches to providing support and expertise to help NGBs improve their governance. Sport England set aside £1.1m of exchequer funds each year as a governance fund for NGBs to use with external experts to supplement the support provided by Sport England staff, while UK Sport have an in-house team to support NGBs. The two organisations have not published a set of joint governance requirements and while there is some cross-reference to the other in some of the governance material on their respective websites, this seems haphazard and does not convey a sense of this being a joint function.

3.42 Although the two organisations have some joint processes and shared principles, they have not strictly met the condition of having joint governance agreements with NGBs. There seems to be no compelling reason why there should not be a single published set of governance requirements that would include some relevant only to UK NGBs, and some relevant only to England NGBs. It would be open to the other home country sports councils to also work in this way. The governance requirements for the forthcoming funding cycle are currently being finalised, and this creates a good opportunity to publish such a document and to update and streamline the material on both organisations’ websites. The review team also recommends that UK Sport and Sport England consider making a joint arrangement for providing support on improving governance, which could be in-house, provided by contractors or a mixture of the two.

Recommendations

⁴⁷ <https://www.sportengland.org/our-work/governance/things-to-think-about/>

17. UK Sport and Sport England should publish a single set of governance requirements for the next funding cycle by the end of 2015

18. UK Sport and Sport England should put in place a joint arrangement to provide support to NGBs to improve governance by spring 2016

Diversity

3.43 The governance framework is a key mechanism for promoting diversity. The current goal for women on boards is as follows.

The board actively works to attract a diverse range of candidates representative of the community that it serves or seeks to engage. In line with the Davies report, NGBs should aim for their Board to comprise at least 25% women (or men where they form the currently unrepresented grouping) by 2017 as part of a journey to improve the diversity of boards.

Boards are also expected to promote equality and diversity throughout their organisations. There is no target for BAME or disability. Diversity data for NGB boards is set out in the table below.

	NGBs funded by UK Sport *	NGBs funded by Sport England
WOMEN	28.6%	27%
BAME	3.67%	3.63%
DISABILITY	10%	4.08%

* UK Sport's figures are interim results based on data for 15 sole funded NGBs and partner organisations from a survey that finishes in September 2015. Joint funded NGBs information is included in the Sport England figures.

3.44 Overall, the 25% target for women on NGB boards is being met by both organisations, but 19 NGB boards have yet to achieve it. Although there are no targets for BAME representation current levels clearly do not reflect society as a whole.

Recommendation

19. UK Sport and Sport England should set stretching targets for BAME representation on NGB boards for the next funding cycle by spring 2016

3.45 Targets are an important, but not the only measure to increase diversity and other action is underway. For example the Sports Councils' Equality Group shares best practice on diversity across all five sports councils. UK Sport and Sport England carry out a joint Women in Sport Leadership Audit to collate annual data around women, BAME and disability from 2015-17. The results will help develop future board diversity programmes. Both organisations support and advise NGBs on advertising and recruitment as well as mentoring and coaching opportunities and leadership programmes.

3.46 Sport England funds national expert organisations to help increase representation and participation amongst some of the main sections of the population that commonly face inequalities - women, disabled people and BAME people. However, although Sport England has funded some specific LGB&T projects, there is currently no equivalent national partner to deal with LGB&T exclusion. This is argued on the grounds that the Active People survey shows participation levels of lesbian and gay people to be higher than the overall rate of 35.8%. LGB&T groups have argued that this masks the barriers to participation that they face, particularly in team sports.

3.47 Public Health England has recently commissioned research on LGB&T engagement in sport and physical activity. Findings show a significant fear of discrimination as a barrier to participation, that many NGBs have not addressed the issue in the absence of national leadership and a national expert organisation to provide support and this correlates with other research which suggests many young LGB&T people are turning their back on sport and physical activity as adolescents because they do not feel safe to be themselves. The

review recommends that Sport England treats LGB&T exclusion in the same way as it does race, disability and gender, providing national leadership and funding an expert partner. This will also help Sport England to comply with its duties under the Equality Act 2010⁴⁸.

Recommendation

20. Sport England should start to fund a national expert organisation covering LGB&T for similar purposes, and in the same way as it does for other characteristics protected under the Equality Act 2010 by spring 2016

Major events

3.48 UK Sport has a strong track record on major events. Since 2012 it has helped secure 59 events with an 80% bid success rate. Stakeholders were very positive about the major events programme, but thought UK Sport and Sport England could work even more closely than they already do (see process in [Annex 3A](#)) with a bigger role for Sport England to maximise participation legacies.

3.49 The participation legacy is supported through the assessment criteria for selecting event bids for the programme (public engagement is 40% of the score) and through Sport England's major events engagement fund. The fund has strengthened collaboration, benefiting both organisations, and has incentivised NGBs to focus on participation legacies. Early evaluation of funded events shows that community participation goes up. Sport England plans also to use the investment criteria for the next whole sport plans to encourage NGBs to link major events and participation.

Sport England's £2m lottery-funded major events engagement programme aims to increase participation in sport by enhancing hosting NGBs' engagement with local communities. Events funded so far include the 2014 Canoe World Cup, the 2015 European Championships (Wheelchair Basketball) and the 2016 World Dodgeball Championships. Funding pays for additional staff such as coaches, marketing campaigns, new clubs, events and activities and improved access to facilities.

3.50 There is no evidence suggesting that UK Sport and Sport England are doing too little to increase participation through major events⁴⁹. The review team finds that this function works well, and requires only further development over time rather than changing to become more effective. As UK Sport and Sport England strive for continuous improvement, they may wish in particular to

⁴⁸ Section 149(1) of the Equality Act 2010 requires public bodies when exercising their functions to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations in relation to age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation

⁴⁹ The assumption that major events increase participation has yet to be demonstrated by reliable good-quality evidence. UK Sport and Sport England's own research suggests that the greatest effect is on existing participants.

- evaluate what works, ensure up to date research, guidance and tools are available to potential bidders, and that this material is clearly signposted from the major events framework
- focus on getting new participants rather than increasing participation rates amongst existing participants
- update advice for NGBs on taking advantage of major events to increase participation - especially advice for NGBs whose event it is not
- UK Sport to publish the weights given to the main criteria in assessing major event bid proposals

Sport England’s planning function

3.51 Sport England is a statutory consultee on all planning applications which affect playing fields under schedule 5 of the Town and Country Planning (Development Management Procedure) (England) Order 2015. Before making a decision about such a planning application, the local authority must send a copy to Sport England who then has 21 days to comment or object. The local authority must take these comments into account in deciding whether or not to grant permission. A local authority is also required to consult the Secretary of State if it wishes to approve a planning application that Sport England has objected to. The Secretary of State may decide to “call in” such applications for his or her own decision⁵⁰.

