



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

**Annual Report and Accounts
2008-2009**



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Annual Report presented to Parliament by the Secretary of State for Culture, Media and Sport in pursuance of section 34(3) of the National Lottery etc Act 1993 (as amended by the National Lottery Act 1998) and Accounts presented to Parliament by the Secretary of State for Culture, Media and Sport on behalf of the Comptroller and the Auditor General in pursuance of section 35(5) of the National Lottery etc Act 1993 (as amended by the National Lottery Act 1998).

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Focus

In sport, a clear, unflinching focus on your goals is what ensures that commitment, dedication and hard work don't go to waste.

So we have set ourselves clear goals and targets with a clear strategy to achieve them.

We're focused on that strategy, creating a world-leading community sport system.

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Chairman's foreword

I've worked closely with Sport England in its many guises throughout my life – as a player, a coach and a sports administrator. I was therefore delighted to accept the role of Chair at a time when the organisation is moving from a period of consultation and planning into a relentless focus upon delivery and outcomes.

We have challenging goals to meet if we are to succeed in growing and sustaining participation, and improving talent development at grassroots level. We have already set the baseline for our one million target through Active People, our participation survey, and we continue to play our part in the delivery of the Government's five hour offer for children and young people.

Targets have been agreed with national governing bodies, which will contribute to the delivery of our five key aims, and all of our funding streams are open for business. We believe that we have set ourselves, and community sport, on a course for success and have invested our money wisely.

Yet the effective investment of funds is only half the story – and half of what I want Sport England to do.

Community sport doesn't only need money – it needs partnerships that deliver. Sport England needs to bring together organisations from a range of sectors, working with a range of different partners – whether sports bodies or those from outside our traditional circles – to create new and high quality sporting opportunities.

We must become recognised experts in our field. It is our role to share our knowledge, providing specialist advice from our centres of excellence on subjects such as planning and facilities design, research and intelligence, and helping our partners learn from each other.

If the London 2012 legacy is to be delivered, we need to make the case for community sport now. Sport England needs to continue to invest in research that will help us generate real insight and build an evidence base to support our ambitions.

And finally, we should be challenging community sport. Just as we have asked (and will continue to ask) questions of ourselves, Sport England must ask questions of others.

Who can we work together with? How will the media contribute to creating a grassroots legacy from 2012? Will Olympic sports show the same commitment to seizing the 2012 moment in terms of growing participation as they do to winning medals? And how can we all open up sport to more people from all backgrounds, increasing the diversity of participants? We must push to find the answers to these questions.

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I would like to end by thanking the Board for their hard work during the last 12 months, and in particular Michael Farrar for taking on the role of Interim Chair so expertly. I would also like to thank our partners for working with us and the entire Sport England team for their commitment and willingness to change.

I look forward to working with you all to build a world-leading community sport system.

Richard Lewis
Chair of Sport England
13 July 2009

Our new focus

The new Sport England strategy was officially launched in June 2008. Its premise is simple and its potential inspiring. At its heart is a call for greater focus. A focus on creating a world-leading community sports system, which can become the springboard for the nation's ongoing sporting success.

To make this happen, we need more people from all walks of life to play and to keep playing sport. We must also identify people with talent early, nurture them and encourage them to progress to the elite level. And we must make sure everyone involved in sport has a rewarding experience.

Creating a world-leading community sports system is our contribution to ensuring the London 2012 Olympic and Paralympic Games will deliver a lasting grassroots sporting legacy. To achieve our aims, we are focusing on three pivotal areas: Grow, Sustain and Excel.

Pulling together

Our strategy outlines the roles different organisations will now play, and explains how they can work together more effectively. Sport England operates at an over-arching strategic level, working with national governing bodies and other partners. These include local authorities, higher and further education and the commercial sector, who all provide vital investment and opportunities for sport at grassroots level.

Governing bodies now have more say on how we invest public funds in their sport, but also greater accountability for the success of their programmes. Our regional teams are smaller and have a tighter focus, using a network of county sport partnerships to deliver specific results. We work with our landscape partners, the Youth Sport Trust and UK Sport, to help as many people as possible reach their sporting potential. And our national partners, including Women's Sport and Fitness Foundation, Sporting Equals and sports coach UK, will help us tackle specific issues such as the lack of diversity and equality in sport or the need for more and better coaches.

We will achieve our aims by focusing our work exclusively on the successful achievement of three outcomes and five targets.

Grow

Around 15% of Sport England's investment focuses on growing regular participation in sport by an average of 200,000 adults each year (one million in total by 2012-2013).

We're using our Active People Survey, which monitors how much sport people play as well as the sports they take part in, as the baseline to measure existing performance.

Reflecting Sport England's new strategy, this is based on a sport-focused participation indicator that excludes recreational walking and infrequent

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recreational cycling. It counts the number of people who have taken part in at least three 30 minute sessions of moderate activity sport a week.

Number of people aged over 16 playing sport three times a week	2005-2006	2007-2008 Data published December 2008
All	6.30 million (15.5%)	6.80 million (16.5%)
Men	3.73 million (18.9%)	4.04 million (20.0%)
Women	2.57 million (12.3%)	2.81 million (13.2%)

We're also focusing on young people. Together with the Youth Sport Trust, we are helping to deliver the five hour offer, raising young people's participation so that more 5-16 year olds do five hours of sport and PE a week, and more 16-19 year olds do three hours of sport a week. The target for 16-19 year olds is three hours, as they no longer take part in two hours of PE every week as part of the school curriculum.

Sustain

Around 60% of our investment focuses on sustaining the numbers of people currently taking part in sport. Giving people a positive sporting experience encourages them to keep playing.

A baseline satisfaction survey of over 43,000 people will identify how satisfied they are with the facilities and management of the sport they play. This is being conducted in 2009 to identify our targets to 2013.

Tackling the 'drop-off' in sports participation between the ages of 16 and 18 is also critical. We are working closely with nine targeted sports, including football, basketball, netball, hockey, gymnastics and both codes of rugby. Our aim is to reduce drop-off rates by 25% across all nine sports.

Excel

Around 25% of our investment focuses on developing and accelerating talent. This is an area where governing bodies take particular responsibility, making sure coaching is provided to the right levels and intensity.

Targets for Excel have already been agreed with 33 governing bodies across the country – this should significantly enhance how we identify and nurture talent in England.

Contributing to the Government's goals

Our work contributes towards certain agreed government objectives.

These form the basis for the organisation's core Exchequer funding, and are:

CSR07 PSA 21 – a cross-government objective to increase the percentage of adults participating in culture or sport

CSR07 PSA 22 – a cross-government objective to deliver a successful Olympic Games and Paralympic Games in 2012, and to get more children and young people taking part in high-quality physical education and sport

DSO1 – a DCMS departmental objective to increase the percentage of adults participating in culture or sport

Legacy Action Plan – with a goal of seeing two million people more active by 2012, half through sport.

Sport also contributes to local government targets:

NI8 – a local government objective to increase the percentage of people taking part in sport and active recreation

NI57 – children and young people's participation in sporting opportunities

NI6 – participation in regular volunteering

NI110 young people's participation in positive activities.

Our targets

We are committed to delivering:

Grow

One million people taking part in more sport

More children and young people taking part in five hours of PE and sport a week

Sustain

More people satisfied with their sporting experience

25% fewer 16-18 year olds dropping out of at least five sports

Excel

Improved talent development in at least 25 sports.

Our partners

We will reach our targets by working closely with a range of organisations including:

Our sporting landscape partners, Youth Sport Trust and UK Sport

National governing bodies

National partners

Local authorities

Higher and further education

The third sector

The commercial sector

London Organising Committee of the Olympic Games and the Olympic Delivery Authority.

Focused on partnerships with governing bodies

We've put national governing bodies right into the front line. Now, they are even more critical to our plans, and in 2008, we streamlined the way we invest in their work.

Last year, every governing body was asked to submit a detailed plan for their sport. Each plan was rigorously assessed with reference to Sport England's strategic Grow, Sustain and Excel outcomes, and awards were made on this basis. This was supported by a four-month consultation period with each individual sport, so we could really understand their needs and issues. This level of analysis and engagement ensured that the right funding went to the right place.

The outcome is a four-year, £480 million investment programme, running from 2009-2013. This is being used to enhance grassroots sporting opportunities. The overall sum invested directly into national governing bodies has increased from 2005-2009, and has been consolidated into a single award for each sport. Responsibility for results now sits squarely with each sports governing body, with clear outcome targets agreed for Grow, Sustain and Excel.

Forty six sports (including all 2012 Olympic and Paralympic sports) have been awarded funding in line with their ability to increase participation numbers, improve people's sporting experience and create development pathways for talented players.

Fourteen sports – fencing, handball, wheelchair basketball and Taekwondo among them – are being funded for the first time to develop grassroots potential.

Thirty four of the sports, eight for the first time, will receive targeted investment through this fund to help them get more children and young people playing sport as part of the Government's PE and Sport Strategy for Young People.

Projects funded through the programme include building a ground-up club structure for handball to encourage take-up of the sport in the run up to London 2012; initiatives to help rugby league recruit more female and BME players; and England Athletics' Run in England scheme, which aims to get 50,000 new people into running.

British Tennis, meanwhile, hopes to get thousands of people playing in clubs and local parks, where hundreds of courts will be upgraded and brought back into life. At least 100 park sites will be reinvented as thriving tennis centres, with regular coaching, training and competitions to encourage social activity. British Tennis will invest £2 of partnership funding for every £1 of Sport England investment.

Sport England will evaluate progress and results using a process modelled on UK Sport's system, Mission 2012.

This will be a mixture of self-assessment and independent analysis. We have used our Active People and satisfaction surveys to establish baseline figures for participation and satisfaction and will monitor progress against agreed sport-by-sport targets.

We will look at how each sport's infrastructure and system is being developed – including its governance, competition and club structures, commercial and marketing plans and how it works in partnership with other organisations.

It is important that all governing bodies are truly open to all members of all communities. So we are working with each one to help them identify and tackle their specific diversity and equality issues. National equality partners, such as Sporting Equals and the Women's Sport and Fitness Foundation, will be funded to support the governing bodies and ensure that they are delivering opportunities for everyone to take part in sport.

More specifically, we have worked with our partners the Youth Sport Trust, UK Sport and the British Paralympic Association to set up Playground to Podium. This new national strategy identifies, develops and supports young disabled athletes to take them from school sport through to high-level competition.

Finally we are managing the transition of the Community Sports Coach scheme to a new model of governing body deployment. As part of this, we are implementing a new Coaching Support Network that will facilitate joined-up planning and mapping of coaches with a governing body employer of choice.

Investing in specialist skills

We are also investing £10 million each year into national partners whose specialist skills, knowledge or services can help us and the national governing bodies tackle specific issues such as coaching, disability, female participation, equality and volunteering. Applications opened in January 2009 and are awarded over two years.

The organisations invited to apply include:

- sports coach UK
- Coachwise
- Sports Aid
- Volunteering England
- Child Protection in Sport Unit
- SkillsActive
- Sporting Equals
- Women's Sport and Fitness Foundation
- Streetgames

Grow

Growing judo in London

Traditionally, the problem for judo in London has been finding a suitable venue but a simple solution is now at hand.

Lightweight 'jigsaw' mats can quickly be laid down at the start, and pulled up at the end, of each session in a wide variety of venues – from meeting rooms to cafeterias and church halls.

British Judo is working closely with the London boroughs to create dozens of new clubs to ensure more people have access to the sport.

Sustain

Widening netball's appeal

Netball is the biggest female team sport in England. To ensure it is played by people from all backgrounds, England Netball wants to recruit and train more coaches from the asian and muslim communities.

Sporting Equals will help the governing body develop marketing materials that use appropriate language, messaging and photography. The Muslim Women's Sports Foundation will help it to target specific asian and muslim groups and help them get and stay involved in this fast-paced sport.

Excel

Finding the next crop of medal-winning cyclists

Cycling aims to discover 140 athletes with podium potential over the next four years through the Go-Ride network. This scheme counts Olympic gold medallist Jason Kenny as one of its successes.

By expanding the successful Go-Ride network of child-friendly clubs and overall participation, the sport plans to identify and help talented riders to get to the very top.

Focused on local communities

Sport should be open to everyone, no matter who they are or where they live. That's why Sport England is working closely with a range of local, county and regional partners, such as local authorities, county sports partnerships (CSPs) and regional development agencies, to bring sport to people how, and where, they want it.

We now have nine senior and focused regional teams – building deep and strategic relationships which enable community sport to flourish. Our role is to bring people and projects together by co-ordinating and galvanising the various sporting partners. Wherever community sport is played, we aim to offer a consistent level of support, while addressing local needs and issues.

A world-leading community sport system needs modern and vibrant public sports facilities. We work with local authorities to help them refurbish existing facilities and plan new ones. Our Sustainable Investment in Community Sport Facilities Fund invests in buildings that will create opportunities to take part in sport for the next 20 years.

Working with county sports partnerships

The established network of 49 CSPs, partly funded by us, helps take sport into communities right across the country. They are vital in helping to co-ordinate and support the direct delivery of sporting activities.

They also act as a local contact point for people wishing to find out more about sporting opportunities local to them. In December 2008, we announced new funding agreements for CSPs worth a total of £10 million. This provides core local services to underpin our three outcomes of Grow, Sustain, Excel, and helps governing bodies achieve their targets by bringing them together with local delivery partners.

Our investment is supported by a team of Sport England community sport relationship managers, based within nine local offices across England.

In 2008-2009, we worked with CSPs to pilot and manage the Sport Unlimited programme, which gives young people the chance to sample new sports. *Lincolnshire Sport*, for example, introduced 5,200 young people to a mix of traditional and non-traditional sporting activities in a range of formal and informal settings

CSPs also continued important work in coaching, volunteering and club development. These include *Derbyshire Sport*, which recruited 158 new volunteers, providing 6651 hours of invaluable support for sport through its Volunteer Academy. *Sportsex*, meanwhile, helped 50 local clubs achieve Clubmark quality accreditation.

The last financial year saw the first direct investment in all CSPs by the Department of Health. This was in recognition of their ability to help deliver physical activity alongside sport to support targets within the 2012 Legacy Action Plan, and the Department of Health's 'Be Active, Be Healthy' strategy.

Working with local authorities

Local authorities are the biggest investors in community sport. Like us, they want to create opportunities for people of all ages and abilities to make sport a part of their lives. And our role is to help them make this a reality.

Sport England's local government team is made up of nine relationship managers, one based in each of our local offices, plus three officers operating at national level. They work across the country to bring expertise, knowledge and support to partners working in sport and local government.

A key role for the team is to broker relationships between councils and the 46 funded governing bodies to achieve our strategic aims – particularly Grow and Sustain.

We help councils enhance the community sport experience by:

- Encouraging partners to recognise the value of local sport generally, and our strategy in particular

- Helping local councils and governing bodies make connections, find common ground and launch mutually beneficial projects

- Sharing examples of good practice, what works and what doesn't

- Supporting local authorities with facts and figures, spreading the word, and making things happen.

Together with the Local Government Association, we published a sport policy statement called *Our Sporting Commitment* in 2008. This outlines how local authorities and Sport England can act together to achieve shared aims and objectives.

We also published *Shaping Places Through Sport*. This publication demonstrates how sport can help local authorities create healthier, safer and more cohesive communities. It was supported by a number of partners including the Department for Culture, Media and Sport and the Local Government Association.

Encouragingly, our advocacy seems to be working. In their local area agreements for 2008-2011, 80 local authorities pledged to get more people into sport and active recreation by including a NI8 improvement target. This puts sport in the top 20 (of 198) priorities for local authorities.

Our Facilities Improvement Service is also helping local authorities plan their facilities more strategically. The service worked with 36 authorities throughout 2008-2009.. Brent was the first council to make full use of the service. For the first time it now has as a member-approved sports facility strategy that has demonstrated the need for an additional swimming pool in the borough.

Working with Building Schools for the Future

The Building Schools for the Future (BSF) scheme is rebuilding and remodelling every state secondary school in England (approximately 3,350). This unprecedented investment gives sport's governing bodies opportunities to work with the education sector to build new sports facilities that meet the needs of the community as well as the schools.

We have a dedicated team of BSF staff to drive this work. Some of what they do is practical, for example we recently published a guide to the VAT implications of community activities on school sites.

A large element is, however, focused on advocacy and influence. We have worked with three sports advisors, whom we also part-funded, within Partnerships for Schools (PfS) who have raised the profile of school sport within the education strategy process. As a result, the organisation's statutory local authority requirements relating to PE and community sport have become much more explicit.

We persuaded the Department for Children, Schools and Families (DCSF) to include our design guidance notes in their Building Bulletin.

We encouraged local authorities to ask for advice and consider the needs of the community when developing their proposals. And we worked with partners to publish advice on the development and management of community sports facilities on school sites.

Planning for the future

We have a statutory responsibility to protect playing fields. If a playing field is threatened by a proposed development, we have to be consulted. In addition, the planning system also allows us to generate new money for sport by asking developers to invest in community sports facilities as part of their proposals.

Where playing fields are under threat, we try to look at the broader picture to secure the best possible result for community sport.

Our work at Luton Sixth Form College demonstrates this perfectly. The college approached us in 2006 after receiving funding from the Learning & Skills Council for a new building. The problem was, some of the proposed development was on playing fields.

On investigation, we found there was an opportunity to create more sports facilities for the wider community. We brought the college together with Active Luton, the leisure trust that manages the town's sports facilities.

Together, we identified the need for a competition-capable sports hall with spectator facilities, suitable for a wide range of indoor sports such as badminton and basketball.

Funding was eventually found to create a sports hall large enough to house six badminton courts, together with dedicated seating for spectators. Other successfully negotiated facilities included a full-size all-weather pitch, tennis/netball courts, and improvements to the remaining playing fields.

From a situation where we were faced with losing playing fields, we managed to develop a top-class sports centre which will really benefit the local community. More local people will be able to enjoy their sport, while aspiring elite-level athletes will have the chance to pursue their dreams.

Planning statistics

1 April 2006 to 31 March 2007*

97.5% of planning applications relating to community playing fields resulted in improved or better protected provision for sport. *

In more than half the cases in which we originally objected to an application, negotiation brought about a tangible benefit for sport.

The number of applications having a negative impact** on sport came down from 40 the previous year to just 29, or to 2.5%.

We worked with the planning system to generate an extra £31 million for sport, up £2.8 million from last year.

* Figures announced in March 2009, for year 2006-2007.

** Negative impact might include losing space around the margins of a field, school playing fields put out of action during rebuilding works, or a newly built sporting facility that doesn't meet our design criteria.

Focused on the Olympic legacy

In just three years time, London will be hosting the 2012 Olympic Games and Paralympic Games. Our strategy contributes to the legacy of increased and sustained sports participation the Games has pledged to deliver. It's also vital that all the purpose-built venues not only perform during the competitions, but serve sport and local communities well after the last medal has been won.

