

The Football Licensing Authority

Annual Report and Accounts 2005/2006



Football Licensing Authority



Football Licensing Authority

FOOTBALL LICENSING AUTHORITY

Report and Accounts 2006

GOVERNMENT RESOURCES AND ACCOUNTS ACT 2000

Accounts, prepared pursuant to section 25(10) of the government Resources and Accounts Act 2000, of the Football Licensing Authority of the year ended 31 March 2006, together with the Report of the Comptroller and Auditor General thereon.

Presented pursuant to section 25(10) of the Government Resources and Accounts Act 2000

*Ordered by the House of Commons to be printed
19 July 2006*

The Chief Executive's report

Introducing the FLA	4
Corporate governance	5

Management commentary

Strategic priorities	8
Safety certification	8
Spectator accommodation	9
Spectator safety	10
Leading authority on ground safety	11
Management issues	12
Meeting our key targets	13
Highlights of the year	14
Developments since 1st April 2006	15

Remuneration report

16

Statements and reports

Statement of responsibilities	18
Statement on internal control	19
Certificate and Report of the Comptroller and Auditor General	21

Accounts

Income and expenditure account	23
Balance sheet	24
Cash flow statement	25
Notes to the accounts	26

The Chief Executive's report

Introducing the FLA

1. The Football Licensing Authority was established in 1990 under the Football Spectators Act 1989 to ensure the implementation of the government's policy on the safety and comfort of spectators at grounds hosting designated football matches. Our overall aims and functions have been gradually refined as these grounds have become safer.

2. We believe that all spectators, regardless of age, gender, ethnic origin, disability or the team that they support, should be able to attend sports grounds in safety, comfort and security. Some aspects of this, notably the provision of safe spectator accommodation and good safety management procedures, systems and personnel, fall clearly within our remit. Others form part of the wider scene, on which we work in partnership with local authorities, the football authorities, clubs and safety officers, the police, disabled supporters' groups and other bodies at national and local level.

3. We were set up at a time when all too many grounds were outdated and in very poor condition. Safety management was often ill-informed and inadequate. Our early years saw significant improvements, including all-seated grounds, better facilities for spectators, control rooms, CCTV, safety officers and stewards.

4. As one would expect, the pace of change has slowed with the passage of time. Much of our success comes through ongoing monitoring and education, advice and assistance on safety principles and good practice.

5. But we need to remain vigilant. While the culture of safety has generally taken root among the local authorities and club safety officers, it does not always feature among the priorities of club chairmen and directors. We are concerned that, as memories of the disasters fade, we are seeing a growth in complacency.

6. In this report we highlight our main achievements over the year and show how we have performed against our objectives and targets. Of these, the most significant are the developments in steward training and accreditation, the fruit of programmes extending over several years. We are particularly pleased by the reception given to our new guidance on concourses. We have also been encouraged by the continuing downward trend in the number of spectators treated for injuries, against a background of rising attendances.

7. Our influence extends wider than our statutory purview. We have played the key role, as the agent of the Department for Culture, Media and Sport ("DCMS"), in overseeing the redevelopment of Ascot racecourse to achieve a high standard of spectator safety. Our advice on safety management continues to be highly regarded throughout Europe and Latin America, with many countries keen to learn from us.

8. We have not, however, enjoyed unqualified success. For the second year running, we have had to divert a disproportionate amount of time and energy to resisting attempts to require the licensing of football club stewards as door supervisors under the Private Security Industry Act 2001. We have also been disappointed at the lack of progress in resolving the issue of persistent standing in seated areas by certain groups of supporters, an issue which we cannot resolve alone.

Corporate governance

9. The accounts have been prepared in the form directed by the Secretary of State for Culture, Media and Sport on 10th June 2002, with the approval of the Treasury, in accordance with paragraph 23 of Schedule 2 to the Football Spectators Act 1989.

10. The Comptroller and Auditor General is the appointed auditor for the report and accounts which are laid before Parliament by the Secretary of State in accordance with paragraph 26 of the Football Spectators Act 1989.

11. As Accounting Officer, as far as I am aware, there is no relevant audit information of which the FLA's auditors are unaware. I have taken all reasonable steps as Accounting officer to make myself aware of any relevant audit information and to establish that the FLA's auditors are aware of that information.

12. The FLA Board Members during 2005/06 were:

Mr Anthony J Speed CBE QPM DL – Chairman
Miss Pamela Carvell
Mr Trevor Hobday MRTPI FRSA
Dr Brian Robertson OStJ TD MIEM
Mr John Woodrow MVO FCA
Professor Jan Wright FRAeS CEng PhD

13. Miss Carvell and Dr Robertson were re-appointed for a further three years with effect from 19th July 2005. In February 2006 it was announced that the Chairman would be re-appointed for a further 3 years from 17th April 2006.

14. The FLA Board has a corporate responsibility for:

- ensuring that the FLA complies with any statutory and administrative requirements for the use of public funds and does not exceed its statutory powers or delegated authority;
- ensuring that high standards of propriety and corporate governance are observed at all times;
- establishing the overall direction of the FLA within the policy and resources framework agreed with the Secretary of State; and
- overseeing the delivery of planned results through the monitoring of performance against objectives.

15. No Member declared any directorships or interests that might conflict with their responsibilities at the FLA. Copies of the Register of Members' Interests are available from the FLA and will shortly be published on our upgraded website.

16. Our management staff are:

John de Quidt	Chief Executive and Accounting Officer
Keith Sears	Safety policy, human resources and communications
Keith Chevalier	Finance, Office Manager, IT
Nikki Rutherford	Licensing, safety casework and information
Jason Clotworthy	Website, IT services, financial support
Stephen Podd	Administrative support

17. At 31st March 2006, our Inspectors and the grounds in relation to which they had primary responsibility were as follows:

David Beaumont MA

Boston United, Leicester City, Lincoln City, Mansfield Town, Northampton Town, Norwich City, Nottingham Forest, Notts County, Peterborough United, Rushden and Diamonds.