3.52 Sport England’s planning policy, which reflects the National Planning Policy Framework, is to oppose any planning application that will result in the loss of playing field land unless it meets certain criteria (for example it is no longer needed or is being replaced elsewhere). This role enables Sport England to protect playing fields and influence the provision of the facilities needed to maintain and increase participation in sport.

3.53 The majority of stakeholders have praised how effectively Sport England delivers its planning function and, unlike some statutory consultees, it is not the subject of complaints from developers. Stakeholders thought it to be a valuable function that should continue and remain with Sport England.

3.54 The review team did not identify any credible alternative to Sport England for this role. Local authorities would be poorly placed to do so since they were already in the position of decision maker, and in many cases were also the developer. Fields in Trust (formerly the National Playing Fields Association) could in principle play this role, but would lack the strategic and local knowledge and links with NGBs⁵¹ to exercise the role to best effect.

⁵⁰ The Town and Country Planning Consultation (England) Direction requires a Local Planning Authority to refer certain planning applications to the Secretary of State where they are minded to grant permission despite an objection from Sport England. The referral must take place prior to a Local Planning Authority granting any planning permission. Applications subject to this referral process are those on playing field land owned by a local authority, or used by an educational institution as a playing field at any time in the five years before the making of the application.

⁵¹ For example, Active Places database, memorandum of understanding with relevant NGBs to provide a consolidated view on planning applications, links with local authorities through encouraging them to maintain up to date playing pitch strategies and input to local plans, links to the network of CSPs.

Expert planning advice from the private sector may be available but is unlikely to be cost effective.

3.55 The review team has considered whether the role of statutory consultee adds value above that of advisory consultee, particularly as between 65% and 73% of applications⁵² already meet Sport England’s criteria when submitted to the local authority. However, local authorities often have a close interest in sports-related planning applications as landowners, and may be tempted to push through applications which are controversial and do not meet the criteria. If Sport England did not have to look at all applications, there may be staff savings. In practice though, it is not clear how criteria could be drawn up which would enable a subset of applications of greatest likely concern to be pre-selected for review, and on balance the review team believes the potential loss of protection of playing fields outweighs any staff savings that might result. The planning department now has 23.4 FTE staff following a reduction of 6.6 posts between 2011/12 and 2012/13 through streamlining procedures and processes. While Sport England should look for further streamlining opportunities, the review team recommends on balance that it should continue to be a statutory consultee.

3.56 The requirement to consult the Secretary of State before approving a planning application that a statutory consultee objects to, does not exist in the case of all statutory consultees. Although it may act as a disincentive to approve such applications, it could be seen as disproportionate or unnecessary. Over the years 2009/10 and 2012/13 not one of the between 84 and 44 applications subject to call in was actually called in⁵³ and only two applications have been called in during the last ten years. It therefore seems likely that removing the requirement would little affect the protection of playing fields and could lead to savings for the Department for Communities and Local Government.

Recommendations

21. It should continue to be a statutory requirement to consult Sport England about planning applications for playing field land

22. DCMS should consider whether local authorities should continue to be required to consult the Secretary of State before approving planning applications that Sport England objects to

⁵² Based on statistics provided to the review team. Sport England made representations to the local authority on around 60% of these applications, which led to a better outcome for provision of sports facilities.

⁵³ Statistics provided to the review team by Sport England.

Chapter 4: Improving the efficiency of UK Sport and Sport England

Context

4.1 If the conclusion from stage one of the triennial review is that there is an on-going need for the functions and that the NDPB should remain in its current form, stage two looks at the way the organisation operates to identify scope for increasing efficiency and effectiveness. Following the conclusion of stage one of this review, this chapter reviews UK Sport and Sport England against a number of efficiency measures. Around half of stakeholders mentioned efficiency in engaging with the review team, mostly in back office functions.

4.2 As explained in chapter 1, a decision was taken in January 2013 not to merge UK Sport and Sport England subject to a number of conditions focused on delivering economic and strategic benefits. More broadly, DCMS has been working closely with its arm's length bodies, including UK Sport and Sport England, to identify where efficiency measures have already been implemented and the priority areas to pursue for efficiency savings beyond 2015/16.

4.3 UK Sport and Sport England are members of the Lottery Distributors Forum. This brings together Chief Executives from each of the national lottery distributors and provides an opportunity for them to discuss joint working and share best practice. The forum is currently focusing on how collectively they can deliver efficiencies on shared services and back office functions, share information on delivering efficiencies, and carry out benchmarking activity specifically on grants administration costs as part of the Cabinet Office Grants Efficiency Programme.

4.4 As a result of this existing focus on improving effectiveness and efficiencies, UK Sport and Sport England have already completed, or are carrying out, a range of actions resulting in savings and closer working between the two organisations. However, UK Sport and Sport England are only currently sharing a small proportion of back office functions. Given the conditions set when the decision not to merge them was taken, both organisations should be working towards sharing significantly more back office functions with a view to maximising potential efficiencies.

Overall operating and grant administration costs

4.5 In November 2010 all lottery distributors were set a cap of 5% of budget on grant administration costs, and 8% of budget on total operating costs. UK Sport and Sport England were required to meet these caps by March 2013⁵⁴.

4.6 In 2014/15 total lottery operating costs for Sport England were 7.8% and 4.9% for UK Sport compared with 9.5% and 5% in 2011/12. Total lottery grant administration costs were 4.9% for UK Sport, and 4.5% for Sport England in 2014/15 compared with 5% and 5.1% in 2011/12. The reduction is due to a decrease in expenditure on both grants administration and overall operating costs including reducing office space, co-locating, and introducing more flexible working practices.

4.7 Both organisations are looking at how they could reduce administration overheads as a percentage of total funding further, and, as noted above, are part of the Cabinet Office Grants Efficiency Programme. This is looking at a range of measures designed to improve information sharing between grant making bodies, establishing a centre of excellence for grant giving, and ways to deliver grants efficiencies. This includes conducting a benchmarking exercise to identify at what stage of the grant making process variation in costs occurs, and what targets should therefore be set. UK Sport and Sport England are also in the process of agreeing benchmarks with other lottery distributors. This is considering to what extent lottery distributors should be subject to a standard target, or whether there is a case for grants processing targets varying across lottery distributors, recognising differences in their underlying approach to supporting the sectors for which they are responsible. At the time of publication of this review benchmarking data is still work in progress.

