



Minutes of the UK Sport Board Meeting held on 27th March 2012

Present

Chair Sue Campbell

Attendees:

Laura McAllister
Louise Martin
Richard Lewis
Jonathan Vickers
Mark Hanson
Philip Kimberley
Dominic Walsh

UK Sport Staff

Liz Nicholl	Chief Executive
David Cole	Director Corporate Development
Chris Walker	Finance Director
Peter Keen	Performance Director
Debbie Lye	Director International Development
Vanessa Wilson	Director Commercial and Communications
Simon Morton	Director of Major Events and International Relations
Vijay Parbat	Legal Advisor

DCMS

Frances MacLeod (part) Head of Sport

Board Secretary

Jackie Freeman UK Sport

1. Introduction and Apologies for Absence

Action

The Chair welcomed Members to the meeting. Apologies were received from Rod Carr and Chris Holmes. Chair informed the meeting that Frances MacLeod, Head of Sport, DCMS would be joining the meeting, and attending future meetings, as an Observer.

2. 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.

3. Approval of Minutes

There were no amendments to the minutes of the meeting of 27th January 2012 and they were approved as a true record of the meeting.

4. Matters Arising

LN gave an update on a confidential R&I project. Engagement is on-going with stakeholders and other parties and a supporting communications strategy has been developed. A formal review is planned for late April. It was noted that the project included a number of targeted sports. An update will be provided at the next Board meeting.

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UK Sport's feedback to the EIS draft business case, as mentioned at the previous Board meeting, would be covered under item 8.2 of the agenda.

Executive Team Report

LN introduced the Executive Team Report and drew Board's attention to the following:

- **Major Events** - Major Events Panel had met in March and expressed concern that UK Sport would not have a dedicated representative on the Board of London 2017 Ltd, as the current proposals reflect one Board member to collectively represent both DCMS and UK Sport. UK Sport officers had requested there be a Funders Group to enable UK Sport to pre-approve any major variations prior to consideration at London 2017 Ltd Board meetings and this has been agreed. LN, as Accounting Officer, felt reassured with the creation of this Funders Group, and would in addition seek a position for UK Sport as an observer on the London 2017 Ltd Board to facilitate transfer of major event knowledge and expertise. After discussion, Members agreed that this was an acceptable solution.
- **Commonwealth Games Federation (CGF)** - Louise Martin declared a conflict of interest. UK Sport's agreement with the CGF to provide £75k per annum towards their head office costs in London is due to expire at the end of March 2012. Officers were seeking Board's approval to extend this support at its current level for a further two and a half years. Board agreed that this funding should continue for the purpose of supporting the CGF's ongoing head office costs in the UK and to support the Strategic Review of its organisation. It was also agreed that the investment would be further reviewed before the end of the two and a half years.
- **Athlete Medical Scheme** - Board agreed to renew the Athlete Medical Scheme, which was due for renewal on 1 April 2012, at a premium of £1.9m. LN confirmed that the premium is within budget and contracted as the final year of a 2 year deal.
- **Key Performance Indicators with DCMS** - DC reported that DCMS would like to reduce the number of KPIs for 2012/13 to four to cover: Performance at London; Major Events; System Governance; and the Merger. The latter will be agreed and shared with Sport England. It was noted that there will be no KPI to cover International work. This area is not considered by DCMS officials to

be a primary objective needing a KPI given the quantum of investment compared to the other work undertaken by UK Sport. LN confirmed that targets for the Olympic and Paralympic Games would be brought to Board in June, prior to finalisation with DCMS.

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- **Governance Framework** – DC thanked Board for providing feedback on Board composition. UK Sport had been working closely with Sport England and DCMS to agree a joint governance strategy to be announced to all UK Sport and Sport England funded sports' national governing bodies. In summary, the requirements include:
 - The NGB's structure to allow for open recruitment to its Board
 - At least 25% of members - and ideally a third - are independent and the Board has an appropriate balance of skills
 - Terms are normally limited to two x four years and with a maximum size of 12 members.
- **BAC** – Board were reminded that at their December 2011 meeting, BAC's funding had been suspended given concerns on the governance of the organisation. DC informed members that he had met with Officers from the BAC to better understand BAC's plans going forward and to avoid any financial threat of liquidation. After consideration, DC felt that UK Sport should lift the suspension of funding for the 2012-13 financial year subject to certain conditions and strict payment schedule which would be set out in a Letter of Variation to the BAC. It is expected that they will submit a full business case for the period 2013-17 in May. Officers and Members agreed that, alongside other funded partners, a review should be carried out to determine the relative priority of continued investment to the delivery of UKS objectives.
- **HR** – DC gave an update on the initial findings from the staff survey. There had been a record 99% response rate and Directors were now working with their teams to analyse the results and capture any learning needs. DC drew Board's attention to a reduction in the percentage of turnover/leavers but added caution that in a post Games environment it could change.

