

Nick Bitel, Chair
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Dear Nick

SPORT ENGLAND MANAGEMENT AGREEMENT 2014-2015

I am writing to set out the way in which I would like our two organisations to work together over the rest of 2014/15. This letter sets out my priorities, the indicators which will be used to measure performance and the way I would like us to work together.

Firstly, I would like to thank Sport England for your contribution to delivering Departmental priorities over the first two years of the spending review. Despite the challenges of the current financial constraints, Sport England has continued to play a critical part in the strategic delivery of sport in this country, helping us to develop and deliver a world-class sporting offer.

My priorities for Sport England remain as set out in the spending review allocation letter of 20 October 2010 and partially by the youth sport strategy, namely that:

- resource funding for Whole Sport Plans (WSPs) is protected and subject to a cut of not more than 15% in real terms;
- through the new youth sport strategy and WSPs you hold bodies to account, based on the principle of payment-by-results, for the delivery of agreed outcomes and so that we see consistent year on year increases in the proportion of adults, and in particular young people, regularly playing sport;
- where young people are the main participants, you work with NGBs to focus new WSP funding on activities that promote sport as a habit for life amongst young people so they continue their interest in sport into their adult life;
- you take the lead on delivering a community sport legacy beyond the London Olympics and Paralympics;
- you work with DCMS to deliver the School Games and work to ensure there is appropriate structural provision within the system to deliver the School Games;
- your administration cost level is reduced by 50% in real terms by the end of the spending review period;

- you work with DCMS and UK Sport to deliver the requirements of the WMS of 23 January 2013, including driving out administrative savings;
- you work with the Department and UK Sport to improve the governance of NGBs, including in the areas of equality and diversity, through the implementation of the joint UKS/SE Governance Framework;
- £0.225m is top-sliced from your grant in aid budget every year to fund the continuation of the joint research and survey programme (CASE and Taking Part).

I am keen to minimise bureaucracy by ensuring that any targets and performance indicators are limited, focussed and useful. We have therefore agreed that there will be 5 key performance indicators for Sport England during this spending review period:

- Deliver year on year growth in adult and 14-25 regular participation in sport through implementation of Youth & Community Strategy.
- Enforce strict payment by results regime for NGBs as part of their regular performance reviews but taking into account the maturity of the NGB in its change cycle.
- Ensure that funds that are de-committed from the NGB are retained within the sport and reinvested where it is most effective but without increasing governance risks.
- Deliver more children and young people aged 5-19 taking part in competitive sport and more schools participating in the School Games.
- Increase women's participation in sport, including Bury pilot and women's sport campaign.

Alongside these key performance indicators, I know that there are a number of other pieces of performance data that Sport England has agreed it will collect.

You have also agreed three joint KPIs with UK Sport:

- UKS in partnership with SE commit and spend 100% of the annual elite capital budget on jointly agreed facility enhancements to remove the barriers to achieving maximum performance and medal prospects.
- Sport England and UK Sport continue to demonstrate that they work jointly on governance using an agreed set of principles to help jointly drive improvements in NGB and partner governance.
- Sport England and UK Sport collectively explore the joint procurement of three major office contracts that meet the service level requirements of their front line operations and are financially advantageous
 - Internal audit
 - Infrastructure
 - Networks and telephony

As you know, I am keen to refocus the relationships between my Department and its arm's length bodies, with a greater emphasis on effective partnerships at Board level and less focus on day-to-day sponsorship. As one of our key partnership ALBs, I would like us to meet annually to discuss Sport England's performance. I hope that we will both find this meeting a useful opportunity to consider performance, risk and future opportunities.

I am sending with this letter a copy of the key data sheet summarising the spending review allocation, delegated limits, performance indicators, management information requirements and spend controls for Sport England over the rest of the spending review period. My officials will revise this key data as necessary over the Spending Review period. I am also enclosing a signed copy of the new Sport England Governance Framework for signature by you and Jennie Price.

May I take this opportunity to thank you and your Board for continuing to give your time and skills and for your commitment to ensuring that Sport England remains one of our most important public bodies. I look forward to continuing our partnership.

HELEN GRANT

Sport England: Key Information Sheet

Last updated: 06.11.2014

1. Purpose

1.1. The English Sports Council (Sport England) was established under its Royal Charter in 1996 and it receives Grant in Aid from DCMS by virtue of the 1937 Physical Training and Recreation Act. Sport England is the Home Country Sports Council for England with the overall object:

To foster, support and encourage the development of sport and physical recreation and including the achievement of excellence therein among the public at large in England.

2. Priorities

2.1. The Secretary of priorities for Sport England are that:

- resource funding for Whole Sport Plans (WSPs) is protected and subject to a cut of not more than 15% in real terms;
- through the youth sport strategy and WSPs it holds bodies to account, based on the principle of payment-by-results, for the delivery of agreed outcomes and so that we see consistent year on year increases in the proportion of adults, and in particular young people, regularly playing sport;
- where young people are the main participants, it works with NGBs to focus WSP funding on activities that promote sport as a habit for life amongst young people so they continue their interest in sport into their adult life;
- it takes the lead on delivering a community sport legacy in the run up to and beyond the London Olympics and Paralympics;
- it works with DCMS to deliver the School Games and works to ensure there is appropriate structural provision within the system to deliver the School Games;
- its administration cost level is reduced by 50% in real terms by the end of the spending review period;
- it delivers the requirements of the WMS of 23 January 2013, including driving out administrative savings through closer working;
- it works with the Department and UK Sport to improve the governance of NGBs, including in the areas of equality and diversity, through the implementation of the joint UKS/SE Governance Framework;
- £0.225m is top-sliced from its grant in aid budget every year to fund the continuation of the joint research and survey programme (CASE and Taking Part).

2.2. Sport England's Strategy for the period from 2012-17 sets out the priorities and aims for the five year period, with work in four main areas.

- National Governing Body (NGB) 2013-17 funding
- Facilities investment
- Local investment
- School games and school investment

The strategy document is supplemented by annual corporate plans which set out the key activities and expenditure for the year ahead.