4.8 Sport England in particular currently use a relatively old grants management system which relies on bespoke IT infrastructure, and is expensive to adapt to new programmes. Sport England is assessing options for improving the existing grants management system and, as a result, deliver significant efficiency savings by reducing their grants administration costs further.

Recommendation

23. UK Sport and Sport England should drive overall operating costs and grant making costs down further as a percentage of overall funding. Targets should be set by June 2016 reflecting planned operational improvements, and the results of benchmarking work across Government through the Cabinet Office Grants Efficiency Programme, DCMS arms-length bodies and the Lottery Distributors Forum⁵⁵

⁵⁴ <https://www.gov.uk/government/publications/lottery-reform-measures-research>

⁵⁵ For all efficiency recommendations, deadlines can be adjusted in agreement with DCMS if it is considered necessary.

Property

4.9 In August 2014 UK Sport relocated from Bernard Street, London and Sport England from Bloomsbury Square, London to 21 Bloomsbury Street, London, a building they now share with five other government agencies. This consolidation generated more than £1 million savings across both sports councils, and £0.3m of further one off savings have been realised from regional office closures and adopting flexible working arrangements, including remote working⁵⁶.

4.10 At the time of the move to Bloomsbury Street, UK Sport and Sport England considered moving outside of London, however the staff costs associated with such relocation under existing contracts would have been significant and materially contributed to the decision not to move. The organisations will have another opportunity to consider moving outside of London in eight years time when the current lease on Bloomsbury Street expires. In the meantime UK Sport and Sport England should seek to ensure that future staff contracts do not make relocation costs a major obstacle for the future.

4.11 As a result of colocation, UK Sport's square metre/FTE ratio has come down from 13.4m²/FTE in the previous financial year to 9.5m²/FTE for the 14-15 financial year. Sport England has brought the square metre/FTE ratio down from 20.1m²/FTE in the previous financial year to 9.9m²/FTE for the 14-15 financial year.

Recommendation

24. UK Sport and Sport England should ensure future staff contract terms do not stand in the way of an option to relocate outside of London

Shared services

4.12 There are clear benefits to be achieved through sharing services, including cost savings achieved through consolidating organisational structures; integrating information technology; and improving procurement. Shared services also deliver wider benefits in terms of effectiveness and business transformation such as improved processes and culture change programmes.

4.13 Sharing services is now common practice in local government where there are now over 400 shared services arrangements occurring between councils across the country. For example, Royal Borough of Kingston Upon Thames Council share HR and payroll services

⁵⁶ Overall the relocation project delivered a saving for Government of £60 million over a period of 10 years. The tenants for the Bloomsbury Street are Sport England, Arts Council England, Children and Family Court Advisory and Support Service, Horseracing Betting Levy Board and the Office of the Immigration Services Commissioner.
<https://www.gov.uk/government/news/award-winning-property-project-saves-60m-for-the-taxpayer--2>.

with the London Borough of Sutton, Merton London Borough, and Richmond upon Thames, to provide a shared HR employee database and payroll system and service.

4.14 Sharing more back office services was a merger condition set by Ministers in 2013 following Sir Keith Mills' review. Since then, building on the platform provided by colocation, both UK Sport and Sport England have identified opportunities to achieve efficiencies through sharing a number of back office functions with each other. These are set out in the table below.

Area	Baseline	Scale of possible savings	Timescales
Single facilities management contract	Facilities management function was previously performed in house and costs were included in service charge	£113,000 equivalent to 4FTE	In place since 2014
Joint internal audit contract	Sport England Internal Audit cost for 2014/15 £76,000. UK Sport Internal Audit cost for 2014/15 £29,600	£40,000	In place since 2015
Single model for IT infrastructure hosting	IT costs for UK Sport are £384,000 and £537,000 for Sport England	Phase 1 of the project will deliver savings of £25,000, with further cost reductions yet to be defined with reduction in data network links and data centre facilities	Move to single supplier for infrastructure hosting by September 2015
Outsourced payroll provider	Costs of outsourcing payroll are £22,000 for Sport England and £18,000 for UK Sport	Savings of £5,000-10,000	In place
General procurement - align contract database and identify top ten contracts in mutual spend areas to retender jointly	Total procurement spend for UK Sport £8.9 million and £25.5 million for Sport England	As yet undefined but the top ten contracts in mutual spend exceeds £10.4 million	In progress

4.15 In addition to the shared services set out in the table, UK Sport and Sport England have agreed to explore opportunities to implement a single case management system to manage the process for Freedom of Information requests, complaints and Parliamentary Questions. Moving to a single system will enhance service delivery and resilience as a result of

increased cross-organisational working. This approach will be being considered alongside the refresh of the grants management system.

4.16 UK Sport and Sport England are also exploring the potential to implement a single finance system. Such a system would deliver efficiencies in transactional finance processes, for example, invoice processing, greater sharing of good practice and standardisation of processes leading to better automation. This work is currently on hold while Sport England focuses on developing a more flexible grants management system. UK Sport and Sport England expect to take this work forward in 2017.

4.17 Outside of sharing services between themselves, both organisations raised the possibility of sharing services with other partners, which could include NGBs or the other Home Country Sports Councils. However, very limited work appears to have been taken forward on these options so far.

4.18 UK Sport and Sport England have made good progress on delivering efficiencies on property and some back office services. The bulk of these services however (see following table) are not currently shared, although options are being explored in IT and finance. Given that both organisations lack scale, these back office services should be shared, either between UK Sport and Sport England, or with other bodies, and efficiencies realised, unless there are compelling reasons to the contrary.

