



Minutes of the UK Sport Board Meeting held on 8th December 2010 at UK Sport

Present

Chair Sue Campbell

Attendees: Philip Kimberley
Laura McAllister
Dominic Walsh
Jonathan Vickers
Louise Martin (by phone)

UK Sport Staff

Liz Nicholl	Chief Executive
Tim Hollingsworth	Chief Operating Officer
David Cole	Director of Corporate Development
Chris Walker	Director of Finance and Investment
Peter Keen	Performance Director

In attendance

Vijay Parbat	Legal Advisor
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Board Secretary

Jackie Freeman	UK Sport
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Introduction and Apologies for Absence

Action

The Chair received apologies from Chris Holmes, Rod Carr and Richard Lewis.

Vijay Parbat joined the meeting.

Declaration of Interest

Members were reminded of the need to declare their interest in any items requiring a decision and to remove themselves from such decision making.

Philip Kimberley declared an interest in Items 1.4a and 1.4c of the Agenda. The Chair asked that he remove himself from discussion for the relevant sections of these items and stated that the Agenda would be moved around to ensure that he was absent for as little discussion as possible.

Approval of Minutes

Members agreed and signed off the minutes of 22nd September 2010 with the amendment that Rod Carr was not present at the previous meeting but had joined part of the meeting by phone.

Matters Arising

LN informed Board members that the list of investment summaries from all areas of the organisation for each sport were completed but these were still being finalised into a single spreadsheet and would instead be ready for the January Board meeting.

The business case for the new professional coach development pathway strategy has been drafted. However, it now needs Treasury approval for the proposed increased headcount, so it was better to wait for that approval before presenting to Board. The paper would therefore be brought to Board in January.

Executive Team Report

LN drew Members' attention to the following:

Wrestling – a verbal update on the situation surrounding Wrestling would be covered under item 1.4 of the Agenda.

Restructuring - Following the recruitment of LN as CEO and also the CSR outcome, UK Sport are in the process of re-structuring, including the re-distribution of Directors' responsibilities. This led to the Events Team moving under the responsibility of the Chief Operating Officer, the Investment Team moving under the responsibility of Director of Finance & Investment and the Policy and Governance Teams moving to the responsibility of the Director of Corporate Development. In the restructure 7 roles were made redundant. Of the staff currently undertaking those roles 4 have been re-deployed within the organisation and 3 are undergoing the process. As a result, including the vacant roles prior to the recruitment freeze, UK Sport now has 16 vacant positions. It is anticipated that this change process will be completed by the end of this year and recruitment can proceed with Accounting Officer authorisation.

Board enquired as to whether staff are thinking about their careers in a post 2012 environment. LN said most of the staff leaving UKS now have been going to jobs in partners and into the wider sporting system, many of which were directly related to 2012.

It was agreed to present an organogram of the revised structure at the next meeting. **UKS**

Marketing and Advertising Freeze – TH reported that since the Communications Report had been circulated, UKS had received confirmation that the Major Events Programme is exempt from the marketing freeze due to UK Sport's requirement as a distributor to promote the National Lottery.

Update on UKS/SE Merger discussions

LN gave Members an update on merger discussions, which are taking place regularly at a CEO/Chair level with Sport England and monthly meetings on broader matters are being held with the Minister. A project structure has been agreed and there will be a Project Board consisting of UKS, Sport England and DCMS.

On the recommendation of the UK Sport and Sport England Chairs, the Project Board will be overseen by an independent chair. It is hoped that this appointment will be announced by the Minister before Christmas and that the first meeting of the Project Board will take place in the New Year. A steering group and a stakeholder group will feed into the Project Board and the makeup of these groups will be considered at the meetings with SE. Home Country engagement would come via the Minister at Sports Cabinet meetings, DCMS and the devolved administrations, and UK Sport and its Board.

Chair thanked Home Country Chairs for their engagement and support. LM thought it would be beneficial to have formal discussions between all the Home Country Chairs and UKS Chair on this issue outside of the Board meetings. **It was agreed that there would be formal meeting the day before each UKS Board meeting to discuss the merger** and at the first meeting Chairs should consider how their views can be best represented to the Project Board.

LN agreed to inform Board of the appointment of the Independent Chair and of the new proposed structure of the Project Board once confirmed.

UKS

At present the key points to note on the proposed merger are:

- A single NDPB to incorporate the current functions of both organisations with a separate distribution of funds relating to UK and England functions.
- A case for maintaining two separate Boards has also been discussed with the Minister.