And that's where Sport England comes in. We have invested National Lottery funding to advance three major facilities: £900,000 is going towards the white-water canoe course in Broxbourne, the Aquatics Centre has been awarded a £39 million investment, and the VeloPark £10.5 million.

Work on all three projects is making good progress. Construction begins at Broxbourne this summer, with a public opening slated for 2010. This means the public will benefit directly from an Olympic venue before the games even begin.

The roof is due to go on the Aquatics Centre shortly, while all the pilings and foundations for the VeloPark are in. Test events for both venues are scheduled for 2011.

The real value of our investment and early involvement, however, is perhaps less obvious. Small details planned from the start can make all the difference in transforming elite venues into community facilities more cost effectively. For example, the right size and style of changing rooms and reception areas can really add value. Sites also need to be fully accessible by people of all physical abilities. And they need to be sustainable, so the public can enjoy the facilities for at least 21 years.

Having clear design priorities, and a presence on all the design and steering groups, helps make sure these elements are in place. We also showcase examples of best practice in community sport for guidance and inspiration.

During the Games, the VeloPark will play host to BMX events outside, and adrenaline-pumping track competition indoors. Afterwards, a road cycle circuit and off-road areas will be developed to create a vibrant hub for cycling. To support this plan, we've made sure that the velodrome building has enough extra space to accommodate these various activities.

Thanks to the latest technology, the 50-metre pools at the Aquatics Centre can be adapted in size and depth. This means they can be easily adjusted to accommodate both elite training and kids' swimming lessons – sometimes at the same time.

Broxbourne will have two loops, or channels, of water. The competition loop for Olympic events and other high-level events, and what's become known as the 'legacy loop' for beginners, intermediates and recreational rafters. At a later date, the holding lake (where competitors wait to start), could be used for

recreational flat-water canoeing and dragon boating. The area as a whole will become a versatile centre for cycling, walking and orienteering.

Dovetailing the facilities into governing bodies' strategic plans is also important for a long-lasting return on our investment. We've got together with British Cycling, for example, to see how the London velodrome might work as feeder site for regional training squads before cyclists are picked to train at the national centre in Manchester. This would mean less potential overlap, and a more structured approach to nurturing new talent.

Not all the London 2012 facilities will be permanent. Basketball courts, seating, training areas – many of these will be moved and redeployed elsewhere after the Games. Over the past financial year we've acted as an advisor to DCMS, consulting with governing bodies and local authorities to find out where these sporting assets can make the most difference.

We worked closely with the Mayor of London to plan the sporting legacy London 2012 will give to Londoners. We jointly hosted consultation sessions with the Greater London Authority and ensured the resulting strategy fits in with both our outcomes and targets, and those of the governing bodies.

Looking ahead, we will continue our work alongside the Olympic Delivery Authority, LOCOG, the Olympic Park Legacy Company and DCMS to see that London 2012 delivers the best-possible value for money.

We will also help local authorities and regional development agencies create training and holding camps for competing countries in the lead up to the Games. And we are helping to identify and, where necessary, improve, London-based venues that can be used as training facilities while the Games are actually taking place.

Improving these facilities to meet the standards of sports' international federations will give local clubs and communities access to higher quality community sports facilities for many years to come.

Above all, we will make sure this once-in-a-lifetime facility investment meets the needs of our sustainable facilities strategy – if they aren't fit for long-term survival, we simply won't support them. And if they don't fundamentally support the needs of the community they serve, we won't invest.

Focused on future generations

Children and young people are the future of sport. That's why the Sport England strategy for 2008-2011 and beyond underlines our commitment to get more of them playing more sport.

In terms of funding, we've increased our investment in the Government's PE and Sport Strategy for Young People to £23 million a year (that's up by over £14 million). This aims to give youngsters in England access to at least five hours of PE and sport a week.

Together with our partners at the Youth Sport Trust (YST), we have mapped out clear roles and responsibilities. YST takes responsibility for school sport, while Sport England leads on community and club activity.

What's more, we have put funding into national governing bodies specifically to create better links between clubs and schools, as well as broadening the opportunities for young volunteers. This initiative has paid off, with many more five to 19 year-olds joining clubs to play sport or help out.

In 2008-2009, the percentage of children and young people participating in club sport rose by three points to 32% (this compares to just 19% in 2003-2004).

Similarly, the percentage of 14 to 19 year olds involved with sports volunteering grew by three points to 20% (in 2003-2004 this stood at 9%).

In an effort to increase choice and improve access, the number of governing bodies who are being funded to achieve the Government's five hour offer has been increased from 23 to 34. And in 2009-2013, we'll be investing over £16 million through governing bodies to draw in at least another 500,000 new young club players and volunteers.

In addition, two new community-based programmes were launched as part of the five hour offer. Recruit into Coaching went live in 2008. The scheme aims to attract parents and train volunteer coaches across 70 of the most deprived communities in England. In its first three months, 432 new coaches came on board.

The Sport Unlimited programme is our largest single investment into children and young people (£36 million over three years 2008-2011). It went live in April 2008 and is already delivering results.

Finally, we put our young athlete mentoring programmes (Sporting Champions and the Respect Athlete Mentoring Programme) out for re-tender. The contract was awarded to a consortium consisting of Creating Excellence and the Dame Kelly Holmes Trust. The programmes will both re-launch in 2009, aligned more closely with the community and club element of the Government's five hour offer.

Sport Unlimited

Sport Unlimited is an innovative new youth sports programme which cascades funding to local communities via the county sports partnerships network. It's targeted at youngsters who may have some interest in sport, but aren't particularly engaged with community or club sport. In April 2008, the programme went live in 12 trailblazer areas, followed by a national roll out in September.

The first step in the programme is to establish what sports young people actually want to do. Popular alternative sports include trampolining, climbing, free running (also known as parkour), BMX, street dance, skiing and horse riding. These sit alongside more traditional sports such as football, badminton and tennis, often repackaged or adapted to be more relevant to a younger audience.

Local providers organise 10-week, high-quality Sport Unlimited taster sessions designed to inspire youngsters to sign up for longer-term participation in local clubs and in the community. We aim to get 900,000 young people along to these taster sessions, and want at least a third (300,000) to commit to their chosen sport once the 10 weeks are up.

The first full year's results will be available in summer 2009. But already, by the end of the first term of national coverage (autumn 2008), 84,000 young people had taken part in the taster sessions, with 62,500 attending six or more sessions. And, bucking the normal trend, we have attracted slightly more girls than boys.

We've seen success across the country during the first year of the programme, Greater Sport, in Manchester, has run over 560 taster sessions featuring 45 different sports. In Bradford, a series of Saturday events were staged to encourage young muslims to take up more sport.

The spirit of Sport Unlimited is captured by 14-year-old Chelsea, who talked to us during initial research. She was worried about looking silly in front of girls who were in sports teams at her school. After the taster sailing sessions she said: "It's really fun... you make a lot of friends and get more confident. It really doesn't matter if you're a complete beginner, you learn along the way. It's given me confidence not only in sport but socially and in school."

Focused on safeguarding children

When children play sport, they should be able to do so feeling totally safe and secure. If they are to grow up embracing sport, the experience needs to be positive and enjoyable from day one and we have put measures in place to make sure it is.

In 2001, the Child Protection in Sport Unit was launched and jointly-funded by Sport England and the NSPCC. Since then, our world-leading achievements have been recognised by the United Nations in their global study of children.

The unit's remit is to help children play sport, stay safe, enjoy and achieve. It has set out *Standards for Safeguarding and Protecting Children in Sport* which national governing bodies and (CSPs) are required to adopt. This standards framework is an acknowledged market leader, encouraging sports organisations to safeguard children, in line with their statutory responsibilities, and to ensure best practice.

There are three levels of achievement – preliminary, intermediate and advanced. To qualify for the intermediate and advanced levels, organisations need to show commitment and action in keeping children and young people safe. To date, with the support of the Children Protection in Sport Unit, 52 governing bodies have achieved preliminary level, and 33 have achieved intermediate level. As for CSPs, all 49 have achieved preliminary level, while 45 have achieved intermediate level. This has been a huge effort and we congratulate the sports and partnerships.

These tiered standards give parents, staff and volunteers confidence that the overall sporting experience for young people is being actively monitored, and that safety and welfare issues are taken seriously.

The following governing bodies and CSPs have achieved advanced standard:

- Beds & Luton CSP
- Sport Essex
- Lincolnshire Sport
- Tyne & Wear Sport
- Lancashire Sport
- Berkshire Sport
- Active Devon
- Sport across Staffordshire & Stoke on Trent
- British Gymnastics
- Rugby Football League
- Rugby Football Union
- British Judo
- British Canoe Union
- British Orienteering
- England Basketball
- British Wheel of Yoga.

Focused on higher and further education

We believe almost one third of the growth we will achieve in sports participation over the next four years will come from students.

That's why our strategy identifies colleges, universities and other organisations from higher and further education as critical partners if we are to successfully grow participation.

We are beginning to work with further education and are laying the foundations for future projects. And we are building on the contribution higher education already makes to community sport. We have already supported a range of projects with various universities. For example, we invested in the Sports Universities North East England partnership, which runs successful community outreach programmes.

Initiatives like this, however, are just the tip of the iceberg. With the right direction, more can be accomplished. So we're trying to generate a more structured and progressive partnership with this sector.

In July 2008, a Higher Education Stakeholder Group was set up to help develop our thinking. In October, British Universities and Colleges Sport (BUCS) was launched as the new national voice of higher and further education. We also published a pamphlet, exploring the various ways we could all work together to stimulate debate.

A consultation event, hosted jointly by us and BUCS in February, sought to draw conclusions from these discussions. It brought together representatives from 43 higher education institutions, along with governing bodies, county sports partnerships and others from across England.

Together we created a partnership plan which will be published later this year, setting out a proposed agenda for the next 18 months (July 2009 to December 2010). Actions will be organised into four themes:

- Developing the partnership
- Raising the profile of higher education sport
- Increasing and sustaining participation through higher education
- Measuring the impact of higher education sport.

Focused on efficiency

A clear focus and a sense of purpose is one thing. But to achieve our goals and satisfy our remit, we need to have the right structure and balance of skills in place.

And as a publicly-funded organisation, it's imperative we operate as efficiently as possible. For these reasons, Sport England was extensively restructured in 2008-2009.

We have taken steps to improve our efficiency during the year. While our target of making £20m savings in three years available to sport is challenging, we remain confident that we are on course to achieve it.

We have also reduced the percentage of income spent on overheads from 15.2% in 2007-2008 to 10.4% in 2008-2009.

Our monthly average headcount is down to 248 from an agreed top limit of 320.

But it's not all about numbers. We have also radically changed the way we operate. Working alongside our partners, we're confident that our teams and directorates now have the right people and processes to meet our Grow, Sustain and Excel outcomes.

Change isn't always easy, but it's vital if an organisation is to evolve and thrive. There's no denying it – there have been plenty of tough moments and hard decisions to make for Sport England over the past financial year. But now we are set up to focus on our core business – creating sporting opportunities in every community. And we're enjoying getting on with it.

Open funding programmes

Sports clubs, organisations and various other bodies can now apply for five, Lottery-funded open programmes run by Sport England. A simpler, centralised approach brings these programmes under one roof at our Shared Service Centre in Loughborough.

They are:

The Small Grants Scheme – for awards between £300 and £10,000

The Innovation Fund – which looks for new big ideas to drive up participation or transform community sport

Sportsmatch – boosting community sport investment by matching sponsorship money pound for pound

The Sustainable Investment in Community Sports Facilities Fund – supporting projects that can generate enough revenue to maintain

consistently high standards, varied sporting opportunities, and outreach work. Although this is an open fund, some applications will also be solicited

Themed Rounds – a series of funding rounds focused on specific issues. We're starting by investigating ways to invigorate sport in rural communities.

We closed the Community Investment Fund in the spring of this year, but are continuing to work with those projects still in receipt of money to ensure they deliver on their promised targets. We would like to thank the nine regional sports boards for all their help in awarding grants under this scheme. We look forward to working with the nine incoming ministerial appointees who will act as advocates for grassroots sport in their areas.

All for one and one for all

Previously, there were nine regions making independent funding decisions. Now we are a single decision and grant-making body. This allows our regional offices to focus on connecting local and regional government agendas with the aims of the governing bodies. It puts us in a better position to generate more investment in sport and make the most of the funds we invest.

Efficiency Case Study #1: Helping national governing bodies develop close links with schools

by Cassell Bailey, Project Manager, Club Links

I help national governing bodies develop close links with schools so children and young people can make the transition from school sport to club sport.

This directly supports two major Sport England targets – encouraging children and young people to do at least five hours of sport a week, and reducing the numbers who drop out of sport when they leave school at 16. A number of governing bodies are new to Club Links, so I support them to find ways to use the programme to their best advantage. Where organisations are already involved, I help them keep existing schemes fresh and innovative. We're keen on continuous improvement, so instead of just producing a dry and dusty report when a scheme wraps up, we evaluate as we go along. This way, we can help everyone learn during the process, and influence the outcome. I have to make sure this work connects with our other schemes, including Sport Unlimited, Premier League 4 Sport, and Leadership and Volunteering.

All our initiatives should link together to get young people into the habit of regular sport – rather than just sporadic bursts of activity.

I've worked at Sport England for three years now in a variety of roles. What I love about this job is the real focus of my team's remit. We're totally clear about what we have to do to galvanise children and young people. And we're going to do it

Efficiency Case Study #2 Building close working relationships with local authorities

by Judith Rasmussen, Regional Strategic Lead, North East office

My role is to build close working relationships with local authorities in the north east, helping them understand Sport England's new agenda and how we are working with national governing bodies in their area. They need to understand what's in it for them, and how they can make the most of it.

Although we have moved more funding directly into governing bodies, the money is still there. It's just that now, local authorities and other regional partners need to work with governing bodies and Sport England to access it. I'm here to help them do just that.

We can help them achieve their NI8 targets for adult participation in sport and active recreation, by joining them up with organisations who would like to invest in sport locally – and through our specialist knowledge of planning and facility design, help them make the most of that investment too. I also need to communicate the true power of sport. Persuading people involved in local

authority issues such as health, social cohesion and education that sport can play a positive role in many different ways.

I've been at Sport England for 12 years and perhaps sometimes we've spread ourselves too thinly, trying to do too much. Our strategy and structure mean we're now focused on sport, achieving our outcomes, and getting more people doing more sport more often.

Efficiency Case Study #3

Building strong relationships with governing bodies

by Phil de Glanville, Relationship Manager, NGB and Sport Team

It's my job to build strong relationships with up to five governing bodies so I can help them achieve the outcomes they've agreed.

Sport England has a public duty to make sure governing bodies spend our investment properly – and in the ways they said they would.

But that's only part of it.

My main role is to really understand the sports I'm responsible for. It's not a job you can do from your desk. You have to get out there and spend time at the coal face – visiting clubs, watching competitions, getting to know and understand the people involved and the issues they face. It's also about the governing bodies getting to know and understand me.

Without building trust, it's hard to be the 'critical friend' I need to be with governing bodies.

I have to be able to push and challenge; to keep them focused on the Grow, Sustain, Excel outcomes.

I joined Sport England in the South West five years ago, and worked as Head of Partnerships and Head of Delivery before joining the NGB team. Having played rugby – and captained the England rugby team – I'm looking forward to driving community sport to the same levels of success.

Financial and performance review

Funding agreement 2005-2006 to 2007-2008

On 10 March 2008, the Secretary of State for Culture, Media and Sport approved Sport England's new strategy which focused resources on building the foundations of sporting success through the creation of a world leading community sports system.

The agreement which secured grant-in-aid funding from DCMS, committed us to working towards five targets. These are grouped into our three strategic outcomes of grow, sustain and excel.

Grow

One million people doing more sport by 2012-2013

A major contribution to the delivery of the five hour sport offer engaging more 5-19 year olds in sport.

Sustain

A reduction in post-16 drop-off in at least five sports by 25% by 2012-2013

A quantifiable increase in satisfaction (actual measure to be determined).

Excel

Improved talent development systems in at least 25 sports.

The funding agreement stated that we should work towards these targets by:

Commissioning the national governing bodies to deliver the key outcomes of our strategy through the 2009-2013 funding cycle

Engaging other partners – such as local authorities, equality groups and the third sector and the private sector – to influence their investment in sport or to draw on their specialist expertise to achieve our targets

Working with sports coach UK to focus investment on frontline coaching through governing bodies and work with Youth Sport Trust and governing bodies to deliver the Coaching for Young People strand of the PE and Sport Strategy for Young People (PESSYP)

Working with governing bodies and partners such as the Football Foundation to create accessible, modern sports clubs structures within each sport and across multiple sports where appropriate

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Helping governing bodies attract and retain more volunteers, reduce the burdens volunteers face and ensure that professional support enhances and complements existing voluntary systems

Working closely with our partners in the sporting landscape, especially UK Sport and the Youth Sport Trust, to ensure a holistic and seamless approach.

A new funding agreement for 2009-2010 is currently being agreed with DCMS.

Financial performance

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

The differences between them are explained as follows.

The grant-in-aid accounts are prepared on the normal concept of accruals accounting. Awards are recorded as expenditure in the period to which they refer.

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

The grant-in-aid accounts are required to show grant-in-aid as financing rather than as income for the period.

The Lottery accounts show Sport England's share of the National Lottery Distribution Fund as income.

In 2008-2009 grant-in-aid increased by some £20 million. The majority of this additional income funded Sport England's contribution to the delivery of the club and community element of the 5 hour school sport offer for under-sixteens and three hours of community sport for 16-19 year olds.

Lottery income in 2008-2009 has declined from the 2007- 2008 level. Lower investment returns and the first agreed transfer of funds to the Olympic Lottery Distribution Fund contributed to this decline.

Staff and operating costs on both the grant-in-aid and Lottery accounts, excluding restructuring costs, are broadly the same as in 2007-2008. There has been an increase in costs on the grant-in-aid account with a corresponding decrease on the Lottery account. The combined staff costs for grant-in-aid and Lottery, excluding restructuring costs, represents an increase of approximately 3% with a decrease in combined operating costs of approximately 3%.

Organisational health

Operating costs cover all our wider activities as well as our own operating costs. They include statutory and non-statutory work on planning, technical advice on sports facilities, regional and national advocacy for sport, research, and the administration of awards.

We believe we can always work harder, smarter and more efficiently. We have taken steps to improve our efficiency during the year.

We have taken steps to improve our efficiency during the year. While our target of making £20m savings in three years available to sport is challenging, we remain confident that we are on course to achieve it.

We do however need to get quicker at responding to more grant applications within eight weeks. Although we only just missed our 90% target this is not good enough. Our new streamlined and centralised service centre, where funding applications will be processed, will help us do this.

In a tough economic climate it is more important than ever for us to use our investment to attract more funding into sport – and we are pleased to have beaten this target by 62%.

Due to the restructure and change in our strategy and processes, we did not conduct either a customer satisfaction or a colleague satisfaction survey in 2008-2009. However these do remain important measures for us and we do intend to survey both groups of stakeholders in the 2009- 2010 financial year.