Area	Current resource allocation and cost
Corporate services staff (to ensure back office functions operate as efficiently as possible)	UK Sport £1.15 million Sport England £2.3 million
HR (total cost of HR function)	UK Sport £212,000 Sport England £245,000
Finance (total cost of finance function)	UK Sport £364,000 Sport England £687,000
Payroll (including outsourced activity costs)	UK Sport £26,200 Sport England £40,000
Information, Communications and Technology Desk top	UK Sport £384,000 Sport England £537,000

4.19 UK Sport and Sport England have delivered efficiency savings of over £1.4 million since 2014 in shared services including accommodation, internal audit and outsourcing payroll providers. Savings are expected to be delivered in IT infrastructure hosting and general procurement in 2015-16, more work is required to identify the exact level of savings in these areas which SE and UKS should do as a priority. Based on advice on the potential savings reforms of this type may deliver, further savings on shared services within the range of £668,750 - £1.2million⁵⁷ may be possible. We have identified but not quantified further potential savings in grant making costs and working with NGBs.

Recommendations

25. Unless DCMS accept there are compelling reasons to the contrary, Sport England and UK Sport should agree plans, by June 2016, to share significantly more back office services as listed in the table in [paragraph 4.18](#), including having shared Heads of HR, Finance, and IT, either with each other or other organisations (NGBs or lottery distributors for example), with a view to realising savings over the course of the next funding cycle

26. Developing a reformed grants management system is a priority for Sport England, which once achieved should result in efficiencies through sharing finance systems. This work should move forward as quickly as possible with plans agreed by the end of 2015

Staffing

4.20 As set out in the table below, UK Sport’s staff numbers have increased by 6.38 FTE since 2012-13 and Sport England has seen an increase of 11 FTE during the same period. This increase in FTEs is attributed to additional staff needed to manage the Sports Councils increased share of lottery funding and increasing specialist front line resource working on business critical areas, including the creation of a Sport Intelligence Team.

Staff numbers (full time equivalents (FTE)*)

	2014-15	2013-14	2012-13
Sport England	244	237	233
UK Sport	104.03	96.52	97.65

* Number of FTEs includes permanent staff and staff on fixed term contracts, excluding agency staff.

⁵⁷ This is illustrative and based on delivering savings of between 10-20% for corporate services staff, HR, Payroll and ICT, and 25% for finance

4.21 UK Sport and Sport England's staffing breakdown against functions is set out in [Annex 2C](#). UK Sport allocates the majority of its staff to supporting Olympic and Paralympic medal success, hosting major sporting events, developing international sporting relations, and driving strong governance of domestic sporting bodies (70.96 FTE) and cross-cutting and corporate services (32.7FTE). Sport England allocates the majority of its staff to supporting more people in England aged 14 to choose to play sport regularly (185.4FTE) and cross cutting and corporate services (43.1FTE).

4.22 Sport England's payroll costs have increased since 2012-13 from £13.029 million to £13.717 million in 2014-15. UK Sport's payroll costs increased from £5.9 million in 2012-13 to £6.4 million in 2014-15.

4.23 Average staff costs per FTE for UK Sport increased from £60,310 in 2012-13 to £61,577 in 2014-15, an overall increase of 2%. Sport England's average costs per FTE increased from £55,918 in 2012-13 to £56,217 in 2014-15, an increase of 0.5%. Increases are broadly in line with public sector pay increases of 1% per annum over the period.

4.24 Overall, total staffing has been held relatively constant during a period when total spend has increased. During the next cycle funding is likely to remain stable at best. Building on the opportunities outlined in this chapter, both organisations should therefore look to reduce staff numbers and costs in line with other areas of overheads to ensure that the greatest proportion possible of funding can contribute to core objectives.

Recommendation

27. UK Sport and Sport England should develop plans to reduce overall headcount and staff spend for the next funding cycle by June 2016

Fraud, error and debt

4.25 UK Sport and Sport England are covered by policy and financial directions which set a framework within which they operate in respect of their national lottery grants functions⁵⁸. The directions relate to: who can receive funding; what the funding can be used for; and the conditions the distributing body must meet, and are designed to secure proper management and control.

4.26 As a result of an internal audit review on fraud in 2014, Sport England has improved fraud awareness training and internal capability. Sport England's grant portfolio is made up of: a number of large capital awards; awards to some large organisations (including NGBs); and open lottery programmes such as small grants or Inspired facilities. Sport England also has an internal audit and assurance programme for the NGB and CSP award programmes,

⁵⁸ see [Annex 2B](#)

and uses this resource to investigate an organisation where it has concerns regarding the use of public money.

4.27 UK Sport deems its risk of fraud and error to be low as it has robust processes and a limited portfolio of grantees. Following an internal and external audit UK Sport and Sport England's internal financial processes have been rated as robust.

Improving effectiveness and efficiency of grant recipients

4.28 Over a four-year funding cycle Sport England and UK Sport together invest around £800 million through NGBs. Spend on NGB back office costs are over £15 million annually. UK Sport and Sport England have been looking at how they can make the grants they award go further, including by supporting NGBs to diversify their income streams and reduce back office costs, so that they can become more sustainable in the long term, and more money can be invested in front line delivery.

Promoting shared services and encouraging co-location

4.29 A number of NGBs are already sharing services with each other, for example:

- England Lacrosse and Greater Sport (the County Sports Partnership for Manchester) share space in Manchester City Council offices, helping them to reduce costs and improve cross-organisational learning
- England Squash are working with Badminton England in the areas of safeguarding children and capital investment
- A number of NGBs are currently looking to procure shared HR services from the Jockey Club.

4.30 Building on this, UK Sport has been working with Loughborough and Bath Universities to identify how they can provide shared services for back office functions, such as HR, to those sports that are co-located on their premises. Loughborough and Lilleshall, where the services of the current outsourced site operator could be used, would be possible pilots for expanding shared services such as IT, HR and finance, around an existing shared estate. Learning from the pilots could be adopted in future initiatives.

4.31 Working together Sport England and UK Sport will be exploring the creation of further clusters of NGBs and national sports organisations in 'hub locations' such as the existing elite performance centres. In addition to efficiency savings, clustering has the potential to support front line delivery more effectively, such as bringing together sports where injury prevention and recuperation is a critical factor in success. Relocating NGBs to shared property hubs alongside other NGBs and support services may result in improvements in the quality of services and longer term savings that could then be reallocated to front line programmes.

Recommendation

28. UK Sport and Sport England should develop a shared vision with NGBs for future efficiencies by June 2016 including, where desirable, the creation of clusters and 'hub locations' across the country to enable co-location. As part of this work, NGBs should be encouraged to realise further cost savings from moving to shared services

UK Sport funding of World Class Programme

4.32 Through the World Class Programme (WCP) UK Sport invests around £100 million annually in all funded summer and winter Olympic and Paralympic sports. The programme is designed to ensure that athletes get the specialist support they need at every stage of their development, delivered through their sport's NGB.

