



The United Kingdom Sports Council

**Grant-in-Aid and National Lottery Distribution Fund
Annual Report and Accounts
for the year ended 31 March 2021**

The United Kingdom Sports Council

Grant-in-Aid and National Lottery Distribution Fund Annual Report and Accounts for the year ended 31 March 2021

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Introduction by the Chair

It's fair to say that none of us could have predicted the past 18 months. My thoughts are with all those who have lost loved ones and those who have suffered the impacts of a year isolated from friends and family. It has been a time of great challenge and sadness for many, but amongst the difficulties we have seen incredible acts of kindness and generosity, as well as a spirit of optimism and resilience.

I hope that Olympic, Paralympic and Commonwealth Sport can continue to help communities to reconnect in optimism and celebration as we approach the 2022 Beijing Winter Games and the 2022 Commonwealth Games on home soil in Birmingham.

I am enormously proud of the way that UK Sport, and the sport sector in the UK more broadly, have met the colossal challenges presented to us in the past 18 months, culminating in the extraordinary Tokyo Olympic and Paralympic Games. I am particularly proud of the role that Olympic and Paralympic sport and our fantastic athletes have played in their communities throughout the UK during this most difficult time. It has been a wonderful reminder of how much value athletes and sport can bring to our society.

Despite the challenges the COVID-19 pandemic has presented, the team at UK Sport remained committed to supporting sports and athletes to deliver at the delayed Tokyo Games. We also spent a significant period of time working with sports on their Paris 2024 plans. We are now in a unique period of time when we will see three Olympic and Paralympic Games in the space of just three years. In December 2020, I outlined a £352 million investment into Olympic and Paralympic sport through to Paris 2024. We are very grateful to the Government, who confirmed their commitment to the Paris cycle during the Tokyo Games, and to the National Lottery for their support in allowing us to back more sports than before in the Paris Cycle.

We have been clear in our future ambition to support Britain to become more successful in more sports than ever before. UK Sport is now investing in 43 sports and a record 36 sports will receive World Class Programme Funding. A further seven sports will receive a new "progression" investment. This marks the start of an exciting programme of investment in the longer-term medal potential of new and exciting sports such as climbing and skateboarding. To support our new approach and demonstrate our commitment to a wider group of sports we also launched our National Squads Support Fund. This new fund will see up to £2.4 million invested across 8 sports to enable 100 athletes, who would otherwise have not received support, to compete for their country on the biggest stage. In addition to preparing for Tokyo, Beijing and Paris, UK Sport has also recently been expanding our horizons to look even further ahead. In March, we unveiled our new 10 year strategic plan. At the plan's heart is a mission to create the greatest decade of extraordinary sporting moments in our country; reaching, inspiring and uniting our whole nation. Under the new plan, achieving on the world stage with integrity will continue to sit very firmly at the heart of what we do. But we will also make it our responsibility to better harness the platform that achievement creates for positive social change. I feel very lucky to have witnessed first-hand the incredible positive impact sporting excellence and endeavour can have on people's lives, and everyone at UK Sport is hugely motivated by the future challenge of reaching more people in more meaningful ways.

The Tokyo Games itself was the perfect platform from which to launch our 'greatest decade'; it a celebration of fantastic sporting achievements, in which Team GB and ParalympicsGB brought a sense of joy, pride and togetherness to the nation when they needed it most. But more than that, we also saw our athletes using their platform, as socially conscious people of talent and character, to make the world a better place.

The postponement of the Games last year has reminded us all just how much we have all missed coming together to cheer on our brilliant athletes. I am delighted that we will all have that opportunity

again this winter in Beijing and next summer right on our doorstep in Birmingham. I know our athletes will continue to do us proud and we can witness and celebrate the extraordinary.



**Dame Katherine Grainger DBE
Chair**

The United Kingdom Sports Council

10 December 2021

Performance Report

Legislative Background

UK Sport was established by Royal Charter on 19 September 1996 and became fully operational on 1 January 1997. UK Sport is a National Lottery distributing body under Section 23(2) of the National Lottery etc. Act 1993.

Purpose and Structure

UK Sport are the UK's trusted high-performance experts, powering our greatest athletes, teams, sports and events to achieve positive success. Our purpose is to lead high-performance sport to enable extraordinary moments that enrich lives.

We receive funding from the National Lottery Distribution Fund together with Grant-in-Aid from the Department for Digital, Culture, Media and Sport (DCMS). A small amount of commercial income is also generated, mainly from sponsorships.

Funding is distributed through the UK Sport Group which comprises UK Sport and the English Institute of Sport (EIS). While UK Sport primarily provides strategic investment to National Governing Bodies (NGBs) and elite athletes, EIS provides sport science, medicine, technology and engineering services to elite athletes predominantly in World Class Programme (WCP) funded sports. An additional subsidiary, Yorkshire 2019 Limited, was put into members' voluntary insolvency in 2020-21 as planned. The latter company had been established as a Special Purpose Vehicle to deliver the World Road Cycling Championships in 2019.

During 2020-21 UK Sport had five directorates reporting to the Chief Executive Officer: Performance, Communications and Commercial Partnerships, Business Services, CEO Office and Major Events, Governance and International Relations. This structure was remodelled later in 2021 as part of an Organisational Design review, with the organisation now in six departments: Performance, Sporting System and Events, People, Engagement and External Affairs, Business Services and Strategy.

Performance Overview

Once again, high-performance sport has faced an unprecedented year of change and uncertainty. From a global pandemic to the impact of a delayed Olympic and Paralympic Games, 2020-21 required exceptional resilience, agility and collaboration across the high-performance sporting community, in order to navigate these challenging conditions. UK Sport's focus throughout has been on its people: ensuring our colleagues stay safe and supported throughout an extraordinary year of remote working and ensuring sports can continue to prioritise athlete welfare and can safely return to training and competition as restrictions lift.

Over the past 18 months, sport has played its part in the efforts to tackle the consequences of COVID-19, with athletes, sports and partners alike stepping up to encourage people to stay at home, stay active and stay safe. Many colleagues across the sporting system volunteered their skills, time and experience to the NHS and many Elite Training Centres offered their facilities to support the wider COVID-19 effort. UK Sport has balanced the cancelling, rescheduling and hosting of major events in light of the COVID-19 pandemic, with 20 events affected.

Inevitably sport has experienced a severe lack of competition and qualification opportunities, making for ever-greater challenges in global performance benchmarking and performance predictions as we headed into an Olympic and Paralympic year. In 2020 there were 428 major competitions in Olympic sports compared to 1,414 in 2019 and two major competitions in 2020 in Paralympic sports compared to 27 in 2019. Given the lack of international competition, preparations turned to supporting sports in creating simulated competition environments and supporting the safe return to organised training, in line with government restrictions.

UK Sport worked extensively with DCMS, the Chief Medical Officers Group and Governing Bodies from across the Professional and Olympic and Paralympic Sport landscape to support the safe re-start of training and sporting competition in England, informed by the sharing of best practice across the four home nations. This led to the publication of formal guidance which NGBs, training centre operators, competition venues and event delivery partners could use to aid the safe opening and operating of sporting venues and the delivery of major events. This also reflected strong collaboration around the challenges presented via the pandemic across the four home nations/Home Country Sports Councils.

Additionally, UK Sport teams contributed to the development of a pilot test event programme, which helped to pave the way for the safe return of spectators to sporting venues in the months ahead.

For all of the challenges sport has faced throughout the global pandemic, this period has showcased the important role that sport plays in British society and its importance to the nation. Our research revealed strong public support for the return of sporting events, with an overwhelming 97% of sports fans willing to attend live sporting events again. The impact of major events on the spirit of the nation also scored highly, with 97% of sports fans agreeing sports events are good for morale, with the buzz of live sporting action, supporting their favourite athlete or team and being at events with family/friends firmly among the things missed most over the past year. UK Sport is proactively securing events for the next decade, with the World Rowing Coastal Championships, Beach Sprint Finals in 2022 and IBSA World Blind Games in 2023 recently added to the calendar. In addition, feasibility work for nine events is currently underway, including Hockey World Cup, Rugby World Cup (for women) and Para Table Tennis World Championships alongside the existing FIFA World Cup and Ryder Cup projects.

Ensuring sports had the financial support needed to support their athletes with their preparations, and maintain good underpinning organisational health, has remained a major focus for UK Sport. Revenue streams for Olympic and Paralympic sport were hard hit by the pandemic, as income from sales, events, membership and sponsorship fell. Recognising the need for emergency funding to support National Governing Bodies and partners through this time of uncertainty, UK Sport announced an emergency Continuity Fund, which has to date provided 22 vital support awards to sports, totalling over £2.9 million.

Looking further ahead, UK Sport has completed vital work to create its next organisational strategic plan, which will seek to keep the UK's athletes winning and winning well, to create a thriving, ever-more collaborative sporting system and to inspire positive societal change using the platform, reach and influence of Olympic and Paralympic Sport.

Aligned with this new strategic plan, in December UK Sport signalled its intent for the UK to become successful in a wider range of sports and to build a high-performance sports community which better reflects the diversity of British society. This shift was supported by a plan for investment of £352 million into an increased number of sports (43) in the build-up to the postponed Tokyo Games, through to the 2024 Paris Olympic and Paralympic Games and beyond. 36 sports will receive World Class Programme funding (an increase on the 33 funded in the previous cycle), whilst seven Progression Sport investments mark the start of a programme of support in the long-term medal potential of new and exciting sports. The seven sports are basketball, climbing, fencing, skateboarding, surfing, table tennis and weightlifting. New additions to the Olympic programme; climbing, skateboarding and surfing will receive investment, along with the four other sports. Together, they will play an important role in a wider shift to take a 12-year view of success and kick-start the search for the next generation of Olympic and Paralympic champions.

In a further show of our commitment to supporting a broader range of sports and building sustained success, in March UK Sport launched a new National Squads Support Fund, which will see up to £2.4m invested into a further eight sports. Six Olympic and two Paralympic sports will initially benefit from the National Squads Support Fund, which is expected to have an impact on over 100 athletes that would otherwise not receive support and offer a crucial contribution in enabling them to represent their country on the biggest sporting stages. The National Squads Support Fund will positively contribute to the development of national squads, specifically enabling athletes to attend major international championships and access other events that form the critical path to the Olympic and Paralympic Games.

Whilst working in unprecedented circumstances, UK Sport managed to maintain strong fiscal management across its investments in 2020/21, achieving a financial outturn within 0.5% of its Grant-in-Aid award.

Whilst fully embedded as a major priority in UK Sport's next strategic plan, work continues to advance actions around equality, diversity and inclusion in sport. 2020 saw UK Sport kick-start a new female coaches leadership programme to double the representation of female coaches in the Olympic and Paralympic high-performance community by Paris 2024. Furthermore, together with the four Home Country Sports Councils, UK Sport announced a shared commitment to creating a sporting system that is truly inclusive and properly reflective of UK society and committed to stamping out racism and racial inequality in sport. In September 2020, we launched a new project to review data on race and ethnicity in sport across the UK and the individual home nations; and to capture the lived experiences of people from ethnically diverse backgrounds across the UK in accessing, being involved in and being excluded from sport. The work concluded in April 2021 and the findings were published in June 2021, including a joint position statement and overarching commitments from the CEOs of the five Sports Councils, aimed at enabling transformational change across our sporting system.

In addition, UK Sport set up an internal Anti-Racism Group (ARG) in July 2020 with the objective to 'lead and inspire both UK Sport and the UK's high performance system in positive action against racism'. Chaired by the CEO, the group includes members from across the organisation and its meetings are open to all staff. The group also works alongside the wider Equality Diversity and Inclusion (ED&I) Working Group that coordinates the whole cross-organisational strategy for the high-performance system. This was finalised in March and published in June 2021, with four major priorities that tie in with our central ambitions:

- To power a more diverse and inclusive team that delivers a broader range of champions and medallists than ever before
- To increase the diversity of leadership on national and international sports bodies
- To promote and embed inclusion across UK Sport's programmes
- To drive with pace, ambition and accountability the equality, diversity and inclusion agenda within UK Sport

Systematically gathering, analysing and reporting on EDI data for UK Sport, our programmes and wider system has been identified as a major priority to ensure progress is regularly tracked and measured.

This will complement the significant progress made across the four years of the Tokyo Cycle in areas like Governance, Organisational Health, Culture and Integrity, ensuring the UK continues to set global standards on the high-performance sporting stage. This progress will once again be underpinned by an ambitious programme of Major and Mega sporting events, enabling sports to contribute to lifting the spirits of the public across the UK post-pandemic.