Organisational health targets

Target	2007-2008	2008-2009
Sport England operating costs as percentage of revenues	Exchequer: 17%	Exchequer: 8.5%
	Lottery: 13.7%	Lottery: 12.6%
	Aggregate: 15.2%	Aggregate: 10.4%
Percentage of grant applications responded to within eight weeks of receipt	Target: 90%	Target: 90%
	Actual: 95%	Actual: 87.27%
Investment of resources into sport	Target: £2 for every £1 invested	Target: £2 for every £1 invested
	Actual: £2.84 for every £1 invested	Actual: £3.24 for every £1 invested

Lottery commitments and balances held at the National Lottery Distribution Fund

As at 31 March 2009 our balance at the National Lottery Distribution Fund was £181 million, which is £21 million lower than the balance at 31 March 2008.

Hard and soft Lottery commitments as at 31 March 2009 totalled £203 million.

As recommended by the NAO in their 2004 reporting, Managing Lottery Distribution Fund Balances, our Board sets the policy by which the organisation may make Lottery commitments above the level of the funds currently held on its behalf in the National Lottery Distribution Fund.

Our Main Board reviewed the policy in 2007-2008 and decided that we will make such commitments provided that its forecasts of cash flow demonstrate that our balance at the National Lottery Distribution Fund will not fall below £20 million.

Lottery funding and additionality

Lottery funding is distinct from government funding. It does not replace Exchequer spending but it can, when appropriate, complement government and other programmes, policies and funding.

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

Considerations of additionality are a key part of our programme development process. We work closely with leading organisations and experts in the relevant sectors to ensure that our funding programmes add value to government and other funding, but are also complementary.

In some circumstances grant offices assessing an application may have to judge whether a project is additional. Clear guidance has been developed to ensure that Lottery funding will not subsidise or replace statutory funding for a service and will not duplicate statutory responsibilities. We work hard to ensure that this is applied consistently and fairly. All awards made in 2008-2009 have been consistent with this definition.

Corporate responsibility and sustainable development

We are committed to supporting and promoting sustainable development in all aspects of our work. This includes investing in projects and facilities that demonstrate sound business plans that will support them financially beyond the end of the grants they are applying for.

We have continued to play a role in the DCMS Sustainable Development Forum.

We promote environmental objectives and have strengthened the environmental advice in our published design guidance.

Performance management and requests for information

We actively manage our performance and provide performance information to DCMS on a quarterly basis.

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

During 2008-2009, sick absence excluding long-term sick absence averaged 3.6 days per person and 10 colleagues had long-term sick absences (defined as periods of 20 or more days). As a public body we receive numerous requests for information including parliamentary questions and freedom of information requests.

From 1 April 2008 to 31 March 2009 we received 244 requests to help answer parliamentary and other DCMS questions. We also received 70 requests for information under the Freedom of Information Act. All of these requests were dealt with on time.

Reporting of personal data related incidents

As a government agency, we are committed to being open about any incidents which lead to the loss of personal data. This is part of a wider government commitment to greater transparency on information risk management that was first published by the Cabinet Office on 17 December 2007.

An incident is the loss, unauthorised disclosure or insecure disposal as described in the table opposite. Protected personal data is defined as data that meets the definition of the minimum scope of personal protected data or data that departments consider should receive a similar level of protection because it would put those affected at significant risk of harm or distress.

If the disclosure of an incident would itself create an unacceptable risk of harm, it may be excluded in accordance with the exemptions contained in the Freedom of Information Act 2000 or may be subject to the limitations of other UK information legislation.

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Table 1: Summary of protected personal data related incidents formally reported to the information commissioner's office in 2008-2009

Date of incident (month)	Nature of incident	Nature of data involved	Number of people potentially affected	Notification steps
None	None	None	None	None
Further action on information risk	We will continue to monitor and assess its information risks in order to identify and address any weaknesses and ensure continuous improvement of its systems.			

Table 2: Summary of other protected personal data related incidents in 2008-2009

Incidents deemed by the Data Controller not to fall within the criteria for report to the Information Commissioner's Office but recorded centrally within the Department are set out in the table below. Small localised incidents are not recorded centrally and are not cited in these figures.

Category	Nature of incident	Total
I	Loss of inadequately protected electronic equipment, devices or paper document from secured government premises	None
II	Loss of inadequately protected electronic equipment, devices or paper document from outside secured government premises	None
III	Insecure disposal of inadequately protected electronic equipment, devices of paper documents	None
IV	Unauthorised disclosure	None
V	Other	None

History and Background of The English Sports Council

1. The English Sports Council (operating as Sport England) was established on 19 September 1996 by Royal Charter. Its objectives are set out in the annual report.
2. Under the provisions of the National Lottery etc. Act 1993 (as amended), The English Sports Council was licensed as the Distributing Body for the lottery funds allocated for expenditure on or in connection with sport in England.
3. The English Sports Council Group consolidated accounts have been prepared, in accordance with Article 14 of the Royal Charter of The English Sports Council and directions made thereunder by the Secretary of State for Culture, Media and Sport on 29 April 2002. A copy of that direction may be obtained from the Chief Executive of The English Sports Council at 3rd Floor Victoria House, Bloomsbury Square, London WC1B 4SE.
4. The English Sports Council National Lottery Distribution Fund Accounts have been prepared, in accordance with directions issued by the DCMS on 29 April 2002 and in compliance with the provisions of sections 34 and 35 of the National Lottery etc. Act 1993 (as amended), to report on the activities and results of the Sport England Lottery Fund. A copy of that direction may be obtained from the Chief Executive of The English Sports Council at 3rd Floor Victoria House, Bloomsbury Square, London WC1B 4SE.
5. The English Sports Council is required to have its accounts audited by a body approved by the Secretary of State. The Comptroller and Auditor General has been appointed to audit the accounts. The audit fee is £50,000 for the audit of the financial statements only. The National Lottery Act etc. 1993 (as amended) also requires The English Sports Council National Lottery Distribution Fund accounts to be audited by the Comptroller and Auditor General. The audit fee for the year is £50,000 for the audit of the Lottery financial statements only.

Funding agreement with the Department for Culture, Media and Sport

6. The English Sports Council has a Funding Agreement with the Department for Culture, Media and Sport under which key performance targets are set for The English Sports Council. Information relating to these Performance Targets and the Council's achievement against them may be found in the Annual Report.

Employee Policy

7. Sport England is committed to developing positive policies to promote equal employment opportunities and ensures staff are not discriminated against on the grounds of gender, disability, race, sexual orientation, religious belief or age. Employees are involved in decisions which affect their welfare.

Prompt payment policy

8. The English Sports Council seeks to abide by the Better Payment Practice Code and in particular to pay bills in accordance with contracts and suppliers terms. Any complaints about failure to pay on time are dealt with expeditiously. In 2008-2009 the average period for the payment of invoices was 27.2 days (2007-2008: 27.1 days).

The Euro

9. Very few transactions have occurred in Euros. The cost of ensuring compliance has not been material.

Organisational structure of The English Sports Council

10. The Chairman and Council Members of The English Sports Council are appointed by the Secretary of State for Culture, Media and Sport.
11. The Council members have corporate responsibility for ensuring that The English Sports Council fulfils the aims and objectives set out in its Royal Charter and by the Secretary of State.
12. The Board members of The English Sports Council during the period under review were:

CHAIR	Michael Farrar (Interim from December 2007 until March 2009)
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VICE-CHAIR	Ged Roddy (until May 2008)
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MEMBERS	Jill Ainscough Karren Brady (reappointed) Michael Farrar (reappointed) Sir Andrew Foster Ashia Hanson (reappointed) Phil Lemanski Ged Roddy (until January 2009) Dr Jack Rowell OBE (reappointed) Mich Stevenson James Stewart Martin Thomas Andy Worthington (until May 2008)
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The Council has the following sub-Committees, which in 2008/09 included:

- Audit, Risk and Governance
 - Project Committee (to appraise investments)
 - Remuneration Committee
 - Regional Sport Boards (all ceased operations on 31/12/08)
13. The Chief Executive is designated as the Council's Accounting Officer. As such she is personally responsible for safeguarding the public funds for which she has charge, for propriety and regularity in the handling of those funds and for the day-to-day operations and management of the Council.
14. The Chief Executive manages the day-to-day affairs of the Council through executive directors to whom she has delegated specific functional roles and powers. These executive directors are shown in the remuneration report on page 37.

Board and Committee Members interests

15. Sport England maintains a register of the interests of its Board and Committee Members. Subject to the agreement of individual members this register may be viewed, by appointment, at the Sport England's offices at 3rd Floor, Victoria House, Bloomsbury Square, London WC1B 4SE.

Corporate Governance

16. In line with the guidance issued by HM Treasury, separate statements on internal control have been prepared for both The English Sports Council Group and The English Sports Council National Lottery Distribution Fund and appear on page 45 and page 82 respectively.
17. The Council is a single legal entity with indivisible functions, powers and liabilities including safety and environment issues. The Council has responsibility for monitoring performance against budgets and corporate plans, statutory accounts and other related matters.
18. The Council has an Executive Management Team comprising the Chief Executive and Directors charged with day-to-day management, ensuring that operational and financial controls are operating effectively, monitoring progress against operational plans, budgets and targets and other major issues affecting the Council's activities.

Jennie Price
Chief Executive and Accounting
Officer of The English Sports Council
13 July 2009

Richard Lewis
Chair of The English
Sports Council
13 July 2009

Remuneration Report

Remuneration Policy

The Sport England Board has appointed a Remuneration Committee with responsibility for the remuneration of executive members of staff in accordance with Sport England's agreed pay structure. The Remuneration Committee currently consists of four members of the Sport England Board being Jill Ainscough, Mike Farrar, Jack Rowell and James Stewart.

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

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

Service Contracts

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

Unless otherwise stated below, executive members of staff covered by this report hold appointments which are open-ended until they reach the normal retiring age. Early termination would result in the individual receiving payments as set out in the Organisational Change Policy. This Policy is not applicable to non-executive Board members.

Salary and Pension Entitlements

The following sections provide details of the remuneration and pension interests of executive members of staff and non-executive Board members.

A Board member's salary includes an allowance of £209 for attendance at a Board meeting (2007-08: £209).

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Remuneration (subject to audit)

	2008-09		2007-08	
	Salary £'000	Benefits in kind (to nearest £100)	Salary £'000	Benefits in kind (to nearest £100)
Derek Mapp <i>Chairman from Oct 2006 to Dec 2007</i>	-	-	20 – 25	-
Ged Roddy <i>Vice Chair until Oct 2008</i> <i>Board Member from Feb 2007 to Jan 2009</i> <i>RSB Chair from Dec 2005 to Dec 2008</i>	10 – 15	-	20 – 25	-
Michael Farrar <i>Interim Chair from Dec 2007 to Mar 2009</i> <i>Board member from Mar 2005 to Mar 2012</i>	-	-	-	-
Jill Ainscough <i>Board Member from Apr 2007 to Apr 2010</i>	0 – 5	-	0 – 5	-
Karren Brady <i>Board Member from Mar 2005 to Mar 2010</i>	0 – 5	-	0 – 5	-
Sir Andrew Foster <i>Board Member from Jul 2006 to Jul 2009</i> <i>Chair of Audit Committee</i>	-	-	-	-
Ashia Hansen <i>Board Member from Jan 2006 to Dec 2009</i>	0 – 5	-	0 – 5	-
Phil Lemanski <i>Board Member from Apr 2007 to Apr 2010</i>	0 – 5	-	0 – 5	-
Dr Jack Rowell OBE <i>Board Member from Jan 2006 to Dec 2009</i>	0 – 5	-	0 – 5	-
Mich Stevenson <i>Board Member from Apr 2007 to Apr 2010</i>	0 – 5	-	0 – 5	-
James Stewart <i>Board Member from Apr 2007 to Apr 2010</i>	-	-	-	-
Martin Thomas <i>Board Member from Apr 2007 to Apr 2010</i>	0 – 5	-	0 – 5	-
Andy Worthington <i>Board Member from Feb 2007 to May 2008</i> <i>RSB Chair from Jun 2006 to Dec 2008</i>	5 – 10	-	10 – 15	-
John Brewer <i>RSB Chair from Oct 2007 to Dec 2008</i>	5 – 10	-	0 – 5	-

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	2008-09		2007-08	
	Salary £'000	Benefits in kind (to nearest £100)	Salary £'000	Benefits in kind (to nearest £100)
Stephen Castle <i>RSB Chair from Aug 2005 to Dec 2008</i>	5 – 10	-	5 – 10	-
Len Jackson <i>RSB Chair from Dec 2005 to Dec 2008</i>	5 – 10	-	10 – 15	-
Mary McAnally <i>RSB Chair from Dec 2005 to Dec 2008</i>	5 – 10	-	10 – 15	-
Paul Millman <i>RSB Chair from Jan 2008 to Aug 2008</i>	5 – 10	-	-	-
Rauf Mirza <i>RSB Chair from Jun 2006 to Dec 2008</i>	5 – 10	-	10 – 15	-
Peter Price <i>RSB Chair from Dec 2005 to Dec 2008</i>	5 – 10	-	10 – 15	-
Peter Rowley <i>RSB Chair from Nov 2007 to Dec 2008</i>	5 – 10	-	0 – 5	-
Philip Lewis <i>RSB Chair from Apr 2004 to Sep 2007</i>	-	-	5 – 10	-
Tim Cattle-Jones <i>RSB Chair from Jan 2003 to Dec 2007</i>	-	-	5 – 10	-
Jennie Price * <i>Chief Executive from Apr 2007</i>	180 – 185	-	155 – 160	-
Judith Dean <i>Director of Communities from Dec 2008</i>	25 – 30	-	-	-
Mike Diaper Director of Children and Young People from Apr 2008 (seconded from Department for Culture Media and Sport)	80 – 85	-	-	-
Thomas Godfrey <i>Commercial Director from Oct 2007</i>	95 – 100	-	45 – 50	-
Charles Johnston <i>Director of Property from Aug 2008</i>	65 – 70	-	-	-
IPG Operations Management Limited ** <i>Interim Director of Property from Aug 2007 to Aug 2008</i>	65 – 70	-	85 – 90	-
Lisa O'Keefe <i>Director of National Sport- joint from Jul 2008</i>	60 – 65	-	-	-

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	2008-09		2007-08	
	Salary £'000	Benefits in kind (to nearest £100)	Salary £'000	Benefits in kind (to nearest £100)
<i>Joanna Robinson *** Director of Regional Sport from Oct 2004 Seconded to Commonwealth Games Council Feb 2009 to May 2009</i>	45 – 50	-	75 – 80	-
<i>Phil Smith Director of National Sport – joint from Sep 2008</i>	60 – 65	-	-	-
<i>Mihir Warty Director of Policy and Performance from Aug 2006</i>	95 – 100	-	90 – 95	-
<i>Caroline Weber Director of Communications from Nov 2008</i>	35 – 40	-	-	-
<i>Green Park Interim & Executive Limited ** Interim Director of Corporate Services from Dec 2007</i>	215 – 220	-	60 – 65	-
<i>Stephen Baddeley Director of National Sport from Apr 2007 to Apr 2008</i>	35 – 40	-	95 – 100	-
<i>Alistair Cook Director of Corporate Services from Oct 2006 to Jan 2008</i>	-	-	80 – 85	-
<i>Tim Garfield **** Acting Director of Regional Sport from Jan 2007 to Jul 2007</i>	-	-	25 – 30	-

* Includes a performance-related remuneration for 2007-08, paid in 2008-09. The assessment and approval process for the CEO's 2008-09 performance-related remuneration has not yet been completed

** Fees paid to third parties for services of a senior manager

*** Maternity leave was taken from Apr 08 to Oct 09. The role was not backfilled during this period

**** Salary relates to the period of time in the capacity of Acting Director of Regional Sport only

Salary

'Salary' includes gross salary; performance-related remunerations; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances and any other allowance to the extent that it is subject to UK taxation and any ex-gratia payments. Any performance-related remuneration would be based on performance against objectives and agreed with the Remuneration Committee of Sport England. Performance-related remunerations, where applicable, are calculated up to 20% of basic salary.

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

Benefits in kind

There are no benefits in kind.

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

	Accrued pension at age 65 as at 31/3/09	Real increase in pension at age 65	Real increase in lump sum at age 60	Lump sum at 31/3/09	CETV at 31/3/09	CETV at 31/3/08	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Stephen Baddeley <i>Director of National Sport from Apr 2007 to Apr 2008</i>	5-10	0-2.5	0-2.5	20-25	104	97	1
Lisa O'Keefe <i>Director of National Sport- joint from Jul 2008</i>	10-15	2.5-5	7.5-10	25-30	121	67	45
Joanna Robinson <i>Director of Regional Sport from Oct 2004 Seconded to Commonwealth Games Council Feb 2009 – May 2009</i>	5-10	0-2.5	(2.5)-0	15-20	71	61	0

The figures may be different from the closing figures in last year's accounts. This is due to the CETV factors being updated to comply with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008.

Partnership Pension Accounts (subject to audit)

	Provider	Employer Contributions for the Year 2008-09	CETV at 31/3/09
		£'000	£'000
Jennie Price <i>Chief Executive from Apr 2007</i>	Standard Life	14	220
Mihir Warty <i>Director of Policy and Performance from Aug 2006</i>	Scottish Equitable Group Stakeholder Pension Scheme	11	35

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	Provider	Employer Contributions for the Year 2008-09	CETV at 31/3/09
		£'000	£'000
Thomas Godfrey <i>Commercial Director from Oct 2007</i>	Scottish Equitable Group Stakeholder Pension Scheme	11	21
Caroline Weber <i>Executive Director of Communications and Public Affairs from Nov 2008</i>	Scottish Equitable Group Stakeholder Pension Scheme	3	4
Phil Smith <i>Director of National Sport- joint from Jul 2008</i>	Scottish Equitable Group Stakeholder Pension Scheme	9	9
Judith Dean <i>Director of Communities from Dec 2008</i>	Scottish Equitable Group Stakeholder Pension Scheme	8	16

Mike Diaper (Director of Children and Young People) is on secondment from Department for Culture Media and Sport and the pension liability remains with that Department.

Pensions

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

LPFA: Employee contributions are dependant on salary range and set at a percentage rate of pensionable earnings listed below.

Salary Range;

- Less than £12,000, employee contributes 5.5%
- £12,000.01 to £14,000, employee contributes 5.8%
- £14,000.01 to £18,000, employee contributes 5.9%
- £18,000.01 to £30,000, employee contributes 6.5%
- £30,000.01 to £40,000, employee contributes 6.8%
- £40,000.01 to £75,000, employee contributes 7.2%
- More than £75,000, employee contributes 7.5%

Employer contributions are set at the rate of 6.0% of pensionable earnings. Benefits accrue at the rate of 1/80th of pensionable salary for each year of service. There is no automatic lump sum payable on retirement (but members may give up (commute) some of their pension to provide a lump sum). The

English Sports Council is one of a large number of employers whose staff participate in the scheme.

