

Meeting	20/06/12 The Stadium/Terraces, Sport England, London WC1B 4SE
Chair Person	Richard Lewis (RL)
Members	Nick Bitel (NB), Clare Connor (CC), Hanif Malik (HM) Sadie Mason (SM), Peter Rowley (PR), Peter Stybelski (PS), Martin Thomas (MT)
Chief Executive	Jennie Price (JP)
Officers	Daniel Brandt (DB), Rona Chester (RC), Mike Diaper (MD), Serena Jacobs (SJ), Charles Johnston (CJ), Keith Jones (KJ), Tanya Joseph (TJ), Lisa O'Keefe (LOK), Phil Smith (Phil S)
DCMS	Frances MacLeod (FM), Jonathan Stephens (JS) (min no. 6)
Secretariat	Michelle Vassall (MV)

	Item	Action
1.	<p>Welcome</p> <p><u>Apologies</u> Apologies had been received from Jill Ainscough (JA), Mike Farrar (MF), Mich Stevenson (MS) and James Stewart (MS).</p> <p><u>Declarations of Interest</u> PR advised that he had accepted the role as Chair of Skills Active, a National Partner of Sport England. RL and the Board congratulated PR on this new appointment.</p> <p><u>Minutes of the Board Meeting on 1 May 2012</u> The minutes of the Meetings on 1 May 2012 were APPROVED as a correct record.</p> <p><u>Matters Arising</u> The Board NOTED the Matters Arising from the Board Meeting held on 1 May 2012. With the exception of those actions marked complete or business as usual (which would be removed from the Action Points List following the meeting) all actions had either been completed, were carried forward, or were dealt with elsewhere on the Board's agenda.</p>	

<p>2.</p>	<p>Chief Executive's Report</p> <p><u>Active Colleges</u> In response to a query from the Board, it was noted that 122 applications to appoint College Sports Makers had been received. The applications would be reviewed and decisions would be announced in September 2012.</p> <p><u>Attendance at the Olympic and Paralympic Games</u> It was noted that the schedule of attendance at the Olympics and Paralympics related to Executive Directors only. CC informed the meeting that she had been invited to attend a Hockey gala dinner on 12 July 2012; PR reported that he had been received an invitation to go to St James's Park and had also received tickets to the Paralympics. It was further noted that NB had been given accreditation via the London Marathon and SM had received accreditation as a Games Maker at the Paralympics. JP and RL had also been given accreditation for the Olympics, although certain 'prime' events were excluded from this. It was noted that the fact that Sport England was not awash with tickets was a good message to highlight, in light of the wider public suspicion and scrutiny regarding ticket allocations.</p> <p>In response to a query regarding the Sport England's Gifts and Hospitality Policy, it was noted that the Policy did not preclude Board Members attending events at which alcohol was served. However, when providing hospitality on behalf of Sport England, Board Members were not permitted to provide alcohol at lunch times. RC advised that she would review the policy to clarify the point raised and revert. Board Members were reminded to declare all invitations, including those which are declined, so that this information could be recorded on Governance Caddy.</p> <p>The Board NOTED the Chief Executive's report and the updates contained therein.</p>	<p>RC</p>
<p>3.</p>	<p>Annual Report and Accounts</p> <p><u>Annual Report and Accounts 2011-12</u> Daniel Brandt (DB), Serena Jacobs (SJ) and Keith Jones (KJ) attended the meeting for this item. DB provided the Board with an overview of the work undertaken by the Finance Team and the National Audit Office (NAO) to prepare the 2011-12 Annual Report and Accounts (Accounts), as detailed in the report circulated with the papers for the meeting.</p> <p>It was noted that the subsidiaries' accounts had now received Ministerial and Comptroller and Auditor General (C&AG) approval and would be laid before Parliament week commencing 25 June 2012. DB advised that following the prior year issue regarding the valuation of the National Sports Centres as part of the SCTC accounts, the Valuation Office had been appointed to provide a professional valuation. In addition, the NAO had wanted to include an emphasis of matter in SCTC's accounts regarding the going concern statement in light of the proposed merger with UK Sport; however, following discussions with the NAO, it was agreed that there would not be an emphasis of matter in the C&AG's report, as the press release covering the merger did not specifically reference the subsidiaries.</p> <p>A field audit had been conducted in relation to The English Sports Council Annual Report and Accounts and the key issue identified by the NAO was cut off errors relating to Lottery grants. This had resulted in a small number of awards inadvertently</p>	