3. Financial Allocation

£m	Admin budget		Total Admin budget	Programme Budget		Total near cash resource (A+D)	Total Resource (DEL) Budget (C+D+E)
	Admin	Ring fenced Admin depreciation		Programme	Ring fenced programme depreciation		
	A	B	C	D	E	F	G
2014-15	6.645	0.701	7.346	50.590	6.046	57.235	63.982
2015-16	6.645	0.701	7.346	48.673	6.046	55.318	62.065

£m	Capital Budget				Total Capital (DEL) Budget (H+I+J+K)	Total grant in aid (F+H+I+J)
	Core Capital	Capital grants	Major projects	Reserves cover		
	H	I	J	K	L	M
2014-15	1.784	24.000	0.000	-	25.784	83.019
2015-16	1.725	23.206	0.000	-	24.931	80.249

Baselines 14-15			
	Baseline	"One Off" Adjustments	Near Cash Resource (DEL) Allocation Letter
2014-15	57.532	(0.297)	One-off payment figure includes: - Joint research and survey programme top-slice (-£225k) - DH School Games funding (£7,000k) - School Sport Premium to DfE (£-7,800k) - Integration through sport funding from CLG (£228k) - Invictus funding (£500k)

4. Delegated Financial Limits

4.1 See annex B

5. Performance Measures

Sport England only:

OBJECTIVE	PERFORMANCE TARGET	INDICATOR
Participation		
1. Deliver year on year growth in adult and 14-25 regular participation in sport through implementation of Youth & Community Strategy	Consistent, year on year growth in the% of the 14-25 and 26+ playing sport at least 1x30 per week	Measured by Active People
NGB performance		
2. Enforce strict payment by results regime for NGBs as part of their regular performance reviews but taking into account the maturity of the NGB in its change cycle	Evidence that a robust and objective process is in place to withdraw funds from poor performing NGBs on an annual basis	Annual review by the Board and Executive of the process and results
3. Ensure that funds that are de-committed from the NGB are retained within the sport and reinvested where it is most effective but without increasing governance risks	Evidence that a robust process is in place to identify, assess and evaluate alternative investments in participation. Reinvestment completed within in 12 months of de-commitment	Board approval of the reinvestment Calculated internally
School Games		
4. Deliver more children and young people aged 5-19 taking part in competitive sport and more schools participating in the School Games	The proportion of children taking part in competitive sport. Number of activated school participating in levels 1-3 of the School Games by Local Authority reaches a target of 18,700 schools by the end of 2014/15	Taking Part survey and number of schools registered on the School Games website
Women's participation		
5. Increase women's participation in sport, including Bury pilot and women's sport campaign	Deliver a sustained increase in the % rate of participation amongst women	Measured by Active People

Joint with UK Sport:

OBJECTIVE	PERFORMANCE TARGET	INDICATOR
Elite		
1. UKS in partnership with SE commit and spend 100% of the annual elite capital budget on jointly agreed facility enhancements to remove the barriers to achieving maximum performance and medal prospects	Total and committed in-year spend Joint priorities agreed through regular Elite Training Centre Programme Board Meetings	Sport England Budget £2m (2014-15)/ £1m (2015-16) List of enhancements delivered
Governance		
2. Sport England and UK Sport continue to demonstrate that they work jointly on governance using an agreed set of principles to help jointly drive improvements in NGB and partner governance	Demonstrating working under the agreed set of principles Meeting NGB13/17 governance criteria	13/17 NGB governance criteria Number of jointly funded NGBs and partners with jointly agreed governance action plans
Shared service contracts		
3. Sport England and UK Sport collectively explore the joint procurement of three major office contracts that meet the service level requirements of their front line operations and are financially advantageous • Internal audit • Infrastructure • Networks and telephony	Explore and sign agreed contracts before September 2015	Contracts in place and performance managed

6. Engagement

6.1. The Department and Sport England have agreed an engagement calendar as follows:

- Quarterly meetings with Sport England and the DCMS Head of Sport to monitor performance against KPIs. The DCMS Head of Sport will also attend Sport England Board meetings as an observer.

- Annual review meetings with the responsible Minister, the Chair and Chief Executive to review objectives and performance against KPIs and discuss corporate plans.
- Annual Board meetings with the responsible Minister and Chair to discuss the performance of the Sport England Board against KPIs and discuss corporate plans.

7. Management Information

7.1 The table below sets out the management information that the Department expects Sport England to provide in the course of a 12 month period. These may be subject to change depending on future information requirements.

Timescale	What	How	Purpose
Information required for transparency reporting			
Monthly	Spend over £25,000	On website	To inform public how public money is spent
Monthly	Consultancy return (including nil returns)	By Email to DCMS Procurement and Property Services Team	To enable Cabinet Office to keep track of the number of public sector consultancy contracts
Quarterly	Key metrics (total procurement spend, spend with SMEs and the Voluntary, Community and Social Enterprise sector)	By email to Procurement and Property Services	Benchmarking of procurement spend and provision of data on economic effect of spend by Departments and ALBs
Six-monthly	Publication of senior salaries and organograms	On website	To inform public how public money is spent
Annually	Publication of salaries over £150k	By email to ALB team (for publication on Cabinet Office website)	To inform public how public money is spent
Annually	Sustainability data	By e-mail to Finance and DCMS Sustainability Champion	To meet Treasury requirement to supply centre with sustainability data
Information required for DCMS forecasts and budgets			
Monthly	Grant-in-Aid requests	Via Finance Partnership Webpage	To get ALBs' latest forecast income and expenditure for reporting to Board and HMT. Also the mechanism for paying GIA to ALBs.
Annually - December	Forecast data	Complete forecast template.	Supplementary estimate for current year
Annually - March	Forecast data	Complete forecast template.	Main estimate for forthcoming year
Annually - April	Outturn data	Complete outturn template.	Outturn for year just ended for reporting to DCMS board.
Annually - Mid August	Final Outturn	By email to Finance	HM Treasury requirement – give bodies chance to bring data in line with Audited accounts
Information required for DCMS Consolidated Accounts			
Annually – Jan/Feb	Provide details of any prior period adjustments or restatements in relation to	Complete template issued by Financial Accounts team	Supplementary estimate for current year and consolidated accounts planning