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

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

Standard Life: Sport England contributes 10% of the annual basic salary

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

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme.

The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the LPFA pension scheme and for which a transfer payment commensurate with the additional pension liabilities assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real increase in CETV (London Pension Funds Authority)

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Jennie Price
Chief Executive and Accounting
Officer of The English Sports Council
13 July 2009

Richard Lewis
Chair of The English Sports
Council
13 July 2009

**STATEMENT OF THE COUNCIL'S AND CHIEF EXECUTIVE'S
RESPONSIBILITIES**

1. The Council's Royal Charter requires the Council to prepare a statement of accounts for each financial period in the form and on the basis determined by the Secretary of State for Culture, Media and Sport, with the consent of the Treasury. The accounts are prepared on an accruals basis to show a true and fair view of the Council and Group's state of affairs at the period end, and of its income and expenditure and cash flows for the financial period.
2. In preparing the accounts the Council is required to:
 - observe the accounts direction issued by the Secretary of State for Culture, Media and Sport, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
 - make judgements and estimates on a reasonable basis;
 - state whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements; and
 - prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Council will continue in operation.
3. The Accounting Officer for the Department for Culture, Media and Sport has designated the Chief Executive of The English Sports Council as the Accounting Officer for the Council. Her relevant responsibilities as Accounting Officer, including her responsibility for the propriety and regularity of the public finances for which she is answerable and for the keeping of proper records, are set out in *Managing Public Money*, issued by HM Treasury.
4. The Accounting Officer of The English Sports Council is responsible for preparing financial statements that give a true and fair view, and for making available to the auditors all relevant information for their purposes. So far as the Accounting Officer is aware there is no relevant audit information of which The English Sports Council's auditors are unaware. Further, the Accounting Officer has taken all the steps she ought to have taken to make herself aware of any relevant audit information and to establish that The English Sports Council's auditors are aware of that information.

Jennie Price
Chief Executive and Accounting
Officer of The English Sports Council
13 July 2009

Richard Lewis
Chair of The English Sports
Council
13 July 2009

STATEMENT ON INTERNAL CONTROL

1. Scope of responsibility

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

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

2. The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Sport England's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in Sport England for the year ended 31 March 2009 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

3. Capacity to handle risk

As Accounting Officer I am personally responsible for ensuring Sport England has an effective risk management process. We have a documented risk strategy that follows Treasury's guidance on risk policy and processes, defines what is meant by risk management and outlines the key principles underpinning our approach to the management of risk. Each strategic and significant operational risk is managed by a member of the Executive. The Strategic Risk Register is presented to each Audit, Risk and Governance Committee meeting and regularly to the Sport England Main Board. All staff have intranet access to our risk management policies. We recognise the need to continue to develop our risk management processes, particularly during the implementation of Sport England's new strategy.

4. The risk and control framework

During 2008-09 we continued to manage risk at both the strategic and the operational level. The Executive identified, assessed and recorded in a risk register the key strategic risks to the achievement of Sport England's aims and objectives. Each strategic and major operational risk was managed by an appropriate Director. The strategic risk register was reviewed by the Audit, Risk and Governance Committee and was presented to the Main Board. Operational staff identified, assessed and managed the risks relevant to their activities. Improvements to the internal control environment have included:

- Eight monthly financial controls audits were carried out within the financial services team. The finalised consolidated report by internal audit concluded that 'significant improvements have been made over the past 12 months to mitigate the material weaknesses identified over the past two years with regards to the organisation's finance function'.
- An audit was undertaken on the effectiveness of the controls in place within the newly created Shared Service Centre which now processes grants within the organisation. A substantial assurance level was achieved. The move to a Shared Service Centre has increased controls and reduced risk within grants management by delivering much of our processing work through a single team, rather than through a number of offices across the country
- Continuation of the annual self assurance process by which National Governing Bodies and National Partners demonstrate their ability to manage public funds through effective governance
- A programme of onsite audits has been completed for a sample of National Governing Bodies and National Partners.
- Financial delegations have been revised to improve control.

5. Review of effectiveness

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

- The Main Board – All Board members are appointed by the Secretary of State for Culture Media and Sport. The Board met 12 times this year to consider Sport England's strategy and performance and to assess investment decisions.

THE ENGLISH SPORTS COUNCIL AND THE ENGLISH SPORTS COUNCIL GROUP
Consolidated Accounts for the year ended 31 March 2009

- The Audit, Risk and Governance Committee – This comprises a Chair, three other Board members and two additional non-executive members who have been selected for their expertise in this field. The Committee met four times this year with both Internal and External Auditors present, to receive and respond to reports, to consider and advise me on the appropriateness of our corporate governance, risk management and internal control arrangements and to review the external financial statements prior to submission to the Main Board.
- The Project Committee – This comprises two Main Board members and an additional non-executive member. It is chaired by a member of the Main Board. It is responsible for making funding decisions on awards of up to £2m.
- Regional Sports Boards – These comprised a Chair and non executive members. They were responsible for the approval of awards up to £1m during the year. These Boards ceased operations on the 31st of December 2008
- The Executive Group – I meet regularly with my Executive Group to manage operational issues, risks, plans and objectives. Members of the Executive Group are required to give me documented assurances regarding compliance with their operational risk management and internal control responsibilities
- The Senior Management Team – I met regularly with the Executive Group and Regional Directors to manage operational issues, risks, plans and objectives.
- Internal Audit – This department undertakes internal audits to Government Internal Audit Standards and provides regular reports and an overall annual opinion on risk management, control and governance in Sport England. For 2008/2009, Internal Audit reported that they are satisfied that sufficient internal audit work has been undertaken to allow them to draw a reasonable conclusion as to the adequacy and effectiveness of Sport England’s risk management, control and governance processes. In their opinion, based upon the work they have undertaken, for the 12 months ended 31 March 2009 Sport England has had adequate and effective risk management and control processes to manage the achievement of the organisation’s objectives. Issues relating to governance are explained in more detail below.
- External Audit – The external auditors provide comments on internal control in their management letters and other reports.

The business has experienced substantial change in the year, arising from a strategy review, a major restructuring and changes of personnel at Board, Executive and senior levels. Despite these changes creating a high-risk operating environment for Sport England, reasonable assurance has been

gained that the control environment has operated effectively and has been strengthened where required. I recognise, however, that there remain areas which require improvement. These have been identified and are being addressed.

As from financial year 2009/10, information risk will feature more explicitly in all the risk and assurance processes. Work to prepare for this has started with the nomination of a lead officer who will take forward the recommendations from the 2008-09 internal audit report. Additionally, Sport England is addressing the requirements of the Security Policy Framework, the results of which will be taken into consideration in the formation of policies and procedures.

As reported in the Risk and Control Framework section, areas of significant weakness reported in the 2007-2008 Statement of Internal Control have been addressed. Throughout 08-09 improvements have been made within the Financial Services team which have strengthened controls. Monthly processes have been reviewed, and these have been subject to internal audits.

6. Significant Internal Control Issues:

Governance

A number of internal audits were undertaken throughout the year on Sport England's governance arrangements and oversight of its subsidiaries, information governance and data security. These found that improvements were required on information governance, and these are already in hand under the leadership of a member of Sport England's Executive Team. They also found that steps needed to be taken to ensure that both Sport England and its subsidiary bodies have a clear and appropriate relationship and clearer roles and responsibilities. This work is being given the highest priority, and we aim to complete it by December 2009.

Risk Management

The risk management approach within Sport England has been improved and redefined during the year. The internal auditors have advised that the revised Risk Management Strategy forms a strong basis for risk management across the organisation but moving forward further work is needed to embed this at an operational level. I will give this a high priority in the coming year.

Control

The control framework was found by Internal Audit to be generally sound in relation to core financial controls, the Shared Services Centre, strategic planning, procurement and compliance with the Regional Operating Controls manual.

Prior year Investigation

During the year I identified serious governance and control weaknesses in the period between 1999 and March 2007 relating to a separate account known as the World Class Payments Bureau which operated outside of Sport England's control framework. I have conducted an internal investigation, the results of which have been reported to the Audit Risk and Governance Committee, the Board, DCMS and The National Audit Office.

The Chairman has commissioned an independent investigation into the creation and operation of the World Class Payments Bureau, which is due to report later this year.

Jennie Price
Chief Executive and Accounting Officer
of The English Sports Council
13 July 2009

Richard Lewis
Chair of The English Sports
Council
13 July 2009

THE CERTIFICATE OF THE COMPTROLLER AND AUDITOR GENERAL TO THE ENGLISH SPORTS COUNCIL

I have audited the financial statements of The English Sports Council Group for the year ended 31 March 2009 in accordance with the Royal Charter of The English Sports Council. These comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of The English Sports Council, Chief Executive and auditor

The Council and Chief Executive, as Accounting Officer, are responsible for preparing the Annual Report, which includes the Remuneration Report, and the financial statements in accordance with Article 14 of the Royal Charter of The English Sports Council and directions made thereunder by the Secretary of State for Culture, Media and Sport, with the consent of HM Treasury, and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of the Council's and Chief Executive's Responsibilities.

My responsibility is to audit the financial statements and the part of the remuneration report to be audited 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 Article 14 of the Royal Charter of The English Sports Council and directions made thereunder by the Secretary of State for Culture, Media and Sport, with the consent of HM Treasury. I report to you whether, in my opinion, the information, which comprises the Financial and Performance Review and the History and Background of The English Sports Council, included in the Annual Report is consistent with the financial statements. 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.

In addition, I report to you if the Council 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 HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects Council's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion

on the effectiveness of the Council'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 all sections of the Annual Report except for the Financial and Performance Review and the History and Background of The English Sports Council. 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 opinions

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 Council and Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Council'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 Article 14 of the Royal Charter of The English Sports Council and directions made thereunder by the Secretary of State for Culture, Media and Sport, with the consent of HM Treasury, of the state of the Council's affairs as at 31 March 2009 and of its deficit, recognised gains and losses and cash flows 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 Article 14 of the Royal Charter of The English Sports Council and directions made thereunder by the Secretary of State for Culture, Media and Sport, with the consent of HM Treasury; and
- information, which comprises the Financial and Performance Review and
- History and Background of The English Sports Council, included within the Annual Report, is consistent with the financial statements.

Opinion on Regularity

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

Report

My report on these financial statements is at pages 53 and 54.

*Amyas C E Morse
Comptroller and Auditor General
National Audit Office
151 Buckingham Palace Road
Victoria
London
SW1W 9SS
Date 15 July 2009*

THE REPORT OF THE COMPTROLLER AND AUDITOR GENERAL

Introduction

In January 2009, the English Sports Council (Sport England) alerted me to the existence of a bank account, called the World Class Payments Bureau (WCPB), which operated outside of Sport England's established financial control framework. The WCPB account was in operation from 1999, became dormant in March 2007, and was closed in January 2009. The control and operation of the WCPB account may have placed substantial amounts of public funds at undue risk over an extended period of time.

This report outlines the circumstances surrounding the operation of the WCPB and the impact on the financial statements and my audit.

World Class Payments Bureau (WCPB)

The WCPB was established by Sport England in 1999, to provide accounting and payment services to a number of sport National Governing Bodies (NGBs). The WCPB processed £19.7 million of transactions over the period it was active.

Although the WCPB was owned and controlled by Sport England, it operated on a separate accounting system for most of the period of its existence. It also operated outside of the standard financial and internal controls of Sport England. As a result of this separation, the activities of the WCPB were not subject to my annual independent audit of Sport England's activities. Sport England did not bring to my attention the existence or nature of the WCPB account and it was not included in the formal annual representations to me from successive chief executives, as Accounting Officers. The current chief executive, who was appointed in April 2007, has confirmed to me that she was not made aware of the WCPB's existence until December 2008. My annual routine audit queries to Sport England's bankers, to confirm the existence and balance of each account owned by Sport England, also did not identify the WCPB.

Remedial actions taken by Sport England

On identification of the WCPB, Sport England closed the account and commissioned an internal review. This review identified a number of concerns over the control and governance arrangements surrounding the WCPB, which may have placed public funds at substantial risk and therefore increases the possibility of improper or irregular transactions.

In June 2009, Sport England announced an independent investigation into the WCPB, to be led by Tim Dutton QC. The investigation will report its findings to Sport England and the Department for Culture, Media and Sport. I will consider the findings from this investigation as part of my audit of the Sport England financial statements in 2009-10.

Impact on the financial statements and my audit opinion

Grant awards paid through the WCPB were recorded in Sport England's financial statements on the same basis as other grant award payments. However, in accordance with HM Treasury's Financial Reporting Manual, the balance and gross value of transactions should also have been disclosed as a third party asset, as the funds were being held in the WCPB on behalf of the NGBs.

The WCPB account has been dormant since March 2007. The balance of £75,000 remaining in the account has been transferred back to Sport England's operational bank accounts during 2008-09.

As the issues and transactions relate to accounting periods prior to 2008-09, there is no impact on my audit opinion of these financial statements. If payments which, in accordance with Managing Public Money, are deemed inappropriate or should not have been made, Sport England will be required to disclose these as losses and special payments. I will consider this and other implications for the financial statements as part of my audit of the 2009-10 financial statements.

*Amyas C E Morse
Comptroller and Auditor General
National Audit Office
151 Buckingham Palace Road
Victoria
London
SW1W 9SS
Date 15 July 2009*

THE ENGLISH SPORTS COUNCIL AND THE ENGLISH SPORTS COUNCIL GROUP
Consolidated Accounts for the year ended 31 March 2009

GROUP & COUNCIL INCOME AND EXPENDITURE ACCOUNT

	Note	GROUP		COUNCIL	
		2008/09 £000	2007/08 £000 Restated	2008/09 £000	2007/08 £000
CONTINUING OPERATIONS					
INCOME					
Other Operating Income	2	2,869	1,681	2,104	1,016
Big Lottery Fund Income: Active England Programme	4.1	5,376	9,936	5,376	9,936
Lottery Grants Received and Released		1,397	1,333	-	-
Other Grants Received and Released		145	114	-	-
		9,787	13,064	7,480	10,952
EXPENDITURE					
Staff Costs	3	9,602	7,367	9,596	7,367
Grants	4	104,787	87,211	104,787	87,211
Active England Programme Awards	4.1	5,376	9,936	5,376	9,936
Net National Sports Centres Costs	5	5,607	5,251	5,607	5,251
Other Operating Costs	6	17,040	15,263	11,937	10,599
Notional Interest on Capital Employed		1,410	1,374	(304)	(320)
		143,822	126,402	136,999	120,044
OPERATING (DEFICIT)		(134,035)	(113,338)	(129,519)	(109,092)
INVESTMENT INCOME					
Dividends and Interest	7	513	654	498	635
(DEFICIT) BEFORE TAXATION		(133,522)	(112,684)	(129,021)	(108,457)
Taxation	8	(124)	(187)	(138)	(189)
(DEFICIT) FOR THE YEAR AFTER TAXATION		(133,646)	(112,871)	(129,159)	(108,646)
NOTIONAL INTEREST WRITTEN BACK		1,410	1,374	(304)	(320)
(DEFICIT) FOR YEAR	13	(132,236)	(111,497)	(129,463)	(108,966)

These notes have been produced on a going concern basis (refer notes 1.1 and 1.4)

The notes to the accounts on pages 59 to 80 form part of these accounts.

THE ENGLISH SPORTS COUNCIL AND THE ENGLISH SPORTS COUNCIL GROUP
Consolidated Accounts for the year ended 31 March 2009

GROUP & COUNCIL STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Note	GROUP		COUNCIL	
		2008/09 £000	2007/08 £000 Restated	2008/09 £000	2007/08 £000
(Deficit) for the year		(132,236)	(111,497)	(129,463)	(108,966)
Pension fund actuarial (losses) / gains		(3,120)	2,657	(3,120)	2,657
Unrealised (deficit) / surplus on revaluation of properties	20.1	(1,777)	7,582	-	-
Unrealised (deficit) on revaluation of investments	20.2	(102)	(77)	-	-
Recognised losses for the year		(137,235)	(101,335)	(132,583)	(106,309)
Prior year adjustment	1.14	(1,399)	-	-	-
Recognised losses since the last financial statements		(138,634)	(101,335)	(132,583)	(106,309)

THE ENGLISH SPORTS COUNCIL AND THE ENGLISH SPORTS COUNCIL GROUP
Consolidated Accounts for the year ended 31 March 2009

GROUP AND COUNCIL BALANCE SHEET

	Note	GROUP		COUNCIL	
		2008/09 £000	2007/08 £000 Restated	2008/09 £000	2007/08 £000
FIXED ASSETS					
Tangible Assets	9.1a	102,841	104,304	124	314
Intangible Assets	9.1b	226	381	226	381
		103,067	104,685	350	695
CURRENT ASSETS					
Debtors	11	3,634	7,235	2,973	5,770
Prepaid Grants		95	2,579	95	2,579
Current Asset Investments	10	440	611	-	-
Cash at bank and in hand		12,551	16,210	12,195	16,007
		16,720	26,635	15,263	24,356
NON-CURRENT ASSETS					
Loan		-	900	-	900
TOTAL ASSETS		119,787	132,220	15,613	25,951
CURRENT LIABILITIES					
Net Grants outstanding	18	(4,512)	(11,014)	(4,512)	(11,014)
Creditors: Amounts falling due within one year	12	(10,079)	(9,212)	(9,321)	(7,889)
		(14,591)	(20,226)	(13,833)	(18,903)
NON-CURRENT LIABILITIES					
Provisions	15	(69)	(2,068)	(69)	(2,068)
Pension Liability	14	(13,467)	(10,592)	(13,467)	(10,592)
		(13,536)	(12,660)	(13,536)	(12,660)
TOTAL LIABILITIES		(28,127)	(32,886)	(27,369)	(31,563)
TOTAL ASSETS LESS LIABILITIES		91,660	99,334	(11,756)	(5,612)
FINANCED BY:					
Deferred grant reserve		38,379	39,369	-	-
CAPITAL AND GENERAL FUNDS					
Revaluation Reserves	20	26,046	28,816	-	-
National Centres Reserve	19	34	34	34	34
Revenue Reserves	13	27,201	31,115	(11,790)	(5,646)
		53,281	59,965	(11,756)	(5,612)
RETAINED FUNDS		91,660	99,334	(11,756)	(5,612)

The notes to the accounts on pages 59 to 80 form part of these accounts.