1.1 Finance Update

CW presented Board with the Finance update UKS38. The full year forecast outturn as at 31 October 2010 is a deficit of £0.2m on Exchequer funds and a deficit of £5.0m on the Lottery fund, compared to a budget of breakeven and £8.83m deficit respectively. Since the papers had been sent, UK Sport had received an e-mail from the LPFA on behalf of the Actuary responsible for undertaking the triennial valuation stating that employer contribution is expected to remain at the current level for the next couple of years. UK Sport is awaiting formal confirmation but indications are that this is a more positive result than first thought.

Board enquired whether there was a risk to UK Sport from the inability of any other member to pay their contributions. CW commented that the main control operated by the LPFA in this area was around admission criteria as demonstrated when UKAD separated from UKS and sought independent membership. However, once admitted, it would be very difficult for the LPFA to assess the solvency of current members on an ongoing basis, and this risk was carried by the membership as a whole.

1.2 Financial Planning

CW gave a presentation to accompany paper UKS39. He also explained the outcome of the Comprehensive Spending Review (CSR). Going forward the ratio of Lottery to Exchequer income would change from approximately 50/50 in the London Cycle to 65/35 in the Rio Cycle. It was noted that the accuracy of the DCMS lottery income projections and lottery compliance regime would become increasingly critical

CW noted that the lottery income outturn for 2009/10 had been £4m ahead of DCMS projection and a further positive upside of £3m was now projected by DCMS for 2010/11. After discussion, **Board agreed that the £7m received to date and anticipated by March 2011 should be released for investment at the Annual Review to be considered later in the meeting.** In light of this, CW reminded Board that the agreement to set a floor of £5m for the Lottery balance to accommodate the cashflow impact of the phasing of the £200m additional Grant in Aid had been exceptional and that it was now appropriate to revisit what constitutes an appropriate level of Lottery Balance. Board discussed a proposed target for the Lottery Balance of £18m and it was decided to re-visit this target at the next meeting, in conjunction with a revised 'floor' taking into account the increasing dependence on lottery income going forward.

Board also agreed:

- **the upside from the reallocation of lottery shares is committed to funding the World Class Programme**
- **the upside from the projected future increase in lottery ticket sales is retained in the Lottery balance to support solvency**
- **high level planning assumptions for the Rio cycle as stated in Paper UKS 39 Appendix 5**

1.3 Performance Review – 2010 (M2012 Outcomes and Season update)

In the most recent round of submissions, no sports had an overall red status. Therefore no matters needed to be escalated to Board.

PK gave an update on the past year. He indicated that results across both Olympic and Paralympic sport were very encouraging and demonstrated real progression. In terms of medals achieved, we are further ahead at this stage of the cycle than before any previous modern Games. For Olympic Summer sports there had been an overall target range of 66-95 and the actual achieved was 103 medals. For Paralympic Summer sports the overall range was 65-99 and 84 medals have achieved to date. Discussions are about to start with sports about next year's ranges (to be published in Spring of 2011) and aspirations. From the overlying medal figures there was a need to capture accurately with sports their ranges. From UK Sport's experience the Paralympic sports were better at engagement on their medal ranges than Olympic sports. It was therefore important to get a sense check on the ranges provided by sports and to tease out from sports accurate assessments of their medal ranges and aspirations. Board confirmed the need for sports to be engaged with this part of the process.

1.4 Annual Performance Investment Review Outcomes

LN provided a strategic overview of the approach taken and explained the process used. This took into account: the CSR settlement and that certainty it provided to the process; for the first time the integration of Olympic and Paralympic summer and winter sport investment; “no compromise”; and that we were in the mid-point of the London Cycle.

LN reminded Board members of their key investment responsibilities to consider the overall financial impact of the awards being recommended and the possible impact of significant changes in allocations to individual sports on the medal potential of Team GB and Paralympics GB. She highlighted the fact the Annual Review had been undertaken as a comprehensive, rigorous and transparent process against the set of clear principles laid out in the recently published Performance Investment Guide agreed at the September 2010 Board.

Winter Olympic and Paralympic Sport

LN reminded members of the principles agreed at the Board meeting in June 2010 but that decisions had not been taken and formally communicated to the sports due to the uncertainty of the CSR. Members were reminded that the sports had been judged for the first time on the same ‘no compromise’ criteria as the summer sports, whilst recognising that summer sports receive unique investment targeting meritocratic performances in London 2012. In total, an additional sum of £5m will be invested in the Sochi cycle compared to the Vancouver cycle.