4.33 WCP funding is allocated based on set funding formula, sport specific adjustments and number of athletes to be supported. Grants are allocated on a four-year cycle, and UK Sport carries out annual reviews to discuss changes with NGBs, including securing additional funding. UK Sport relies on NGBs accurately categorising costs into the appropriate headings in order to identify overhead costs.

4.34 UK Sport guidance to NGBs is that no more than 10% of WCP funding should be spent on overheads (including accommodation, IT, finance and HR functions and insurance). In other areas however it is up to the NGBs concerned to decide how to spend WCP grants. Common costs such as coaching can as a result vary widely across the range of sports funded through the programme. Some of this may reflect genuine differences in needs between sports but in other cases it may reflect differences in efficiency between different NGBs. Although it is probably right to leave NGBs discretion over funding, more work led by UK Sport to help benchmark and understand differences in areas of common spend, with where appropriate guidelines targets, could help improve value for money.

Recommendations

29. UK Sport should carry out an audit of NGB assessments of spend by June 2016, to be confident NGBs are correctly categorising overhead spend

30. In preparation for the next funding cycle (Tokyo 2017-2021) UK Sport should set benchmarks for unit costs in common areas such as coaching and international competition and training and work with NGBs as part of on going performance management to monitor spend in these areas and promote best practice and efficiency

English Institute of Sport

4.35 The English Institute of Sport (EIS) is a subsidiary body of UK Sport and a company limited by guarantee. As UK Sport's science, medicine and technology arm, the EIS has ten main centres and a number of partner sites across England located inside and alongside the chosen performance training venues of funded sports and athletes, with its small head office based within the Sportcity hubsite in Manchester and presence in the UK Sports Bloomsbury Street office space.

4.36 The EIS is funded by an exchequer grant of £15 million annually, over four years. This core funding enables EIS to provide the infrastructure and sports science, medicine, and research and technology expertise to engage with sports and offer expert services. Further income is generated from NGBs to enable EIS to employ and deploy specialist staff to work alongside athletes and support personnel, providing performance solutions. NGBs are currently investing on average £6.9 million annually in EIS services. This investment is predominantly from the NGBs National Lottery funded World Class Programme award received from UK Sport. NGBs can choose to employ directly or go through another provider, but these options are limited and the EIS is seen as the expert provider of choice for the vast majority of services.

4.37 As a consequence, EIS employs 282 technical specialists who are deployed to work directly with sports. The total headcount is 320, and the remaining 38 posts are front line operations (18), back office services (17) and executive management (3).

4.38 Over the last year EIS has developed closer working with UK Sport. Both organisations are represented at each other's Board meetings and have a single audit committee. The two significant areas of overlap between UK Sport and EIS are finance (processing of invoices) and IT. There are therefore potential efficiencies to be delivered through sharing back office services and potentially greater cost savings to be achieved through a full merger of the two organisations, including co-location.

Recommendation

31. UK Sport and the EIS should make plans to deliver efficiencies and increase effectiveness through even closer strategic and operational working in advance of any new funding agreements with sports for the next funding cycle

Chapter 5: Corporate Governance

Introduction

Context

5.1 Good corporate governance is central to the effective operation of all public bodies. UK Sport and Sport England completed a self-assessment against the principles set out in *Guidance on principles of Good Corporate Governance in Executive NDPBs*. The results are in [Annex 5A](#). DCMS, UK Sport and Sport England identified any areas of non-compliance with the principles and, where appropriate, explained why an alternative approach has been adopted and how this approach contributes to good corporate governance - this is known as the 'comply or explain' approach, the standard approach to governance in the UK. The review team has also considered stakeholders' views about corporate governance.

Stakeholder views

5.2 Stakeholders were impressed with the leadership and quality of expertise of both organisations. Stakeholders were less positive about how transparent, accountable and responsive the bodies are, rating Sport England as better than UK Sport in these respects. Slightly more stakeholders thought the Sport England board was representative and diverse than otherwise, but this picture was reversed for UK Sport.

5.3 A majority of survey respondents scored both bodies highly in terms of leadership (70% for UK Sport and 69% for Sport England), high quality expertise (68% for UK Sport and 69% for Sport England), openness (55% for UK Sport and 69% for Sport England), accountability (68% for UK Sport and 76% for Sport England) and felt they were responsive (53% for UK Sport and 67% for Sport England).

The principles of good corporate governance

Principle		Key Descriptor
Accountability	Statutory accountability	The public body complies with all applicable statutes and regulations, and other relevant statements of best practice.
	Accountability for public money	The accounting officer of the public body is personally responsible and accountable from directors to Parliament for the use of

		public money but the body and for the stewardship of assets.
	Ministerial accountability	The Minister is ultimately accountable to Parliament and the public for the overall performance of the public body.
Roles and Responsibilities	Role of the sponsoring department	The departmental board ensures that there are robust governance arrangements with the board of each arm's length body. These arrangements set out the terms of their relationship and explain how they will be put in place to promote high performance and safeguard propriety and regularity. There is a sponsor team within the department that provides appropriate oversight and scrutiny of, and support and assistance to, the public body.
	Role of the board	The public body is led by an effective board which has collective responsibility for the overall performance and success of the body. The board provides strategic leadership, direction, support and guidance. The board - and its committees - have an appropriate balance of skills, experience, independence and knowledge. There is a clear division of roles and responsibilities between non-executive and executives. No one individual has unchallenged decision-making powers.
	Role of the chair	The Chair is responsible for leadership of the board and for ensuring its overall effectiveness.
	Role of non-executive board members	As part of their role, non-executive board members provide independent and constructive challenge.
Effective Financial Management	Annual reporting	The public body has taken appropriate steps to ensure that effective systems of financial management and internal control are in place.
	Internal controls	

	Audit committee	
	External auditors	
Communications	Communications with stakeholders	The public body is open, transparent, accountable and responsive.
	Communications with the public	
	Marketing and PR	
Conduct and behaviour	Conduct	The board and staff of the public body work to the highest personal and professional standards. They promote the values of the public body and of good governance through their conduct and behaviour.
	Leadership	

5.4 UK Sport and Sport England have provided comprehensive supporting documentation for their questionnaire responses, including policies available to the public on their websites and internal documents where relevant to governance and accountability issues.