Looking ahead, with a clear mission to 'create the greatest decade of extraordinary sporting moments';

reaching, inspiring and uniting the nation', UK Sport will focus on achieving three central ambitions:

Keep winning and win well

We will power a broader range of champions and medallists than ever before; winning with integrity and ensuring the nation's exceptional talent has the opportunity to be the best it can be.

Grow a thriving sporting system

We will support the sporting community across the UK to be ever more collaborative; setting a diverse, ethical and sustainable agenda for tomorrow.

Inspire positive change

We will contribute to a happier, prouder and more connected society, using the power and platform of sport to inspire positive change.

2021 represented another year of challenge, change and opportunity for the Olympic and Paralympic Sport movement. Yet with focus, commitment and collaboration, UK Sport believes it can make strides forward in reconnecting the nation with Olympic and Paralympic sport and in harnessing its investment to power an ever-more relevant and impactful Olympic and Paralympic team for the future.

Key Risks and Issues

Organisationally, our risk appetite is carefully assessed and reviewed to consider the nature and type of work across our organisation and within our teams and thus the appropriate level of risk-taking. By nature, as an Arm's Length Body (ALB) operating within the wider governmental control framework, we are required to be more risk averse. However, to maintain our competitive advantage we often need to explore innovative and creative solutions, often at short notice, to complex problems and opportunities – this requires a degree of acceptance of risk and the ability to work with agility. When required this is done in a calculated and informed way, with implications and benefits considered, prior to decisions being taken.

The worldwide Coronavirus pandemic has created the major challenge, in the short, medium and long term, to UK Sport achieving its strategic objectives. With the Tokyo 2020 Olympics being postponed until July 2021, and major disruptions to sports' income streams, athletes' training regimes and the cancellations of sporting events in general, UK Sport has focused on ways of protecting the high performance system over the past year. This has included financial assistance, advice and support, and being an effective advocate of the value, benefits and impact of sport in general to Government and the wider public.

A key part of ensuring sports' resilience during this challenging time has been through our Continuity Fund. We have been able to make a total of 22 awards to sports, totalling £2.9m, which aims to mitigate the financial impacts of the pandemic. This grant scheme was assessed against Grant standards by the DCMS Counter Fraud team, and received a green (high assurance) rating across the board.

In addition, we have offered additional flexibility in our World Class Programme awards, both in the timing of the received funding and broadening the scope of allowable expenditure.

Other key risks are captured in UK Sport's risk register, which is used as a key tool to influence decision making. Mitigating actions are considered and developed to minimise risks where appropriate and are updated on a regular basis. Further details about the significant risks managed during 2020-21 are provided in the Governance Statement.

Performance Analysis

Due to the unprecedented impact of the pandemic, DCMS did not set any KPIs for UK Sport in the 2021-22 financial year. In response to this, organisational resources were re-prioritised around eight

top priorities identified by the business. Progress across the 2020/21 financial year was therefore measured via the tracking of each of these priorities.

- 1 **The wellbeing of our people** – effort was focused on ensuring all staff members were supported to adapt quickly and effectively to the revised pandemic environment and remained connected to the wider organisation. Flexible working was introduced to enable our team to meet their individual challenges.
 - Progress was measured via regular staff pulse surveys. An anonymous employee feedback portal was also introduced, with wellbeing scores and comments reviewed weekly by the Executive Team and appropriate action taken.
- 2 **Ensuring business continuity** – effort was focused in the early stages on ensuring essential BAU (e.g. IT, Finance) could continue to operate efficiently and effectively. Subsequent focus was then on ensuring our teams could carry out their work effectively and safely from home.
 - Progress was measured via staff surveys. By June 2020, over 97% of employees were reporting they were able to engage and connect with teams and, collaborate effectively with colleagues.
- 3 **Protecting the organisational health of National Governing Bodies (NGBs)** – this priority focused on helping to get the NGBs in which UK Sport invests on a clear road to recovery in light of the financial challenges faced due to the pandemic. Our teams worked closely with the NGBs involved to understand and help mitigate their individual challenges. A Continuity Fund was put in-place, and close working with our colleagues in the Home Country Sports Councils ensured a coordinated approach.
 - Progress was measured the number of NGBs able to navigate and adapt to the challenges of the pandemic; a task all NGBs have risen to.
- 4 **Delivering effective re-planning and preparation for Tokyo and Beijing.** Focus was put on collaborating with World Class Programmes to revise and reactivate their performance plans to optimise Tokyo and Beijing preparations. Pandemic mitigation plans were put in place, culminating in UK Sport co-leading the development of a cross-industry 'return to training/play' plan ensuring COVID-safe environments for athletes and support staff.
 - Progress was measured by the successful development and delivery of a safe return to play/return to training plan aligned to re-calibrated plans for Tokyo and Beijing. All UK Sport funded sports have successfully returned to training/play and either went to Tokyo or are on-track for Beijing.
- 5 **Playing our Part** – focus was also directed on ensuring Olympic and Paralympic Sport was visibly mobilised to support the Nation in the coronavirus effort, with a focus on re-inspiring and reconnecting the Nation. Multiple World Class Programme athletes contributed to online activity to keep the Nation engaged and active during the pandemic.
 - Progress was not able to be measured in a SMART way, but Olympic and Paralympic athletes visibly and significantly contributed to the physical and mental wellbeing of the Nation.
- 6 **Relationships** – increased effort was focused on contributing to the strategic relationships and collaboration between sports, the British Olympic and Paralympic Associations, the English Institute of Sport, Home Nations Sports Councils and Institutes, The National Lottery, Government and the Media, ensuring the high-performance system worked together and with a united voice.
 - Progress was measured by the UK high-performance system successfully navigating the most challenging situation in the history of Olympic and Paralympic sport. As a result, Team

GB and Paralympics GB remained on-track for the Tokyo and Beijing Games.

In parallel, UK Sport also continued to focus on and track progress with other longer-term activities in-which it was deemed essential to maintain momentum:

- 7 **Planning for Paris and Milan-Cortina.** UK Sport worked collaboratively with sports and partners to ensure the work needed for Paris and Milan-Cortina Cycle investments could be continued alongside Tokyo and Beijing preparation.
 - Progress was measured via successful delivery of the Paris Investment Process and an on-track Milan-Cortina investment process. Of the 51¹ Paris investments made, only one decision has progressed to appeal. Milan-Cortina Investments continue on-track.
- 8 **Developing an impactful future organisational strategy** – work continued to define the future strategic direction for the UK high-performance system beyond Tokyo and Beijing and UK Sport's role in that. This was informed pre-pandemic by a c. 5,000 person consultation, drawing on inputs from across high-performance and wider sport, Government and the general public.
 - Progress was measured by on-time launch of the future strategic plan and positive stakeholder feedback. The future strategic plan was successfully launched in May 2021. In the post-launch survey, over 90% of respondents from Sports and Partners agreed that the future plan is taking UK high-performance sport in the right direction and that they can see a role for themselves in helping enable it.

Tokyo Olympic and Paralympic Games

The postponed Tokyo 2020 Olympic and Paralympic Games finally took place in the summer of 2021. Britain once again delivered exceptional performances on the greatest sporting stage. At the Olympics, Team GB won a total of 65 medals; 70% of those joining Team GB out in Tokyo were making their Games debut and 83 of those debutants went on to win medals. Team GB won medals across 18 sports; third only to the USA and China - an encouraging sign given our strategic shift to investing in a broader range of champions and medallists. In performance terms, the medals secured in the Olympics equalled London 2012 and represent the second best performance for Team GB at an overseas Games. Among this were the best ever performances in swimming and modern pentathlon and the best for a century in boxing, coupled with first-ever medals for BMX. At the Paralympics, the team secured 2nd place in the medal table, bringing home more golds and more medals than at London 2012, with 124 medals across 18 sports and delivering some equally inspiring and memorable performances. Paralympics GB won more medals across mixed and open events than any other nation and from a medal table perspective, Paralympics GB are world leading in 5 sports (canoe sprint, cycling, equestrian, rowing and wheelchair rugby). The nation saw best performances this century from table tennis, judo and wheelchair fencing and 56% of games-time debutants (48) won a medal – a higher percentage than Rio.

The summer of 2021 and Games time platform also provided UK Sport with the opportunity to secure a positive commitment from Government to our Comprehensive Spending Review proposal for the coming three years. The Prime Minister and Culture Secretary announced that the Government will provide £232 million to support Team GB and ParalympicsGB athletes to prepare for the Beijing 2022 and Paris 2024 Olympic and Paralympic Games. The £232 million will give UK Sport and Olympic and Paralympic sports greater certainty and stability over the coming years, in addition to funding from the National Lottery. This £77.4 million a year to elite sport agency UK Sport is an increase from the £54 million a year government funding UK Sport received for Tokyo 2020.

¹ 36 Podium/Academy, 7 Progression and 8 National Squads Support Fund

Social responsibility

UK Sport has appropriate operational policies and procedures in place to meet its legal requirements. Those policies on whistleblowing, anti-corruption and anti-bribery matters were updated during the year.

No significant human rights, environmental or social issues have arisen during the course of the financial year. UK Sport is an equal opportunity employer which has taken positive action to ensure it meets its legal duties under the Disability Discrimination Act (1995), Disability Equality Duty (2006) and the Equality Act (2010).

Sustainability Reporting

UK Sport falls below the threshold for mandatory inclusion of a Sustainability Report. With the Climate Crisis ever more acute, with far reaching impacts in the sporting world nationally and internationally, UK Sport has made one of its priorities to power positive change for the environment by harnessing the power and platform of sport. Sustainability is one of the pillars of UK Sport's Social Impact commitments going forward and in the coming year, we will be setting out further details on the scale of our ambition and the leadership role we will seek to play to drive progress in sustainability forward across the sporting community.

Financial Statements

The Accounts section of this report is separated into two distinct areas in line with statutory requirements, namely Grant-in-Aid and National Lottery Distribution Fund accounts.

They include accounts for UK Sport as well as a consolidated Group position including EIS. Accounts for the EIS are also published separately.

Policy on Lottery Additionality

With funding derived from two primary sources, Grant-in-Aid and Lottery, UK Sport is required to have a policy on "additionality" that sets out what is funded through each source.

Historically, UK Sport has funded major events and Athlete Performance Awards exclusively through Lottery funding. This approach is expected to continue. The World Class Programmes have been funded by a mix of Lottery and Exchequer funding in a proportion determined at the start of each Olympic Cycle. Our approach has been that once a grant commitment for World Class Programmes has been recorded through the Grants Management System as a proportion of Lottery and Exchequer funding then these allocations will remain in place for the duration of the programme. However, having the ability to replace Lottery grant commitments with Exchequer funding has been necessary to manage fluctuations in income and re-profiling of expenditure within some programmes.

The 'additionality' policy agreed with the Lottery team at DCMS and the National Audit Office (NAO) provides a clear set of guidelines under which funding can be reallocated:

Lottery funding is distinct from Government funding and adds value. Although it does not substitute for Exchequer expenditure, where appropriate it complements Government and other programmes, policies and funding.