Members were provided with a table showing the allocation of funding to the Winter Olympic and Paralympic Sports and after discussion **Board confirmed the principles agreed in June and agreed now to implement decisions regarding the investment in Winter Olympic and Paralympic Sports to cover the period 1 October 2010 to 30 September 2014.**

Winter Olympic

Bob Skeleton £3,447,600
Curling £2,055,100
Short Track Skating £2,785,100
Bobsleigh (Women) £ 2,420,200

Winter Paralympic

Disability Skiing £268,000
Wheelchair Curling £233,800

The Board noted that these amounts included the extension funding for the period 1 October 2010 to 31 March 2011, as agreed in June 2010, under the previous award agreements; and that Olympic Snowboarding, Skiing and Figure Skating had also received extension funding for the period to 31 March 2011 of £31,000; £31,000; and £62,000 respectively.

LN also informed the meeting that she and PK were meeting with the Minister and the BOA to discuss Winter Sports funding and the BOA’s proposal to have a Winter Sports Institute for all winter sports. The Board requested to be kept informed on any decisions and in particular the potential of the Institute proposal.

Summer Olympic and Paralympic Sport

Board were asked to consider 6 sports with increased funding and 2 sports with decreased funding. In addition 1 sport would be deferred to January and 1 sport was a follow up to the December 2009 funding decision. There were no funding changes to other sports.

PK tabled a copy of the meritocratic table with all summer Olympic and Paralympic sports fully integrated into the funding model. PK explained to members the rationale behind each sport where there was a proposed change to funding. A summary of the outcomes of the Annual Investment Review in respect of each sport regarded as being 'outliers' was presented to the Board (i.e. significantly ahead of, or behind, their expected performance track) with PK providing context:

Boxing

- Exceeded performance expectations at Men's European Championships winning 5 medals
- 1 Gold medal achieved in an Olympic weight class for Women
- An additional medal achieved in a non-Olympic weight class by a programme athlete
- The programme is on a stable platform which has been established in just 2 years but rescaling where it is at with capacity

Recommendation to increase investment by £571,800

Canoeing

- Significant performance improvements realised in Flat Water programme following investment in development pathway
- Future medal potential increased through viability of Podium programme for Flat Water disciplines, accordingly this requires recalibration of development and podium places

Recommendation to increase investment by £197,500

Gymnastics

- Significant performance improvements in 2010 demonstrate potential for Men's and Women's team events for 2012
- 3 individual medals at World Championships as well as 5 medals at European Championships reflect strength and depth in the pathway
- Performances at Junior European Championships and Commonwealth Games reflect a strong underpinning programme

Recommendation to increase investment by £627,200

Rowing

- 9 medals at 2010 World Rowing Championships with additional boats close to podium in adverse conditions
- Number of athletes at B level APA and above close to exceeding allocated places – Podium programme close to exceeding capacity
- The talent team are identifying further athletes that are being fed into the programme

Recommendation to increase in award by £313,500

Taekwondo

- Performance at European Championships and other benchmark events indicate at least 4 athletes are capable of Olympic medal performances, accordingly the underpinning development programme needs up-scaling to support this level going forward to the Rio Cycle

Recommendation to increase investment by £429,600

Badminton

- Profile of current Podium level players suggest qualification for 2012 will be challenging, with the likely team size no higher than 5-7;
- Original medal ranges are no longer viable and require adjustment;
- Participation figures suggest that potential exists for the future and that the sport is capable of medal winning performances and therefore the focus should now be on development of athletes for Rio 2016;

Recommendation to decrease investment by £541,700

Goalball

- Poor performances at World Championships by both Men's and Women's teams;
- The sport faces a number of fundamental challenges, (athlete talent pool, coaching and training environment) which make achievement of a credible performance in 2012 less likely than compared to last year;

Recommendation to decrease investment by £153, 000

Cycling

There was discussion on the investment in both Olympic and Paralympic Cycling. The Annual Review highlighted the challenge to the Olympic Programme of the reduced number of medal opportunities as a result of the changes by the UCI to the profile of events. Conversely there is potential of the Paralympic programme to deliver increased results which indicates that there is an imbalance in overall investment which needs to be managed. Outside of this the Deloitte review of the World Class Programme was due in January.

It was noted that the Deloitte review has been acknowledged in M2012 submissions by the sport as an issue which it had asked for support on. Board acknowledged therefore that any decisions around Cycling needed more discussion, and should be deferred to the January meeting. Officers would engage closely with the sport in the intervening period.