Malcolm Collier MBA FIFireE

Brentford, Brighton and Hove Albion, Charlton Athletic, Chelsea, Crystal Palace, Fulham, Gillingham, Millwall, Portsmouth, Queen's Park Rangers, Reading, Southampton, Wembley (shared with Lou Elliston).

Lou Elliston MA

Arsenal, Barnet, Colchester United, Ipswich Town, Leyton Orient, Luton Town, Southend United, Tottenham Hotspur, Watford, West Ham United, Wembley (shared with Malcolm Collier).

Jim Froggatt Dip.Arch Dip. Arch Cons FBEng RIBA

Chester City, Crewe Alexandra, Everton, Liverpool, Macclesfield Town, Manchester United, Port Vale, Shrewsbury Town, Stoke City, Tranmere Rovers, Wrexham.

Martin Girvan BSc MILAM

Aston Villa, Birmingham City, Coventry City, Milton Keynes Dons, Oxford United, Walsall, West Bromwich Albion, Wolverhampton Wanderers, Wycombe Wanderers.

John Levison MICE CEng

Blackburn Rovers, Blackpool, Bolton Wanderers, Burnley, Bury, Manchester City, Preston North End, Stockport County, Wigan Athletic.

John Perkins

AFC Bournemouth, Bristol City, Bristol Rovers, Cardiff City, Cheltenham Town, Plymouth Argyle, Swansea City, Swindon Town, Torquay United, Yeovil Town (plus Millennium Stadium, Cardiff).

Ian Smith MRICS DMS MCIM

Barnsley, Bradford City, Chesterfield, Derby County, Doncaster Rovers, Huddersfield Town, Leeds United, Oldham Athletic, Rochdale, Rotherham United, Sheffield United, Sheffield Wednesday.

Geoff Wilson MRICS

Carlisle United, Darlington, Grimsby Town, Hartlepool United, Hull City, Middlesbrough, Newcastle United, Scunthorpe United, Sunderland.

18. The Chief Executive and staff are covered under the provisions of the Principal Civil Service Scheme for which greater detail is provided in Note 10 of the Notes to the Accounts.

19. We have long been formally committed to a policy of equal opportunity for all our staff, regardless of their ethnic origin, religious belief, gender, sexual orientation, disability or any other irrelevant factor. We maintain procedures to ensure that selection for posts is based entirely on merit. All staff are routinely consulted about matters that may affect their roles, workloads or terms and conditions.

20. We have long supported the Better Payment Practice Code and its predecessor. In every case during the past year we have paid in full within the previously-agreed period, subject only to satisfactory performance by the supplier and the timely presentation of an accurate invoice. At the end of the year there were no outstanding invoices from trade creditors.

Strategic priorities

21. The following achievements should be seen in the context of our strategic priorities, based upon our funding agreement for 2003-2006:

Priority A

To ensure by means of guidance, assistance and monitoring that the certifying authorities perform their safety certification function to a consistent and acceptable standard; and, in the long term, to give these authorities the opportunity to reduce their level of involvement as clubs take greater responsibility for safety.

- We oversee and influence the local authorities primarily through their Safety Advisory Groups (“SAGs”). These bring together the local authority and the other stakeholders to ensure a consistent approach. They provide us with an invaluable forum for promoting safety awareness and fostering team working. We attended 311 SAG meetings as invited observers, together with 287 designated matches, where we monitored the relevance of the ground safety certificate and whether and how it was being enforced. We also observed the relationships between the different agencies at first hand. We provided proactive advice and guidance in respect of 11 grounds but did not need to deploy our statutory powers to insert conditions in the safety certificate.
- We had planned to continue our programme of rolling audits by focusing upon how the local authorities monitor the stewards’ training records. In the event we had to postpone this for a year, both to give the new stewarding qualifications time to take effect and because of the uncertainties over the proposed exemption for in-house stewards from the licensing requirements of the Private Security Industry Act 2001.
- We advised Coventry City Council that it should issue the safety certificate to Arena Coventry Ltd, the owner of the new Ricoh Arena, and not to Coventry City FC who play there under a licence. This was on the basis that only the owner could ensure compliance with all the terms and conditions, either directly or through the licence agreement. This advice was eventually accepted by all parties.
- During the course of the year, local authorities imposed (or retained) reduced capacities (albeit in some cases only temporarily) at 15 grounds, because of their poor physical condition, inadequate safety management or both. In two cases a prohibition notice was issued because of the urgency of the situation. In addition, a number of local authorities reduced the permitted capacity of the area allocated to visiting supporters for particular matches because of safety concerns over their anticipated behaviour.
- At the national level, we provide advice and guidance for local authorities, clubs and other bodies through our publications and our website. Since this was upgraded in November 2005 we have seen a significant fall in the number of telephone and written enquiries and a corresponding rise in the number of visits to the site.

Priority B

To maintain and build on the achievements of the government's policies on spectator accommodation.