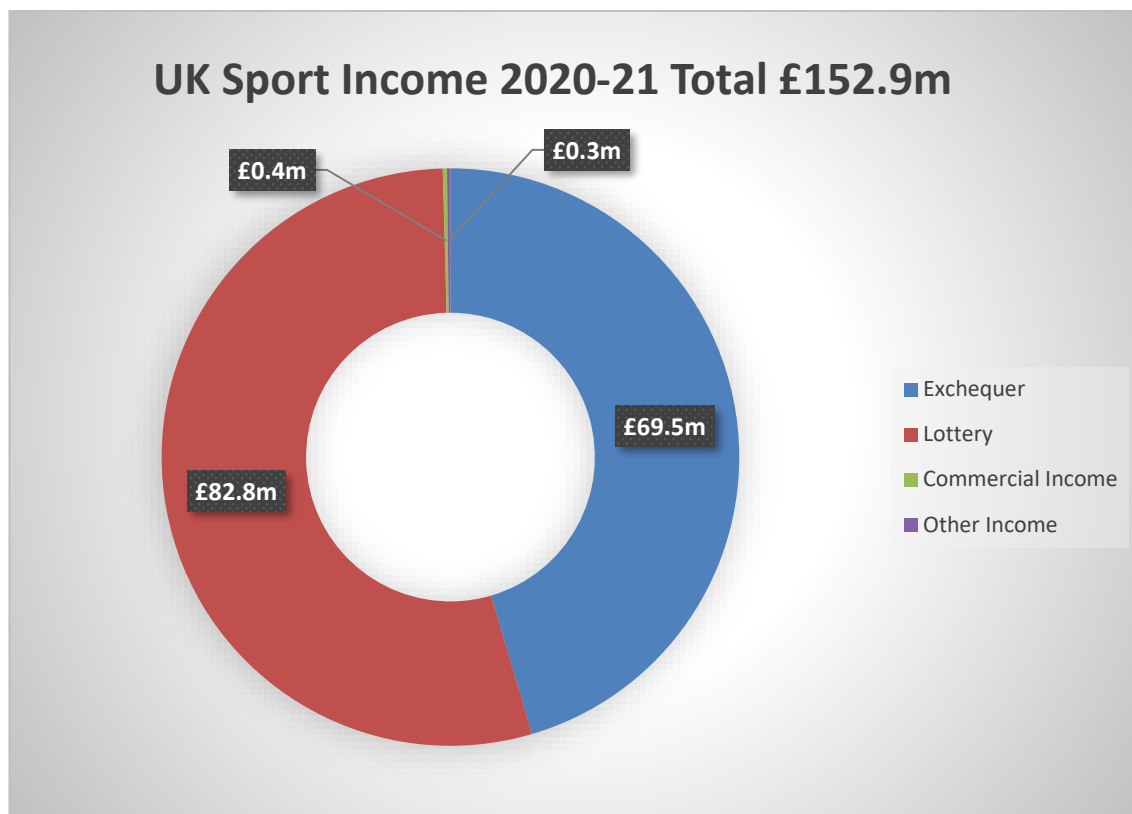
UK Sport has regard to the principles of additionality and this definition when progressing its investment strategies and programmes. Where appropriate, Lottery funding complements investment strategies such as the World Class Performance Programmes, which are geared to achieving long-term Olympic and Paralympic success.

Awards for the World Class Performance Programmes are committed at the start of each Olympic and Paralympic cycle using a combination of Exchequer and Lottery funding. In the event that additional Exchequer funding is made available to UK Sport or there is a reduction in planned Exchequer financed activity elsewhere in the business, the awards may be adjusted to reflect a greater proportion of Exchequer funding.

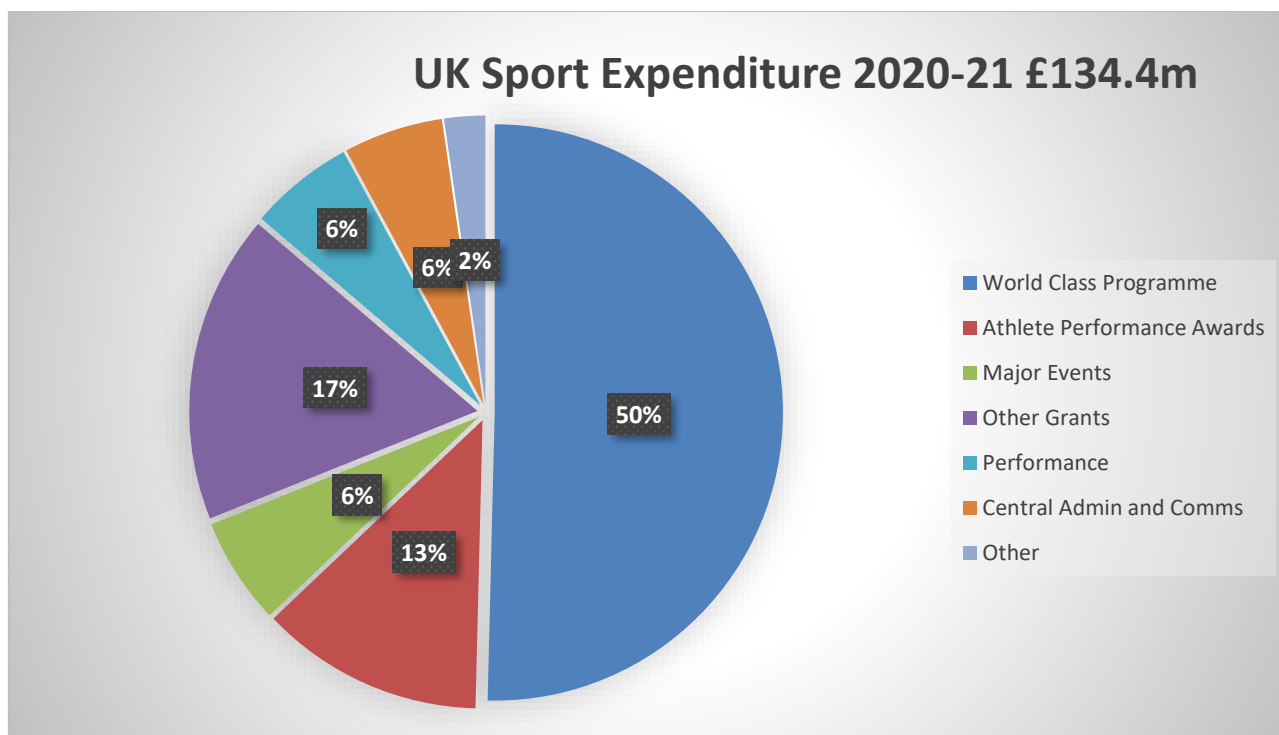
The Major Events Programme and funding of Athlete Performance Awards are solely Lottery funded. These are prime examples of Lottery funded programmes that are not provided as a statutory responsibility or funded by Government, but add real value to the UK's sporting ambitions.

Financial Performance

Total income of £152.9 million (£149.3 million in 2019-20) was received by UK Sport over the year 2020-21. UK Sport received £82.8 million from the National Lottery Distribution Fund (£81.3 million in 2019-20) and £69.5 million from Exchequer (£67.4 million in 2019-20). Exchequer Funding includes £1.2m for the Women's Euro Football Championships 2021 and £3m for the Rugby League World Cup 2022. No underwrite against shortfalls in lottery income were required in the year.



Total expenditure of £134.4 million (£146.4 million in 2019-20) during the year is shown below



Grants for the World Class Programmes and Athlete Performance Awards made up the greatest part of the expenditure incurred. In addition, other grants include £2.9m of Continuity Grant awards to sports in the year.

The surplus of income received during the year has allowed us to increase our Lottery Reserves balance from £41.0m to £59.3m during the year. A large proportion of these reserves are being used to fund Paris Cycle activity and we are forecasting to be close to our minimum reserve level of £24m by 31st March 2022.

Administration and operating costs have continued to be monitored closely. The Exchequer resource outturn was within 0.65% (£0.42 million) of budget, meeting the DCMS target of within 1% (at UK Sport Group level, the outturn was within 0.45% of budget). The DCMS Lottery performance target of 7.75% for administrative spend was also met with a result of 7.55% for the year.

The Statement of Financial Position on the Exchequer Account at 31 March 2021 shows negative overall Taxpayer's Equity of £28.2 million (£20.0 million at 31 March 2020). This is offset by a surplus on the Lottery account of £41.9 million (£33.7 million at 31 March 2020) to give a total group position of £13.7 million (£13.7 million in 2019-20). These liabilities include pension provisions of £34.4 million.

Expenditure on Consultancy

During 2020-21 expenditure on consultancy at UK Sport was £421,183 (2019-20: £271,440). The expenditure on consultancy relates to various projects, including advice and support on the organisation's Strategic Projects.

Funded Athlete Demographics

UK Sport funded 1086 athletes as at 31 March 2021 (1,074 athletes at 31 March 2020) with the following demographic breakdown:

Gender	Numbers	31/03/2021	31/03/2020
Female	503	46%	46%
Male	583	54%	54%

Age range	Numbers	31/03/2021	31/03/2020
<16	2	0%	1%
16 - 25	564	52%	56%
26 - 44	491	45%	40%
45 - 68	29	3%	3%

Disability	Numbers	31/03/2021	31/03/2020
No	800	74%	73%
Yes	283	26%	27%
Do not wish to disclose	3	0%	0%

Ethnicity	Numbers	31/03/2021	31/03/2020
Asian or Asian British	8	1%	1%
Black / African / Caribbean / Black British	35	3%	3%
Mixed / Multiple ethnic groups	63	6%	6%
Do not wish to disclose	12	1%	1%
White	958	88%	83%
Not Specified	5	0.5%	6%
Other ethnic group	5	0.5%	-


Of the 65 athletes (6%) who did not specify their ethnicity in 2020 at the time of reporting, only five of these athletes have again not specified their ethnicity (these athletes are not in receipt of an APA and therefore would have chosen not to log in to the Athlete Zone portal). Only two of the athletes who did not specify their ethnicity in 2020 have declared 'Do not wish to disclose'. A total of 47 of the athletes who did not specify their ethnicity in 2020 have declared 'White', which is the driver of the increase from 83% to 88% between years.

In terms of the age range split, there has been an increase in the percentage of 26 – 44 year old athletes, which may be due to a number of those aged 25 now turning 26. It reflects the impact of the delayed Games and limited capacity within sport place allocation to accommodate the new breed of Paris and LA focused athletes coming through.

Going Concern

The financial statements have been prepared on a going concern basis. Grant commitments and other obligations have been entered into on the basis of the continuing receipt of financial provision in the following ways:

- UK Sport has a statutory entitlement to a set percentage of the National Lottery Distribution Fund in accordance with the National Lottery Act 1993 as amended.
- Grant-in-Aid financing from DCMS. A one-year settlement for 2021-22 has been agreed. For future years, discussions with DCMS have taken place during 2021 as part of the Government Spending Review, with an indicative settlement agreed in September 2021 and the final settlement expected in December 2021.
- The liabilities shown in the Statement of Financial Position mainly arise from staff membership of the public sector pension scheme (LPFA). These fall within the scope of Section 39 of the Public Service Pensions Act 2013 which allows all future liabilities to be met from the Consolidated Fund.



Sally Munday OBE
Chief Executive and Accounting Officer
The United Kingdom Sports Council

10 December 2021

Accountability Report

Corporate Governance Report

Directors' Report

The Chair and Board members are appointed by the Secretary of State in compliance with the Code of Practice of the Commission for Public Appointments. The Board currently consists of the Chair and nine members, seven independent and two representatives of the Home Nation Sports Councils (Sports England and Sport Scotland).

Independent Board members are appointed for a fixed term of four years and may be re-appointed for one further term of four years as agreed by the Secretary of State for DCMS. These term lengths were increased from three years through amendment to UK Sport's Royal Charter in November 2020. The Board Chair has been appointed for four years. The appointment process set by Government permits representatives (usually the Chair) of the Home Country Sports Councils to automatically sit on the UK Sport Board for the duration of their term.

Board membership during 2020-21 was:

Name	Position	Start Date	Term duration
Dame Katherine Grainger DBE	Chair	July 2017	4 year Appointment to June 2021; reappointed to June 2025

Name	Position	Start Date	Term duration
Nicholas Bitel	Member (Chair, Sports Council England)	April 2013	4 Year Appointment to April 2017 Re-appointed to April 2021
Mel Young MBE	Member (Chair, Sport Scotland)	June 2016	4 year Appointment to June 2020. Re-appointed to June 2024
Lawrence Conway	Member (Chair, Sport Wales)	September 2020	4 Year Appointment to September 2024
George Lucas	Member (Chair, Sport Northern Ireland)	June 2020	6 month Appointment to January 2021 Re appointed for 4 Years to January 2025
Chris Pilling	Member	April 2020	4 Year Appointment to April 2024
Sally Bolton OBE	Member	March 2018	4 year Appointment to March 2022
John Dowson	Member (Senior Independent Director)	March 2015	3 year Appointment to March 2018 Re-appointed for 4 years March 2022; Resigned position in June 2021 to take up role as Chair of English Institute of Sport
Annie Panter	Member	January 2018	4 year Appointment to January 2022
Nicola Roche CBE	Member	December 2014	3 year Appointment to December 2017 Re-appointed for 4 years to December 2021
Ismail Amla	Member	April 2020	4 Year Appointment to April 2024
Martyn Worsley	Member	March 2018	4 year Appointment to March 2022

The Board normally meets six times each year to provide strategic direction to the organisation, as well as considering and making decisions on those recommendations put forward by UK Sport's officers, panels and internal committees. The minutes of UK Sport Board meetings are made available on the UK Sport website. In the year 2020-21, all Board meetings were held virtually given the extraordinary circumstances of the pandemic.

In addition, during the year Board Members took part in additional meetings such as Board Strategy Sprints and effectiveness reviews.

The Board has an established Group Audit and Risk Committee (GA&RC) to support them in their responsibilities for issues of risk, control and governance. Its membership comprised:

- Chair, a UK Sport Board member appointed by the UK Sport Board;

- Not less than two other non-executive UK Sport Board members appointed by the UK Sport Board;
- One external member nominated by the English Institute of Sport (EIS) Board and approved by the UK Sport Board who may be a non-executive member of the EIS Board; and
- Up to two other external members nominated by the GA&RC and approved by the UK Sport Board.