Table Tennis

Board were reminded that the investment decision before it today was deferred from the last Annual Review of 8 December 2009 and subsequent review on 27 January 2010. Officers reported that

- There was no significant change to performance profile from 2009 with limited improvement in world rankings [one male ranked 88, top ranked female 133, average ranking of funded athletes = 240. English teams ranked 33 (men) and 36 (women)];
- Whilst the sport did achieve its 2010 milestone target, it was not seen to reflect any substantial performance improvement for 2012 warranting increased investment;
- Leadership issues remain an area of concern particularly as there is no designated head coach/ programme manager/ performance director

It was therefore agreed that there would be no change in minimum basic funding. Board did agree that there was some merit in conducting an independent assessment of the sports current situation but such an assessment would not lead to further funding. Home Countries also felt that there should be better alignment with what goes on in Home countries with struggling sports.

In order that Board could consider recommendations in relation to Hockey and the Coaching Investment and Strategy, PKi left the meeting due to a conflict of interest.

Hockey

- Significant performance improvements in 2010 by both Men's and Women's teams demonstrate genuine 2012 medal potential for both squads
- The sport was ready to step up to the expectations created,

Recommendation to Increase investment by £1,133,800

After discussion, **Board agreed:**

- **all the recommended changes to Summer Olympic and Paralympic sport investment (with one member abstaining from the voting due to insufficient time to consider, but not wishing to oppose the decisions)**
- **to accept any representations (as referred to UK Sport's published Annual Investment Review Process) any sport may wish to make in respect of the decisions at its next meeting. VP to clarify the relationship between representations and the Appeals Process with DW.**

The Board also noted that:

- **in reaching the conclusion that the above named sports were 'outliers', Officers had considered the points raised in the summaries presented to Board;**

Coaching Investment and Strategy

LN provided an outline of objectives Sports Coach UK had identified as a result of its strategic review of its current investment. LN reported that each objective was quantified whilst identifying potential reductions in funding. In reviewing the objectives and the amounts of funding this represented Sports Coach UK had itself proposed a reduction of 32% in 2011/12 and 40% in 2012/13. Alongside this, officers as part of the annual review considerations had identified a need:

- for UK-wide strategic leadership
- to further enhance quality /quantity of coaching available to athletes
- take into account UKS role in performance coaching which is widely acknowledged
- for HCSCs' input into the coaching framework;

Taking into the above account it was recommended to Board that a reduction of funding be made to £660,000 per annum for the period 2011 to 2013.

This would be to deliver the following objectives identified by Sports Coach UK:

- a) Coaching leadership; expert team; driving strategy and the development of the coaching system; and
- b) Coaching system support for UK funded sports (UKCC levels 3 and 4 prioritised)

The above recommendation would be on the basis that the decision be revisited at January 2011 Board. The investment would be revisited after further consideration of the above points and an assessment of coaching needs in the UK which fall outside of the Sports Coach UK objectives being funded as a result of today's decision.

Board agreed to the recommendation, and that Officers should follow up with the HCSCs for their input into the value provided by Sport Coach UK prior to the January Board.

PKi rejoined the meeting.

Other Partner Investment

TASS

By way of background it was noted that UKS inherited TASS from Sport England in 2006. TASS is an England focussed programme which currently funds 684 athletes across 56 sports 10 of which are non Olympic and Paralympic. Current funding is at £3.0 million per annum. The £775,000 per annum funding contribution from the Department of Education had been withdrawn from 2010/11 but made up by UK Sport for this TASS year only.

As part of the annual review considerations, it was considered that the investment should align with UK Sport's Investment Principles and drive excellence in Olympic and Paralympic sports. Continued investment of £2.25m could provide around 500 TASS athlete places for Olympic and Paralympic sports and mean that: TASS places for non-Olympic/non-Paralympic sports would be withdrawn from 1 October 2011; and TASS 2012/14 places for optimally funded sports would be withdrawn from the same date or earlier if appropriate.

Board discussed the basis of the investment and the opportunity for TASS to play a role as UK Sport's expert partner for the Higher Education Sector, and agreed this should be subject to further discussions and development. The Board also wished to avoid distractions to sports during the London Games and therefore considered extending the Funding Agreement for an additional year.

On this basis, the Board agreed an investment of £2.225m for each of the years from 1 October 2011 to 30 September 2013 to the Sport Aid Trust for TASS.

Non-Olympic Sport (Waterskiing and Orienteering)

LN explained that these two sports had already been notified that funding would cease at the end of the London cycle. It was felt that, with regard to affordability, the focus of funding pre 2012 should be on Olympic and Paralympic sports, and that there should therefore be a reduction in their funding.