being designated to the wrong financial year. DB advised that these errors were the result of a new process, by which high value Lottery grant contracts signed at Victoria House were subsequently passed to the Grants Management team in Loughborough for recording on the system. However, all errors had now been identified and adjusted accordingly and the Finance Team has developed a report to capture Lottery grant contract signature over the year end period, which will form part of the year-end processes going forward. DB advised that there was an outstanding issue regarding the going concern statement, which had been drafted in line with the accounting policy; Sport England had also used the same wording as UK Sport for consistency. This wording had been approved by the NAO at the Audit, Risk and Governance Committee (ARGC) meeting earlier that day and would be reviewed further with UK Sport and the Department for Culture Media and Sport (DCMS) prior to the Accounts being laid before Parliament.

PR reported that the ARGC had met prior to the Board Meeting to review the Accounts and had authorised PR to recommend that the Accounts be approved and that JP, as Accounting Officer, sign the Accounts and Letter of Representation. It was noted that the ARGC had discussed how the LPFA pension deficit affected the going concern status; however, RC had confirmed that an agreement had been made with the trustees relating to the payment terms for the deficit (which had been tabled to the board approximately 12 months ago). Another issue that arose was in relation to negative tax payer equity and the impact on this should Lottery funding decrease. The ARGC had also asked about the priorities for funding between the pension fund and awardees. In response to the queries raised, RC had advised that the agreements with the NGBs and all award recipients state that funding would only be provided if available and that DCMS had also provided a letter of comfort to the LPFA to provide assurance that the pension contributions would continue to be paid in the event that Sport England was wound up. In response to a query from RL, RC advised that it was very difficult to estimate the pension payments/deficit as this depended on the current financial environment and the assumptions adopted to calculate the pension liabilities, however, it was important that the Board continued to review this annually. PR advised that it was anticipated that the Accounts would receive an unqualified audit opinion, although there would be an emphasis of matter relating to the Going Concern Statement. It was noted that the Governance Statement, which had replaced the Statement of Internal Control, had also been finalised and the NAO had informed the ARGC that Sport England's Governance Statement was one of the better drafts they had reviewed; PR thanked Hilary Milne, Head of Audit, Risk and Governance, and her colleagues for the work undertaken on this.

The Board:

- **APPROVED** the draft 2011-12 Annual Report and Accounts;
- **APPROVED** the content of the Letter of Representation Statement for sign off by the Chair and Accounting Officer; and
- **CONFIRMED** its agreement that the Chair and Accounting Officer may sign off any minor amendments to the 2011-12 Annual Report and Accounts should they be required between the date of Board sign off and the laying of the Accounts.

Audit Risk and Governance Committee Annual Report

PR reported that the report was now in final form and included a suite of assurance statements from the Committee to the Board. The Board were specifically asked to note the summary of the ARGC's work for the year.

	<p>In response to a query from the Board regarding whistleblowing, it was noted that four alleged fraud cases had been notified to Sport England concerning organisations in receipt of Sport England funding which were currently being investigated. The amounts involved were relatively small with one of the organisations having received approximately £44k, whilst the others had received less than £10k.</p> <p>The Board NOTED the Audit, Risk and Governance Committee Annual Report.</p> <p><u>Senior Information Risk Owner (SIRO) Report</u> It was NOTED that the SIRO Report had been reviewed in detail at the ARGC meeting held on 13 June 2012 attended by JP and would be taken into account by JP when approving those sections of the Accounts and Governance Statement relating to Information Governance.</p> <p><u>Subsidiaries' Annual Report and Accounts 2011-12</u> The Board NOTED the update on the subsidiaries' Annual Report and Accounts 2011-12, as discussed earlier in the Meeting.</p> <p><u>Draft Audit, Risk and Governance Committee Minutes dated 13 June 2012</u> The Board NOTED the verbal update on the discussions which had taken place at the ARGC meeting on 13 June 2012.</p>	
4.	<p>NGB and Sport</p> <p><u>NGB 13-17 Update</u> LOK provided the Board with an update on the NGB 13 - 17 Whole Sport Plan (WSP) Investment and took the Board through key themes emerging through the assessment process. It was noted that the ability of the NGBs to take their programmes to market was key to success and, as such, much of the scrutiny focused on the plans and partnerships in place to ensure delivery on the ground.</p> <p>LOK reported that the funding requested by NGBs exceeded the available budget. In some cases, the assessors have sought clarification on aspects of the bids and NGBs have been contacted directly where this is the case. The next phase of the process is to inform NGBs of the areas from their respective submissions that Sport England wishes to discuss at the Investment Panel in the Autumn.</p> <p>In response to a query from the Board, LOK advised that some bids did include examples of joint working, although in many cases the thinking was still in its infancy. LOK was, however, confident that a number of the joint programmes would be funded, perhaps piloting the concept to begin with.</p> <p>It was also noted that the NGB and Sport Directorate were continuing to develop the process to integrate payment by results and contestability - both of which would be covered at a future Board Meeting.</p> <p>In response to a comment regarding some of the feedback from the smaller NGBs, LOK advised that the majority of the feedback received had been positive and members of the Directorate had worked closely with the NGBs to ensure that they had sufficient information. It was also noted that the process was quite rigorous. In response to a query from the Board, LOK advised that 40 NGBs had included disability programmes within their WSPs. In response to a further query, it was noted</p>	LOK