At least one member has significant recent accounting experience. This Committee has oversight of both UK Sport and EIS and normally meets four times during the year to advise the Board and Accounting Officers on:

- Strategic processes for risk, control and governance (and the Governance Statement);
- Accounting policies, Annual Report and Accounts;
- Both internal and external audit planned activity, results and effectiveness;
- Adequacy of management response to issues identified by audit activity;
- Level of assurance provided on the management of corporate governance obligations.

Further to this arrangement the Board is advised by a number of additional standing sub-committees:

- Remuneration Panel – the functions of which are: which are to agree and set for the Senior Executive:
 - i. job descriptions;
 - ii. the remuneration policy and package (including performance related pay, pension arrangements);
 - iii. pay and grading whilst ensuring consistency across public sector;
 - iv. performance objectives of the Chief Executive;
 - v. severance packages.

The Panel met three times in 2020-21.

- Major Events Panel – makes recommendations to UK Sport Board on National Lottery investment into major events in addition to providing an assurance function with regards to some of UK Sport's larger investments into events, and particularly Mega Events. The panel, currently consisting of two UK Sport Board Members (one of whom acts as the Panel Chair) and four independent members, met nine times during the year.
- Eligibility Sub-Committee- considers cases under the UK Sport Funding Eligibility Policy to determine the eligibility of individuals to receive public funding and / or publicly funded benefits. The panel, currently consisting of a pool of four UK Sport Board Members (one of whom acts as the Panel Chair) and two independent members, met 4 times during the year.

The Register of Interests for members of the Board is publicly available on the UK Sport Website, at the following link www.uk sport.gov.uk/about-us/board.

Director Team

Sally Munday leads the Executive team that oversees 146.8 full time equivalent staff including 15 full time equivalent fixed term contract staff across the business as of 31 March 2021. Michael Bourne acted as Interim Director of Performance until October 2020; the position was unfilled for the rest of the financial year, with Simon Morton taking on additional responsibilities. In February 2021 it was announced that Dr Kate Baker had been appointed to the Director of Performance position; she started in post in May 2021.

The director positions held during 2020-21 were:

Name	Position
Sally Munday	Chief Executive and Accounting Officer
Simon Morton	Chief Operating Officer
Sophie du Sautoy	Director of Business Services
Jaqui Perryer	Group Director of HR for UK Sport and English Institute of Sport
Michael Bourne	Interim Director of Performance (until October 2020)
Naomi Hicks	Director of Communications and Partnerships

UK Sport has a conflict of interests policy that requires all members of Staff (including Directors), Workers and Board Members to declare any interests that pertain to themselves or their immediate families which could impact on their role at UK Sport. Declarations are required when Staff, Workers or Board members join the organisation and when circumstances change, as well as an annual confirmation that declarations are accurate and up-to-date. Any conflicts declared are reviewed with support of Legal and HR where needed, to confirm what mitigating actions, if any, are required to manage the conflict.

Subsidiary bodies

(i) English Institute of Sport (EIS)

UK Sport has held sole responsibility for the English Institute of Sport (EIS) since April 2006. Its accounts are approved separately by the Board of the EIS and are subject to external audit by the National Audit Office.

UK Sport is entitled to appoint three Directors to the Board of EIS, one of whom is appointed as the Chair. John Steele was the Chair of the EIS until his term expired in January 2021, when Sir David Tanner took the position on a temporary basis. John Dowson took over the position as Chair for a four year term in July 2021. Nigel Walker, the National Director, stepped down in autumn 2021 following 11 years at the EIS. Jamie Skiggs, the Finance Director, then took over as interim accounting officer for the EIS whilst the recruitment for Nigel's replacement took place. In November 2021, it was announced that Matt Archibald would be taking over as CEO, starting in February 2022.

In addition, UK Sport has agreed that a Board Member and its Director of Performance are observers on the EIS Board.

The EIS is bound by funding agreements which are applied alongside a separate Financial Memorandum. The Group Audit and Risk Committee advises both the EIS and UK Sport Boards through an annual programme of audit reviews agreed by the Boards.

(ii) Yorkshire 2019 Limited

Yorkshire 2019 Limited was set up as a Special Purpose Vehicle to oversee and coordinate the delivery of the 2019 UCI World Road Cycling Championships. The company was put into Members' Voluntary Insolvency during 2020-21 as planned following the conclusion of the event, and was dissolved at Companies House on 28th September 2021.

Reporting of Personal Data Related Incidents

UK Sport holds personal information relating to employees, athletes, athlete support personnel and others relating to activities arising out of its operating environment within the high performance sport system. There are robust and specific measures in place to ensure information security applies to such information.

In accordance with the General Data Protection Regulations 2016 (GDPR), guidance from the Information Commissioner's Office and the Cabinet Office Guidance under the HMG Security Policy Framework (SPF), UK Sport enhanced its information and data security policy and procedures. As part of the implementation of the new requirements all staff were required to undertake additional online training (on information security and the GDPR) and have been subject to a wider security education and awareness campaign.

During 2020-21, there was one personal data related incident, regarding the revealing of personal information to a third party due to human error. This was reported to the ICO who concluded that no further action was necessary in this case.

Table 1: Summary of Protected Personal Data Related Incidents Formally Reported to the Information Commissioner's Office in 2020-2021

Date of Incident	Nature of Incident	Nature of data involved	Number of people potentially affected	Notification steps
March 2021	Revealing identity of an individual to a third party against whom that individual had made a complaint	Personal Identity	1	The individual involved in the error notified and invited to a mandatory training session in which they will be refreshed on handling personal and confidential information and internal policies and procedures on this subject.

Incidents deemed by the Data Controller not to fall within the criteria for reporting to the Information Commissioner's Office, but are considered breaches or 'near misses', are recorded centrally within UK Sport. There were no such incidents in 2020-21

Table 2: Summary of Other Protected Personal Data Related Incidents in 2020-21

Category	Nature of Incident	Total
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured government premises	0
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured government premises	0
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	0
IV	Unauthorised disclosure	0
V	Other	0

Complaints Summary

UK Sport has a published complaints procedure on its website.

In 2020-21 there was one complaint about staff (none in 2019-20) and 45 complaints in relation to various types of sporting issues (24 in 2019-20)- the issue driving the most complaints relating to the allegations around Gymnastics. Where relevant UK Sport refers complaints directly to the sports organisation involved for resolution or, if appropriate, to UK Sport's Head of Sport Integrity.

It should be noted UK Sport is not a regulator of sport or prescribed regulator for whistleblowing purposes under the Public Interest Disclosure Act 1998, nor does UK Sport have legal powers of investigation into internal sporting disputes or the affairs of sport Governing bodies.

Statement of Accounting Officer's Responsibilities

The Royal Charter and section 35(2) and (3) of the National Lottery etc. Act 1993 require UK Sport to prepare a statement of accounts for both UK Sport and its consolidated Group for each financial year in the form and on the basis determined by the Secretary of State for DCMS with consent of HM Treasury. In addition, the Exchequer accounts are prepared in conjunction with the Government Resources and Accounts Act 2000. The accounts are prepared on an accruals basis and must show a true and fair view of UK Sport's state of affairs at the year end and of its income, expenditure and cash flows for the financial year.

In preparing the accounts UK Sport is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:


- Observe the Accounts Direction issued by the Secretary of State for DCMS, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Ensure that UK Sport has in place appropriate and reliable systems and procedures to carry out the consolidation process;
- Make judgements and estimates on a reasonable basis, including those judgements involved in consolidating the accounting information provided by subsidiary organisations;
- State whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements;
- Prepare the financial statements on a going concern basis.

The Accounting Officer for DCMS has designated the Chief Executive Officer of UK Sport as the Accounting Officer for UK Sport. The relevant responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable and for keeping of proper records and for safeguarding UK Sport's assets are set out in "Managing Public Money" published by HM Treasury and in the Financial Directions issued by the Secretary of State for Digital, Culture, Media and Sport under section 26(3) of the National Lottery etc. Act 1993.

In my role as Accounting Officer I am supported by the National Director of EIS, who has been appointed as the Accounting Officer for their organisation with reporting responsibilities to myself. They are required to prepare an annual assurance report as well meeting the requirements of their respective governance and financial frameworks.

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

As Accounting Officer, I confirm that the annual report and accounts as a whole are fair, balanced and understandable and that I take personal responsibility for the annual report and accounts and the judgements required for determining that they are fair, balanced and understandable.



Sally Munday OBE
Chief Executive and Accounting Officer
The United Kingdom Sports Council

10 December 2021

Governance Statement

Introduction

As Accounting Officer, I am required to prepare an annual governance statement which records the stewardship of UK Sport, drawing together evidence on governance and risk management. The statement is intended to give a clear overview of the dynamics of the organisation and its control structure, providing a sense of potential vulnerabilities and how successful it has been in coping with the challenges faced during the year. The period of this report covers the time from 1 April 2020 until the date of signing the document. Without doubt, 2020-21 has been an incredibly unusual year due to the pandemic, which has impacted on both the risks that we face and also our control environment, further information on this is detailed below.

Governance Framework

UK Sport was established in 1996 by Royal Charter as an Arm's Length Body (ALB) of DCMS. The formal relationship between DCMS and UK Sport is encapsulated in a number of framework documents, most notably our Management Agreement. An updated Management Agreement from DCMS is due for 2021-22.

UK Sport's constitution is set out in Article 1 of the Royal Charter, with the Secretary of State (and other members of DCMS ministerial team) accounting for the organisation in Parliament. My respective responsibilities as Accounting Officer are set out in Chapter 3 of *Managing Public Money*. UK Sport is also compliant with the Corporate Governance Code as applied to an ALB via the relevant principles set out in *Corporate Governance in Central Government Departments: Code of Good Practice 2017* and Lottery Financial Directions issued under *Sections 26(3), (3a) and (4) of the National Lottery etc. Act 1993* (as amended by the *National Lottery Act 1998*, and the *National Lottery Act 2006*).

A *Code for Sports Governance* sets out the governance requirements that all organisations funded by Sport England and UK Sport are required to meet. It provides for three tiers of compliance with Tier 3 representing the highest level of compliance. UK Sport is classified as a Tier 3 organisation.

UK Sport's governance framework supports the way in which we work to help deliver our strategy and ensure that the right committees and accountability structure is in place to help us deliver our strategic objectives.

The UK Sport Board takes overall responsibility for the UK Sport strategy, policies and performance. The Board is supported by a number of committees – the Group Audit and Risk Committee, the Major Events Panel, the Eligibility Panel and the Remuneration Panel. Each of these committees provides challenge and input from a non-executive perspective. Information on the work of the Board, Committees and an assessment of their effectiveness is provided in the following sections.

UK Sport Board and Committee Effectiveness

The Board met 6 times in 2020-21 based around business priorities and the annual calendar of Board activity. They also met for a meeting in August to hear representations from a sport and for two days in March 2021 to hear representations from six sports regarding investment decisions made in December 2020. All meetings were held virtually.

The Board was quorate for all meetings in the year. Attendance of Board members was as follows:

Main Board Attendance	May	June	Sep	Dec	Feb	Mar	Overall
Dame Katherine Grainger	Y	Y	Y	Y	Y	Y	6/6
Nick Bitel (Sport England)	Y	Y	Y	Y	Y	Y	6/6
Mel Young MBE (Sport Scotland)	Y	Y	Y	Y	Y	Y	6/6
Lawrence Conway (Sport Wales)	N/A	N/A	Y	Y	Y	Y	4/4
George Lucas (Sport NI)	N/A	Y	Y	Y	Y	Y	5/5
Sally Bolton OBE	Y	Y	Y	Y	Y	Y	6/6
Martyn Worsley	Y	Y	Y	Y	Y	Y	6/6
John Dowson	Y	Y	Y	Y	Y	Y	6/6
Annie Panter	Y	Y	Y	Y	Y	Y	6/6
Nicky Roche CBE	Y	Y	Y	Y	Y	Y	6/6
Chris Pilling	Y	Y	N	Y	Y	Y	5/6
Ismail Amla	Y	Y	Y	Y	Y	Y	6/6

In addition to the formal Board meetings, Board also met for a series of "Strategy Sprints" over the course of the year which enabled Board to explore in further depth the key strands of the future Strategy.

Board members Sarah Springman and Lis Astall's terms both ended in October 2019. They were succeeded by Chris Pilling and Ismail Amla who attended their first meetings in May 2020. Virtual induction sessions were arranged for new members of the Board.