Jennie Price
Chief Executive and Accounting Officer of The
English Sports Council
13 July 2009

Richard Lewis
Chair of The English Sports
Council
13 July 2009

THE ENGLISH SPORTS COUNCIL AND THE ENGLISH SPORTS COUNCIL GROUP
Consolidated Accounts for the year ended 31 March 2009

GROUP & COUNCIL CASH FLOW STATEMENT

	Note	GROUP		COUNCIL	
		2008/09 £000	2007/08 £000	2008/09 £000	2007/08 £000
Net cash (outflow)/inflow from operating activities	22	(128,842)	(102,903)	(129,126)	(102,205)
RETURN ON INVESTMENTS AND SERVICING OF FINANCE					
Dividends and Interest received		513	654	498	635
		513	654	498	635
TAXATION					
Corporation tax paid	8	(124)	(187)	(138)	(189)
CAPITAL EXPENDITURE & FINANCIAL INVESTMENT					
Purchase of tangible fixed assets		(5,369)	(1,404)	(5,209)	(1,324)
		(5,369)	(1,404)	(5,209)	(1,324)
Net cash (outflow) before use of liquid resources and financing		(133,822)	(103,840)	(133,975)	(103,083)
MANAGEMENT OF LIQUID RESOURCES					
Acquisition of investments		-	(15)	-	-
		-	(15)	-	-
FINANCING					
Grant in Aid applied towards revenue expenditure		77,163	74,475	77,163	74,475
Grant in Aid applied towards capital expenditure		47,791	37,497	47,791	37,497
Grant in Aid applied towards purchase of fixed assets		5,209	1,324	5,209	1,324
		130,163	113,296	130,163	113,296
Net cash (decrease)/increase	21	(3,659)	9,441	(3,812)	10,213

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES 1.1 GOING CONCERN

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

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

1.2 BASIS OF CONSOLIDATION

The Group accounts consolidate the accounts of The English Sports Council, The Sports Council Trust Company (a charity), Phoenix Sports Limited, and Caversham Lakes Trust Limited.

The accounts of The Sports Council Trust Company, Phoenix Sports Limited, and Caversham Lakes Trust Limited have been included in the consolidation on the basis that The English Sports Council holds controlling voting rights in these companies and that it exercised significant management and financial control over their affairs.

All the accounts consolidated are made up to 31 March 2009.

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

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

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

1.3 BASIS OF PREPARATION

The Accounts are prepared in accordance with Article 14 of the Royal Charter of The English Sports Council and directions issued thereunder by the Secretary of State for Culture, Media and Sport with the consent of Treasury.

The accounts have been prepared under the modified historical cost accounting convention, whereby fixed assets, current asset investments and stocks (where material) are reflected at current values. Without limiting the information given, the accounts meet the requirements of the Companies Act 1985, the Accounting Standards issued or adopted by the Accounting Standards Board and the Treasury guidance on accounts of Non-Departmental Public Bodies insofar as those requirements are appropriate to each of The English Sports Council and the Group.

1.4 INCOME AND EXPENDITURE

All income and expenditure is accounted for on an accruals basis, net of VAT. HM Treasury has judged that grant in aid should be recognised as financing and therefore credited directly to reserves as opposed to income (refer note 13)

1.5 GRANTS

To further its objectives, The English Sports Council gives grants to sport related organisations. Grants are offered on the basis of entering into a financial commitment for up to twelve months in advance, based on the grantee's accounting or project period, which in many cases does not coincide with The English Sports Council's accounting period.

Where a grant offer is made, a commitment for the value of the offer will be recognised in the balance sheet as a liability (grants outstanding). Where the period of a grant offer extends beyond the end of The English Sports Council's accounting period, any element of the grant which falls after the balance sheet date is recorded as a deferred grant and carried forward to be expensed in the following year. Grants outstanding are shown net of deferred grants as a liability in the accounts.

1.6 NATIONAL LOTTERY DISTRIBUTION FUND SHARE OF OVERHEADS

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

reimbursed from The English Sports Council National Lottery Distribution Fund to the Grant-in-Aid account.

1.7 PENSIONS

Contributions to the Council's pension schemes are accounted for in accordance with the requirements of FRS17 in relation to Retirement Benefits.

Superannuation FRS17 Change in Disclosure Requirements

The 31 March 2009 FRS17 valuation report for Sport England produced by LPFA consulting actuaries incorporates minor disclosure changes than in previous years. In December 2006 the Accounting Standards Board ("ASB") issued an amendment to FRS17, replacing the existing disclosures to achieve harmonisation with the corresponding International Accounting Standard IAS19 and changed the definition of the fair value of quoted securities from mid market value to bid value. The amendments took effect for accounting periods beginning on or after 6 April 2007 and therefore apply for employers with March 2009 year ends.

1.8 OPERATING LEASES

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

1.9 COST OF CAPITAL

In accordance with Treasury directions, the Income and Expenditure Accounts include notional costs as well as those actually incurred so that the full cost of The English Sports Council's activities is disclosed in the accounts. The English Sports Council has included an assessment of the cost of capital employed where the cost is calculated by applying an interest factor to the net assets of the Group, being 3.5% per annum as set by HM Treasury (2007-08 3.5%) for other activities.

1.10 TANGIBLE FIXED ASSETS

Freehold land and buildings were subject to a full valuation at 31 March 2006. These properties were valued by the Valuation Office Agency in accordance with the Statement of Valuation Practice published by the Royal Institution of Chartered Surveyors.

In the case of the National Sports Centres at Bisham Abbey, Lilleshall and Plas y Brenin the appropriate basis of valuation is the Depreciated Replacement Cost (DRC). The DRC basis requires an open market valuation of the land for its existing use and an estimate of the gross current replacement cost of the buildings and other site works from which deductions are then made to allow for age, condition and obsolescence.

The basis of valuation for land and other freehold properties is open market value for existing use.

The Department for Culture, Media and Sport issued a direction on 9 July 1997 requiring fixed asset to be valued at their current cost, where this is materially different from their historical cost. Fixed Assets, other than Land & Buildings, have been revalued using the Public Building Index as at 31 March 2009. Assets held by The English Sports Council have not been revalued as it is considered not to be materially different to historical cost.

The capitalisation threshold is £1,000 and assets purchased at below the capitalisation threshold are normally expensed in year with the exception of grouped assets.

1.11 DEPRECIATION

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

Land	NIL
Buildings	50 years
Building leases	Life of lease
Equipment and vehicles	5 years
IT equipment	3 years
IT software	3 years

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

1.12 INVESTMENTS

Fixed assets investments are shown at their market value at the balance sheet date. Income is included, together with related tax credits, in the period in which it is receivable.

1.13 DILAPIDATIONS

Full provision for the probable cost of dilapidations at the end of a property lease is made in the accounts in the year in which it is decided not to renew the lease.

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1.14 PRIOR YEAR RESTATEMENT –GROUP INFORMATION

Following a review of the accounting treatment of the revaluations of land and buildings, depreciation calculations, the releases to and from reserve accounts, within our subsidiary companies it has been necessary to restate the following amounts in respect of the Group balance sheet as at 31 March 2008, income and expenditure account, and statement of recognised gains and losses for the year ended 31 March 2008.

	Previously Reported £000	Restated £000
<u>Balance sheet</u>		
Fixed Assets	109,546	104,685
Current Assets	27,469	26,635
Current Liabilities	20,841	20,226
Total Assets Less Liabilities	104,414	99,334
Deferred Grant Reserve	40,982	39,369
Revaluation Reserves	53,435	28,816
Revenue Reserves	9,963	31,115
Retained Funds	104,414	99,334
<u>Income and expenditure account</u>		
Other Operating Income	1,595	1,681
Lottery Grants Received and Released	1,757	1,333
Other Grants Received and Released	-	114
Other Operating Costs	14,913	15,263
Deficit for the Year	110,923	111,497
<u>Statement of recognised gains and losses</u>		
Deficit for the Year	110,923	111,497
Unrealised surplus on revaluation of properties	8,407	7,582
Recognised losses for the year	99,936	101,335

2 OTHER OPERATING INCOME

	GROUP		COUNCIL	
	2008/09 £000	2007/08 £000 Restated	2008/09 £000	2007/08 £000 Restated
Sale of publications	-	2	-	2
Management fee income	79	86	-	-
External funding income	3	55	3	55
Active people survey recharges	1,137	59	1,137	59
Asset hire recharges	204	593	204	593
Other income	1,446	886	760	307
	2,869	1,681	2,104	1,016

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3 STAFF COSTS

3.1	GROUP		COUNCIL	
	2008/09 £000	2007/08 £000	2008/09 £000	2007/08 £000
Wages and salaries	5,906	4,635	5,900	4,635
Social security costs	496	450	496	450
Other pension costs	2,300	1,662	2,300	1,662
Agency staff	900	620	900	620
Aggregate Staff Costs	9,602	7,367	9,596	7,367
The aggregate staff costs cover the following areas of activity:				
Permanent & fixed term temporary staff	8,702	6,747	8,696	6,747
Agency staff	900	620	900	620
Aggregate Staff Costs	9,602	7,367	9,596	7,367

As explained in note 1.6, operating costs are apportioned between Grant in Aid and National Lottery Distribution fund activities. In respect of staff costs, the combined costs of Grant in Aid and National Lottery Distribution fund come to £20,313,000 (2007-08 £16,871,000) of which £2,855,000 (2007-08 £nil) relates to restructuring costs. Excluding restructuring costs, this represents an increase of 3%.

3.2 Average monthly number of employees is made up as follows:

	GROUP		COUNCIL	
	2008/09	2007/08 Restated	2008/09	2007/08 Restated
THE ENGLISH SPORTS COUNCIL				
Permanent staff	119	121	101	104
Fixed term temporary staff	11	10	11	10
Agency staff	16	11	16	11
Average Number of Employees	146	142	128	125

The average number of staff employed in 2007/08 has been restated for the Group to include the directors of The English Sports Council's three subsidiary companies and for the Council to include agency staff.

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4 GRANTS

	GROUP		COUNCIL	
	2008/09 £000	2007/08 £000	2008/09 £000	2007/08 £000
CAPITAL AWARDS				
Ring Fenced				
EIS Capital	1,445	-	1,445	-
Total Ring Fenced	1,445	-	1,445	-
Non-ring Fenced				
Community Club Development Programme	23,917	18,467	23,917	18,467
Football Foundation	17,500	15,000	17,500	15,000
National Sports Foundation – Capital	4,668	6,500	4,668	6,500
Total Non-ring Fenced	46,085	39,967	46,085	39,967
TOTAL CAPITAL AWARDS	47,530	39,967	47,530	39,967
RESOURCE AWARDS				
Ring Fenced				
5 Hour Offer	14,123	120	14,123	120
Total Ring Fenced	14,123	120	14,123	120
Non-ring Fenced				
Step Into Sport	3,797	3,960	3,797	3,960
School Club Links	4,242	4,281	4,242	4,281
RAMP	167	243	167	243
Community Sports Coach Scheme	10,315	8,764	10,315	8,764
Sportsmatch	3,921	1,488	3,921	1,488
Coaching Taskforce	(50)	1,525	(50)	1,525
National Sports Foundation – Resource	10,360	15,324	10,360	15,324
Sports Coach UK	4,503	3,879	4,503	3,879
Community Investment Fund	597	1,367	597	1,367
Equity	1,991	1,454	1,991	1,454
CCPR	1,273	1,533	1,273	1,533
Whole Sport Plan	505	815	505	815
Funded Partners	1,298	1,152	1,298	1,152
National Exchequer Awards	215	140	215	140
Football Foundation	-	1,000	-	1,000
Sports Aid	-	199	-	199
Total Non-ring Fenced	43,134	47,124	43,134	47,124
TOTAL RESOURCE AWARDS	57,257	47,244	57,257	47,244
TOTAL AWARDS	104,787	87,211	104,787	87,211

4.1 ACTIVE ENGLAND PROGRAMME

The Active England programme is a jointly funded scheme between the Big Lottery Fund (71.76%), and Sport England (28.24%) The total grant funding for the programme was initially intended to be £108.5m but has outturned at £104.3m. These accounts only reflect Sport England's share of the grants funded by the Big Lottery Fund.

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5 NATIONAL SPORTS CENTRES

	GROUP		COUNCIL	
	2008/09 £000	2007/08 £000	2008/09 £000	2007/08 £000
National Sports Centres:				
Operating receipts	5,960	7,183	5,960	7,183
Other income	148	148	148	148
Total Income from National Centres	6,108	7,331	6,108	7,331
Less Expenses:				
Centre Management Fees	10,122	11,725	10,122	11,725
Insurances	119	47	119	47
Net Rates	11	10	11	10
General Maintenance	1,077	526	1,077	526
Other Centre Expenses	454	274	454	274
Dilapidations	(68)	-	(68)	-
Total Costs associated with National Centres	11,715	12,582	11,715	12,582
NET NATIONAL CENTRES COSTS	5,607	5,251	5,607	5,251

6 OTHER OPERATING COSTS

6.1	GROUP		COUNCIL	
	2008/09 £000	2007/08 £000	2008/09 £000	2007/08 £000
Other operating costs consist of the following:		Restated		
Auditors' remuneration	50	48	50	48
Auditors' remuneration – subsidiaries	27	28	-	-
Non-audit work – IFRS review	2	-	2	-
Travel, subsistence and hospitality: Chairman, Members and Advisory Groups, Employees	415	404	413	402
Cost of consultants and secondees	2,079	1,262	2,071	1,255
Operating lease rentals	1,433	1,094	1,077	836
Finance Charges for pension scheme	1,215	441	1,215	441
Depreciation	3,685	4,218	369	1,054
Irrecoverable Value Added Tax	(655)	779	(655)	779
Management Audit	152	230	152	230
Monitoring & Evaluation	378	390	378	390
Marketing Costs	487	972	487	972
Development Costs	2,686	1,659	2,686	1,659
General Maintenance	438	5	438	5
Research Costs	2,431	1,034	2,431	1,034
Other Staff costs	0	5	0	5
Other Costs	2,217	2,694	823	1,489
TOTAL COSTS	17,040	15,263	11,937	10,599

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6.2 LOSSES AND SPECIAL PAYMENTS

There were no individual losses or special payments during the year ended 31 March 2009 which exceeded £250,000 (2007/08 – £nil) and the aggregate did not exceed £250,000 (2007/08 - £nil)

6.3 ANNUAL COMMITMENTS UNDER OPERATING LEASES

	GROUP		COUNCIL	
	2008/09 £000	2007/08 £000	2008/09 £000	2007/08 £000
LAND AND BUILDINGS				
Leases - expiring within 1 year	90	60	106	60
Leases - expiring between 2 and 5 years	201	290	201	290
Leases - expiring after at least 5 years	1,406	1,301	1,406	1,301
	1,697	1,651	1,713	1,651

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

7 INVESTMENT INCOME

7.1

	GROUP		COUNCIL	
	2008/09 £000	2007/08 £000	2008/09 £000	2007/08 £000
Income accrued from the following investments:				
Overnight and short-term investment of bank balances	502	643	498	635
Quoted stocks and securities	11	11	-	-
Total investment income	513	654	498	635

8 TAXATION

	GROUP		COUNCIL	
	2008/09 £000	2007/08 £000	2008/09 £000	2007/08 £000
Corporation tax payable on interest received:	124	187	138	189
	124	187	138	189

The Council pays Corporation Tax at 28% (2007/08 - 30%) on its investment income after deducting charges.

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9 FIXED ASSETS

9.1a Tangible Fixed Assets	Land	Buildings	Equip & Vehicle	IT Equip	Under Construction	Total
GROUP:	£000	£000	£000	£000	£000	£000
Cost at 1 April 2008 (Restated)	14,783	104,923	4,296	1,883	-	125,885
Additions	-	3,548	86	25	1,710	5,369
Disposals	-	(8,441)	(1,466)	(927)	-	(10,834)
Revaluation Adjustments	(319)	(1,908)	-	-	-	(2,227)
Transfers	(29)	29	(51)	51	-	-
Transfer to intangibles	-	-	(33)	(116)	-	(149)
Cost at 31 March 2009	14,435	98,151	2,832	916	1,710	118,044
Accum depreciation at 1 April 2008 (Restated)	-	16,819	3,162	1,600	-	21,581
Charge for year:	-	2,881	461	110	-	3,452
Disposals	-	(6,934)	(1,455)	(928)	-	(9,317)
Revaluation Adjustments	-	(441)	-	-	-	(441)
Transfers	-	-	(51)	51	-	-
Transfer to intangibles	-	-	(33)	(39)	-	(72)
Accum depreciation at 31 March 2009	-	12,325	2,084	794	-	15,203
Net Book Value at 31 March 2009	14,435	85,826	748	122	1,710	102,841
Net Book Value at 31 March 2008 (Restated)	14,783	88,104	1,134	283	-	104,304

COUNCIL:	Land	Buildings	Equip & Vehicle	IT Equip	Under Construction	Total
	£000	£000	£000	£000	£000	£000
Cost at 1 April 2008	-	-	640	1,853	-	2,493
Additions	-	4,741	443	25	-	5,209
Gifted to Caversham Lakes Trust Limited	-	-	(404)	-	-	(404)
Gifted to The Sports Council Trust Company	-	(4,741)	(39)	-	-	(4,780)
Disposals	-	-	(501)	(897)	-	(1,398)
Transfers	-	-	-	(116)	-	(116)
Cost at 31 March 2009	-	-	139	865	-	1,004
Accum depreciation at 1 April 2008	-	-	608	1,571	-	2,179
Charge for year:	-	-	28	110	-	138
Historic cost	-	-	28	110	-	138
Disposals	-	-	(501)	(897)	-	(1,398)
Transfers to tangibles	-	-	-	(39)	-	(39)
Accum depreciation at 31 March 2009	-	-	135	745	-	880
Net Book Value at 31 March 2009	-	-	4	120	-	124
Net Book Value at 31 March 2008	-	-	32	282	-	314

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9.1b Intangible Fixed Assets

	IT Software	Total
	£000	£000
GROUP:		
Cost at 1 April 2008	2,266	2,266
Additions	-	-
Disposals	-	-
Transfers	149	149
Cost at 31 March 2009	2,415	2,415
Accum depreciation at 1 April 2008	1,885	1,885
Charge for year:	232	232
Disposals	-	-
Transfers	72	72
Accum depreciation at 31 March 2009	2,189	2,189
Net Book Value at 31 March 2009	226	226
Net Book Value at 31 March 2008	381	381

	IT Software	Total
	£000	£000
COUNCIL:		
Cost at 1 April 2008	2,266	2,266
Additions	-	-
Disposals	-	-
Transfers	116	116
Cost at 31 March 2009	2,382	2,382
Accum depreciation at 1 April 2008	1,885	1,885
Charge for year:	232	232
Disposals	-	-
Transfers	39	39
Accum depreciation at 31 March 2009	2,156	2,156
Net Book Value at 31 March 2009	226	226
Net Book Value at 31 March 2008	381	381

9.2 GROUP

The Net Book Value of buildings at 31 March 2009 includes an amount of £65,414,000 (2007/08 - £64,452,000) in respect of freehold properties and £34,847,000 (2007/08 - £38,434,000) in respect of leasehold properties. The historical cost of Land and Buildings at 31 March 2009 was £90,837,000 (£90,218,000 at 31 March 2008).

Land and Buildings owned by subsidiary companies was valued by the Valuation Office Agency at 31 March 2006.