	<p>that there was sufficient oversight to ensure that there would be no double funding should NGBs submit a programme of work to both the WSP and the Inclusive Sport Fund.</p> <p>The Board NOTED the update on the progress being made with the NGB 2013-17 WSP investment.</p> <p><u>Doorstep Clubs and StreetGames Award</u></p> <p>Phil S reported it was proposed to award an initial sum of £506,150 to StreetGames to fund a pilot of the Doorstep Clubs Sports Club Project for the period July 2012 to March 2013, subject to the identified risk and proposed organisational and delivery conditions detailed in the report circulated with the papers for the meeting. The remainder of the award (from a budget of up to £20m) would be paid over the next four years, in the event of a successful pilot. JP advised that a three stage process would be taken and the pilot was to ensure that the concept worked, following which, the project would be scaled up before committing further funds. Following further discussion, Phil S advised that he would present the principles for delivery to a future Board Meeting and he invited Board Members or Project Committee Members to visit a Doorstep club so that they had a better understanding of the concept. It was noted that year one will focus on pilot and testing work with six 'Trailblazer' Doorstep Clubs in six geographical areas to investigate different models of delivery and internal processes. It was suggested that the project was progressed slowly, given the sums involved as the scale represented a risk to an existing National Partner. Following a request from the Board, Phil S undertook to revert with more detail on the amount to be invested into the actual clubs versus the amount that would cover StreetGames's administration costs.</p> <p>The Board:</p> <ul style="list-style-type: none"> • AGREED an award to StreetGames UK Ltd of £506,150 for the period July 2012 to March 2013 for Door Step Clubs programme progress to the Sport England Board for decision, subject to the identified risks and proposed award conditions contained the report circulated with the papers for the meeting; and • AGREED that the award balance remain in principle, with a total of up to £19,493,850 available to be awarded for the Door Step Clubs programme over the subsequent four financial years commencing April 2013 and ending March 2017, subject to the successful completion of the Year 1 pilot and the resolution of the identified risks and proposed award conditions identified. 	<p>Phil S</p> <p>Phil S</p>
<p>5. Measurement</p>	<p>JP provided the Board with an overview of measurement from a top down perspective. In addition to the report and the slides presented at the meeting, JP advised that it was important that we continue to improve our measurement to ensure we have the best chance of measuring what people do. There was a small budget for more targeted surveys and, for example, c.4,000 individuals were currently being surveyed with YouGov to assess what has influenced their decision to participate (or to not participate) in sport at the age of 25.</p> <p>The Board NOTED the update on Measurement.</p>	