Timescale	What	How	Purpose
	prior financial year data.		
Annually – April/May	Counterparty data with bodies in the DCMS consolidation group for financial year just ended	Complete template issued by Financial Accounts team	Consolidated Accounts - early identification and resolution of mismatches.
Annually – June	Completed consolidation pack for financial year just ended	Complete consolidation pack issued by Financial Accounts team	The consolidation pack is required for DCMS to produce its consolidated Annual Report and Accounts.
Annually – July/August	Whole of Government Accounts. Provide counterparty data to the DCMS CLOS team for transactions and balances between SE and wider government boundary	Complete template issued by Financial Accounts team	So that DCMS can prepare the WGA return on behalf of the DCMS group.
Other			
Annually	SE Annual report and accounts	By email to Finance and relationship manager as per timetable (separate guidance is issued on this)	Statutory obligation
Annually	EU public procurement statutory return (Schedule 1 or Schedule 2 as appropriate)	Email to Cabinet Office	Legal requirement to provide data on number of tenders advertised in the European Journal
Annually	Sharing of Strategic Risk Register	At annual performance meeting	Enable timely and appropriate response to risk
Ad hoc immediate as detected	Total identified fraud (£)	By email to DCMS Finance Team	To enable dissemination of fraud cost information to the authorities
Ad hoc immediate as detected	Total prevented fraud (£)	By email to DCMS Finance Team	To enable dissemination of fraud cost information to the authorities
On request	Sharing of audit strategy, periodic audit plans and annual audit report, including the Head of Internal Audit's opinion on risk management, control and governance.	As requested	Assurance of financial management

8. Spend controls

8.1 Sport England is subject to the Cabinet Office spend controls set out at <http://www.cabinetoffice.gov.uk/resource-library/cabinet-office-controls-guidance-actions-and-processes-document>

8.2 Exceptions to spend controls are outlined in DCMS guidance to ALB's '*Implementing the Additional Spend Controls and Authorisations*', May 2014.

Sport England governance framework

1. Introduction

- 1.1. This agreement has been drawn up by the Department for Culture, Media and Sport (“**DCMS**”) in consultation with Sport England. This document sets out the broad framework within which Sport England will operate. The document does not convey any legal powers or responsibilities. It is signed and dated by DCMS and Sport England. Copies of the document will be placed in the Libraries of both Houses of Parliament and made available to members of the public on Sport England’s website, with a link to it on the DCMS site.
- 1.2. Legislative changes will take precedence over any part of this document. Significant variations will be cleared with the Treasury or the Cabinet Office as appropriate.
- 1.3. Nothing under this agreement shall prevent Sport England from carrying out its legal duties under its founding legislation or under any other legislation which impacts on its functions, activities or powers.
- 1.4. This agreement complements Sport England Financial Directions and Statement of Financial Requirements (SFR) and its provisions, unless otherwise stated in the SFR, apply to the administration of National Lottery proceeds. It should also be read alongside Sport England’s Policy and Accounts Directions issued under the National Lottery etc. Act 1993.

2. Governance and accountability

- 2.1. The statutory and other duties of Sport England derive from the Royal Charter.
- 2.2. The Secretary of State and other members of the DCMS ministerial team will account for Sport England’s business in Parliament.
- 2.3. The respective responsibilities of the Departmental Accounting Officer and Accounting Officers for NDPBs and other arm’s length bodies are set out in Chapter 3 of Managing Public Money which is sent separately to the NDPB Accounting Officer on appointment and summarised below.
- 2.4. The terms of appointment of the Chair and Board members are as set out in the Royal Charter dated 23 July 1996 as Sport England’s founding document. Where such appointments are made by Ministers, they will comply with the Code of Practice of the Commissioner for Public Appointments.
- 2.5. In line with the founding legislation or documents, and, where applicable, the Government’s Code of Practice on Corporate Governance, the Board will consist of a Chair, together with twelve members that have a balance of skills and experience appropriate to directing Sport England’s business.
- 2.6. The Chief Executive is appointed by the Board of Sport England with the approval of the Secretary of State. They report to the Board on the day-to-day running of the

organisation and its performance against objectives. In addition to this, they will normally be the Accounting Officer for Sport England and will have specific duties in this regard, which are set out in section 4 below.

3. Departmental Accounting Officer's responsibilities

- 3.1. The Permanent Secretary, as Accounting Officer for DCMS, is accountable to Parliament for the issue of any grant-in-aid to Sport England and is also responsible for ensuring arrangements are in place to:
- monitor Sport England's activities on a continuous basis;
 - address significant problems in Sport England, making such interventions as are judged necessary;
 - periodically carry out an assessment of the risks both to the department and Sport England objectives and activities;
 - inform Sport England of relevant government policy in a timely manner; and,
 - bring concerns about the activities of the body to the full Sport England Board; requiring explanations and assurances that appropriate action has been taken.
- 3.2. The Head of Sport in DCMS is the primary contact for Sport England within the Department.

4. Sport England Accounting Officer's responsibilities

- 4.1. The Departmental Accounting Officer will normally appoint the permanent head of Sport England, i.e. the Chief Executive, to be the Accounting Officer for the body. The duties of Sport England's Accounting Officer are set out in full in the Permanent Secretary's appointment letter to him/her. The Accounting Officer is responsible for accounting to Parliament, DCMS, Sport England's Board and other stakeholders.
- 4.2. Sport England Accounting Officer is personally responsible for safeguarding the public funds for which he or she has charge; for ensuring propriety and regularity in the handling of those public funds; and, reporting to the Board of Sport England, for the day-to-day operations and management of Sport England and the achievement of its strategic aims. In addition, he or she should ensure that Sport England as a whole is run on the basis of the standards, in terms of governance, decision-making and financial management that are set out in Box 3.1 to Managing Public Money (at the time of writing).
- 4.3. The key accountabilities are:
- signing the accounts and ensuring that proper records are kept relating to the accounts and that the accounts are properly prepared and presented in accordance with Treasury guidance and with any directions issued by the Secretary of State;
 - signing a Statement of Accounting Officer's responsibilities, for inclusion in the annual report and accounts;
 - signing a Governance Statement concerning the organisation's management and control of resources during the year and setting out how risk has been managed, for inclusion in the annual report and accounts;
 - ensuring that effective procedures for handling complaints about Sport England are established and made widely known within the body;