There is a collection of art works and historic artefacts at Bisham Abbey with pieces dating from the 16th Century and the historical significance classifies the collection as heritage assets. The collection was valued for insurance purposes by Sotheby's at £1,053,780 as at 11 July 2002. These assets have not been recognised within The Sports Council Trust Company balance sheet due to there being no active market to measure the value and that these assets could not be physically reconstructed or replaced if lost or destroyed.

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10 CURRENT ASSET INVESTMENTS

		GROUP		COUNCIL	
10.1	Listed Stocks and Securities	2008/09 £000	2007/08 £000	2008/09 £000	2007/08 £000
	Balance at 1 April	510	495	-	-
	Adjustment of balance at 1 April	140	-	-	-
	Additions including reinvested profits	-	15	-	-
	Balance at 31 March	650	510	-	-
	Revaluation at 1 April	102	179	-	-
	Revaluation movement	(102)	(77)	-	-
	Revaluation at 31 March	-	102	-	-
	Market value at 1 April	611	673	-	-
	Revaluation movement	(102)	(77)	-	-
	Adjustment of balance at 1 April	140	-	-	-
	Additions including reinvested profits	-	15	-	-
	Impairments	(209)	-	-	-
	Market value at 31 March	440	611	-	-

10.2 The English Sports Council is the sole guarantor of the following subsidiary companies all of which are incorporated in England and Wales:

Company	Activity
The Sports Council Trust Company	Charitable Trust dedicated to the promotion of sport
Phoenix Sports Limited	Sports training facility
Caversham Lakes Trust Limited	Rowing facility
National Sports Foundation Limited	Dormant company

11 DEBTORS

		GROUP		COUNCIL	
		2008/09 £000	2007/08 £000	2008/09 £000	2007/08 £000
			Restated		
	Trade debtors	849	1,743	773	1,293
	Other debtors	656	939	642	941
	Staff loans	48	50	48	50
	The Sports Council Trust Company	-	-	513	-
	Prepayments and accrued income	2,081	2,364	997	1,347
	Balances with other central government bodies:				
	The English Sports Council National Lottery Distribution Fund	-	2,139	-	2,139
	All amounts fall due within one year	3,634	7,235	2,973	5,770
	Included in debtors are the following Intra-government balances:				
	Other central government bodies	415	2,406	923	2,406
	Local authorities	273	74	273	74
	NHS bodies	10	-	10	-
	Bodies external to government	2,936	4,755	1,767	3,290
		3,634	7,235	2,973	5,770

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12 CREDITORS

	GROUP		COUNCIL	
	2008/09 £000	2007/08 £000 Restated	2008/09 £000	2007/08 £000
Trade creditors	321	2,815	242	1,700
Corporation tax	82	154	81	154
Other taxation and social security	313	3	313	3
Accruals & deferred Income	8,937	6,015	8,634	5,928
Other creditors	7	8	7	4
The Sports Council Trust Company	-	-	-	100
Caversham Lakes Trust Limited	-	-	2	-
Balances with other central government bodies:				
The English Sports Council NLDF	419	217	42	-
All amounts fall due within one year	10,079	9,212	9,321	7,889
Included in creditors are the following Intra-government balances:				
Other central government bodies	126	187	126	187
Local authorities	-	8	-	8
Bodies external to government	9,953	9,017	9,195	7,694
	10,079	9,212	9,321	7,889

13 REVENUE RESERVES

	GROUP		COUNCIL	
	2008/09 £000	2007/08 £000 Restated	2008/09 £000	2007/08 £000
At 1 April 2008	41,211	38,532	4,467	1,304
Net Expenditure for year	(132,236)	(111,497)	(129,463)	(108,966)
Core Grant-in-Aid received towards resource expenditure	77,163	75,799	77,163	75,799
Capital grant-in-Aid received towards purchase of fixed assets	53,000	37,497	53,000	37,497
Assets Gifted to Caversham Lakes Trust Limited	-	-	(404)	(42)
Assets Gifted to The Sports Council Trust Company	-	-	(4,780)	(1,125)
Transfer between reserves	(181)	880	-	-
	38,957	41,211	(17)	4,467
Revenue Funds:				
Reg Ranger Memorial Fund	3	3	-	-
National Anglers Council	6	6	-	-
Donald Scummell Fund	5	5	-	-
Bisham Abbey Appeal Fund	3	3	-	-
Greater Manchester Fund	35	35	35	35
	39,009	41,263	18	4,502
PENSION RESERVE				
Balance at 1 April 2008	(10,148)	(14,199)	(10,148)	(14,199)
Movements in the Year	(1,660)	4,051	(1,660)	4,051
Balance at 31 March 2009	(11,808)	(10,148)	(11,808)	(10,148)
TOTAL REVENUE RESERVES	27,201	31,115	(11,790)	(5,646)

14 PENSION

14.1 London Pension Fund Authority Scheme

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

The pension scheme (460 English Sports Council) is of the defined benefit type and it is funded by employees and employers at actuarially determined rates. Employer contributions for members of the Scheme amounted to £ 888,774 in 2008/09 (2007/08 - £915,087). The Council made additional payments of £2,080,305 to reduce the liability of the pension schemes. The Council is also a member of a second closed multi-employer pension scheme. This scheme (440 Sports council) was closed after an earlier restructure of The Sports Council in 1997. The Council has included the whole of the amounts brought to account in relation to this closed scheme in its accounts; no amount has been apportioned to Sport England Lottery.

FRS17 Calculation

The 31 March 2009 FRS17 valuation report for Sport England produced by LPFA consulting actuaries followed the approach taken 31 March 2008.

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

The actuarial method used calculates the net deficit or surplus as the difference between the present value of employees' and employers' future contributions together with the value of existing fund assets, and the present value of the benefit entitlements of existing members, pensioners and their dependents. This Year fair value of quoted fund assets changed from mid to bid values. This change has no material impact on reported figures.

Estimations based on the main actuarial assumptions of the valuation are:

- The per annum rate of increase in general levels of pay to be 4.6% in nominal terms.

Following the advice of the consulting actuaries to the LPFA The English Sports Council's employer contribution (as a percentage of pensionable payroll) was 15.0% (2007/08 - 13.7%). The rate of contribution for employees is dependant on salary range. This is detailed as follows:

Employee Contribution rates 2008/09: (2007/08-06.0%)

Salary Range	Contribution Rate
Less than £12,000	5.5%
£12,000.01-£14,000	5.8%
£14,000.01-£18,000	5.9%
£18,000.01-£30,000	6.5%
£30,000.01-£40,000	6.8%
£40,000.01-£75,000	7.2%
More than £75,000	7.5%

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These estimated figures, which have been provided by the LPFA's consulting actuaries, relate to Sport England as a whole. Financial Reporting Standard 17 "Retirement Benefits" requires the disclosure of the following additional information in respect of the council superannuation scheme.

The independent actuary's valuation at 31 March 2008 for the purposes of FRS17 estimates a net pension liability of £30,576,000 (2007/08: £23,559,000).

The FRS17 valuation is for Sport England as a whole, the actuaries have not made separate valuations for the Sport England exchequer liabilities or for Sport England lottery liabilities. The Board estimate that approximately 44% of the current and closed schemes liability (£30,576,000) should be apportioned to Exchequer and approximately 56% apportioned to Lottery. Therefore, the liability carried in these accounts as at 31 March 2009 is £13,467,000 (2007/08: £10,592,000)

Employer Membership Statistics

	Number	
	29 Feb 2009	29 Feb 2008
Actives	142	179
Deferred Pensioners	393	367
Pensioners	128	128

Balance Sheet Disclosure as at 31 March 2009

Year Ended	31 March 2009	31 March 2008
	£'000	£'000
Present Value of Funded Liabilities	(68,605)	(71,380)
Fair Value of Employer Assets	44,386	54,536
Present Value of Unfunded Liabilities	(6,357)	(6,715)
Unrecognised Past Service Cost	0	0
Net assets /(Liability)	(30,576)	(23,559)
Amount in the Balance Sheet		
Liabilities	30,576	23,559
Assets	0	0
Net Assets (Liability)	(30,576)	(23,559)

Analysis of amounts recognised in profit or loss are as follows:

Year Ended	31 March 2009	31 March 2008
	£'000	£'000
Current Service Costs	600	1,163
Interest on Obligation	5,368	4,983
Expected Return on Employer Assets	(3,874)	(3,973)
Past Service Cost / (Gain)	344	0
Losses / (Gains) on curtailments and Settlements	503	0
Total	2,941	2,173
Actual Return on Plan Assets	(11,570)	(1,153)

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

Year Ended	31 March 2009	31 March 2008
	£'000	£'000
Opening Defined Benefit Obligation	78,095	86,746
Service Cost	600	1,163
Interest Cost	5,368	4,983
Contributions by Members	415	411
Actuarial Losses / (Gains)	(7,885)	(12,693)
Past Service Costs / (Gains)	344	0
Losses / (Gains) on curtailments and Settlements	503	0
Liabilities Extinguished on Settlements	0	0
Liabilities Assumed in a business combination	0	0
Exchange Differences	0	0
Estimated Unfunded Benefits Paid	(274)	(268)
Estimated Paid	(2,204)	(2,247)
Closing Defined Benefit Obligation	74,962	78,095

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

Year Ended	31 March 2009	31 March 2008
	£'000	£'000
Opening Fair Value of Employer Assets	54,536	54,378
Expected Return on Assets	3,874	3,973
Contributions by Members	415	411
Contributions by the Employer	3,419	3,148
Contributions in respect of Unfunded Benefits	274	268
Actuarial Gains / (Losses)	(15,654)	(5,127)
Assets Distributed on Settlements	0	0
Assets Acquired in a Business Combination	0	0
Exchange Differences	0	0
Unfunded Benefits Paid	(274)	(268)
Benefits Paid	(2,204)	(2,247)
Closing Fair Value of Employer Assets	44,386	54,536

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

Year Ended	31 March 2009	31 March 2008
Assets		
Equities	57%	60%
Target return funds	10%	19%
Alternative assets	25%	18%
Cash	8%	3%

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Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

Assumptions as at	31 March 2009	31 March 2008
	% per annum	% per annum
Inflation / Pension Increase Rate	3.1%	3.6%
Salary increases	4.6%	5.1%
Expected Return in Assets	6.4%	7.0%
Discount rate	6.9%	6.9%

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

Year Ended 31 March	2009	2008	2007
	£'000	£'000	£'000
Fair Value of Employer Assets	44,386	54,536	54,378
Present Value of Defined benefit Obligation	(74,962)	(78,095)	(86,746)
Surplus / (Deficit)	(30,576)	(23,559)	(32,368)
Experience Gains / (Losses) on Assets	(15,654)	(5,127)	0
Experience Gains / (Losses) on Liabilities	175	159	0

No information was provided by the actuary for 2006 and 2005. In prior years the actuary prepared standard FRS17 results for the employers 460 (English Sports Council) scheme, which included their assets, funded liabilities and any unfunded liabilities. They also prepared a separate FRS17 report for employers 440 (Sports Council) but only including their unfunded liabilities. From 2007 onwards, both schemes are combined in one report.

Amount recognised in Statement of Total Recognised Gains and Losses (STRGL)

Year Ended	31 March 2009	31 March 2008
	£'000	£'000
Actuarial Gains / (Losses)	(7,769)	7,566
Increase / (Decrease) in Irrecoverable Surplus from Membership	0	0
Actuarial Gains / (Losses) recognised in STRGL	(7,769)	7,566
Cumulative Actuarial Gains and Losses	(203)	7,566

These estimated figures, which have been provided by the LPFA's consulting actuaries, relate to Sport England as a whole. Unlike the actuarial method of Pension Fund Valuation, Financial Reporting Standard 17 disclosures do not take account of employees' and employers' future contributions.

14.2 Scottish Equitable, Group Stakeholder Pension Scheme

From 1 October 2005 Sport England has operated a Group Stakeholder Pension Scheme (GSPS) with Scottish Equitable for staff commencing after this date. The Scottish Equitable Group Stakeholder Pension Scheme is a defined contribution scheme, government registered, and meets all legislative requirements. A stakeholder pension enables each employee to build up an individual pension fund in their own name, making their own choice about how much they contribute. The money in the fund is invested on the employee's behalf, and when they retire the fund is used to buy an annuity or an unsecured pension (or an alternatively secured pension if they are 75) which gives a regular income for life. Part of the fund may also be used to provide a tax-free lump sum.

Employer contributions for staff members of this scheme for the year ended 31 March 2009 were £292,301 (2007/08 - £238,076)

There were no amounts outstanding or pre-paid at 31 March 2009 (2007/08 £nil)

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15 PROVISIONS

Full provision for the probable cost of dilapidations at the end of a property lease is made in the accounts in the year in which it is decided not to renew the lease.

	GROUP		COUNCIL	
	2008/09 £000	2007/08 £000	2008/09 £000	2007/08 £000
Balance at 1 April	2,068	2,068	2,068	2,068
(Released) during the year	(2,068)	-	(2,068)	-
Additions in year	69	-	69	-
Balance at 31 March	69	2,068	69	2,068

16 CONTINGENT LIABILITIES

Contribution towards Tangible Fixed Assets

In 1979, the Football Association (FA) contributed £500,000 towards the construction of a hostel at Lilleshall National Sports Centre. A management agreement with the FA was entered into by the Group which enabled the FA to run the Vauxhall School at the Centre (which closed in July 1999). The Management Agreement continues to remain in place and at the present time, the accommodation is used by the FA's Medical and Education Units. If the Group were to terminate the agreement at any time before 2039 then a proportion of the £500,000 would fall due to be repaid to the FA calculated by the reference to affluxion of time. The Directors consider it unlikely that the agreement will be terminated by the Group.

17 CAPITAL COMMITMENTS

The Group had contractual commitments for capital works amounting to £1,295,000 as at 31 March 2009 (2007/08 - £nil). This amount has not been provided for in these financial statements.

18 GRANT COMMITMENTS

On the undertaking that funds are to be provided by the Department for Culture, Media and Sport, the Council, at 31 March 2009, had entered into grant commitments as follows:

	GROUP		COUNCIL	
	2008/09 £000	2007/08 £000	2008/09 £000	2007/08 £000
Grants Outstanding	(17,753)	(50,344)	(17,753)	(50,344)
Deferred Grants	13,323	41,444	13,323	41,444
Accrued Grants	(82)	(2,114)	(82)	(2,114)
Net Grant outstanding as per Balance Sheet	(4,512)	(11,014)	(4,512)	(11,014)

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19 NATIONAL CENTRES RESERVE

	GROUP		COUNCIL	
	2008/09 £000	2007/08 £000	2008/09 £000	2007/08 £000
Balance at 1 April	34	48	34	48
Transfer from Reserve	-	(14)	-	(14)
Balance at 31 March	34	34	34	34

In the 2003/04 year a reserve of £1,000,000 was established for expected major repairs in relation to Crystal Palace National Sports Centre. It was agreed as part of Sport England's arrangement with Greater London Authority and London Borough of Bromley, that Sport England would attend to any major repairs found necessary prior to Greater London Authority taking over operation of the site.

20 REVALUATION RESERVES

		GROUP	
		2008/09 £000	2007/08 Restated £000
20.1	Land and Buildings		
	Balance at 1 April 2008	28,714	22,762
	Surplus/(deficit) owing to revaluation of properties	(1,777)	7,582
	Revaluation adjustment	(201)	(1,060)
	Amortisation of revaluation reserve to income and expenditure account	(690)	(570)
	Balance at 31 March 2009	26,046	28,714
20.2	Investments		
	Balance at 1 April 2008	102	179
	Surplus/(Deficit) arising on revaluation of investments	(102)	(77)
	Balance at 31 March 2009	0	102
	Total Balance at 31 March 2009	26,046	28,816

21 RECONCILIATION OF NET CASH (OUTFLOW)/INFLOW TO MOVEMENT IN NET DEBT

	GROUP		COUNCIL	
	2008/09 £000	2007/08 £000	2008/09 £000	2007/08 £000
Cash (outflow)/inflow in the year	(3,659)	9,441	(3,812)	10,213
Investments	-	-	-	-
Movement in net debt	(3,659)	9,441	(3,812)	10,213
Opening net funds 1 April 2008	16,210	6,769	16,007	5,794
Closing net funds at 31 March 2009	12,551	16,210	12,195	16,007

22 RECONCILIATION OF GROUP OPERATING (DEFICIT) TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	GROUP		COUNCIL	
	2008/09 £000	2007/08 Restated £000	2008/09 £000	2007/08 £000
Operating (deficit)	(134,035)	(113,338)	(129,519)	(109,092)
Depreciation of tangible assets	3,684	4,218	370	1,054
Notional interest on capital employed	1,410	1,374	(304)	(320)
Disposal of fixed assets	-	23	-	-
Finance charge	1,215	441	1,215	441
Non-cash operating expenses	(3,150)	434	-	508
Impairments	217	-	-	-
(Increase)/decrease in debtors	3,601	(2,302)	2,797	(1,153)
(Increase)/decrease in prepaid grants	2,484	(1,965)	2,484	(1,965)
(Increase)/decrease in loans	900	(650)	900	(650)
Increase/(decrease) in grants outstanding	(6,502)	5,899	(6,502)	5,899
Increase/(decrease) in creditors	867	3,464	1,432	3,087
Increase/(decrease) in provisions	(1,999)	-	(1,999)	-
Increase/(decrease) in deferred income	(660)	(546)	-	-
Increase/(decrease) in National Centre Reserve	-	(14)	-	(14)
Increase/(decrease) in reserve	(24)	(15)	-	-
Gifted assets	-	-	-	-
Gifts in kind	3,150	74	-	-
Net cash (outflow) from operating activities	(128,842)	(102,903)	(129,126)	(102,205)

23 RELATED PARTY TRANSACTIONS

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

Council Members, RSB Members and senior executive staff maintain publicly available registers of interests and declare any direct interests in grant applications made to Sport England and any direct commercial relationships with the Council. If any Member has an interest in an application, they exclude themselves from the relevant grant appraisal, discussion and decision processes within the Council. The following related party transactions occurred during the year in respect of Council Members, Regional Sports Board Members, and key managerial staff and include both The English Sports Council and National Lottery Distribution Account transactions.