- We enforce the government's policy that all grounds in the Premiership and Championship shall be required to be all seated with effect from August 1994 or no later than three years after their promotion into the Championship. The number of all-seated Premiership, Football League and international football grounds rose to 68, following the completion of the new all-seated ground at Swansea City. New grounds are under construction at Wembley, Arsenal, Doncaster Rovers, Milton Keynes and Shrewsbury Town.
- We completed the 2005/06 licensing round on schedule. We did not refuse or revoke any licences. Nor did we insert any conditions beyond those necessary to enforce the policies on seating and standing accommodation and those governing inspection, which are mandatory under the Football Spectators Act 1989. In the course of our match visits we monitored all clubs' compliance with the terms of their licences. We observed no breaches; nor were any drawn to our attention.
- Progress on tackling persistent standing in seated areas has been disappointing. While the great majority of supporters sit (or would do so if their view was not blocked by those standing in front of them) a vocal minority insist on standing.
- The area of greatest concern is persistent standing on seating decks with a gradient exceeding 25°. This is regarded as unsafe even for purpose-built standing accommodation. We therefore formally asked all local authorities to ensure that each club produced a risk assessment and crowd management plan where there was good reason to believe that spectators would stand persistently on a seated area with such a gradient.
- We have worked closely with a number of clubs and local authorities to identify and promulgate examples of good practice. These include education and persuasion, firm crowd management and, in some instances, reductions in the number of visiting supporters. However, in many cases they are merely containing the problem. Such measures also impose a financial penalty upon the home club, which may be the innocent party.
- We have, however, so far been unable to convince the majority of club chairmen that persistent standing in seated areas with no crush barriers is a potentially significant safety issue about which they should be concerned. While, thankfully, there have so far been no life-threatening incidents, it would be reckless to wait for one to occur before taking action.

Priority C

To bring about, through advice and persuasion, a permanent change of culture whereby consistently high standards of safety are maintained at every Premiership, Football League and international football ground by the clubs or ground management taking responsibility on their own initiative rather than in response to requirements imposed by other bodies.

- We published the third in our new series of guidance documents – on concourses – in January 2006. This broke new ground by recommending how much space should be provided in a concourse relative to the number of spectators that can be accommodated in the stand. It was very well received by architects, local authorities and clubs.
- When the fourth edition of the Guide to Safety at Sports Grounds (“the Green Guide”) was published early in 1997 we advised the government that it would be sensible to review it after ten years. We have agreed with DCMS that we will launch this review in late 2006. We are aware that elements of certain chapters are likely to require updating because of legislative changes or improvements in safety management. However, we are confident that the fundamental principles and most of the content of the Guide remain valid.
- The possible licensing of stewards as door supervisors by the Security Industry Authority (“SIA”) has continued to take up a wholly disproportionate amount of our time at the expense of other more important safety development work. After lengthy discussions, Ministers announced in September 2005 that they would exempt clubs’ in-house stewards from licensing, provided that there were suitable alternative arrangements, equivalent for all practical purposes so far as the protection of the public is concerned. The current intention is to implement this for the start of the 2006/07 football season.
- We played a leading role in the development of the Certificate in Event and Matchday Stewarding, a new steward training qualification awarded by 1st4Sport. This was formally accredited by the Qualifications and Curriculum Authority as a Vocational Related Qualification at level 2. It is now one of two recognised qualifications towards which all stewards at football grounds must be trained. We have also participated actively in the review of the National Occupational Standards which underlie these qualifications.
- We have recently begun focusing upon the qualification and training of safety officers. We started by identifying the competences which we believe all safety officers should possess.
- In November 2005 we published a detailed analysis of the number of spectators treated for injuries during the 2004/05 season. The downward trend in the reported injury rate continued – from one injury per 27,423 in 2003/04 to one injury per 28,363 in 2004/05. While attendances rose by 1½%, the overall number of injuries treated fell from 1,408 to 1,377. The number of injured spectators taken to hospital fell substantially from 127 in 2003/04 to 100 in 2004/05. The 1,377 spectators treated for injuries sustained at the ground were greatly outnumbered by the 1,838 treated for illnesses or pre-existing injuries.

Priority D

To maintain and enhance the position of the FLA as the leading authority on ground safety and standards both at home and overseas and as the prime source of advice and assistance to the government, local authorities, clubs and other bodies.

- We formally advised DCMS about whether, and if so how far, our oversight should be extended to the Football Conference's National Division and about the contribution that we can (and indeed should) make to spectator safety at the 2012 Olympic Games.
- We provided general advice to the Northern Ireland authorities over the production of their own guidance on spectator safety. We contributed to the deliberations of the Office of the Deputy Prime Minister-led stakeholder group on draft guidance under the new fire safety legislation. We assisted with the preparation of an information leaflet by the Guide Dogs for the Blind Association about the admission, location and safety of guide dogs at football matches.
- Because Ascot racecourse stands on Crown land, DCMS is the certifying authority. Two of our Inspectors acted as the chair and the technical assessor for the technical sub-group of the SAG that oversaw the major redevelopment of the racecourse. We shall continue to provide technical support on the SAG and during event day inspections.
- Under the umbrella of the British Standards Institution one of our Inspectors continued to act as a project leader in the work of Comité européen de Normalisation Committee CEN/TC 315 on the production of European Standards for stadia. Part 3 (on separating elements) was published in December 2005. He is now leading work to incorporate our guidance on Accessible Stadia as a base for the European Standard.
- Our Chief Executive played an active part in the Home Office-led working group co-ordinating preparations for the 2006 World Cup in Germany. Representing the Council of Europe, he participated in seminars and attended matches in Switzerland, Austria and Finland. These examined, inter alia, these countries' arrangements for the 2008 European Championships and the 2005 athletics world championships.
- Overall we participated in ten national or international committees or working parties plus several others at local level on new sports grounds. We addressed 14 national or international conferences or seminars (including one in Brussels on the twentieth anniversary of the Heysel disaster), plus 22 police ground commanders' training courses and various steward training sessions and less formal gatherings. We welcomed delegations from five countries.
- We received three requests for information under the Freedom of Information Act 2000 (as compared with seven during the period January to March 2005). All three appeared to be related to the campaign by particular supporters' groups for the reintroduction of standing accommodation. We responded to all three within the requirements of the Act, though one reply (which fell over the Christmas period) was a few days late.