Accountability

Statutory accountability

5.5 The review found UK Sport and Sport England to be compliant in all but one of the required aspects of statutory accountability on the use of public funds (see rows 1-5 of the bodies self-assessments). This is that neither body is subject to the Public Records Acts 1958⁵⁹ and 1967⁶⁰ which required records to be transferred to the Public Record Office and opened to the public 30 years after creation. In January 2005, the Freedom of Information (FOI) Act⁶¹ replaced those parts of the Public Records Act that related to access to records. Sport England and UK Sport are not subject to the Public Records Acts as they do not hold sensitive public information but are covered by the Freedom of Information Act, which makes public bodies' information more accessible and allows people to request a wide variety of material. The review has prompted UK Sport to conduct further research on the applicability of the Public Records Acts to UK Sport and whether it is complying by way of best practice, which will complete by October 2015. Sport England will work with UK Sport to build on this research to consider its own compliance with best practice.

⁵⁹ Public Records Act 1958 <http://www.legislation.gov.uk/ukpga/Eliz2/6-7/51>

⁶⁰ Public Records Act 1967 <http://www.legislation.gov.uk/ukpga/1967/44>

⁶¹ Freedom of Information Act <http://www.legislation.gov.uk/ukpga/2000/36>

Accountability for public money

5.6 UK Sport and Sport England are compliant with all of the required governance arrangements for accountability for public money. Although lottery ticket proceeds are not public money in the sense of money generated from taxation, they are subject to the same levels of accountability under the relevant lottery directions.

5.7 Both bodies have guidance for staff on financial issues including expenses, gifts and hospitality, and fraud policies. The annual report and accounts for 2014-15 were published in July 2015. Both bodies are required to produce two sets of accounts: one for lottery and one for exchequer expenditure. Each body publishes a single document including its annual report and both accounts⁶².

5.8 UK Sport and Sport England have formally designated accounting officers in the form of their chief executives, who receive the relevant training and an induction on appointment.

5.9 In terms of the assessment and continuous improvement of one-off competitions for funding there are various internal structures in place to ensure that learning is fed through to the board and implemented through future activities/programmes. For example for the 'This Girl Can' campaign, insight from previous campaigns such as 'I Will If You Will' and 'Active Women' were used to develop the campaign brief and learning from the campaign is being captured as it develops and will be shared for future projects and externally to ensure partners can develop their own relevant activities. The progress and evaluation of the campaign is also reported to the board via a quarterly corporate report and a monthly written report.

Ministerial accountability

5.10 The Minister for Sport and Tourism meets the chairs and chief executives of UK Sport and Sport England at least quarterly.

5.11 In line with the bodies' Royal Charters and management agreements, UK Sport and Sport England's annual report and accounts are laid in Parliament and published on their respective websites. Both bodies comply with the timetable laid down by DCMS for drafting, clearing and publishing their annual report and accounts. UK Sport and Sport England submit a draft of their annual report and accounts to DCMS in May or early June, with the final version being submitted for ministerial approval at least three weeks before the proposed publication date.

Roles and responsibilities

⁶² UK Sport also consolidates the EIS into its exchequer accounts and Sport England also produces annual reports and accounts for its two subsidiary companies.

Role of the sponsoring department

5.12 As NDPBs, UK Sport and Sport England are accountable to DCMS. DCMS sets the policy framework for sport funding decisions with the financial support available to sport through DCMS being primarily channelled through UK Sport and Sport England. As sponsor department DCMS officials have quarterly meetings with both bodies with the DCMS head of sport also attending both UK Sport and Sport England's board meetings. The Minister for Sport also meets with both bodies to review objectives and performance against key performance indicators (KPIs) and discuss corporate plans and has annual meetings with the chairs to discuss the performance of the boards.

5.13 The department's sponsor team maintains day-to-day contact with UK Sport and Sport England, as well as formal engagement meetings where progress against KPIs set out in their management agreements (framework documents) are discussed. The sponsor team completes a full risk assessment every 6 months, with additional reporting taking place on a by exception basis. The overall risk level of each arms-length body (ALB) is moderated and fed into the department's ALB risk register by the ALB Team. These are the standard arrangements in place across all DCMS ALBs and DCMS ALB sponsorship team is satisfied that they are working effectively.

5.14 The risks are considered by the DCMS ALB Governance Board at each of its quarterly meetings. Any major departmental and strategic risks are escalated by the ALB Governance Board to the DCMS Executive Board.

Role of the board, chair and non-executive board members

5.15 The size of the boards of UK Sport and Sport England are set out in their royal charters and the role of the boards set out in the bodies' management agreements and their terms of reference. The board's role is to provide strategic direction to the organisation, as well as considering and making decisions on those recommendations put forward by the executive teams or various panels. Further information on UK Sport and Sport England's boards can be found in Chapter 1, [paragraphs 1.18 to 1.19](#).

5.16 In appointing the chair and board members of UK Sport and Sport England, the Secretary of State and DCMS comply with the Code of Practice issued by the Commissioner for Public Appointments. The duties, roles and responsibilities, terms of office and remuneration of the chairs and board members appointed by the Secretary of State are set out in a Statement of the Terms and Conditions of Appointment which is sent by DCMS to each person on their appointment to the board.

5.17 Both boards meet at least 6 times a year and the minutes of board meetings are published on the UK Sport and Sport England's websites. Both organisations maintain and publish registers of board members' interests.

5.18 Both bodies conduct skills audits of their board members to identify whether there are any gaps in skills. The chairs hold annual reviews with each of the board members and the chairs have biannual performance review meetings with the Secretary of State. There are appropriate induction arrangements in place for new board members and individuals training and development needs are kept under review (see rows 16 and 21 of UK Sport’s self-assessment and row 38 of Sport England’s self-assessment for more information).

5.19 The table below illustrates the diversity of UK Sport and Sport England’s boards based on information declared by members⁶³:

	UK Sport	Sport England
Women	50%	36%
BME	10%	27%
Disability	Not known ⁶⁴	Not known% ⁶⁵

5.20 Views gathered during the review suggested that the bodies were well run but that the UK Sport and Sport England boards should be more diverse and representative of the people affected by their work (49% said that UK Sport’s board was representative of people affected by their work, 39% felt UK Sport’s board was diverse, 57% said that Sport England’s board was representative of people affected by their work and 54% felt that Sport England’s board was diverse). Although both bodies appear reasonably representative of gender, ethnic and disability backgrounds, it was recognised that despite efforts from both bodies it was difficult to find individuals to be board members who both had the right skills and were representative of all end beneficiaries. Sport England for instance felt that their board was lacking in terms of young people; this was also reflected in views from stakeholders and so Sport England had started to recruit 100 young people from across the country to sit on their youth panel, which they are also planning to share with NGBs and CSPs. Sport England will also be able to draw on a smaller group that will shadow the meetings of the Sport England board for some agenda items.