The two Home Nation Sports Council nominated posts remained vacant for part of the year, awaiting the formal appointment by the respective Secretaries of State. The Chair of Sport Northern Ireland, George Lucas, was approved and attended his first Board meeting in June 2020, closely followed by the Chair of Sport Wales, Lawrence Conway, who attended his first meeting in September 2020.

Board undertook an externally facilitated review of its effectiveness - in line with the requirements of the Code for Sports Governance - in April 2020, with the recommendations from it discussed at the May 2020 Board Meeting and an Action Plan produced.

One-to-one review meetings between the Chair and individual Board Members were conducted in January 2021. At the same time, Board members completed a Skills and Cognitive Diversity questionnaire and the results were collated for the purpose of a gap analysis. Additionally, Board members all had one-to-one discussions with a consultant in February 2021 around their experience on Board and their thoughts on its effectiveness. This information will feed into the design of a Board and Directors Team Away Day planned for November 2021.

The Board is supported by advisory bodies including the Group Audit and Risk Committee (GA&RC) for UK Sport and EIS, the Remuneration Panel, Major Events Panel and the Eligibility Panel. Reports of appropriate quality to meet the information needs of both the GA&RC who advises the Board, and the Board themselves have been provided. These have comprised regular updates as well as individual papers on specific issues.

Group Audit and Risk Committee

The Group Audit and Risk Committee (GA&RC) met four times during the year. Regular agenda items included agreement of the Internal Audit work plan for 2020-21 (produced in conjunction with BDO as Internal Auditors) followed by the outcome of reviews and progress on responding to the recommendations made, review and approval of the External Audit Plan, management of risk, and the review of financial and legal policies and procedures. In addition, the Committee reviewed the 2019-20 Annual Reports and Accounts and recommended their approval to Board and received deep dive presentations on a number of risk areas including Organisational Health, Succession Planning and Cyber Security.

GA&RC conducted a skills review in September 2020, following which it identified the need for a Member with particular skills in IT, Data Management and Cyber Security. The appointment of Laura Duncan who has the relevant expertise was approved by Board in March 2021, who attended her first meeting in June 2021.

A key focus of the Committee has been on reviewing changes to the UKS risk profile and control environment due to the pandemic. Discussions were held in June 2020 on the changes to the control environment and this was followed up via our internal auditors and reported to the September Committee.

In line with best practice, a review of the GA&RC Terms of Reference (TOR) was conducted in November 2020. The review of the TOR was carried out in line with guidance provided for public bodies, provided in the 'Audit and Risk Assurance Committee Handbook' issued by HM Treasury (March 2016). Some minor amendments were made to the Terms of Reference to reflect operational practice and inclusion of responsibilities in relation to special purpose vehicles. The updated Terms of Reference were subsequently approved by the Board at the February 2021 meeting.

The attendance profile for the Committee in 2020-21 was:

	June 2020	Sept 2020	Nov 2020	Mar 2021	Overall
John Dowson (Chair)	Y	Y	Y	Y	4/4
Anwar Ahmed	Y	Y	Y	Y	4/4
Vic Luck	Y	Y	Y	Y	4/4
Martyn Worsley	Y	Y	Y	Y	4/4
Chris Pilling	Y	N	Y	Y	3/4

The GA&RC carried out its annual review of effectiveness at the June 2021 meeting using the National Audit Office Audit Committee effectiveness toolkit. Throughout the 2020-21 year the GA&RC have ensured that points raised during the last effectiveness review have been implemented, such as building on the induction process for new Members and clarifying responsibilities around whistleblowing.

Executive Responsibilities

My responsibilities as Accounting Officer for UK Sport are set out in full in the DCMS Permanent Secretary's appointment letter. As such, I am personally responsible for safeguarding the public funds for which I have charge; for ensuring propriety and regularity in the handling of those funds; and for reporting to the Board of UK Sport for the day-to-day operations and management of the organisation and the achievement of its strategic aims. I am also responsible for ensuring that UK Sport is run on the basis of the standards set out in Box 3.1 of *Managing Public Money*. A clear scheme of delegation (and supporting policies and procedures) exists within the organisation to assist with my management of this.

In my role as Accounting Officer I attend both Board and Group Audit and Risk Committee meetings to ensure any significant risks or issues of control are brought to their attention and discussed. I am

therefore able to provide the assurances necessary within this statement for the period from April 2020 to the date of approval of the annual report and accounts.

For any periods of absence I have delegated my Accounting Officer responsibilities to the Chief Operating Officer (COO). I have further been supported in my role as Accounting Officer by the National Director of EIS as the respective Accounting Officer for our wholly owned subsidiary.

System of Internal Control

The system of internal control within UK Sport seeks to mitigate rather than eliminate risk. The decision as to which risks are mitigated or accepted relates both to the organisation's capacity to influence them and/or absorb their potential impact. The organisation's approach to Risk flows through its accepted Risk Appetite, which is considered and approved by the Board. The methodology used to evaluate risk in terms of likelihood and potential impact (through a Risk Heat Map) helps promote focus on the most significant risks facing the organisation and its subsidiaries. EIS has adopted an equivalent approach.

In order to provide evidence-based assurances on the management of risks that threaten the achievement of UK Sport's objectives a Risk Assurance Framework has been adopted. An assurance mapping exercise takes place every six months. As set out in HM Treasury's *'Assurance Frameworks'* document (December 2012) the three lines of defence model has been used to identify and understand our assurance arrangements. The first line of defence deals with the front-line or business operational areas such as performance data and policies. The second line of defence is associated with oversight of management activity, for example, Directors Team. Finally, the third line of defence relates to independent assurance such as internal audit.

The assurance risk mapping exercise was reviewed by internal audit during 2020-21 who concluded that currently UK Sport and EIS have an array of assurances provided to management across most of the key areas of the business and no area has been assessed as not having any assurance activity in place or where it is materially weak. Assurances in place are thought to be well designed, most notably the first line of defence. It has been noted that there are some current gaps, but these are relatively small and compare favourably to other organisations. Officers have also found it helpful in revisiting these lines of defence in the light of adjustments needed to the ways of which we operate through homeworking.

UK Sport's Board is provided with an update of the Corporate Risk register on a quarterly basis and a specific risk management session was held at the June 2021 meeting which reviewed the Corporate risk register following an extensive "blank slate" exercise. At the time of writing this report, an exercise is also underway to review UKS risk appetite, particularly on the back of the pandemic and also the new Strategy. The current Board view of risk appetite is that UK Sport's approach to risk is driven by its objective of being an expert, agile and courageous model of high performance, as well as its status as a publicly funded body. These factors necessitate a nuanced view of high risk is assessed based on different factors. This means that for instance UK Sport has a low risk appetite towards things such as finance and compliance, but accepts a more moderate level of risk around the investments through World Class Programmes where delivery is through a third party.

The COVID-19 crisis and its associated impacts has brought even more into focus the need to manage risks effectively. As well as the specific risks surrounding COVID-19, the corporate risk register was also re-examined to reflect the impact of COVID-19 on existing risks. Board also carried out a "Black Swans" session in June 2020.

Policies and Procedures

Beneath our overarching Policy on Internal Control sits a number of critical policies and procedures, which effectively describe to staff the detail of their responsibilities. The policies include:

- Adoption Policy
- Anti-Fraud, Anti-Corruption and Anti-Bribery
- Budgetary Control
- Business Continuity
- Cash Management

- Delegated Authority
- Document Retention
- Fixed Asset
- Gifts and Hospitality
- Health and Safety
- Healthy Lifestyle
- Home Based Working Policy
- Maternity Policy
- Parental Leave Policy
- Personal Information
- Probation Period
- Procurement Policy and Procedure
- Recruitment Procedures
- Travel and Expenses
- Whistleblowing

These policies and procedures are regularly reviewed and updated to ensure they are current with both statutory and legislative requirements and recognised best practice, and are available to staff through the UK Sport intranet. A specific exercise was undertaken in June 2020 to ensure that policies were all updated in light of changes arising from the virtual working environment – for instance changes to processes that have now become online and the homebased working policy and procedures.

Fraud

Fraud is a risk that all organisations face. During 2019-20 UK Sport undertook considerable work to assess the risk of fraud, produced a fraud action plan and raised awareness of the risks with all employees. A dedicated Fraud Awareness week was introduced with almost 100% of staff receiving training delivered by the legal team. The work and action plans were reported to the March 2020 Group Audit and Risk Committee, and an update on progress reported to the March 2021 Committee.

During 2020-21 there have not been any instances of fraud within UK Sport identified.

Staff Engagement

Staff engagement and wellbeing has been a focus of attention during 2020-21 and I am aware that the impact of the enforced homeworking and COVID-19 restrictions have been felt by staff in different ways. UK Sport has increased the frequency of all staff “staff brief” sessions which have enabled key messages to be passed to staff and for updates on initiatives and projects. A dedicated wellbeing group was formed over the last year to bring together initiatives and support for staff during this challenging period.

Two staff surveys have also been run during 2020-21 to assess whether staff have the appropriate tools and equipment to be able to work virtually and to also understand the impact of COVID-19/homeworking on staff wellbeing. A number of actions were identified on the back of these surveys (for example around the provision of equipment and the need for collaboration software), which we have been able to action.

Risk Profile

Where significant risks are recognised the potential impacts are identified and corresponding scenario plans with mitigating actions developed. A number of risks have been accepted/managed through 2020-21:

COVID-19

COVID-19 has had a significant impact on UK Sport and the high performance system, as it has for individuals and organisations across the world. The speed with which the pandemic arose, alongside

the implications gave rise to a number of risks and situations that required careful management and stewardship both within UK Sport and the wider high-performance system.

Preparations around Business Continuity were stepped up, with each area of the business reviewing readiness for both large scale employee absence as well as enforced remote working.

Staff wellbeing has been a driving factor in determining the action needed with action plans in place to ensure staff stay connected and focused and to support positive physical and mental health. Comprehensive health and safety assessments have been conducted for staff to enable effective remote working and organisationally, UK Sport has increased its emphasis on employee engagement and communications to connect colleagues and ensure sufficient support and clear priorities across the organisation.

The financial implications of the pandemic were wide-reaching and concerning and UK Sport was in early dialogue with the Government on behalf of a number of Governing Bodies experiencing significant forecast reductions in their non-public funding. We were able to launch a Continuity Fund for sports in the Summer of 2020 which has supported several NGBs with enabling their organisations to navigate the impact of COVID-19 on their diminished income streams.

Income – Comprehensive Spending Review Outcomes and Lottery Income

UKS has two main sources of income derived from Grant-in-Aid and National Lottery proceeds with planned activity in the Tokyo cycle heavily reliant upon proceeds meeting projected levels. There is a longstanding risk on the risk register about the potential volatility of Lottery receipts, and this risk was initially compounded by the COVID-19 restrictions and resultant uncertainty about the impact of lockdown on Lottery sales. Discussions were held with the Department at an early stage to review the use of an underwrite against Lottery income and the extent to which UKS could commit to any COVID-19 recovery funds was limited due to the uncertainty. The risk around Lottery income did not ultimately materialise and Lottery income for the year has been at a record.

At the start of 2020-21, UKS had Grant-in-Aid funding confirmed for just the year, with a Comprehensive Spending Review (CSR) scheduled to determine future years funding. The CSR was initially announced as being a process that would determine multi-years funding and was due to be concluded by June 2020. The COVID-19 response required from the Government meant that CSR plans had to be rescaled and in June 2020 we were informed that it would now be a one year spending review with outcomes announced by the end of the year.

The timing of the spending review meant that confirmed income for 2021-22 was not known until December 2020. Plans were prepared under a range of scenarios and we worked closely with the Department to ensure that there was clarity on the implications if confidence could not be provided over funding for beyond 2021-22. The outcome was that we were able to provide one year confirmed funding to Sports in December 2020 with 3 years of indicative funding against our new strategy.

Cyber Security

Cyber security is and will remain a constant ever-changing threat, and an area that requires continuous improvement and constant vigilance. UK Sport has successfully renewed its Cyber Essentials Plus accreditation and also rolled out Multi-Factor Authentication to all systems. Externally commissioned penetration testing of systems is carried out annually and analytical tools are also used to identify unusual network activity.

Whilst UK Sport has taken appropriate measures to minimise the chances of a cyber attack being successful it is also important that we continue to invest in our people, processes and technology as the type and scale of attacks worldwide evolve.