Priority E

To perform effectively, efficiently, economically and with complete probity in line with the Modernising Government Action Plan.

- For the final year of our funding agreement, additional funds had been approved by DCMS for the anticipated further extension of our role beyond the Football Conference to other sports grounds. This role change did not materialise, resulting in a saving of some £150,000 against the original budget of £1.26 million.
- We submitted our annual risk register on target in January 2006. We reached agreement with DCMS on a new funding agreement for 2006/07-2007/08. We did not receive our draft financial memorandum and draft management statement for comment until after the end of the financial year.
- We remain committed to the highest standards of probity, courtesy and helpfulness, in accordance with our published Code of Practice. We received one formal complaint via his MP from a member of the public to whose email enquiry we had not replied. On investigation, we could find no trace of the message. However, we were aware that on one or two days we had experienced difficulties with our IT system which had lost messages with no record of the sender. The Chief Executive replied personally with a full explanation and apology. This was graciously accepted. This was only the fourth formal complaint in our history about our performance and our first for three years.
- As in previous years, we offered four students from three schools in different London boroughs short periods of work experience. These proved highly successful.
- For a more detailed account of our activities during the year, see our Annual Review of Performance on our website www.flaweb.org.uk.

Meeting our key targets

22. In the context of our funding agreement and having regard to risk register we identified six key priorities, each with their own targets, for 2005/06. During the course of the year it proved necessary to defer much of one of these to 2006/07. It was replaced by a seventh key priority and target (see below).

Target

Outturn

1 (Second element replaced by 7)

Monitor each authority's procedures and audit trails on safety certification and the work of the Safety Advisory Group; audit its checks of steward training records.

Audit deferred to 2006/07 to allow for introduction of new training qualifications and implementation of stewards' exemption from Private Security Industry Act 2001.

2

Secure a common, consistent approach by the certifying authorities, clubs, and football authorities under which they work together to educate and persuade supporters not to stand in seated areas; where persuasion does not succeed, support reasonable capacity reductions on safety grounds by certifying authorities. Secure a significant reduction in standing by visiting supporters during 2005/06 season.

Formally requested all certifying authorities to ensure that each club produced a risk assessment and crowd management plan where there was good reason to believe that spectators would stand persistently in a seated area with a gradient above 25°. Worked with clubs and certifying authorities to identify and promulgate good practice; some improvements but overall results disappointing.

3

Take forward a rolling programme to review and revise existing guidance documents and produce any necessary new guidance. Issue guidance on concourses and safety management; start preparation of revised guidance on toilets; initiate review of older guidance and circulars.

Guidance on concourses published and well received. Work on other projects proceeding more slowly because of other priorities. Agreed with DCMS to initiate review of Green Guide in late 2006.

4

Advise and assist DCMS to secure an exemption for club stewards from licensing by the Security Industry Authority.

Ministers agreed exemption for clubs' own stewards but many issues not yet resolved. Still disagreements with SIA over details.

5

As agent of, and as agreed with, DCMS, advise and assist other Departments, grant-awarding bodies, and other bodies responsible for spectator safety in lower league football, other sports or sport overseas.

Discussed with DCMS possible expansion of our oversight to Football Conference. Significant input to redevelopment of Ascot racecourse. Advised DCMS of what we can offer in relation to the 2012 Olympic Games.

Target

Outturn

6

Maintain effective and transparent corporate governance control systems and strategic risk management processes under the oversight of the FLA Board. Agree with DCMS a revised financial memorandum/management statement; submit the annual risk register to DCMS by 31st January 2006.

Annual risk register submitted on target. New funding agreement agreed with DCMS in March 2006. Still awaiting draft financial memorandum and management statement.

7 (Added in place of 1)

Ensure that at least one further accredited steward training qualification (including training in conflict management) is in place by the start of the 2005/06 season.

Assisted football authorities secure accreditation of Certificate in Event and Matchday Stewarding from Qualifications and Curriculum Authority. Helped produce revised National Occupational Standards.

Highlights of the year

23. These were the highlights of the year:

- We helped to secure Ministers' decision to exempt clubs' own stewards from licensing under the Private Security Industry Act 2001.
- We played a major role in ensuring that the Certificate of Event and Matchday Stewarding was ready and fit to be accredited by the Qualifications and Curriculum Authority.
- We published our guidance on concourses.
- We guided and contributed to the Ascot redevelopment programme.
- Issued a circular to local authorities asking for risk assessments where spectators stand persistently in areas with a gradient above 25°.
- We advised and supported the local authority over the safety certification of the new Coventry Arena.
- We initiated a review of safety officer training.
- We advised on fire safety and disability issues.
- We acted as project leader in the preparation of European guidance documents.
- We advised DCMS on the possible extension of our role to the Football Conference and on what we can contribute to the 2012 Olympic Games.
- We complied fully with the Freedom of Information Act 2000.
- We brought our new website fully on stream.
- We agreed a new Funding Agreement with DCMS.

Developments since 1st April 2006

Cardiff City all seating

24. The Secretary of State has approved the club's application for an extension of the all-seater deadline, on the grounds that the club is actively seeking to re-locate. This will run for 12 months until 1st August 2007. It will be open to the club to seek a further extension but it would be expected to demonstrate that it had made as much progress towards relocating as could reasonably be expected.

Private Security Industry Act

25. The government is consulting as to whether in-house stewards at sports grounds with a safety certificate should be exempted or excluded from the requirement to be licensed under the Private Security Industry Act. An announcement is expected shortly.