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	Awards 2008/09 £	Supplier Transactions £	Balances Remaining £
Ged Roddy (Vice Chair, Board Member and RSB Chair) University of Bath (Director)	-	25	271,716
Ashia Hansen (Board Member) UK Athletics (Athlete's Panel)	6,504,348	-	604,100
Sir Andrew Foster (Board Member) Commonwealth Games Council for England (Chairman)	273,875	-	-
Dr Jack Rowell OBE (Board Member) Rugby Football Union (Member) Bath Rugby Football Club (President)	6,391,219 -	- -	1,526,731 10,837
James Stewart (Board Member) Partnerships for Schools Limited (Board Member)	74,750	-	18,500
Andy Worthington (Board Member and RSB Chair) The Sports Council Trust Company (Board Member) Sports Coach UK (Board Member)	- 4,502,500	1,725,088 1,434	162,453 15,000
John Brewer (RSB Chair) The English Institute of Sport (Other)	1,444,591	-	79,069
Stephen Castle (RSB Chair) Essex County Council (Member) East of England Development Agency (Member)	400,000 50,000	389 2,875	431,750 25,000
Mary McAnally (RSB Chair) Lawn Tennis Association (Member) South East England Development Agency (Assembly Member expired Dec 08)	4,334,020 25,000	- -	1,260,417 25,000
Rauf Mirza (RSB Chair) Badminton Association of England (Player)	256,143	37,950	1,623,086
Paul Millman (RSB Chair) English Squash (Honorary Chairman) Kent County Cricket Club (Chief Executive)	383,320 915,126	- -	980,368 888,652
Peter Price (RSB Chair) Sheffield City Council (Elected Member)	124,585	-	69,662
Peter Rowley (RSB Chair) UK Athletics (Member) University of Teesside (Governor)	6,504,348 838,989	- 4,700	604,100 825,476
Martin Thomas (RSB Chair) Commonwealth Games Council for England (Consultant)	273,875	-	-
Lisa O'Keefe (Director of National Sport – joint) British Mountaineering Council (Member) Rugby Football Union for Women (Member)	- 1,500,000	17,887 -	83,334 681,451
Phil Smith (Director of National Sport – joint) Football Foundation (Trustee)	22,095,278	-	299,204
Joanna Robinson (Director of Regional Sport) Commonwealth Games Council for England (seconded from Sport England)	273,875	-	-

24 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The English Sports Council relies mainly on Parliamentary voted funding to finance its operations. Other than items such as trade debtors and creditors that arise from its operations and cash resources, it holds no other financial instruments nor enters into derivative transactions.

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

The English Sports Council does not borrow money and therefore has no exposure to interest rate risks or liquidity risk in this regard. Cash balances are held in commercial bank accounts and attract market rates of interest. The English Sports Council does not enter into any interest rate swaps or similar financial instruments.

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

25 POST BALANCE SHEET EVENTS

The Annual Report and Accounts was authorised for issue on 15 July 2009

**STATEMENT OF THE COUNCIL'S AND CHIEF EXECUTIVE'S
RESPONSIBILITIES**

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

The financial statements are prepared on an accruals basis and must show a true and fair view of the state of affairs of The English Sports Council's lottery distribution activities at the period end and of its income and expenditure and cash flows for the financial period.

2. In preparing the accounts The Council is required to:
 - observe the accounts direction issued by the Secretary of State for Culture, Media and Sport, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
 - make judgements and estimates on a reasonable basis;
 - state whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements; and
 - prepare the financial statements on the going concern basis, unless it is inappropriate to presume that The Council will continue in operation.
3. The Accounting Officer for the Department for Culture, Media and Sport has designated the Chief Executive of The English Sports Council as the Accounting Officer for The Council. Her relevant responsibilities as Accounting Officer, including her responsibility for the propriety and regularity of the public finances for which she is answerable and for the keeping of proper records, are set out in Managing Public Money, issued by the Treasury and in the Financial Directions issued by the Secretary of State for Culture, Media and Sport under section 26(3) of the National Lottery etc. Act 1993 (as amended).
4. The Accounting Officer has taken all the steps she ought to have taken to make herself aware of any relevant audit information and to establish that The English Sports Council's auditors are aware of that information.

Jennie Price
Chief Executive and Accounting Officer
of The English Sports Council
13 July 2009

Richard Lewis
Chair of The English Sports
Council
13 July 2009

STATEMENT ON INTERNAL CONTROL

1. Scope of responsibility

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

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

2. The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Sport England's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in Sport England for the year ended 31 March 2009 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

3. Capacity to handle risk

As Accounting Officer I am personally responsible for ensuring Sport England has an effective risk management process. We have a documented risk strategy that follows Treasury's guidance on risk policy and processes, defines what is meant by risk management and outlines the key principles underpinning our approach to the management of risk. Each strategic and significant operational risk is managed by a member of the Executive. The Strategic Risk Register is presented to each Audit, Risk and Governance Committee meeting and regularly to the Sport England Main Board. All staff have intranet access to our risk management policies. We recognise the need to continue to develop our risk management processes, particularly during the implementation of Sport England's new strategy.

4. The risk and control framework

During 2008-09 we continued to manage risk at both the strategic and the operational level. The Executive identified, assessed and recorded in a risk register the key strategic risks to the achievement of Sport England's aims and objectives. Each strategic and major operational risk was managed by an appropriate Director. The strategic risk register was reviewed by the Audit, Risk and Governance Committee and was presented to the Main Board. Operational staff identified, assessed and managed the risks relevant to their activities. Improvements to the internal control environment have included:

- Eight monthly financial controls audits were carried out within the financial services team. The finalised consolidated report by internal audit concluded that 'significant improvements have been made over the past 12 months to mitigate the material weaknesses identified over the past two years with regards to the organisation's finance function'.
- An audit was undertaken on the effectiveness of the controls in place within the newly created Shared Service Centre which now processes grants within the organisation. A substantial assurance level was achieved. The move to a Shared Service Centre has increased controls and reduced risk within grants management by delivering much of our processing work through a single team, rather than through a number of offices across the country
- Continuation of the annual self assurance process by which National Governing Bodies and National Partners demonstrate their ability to manage public funds through effective governance
- A programme of onsite audits has been completed for a sample of National Governing Bodies and National Partners.
- Financial delegations have been revised to improve control.

5. Review of effectiveness

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

- The Main Board – All Board members are appointed by the Secretary of State for Culture Media and Sport. The Board met 12 times this year to consider Sport England's strategy and performance and to assess investment decisions.

THE ENGLISH SPORTS COUNCIL NATIONAL LOTTERY DISTRIBUTION FUND
Accounts for the year ended 31 March 2009

- The Audit, Risk and Governance Committee – This comprises a Chair, three other Board members and two additional non-executive members who have been selected for their expertise in this field. The Committee met four times this year with both Internal and External Auditors present, to receive and respond to reports, to consider and advise me on the appropriateness of our corporate governance, risk management and internal control arrangements and to review the external financial statements prior to submission to the Main Board.
- The Project Committee – This comprises two Main Board members and an additional non-executive member. It is chaired by a member of the Main Board. It is responsible for making funding decisions on awards of up to £2m.
- Regional Sports Boards – These comprised a Chair and non executive members. They were responsible for the approval of awards up to £1m during the year. These Boards ceased operations on the 31st of December 2008
- The Executive Group – I meet regularly with my Executive Group to manage operational issues, risks, plans and objectives. Members of the Executive Group are required to give me documented assurances regarding compliance with their operational risk management and internal control responsibilities
- The Senior Management Team – I met regularly with the Executive Group and Regional Directors to manage operational issues, risks, plans and objectives.
- Internal Audit – This department undertakes internal audits to Government Internal Audit Standards and provides regular reports and an overall annual opinion on risk management, control and governance in Sport England. For 2008/2009, Internal Audit reported that they are satisfied that sufficient internal audit work has been undertaken to allow them to draw a reasonable conclusion as to the adequacy and effectiveness of Sport England's risk management, control and governance processes. In their opinion, based upon the work they have undertaken, for the 12 months ended 31 March 2009 Sport England has had adequate and effective risk management and control processes to manage the achievement of the organisation's objectives. Issues relating to governance are explained in more detail below.
- External Audit – The external auditors provide comments on internal control in their management letters and other reports.

The business has experienced substantial change in the year, arising from a strategy review, a major restructuring and changes of personnel at Board, Executive and senior levels. Despite these changes creating a high-risk operating environment for Sport England, reasonable assurance has been

gained that the control environment has operated effectively and has been strengthened where required. I recognise, however, that there remain areas which require improvement. These have been identified and are being addressed.

As from financial year 2009/10, information risk will feature more explicitly in all the risk and assurance processes. Work to prepare for this has started with the nomination of a lead officer who will take forward the recommendations from the 2008-09 internal audit report. Additionally, Sport England is addressing the requirements of the Security Policy Framework, the results of which will be taken into consideration in the formation of policies and procedures.

As reported in the Risk and Control Framework section, areas of significant weakness reported in the 2007-2008 Statement of Internal Control have been addressed. Throughout 08-09 improvements have been made within the Financial Services team which have strengthened controls. Monthly processes have been reviewed, and these have been subject to internal audits.

6. Significant Internal Control Issues:

Governance

A number of internal audits were undertaken throughout the year on Sport England's governance arrangements and oversight of its subsidiaries, information governance and data security. These found that improvements were required on information governance, and these are already in hand under the leadership of a member of Sport England's Executive Team. They also found that steps needed to be taken to ensure that both Sport England and its subsidiary bodies have a clear and appropriate relationship and clearer roles and responsibilities. This work is being given the highest priority, and we aim to complete it by December 2009.

Risk Management

The risk management approach within Sport England has been improved and redefined during the year. The internal auditors have advised that the revised Risk Management Strategy forms a strong basis for risk management across the organisation but moving forward further work is needed to embed this at an operational level. I will give this a high priority in the coming year.

Control

The control framework was found by Internal Audit to be generally sound in relation to core financial controls, the Shared Services Centre, strategic planning, procurement and compliance with the Regional Operating Controls manual.

Prior year Investigation

During the year I identified serious governance and control weaknesses in the period between 1999 and March 2007 relating to a separate account known as the World Class Payments Bureau which operated outside of Sport England's control framework. I have conducted an internal investigation, the results of which have been reported to the Audit Risk and Governance Committee, the Board, DCMS and The National Audit Office.

The Chairman has commissioned an independent investigation into the creation and operation of the World Class Payments Bureau, which is due to report later this year.

Jennie Price
Chief Executive and Accounting Officer of
The English Sports Council
13 July 2009

Richard Lewis
Chair of The English Sports
Council
13 July 2009

***THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR
GENERAL TO THE HOUSES OF PARLIAMENT***

I certify that I have audited the financial statements of The English Sports Council National Lottery Distribution Fund for the year ended 31 March 2009 under the National Lottery Act 1993 (as amended). These comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of The English Sports Council, Chief Executive and auditor

The Council and Chief Executive, as Accounting Officer, are responsible for preparing the Annual Report, which includes the Remuneration Report, and the financial statements in accordance with the National Lottery Act 1993 (as amended) and directions made thereunder by the Secretary of State for Culture, Media and Sport, with the consent of HM Treasury, and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of the Council's and Chief Executive's Responsibilities.

My responsibility is to audit the financial statements and the part of the remuneration report to be audited 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 National Lottery Act 1993 (as amended) and directions made thereunder by the Secretary of State for Culture, Media and Sport, with the consent of HM Treasury. I report to you whether, in my opinion, the information, which comprises the Financial and Performance Review and the History and Background of The English Sports Council, included in the Annual Report is consistent with the financial statements. 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.

In addition, I report to you if the Council 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 HM Treasury regarding remuneration and other transactions is not disclosed.

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I review whether the Statement on Internal Control reflects Council's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the Council'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 all sections of the Annual Report except for the part of the Remuneration Report subject to audit, Financial and Performance Review and the History and Background of The English Sports Council. 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 opinions

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 Council and Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Council'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 National Lottery Act 1993 (as amended) and directions made thereunder by the Secretary of State for Culture, Media and Sport, with the consent of HM Treasury, of the state of the Council's affairs as at 31 March 2009 and of its increase in funds, recognised gains and losses and cash flows 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 National Lottery Act 1993 (as amended) and directions made thereunder by the Secretary of State for Culture, Media and Sport, with the consent of HM Treasury; and
- information, which comprises the Financial and Performance Review and History and Background of The English Sports Council, included within the Annual Report, is consistent with the financial statements.

Opinion on Regularity

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

Report

My report on these financial statements is at pages 53 and 54

*Amyas C E Morse
Comptroller and Auditor General
National Audit Office
151 Buckingham Palace Road
Victoria
London
SW1W 9SS
Date 15 July 2009*

THE ENGLISH SPORTS COUNCIL NATIONAL LOTTERY DISTRIBUTION FUND
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INCOME AND EXPENDITURE ACCOUNT

	Note	2009 £000	2008 £000
<u>INCOME</u>			
Share of proceeds from the National Lottery	2	122,356	124,245
Investment returns from the National Lottery	2	6,467	10,319
Bank interest receivable		142	182
Grant Recoveries	3	586	-
		129,551	134,746
<u>EXPENDITURE</u>			
Grant commitments made in the year	4	99,941	116,116
Grant de-commitments occurring in year	4	(546)	(3,368)
Staff costs	5	10,710	9,504
Other operating costs	6	10,667	12,550
		120,772	134,802
<u>INCREASE/(DECREASE) IN LOTTERY FUNDS BEFORE TAXATION</u>		8,779	(56)
Taxation		(40)	(55)
<u>INCREASE/(DECREASE) IN LOTTERY FUNDS</u>		8,739	(111)

All Income and Expenditure relates to continuing activities.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Note	2009 £000	2008 £000
Increase/(Decrease) in lottery funds		8,739	(111)
Actuarial (loss)/gain in pension plan	11	(4,649)	3,985
Total recognised gains/(losses) for the year		4,090	3,874

The notes to the accounts on pages 92 to 106 form part of these accounts.

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Accounts for the year ended 31 March 2009

BALANCE SHEET

	Note	2009 £000	2008 £000
<u>CURRENT ASSETS</u>			
Investments - balance in NLDF	2	181,143	201,956
Debtors and prepayments	9	554	160
Cash at bank and in hand		2,494	1,334
		184,191	203,450
<u>CREDITORS falling due within one year</u>			
Sundry creditors	10	-	2,139
Hard grant commitments	12	61,020	89,638
		61,020	91,777
<u>NET CURRENT ASSETS</u>		123,171	111,673
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		123,171	111,673
<u>CREDITORS falling due after more than one year</u>			
Pension plan	11	17,109	12,967
Hard grant commitments	12	60,849	59,816
		77,958	72,783
<u>NET ASSETS</u>		45,213	38,890
REPRESENTED BY:			
<u>LOTTERY FUNDS</u>			
Revenue reserve	14	59,372	50,633
Pension reserve	14	(14,159)	(11,743)
<u>RETAINED FUNDS</u>		45,213	38,890

The notes to the accounts on pages 92 to 106 form part of these accounts.

Jennie Price
 Chief Executive and Accounting
 Officer of The English Sports Council
 13 July 2009

Richard Lewis
 Chair of The English Sports
 Council
 13 July 2009

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CASH FLOW STATEMENT

	Note	2009 £000	2008 £000
<u>OPERATING ACTIVITIES</u>			
Cash drawn down from NLDF		149,636	127,999
Other income		(10)	583
Awards payments		(126,980)	(108,138)
Staff costs		(10,710)	(9,504)
Other operating costs		(10,878)	(12,315)
Net cash inflow/(outflow) from operating activities	15	1,058	(1,375)
<u>RETURNS ON INVESTMENTS</u>			
Interest received		142	182
		142	182
<u>TAXATION</u>			
Corporation Tax paid		(40)	(75)
Net Cash inflow/(outflow)	17	1,160	(1,268)

NOTES TO THE ACCOUNTS

1 ACCOUNTING POLICIES

ACCOOUNTING CONVENTION

- 1.1 The Accounts have been prepared under the historical cost convention. Without limiting the information given, the accounts meet the requirements of the Companies Act 1985, the Accounting Standards issued or adopted by the Accounting Standards Board, the Treasury guidance on the accounts of Non-Departmental Public Bodies and the National Lottery etc. Act 1993 insofar as those requirements are appropriate to the Sport England National Lottery Distribution Fund.
- 1.2 The Accounts have been prepared under the accruals basis and all income and expenditure on operating costs are taken into account in the financial period to which it relates. Awards are accounted for on a commitments basis (see 1.5 below).
- 1.3 In compliance with section 35 of the National Lottery etc. Act 1993 the accounts cover the year to 31 March 2009. Comparative figures are shown for the year ended 31 March 2008.

THE ENGLISH SPORTS COUNCIL NATIONAL LOTTERY DISTRIBUTION FUND
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- 1.4 Separate accounts have been prepared for The English Sports Council accounts funded from Grant in Aid, in accordance with the instructions issued by the Secretary of State. Consolidated accounts have not been prepared. These accounts following are entirely separate from The English Sports Council Exchequer Accounts.

HARD AND SOFT COMMITMENTS

- 1.5 As required by the Secretary of State, commitments are defined as hard and soft as follows:

1.5.1 a “hard commitment” occurs where a firm offer of award has been made by the Council and this offer has been accepted, together with any conditions dependent upon which the award has been made; and

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

RECEIPTS FROM THE NATIONAL LOTTERY DISTRIBUTION FUND

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

OVERHEADS

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

PENSIONS

- 1.8 Contributions to the Council's pension schemes are accounted for in accordance with the requirements of FRS17 in relation to Retirement Benefits.

Superannuation FRS17 Change in Disclosure Requirements

The 31 March 2009 FRS17 valuation report for Sport England produced by LPFA consulting actuaries incorporates minor disclosure changes than in previous years. In December 2006 the Accounting Standards Board ("ASB") issued an amendment to FRS17, replacing the existing disclosures to achieve harmonisation with the corresponding International Accounting Standard IAS19 and changed the definition of the fair value of quoted securities from mid market value to bid value. The amendments took effect for accounting periods beginning on or after 6 April 2007 and therefore apply for employers with March 2009 year ends.

INVESTMENTS

- 1.9 Balances held in the National Lottery Distribution Fund remain under the stewardship of the Secretary of State for Culture, Media and Sport. However, the share of these balances attributable to the Sport England Lottery Fund is shown in the accounts and, at 31 March 2009, has been certified by the Secretary of State for Culture, Media and Sport as being available for distribution by the Sport England Lottery Fund in respect of current and future commitments.

TAXATION

- 1.10 Amounts of interest in the National Lottery Distribution Fund do not fall within the scope of Corporation Tax. Once drawn down into the nominated accounts of the Sport England Lottery Fund interest thereon is subject to Corporation Tax and is fully provided in the period to which it applies.

THE ENGLISH SPORTS COUNCIL NATIONAL LOTTERY DISTRIBUTION FUND
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2 NATIONAL LOTTERY DISTRIBUTION FUND

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

	2009 £000	2008 £000
Balance brought forward	201,956	195,391
Share of net operator proceeds	129,081	124,245
Less: Olympic contribution	(6,725)	-
Net operator proceeds	122,356	124,245
Investment returns from National Lottery Distribution Fund	6,247	9,875
Unrealised gain	220	444
Net investment returns	6,467	10,319
Total net operator proceeds and investment returns	330,779	329,955
Funds drawn down	(149,636)	(127,999)
Balance carried forward	181,143	201,956

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

3 GRANT RECOVERIES

	2009 £000	2008 £000
Clawback of grant awards	586	-
Total grant recoveries	586	-

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4 GRANT COMMITMENTS

Grant commitments and grant de-commitments are summarised below.