- acting in accordance with the terms of this document, Managing Public Money and other instructions and guidance issued from time to time by the Department, the Treasury and the Cabinet Office;
 - giving evidence, normally with the Accounting Officer of the sponsor Department, when summoned before the PAC on Sport England's stewardship of public funds.
- 4.4. Particular responsibilities to DCMS are:
- informing the Department of progress in helping to achieve DCMS's policy objectives and in demonstrating how resources are being used to achieve those objectives;
 - ensuring that timely forecasts and monitoring information on performance and finance are provided to the Department; that the Department is notified promptly if over or under spends are likely and that corrective action is taken; and that any significant problems whether financial or otherwise, and whether detected by internal audit or by other means, are notified to the Department in a timely fashion; and
 - to work collectively with the Department and other members of the DCMS 'family' of arm's length bodies in support of each other and the group as a whole.
- 4.5. The duties of the Accounting Officer with respect to the Board of Sport England are:
- advising the Board on the discharge of its responsibilities as set out under the founding legislation, in this document, and in any other relevant instructions and guidance that may be issued from time to time;
 - advising the Board on Sport England's performance compared with its aim[s] and objectives;
 - ensuring that financial considerations are taken fully into account by the Board at all stages in reaching and executing its decisions, and that financial appraisal techniques are followed;
 - taking action as set out in paragraphs 3.7.5 of Managing Public Money if the Board, or its Chair, is contemplating a course of action involving a transaction which the Chief Executive considers would infringe the requirements of propriety or regularity or does not represent prudent or economical administration, efficiency or effectiveness, questionable feasibility, or is unethical.

5. Sport England Board

- 5.1. The Board should ensure that effective arrangements are in place to provide assurance on risk management, governance and internal control. The Board is expected to assure itself of the effectiveness of the internal control and risk management systems.
- 5.2. The Board must set up an Audit Committee chaired by a Trustee or, where applicable, an independent non-executive member. The Audit Committee should support the Board and Accounting Officer by providing independent advice and assurance on risk management, governance and internal control.
- 5.3. Where the Board does not consider issues relating to staff remuneration itself, it shall ensure that an effective mechanism for such consideration exists, e.g. a remuneration committee or similar body performing the same purpose.
- 5.4. The Board is specifically responsible for:

- ensuring that Sport England fulfills the aims and objectives set out in its royal charter and within the policy and resources framework determined by the Secretary of State;
- determining the steps necessary to deal with any developments which are likely to affect Sport England's ability to fulfil its aims and objectives and keeping the responsible DCMS Minister informed if any such developments arise;
- ensuring that any statutory or administrative requirements for the use of public funds are complied with; that the Board operates within the limits of its statutory authority, within the resources framework determined by the Secretary of State and any delegated authority agreed with the sponsor department, and in accordance with any other conditions relating to the use of public funds; and that, in reaching decisions, the Board takes into account guidance issued by the sponsor department;
- ensuring that the Board receives and reviews regular financial information concerning the management of Sport England; is informed in a timely manner about any concerns about the activities of Sport England; and provides positive assurance to the Department that appropriate action has been taken on such concerns;
- demonstrating high standards of corporate governance at all times, including using its Audit Committee to help the Board to address key financial and other risks;
- appointing with the Secretary of State's approval a chief executive and, in consultation with the Department, set remuneration terms linked to performance against objectives for the chief executive;
- Ensuring that any public functions of Sport England are carried out in compliance with statutory duties relating to equality.

6. The Chair's personal responsibilities

6.1. The Chair is responsible to the Secretary of State for ensuring that Sport England fulfills its statutory purpose as set out in its founding legislation, that it complies with charity law, that where appropriate Sport England's policies are consistent with those of the Secretary of State, and that Sport England's affairs are conducted with probity.

6.2. In addition, the Chair has the following leadership responsibilities:

- formulating the Board's strategy for discharging its statutory duties;
- ensuring that the Board, in reaching decisions, takes proper account of guidance provided by the responsible minister or the Department;
- supporting the Accounting Officer in promoting the efficient and effective use of staff and other resources;
- supporting the Accounting Officer in delivering high standards of regularity and propriety; and
- representing the views of the Board to the general public.

The Chair also has an obligation to ensure that:

- the Board and its members are reviewed and are working effectively;
- the Board has a balance of skills appropriate to directing Sport England business, as set out in the Government Code of Good Practice on Corporate Governance;
- Board members are fully briefed on terms of appointment, duties, rights and responsibilities;
- when required, he or she, together with the other Board members, receives appropriate training on financial management and reporting requirements and on any differences that may exist between private and public sector practice;

- the responsible minister is advised of Sport England needs when Board vacancies arise;
- he or she assesses the performance of individual Board members when being considered for re-appointment;
- there is a code of practice for Board members in place consistent with the Cabinet Office Code of Conduct for Board Members of Public Bodies.

7. Individual Board members' responsibilities

7.1. Individual Board members should:

- comply at all times with the Board Members' Code of Practice and with the rules relating to the use of public funds and to conflicts of interest;
- not misuse information gained in the course of their public service for personal gain or for political profit, nor seek to use the opportunity of public service to promote their private interests or those of connected persons or organisations;
- comply with the Board's rules on conflicts of interest and the acceptance of gifts and hospitality;
- act in good faith and in the best interests of Sport England.

8. Publications and information strategy

8.1. Sport England will have responsibility for contributing to the Government's system of democratic accountability by making information available to the public on the quality and productivity of its services, value for money, performance and progress on delivery. Sport England will:

- release data on its administrative expenditure and provide information on how the organisation is run;
- release data on the resources that are spent on programmes, policy and procurement;
- provide information on the delivery and outcomes of major programmes and the impact of its policies on society; and,
- provide timely and accurate information required for Parliamentary Questions, responses by Chief Executives to Parliamentary Questions and contributions to Ministerial and public correspondence. Sport England will be responsible for responding to requests under the Freedom of Information Act within the statutory time limit.

Specifically, Sport England shall publish or cause to be published, as a minimum, the following documents and information:

- an annual report and resource accounts (see paragraphs 8.4-8.6) which includes
- an annual statement of Sport England's corporate governance arrangements;

8.2. Sport England shall publish other information as required by the Department in the interests of transparency and as communicated from time to time.

8.3. Sport England must publish an annual report of its activities together with its audited accounts after the end of each financial year. Sport England shall provide the

Department its finalised (audited) accounts before the Parliamentary Summer Recess each year.