JOHN DE QUIDT
Chief Executive

3rd July 2006

Remuneration report

Statement of policy on the remuneration of senior members

1. For the purposes of the Remuneration report, the senior managers of the Football Licensing Authority are the Chairman, Board members and the Chief Executive.

Chairman

2. The Chairman is appointed by the Secretary of State for a 3 year term. Chairmen can only be re-appointed for one further period of 3 years.

3. The Chairman's salary of £17,000 for the year is based on a commitment of 1 day a week and any increases are authorised by the Senior Salaries Review Body.

4. The Chairman receives normal travelling and subsistence expenses as required but does not receive any benefit in kind.

5. The Chairman's post does not carry any FLA pension provision.

Board Members

6. Board members are likewise appointed by the Secretary of State for a 3 year term and may only serve a maximum of two periods of 3 years each.

7. Board members are paid a daily fee as authorised by DCMS and increases are authorised by the Senior Salaries Review Body

8. Board members receive normal travel and subsistence payments where appropriate but do not receive any benefit in kind.

9. Board members do not have any provision for an FLA pension

10. Details of the current year's emoluments paid to Board Members are as follows:

Board Member	Emoluments £
Miss P Carvell	1,750
Mr T Hobday	500
Dr B Robertson	1,250
Mr J Woodrow	2,500
Professor J Wright	2,500

Chief Executive

11. The Chief Executive is a senior civil servant on loan to the FLA and as such receives a salary authorised by the DCMS Senior Civil Service Pay Committee. DCMS have the final responsibility for determining the basis and amount of the pay award and performance bonus.

12. The Chief Executive does not receive any benefit in kind.

13. The Chief Executive, as a senior civil servant, is eligible for a pension provided by the Principal Civil Service Pension Scheme. The scheme is an unfunded multi-employer benefit scheme. Employers contributions are assessed by the Scheme Actuary and are based on a percentage of pensionable pay, according to pay bands.

14. Full details of the Chief Executive's pay and pension costs are as follows:

	2006	2005
Salary Details	£	£
Salary	71,303	69,059
Performance Bonus	2,500	2,500
Pension Details	£ (k)	£ (k)
Real increase in pension at 60	0-2.5	0-2.5
Real increase in pension lump sum at 60	2.5 - 5	2.5 - 5
Pension at 31st March 2006	25 - 30	25 - 30
Lump sum at 31st March 2006	80 - 85	75 - 80
Cash equivalent transfer value at 31st March 2005	446**	409
Cash equivalent transfer value at 31st March 2006	607	446**
Employees contributions and transfers-in	0 - 2.5	0 - 2.5
Real increase in cash equivalent transfer value as funded by employer	20	13

** Please note that the factors used to calculate the CETV were revised on 1st April 2005 on the advice of the Scheme Actuary. The CETV figure for 31st March 2005 has been restated using the new factors so that it is now calculated on the same basis as the CETV figure for 31st March 2006.

JOHN DE QUIDT
Chief Executive

3rd July 2006

Statement of responsibilities

Statement of responsibilities of the Football Licensing Authority and its Chief Executive with respect to the accounts

Under paragraph 23 of Schedule 2 to the Football Spectators Act 1989 the Football Licensing Authority is required to prepare a statement of accounts for each financial year in the form and on the basis directed by the Secretary of State, with the approval of the Treasury. The accounts are prepared on an accruals basis and must show a true and fair view of the state of affairs of the Football Licensing Authority at the year end and of its income and expenditure and cash flows for the financial year.

In preparing the accounts the Board Members are required to:

- observe any directions issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed, and disclose and explain any material departures in the accounts;
- prepare the accounts on a going concern basis, unless it is inappropriate to assume that the Football Licensing Authority will continue in operation.

The Chief Executive has been designated by the Accounting Officer for the Department for Culture, Media and Sport as the accounting officer for the Football Licensing Authority. His relevant responsibilities as accounting officer, including his responsibility for the propriety and regularity of the public finances for which he is answerable and for the keeping of proper records, are set out in the Government Financial Reporting Manual.

JOHN DE QUIDT
Chief Executive

3rd July 2006

1. Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control:

- that supports the achievement of the Football Licensing Authority's policies, priorities and targets, as agreed with the Secretary of State for Culture, Media and Sport;
- whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting; and
- whilst ensuring compliance with the requirements of the FLA's Management Statement and Financial Memorandum and schedules 1 and 2 to the Secretary of State's Accounts Direction.

2. The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the FLA's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. Such a system of internal control has been in place in the Football Licensing Authority for the year ended 31st March 2006 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

3. The capacity to handle risk

As Accounting Officer I undertake a full risk management review each year as the first stage of the FLA's planning cycle. This examines both the "risks" to the FLA from its policies and operations and those related to its constitution and internal management. The review sets out the chain of responsibility within the FLA for the management of risk. The review is then presented to the Board for their endorsement.

In this context, "risks" include hazards, uncertainties and opportunities. In practice, however, most of the risks confronting the FLA are potentially negative. Given the government, media and public's general attitude to safety, the FLA has to adopt a generally risk averse approach.

4. The risk and control framework

As part of its oversight of spectator safety at football grounds that host designated matches, the FLA is required to manage risks which may have an impact upon the public. In this context it ensures that local authorities issue, monitor, review and enforce safety certificates to a reasonable standard. Its Inspectors undertake frequent visits to grounds both on match days and when they are empty to ensure that each club takes its responsibility for spectator safety seriously.

The FLA's management of risk is embedded in policymaking, planning and delivery as follows:

- looking at how the activities of those with a role in ensuring the reasonable safety of spectators, namely the government, the FLA itself, the local authorities and ground management, affect the FLA; and
- following a business risk management plan which identifies, analyses and evaluates by subject area the specific risks to the FLA arising from the responsibilities or activities of these bodies (and also from the media and the public who have no responsibilities but can affect the FLA).