Integrity and Culture of World Class Programmes

UK Sport has continued to develop and invest in its Sport Integrity function that which provides central resource and expertise for the high-performance system to strengthen efforts to identify, investigate and learn from issues that threaten its integrity. The Integrity Team continues to work with National Governing Bodies (NGBs) to help the improve the handling of integrity issues within their World Class Programmes (WCPs), as well as working in conjunction with the British Athletes' Commission (BAC) and Sport Resolutions UK (SRUK) to help resolve issues in a constructive and timely manner. In July 2020 a significant number of gymnasts, and parents of gymnasts, made allegations about

mistreatment within the sport of gymnastics. Together with Sport England we commissioned an independent investigation, the Whyte Review, to ensure that these allegations could be fully heard and investigated. We also ensured that appropriate support for athletes involved was made available through the BAC.

Ensuring the highest standards of ethics and integrity within NGBs and WCPs remains an absolute fundamental of our work and our expectations of how everyone within the system should act. Ensuring that our Sport Integrity function is able to respond when these (often historic) cases arise is a key enabler of maintaining confidence and trust in this vital area, and this is expressed in our ambition to "Keep Winning, and Win Well".

Legal

There were no significant legal cases involving UK Sport during 2020-21, though a number of legal risks have arisen requiring the support of our legal team. Ensuring that independent investigations are launched with clarity of terms of reference has been a key focus of attention, as well as supporting the Board through representations from sports against the investment decisions made by Board. At the time of writing this report, one sport has indicated that they are not satisfied with the outcome of the representations process following the December decisions and intends to take their case to independent appeal through Sports Resolutions UK.

Subsidiary Companies

UKS technically has two subsidiary companies; the English Institute of Sport and Yorkshire 2019 Limited. Yorkshire 2019 Limited was put into Members' Voluntary Insolvency in 2020-21 as planned following the conclusion of the event, and was dissolved at Companies House on 28th September 2021. As a result, no specific assurances have been deemed necessary around that company.

EIS

The Group Audit and Risk Committee have oversight of the risk management and risk reporting of UKS and EIS where risk is discussed at every meeting. Operational level risks relating to EIS are also fed through the Performance Directorate Mission Control group of which the EIS National Director is a part.

The EIS Risk Register is aligned to strategic objectives and is reviewed and updated by the EIS Senior Leadership Team (SLT) on at least a quarterly basis. This is reported to both the GA&RC and EIS Board.

Their primary risks during the year were:

Managing Financial position

Ensuring maximum funding is available to deliver world class services to sports whilst remaining within overall funding constraints is constantly monitored by the Senior Leadership Team, GA&RC and EIS board. Additional monitoring has been put in place to ensure the organisations stays within its budgetary levels whilst remaining focused on strategic objectives.

Cyber Security

Ensuring appropriate controls are in place to manage the increasing cyber risks. These include cyber essential accreditation (completed in 2020-21), training for all staff on cyber risk, simulated phishing attacks and multi-factor authentication

Staff recruitment and retention

The recruitment of staff of a sufficient quality and retaining quality staff is of paramount importance to deliver services of a high standard to athletes. To this end, the EIS has invested in recruitment training for staff, an improved recruitment platform, continues to review its benefits structure, undertakes an annual staff survey and acts on the priority messages, and continues to invest in learning and development opportunities.

Duty of care, ethical practice and anti-doping

The EIS has processes in place to ensure practitioners work within the boundaries of ethical practice, ensure compliance with anti-doping regulations and maintain a duty of care to athletes and each other. These include a professional code, training, technical support, minimum standards on recruitment and ongoing monitoring.

COVID-19



The evolving situation with COVID-19 was monitored through the year. Working groups were set up to manage the return to training environments and to assess future working needs. New processes were introduced to manage the complexity of international travel. Documentation was adapted regularly as the requirements and risks evolved.



Independent Assurance

BDO provide independent internal audit assurance to UK Sport and the EIS. UK Sport is part of a joint arrangement with Sport England and the Heritage Lottery Fund with an aim of optimising the opportunity of each organisation benefiting from the added value that can be delivered through an increased sharing of best practice across the organisation and the wider client pool of the successful internal audit provider.

An initial audit plan for the year was considered by the March 2020 GA&RC, however, some refinements were made to the final plan to allow areas of emerging risk to be considered arising from the pandemic. Advisory work was completed around the changes to the control environment arising from new ways of working and shift in focus. An audit was also completed on Health & Safety, focusing on both the H&S considerations arising from working from home and the process around ensuring COVID-secure office environments. Neither audit resulted in any priority recommendations.

A summary of the internal audit work completed, the recommendations and assurance ratings are provided below (along with definitions of the assurance ratings).

Assignment	Assurance Rating	Recommendations Priority rating		
		1	2	3
1. Investment Decisions		-	-	2
2. IT Security		-	-	4
3. Health and Safety		-	-	-
4. Emergency Controls	Advisory	-	2	2
5. Grant Maturity Self-Assessment		-	-	1
6. Follow Up (joint report)		-	-	-
TOTAL		0	2	9

Key	
 (Green)	Overall, there is a sound control framework in place to achieve system objectives and the controls to manage the risks audited are being consistently applied. There may be some weaknesses but these are relatively small or relate to attaining higher or best practice standards.
 (Green-Amber)	Generally a good control framework is in place. However, some minor weaknesses have been identified in the control framework or areas of non-compliance which may put achievement of system or business objectives at risk.

The Internal Audit opinion for the year takes together the assurance ratings and recommendations of individual assignments completed in 2020-21, management's responsiveness to internal audit recommendations and the direction of travel with regards to internal control, governance and risk management. The opinion for 2020-21 for UKS was that "there is an adequate and effective system of governance, risk management and internal control to address the risk that management's objectives are not fully achieved". This opinion statement is comparable with the opinion issued in 2020-21 and is the highest level of assurance possible under the BDO framework.

The management actions following Internal Audit Reports and Recommendations are monitored at every GA&RC meeting, where progress and timeline for completion are reviewed.

Code for Sports Governance

UK Sport and EIS follow the same process as funded organisations to assess and maintain compliance with Tier 3 of A Code for Sports Governance ("the Code"). Both organisations were confirmed as compliant with the Code in October 2017. Since then, the UK Sport Governance Team has worked with the organisations' Boards and senior leadership to action areas for further development and ensure continued compliance. UK Sport's Governance Action Plan, detailing the analysis of its compliance with the requirements of the Code, has been published on the UK Sport website. An internal audit review of compliance is also scheduled for January 2022.

Over the course of the financial year, the UK Sport Governance Team has worked across the organisation to develop and implement a new organisational approach regarding UK Sport's continued compliance, and beyond, with the Code.

The approach is designed to serve a combination of purposes. Firstly, to ensure that good governance is cascaded and embedded across the organisation. Secondly, to identify opportunities for the Executive and Board to go beyond the pure compliance and strive to be an exemplar of good governance. And importantly, to ensure the Board has appropriate oversight of its responsibilities under the Code and the fulfilment of them.

This oversight has been achieved through the implementation of quarterly progress meetings between the UK Sport Governance Team, Chief Operating Officer, Chief Executive and Chair. The UK Sport Board receive an annual report regarding the fulfilment of its annual Code requirements, supplemented by the intelligence presented at the quarterly progress meetings.

UK Sport continues to implement its Diversity Action Plan (DAP) for Board and senior leadership, developed pursuant to the Code requirements and published on the UK Sport website. In order to accelerate progress, a specialist ED&I manager was recruited for a fixed term of one year starting in September 2020 and shared with the EIS. This has brought acceleration and expertise to our work in this area and the DAP is now extended to include activity across the whole organisation, not just at Board and senior leadership levels. We also now have a clear internally-focused strategy for the next cycle, aligned to the external system facing strategy, setting out ambitions and actions under four headings of recruitment, education and communication, management accountability and fostering an inclusive culture. There has been a significant increase in activity around staff education with a number of diversity workshops around race and LGBTQ+ issues, with a future workshop on disability to follow, and regular weekly strategic communications promoting and celebrating diversity in all its forms. Unconscious bias training has been rolled out, learning management products have been developed and strengthened ready to be available on the new learning management system, policies have been updated to ensure compliance and appropriate new ones introduced. The UKS EDI working group and Anti-Racism group are supporting the leadership of the organisation in delivery of the strategy and engaging the wider organisation.

The plan has been utilised during recruitment in the year, and UK Sport also works closely with DCMS and the Home Nation Sports Councils to encourage recruitment and appointment of directors who can contribute to the diversity of the UK Sport Board. We do not underestimate that further work needs to be done in this area to work towards our aim of having a High Performance System that is truly reflective of society.

As part of its responsibility to maintain compliance with A Code for Sports Governance, the UK Sport Board has been undertaking an externally facilitated board effectiveness review. Compass Partnership was selected to undertake the review, focussing on "ways of working". Interviews and surveys were carried out prior to June 2020. While some continuous improvement actions have already been implemented, the impact of the pandemic has meant that the Board and Executive have not yet been able to hold an in person away day to focus exclusively on this topic. This session was held in November 2021, led by the Chair with an external facilitator.

Funded Organisation Code Compliance and Independent Assurance

UK Sport's Governance Managers work closely with portfolios of funded partners to maintain up-to-date governance action plans (GAPs) and ensure appropriate ongoing compliance with *A Code for Sports Governance*. They also seek assurances about the organisations' broader governance and provide support and guidance with governance related issues.

UK Sport has partnered with Sport England to design and commission an independent external audit programme for funded partners. This programme of governance and finance audits is delivered through BDO, and includes independent external assurance of Code Compliance for all of our funded organisations. Each funded organisation will receive at least one independent audit over the course of a 4 year Olympic/Paralympic cycle.

In March 2020, due to the disruption caused by COVID-19, a decision was made to halt the Assurance Programme. Several reviews which were ongoing have been paused and the BDO programme repurposed to support NGBs in navigating the impact of the pandemic on their organisations. BDO established a micro-site for NGBs to access relevant guidance on the governance and finance challenges being faced and a support hotline provided. Sector specific guidance and support based around the five themes of government guidance, tax, operational finance, fraud and I.T.

In September 2020, UK Sport and Sport England formally re-launched the 2020/21 Assurance programme, culminating in 3 organisations from the UKS portfolio undertaking reviews in the 20/21 year. The remaining organisations that were scheduled for review were moved into the 21/22 year.

In addition to our regular monitoring and support of governance in UK Sport funded organisations, UK Sport also makes more substantial governance interventions in funded organisations in order to maintain Code compliance, protect our investment and ensure the delivery of World Class Programmes. Additional support - including board and chair recruitment consultancy, organisational review and board restructuring has been provided to a number of organisations in year.

As noted elsewhere in this report, BDO also acts as UK Sport's Internal Auditors (in a joint contract with UK Sport, Sport England and the Heritage Lottery Fund). The following mechanisms are in place to protect the integrity of the 2 streams of work:

- The provision of a different audit manager for both contracts; and
- In the event there is an internal audit covering grant award assurance then a different partner will oversee the work and if necessary an independent review of the work will be conducted.

Opportunities are also brought about from having the two contracts through the same supplier, enabling a wider, more informed, holistic and integrated assurance programme.

Organisational Health

UK Sport's governance framework and the risk management and internal control systems reported on above are not an end in themselves. Instead, they contribute to UK Sport's overall organisational health and set a foundation from which UK Sport can act to achieve its strategic aims, fulfil its stated purpose and ensure future success. By considering governance, control and risk across the whole high-performance system UK Sport gathers better insight into how delivery of its strategy can be improved both now and in the future. Growing a thriving sporting system is at the heart of the new UKS strategy and all organisations within the High Performance System having good organisational health is fundamental to the achievement of that aim.

By taking a whole-system view UK Sport has been able to encourage development of robust governance frameworks around each of its World Class Programmes leading to improved capability and capacity in the organisations in which it invests. This has been achieved in part through the roll-out of *A Code for Sports Governance* along with significant support from UK Sport to allow funded organisations to update their governance frameworks, and to recruit and retain the skills and experience they require in executive and non-executive roles. An assessment of organisational health has also been an integral part of determining which organisations will receive funding for 21/22 and beyond. Specific conditions have been included within funding agreements, along with an action plan where progress on Organisational Health is required.

Overall, the governance, risk and internal control systems outlined above have contributed to UK Sport's position as a robust and healthy organisation with a clear handle on the operational delivery of its strategic aims and a well-managed approach to considering and mitigating risk.

Prompt Payment

UK Sport measures the time taken to pay suppliers to ensure that we continue to meet prompt payment best practice. We record the date on which an invoice is posted on the system as appropriate for payment by the Finance team and then measure the number of days that it takes to make payment from that date. In 2020-21 97% of invoices were paid within 30 days (2019-20: 97%).