8.4. The annual report must:

- cover any corporate, subsidiary or joint ventures under its control;
- comply with the Treasury's Financial Reporting Manual (FReM);
- contain a governance statement, setting out the ways in which the Accounting Officer has managed and controlled the resources used in the organisation during the course of the year, demonstrating how well the organisation is managing risks to the achievement of its aims and objectives;
- outline main activities and performance during the previous financial year and set out in summary form forward plans.

8.5. The report and accounts shall be laid in Parliament and made available on Sport England's website, in accordance with the guidance in the FReM. Sport England should aim to submit a draft of the report to the Department in May / early June. The final version should be submitted for Ministerial approval in accordance with Reporting Cycle guidance allowing sufficient time before the proposed publication date. The accounts should be prepared in accordance with the relevant statutes and specific accounts direction issued by the Department as well as the FReM and SORP (where applicable).

8.6. Additionally Sport England will be expected to publish information relating to the delivery of its services and policies. In particular this should include information that will help the public to: (i) see progress against activity which Sport England has made a public commitment to deliver; (ii) judge if the services and/or outputs offer value for money; and (iii) consider whether the way in which the body operates gives rise to any issues around fairness.

8.7. Sport England is named as a producer of Official Statistics under The Statistics and Registration Services Act 2007. As such, Sport England is required to adhere to the Code of Practice for Official Statistics, to have in place a lead official for statistics, and is encouraged to publish a statement of compliance on its website. The DCMS Head of Profession is available to provide further advice and guidance on statistical issues, and is responsible for ensuring the quality and professional integrity of the statistics. (Please see Annex A for links to guidance.)

8.8. Where Sport England conducts or commissions social, economic or operational research, relevant professional standards should be applied to ensure that research is impartial, of sufficient quality, legal and ethical. Sport England should nominate a lead contact for research and inform the Head of the DCMS Evidence and Analysis Unit of planned and published research. Further guidance on conducting research can also be obtained from the DCMS Evidence and Analysis Unit.

9. Internal Audit

9.1. Sport England shall:

- establish and maintain arrangements for internal audit in accordance with the Treasury's Government Internal Audit Standards (GIAS);

- ensure DCMS is satisfied with the competence and qualifications of the Head of Internal Audit and the requirements for approving appointments in accordance with GIAS 5.2;
 - set up an Audit Committee of its Board in accordance with the Cabinet Office's Guidance on Code of Practice for Public Bodies and the Audit Committee Handbook;
 - forward the audit strategy, periodic audit plans and annual audit report, including Sport England Head of Internal Audit's opinion on risk management, control and governance as soon as possible to the sponsor department; and
 - keep records of, and prepare and forward to the Department an annual report on fraud and theft suffered by Sport England and notify DCMS of any unusual or major incidents as soon as possible.
- 9.2. DCMS's internal audit service has a right of access to all documents prepared by Sport England internal auditor, including where the service is contracted out, for the purpose of obtaining assurance as to Sport England's handling of public funds and effectiveness of financial controls.

10. External Audit

- 10.1. The Comptroller & Auditor General (C&AG) audits Sport England annual accounts. Ministerial approval must be given before the C&AG can sign off the accounts.
- 10.2. In the event that Sport England has set up and controls subsidiary companies:
- Sport England will ask (or will have asked) HM Treasury to designate the company as either profit making or non-profit making;
 - where HM Treasury determines that the company is non-profit making, it will be (or will have been) included in a GRAA Order, which will make (or will have made) the C&AG its statutory auditor;
 - where HM Treasury has determined that the company is non-profit making, the company should appoint the C&AG as auditor by agreement until such time as the GRAA Order is issued;
 - where HM Treasury determines that the company is profit making, it should either appoint the C&AG when its audit contract next comes up for renewal or, where they are required to go out to tender for audit services, the C&AG should be invited to compete. Where the C&AG is not appointed, the company must clearly explain the reasons for selecting a different auditor to DCMS.
- 10.3. The C&AG:
- will consult the Department and Sport England on whom – the NAO or a commercial auditor – shall undertake the audit(s) on his behalf, though the final decision rests with the C&AG;
 - has a statutory right of access to relevant documents, including by virtue of section 25(8) of the Government Resources and Accounts Act 2000, held by another party in receipt of payments or grants from Sport England;
 - will share with DCMS information identified during the audit process and the audit report (together with any other outputs) at the end of the audit, in particular on issues impacting on the Department's responsibilities in relation to financial systems within Sport England;
 - will, where asked, provide departments and other relevant bodies with Regulatory Compliance Reports and other similar reports which departments may request at the

commencement of the audit and which are compatible with the independent auditor's role.

10.4. The C&AG may carry out examinations into the economy, efficiency and effectiveness with which Sport England has used its resources in discharging its functions. For the purpose of these examinations the C&AG has statutory access to documents as provided for under section 8 of the National Audit Act 1983. In addition, Sport England shall provide, in conditions to grants and contracts, for the C&AG to exercise such access to documents held by grant recipients and contractors and sub-contractors as may be required for these examinations; and shall use its best endeavours to secure access for the C&AG to any other documents required by the C&AG which are held by other bodies.

11. Right of access

11.1 Subject to any overriding legal rights or obligations, Sport England will provide access to the Department to all the ALB's records and personnel for all purposes including, for example, operational investigations.

12. Managing Public Money and other government-wide corporate guidance and instructions

12.1. Unless agreed by the Department and (as necessary) HM Treasury, Sport England shall follow the principles, rules, guidance and advice in Managing Public Money, referring any difficulties or potential bids for exceptions to DCMS in the first instance. A list of guidance and instructions with which Sport England should comply is in **Annex A**.

12.2. Once the overall budget has been allocated by DCMS and subject to any restrictions imposed by the Royal Charter/the responsible minister's instructions/this document, Sport England shall have authority to incur expenditure approved in the budget without further reference to the Department, on the following conditions:

- Sport England shall comply with the delegated financial limits agreed with the Department. These delegations shall not be altered without the prior agreement of DCMS;
- Sport England shall comply with Managing Public Money regarding novel, contentious or repercussive proposals;
- inclusion of any planned and approved expenditure in the budget shall not remove the need to seek formal departmental approval where any proposed expenditure is outside the delegated limits;
- Sport England shall provide DCMS with such information about its operations, performance individual projects or other expenditure as the sponsor department may reasonably require;
- Sport England shall comply with any additional requirements notified to them by the Department, for instance on spending controls or delegated authorities

13. Risk management

13.1. Sport England shall ensure that the risks that it faces are dealt with in an appropriate manner, in accordance with relevant aspects of best practice in corporate governance, and develop a risk management strategy, in accordance with Treasury guidance. It should adopt and implement policies and practices to safeguard itself against fraud and

theft, in line with the Treasury's guide: Managing the Risk of Fraud. It should also take all reasonable steps to appraise the financial standing of any firm or other body with which it intends to enter into a contract or to give grant or grant-in-aid.