5. Review of effectiveness

As Accounting Officer, I also have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by the work of the internal auditors and the FLA's executive managers who have responsibility for the development and maintenance of the internal control framework. I also take account of any comments made by the external auditors. I have set in place a system for regular review of the effectiveness of internal control under the guidance and supervision of the FLA Board.

For the year 2005/6 the FLA's Internal Auditors carried out a review of the FLA's financial systems, corporate governance, performance management, safety certification process and IT systems. They made a number of recommendations and these are being addressed over the current financial year.

The FLA's Audit Committee met twice during the year to discuss the issues raised by both the Internal and External Auditors and to agree the audit plans for the coming year.

JOHN DE QUIDT
Chief Executive

3rd July 2006

Certificate and Report of the Comptroller and Auditor General

Football Licensing Authority

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of the Football Licensing Authority for the year ended 31 March 2006 under the Football Spectator's Act 1989 (as amended by the Government Resources and Accounts Act 2000 (Audit of Public Bodies) Order 2003). These comprise the Income and Expenditure Account, the Balance Sheet, the Cashflow Statement and Statement of Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them.

Respective responsibilities of the Authority, Chief Executive and auditor

The Authority and Chief Executive are responsible for preparing the Annual Report, the Remuneration Report and the financial statements in accordance with the Football Spectator's Act 1989 as amended and directions made thereunder by the Secretary of State for Culture, Media and Sport and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of the Authority's and Chief Executive's Responsibilities.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Football Spectator's Act 1989 (as amended) and directions made thereunder by the Secretary of State for Culture, Media and Sport. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I also report to you if, in my opinion, the Annual Report is not consistent with the financial statements, if the Football Licensing Authority has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by relevant authorities regarding remuneration and other transactions is not disclosed.

I review whether the statement on pages 19-20 reflects Football Licensing Authority's compliance with HM Treasury's guidance on the Statement on Internal Control, and I report if it does not. I am not required to consider whether the Accounting Officer's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of Football Licensing Authority's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Chief Executive's Report, the unaudited part of the Remuneration Report and the Management Commentary. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Authority and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Football Licensing Authority's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error and that in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with the Football Spectator's Act 1989 (as amended) and directions made thereunder by the Secretary of State for Culture, Media and Sport, of the state of the Football Licensing Authority's affairs as at 31 March 2006 and of its deficit for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Football Spectator's Act 1989 (as amended) and directions made thereunder by the Secretary of State for Culture, Media and Sport; and
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.

JOHN BOURN

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

7th July 2006

Income and Expenditure Account for the year ended 31 March 2006

	Notes	£	2006 £	£	2005 £
Income					
HMG Grant	2a		1,109,002		1,102,132
Transfer from deferred Government Grant Reserve	9		16,296		17,748
Net (loss) on sale of fixed assets			0		(224)
Sale of publications			3,294		0
Other operating receipts			<u>40</u>		<u>433</u>
			1,128,632		1,120,089
Expenditure					
Salaries and wages	4,5	802,589		736,419	
Other operating payments	4	319,670		361,615	
Depreciation	6	<u>16,022</u>		<u>17,748</u>	
			1,138,281		1,115,782
Operating (deficit) / surplus			(9,649)		4,307
Deposit account interest			102		168
Current account interest			<u>2,648</u>		<u>2,041</u>
(Deficit) / surplus for the financial year before notional costs			(6,899)		6,516
Notional costs					
Capital charge	1		<u>(4,572)</u>		<u>(4,729)</u>
(Deficit) / surplus after notional costs			(11,471)		1,787
Removal of capital charge			<u>4,572</u>		<u>4,729</u>
Retained (deficit) / surplus for the financial year			(6,899)		6,516
Adjustment re opening stock valuation	9		1,580		0
Retained surplus brought forward	9		80,296		73,780
Retained surplus carried forward	9		74,977		80,296

The Authority had no other recognised gains or losses during the year (2005:nil). All operations were continued throughout the year and no operations were acquired or discontinued.

The notes on pages 26 to 31 form part of the Accounts

Balance Sheet as at 31 March 2006

	Notes	£	2006 £	£	2005 £
Fixed Assets	6				
Tangible Assets			45,350		60,374
Current Assets					
Debtors	7	48,411		48,108	
Stock		6,720		0	
Cash at bank and in hand	13	<u>65,604</u>		<u>97,239</u>	
		120,735		145,347	
Creditors: amounts falling due within 1 year	8	45,758		64,777	
Net current assets			<u>74,977</u>		<u>80,570</u>
Total net assets			120,327		140,944
Represented by:					
General Reserve	9		74,977		80,296
Deferred Government Grant Reserve	9		<u>45,350</u>		<u>60,648</u>
			120,327		140,944

JOHN DE QUIDT
Chief Executive

3rd July 2006

The notes on pages 26 to 31 form part of the Accounts

Cash Flow Statement for the year ended 31 March 2006

	Notes	£	2006 £	£	2005 £
Income					
Grant in Aid received	2	1,109,002		1,102,132	
Receipt of licence fees	3	9,400		9,300	
Receipt from other activities		<u>3,334</u>		<u>1,533</u>	
			1,121,736		1,112,965
Less payments					
Salaries and wages		834,004		684,813	
Other operating costs		307,577		375,732	
Pay over licence fees to DCMS		9,400		9,300	
Stock		<u>5,140</u>		<u>0</u>	
			<u>1,156,121</u>		<u>1,069,845</u>
Net cash (outflow) / inflow from operating activities	12		(34,385)		43,120
Returns on investments and servicing of finance					
Interest received		<u>2,750</u>		<u>2,210</u>	
Net cash inflow from returns on investments and servicing of finance			2,750		2,210
Capital expenditure					
Purchase of fixed assets		(998)		(22,868)	
Sale of fixed assets		<u>0</u>		<u>50</u>	
Net cash outflow from capital expenditure			(998)		(22,818)
Financing					
Grant in Aid applied towards purchase of fixed assets		<u>998</u>		<u>22,868</u>	
Net cash inflow from financing			<u>998</u>		<u>22,868</u>
(Decrease) / increase in cash	13		(31,635)		45,380