Remuneration and Staff Report

Directors' Remuneration

Director recruitment, remuneration and employment terms and conditions are overseen by the Remuneration Panel. Remuneration of the CEO and any higher earners is subject to DCMS approval. The remuneration policy adopted follows recommendations of the Senior Salaries Review Body. The Remuneration package comprises three elements:

(i) Salaries

Salaries are consistent with public sector standards whilst being comparable in the market. Salary bands are determined by job evaluation based on the job factor analysis, internal relativities and external market indicators.

(ii) Performance Related-Pay

Performance related-pay depends on the outcome of annual performance review of objectives and competences, and on still being in post at 31 March 2021. It was decided that due to the exceptional work delivered during the year under trying circumstances, all staff would receive a performance-related pay award of 5% of salary for the financial year. This 5% was the same for directors and non-directors alike. This follows the previous decision not to award any performance related pay awards for the year 2019-20.

(iii) Pension Arrangements

Employees who were previously members of the Local Government Pension Scheme (LGPS) were automatically enrolled into the London Pensions Fund Authority (LPFA) Superannuation Scheme on 1 April 2014. A further collaboration between the LPFA and Lancashire County Pension Fund (LCPF) led to the setting up of the Local Pensions Partnership (LPP) in April 2016 to administer the day to day running of the fund, although the LPFA remains the administering authority. The arrangement is registered as a public service pension scheme under the Finance Act 2014 and complies with the relevant provisions of the Pension Schemes Act 1993, Pensions Act 1995 and the Pensions Act 2014. As such it is a tax approved defined benefit occupational pension scheme.

Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The most recent actuarial valuation of the Fund was completed in January 2020, and informs the contributions for the three year period 2020-21 to 2022-23. The report confirmed that

there would be no change in contribution rates, and that the deficit payment previously payable would not be required.

Members currently have contribution rates which vary between 5.5% and 12.5% depending on the level of pay band. Members can opt to contribute at 50% of the normal contribution rate reducing their accrued benefits by half.

Benefits are based on pensionable salary and duration of membership. Members accrue pension entitlement at an annual rate of 1/49th of pensionable pay. Pensionable pay is a career average. Members prior to 31 March 2008 accrued benefits of 1/80th of final pay up to that date with an automatic lump sum of three times pension on retirement, while membership between 1 April 2008 and 31 March 2014 accrued benefits of 1/60th of final pay with no automatic lump sum although there was the facility to exchange some of the pension entitlement for lump sum.

A lump sum worth three times the assumed pensionable pay is paid if death occurs whilst still in service together with a spouse, civil partner or eligible cohabiting partner entitlement equal to half the member's accrued pension benefits.

The pension arrangements available to staff comply with the Government's new workplace pension scheme requirements. At 31 March 2021 all Directors, but not the Chair, were members of the LPFA pension scheme.

Directors' Contracts

Directors are on permanent employment contracts and are required to give three months' notice of their intention to leave. Should their posts become redundant they are entitled to a redundancy package which provides a top-up from statutory entitlement to actual pay.

Emoluments of the Chair and Directors, including performance related pay and pension benefits, for the year ended 31 March 2021 are provided in the following sections.

Remuneration (salary, benefits in kind and pensions)

Audited information	Single total figure of remuneration											
	Official	Position	Salary (£000)		Bonus payments ¹⁰ (£000)		Benefits in kind (to nearest £100)		Pension benefits ² (£000)		Total (£000)	
			2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
	K Grainger DBE	Chair	55 - 60	55 - 60	-	-	-	-	-	-	55 - 60	55 - 60
	L Nicholl CBE ²	CEO	-	40 - 45	-	10 - 15	-	-	-	(18) ⁸	-	35 - 40
	S Munday OBE ³	CEO	150-155	75 - 80	-	-	-	-	44	22	190-195	95 - 100
	S Morton ⁴	Director	105 - 110	105 - 110	-	15 - 20	-	-	34	38	140-145	160 - 165
	S du Sautoy	Director	100-105	90 - 95	-	5 - 10	-	-	39	37	140-145	130 - 135
	N Hicks ⁵	Director	95-100	35 - 40	-	-	-	-	29	12	125-130	50 - 55
	J Perryer	Group Director	100-105	95 - 100	-	-	-	-	32	30	125 - 130	125 - 130
	C Warr ⁶	Director	10-15	130 - 135	-	5 - 10	-	-	(26)	42	(15)-(20)	180 - 185
	M Bourne ⁷	Interim Director	60-65	95 - 100	-	0 - 5	-	-	21	33	80-85	135 - 140

² The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20 plus the real increase in lump sum, less the contributions made by the individual. The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights. The real increase in pension may have increased in any one year as a result of a real pay increase in that year, and when that increase is multiplied by a factor of 20 it may cause significant fluctuations between the value of pension benefits accrued between financial years.

² Left UK Sport 5th July 2019. The Full Year Equivalent (FYE) salary for 2019-20 was £140,000 - £145,000.

³ Joined UK Sport 24th September 2019. The FYE salary for 2019-20 was £145,000 - £150,000. Note that the salary figure for 2020-21 includes additional amounts of £0 - £5,000 for sold holiday days, leading to a higher band disclosure than that used in the Fair Pay disclosure on page 35.

⁴ Acting CEO 8th July 2019 to 23rd September 2019

⁵ Joined UK Sport 31st October 2019. The FYE salary for 2019-20 was £90,000- £95,000.

⁶ Left UK Sport 15th April 2020. The FYE salary for 2020-21 was £130,000-£135,000.

⁷ Acting Performance Director from 16th January 2020. Left UK Sport 9th October 2020. The FYE salary for 2020-21 was £100,000 - £105,000.

⁸ Pay lower than previous year meaning net reduction in pension benefits

⁹ Left UK Sport 31st March 2019

¹⁰ Bonus payments correspond to actual payments in 2019-20 and paid in July 2019, relating to performance in 2018-19. No bonuses were awarded for in 2019-20 due to considerations with regards to the pandemic

All UK Sport staff are entitled to claim up to £40 each month as a healthy lifestyle allowance. This allowance has been included in the salary where applicable. Staff may sell up to five days of unused annual leave allowance per year; salary is also inclusive of any monies paid in lieu of this.

Total remuneration includes salary, non-consolidated performance-related pay, benefits in kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions (CETV).

Pension Entitlement

Audited Information	Accrued pension at pension age as at 31/3/21 and related lump sum £000	Real increase in pension and related lump sum at pension age £000	CETV at 31/03/21 £000	CETV at 31/03/20 £000	Real Increase in CETV £000
S Munday OBE	0 - 5 plus lump sum of 0 - 5	0 - 5 plus lump sum of 0 - 5	54	18	36
S Morton	30 - 35 plus lump sum of 10 - 15	0 - 5 plus lump sum of (0) - (5)	384	351	31
S du Sautoy	15 - 20 plus lump sum of 0 - 5	0 - 5 plus lump sum of 0 - 5	169	143	26
N Hicks	0 - 5 plus lump sum of 0 - 5	0 - 5 plus lump sum of 0 - 5	23	7	16
J Perryer	5 - 10 plus lump sum of 0 - 5	0 - 5 plus lump sum of 0 - 5	86	55	31
C Warr	35 - 40 plus lump sum of 20 - 25	(0) - (5) plus lump sum of (0) - (5)	487	492	(8)
M Bourne	10 - 15 plus lump sum of 0 - 5	0 - 5 plus lump sum of 0 - 5	117	102	15

Accrued pension represents the amount payable if a Director leaves at the stated date. CETV are not payable directly to Directors but represent the potential liability if a Director should leave the scheme and wish to transfer accrued benefits to another scheme. CETVs are worked out within the guidelines and framework prescribed by the Institute and Faculty of Actuaries, and don't take account of any reduction in benefits arising from Lifetime Allowance Tax that may be due when pension benefits are taken.

Board Members' Remuneration

Members' remuneration for attending meetings was £218 per day (2019-20, £218) and half that amount for half-day meetings, up to 36 days each year. Travel expenses are paid as appropriate. Those who have received remuneration are as follows:

Audited Information	2020-21 £	2019-20 £
Lis Astall ¹	-	436
Nicholas Bitel ²	-	-
Sally Bolton OBE	1,526	1,308
John Dowson	3,161	2,507
Annie Panter	2,943	1,308
Nicola Roche CBE	4,251	1,962
Sarah Springman CBE ³	-	436
Martyn Worsley	3,052	1,853
Mel Young MBE	1,526	1,090
Chris Pilling	1,744	-
Ismail Amla	1,090	-
George Lucas	872	-
Laurence Conway	872	-

Figures shown may include late payments from earlier years not claimed before the previous year accounts were signed off.

Staff Report

(i) Staff Costs (audited)

Costs	UK Sport		Group	
	2020-21 £000	2019-20 £000	2020-21 £000	2019-20 £000
Wages and Salaries (including performance related pay)	8,055	7,326	22,709	22,131
Other staff costs	232	171	225	1,219
Social Security costs	951	872	2,577	2,524
Pension Service costs	2,228	2,735	6,809	7,775
Administration expense relating to pension scheme	38	39	96	97
Yorkshire 2019 Pension costs	-	-	-	48
Total staff cost	11,504	11,143	32,416	33,794

Further details of the split of costs between both the Exchequer and Lottery accounts can be found at Note 4.1 of the Exchequer Accounts and Note 6 of the Lottery accounts.

¹ Term Ended September 2019

² Has elected not to take fees

³ Term Ended September 2019

(ii) Compensation for Loss of Office (audited)

Redundancy and other departure costs, where paid, are in accordance with statutory requirements. Exit costs are accounted for in full in the year of departure. Where DCMS has agreed early retirements, the additional costs are met by UK Sport and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

No members of staff left under compulsory redundancy terms in 2020-21.

(iii) Payments to Past Directors (audited)

There were payments totalling £800 to Rod Carr (former Chair of UK Sport) for coaching and mentoring services in 2020-21.

(vi) Fair Pay Disclosure (audited)

The relationship between the remuneration of the highest paid director in UK Sport and the median remuneration of staff, and the range of remuneration paid, based on annualised full-time equivalent figures at 31 March 2021 is shown below.

	2020-21	2019-20
Band of the highest paid Director's salary, bonus and benefits in kind (£000)	145-150	145-150
Median equivalent of workforce (£)	54,372	54,460
Remuneration ratio	2.7	2.7

	2020-21	2019-20
Highest remuneration paid (£000)	145-150	145-150
Lowest remuneration paid (£000)	25-30	20-25

(v) Off Payroll Engagements

In 2020-21 there were two off-payroll engagements exceeding £245 per day, both for periods of less than six months. Of these, IR35 applied to one engagement, which was assessed to be out-of-scope.

(vi) Apprenticeship Levy

During 2020-21 UK Sport contributed £23,494 and did not make any claims from the digital fund.

(vii) UK Sport Staff Composition

As at 31 March 2021 UK Sport employed 152 members of staff with a full time equivalent (FTE) of 146.8. This comprised 137 permanent and 15 fixed term staff (with an FTE of 131.8 and 15 respectively).

Gender	UK Sport Staff
Male	47%
Female	53%

Ethnicity	UK Sport Staff
Asian British	2%
Asian Other	1%
Black British	5%
Mixed	4%
Other	1%
White British	73%
White Other	5%
Not Disclosed	9%

Age	UK Sport Staff
<16	0%
16-24	0%
25-34	35%
35-44	39%
45-55	19%
55- 64	6%
65+	1%

The percentage of staff declaring a disability at 31 March 2021 was 4.6%.

(viii) Average Number of Staff during the Year (FTE) (audited)

UK Sport Staff	2020-21	2019-20
Employees ¹	140	134
Other staff (includes agency/seconded staff)	4	3
Total	144	137

UK Sport does not recognise any Trade Union and no facility time has therefore been claimed by Union officials.

(ix) Sickness Absence

UK Sport has policies and procedures in place to monitor sickness absence, (both long and short term) and this information is regularly reviewed by the Senior Management Team. During 2020-21, sickness absence averaged 1.3 days (2019-20 – 1.2 days) per person.

(x) Staff Policies Applied During the Financial Year

UK Sport is committed to the fair recruitment and development of all staff regardless of age, disability, gender reassignment, marriage and civil partnership, sexual orientation, pregnancy and maternity, race, religion, belief and gender. HR Policies are reviewed regularly by members of the team. Processes around HR management including career management and employability are embedded across the organisation.

¹ The total UK Sport staff in the table above incorporates both Exchequer and Lottery funded positions. The split of staff numbers between the two sets of accounts is set out in Note 4.2 of the Exchequer Accounts and Note 7 of the Lottery Accounts.