<p>6.</p>	<p>ALB Review</p> <p>RL welcomed Jonathan Stephens, Permanent Secretary of the DCMS, to the meeting. Jonathan Stephens thanked Sport England, JP and the Board for their work to date. He advised that since joining DCMS in 2006, Sport England had come a long way in terms of clarity of process and its overall relationship with DCMS.</p> <p>Jonathan Stephens provided an overview of the key deliverables for DCMS in 2012, which included the Olympic and Paralympic Games and the Diamond Jubilee Celebrations, and the impact of these events on DCMS's resources. He advised that Sport England had a critical role to play in securing some benefit from the Games, particularly in relation to the School Games, driving up participation, delivery of the Strategy and the wider business and economic opportunities linked to the Games; there was also a continued focus on value for money. The message from HM Treasury was that the next spending review would bring further cuts and, therefore, it was important to manage all risks, particularly financial risks. It was also important for organisations to undertake long term financial planning, beyond the spending review in 2015, as funding was likely to decrease and as a result of the financial crisis in the Eurozone. It was noted that Lottery funding had provided some reassurance for Lottery funded organisations, however, there was likely to be more public scrutiny of how funds are spent and DCMS were, therefore, looking at ways in which to leverage more funding and ensure value for money.</p> <p>In response to a further question regarding marketing, Jonathan Stephens advised that the restriction on marketing expenditure existed due to significant sums having previously been spent on marketing, although little benefit had been gained; however, he suggested that if there was a strong case for a marketing budget for sport, Sport England should gather the appropriate evidence and support, before entering into discussions with DCMS.</p> <p>In response to a query regarding whether Sport England should work with other ALBs to widen the approach to participation or whether it should continue its focus on community sport, it was suggested that although a single focus could be maintained, there may be other links and benefits that support this focus and, for example, there could be a significant common purpose by working with health organisations.</p> <p>The Board THANKED Jonathan Stephens for presenting to the Board and providing an opportunity to ask questions. RL advised that Sport England would deliver against its objectives and he wished Jonathan Stephens and DCMS all the best for a successful Games.</p>	
<p>7.</p>	<p>Chief Operating Officer's Report</p> <p><u>Places People Play Budget</u></p> <p>RC reported that it was proposed to increase the Places People Play (PPP) lottery award budget by £36.2m, from £144.2m to £180.4m, made up as follows:</p> <ul style="list-style-type: none"> • An increase of £30m in the Inspired Facilities award budget to cover the backfill in rounds one and two of £5m each and an additional £5m for round two due to the quantity and quality of applications received. An additional £15m was required for use across rounds 3-5 but would be subject to CEO release should the demand and quality of applications in future rounds be maintained. 	

- An increase of up to £5m in the awards budget for the Protecting Playing Fields project.
- An increase in the costs of delivering the projects of £800,000.
- A transfer into this programme budget of £600,000 of funds remaining from the disability themed round which was approved previously.

It was noted that additional Lottery sales during the last financial year would cover £25m of the £36.2m required and £10m was available from within existing forecasts.

CJ reported that the project had been very successful. The Inspired target was 1000 grants of £50k each, but grants had been awarded for varying amounts. He advised that the Inspired programme was an important project to help community clubs remain open and an increase in the budget would increase the number of projects by 50%. CJ advised that Sport England was working with NB and the London Marathon, as well as other organisations on the Protecting Playing Fields project. Following a request from the Board, CJ undertook to table the statistics relating to the number of grants made after the Games.

CJ

The Board **AGREED** the increase in the PPP budget by £36.2m, from £144.2m to £180.4m, subject to JP approving the final award levels for future rounds of Protecting Playing Fields and Inspired Facilities based on the quantity and quality of the applications submitted to subsequent rounds.

Delegated Authorities Policy

RC advised that a number of changes had been made to the Delegated Authorities Policy to address any inconsistencies, to clarify and improve the policy and to address any changes required by the DCMS Management Agreement. It was noted that following extensive discussions regarding at what point and to whom an award increase should be referred, the Finance Committee had recommended that this decision revert to the higher level of authority. It was noted that should any aspect of the policy be unworkable, this would be revisited.

The Board **APPROVED** the updated Delegated Authorities Policy.

Corporate Report Q1 2012-13

It was **AGREED** that the draft balanced scorecard which formed part of the Corporate Report would be included in the CEO Report, going forward; the balanced scorecard flagged Sport England's strategic priorities, which Board Members agreed would be useful to review at each Board Meeting.

The Board **NOTED** The Corporate Report Q1 2012-13.

Strategic Risk Register

RC reported that the strategic risk register (which had been renamed the Corporate Risk Register) had been updated to reflect the discussion that had taken place at the Executive workshop. The risks themselves had been restated to some extent and the register included more significant operational and strategic risks. It was noted that the ARGC had reviewed the Corporate Risk Register at the meeting on 13 June 2012 and were satisfied that this better represented the risks facing Sport England.

The Board **NOTED** the Corporate Risk Register.