The notes on pages 26 to 31 form part of the Accounts

Notes to the Accounts

1. Accounting Policies

Accounting Convention

The accounts are drawn up in a form directed by the Secretary of State and approved by the Treasury. A copy of the Accounts Direction can be obtained on request from the Football Licensing Authority 27 Harcourt House 19 Cavendish Square London W1G 0PL. These accounts are prepared under the modified historic cost convention and in accordance with applicable accounting standards. The difference between the asset value based on the historic cost and that derived from using modified historical cost accounting is immaterial.

Depreciation

Depreciation has been provided on the straight line method so as to write off the cost of each asset in equal instalments over the estimated useful life. The rates used were as follows:

Fixtures and fittings	– 10%
Plant and machinery	– 25%

Government Grants

Grants of a revenue nature are credited to income in the year to which they relate. Grants relating to capital expenditure are credited to a deferred government grant account and are released to the income and expenditure account over the expected useful economic life of the relevant assets in equal annual amounts.

Operating Leases

Operating lease rentals are charged to the profit and loss account in the period to which they relate.

Fixed Assets

Assets above £500 are capitalised. These are shown at historic cost price. The difference between the asset value based on the historic cost and that derived from MHCA is immaterial. The Board Members are of the opinion that the value of the fixed assets is not materially different from the net current replacement cost of the assets.

Notional Costs

In accordance with the Accounts Direction, the accounts include a charge for notional cost of capital. A 3.5 per cent interest rate was applied to the average capital employed during the year.

Related Party Transactions

The Football Licensing Authority is a Non Departmental Public Body of the Department for Culture, Media and Sport which is regarded as a related party. During the year the Football Licensing Authority has received grant in aid of £1,110,000 from the Department for Culture, Media and Sport. The Football Licensing Authority has in turn forwarded £9,400 in licence fee receipts to the Department for Culture, Media and Sport for payment into the Consolidated fund. The Football Licensing Authority has had no material transactions with any other related party.

During the year, none of the Board Members, members of the key management staff or other related parties has undertaken any material transactions with the Football Licensing Authority.

Pensions

The full cost of the FLA's pension contributions on behalf of its employees is recognised in the year those contributions are made.

2. Grant in Aid

	2006	2005
	£	£
Purchase of assets and revenue expenditure		
Grant in Aid received from the Department for Culture, Media and Sport	1,110,000	1,125,000
Grant in aid applied towards purchases of fixed assets	998	22,868
Grant in aid applied towards revenue expenditure	1,109,002	1,102,132

3. Income from activities

2006	2005
£	£
9,400	9,300

The FLA charges for the issue of licences to admit spectators to watch designated football matches. In the year ended 31 March 2006 94 licences were issued to clubs/stadia for a fee of £100 each. In accordance with the FLA's Financial Memorandum, these fees have been paid into the Consolidated Fund via the Department for Culture, Media and Sport.

4. Operating (deficit) / surplus

	2006	2005
	£	£
This is stated after charging:		
Chairman and members fees (see 5a)	27,330	26,147
Staff costs (see 5b)	<u>775,259</u>	<u>710,272</u>
Total salaries and wages	802,589	736,419
Travel & subsistence	101,928	100,064
Rent and rates	88,752	88,318
Training	3,365	3,569
Accommodation, cleaning, heating & lighting	28,077	23,713
External audit fees	5,700	5,500
Internal audit fees	11,464	12,587
Other professional fees	3,718	29,773
Postage and telephone	16,214	17,216
Office supplies, printing and stationery	26,941	26,575
Payments under operating leases	1,907	2,139
Grants (Miscellaneous)	19,906	43,099
Miscellaneous	<u>11,698</u>	<u>9,062</u>
Total other operating payments	319,670	361,615

5a. Board members remuneration

	2006	2005
	£	£
Fees	25,500	24,233
Employer's N.I. Contributions	<u>1,830</u>	<u>1,914</u>
	27,330	26,147

5b. Staff costs

	2006	2005
	£	£
Wages and salaries (staff paid directly by FLA)	552,217	528,404
Wages and salaries (seconded staff)	45,125	40,855
Employer's N.I. Contributions	52,340	50,824
Accruing superannuation liability charges	<u>125,577</u>	<u>90,189</u>
	775,259	710,272

The average number of staff during the financial year was as follows:

FLA staff (excluding Chief Executive)	12	12
Seconded staff	2	2

6. Tangible fixed assets

	Plant and Machinery £	Fixtures and fittings £	Total £
Cost:			
At 1 April 2005	132,973	26,310	159,283
Additions	998	0	998
Disposals (as minus figure)	<u>0</u>	<u>0</u>	<u>0</u>
At 31 March 2006	133,971	26,310	160,281
Depreciation:			
At 1 April 2005	93,782	5,127	98,909
Provided during year	13,626	2,396	16,022
Disposals (as minus figure)	<u>0</u>	<u>0</u>	<u>0</u>
At 31 March 2006	107,408	7,523	114,931
Net book value:			
At 31 March 2005	39,191	21,183	60,374
At 31 March 2006	26,563	18,787	45,350

N.B. The value of the assets is based under the historic cost convention. The difference between this valuation and that derived from using the Modified Historic Cost Accounting convention is immaterial.