14. Business Planning

- 14.1. To operate its business effectively, Sport England should produce management planning and information documents covering at least three financial years ahead. These may take the form of strategic or corporate plans (for three years ahead), and should include a business plan (one year ahead). The first year of the planning document can include the business plan incorporated as a single document. The 2012-17 Youth and Community Strategy was launched in January 2012 describing how Sport England will invest over £1billion of National Lottery and Exchequer funding.
- 14.2. The Department should be sent copies of each of the completed planning documents. The Department may draw on these plans in agreeing targets and measures to be incorporated in subsequent agreements, and in determining pay and staffing issues. These plans should be made available to the public, via the internet if possible.
- 14.3. The business plan should include a forecast of income and expenditure suitably classified by activity and key objectives, taking account of guidance on resource assumptions and policies provided by the Department at the beginning of the planning round. These forecasts should represent Sport England's best estimate of its available income, including any grant or grant in aid or any other funding within Sport England.

15. Sport England staff

- 15.1. Within the arrangements approved by the responsible minister Sport England will have responsibility for the recruitment, retention and motivation of its staff. The broad responsibilities toward its staff are to ensure that:
 - the rules for recruitment and management of staff create an inclusive culture in which diversity is fully valued; appointment and advancement is based on merit: there is no discrimination on grounds of gender, marital status, sexual orientation, race, colour, ethnic or national origin, religion, disability, community background or age;
 - the level and structure of its staffing, including grading and staff numbers, are appropriate to its functions and the requirements of economy, efficiency and effectiveness;
- 15.2. Any proposal by Sport England to move from the existing pension arrangements, or to pay any redundancy above the statutory minimum or contracted requirement or compensation for loss of office requires the prior approval of the Cabinet Office. Proposals on severance must comply with the rules in chapter 4 of Managing Public Money and will require Treasury approval.
- 15.3. Sport England staff are subject to levels of remuneration and terms and conditions of service (including pensions) within the general pay structure approved by DCMS. These terms and conditions will be subject to an agreed annual pay negotiating remit and should be in line with the current Public Sector pay policy guidelines issued by the Treasury. The remit will be subject to the agreement of the DCMS. Sport England has no delegated power to amend these terms and conditions.

- 15.4. Managing Public Money warns public sector organisations against engaging in artificial tax avoidance. This is always regarded as a novel and contentious use of public resources. Public appointees should adhere to the guidance described in the procurement policy notice – tax arrangements of public appointees (August 2012).

16. Review

- 16.1. Sport England may be reviewed periodically, by DCMS in accordance with:

- the business needs of DCMS and of Sport England;
- Cabinet Office guidance;

17. Arrangements in the event that an Arm's Length Body (ALB) is wound up

- 17.1. In the event of the decision being made to wind up Sport England, Sport England will be required to wind-up its affairs [as soon as practicable / in accordance with the timetable agreed with the Department] and to put in place a plan for its closure. This will include arrangements for the handover of its residual business and assets and liabilities.

- 17.2. The draft wind-up plan should be forwarded to DCMS as soon as practicable / in accordance with the agreed timetable.

- 17.3. DCMS shall put in place arrangements to ensure that, when an ALB is wound up, this shall be done in an orderly manner. In particular DCMS should ensure that where an ALB is wound up, the assets and liabilities of the body are passed to any successor organisation and accounted for properly. (In the event that there is no successor organisation, the assets and liabilities should revert to the sponsor department.) To this end, the Department, in conjunction with the ALB, shall:

- ensure that procedures are in place in the ALB to gain independent assurance on key transactions, financial commitments, cash flows and other information needed to handle the wind-up effectively and to maintain the momentum of work inherited by any residuary body;
- ensure that arrangements are in place to prepare closing accounts and pass to the C&AG for external audit and that funds are in place to pay for such audits
- arrange for the most appropriate person to sign the closing accounts. In the event that another ALB takes on the role, responsibilities, assets and liabilities, the succeeding ALB AO should sign the closing accounts. In the event that the department inherits the role, responsibilities, assets and liabilities, the Permanent Secretary should sign.

- 17.4. The ALB shall provide the Department with full details of all agreements where the ALB or its successors have a right to share in the financial gains of developers. It should also pass to the department details of any other forms of claw-back due to the ALB.

18. Budgets and Grant-in-Aid

- 18.1. Expenditure against resource and capital budgets must be recorded and monitored by Sport England in accordance with the Treasury's Consolidated Budgeting Guidance (or its successor). These are the net expenditure limits for Sport England in each year - including any use of reserves for which budgetary cover has been given - and must be

adhered to. Net expenditure above these limits may not be committed until or unless a revised budget has been agreed in writing by the Department.

- 18.2. Sport England may not breach the component parts of the capital and resource budgets (e.g. core capital). Approval must be sought in advance and in writing if Sport England wishes to spend more in one category and less in another. In all these matters, the Department may be required to refer a decision to the Treasury before granting approval.
- 18.3. Grant in Aid is the amount payable by the Department to Sport England in each year and is independent of the budget figures, although derived from them. It does not include depreciation or any budgetary cover allocated by the Department for Sport England's use of its own reserves.

19. Grant-in-aid and any ring-fenced grants

- 19.1. Both the grant-in-aid provided by the Department and the overall budgets set by it for the year in question will be voted in the Department's Supply Estimate and be subject to Parliamentary control.
- 19.2. The grant-in-aid will normally be paid in monthly instalments on the basis of written applications showing evidence of need. Sport England will comply with the general principle, that there is no payment in advance of need. Cash balances accumulated during the course of the year from grant-in-aid or other Exchequer funds shall be kept to a minimum level consistent with the efficient operation of Sport England. Grant-in-aid not drawn down by the end of the financial year shall lapse. Subject to approval by Parliament of the relevant Estimates provision, where grant-in-aid is delayed to avoid excess cash balances at the year-end, the Department will make available in the next financial year any such grant-in-aid that is required to meet any liabilities at the year end, such as creditors.
- 19.3. As a minimum, Sport England shall continue to provide the Department with monthly information via its grant in aid claims that will enable the Department satisfactorily to monitor:
 - Sport England's cash management;
 - its draw-down of grant-in-aid;
 - forecast outturn;
 - other data required for the Treasury's Combined On-line Information System (COINS) or its successor.