Board therefore agreed to:

- **Accelerate cessation of UK Sport investment in Orienteering and Waterskiing**
- **a decrease in British Waterski and Wakeboard by £167,500 and British Orienteering by £125,000.**
- **Reduce grant awards by amount of final year April 2012-March 2013**

Board agreed that there would be no change to the investment levels in:

- **English Institute of Sport**
- **Other Institutes**
- **British Athletes Commission**
- **Sports Resolutions UK**
- **BPPS**
- **UKSA (Learning Difficulties) – to note that funds have been set aside for officers with delegated authority to allocate to sports following the confirmation and outcome of the classification standards and qualification process.**

Major Events uplift and investment in World Athletics Championships 2017

Simon Morton joined the meeting.

SM presented paper UKS42 which updated Board on developments following its approval of an award towards the 2015 World Athletic Championships (WAC). The current position was that the 2015 bid could not be progressed due to the Olympic Park Legacy Company undergoing a

competitive process to appoint an operator for the Olympic Stadium. Until such time as the operator is appointed the venue could not be guaranteed. Officers now wished to seek approval for the award to be transferred to a potential bid for the 2017 WAC on the basis that it still represents the highest priority event for UK Sport. Bidding is expected to open in 2011 with a decision expected by the IAAF in November 2011.

Board enquired if the bid could not progress or was unsuccessful whether there would still be an uplift to the Major Events budget to £5m per annum. Officers confirmed this to be the case and that the uplift would be allocated to prioritised events based on the agreed 2013-18 Strategy (and subject to MEP and Board approval).

After discussion, **Board agreed to approve a grant of up to £7.5m towards the staging of the 2017 WAC should a bid be confirmed.**

This would be subject to the following conditions:

- Confirmation of cash and genuine budget-relieving VIK contributions from other partners (expected to be GLA and UKS) to result in a balanced budget
- Confirmation of DCMS underwrite of the event (including all funding required outside of that provided by the public sector partners)
- Confirmation of DCMS taxation exemption if required by UKA/IAAF
- Confirmation from London authorities, OPLC, and any other relevant venue-related parties (for example the selected venue operator) that the Olympic Stadium will be available and suitable to host the 2017 WAC. Clarity and agreement will be required on any significant modifications and overlay required to adapt the Stadium in legacy mode to a WAC compliant venue
- Agreement around clawback of any surplus made on the event
- An amount of the contingency to be ring-fenced within an award from UK Sport
- Appropriate brand exposure for the National Lottery.

SM left the meeting.

Overview of Rio 2013/17 Cycle

Board were asked to consider the impact of decisions made at Board on funding post 2012 and were asked to note the initial balanced budget for the Rio Cycle of approx £444m. This shows a 10-15% reduction in funding compared to the London cycle which would mean that funding for sports in the lower meritocratic table groups would be at risk. Board raised whether the issues of means testing and commercial strategy were taken into consideration in the overview. **It was agreed that a review of means testing would be discussed at the January Board meeting, as part of the presentation of UK Sport's wider post 2012 commercial strategy.** It was also noted that in the coming months the Board's time will become more focussed on post London 2012 issues.

A round up of decisions Board confirmed its agreement to:

- 1. The changes to Summer Olympic and Paralympic sport investment**
- 2. Confirmation of the Winter Sport Olympic and Paralympic investment**
- 3. The changes to investments in Sports Coach UK and TASS; and to Waterskiing and Orienteering.**

4. The grant to the World Athletic Championships 2017 bid subject to the conditions outlined

5. Initial budget for the Rio Cycle;

Communications Plan

TH explained the process for communicating the Annual Review decisions and information to all sports. All sports would be contacted by LN or TH to confirm their funding figures. These calls would be followed up by e-mails. A press conference would take place on Thursday 9th December. Board members would receive a copy of the press release.

2.1 Board Events Calendar

Members accepted paper UKS 43.

2.2 Minutes of Audit Committee

These were noted by Board. JV informed Board that membership and composition of Audit Committee is currently under review and that under item 6.3 of the Internal Audit minutes, the committee will be chasing Directors on outstanding Internal Audit actions.

2.3 International Relations and Major Events Investment Guides

Board noted the creation and content of the Major Events Investment Guide and the International Relations Investment Guide. Following the Board meeting they will be published and made available to all parties.

3. Any Other Business.

There were no other items of business. Chair thanked the Executive Team for the work put into the Annual Review process.

4. Date of Next Meeting

The next meeting will take place at UK Sport offices on **26th January 2011.**