7. Debtors		2006	2005
		£	£
Prepayments	48,411		46,405
Other debtors	<u>0</u>		<u>1,703</u>
		48,411	48,108

8. Creditors : amounts falling due within one year		2006	2005
		£	£
Accruals		45,758	64,777

9. Reserves		2006	2005
	£	£	£
	General Reserve	Deferred Government Grant	Total
			Total
At 1 April 2005	80,296	60,648	140,944
Retained (deficit) / surplus for the year	(6,899)		(6,899)
Grant in aid received towards purchase of fixed assets		998	998
Transfer to Income and Expenditure Account		(16,296)	(16,296)
Stock	<u>1,580</u>	<u>0</u>	<u>1,580</u>
At 31 March 2006	74,977	45,350	120,327

10. Pensions

The Chief Executive and office staff are covered by the provisions of the Principal Civil Service Pension Scheme. The PCSPS is an unfunded multi-employer defined benefit scheme. The FLA is unable to identify its own share of the assets and liabilities within the PCSPS. The Scheme Actuary (Hewitt Bacon Woodrow) valued the scheme as at 31 March 2003. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

For 2005-06, employers' contributions of £125,577 were payable to the Paymaster General (2004-05 £90,189) at one of four rates in the range 18.6 to 24.6 per cent of pensionable pay, based on salary bands (the rates in 2004-5 were between 12% and 18.5%). The Scheme Actuary reviews employer contributions every four years following a full scheme valuation. From 2006-07, the salary bands will be revised and the rates will be in a range between 17.1% and 25.5%.

The contribution rates are set to meet the cost of the benefits accruing during 2005-06 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees joining after 1 October 2005 could opt to open a partnership pension account, a stakeholder pension with an employer contribution. No member of staff has taken up this option to date.

11. Operating lease commitments

	2006		2005	
	£	£	£	£
	Land and Buildings	Other	Land and Buildings	Other
Leases expiring within:				
One year	0	0	0	1,835
Two to five years	70,500	1,478	0	0
Over five years	<u>0</u>	<u>0</u>	<u>70,500</u>	<u>0</u>
	70,500	1,478	70,500	1,835

12. Reconciliation of operating surplus to net cash inflow from operating activities

	2006	2005
	£	£
Operating (deficit) / surplus	(9,649)	4,307
Transfer of deferred grant in aid to Income and Expenditure Account	(16,296)	(17,748)
Depreciation charge	16,022	17,748
Loss on sale of fixed assets	0	224
Increase in debtors	(303)	(5,060)
(Decrease) / increase in creditors	(19,019)	43,649
Increase in stock	<u>(5,140)</u>	<u>0</u>
Net cash flow	(34,385)	43,120

13. Analysis and reconciliation of net funds

	2006	2005
	£	£
Cash at bank and in hand at 1 April 2005	97,239	51,859
Cash flow in year	<u>(31,635)</u>	<u>45,380</u>
Cash in hand and at bank at 31 March 2006	65,604	97,239

14. Capital commitments

At 31 March 2006 there were no capital commitments contracted for or authorised (31 March 2005 – nil).

15. Financial instruments

FRS 13, Derivatives and other financial instruments, requires disclosure of the role financial instruments have had during the year in creating or changing the risks the Authority faces in undertaking its activities.

The Football Licensing Authority has no borrowings and relies primarily on departmental grants for its cash requirements, and is therefore not exposed to liquidity risks. It also has no material interest from deposits, and all material assets and liabilities are denominated in sterling, so it is not exposed to interest rate risk or currency risk.

16. Related party transactions

The Football Licensing Authority is a Non-Departmental Public Body, sponsored by the Department for Culture, Media and Sport (DCMS). DCMS is therefore regarded as a related party.

In addition to the income transactions within the DCMS, there were the following transactions with bodies considered as related parties during the year:

	Expenditure	Creditor balance c/f
	£ (k)	£ (k)
DCMS	804	0

DCMS expenditure relates to reimbursement of salary costs

In addition, the Football Licensing Authority had a number of transactions with the following bodies: the Department of Trade and Industry and the Ministry of Defence.

JOHN DE QUIDT
Chief Executive

3rd July 2006

Published by TSO (The Stationery Office) and available from:

Online

<http://www.tso.co.uk/bookshop> www.tso.co.uk/bookshop

Mail, Telephone, Fax & E-mail

TSO

PO Box 29, Norwich NR3 1GN

Telephone orders/General enquiries 0870 600 5522

Fax orders 0870 600 5533

Order through the Parliamentary Hotline Lo-call 0845 7 023474

E-mail <mailto:book.orders@tso.co.uk> book.orders@tso.co.uk

Textphone 0870 240 3701

TSO Shops

123 Kingsway, London WC2B 6PQ

020 7242 6393 Fax 020 7242 6394

68-69 Bull Street, Birmingham B4 6AD

0121 236 9696 Fax 0121 236 9699

9-21 Princess Street, Manchester M60 8AS

0161 834 7201 Fax 0161 833 0634

16 Arthur Street, Belfast BT1 4GD

028 9023 8451 Fax 028 9023 5401

18-19 High Street, Cardiff CF10 1PT

029 2039 5548 Fax 029 2038 4347

71 Lothian Road, Edinburgh EH3 9AZ

0870 606 5566 Fax 0870 606 5588

The Parliamentary Bookshop

12 Bridge Street, Parliament Square,

London SW1A 2JX

Telephone orders/General enquiries 020 7219 3890

Fax orders 020 7219 3866

TSO Accredited Agents

(see Yellow Pages)

and through good booksellers



Football Licensing Authority

ISBN 0-10-293878-4



9 780102 938784