5.21 DCMS encourages all NDPBs to implement the target set out in Lord Davies’ ‘Women on Boards’ review⁶⁶. The review recommended that UK listed companies in the FTSE 100 should have a minimum 25% female board member representation by 2015 and that FTSE

⁶³ Candidates for board appointments are invited but not required to provide diversity information.

⁶⁴ 6 UK Sport board members have declared that they have no disability and no diversity details are held on the other members. John Dowson, chair of the GB Boccia Federation, also brings a Paralympic sport perspective to the board.

⁶⁵ 33% of Sport England board members have not declared a disability and 67% are recorded as unknown. However, Charles Reed (Chair of the English Federation of Disability Sport) sits on Sport England’s board and his role as Chair of the English Federation of Disability Sport ensures that disability issues are addressed at board level.

⁶⁶ <https://www.gov.uk/government/news/women-on-boards>

350 companies should set their own challenging targets. However an equivalent target for the representation of BME and disabled people on boards does not exist.

5.22 Stakeholders also thought that more should be done to improve the diversity of senior leadership roles in sports organisations and both bodies have been working to change this for example by encouraging NGBs to make their boards more representative of those affected by the work they do. Sport England also run a paid internship in order to attract a more diverse range of people to work in the sector. However, more needs to be done to break down the barriers which prevent those from diverse backgrounds from applying and being appointed to senior positions, for example by using recruitment agencies with appropriate expertise in attracting applicants from diverse backgrounds, and by organisations such as Sporting Equals and the English Federation of Disability Sport advertising specific roles on their websites to ensure there is a more diverse range of applicants for senior posts. A number of stakeholders suggested that senior representatives within sport needed to advocate change, changing dynamics on boards to generate real commitment to addressing diversity problems. The example of the FA's inclusion advisory board was also used to illustrate how some NGBs were drawing in wider expertise to guide strategic decision-making. The diversity of NGBs is also discussed in Chapter 3.

Recommendations

32. DCMS, UK Sport and Sport England should continue to improve the representation of people from diverse backgrounds on their own boards by working with organisations such as Sporting Equals and the English Federation of Disability in Sport on the advertisement and recruitment of future board members

33. UK Sport and Sport England should consider whether inclusion advisory boards, reporting to their main boards, could help improve decision making on diversity

34. UK Sport and Sport England should work together to show leadership in tackling the lack of diversity in senior positions across the sports sector, working with expert organisations to break down barriers in the recruitment and advertisement of roles

Annual reporting and transparency

5.23 The principles of good corporate governance include three points that are particularly relevant to transparency: publication of an annual report; publication of minutes of board meetings; and consideration of holding an annual board meeting open to the public.

5.24 The review team found that UK Sport and Sport England are performing well against the transparency aspects of the Code of Corporate Governance. Both publish annual reports and minutes from board meetings online – two of the Cabinet Office’s three transparency measurements. However, some stakeholders felt that UK Sport and Sport England’s boards should be more visible. There were calls for UK Sport’s visibility in and communication with the home countries to be improved, and some stakeholder felt that UK Sport staff needed to take a more all-UK view so that their advice to the board was more inclusive of home country perspectives, and that the home countries should have greater input into UK wide strategy. UK Sport has engaged with stakeholders in the home countries through meetings, workshops, training, visits and attending events and, for example, recently presented the outcomes of the consultation on the post Rio strategy at workshops in Wales, Scotland and England. The chief executive of UK Sport chairs a quarterly meeting of the chief executives of the home countries sports councils, and the four chairs of the home country sports councils sit on UK Sport’s board. UK Sport plans to hold some board meetings in the home countries.

5.25 Information on how to make a complaint, how to make a Freedom of information (FOI) request, and information on board membership is also published on UK Sport and Sport England’s websites.

Audit, risk and governance committee

5.26 UK Sport’s audit committee includes its main subsidiary, the English Institute of Sport (EIS) and meets regularly during the year. UK Sport’s auditors, the National Audit Office (NAO), meet with finance staff to discuss the timing of interim and annual audits. The NAO attends the audit committee and reviews the work of the internal audits to determine the level of reliance that they place on the work of the internal auditors.

5.27 Sport England’s audit, risk and governance committee meets at least four times a year with additional meetings being scheduled by the chair if necessary. Sport England’s auditors, the NAO, liaise with Sport England throughout the year and Sport England plan audit visits with them ensuring the NAO receive all the information they require. The NAO and internal auditors are invited to every Sport England audit committee meeting and have a private meeting with the committee without officers at least once a year.

Financial management

5.28 UK Sport and Sport England are compliant in all of the required aspects of effective financial management.

5.29 As noted above, UK Sport and Sport England each publish an annual report and accounts that complies with government guidance and requirements. Both bodies have a range of internal policies and frameworks with which staff are required to comply. These include a corporate risk register, management agreement, scheme of delegation, expenses policy, fraud, gifts and bribery policies and a whistleblowing policy.

Communications

5.30 UK Sport and Sport England have regular contact with a wide range of partners and stakeholders at local, national and international level through bulletins, engagement events, consultations, focus groups, public meetings and by other means to canvass stakeholder and public opinion. Through UK Sport and Sport England surveys they are able to test how satisfied their stakeholders are. The British Athletes Commission who work to promote active athlete representation in sport both with their members and as part of the governance of the sport were consulted on the eligibility of criteria for athletes and funding triggers.

5.31 UK Sport and Sport England both have publications schemes intended to provide information on all aspects of both bodies work including who they are, their structure, how they spend public and lottery money and what their goals are. UK Sport and Sport England use a variety of tools to involve stakeholders and the public though, for example, consultations, surveys, focus groups, engagement events and tailored communications such as newsletters. UK Sport recently did a stakeholder perception survey to inform its engagement and communication strategy and Sport England consulted widely with the sports sector during the creation of their strategy. Other than this, UK Sport and Sport England's work does not generally bring them into contact with the general public, and they do not hold open board meetings or annual open meetings as they are not membership organisations. The chairs of both organisations have expressed concern that holding open board meetings would not be conducive to open and frank discussions amongst the board. However, some form of greater open engagement by the organisations boards seems warranted owing to relatively weak stakeholder feedback in the area of accountability and board visibility.