20. Reporting performance to the Department

- 20.1. Sport England shall operate management information and accounting systems that enable it to review in a timely and effective manner its financial and non-financial performance against the budgets and targets set out in the corporate and business plans. Sport England's performance shall be reviewed by the Department periodically in accordance with the engagement strategy.

21. Delegated authorities

- 21.1. Sport England shall obtain the Department's prior written approval before:

- entering into any undertaking to incur any expenditure that falls outside the delegations or which is not provided for in Sport England's annual budget as approved by the Department;
- incurring expenditure for any purpose that is or might be considered novel or contentious, or which has or could have significant future cost implications;
- making any significant change in the scale of operation or funding of any initiative or particular scheme previously approved by the Department;
- redirecting funding provided by the Department for one purpose to other purposes;
- making any change of policy or practice which has wider financial implications that might prove repercussive or which might significantly affect the future level of resources required; or
- carrying out policies that go against the principles, rules, guidance and advice in Managing Public Money.

21.2. Sport England may establish subsidiary companies or participate in joint ventures subject to the express approval of DCMS in consultation with the Treasury.

22. Capital projects

- 22.1. All capital projects, whether already underway or beginning during this period, are subject to the Department's investment appraisal processes. Any capital expenditure that exceeds Sport England's delegated capital limit must be referred to the DCMS Investment Committee for approval at three stages of development, as set out in guidance issued by the Department. The figure used in calculating whether the costs exceed the delegated limit is the lifetime cost of the capital project, including non-exchequer funding and any increased running costs ensuing from it.
- 22.2. Where projects are reliant on donations or sponsorship that have yet to be confirmed, demonstration of a staggered approach to completion (i.e. that takes account of the funds secured to date before proceeding with each stage) will be more likely to receive approval to proceed.
- 22.3. When considering the case for capital projects, Sport England is expected to use the Treasury's Green Book methodology (or its successor), as modified or enhanced by guidance from DCMS. This is the case regardless of whether a capital project requires DCMS Investment Committee approval. The Department reserves the right to receive copies of business cases for projects below Sport England's delegated limit or elements of it, such as the Net Present Value calculation.

23. Procurement

23.1. Sport England shall:

- Comply with current requirements on additional spend controls, delegated authorities and authorisations on procurement and leases as notified to them by the Department;
- Comply with any additional requirements subsequently notified to Sport England by the Department.

Signed by:

Signed by:

On behalf of the Secretary of State for Culture, Media and Sport

Chair of Sport England

Accounting Officer of Sport England

Date

Annex A: Compliance with guidance and instructions

Sport England shall comply with the following general guidance documents and instructions:

- Appropriate adaptations of sections of the Corporate Governance Code for Central Government Departments;
http://www.hm-treasury.gov.uk/psr_governance_corporate.htm
- Managing Public Money (MPM);
http://www.hm-treasury.gov.uk/psr_mpm_index.htm
- Consolidated Budgeting Guidance;
http://www.hm-treasury.gov.uk/psr_bc_consolidated_budgeting.htm
- Government Internal Audit Standards;
http://www.hm-treasury.gov.uk/psr_governance_gia_guidance.htm
- Appropriate adaptations of the Audit Committee Handbook;
http://www.hm-treasury.gov.uk/audit_committee_handbook.htm
- Management of Risk: Principles and Concepts;
http://www.hm-treasury.gov.uk/d/orange_book.pdf
- Treasury guidance on Managing the Risk of Fraud;
<http://www.hm-treasury.gov.uk/fraud>
- Government Financial Reporting Manual (FReM);
http://www.hm-treasury.gov.uk/frem_index.htm
- If applicable, the Charities SORP;
http://www.charitycommission.gov.uk/Charity_requirements_guidance/Accounting_and_reporting/Preparing_charity_accounts/sorpfront.aspx
- Fees and Charges Guide, Chapter 6 of MPM;
http://www.hm-treasury.gov.uk/d/mpm_ch6.pdf
- Banking guidance, annex 5.7 of MPM;
http://www.hm-treasury.gov.uk/d/mpm_annex5.7.pdf
- Relevant Dear Accounting Officer letters;
http://www.hm-treasury.gov.uk/psr_governance_dao_letters.htm
- Regularity, Propriety and Value for Money;
http://www.hm-treasury.gov.uk/psr_governance_valueformoney.htm
- The Parliamentary Ombudsman's Principles of Good Administration;
<http://www.ombudsman.org.uk/improving-public-service/ombudsmansprinciples/principles-of-good-administration>
- Consolidation Officer Memorandum, and relevant DCO letters;
- Relevant Freedom of Information Act guidance and instructions (Ministry of Justice);
<http://www.justice.gov.uk/guidance/freedom-and-rights/freedom-of-information/>
- Model Code for Staff of Executive Non-departmental Public Bodies: Annex A of Public Bodies: A Guide for Departments (Cabinet Office);
http://www.civilservice.gov.uk/Assets/5_public_body_staffv2_tcm6-2484.pdf
- Other relevant guidance and instructions issued by the Treasury in respect of Whole of Government Accounts;
http://www.hm-treasury.gov.uk/wga_guidance_index.htm
- Guidance on major projects issues by the Major Projects Authority;
<http://www.cabinetoffice.gov.uk/content/major-projects-authority>
- The Statistics and Registration Services Act 2007;
<http://www.legislation.gov.uk/ukpga/2007/18/contents>
- The Code of Practice for Official Statistics;
<http://www.statisticsauthority.gov.uk/assessment/code-of-practice/code-of-practice-for-official-statistics.pdf>

- Other relevant instructions and guidance issued by the central Departments;
- Specific instructions and guidance issued by DCMS;
- Recommendations made by the Public Accounts Committee, or by other Parliamentary authority, that have been accepted by the Government and relevant to the ALB.