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6.1 Merger update

LN presented the slides that had been prepared with Sport England and shared at a meeting with the Minister. Focus was on the four strands of co-operation as laid down in the Minister's previous letter:

Frances MacLeod joined the meeting.

- **Strategic Connectivity** – Joint Sport England/UK Sport/DCMS quarterly meetings will now take place; LN and JP have both attended respective Director meetings to give an overview of strategy and opportunities for connect; UK Sport and Sport England are working together on governance, coaching, Elite Training Centres, performance and talent connects, and major events engagement. (The other Home Country Sports Councils are also engaged).
- **Establishment of a British Sports Marketing Bureau** - VW informed Board that a vision has been established and agreed by the Programme Board and that the products are now in their development stage. Engagement has been on-going with key stakeholders including BOA, BPA, NGBs and HCSCs. Some initial market testing has been carried out with a few sponsors and feedback has been positive. The next steps are to review the project feasibility in view of further market testing and to start work on a business case to be submitted to the Minister in May.
- **Rationalisation of back office functions** - UKS had met with SE and DCMS to explore options and to identify areas that could be

shared. Phase two would involve exploring structural opportunities once the governance structure of a merged environment becomes clearer. Phase 3 would involve the transition. A paper is being developed with Sport England and in liaison with DCMS to outline, for the Minister, plans for the next 12 months.

- **Co-location** – Sport England and UK Sport are holding joint meetings to consider various options around a joint location from 2014.

7.1 Major Events Panel – Recommendations

Members endorsed the following recommendations made at the Major Events Panel meeting held on 5 March 2012.

1.1 UCI BMX Supercross World Cup 2013 (Manchester)

Board approved to provide a grant of up to £138,000 towards the staging of the UCI BMX Supercross World Cup 2013, subject to the following specific conditions:

- £33,000 is ring-fenced as a contingency and only released with UK Sport Officers approval
- Written confirmation to be received of British Cycling's commitment to underwrite the event
- Written confirmation to be received of British Cycling's cash contribution to a minimum of £10,000
- Written confirmation to be received of Manchester City Council's cash contribution of £125,000
- £8,000 is to be ring-fenced towards the cost of course materials and only to be released with UK Sport Officers approval
- A sports development plan is to be received to UK Sport and Sport England Officers satisfaction

2. Board noted the following awards made by the Director of Major Events and International Relations and the Chief Executive, as Accounting Officer, under the authority delegated by Board:

2.1 UK Sport provided a grant of up to £160,000 towards the staging of the UCI Track World Cup 2011/12, in London.

2.2 UK Sport provided a grant of up to £63,000 towards the staging of the Men's London Handball Cup 2012, in London.

2.3 UK Sport provided a grant of up to £40,000 towards the staging of the European 470's Championships 2012, in Largs.

2.4 UK Sport provide a grant of up to £175,000 towards the staging of Sail For Gold 2012, in Weymouth.

2.5 UK Sport provide a grant of up to £155,000 towards the staging of the UCI Track World Cup 2012/13 on Glasgow.

7.2 Major Events Panel – Minutes

It was noted that the Major Events Panel had agreed that Officers should continue to progress work around the feasibility of hosting the 2017 Tour de France (as discussed at a previous Board meeting) with a view to presenting a detailed application for support at a later date if considered appropriate.

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8.1 Mission Control Pre-Season 2012

Paper UKS 07 was presented for information following a meeting of the Mission Control Panel meeting in March. As no sports' submissions were rated as overall red in status, no matters were escalated to Board for attention. A media briefing was planned for 29th March to give the press an opportunity to view the Tracker Boards.

8.2 Proposal re EIS and R&I Integration

PK presented paper UKS 08 to discuss a proposal to integrate UKS Research & Innovation responsibilities within the EIS from April 2013. The EIS has been developing its 2013-17 strategic plan since last Summer and is now in the process of aligning this work with Project Rio. PK considered the proposed integration to be a positive step that would strengthen the ability to offer sports a more complete performance package. Joint meetings to explore the merits and drawbacks of such a proposal have already taken place and Board approval in principle was being sought with a view of a business case being brought to the May Board meeting. Board members expressed concern about a lack of consultation to date with the home nations. PK agreed to bring a paper to Board to demonstrate how the new model could function in the sporting landscape while addressing the concerns raised at the meeting.

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Mark Hanson joined the meeting.