Recommendation

35. UK Sport and Sport England should improve the transparency of the way they carry out their work by holding annual board meetings that are open to the public or an alternative event involving board members such as a public

question time⁶⁷

5.32 Neither body has a formal system for monitoring and reporting on their performance in handling correspondence as they both receive very little public correspondence that would not be categorised under the formal complaints procedure or legislation such as the Freedom of Information Act. The review team accepts that a formal system is not currently needed given how little public correspondence the bodies receive. However, this should be kept under review by both bodies and if there is an increase in the level of correspondence they should consider putting a formal system in place to monitor their performance in handling correspondence. Complaints about their correspondence handling are managed through the formal complaints procedure. In 2014/15 Sport England received 19 complaints and UK Sport received none. UK Sport and Sport England's complaints data is not published externally. However, quarterly corporate reports including this information go to Sport England's board and to its audit, risk and governance committee's annually. Any serious complaint about the organisation would be reported to UK Sport's board.

Recommendations

36. UK Sport and Sport England should keep the need for a formal system for monitoring and reporting on their performance in handling correspondence under review

37. UK Sport and Sport England should publish summary data on complaints in their next and subsequent annual reports

5.33 The review team noted that Sport England's corporate website currently does not seem to host the full range of corporate information expected and required for an NDPB and that it is difficult to navigate. Sport England should review the information carried on its website and consider re-structuring it to make information such as business plans, organisation charts and management agreements easy for people to find and understand.

Recommendation

38. Sport England should improve transparency by reviewing its website by December 2015 and ensuring that it is easy for anyone with an interest to find out about its current performance and corporate information more generally

5.34 It is important that the information on Sport England's website is presented in a format that is easy to use and understand. It should be possible, for example, to see from Sport

⁶⁷ See http://www.civilservice.gov.uk/wp-content/uploads/2011/09/triennial-reviews-guidance-2011_tcm6-38900.pdf page 32

England's business plan as it appears on the website what actions it is taking to implement its strategy and by when these actions will be complete. Information on funding by sport, year and function should be easily extractable from the various databases on the website. It should be possible to look at simple text or tables as well as infographics. Some stakeholders felt that it was not easy to see how UK Sport and Sport England used their resources and requested that this be shown more transparently in their annual reports. Sport England has taken some steps to be more transparent for example by publishing press releases on decisions on NGB funding and by changes to their annual report but there is potential for more to be done in this area.

Recommendation

39. Sport England should review the way information is presented on its website and in publications to make it more easily understood by the user

5.35 The review team also noticed that some of the information on UK Sport's website is out of date, for example descriptions of the elite performance framework. The website needs to be reviewed and updated where necessary to ensure that the most current information is available to users.

Recommendation

40. UK Sport should review the content of their website by December 2015 to ensure it is all up to date and replace any out of date material with current information

5.36 The review team discussed communications strategies with the Cabinet Office Communications Capability Review team and asked them to carry out a communications capability review as part of the implementation of the triennial review to test whether UK Sport and Sport England's communications are fit for purpose. They agreed to do so. Each review looks at whether the organisation is undertaking the right communication, in the most effective way, using the right skills mix. They take into account the core principles of government communication such as the importance of digital; the need for greater partnership working; and the value of evaluating what the bodies do.

5.37 It would be helpful for this review to look at whether Sport England in particular could make more use of digital technology to encourage participation in sport. As well as promoting participation in the way that the "This Girl Can" campaign has done, technology could provide information for individuals, especially currently inactive people, about specific opportunities to take part and/or motivate people to participate regularly.

Recommendation

41. UK Sport and Sport England should undergo a communications capability review as part of the implementation of the triennial review, carried out by the Cabinet Office Communications Capability Review team

5.38 In terms of the bodies' spend, UK Sport and Sport England publish spend data over £25,000; this is in line with the government's commitment to improve the transparency of how public funds are used by publishing all expenditure over £25,000 and delegated limits set by DCMS Finance Team. These expectations are set out in both bodies' management agreements.

5.39 UK Sport and Sport England comply with the Cabinet Office's Efficiency and Reform Group's framework for exchequer spend on marketing and PR. Under Cabinet Office controls guidance⁶⁸ bodies, including all central government departments, ALBs and NDPBs, are required to seek their approval on advertising, marketing and communications spend of £100,000 or above. These controls only apply to the bodies exchequer spend, lottery spend is exempt.

5.40 The need for central government approval for exchequer spend is communicated to UK Sport and Sport England staff. Both bodies annually seek approval of their marketing plans from DCMS which are then published on the gov.uk⁶⁹ website.

Conduct and behaviour

5.41 The Cabinet Office code of conduct for board members of public bodies forms part of the terms and conditions of the chair and members the Secretary of State appoints to the boards of UK Sport and Sport England. Both organisations have conflicts of interests policies in place and board members interests are published in each of the bodies' annual accounts.

5.42 Sport England has a code of conduct for staff based on the Cabinet Office model code and this forms part of the terms and conditions of employment. While UK Sport has its own policies on conduct, it does not have a single code of conduct.

Recommendation

42. UK Sport should adopt a staff Code of Conduct in line with the *Model Code for Staff of Executive Non-Departmental Bodies*⁷⁰ by the end of 2015

⁶⁸ <https://www.gov.uk/government/publications/cabinet-office-controls>

⁶⁹ <https://www.gov.uk/government/collections/dcms-spend-approvals>

⁷⁰ See annex A to

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/80082/PublicBodiesGuide2006_5_public_bod_y_staffv2_0.pdf

5.43 UK Sport and Sport England should have rules in place for both board members and staff⁷¹ on accepting business appointments or employment after resignation or retirement. The code of conduct for board members of public bodies requires members to comply with the rules of the body concerned on the acceptance of future employment and appointments. Neither body appears to fully meet these requirements at present.

Recommendation

43. UK Sport, Sport England and DCMS to work together to ensure there are rules on accepting appointments or employment for both board members and staff⁷² by the end of 2015

⁷¹ See paragraph 7.3 the document linked in footnote [12]

⁷² These rules are to deal with potential for conflict of interest which may give rise to public concern, not to prevent individuals from working elsewhere in the sport sector.



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