Annex B: Sport England’s Delegated Financial Limits

ALL DELEGATIONS ARE SUBJECT TO THE REQUIREMENT THAT SPENDING PROPOSALS FALLING WITHIN ‘MANAGING PUBLIC MONEY’ Para. A.2.3.10 (expenditure and resource commitments which the Treasury cannot delegate) SHOULD BE REFERRED TO THE DEPARTMENT. These are:

- Items which are novel, contentious or repercussive, even if within delegated limits
- Items which could exceed the agreed budget and Estimate limits
- Contractual commitments to significant spending in future years for which plans have not been set
- Items requiring primary legislation (e.g. to write off NLF debt or PDC)
- Any item which could set a potentially expensive precedent

Unlimited (unless otherwise specified)

1. CAPITAL EXPENDITURE

Expenditure on new construction, land, extensions of, and alterations to, existing buildings and the purchase of any other fixed assets (e.g. machinery, plant, and vehicles) with an expected working life of more than one year. Also includes exchanges of fixed assets.	£5m
<p>Expenditure on the signing of new leases, renewals of existing leases, the non-exercise of lease break options, any new property acquisitions (including those made through a Public Finance Initiative provider), new build developments, sale and leaseback, and any freehold sales as part of national property controls.</p> <p><i>Approval for leases over £100,000 can only be given by the Chief Secretary to the Treasury and must provide value for money for Government as a whole or demonstrate exceptional circumstances.</i></p>	£100,000

2. GIFTS

Gifts received by Sport England	Unlimited
Gifts from Sport England to one person/organisation - any one gift or total of gifts in a financial year	£1,000

Gifts to staff are subject to DAO (Gen) 13/01.	
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Gifts received by staff are also subject to Sport England's Gifts and Hospitality Policy.

3. NON-STATUTORY CONTINGENT LIABILITIES

DCMS should be consulted before Sport England voluntarily incurs or as soon as it becomes aware of a contingent liability of more than £100,000

4. LOSSES AND SPECIAL PAYMENTS

The write-off of losses or approval of special payments should only be carried out by staff authorised to do so by and on behalf of Sport England's Accounting Officer.

Classification of losses and special payments

Type	Description	Delegation
A	Losses	
i.	Cash losses. Physical losses of cash and equivalents (e.g. banknotes, postal orders, stamps) by any cause.	£100,000
ii.	Bookkeeping losses:	
	because of unvouched or incompletely vouched payments, including cases where vouchers are missing;	£100,000
	because of changes to estimates or other accounts to clear inexplicable or erroneous balances.	£100,000
iii.	Exchange rate fluctuations. Losses due to fluctuations in exchange rates or revaluations of currencies.	£100,000

iv.	Losses of pay allowances and superannuation benefits:	
	overpayments due to miscalculation, misinterpretation of acts, regulations or scheme rules or the full facts not being known;	£100,000
		£100,000
	unauthorised issues, e.g. payments not admissible under the acts, regulations or scheme rules;	£100,000
	losses arising from other causes, e.g. non-disclosure of full facts by the beneficiary, short of proven fraud.	
v.	Losses arising from overpayments of grants, etc. arising from miscalculation, misinterpretation of acts regulations or scheme rules, or the full facts not being known.	£100,000
vi.	Losses arising from failure to make adequate charges for the use of public property or services.	£25,000
B	Losses of accountable stores:	
i.	because of fraud, whether or not it has been possible to charge anyone with an offence, or proven or suspected theft, arson or sabotage, or any other deliberate act (including repairable damage caused maliciously to buildings, stores; etc. which is not the subject of an identifiable legal claim against some person); wherever possible recovery must be effected and prosecution mounted;	£Unlimited
ii.	losses arising from other causes.	£100,000
C	Fruitless payments and constructive losses	£100,000
D	Claims waived or abandoned	£100,000
E	Special payments:	
	<i>There is no delegation for special severance payments and these will require HM Treasury approval before an offer can be made.</i>	
i.	extra-contractual and ex gratia payments to contractors;	£100,000
ii.	other ex gratia payments;	£100,000
iii.	compensation payments;	£100,000
iv.	extra-statutory and extra-regulatory payments.	£100,000

CONTRACTS

For contracts generally, or specific types, e.g. Single Tender Action, consultancy, information technology, land & buildings etc.

Unlimited, subject to the following exceptions:

ICT contracts over £5m and specifically ICT contracts over £1m on systems that support administration, including HR, finance or procurement activities or upgrades and hosting contracts for such systems will require approval from the Efficiency and Reform Group in the Cabinet Office.

All advertising and marketing spend that is considered essential will require approval from DCMS and if over £100,000 by the Efficiency and Reform Group in the Cabinet Office. The required permissions for advertising and marketing exclude lottery spending.

All contracts for advisory consultancy services (see definition below).

Advisory Consultancy: The provision to management of objective advice relating to strategy, structure, management or operations of an organisation in pursuit of its purposes and objectives.

Such advice will be provided outside the 'business-as-usual' environment when in-house skills are not available and will be time-limited. Consultancy may include the identification of options with recommendations, or assistance with (but not the delivery of) the implementation of solutions.

The sub categories of consultancy are:

- Strategy • Finance
- Organisation and change management • IT/IS
- Property and construction • Procurement
- Marketing and communication • HR, training and education
- Programme and project management • Technical

GRANTS

Sport England must have proper guidelines in place for all grant or loan schemes it operates and payments of grants or loans must be made properly in accordance with these guidelines. Grants made from the Lottery Sports fund are governed by Financial Directions issued by the Secretary of State.

Sport England shall ensure that grants made to organisations which receive the major part of their funding from Sport England are accompanied by appropriate conditions, including obligations to ensure that the books and records of such organisations are readily available for inspection by Sport England and the NAO.

DISPOSAL OF ASSETS

Land and Buildings purchased wholly or mainly with Exchequer money or National Lottery funds.

£1,000,000

Sport England should make DCMS aware of the disposal of any assets over £500,000.

All assets disposals, regardless of value, should be notified to DCMS through the routine monthly financial reporting processes.

PAYMENTS OF COMPENSATION UNDER STATUTORY SCHEMES

Unlimited

LOANS

Sport England should obtain the prior approval of DCMS for any loans granted by Sport England.