8.3 Rio Planning Update

Vikki McPherson joined the meeting and gave Board a presentation and verbal update on the planning for Rio. Draft Business cases had now been received from all sports and these were being reviewed internally. A preliminary review was presented and further observations will be shared at the May Board.

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9.1 Rio Budgeting update

CW gave a presentation on the financial challenges for the Rio cycle. The predicted income for the Rio cycle is approximately £486m but there are risks around the uncertainty of the 2015-17 Comprehensive Spending Review (CSR); the increased reliance on Lottery and the expectation of NGBs that they will receive similar funding to the London cycle. To try and mitigate some of these risks, representations are being made to DCMS on the 2015-17 CSR to help inform assumptions. Discussions are also taking place with other Lottery Distributors and the level of UK Sport's Lottery Balance will also be reviewed. A graph was presented by PK which showed the impact that a reduction in income would have in relation to the number of likely medals and sports funded. Planning scenarios will be further developed through the May and June Board meetings.

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9.2 Operational Plan

A booklet, for internal use only, had been circulated to Board members in advance setting out the Operational Plan for 2012-13. LN drew attention to the words used to capture a draft 'Purpose' statement for UK Sport to sit above the existing Mission and JV felt there should be more discussion on a 'Purpose' statement at a future meeting and this was agreed.

9.3 Finance and Budget Update

Finance Update

CW presented paper UKS 10. The full year forecast outturn as at 31st March 2012 is to break even on Exchequer funds and achieve a surplus of £12.1m on the Lottery Fund.

Budget Update

CW presented the budget for the final year of the 2009-13 cycle. A surplus of £12m in Lottery income is forecast for 2011/12 taking the Lottery

Balance to £37m as at 31st March 2012. CW was proposing that this surplus should be held in the lottery balance pending further review during 2012 of spending priorities for the Rio cycle. With regard to Exchequer funding, the current CSR settlement only covers the first 2 years of the Rio cycle and UKS has worked on an assumption that Exchequer funding would continue at the same level. However, early indications from the DCMS reveal that UKS should be scenario planning for a range of outcomes from a nil settlement to £40m per annum.

Members discussed the proposed Budget for 2012/13 but thought that they still needed assurances to justify what they felt was a significant increase in operating costs as compared to 2011/12 forecast outturn. Particular concern was voiced over the re-instatement of contingency, depreciation and governance costs. CW agreed to re-visit the budget and re-submit to Board for approval.

UKS

9.4 Audit Committee – Minutes

These were noted. Members asked about whether value in kind is considered as part of the Athlete Personal Award. It was noted that it is considered and acknowledged that this is a complex area of work. Moore Stephens (auditors) were currently reviewing how the Athlete Personal Awards are conducted and their findings would be discussed at Audit Committee. Audit Committee had also conducted its self-appraisal and recommendations had been implemented and had reviewed draft policy papers in relation to the Bribery Act. Once these are finalised, they will be brought to Board for information. Audit Committee had also recommended new internal auditors.

10.1 Gifts & Hospitality Guidelines

Paper UKS 12 provided members with a guide to refer to when receiving invitations from NGBs and Funded partners to attend events at the London 2012 Olympic and Paralympic Games. Board members were asked that they notify the Board Secretary (Jackie Freeman) of all hospitality and entertainment received in relation to the Games so that this can be entered onto the UK Sport Gift & Hospitality register; and that they declare any such hospitality at any meeting involving investment decisions affecting the NGB or funded partner. It was asked that the information be provided even when the offer is declined.

All

10.2 Board Events Calendar

This was noted.

11. Any Other Business

12 Date of next meeting: 2nd May 2012

13. Confidential – CEO staffing update

Officers left the meeting.

LN informed Board that Peter Keen's role would be changing as of 1 May 2012. He will take on a new role as Special Adviser for Performance and will remain part of the UK Sport team on a 0.5 contract. Vikki McPherson will step up into a new interim role as Head of Performance Programmes. Recruitment for a new Performance Director would begin before the Games to give an opportunity to attract strong candidates. It is hoped that the position will be filled by early 2013. Staff and National Governing Bodies would be informed following the Board meeting.

14. British Paralympic Association

Tim Hollingsworth (TH), CEO of the British Paralympic Association, had been invited to the meeting to give an update on ParalympicsGB preparations for London 2012 and beyond. Chair thanked TH and on behalf of the Board wished him and the team much success at the Games.

15. Board effectiveness survey

Officers left the meeting.

An external facilitator joined Board members, including the Chair and LN, as Accounting Officer, to share and discuss the findings of the recent survey into Board effectiveness.