	2009 £000	2008 £000
Grant commitments made in the year	99,941	116,116
Grant de-commitments occurring in year	(546)	(3,368)
Net Grant Commitments	99,395	112,748

A summary of the net grant commitments by programme is set out below.

	2009 £000	2008 £000
Whole Sport Plans	7,916	9,755
Community Investment Fund	58,506	72,652
County Sport Partnerships	22,991	10,605
Community Capital	655	3,482
Awards For All	6,369	6,507
National Investment Fund	-	4,358
English Institute of Sport	705	850
UK Athletics	4,750	5,275
Space for Sport and Arts	6	167
Active England	(2,274)	64
Other Programmes	(229)	(967)
Total Net Grant Commitments	99,395	112,748

4.1 The Space For Sport and Arts programme

The Space For Sport and Arts programme is a jointly funded scheme between The Department for Culture Media and Sport (£79m) Big Lottery Fund (£25m), The Arts Council of England (£5m) and Sport England (£25.0m). The total grant and administration funding for the life of the programme is £134m.

4.2 Active England Programme

The Active England programme is a jointly funded scheme between the Big Lottery Fund (71.76%), and Sport England (28.24%) The total grant funding for the programme was initially intended to be £108.5m but has outturned at £104.3m These accounts only reflect Sport England's share of the grants awarded under the programme. Income received from The Big Lottery Fund for the Active England Programme is recorded in the accounts of The English Sports Council.

THE ENGLISH SPORTS COUNCIL NATIONAL LOTTERY DISTRIBUTION FUND
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5 STAFF COSTS

The aggregate staffing costs of The English Sports Council National Lottery Distribution Fund during the period under review were as follows:

	2009 £000	2008 £000
Wages and salaries	6,356	5,977
Social security costs	519	565
Other pension costs	2,676	2,157
Agency staff	1,159	805
Total Employee Costs	10,710	9,504

As explained in note 1.6, operating costs are apportioned between Grant in Aid and National Lottery Distribution fund activities. In respect of staff costs, the combined costs of Grant in Aid and National Lottery Distribution fund come to £20,313,000 (2007-08 £16,871,000) of which £2,855,000 (2007-08 £nil) relates to restructuring costs. Excluding restructuring costs, this represents an increase of 3%.

The average number of staff employed is as follows:

	2009 No	2008 No Restated
Permanent staff	123	134
Fixed term temporary staff	13	13
Agency staff	20	14
Average Staff Numbers	156	161

The average number of staff employed in 2008 has been restated to include agency staff.

6 OTHER OPERATING COSTS

These costs can be summarised as follows:

	2009 £000	2008 £000
Other staff costs	689	886
Finance costs for pension scheme	1,726	569
Office costs	2,018	2,908
Legal costs	2,063	2,972
Media/Communications	517	1,141
Programme support	1,465	2,089
Monitoring and evaluation	174	402
Irrecoverable VAT	2,915	1,007
Asset hire charges	203	593
Recharges	(1488)	(792)
Research costs	50	16
Development costs	-	2
Other expenses	335	757
Total Other Operating Costs	10,667	12,550

Auditors' remuneration of £52,000 (2008 - £47,500) is included within the amount shown above for legal costs. Included within this amount is £2,000 (2008 - £nil) of non-audit work – IFRS Review.

THE ENGLISH SPORTS COUNCIL NATIONAL LOTTERY DISTRIBUTION FUND
Accounts for the year ended 31 March 2009

7 CAPITAL COMMITMENTS

There are no capital commitments as at 31 March 2009 (2008: £nil).

8 INVESTMENTS

The funds attributable to The English Sports Council National Lottery Distribution Fund, whilst they are within the National Lottery Distribution Fund, are invested by the Commissioner for the repayment of National Debt, and interest accrued is credited to the balance available for distribution.

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

9 DEBTORS

	2009 £000	2008 £000
The English Sports Council – Exchequer	42	-
Trade debtors	484	117
Amounts due from funded partners	28	43
Total debtors	554	160
Included in debtors are the following intra-government balances:		
Other central government bodies	70	43
Bodies external to government	484	117
	554	160

10 CREDITORS

	2009 £000	2008 £000
The English Sports Council – Exchequer	-	2,139
	-	2,139
All creditors are other central government bodies		

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11 PENSION PLAN

11.1 London Pension Fund Authority

The majority of staff of the Council are members of the London Pension Fund Authority Superannuation Scheme (LPFA). This scheme closed to new members on 30 September 2005. The English Sports Council is one of a large number of employers whose staff participates in the scheme, but the data given in this note relates just to the Council.

The pension scheme (460 English Sports Council) is of the defined benefit type and it is funded by employees and employers at actuarially determined rates. Employer contributions for members of the Scheme amounted to £888,774 in 2008/09 (2007/08 - £915,087). The Council made additional payments of £2,080,305 to reduce the liability of the pension schemes. The Council is also a member of a second closed multi-employer pension scheme. This scheme (440 Sports council) was closed after an earlier restructure of The Sports Council in 1997. The Council has included the whole of the amounts brought to account in relation to this closed scheme in its accounts; no amount has been apportioned to Sport England Lottery.

FRS17 Calculation

The 31 March 2009 FRS17 valuation report for Sport England produced by LPFA consulting actuaries followed the approach taken 31 March 2008.

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

The actuarial method used calculates the net deficit or surplus as the difference between the present value of employees' and employers' future contributions together with the value of existing fund assets, and the present value of the benefit entitlements of existing members, pensioners and their dependents. This Year fair value of quoted fund assets changed from mid to bid values. This change has no material impact on reported figures.

Estimations based on the main actuarial assumptions of the valuation are:

- The per annum rate of increase in general levels of pay to be 4.6% in nominal terms.

Following the advice of the consulting actuaries to the LPFA The English Sports Council's employer contribution (as a percentage of pensionable payroll) was 15.0% (2007/08 - 13.7%). The rate of contribution for employees is dependant on salary range. This is detailed as follows:

Employee Contribution rates 2008/09: (2007/08 6.0%)

Salary Range	Contribution Rate
Less than £12,000	5.5%
£12,000.01-£14,000	5.8%
£14,000.01-£18,000	5.9%
£18,000.01-£30,000	6.5%
£30,000.01-£40,000	6.8%
£40,000.01-£75,000	7.2%
More than £75,000	7.5%

These estimated figures, which have been provided by the LPFA's consulting actuaries, relate to Sport England as a whole. Financial Reporting Standard 17 "Retirement Benefits" requires the disclosure of the following additional information in respect of the council superannuation scheme.

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The independent actuary's valuation at 31 March 2009 for the purposes of FRS17 estimates a net pension liability of £30,576,000 (2007/08: £23,559,000).

The FRS17 valuation is for Sport England as a whole, the actuaries have not made separate valuations for the Sport England exchequer liabilities or for Sport England lottery liabilities. The Board estimate that approximately 44% of the current and closed schemes liability (£30,576,000) should be apportioned to Exchequer and approximately 56% apportioned to Lottery. Therefore, the liability carried in these accounts as at 31 March 2009 is £17,109,000 (2007/08: £12,967,000)

Employer Membership Statistics

	Number	
	29 Feb 2009	29 Feb 2008
Actives	142	179
Deferred Pensioners	393	367
Pensioners	128	128

Balance Sheet Disclosure as at 31 March 2009

Year Ended	31 March 2009	31 March 2008
	£'000	£'000
Present Value of Funded Liabilities	(68,605)	(71,380)
Fair Value of Employer Assets	44,386	54,536
Present Value of Unfunded Liabilities	(6,357)	(6,715)
Unrecognised Past Service Cost	0	0
Net assets /(Liability)	(30,576)	(23,559)
Amount in the Balance Sheet		
Liabilities	30,576	23,559
Assets	0	0
Net Assets (Liability)	(30,576)	(23,559)

Analysis of amounts recognised in profit or loss are as follows:

Year Ended	31 March 2009	31 March 2008
	£'000	£'000
Current Service Costs	600	1,163
Interest on Obligation	5,368	4,983
Expected Return on Employer Assets	(3,874)	(3,973)
Past Service Cost / (Gain)	344	0
Losses / (Gains) on curtailments and Settlements	503	0
Total	2,941	2,173
Actual Return on Plan Assets	(11,570)	(1,153)

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

Year Ended	31 March 2009	31 March 2008
	£'000	£'000
Opening Defined Benefit Obligation	78,095	86,746
Service Cost	600	1,163
Interest Cost	5,368	4,983
Contributions by Members	415	411
Actuarial Losses / (Gains)	(7,885)	(12,693)
Past Service Costs / (Gains)	344	0
Losses / (Gains) on curtailments and Settlements	503	0
Liabilities Extinguished on Settlements	0	0
Liabilities Assumed in a business combination	0	0
Exchange Differences	0	0
Estimated Unfunded Benefits Paid	(274)	(268)
Estimated Paid	(2,204)	(2,247)
Closing Defined Benefit Obligation	74,962	78,095

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

Year Ended	31 March 2009	31 March 2008
	£'000	£'000
Opening Fair Value of Employer Assets	54,536	54,378
Expected Return on Assets	3,874	3,973
Contributions by Members	415	411
Contributions by the Employer	3,419	3,148
Contributions in respect of Unfunded Benefits	274	268
Actuarial Gains / (Losses)	(15,654)	(5,127)
Assets Distributed on Settlements	0	0
Assets Acquired in a Business Combination	0	0
Exchange Differences	0	0
Unfunded Benefits Paid	(274)	(268)
Benefits Paid	(2,204)	(2,247)
Closing Fair Value of Employer Assets	44,386	54,536

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

Year Ended	31 March 2009	31 March 2008
Assets		
Equities	57%	60%
Target return funds	10%	19%
Alternative assets	25%	18%
Cash	8%	3%

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Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

Assumptions as at	31 March 2009	31 March 2008
	% per annum	% per annum
Inflation / Pension Increase Rate	3.1%	3.6%
Salary increases	4.6%	5.1%
Expected Return in Assets	6.4%	7.0%
Discount rate	6.9%	6.9%

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

Year Ended 31 March	2009	2008	2007
	£'000	£'000	£'000
Fair Value of Employer Assets	44,386	54,536	54,378
Present Value of Defined benefit Obligation	(74,962)	(78,095)	(86,746)
Surplus / (Deficit)	(30,576)	(23,559)	(32,368)
Experience Gains / (Losses) on Assets	(15,654)	(5,127)	0
Experience Gains / (Losses) on Liabilities	175	159	0

No information was provided by the actuary for 2006 and 2005. In prior years the actuary prepared standard FRS17 results for the employers 460 (English Sports Council) scheme, which included their assets, funded liabilities and any unfunded liabilities. They also prepared a separate FRS17 report for employers 440 (Sports Council) but only including their unfunded liabilities. From 2007 onwards, both schemes are combined in one report.

Amount recognised in Statement of Total Recognised Gains and Losses (STRGL)

Year Ended	31 March 2009	31 March 2008
	£'000	£'000
Actuarial Gains / (Losses)	(7,769)	7,566
Increase / (Decrease) in Irrecoverable Surplus from Membership	0	0
Actuarial Gains / (Losses) recognised in STRGL	(7,769)	7,566
Cumulative Actuarial Gains and Losses	(203)	7,566

These estimated figures, which have been provided by the LPFA's consulting actuaries, relate to Sport England as a whole. Unlike the actuarial method of Pension Fund Valuation, Financial Reporting Standard 17 disclosures do not take account of employees' and employers' future contributions.

11.2 Scottish Equitable, Group Stakeholder Pension Scheme

From 1 October 2005 Sport England has operated a Group Stakeholder Pension Scheme (GSPS) with Scottish Equitable for staff commencing after this date. The Scottish Equitable Group Stakeholder Pension Scheme is a defined contribution scheme, government registered, and meets all legislative requirements. A stakeholder pension enables each employee to build up an individual pension fund in their own name, making their own choice about how much they contribute. The money in the fund is invested on the employee's behalf, and when they retire the fund is used to buy an annuity or an unsecured pension (or an alternatively secured pension if they are 75) which gives a regular income for life. Part of the fund may also be used to provide a tax-free lump sum.

Employer contributions for staff members of this scheme for the year ended 31 March 2009 were £292,301 (2007/08 - £238,076)

There were no amounts outstanding or pre-paid at 31 March 2009 (2007/08 £nil)

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12 HARD COMMITMENTS

	2009 £000	2008 £000
Hard commitments brought forward	149,454	144,844
Hard commitments paid	(126,980)	(108,138)
Hard de-commitments	(546)	(3,368)
Hard commitments entered into	99,941	116,116
Hard commitments carried forward as at 31 March	121,869	149,454

	2009 £000	2008 £000
Amounts due during 2008/09 Financial Year	-	89,638
Amounts due during 2009/10 Financial Year	61,020	29,908
Amounts due during 2010/11 Financial Year	36,848	16,449
Amounts due during 2011/12 Financial Year	18,742	13,459
Amounts due during 2012/13 Financial Year	5,259	-
Hard commitments carried forward as at 31 March	121,869	149,454

As explained in the Accounting Policies note hard commitments are charged to the income and expenditure in the accounting period in which the award offer is accepted. A number of these awards offer cover up to three and four years of revenue funding and the payment of these awards is not profiled to occur within the next 12 months. The allocation of hard commitments over the financial years is based on management's latest assessment of the likely timing of cash payments. These assumptions are periodically reviewed and updated.

13 SOFT COMMITMENTS

	2009 £000	2008 £000
Soft commitments brought forward	95,476	117,332
Soft commitments transferred to Hard	(99,941)	(116,116)
Soft commitments entered into	85,254	94,260
Soft commitments carried forward as at 31 March	80,789	95,476

Soft commitments are the aggregate of award offers made and not yet accepted by the award recipient and award decisions approved by our respective National and Regional Sports Boards where no formal award offer has been sent at the balance sheet date.

The amounts committed to hard and soft commitments exceed the available resources by £35,579,000 (2008 - £56,586,000). It has been the policy of Sport England to make forward commitments against future income streams to speed up the out flow of lottery cash, which is in line with DCMS policy.

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14 REVENUE RESERVES

	2009 £000	2008 £000
Surplus brought forward	38,890	32,994
Increase/(decrease) in lottery funds for the year	8,739	(111)
Movement in pension plan	(2,416)	6,007
Surplus carried forward	45,213	38,890
Analysed as follows:		
Revenue reserve	59,372	50,633
Pension reserve	(14,159)	(11,743)
Surplus/(deficit) carried forward	45,213	38,890

15 RECONCILIATION OF INCREASE/(DECREASE) IN LOTTERY FUNDS BEFORE TAXATION TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	2009 £000	2008 £000
Increase/(decrease) in lottery funds before taxation	8,779	(56)
(Decrease)/Increase in debtors	(394)	583
(Increase) in creditors	(25,582)	(1,162)
Interest receivable	(142)	(182)
Movement in pension plan	(2,416)	6,007
Decrease/(increase) in NLDF	20,813	(6,565)
Net cash inflow/(outflow) from operating activities	1,058	(1,375)

16 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2009 £000	2008 £000
Increase / (decrease) in cash	1,160	(1,268)
Movement in liquid resources – NLDF balance	(20,813)	6,565
(Decrease)/increase in net funds	(19,653)	5,297
Net funds brought forward	203,290	197,993
Net funds carried forward	183,637	203,290

17 CHANGE IN CASH DURING THE YEAR

	2008 £000	2008 £000
Opening cash balance	1,334	2,602
Net cash inflow / (outflow)	1,160	(1,268)
Cash and bank balances at year end	2,494	1,334

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18 RELATED PARTIES

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

Council Members, RSB Members and senior executive staff maintain publicly available registers of interests and declare any direct interests in grant applications made to Sport England and any direct commercial relationships with the Council. If any Member has an interest in an application, they exclude themselves from the relevant grant appraisal, discussion and decision processes within the Council. The following related party transactions occurred during the year in respect of Council Members, Regional Sports Board Members, and key managerial staff and include both The English Sports Council and National Lottery Distribution Account transactions.

	Awards 2008/09 £	Supplier Transactions £	Balances Remaining £
Ged Roddy (Vice Chair, Board Member and RSB Chair) University of Bath (Director)	-	25	271,716
Ashia Hansen (Board Member) UK Athletics (Athlete's Panel)	6,504,348	-	604,100
Sir Andrew Foster (Board Member) Commonwealth Games Council for England (Chairman)	273,875	-	-
Dr Jack Rowell OBE (Board Member) Rugby Football Union (Member) Bath Rugby Football Club (President)	6,391,219 -	- -	1,526,731 10,837
James Stewart (Board Member) Partnerships for Schools Limited (Board Member)	74,750	-	18,500
Andy Worthington (Board Member and RSB Chair) The Sports Council Trust Company (Board Member) Sports Coach UK (Board Member)	- 4,502,500	1,725,088 1,434	162,453 15,000
John Brewer (RSB Chair) The English Institute of Sport (Other)	1,444,591	-	79,069
Stephen Castle (RSB Chair) Essex County Council (Member) East of England Development Agency (Member)	400,000 50,000	389 2,875	431,750 25,000
Mary McAnally (RSB Chair) Lawn Tennis Association (Member) South East England Development Agency (Assembly Member expired Dec 08)	4,334,020 25,000	- -	1,260,417 25,000
Rauf Mirza (RSB Chair) Badminton Association of England (Player)	256,143	37,950	1,623,086
Paul Millman (RSB Chair) English Squash (Honorary Chairman) Kent County Cricket Club (Chief Executive)	383,320 915,126	- -	980,368 888,652

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	Awards 2008/09 £	Supplier Transactions £	Balances Remaining £
Peter Price (RSB Chair) Sheffield City Council (Elected Member)	124,585	-	69,662
Peter Rowley (RSB Chair) UK Athletics (Member) University of Teesside (Governor)	6,504,348 838,989	- 4,700	604,100 825,476
Martin Thomas (RSB Chair) Commonwealth Games Council for England (Consultant)	273,875	-	-
Lisa O'Keefe (Director of National Sport – joint) British Mountaineering Council (Member) Rugby Football Union for Women (Member)	- 1,500,000	17,887 -	83,334 681,451
Phil Smith (Director of National Sport – joint) Football Foundation (Trustee)	22,095,278	-	299,204
Joanna Robinson (Director of Regional Sport) Commonwealth Games Council for England (seconded from Sport England)	273,875	-	-

19 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The Sport England Lottery Fund relies mainly on its share of proceeds from the National Lottery, with some partnership funding to finance its operations. Other than items such as trade debtors and creditors that arise from its operations and cash resources, it holds no other financial instruments nor enters into derivative transactions.

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

The Sport England Lottery Fund does not borrow money and therefore has no exposure to interest rate risks or liquidity risk in this regard. Cash balances are held in commercial bank accounts and attract market rates of interest. The Sport England Lottery Fund does not enter into any interest rate swaps or similar financial instruments.

20 POST BALANCE SHEET EVENTS

The Annual Report and Accounts was authorised for issue on 15 July 2009



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