Parliamentary Accountability and Audit Report

Regularity of expenditure (audited)

UK Sport is required to report on the regularity of expenditure including losses and special payments in line with managing public money requirements.

For 2020-21, payments totalling £7,352 were made relating to the retention of a member of staff. Fruitless payments totalled £7,683.



Sally Munday OBE
Chief Executive and Accounting
Officer

The United Kingdom Sports Council

10 December 2021



Dame Katherine Grainger DBE
Chair

The United Kingdom Sports Council

10 December 2021



**The United Kingdom Sports Council
Grant-in-Aid
Entity and Group Accounts
for the Year Ended
31 March 2021**

The United Kingdom Sports Council Grant-in-Aid Entity and the United Kingdom Sports Council Group Accounts

THE AUDIT REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE UNITED KINGDOM SPORTS COUNCIL

Opinion on financial statements

I have audited the financial statements of the United Kingdom Sports Council Grant-in-Aid for the year ended 31 March 2021 under the Royal Charter of The United Kingdom Sports Council and Secretary of State directions issued thereunder. The financial statements comprise: Group and Parent Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards as interpreted by HM Treasury's Government Financial Reporting Manual.

I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion, the financial statements:

- give a true and fair view of the state of the group's and of the United Kingdom Sports Council Grant-in-Aid's affairs as at 31 March 2021 and of the group's and the parent's net expenditure for the year then ended;
- have been properly prepared in accordance with the Royal Charter of The United Kingdom Sports Council and Secretary of State directions issued thereunder.

Opinion on regularity

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

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the United Kingdom Sports Council Grant-in-Aid in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that United Kingdom Sports Council Grant-in-Aid's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the United Kingdom Sports Council Grant-in-Aid's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this report.

The going concern basis of accounting for United Kingdom Sports Council Grant-in-Aid is adopted in consideration of the requirements set out in International Accounting Standards as interpreted by HM Treasury's Government Financial Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

Other Information

The other information comprises information included in the annual report, but does not include the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's thereon. The Accounting Officer is responsible for the other information. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Secretary of State directions made under the Royal Charter of The United Kingdom Sports Council; and
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

In the light of the knowledge and understanding of the United Kingdom Sports Council Grant-in-Aid and its environment obtained in the course of the audit, I have not identified material misstatements in the performance and Accountability reports. I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Annual Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual are not made; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer, is responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error.
- assessing the United Kingdom Sports Council Grant-in-Aid's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the United Kingdom Sports Council Grant-in-Aid will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit and express an opinion on the financial statements in accordance with the Royal Charter of The United Kingdom Sports Council and Secretary of State directions issued thereunder.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included the following:

- Inquiring of management, the United Kingdom Sports Council Grant-in-Aid's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the United Kingdom Sports Council Grant-in-Aid's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Group's controls relating to Royal Charter for The United Kingdom Sports Council and Managing Public Money
- discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: posting of unusual journals and revenue recognition (although I rebutted the presumption of a fraud risk in that area);
- obtaining an understanding of the United Kingdom Sports Council Grant-in-Aid and Group's framework of authority as well as other legal and regulatory frameworks that the United Kingdom Sports Council Grant-in-Aid and Group operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the United Kingdom Sports Council Grant-in-Aid and Group. The key laws

and regulations I considered in this context included the Royal Charter, Managing Public Money, Employment Law, and tax Legislation; and

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, and the Audit Committee concerning actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Board;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business;

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my report.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

14 December 2021

Statement of Comprehensive Net Expenditure for the Year Ended 31/03/21

	Note	UK Sport		Group	
		2020/21	2019/20	2020/21	2019/20
		£'000	£'000	£'000	£'000
INCOME					
Other Operating Income	3	3,312	2,718	10,617	15,041
Total		3,312	2,718	10,617	15,041
EXPENDITURE					
Staff Costs	4.1	7,796	7,859	28,708	30,510
Grants and Other Operating Costs	5	61,296	57,323	50,904	53,356
Total		69,092	65,182	79,612	83,866
NET EXPENDITURE BEFORE TAXATION AND INTEREST					
		(65,780)	(62,464)	(68,995)	(68,825)
Net Interest on the Pension Liability	17.3/19	(321)	(378)	(918)	(1,158)
Interest Receivable	7	-	3	1	13
Taxation	8	-	-	-	-
Interest Payable		(17)	(25)	(24)	(50)
NET EXPENDITURE FOR THE PERIOD					
		(66,118)	(62,864)	(69,936)	(70,020)
Other Comprehensive Expenditure					
Unrealised foreign exchange gain		-	-	-	17
Pension Scheme Re-measurements	17.4/19	(10,793)	3,511	(41,755)	15,219
TOTAL COMPREHENSIVE NET EXPENDITURE FOR THE FINANCIAL YEAR					
		(76,911)	(59,353)	(111,691)	(54,784)

All activities relate to continuing activities.

The notes on pages 47 to 71 form part of these accounts.

Grant-in-Aid income received from DCMS is credited directly to the Statement of Changes in Taxpayers' Equity and is not shown above as income. The value received in the year was £69.464m.

Statement of Changes in Taxpayers' Equity for the Year Ended 31/03/21

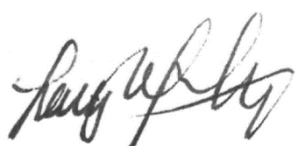
	Note	UK Sport				Group			
		2020/21		2019/20		2020/21		2019/20	
		Revenue Reserve £'000	Pension Reserve £'000	Revenue Reserve £'000	Pension Reserve £'000	Revenue Reserve £'000	Pension Reserve £'000	Revenue Reserve £'000	Pension Reserve £'000
Balance Brought Forward		(6,048)	(13,954)	(12,207)	(15,795)	(3,442)	(40,226)	(6,629)	(49,607)
Retained Deficit for Year		(66,118)	-	(62,864)	-	(69,936)	-	(70,020)	-
Transfer from the Pension Reserve		935	(935)	1,666	(1,666)	4,403	(4,403)	5,833	(5,833)
Grant-in-Aid Income Received	2	69,464	-	67,357	-	69,464	-	67,357	-
Pension Scheme Re-measurements	17.4/19	-	(10,793)	-	3,511	-	(41,755)	-	15,219
Unrealised foreign exchange movements		-	-	-	-	-	-	17	-
Other Movements		-	(37)	-	(4)	-	(65)	-	(5)
Balance at 31 March		(1,767)	(25,719)	(6,048)	(13,954)	489	(86,449)	(3,442)	(40,226)

The notes on pages 47 to 71 form part of these accounts.

Statement of Financial Position as at 31/03/21

	Note	UK Sport		Group	
		31/03/21 £'000	31/03/20 £'000	31/03/21 £'000	31/03/20 £'000
NON-CURRENT ASSETS					
Property Plant and Equipment	9	742	1,248	1,855	3,638
Intangible Assets	10	526	661	1,533	1,592
Total Non-Current Assets		1,268	1,909	3,388	5,230
CURRENT ASSETS					
Trade and Other Receivables	11	855	1,282	2,088	2,838
Cash and Cash Equivalents	12	3,298	1,826	4,538	2,883
Restricted Cash	12	-	-	-	210
Total Current Assets		4,153	3,108	6,626	5,931
Total Assets		5,421	5,017	10,014	11,161
CURRENT LIABILITIES					
Trade and Other Payables	13.1	(5,654)	(5,885)	(7,991)	(9,423)
Net Current Assets / (Liabilities)		(1,501)	(2,777)	(1,365)	(3,492)
Non-Current Assets plus Net Current Assets		(233)	(868)	2,023	1,738
NON-CURRENT LIABILITIES					
Provisions	14	(384)	(234)	(384)	(234)
Trade and Other Payables	13.2	(1,150)	(4,946)	(1,150)	(4,946)
Pension Liabilities	17.2/19	(25,719)	(13,954)	(86,449)	(40,226)
Total Non-Current Liabilities		(27,253)	(22,729)	(87,983)	(56,541)
Assets less Liabilities		(27,486)	(20,002)	(85,960)	(43,668)
TAXPAYERS' EQUITY					
Pension Reserve	17.2/19	(25,719)	(13,954)	(86,449)	(40,226)
Revenue Reserve		(1,767)	(6,048)	489	(3,442)
Total Taxpayers' Equity		(27,486)	(20,002)	(85,960)	(43,668)

The notes on pages 47 to 71 form part of these accounts.



Sally Munday OBE
Chief Executive and Accounting Officer

The United Kingdom Sports Council
10 December 2021



Dame Katherine Grainger DBE
Chair

The United Kingdom Sports Council
10 December 2021

Statement of Cash Flows for the Year Ended 31/03/21

	No	UK Sport		Group	
		2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Generated from Operations	15	(67,202)	(67,615)	(65,552)	(65,958)
Interest Received	7	-	3	1	13
Interest Paid		(17)	(25)	(24)	(50)
Net Cash Flow from Operating Activities		(67,219)	(67,637)	(65,575)	(65,995)
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments to Acquire Property Plant and Equipment	9	(67)	(85)	(354)	(672)
Payments to Acquire Intangible Assets	10	(285)	(230)	(767)	(612)
Receipts from Sale of Fixed Assets		-	-	3	1
Net Cash Flow from Investing Activities		(352)	(315)	(1,118)	(1,283)
CASH FLOWS FROM FINANCING ACTIVITIES					
Grant-in-Aid	2	69,464	67,357	69,464	67,357
Payment of Lease Liabilities	20.2	(421)	(522)	(1,326)	(1,374)
Net Cash Flow from Financing Activities		69,043	66,835	68,138	65,983
Net (Decrease)/ Increase Cash and Cash Equivalents in the Period		1,472	(1,117)	1,445	(1,295)
Cash and Cash Equivalents at 1 April		1,826	2,943	3,093	4,371
Change in cash and cash equivalents due to exchange rate movements	12	-	-	-	17
Cash and Cash Equivalents at 31 March	12	3,298	1,826	4,538	3,093

The notes on pages 47 to 71 form part of these accounts.

NOTES TO THE ACCOUNTS

1. Statement of Accounting Policies

1.1 Accounting Policies

These financial statements have been prepared in accordance with the 2020/21 Government Financial Reporting Manual (FReM) issued by HM Treasury and on the basis of the Accounts Direction issued by the Secretary of State for Digital, Culture, Media and Sport, with the approval of the Treasury, in accordance with article 14 of the Royal Charter of 26 March 2002, a copy of which can be obtained from UK Sport at 21 Bloomsbury Street, London, WC1B 3HF.

The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to UK Sport for the purpose of giving a true and fair view has been selected. The policies adopted by UK Sport are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

The financial statements have been prepared on a going concern basis. Grant commitments and other obligations have been agreed on the basis of continuing receipt of Grant-in-Aid financing from DCMS. A one-year settlement for 2021-22 has been agreed. For future years, discussions with DCMS have taken place during 2021 as part of the Government Spending Review, with an indicative settlement agreed in September 2021 and the final settlement expected in November 2021. The liabilities shown in the Statement of Financial Position mainly arise from staff membership of the public sector pension scheme (LPFA). These fall within the scope of Section 39 of the Public Service Pensions Act 2013 which allows all future liabilities to be met from the Consolidated Fund.

1.2 Accounting Convention

The Accounts Direction requires that, when material, accounts are prepared on a modified historical cost (MHCA) basis in which the Statement of Comprehensive Net Expenditure reflects the consumption of resources at their current value and the Statement of Financial Position shows the value of non-current assets, current asset investments and (if material) inventories at their value to the business by reference to current costs. No entries have been made in the current period as adoption of MHCA would not have a material impact on the accounts.

Without limiting the information given, the accounts meet the requirements of the Companies Act 2006, the International Accounting Standards issued or adopted by the International Accounting Standards Board and HM Treasury guidance on accounts of Non-Departmental Public bodies in so far as those requirements are appropriate.

1.3 Use of Estimates and Judgements

The preparation of financial statements in conformity with IFRS requires management to make key judgements, assumptions and estimates that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Pension costs recognised within UK Sport's accounts are subject to estimation. The key assumptions applied by the actuary are set out in Notes 17 and 18.

Included within these is an assumed difference between CPI (which drives future pension increases) and RPI. At 31 March 2021, the actuary has estimated CPI to be lower than RPI by 0.3% for UK Sport, compared to a difference of 0.8% applied at 31 March 2020. For the English Institute of Sport (EIS), this difference has been assumed to be 0.25% at 31 March 2021. This change reflects the movement in market implied RPI inflation that occurred following the UK Statistics Authority's proposal to change how RPI is calculated. This change in accounting estimate has driven an increase in the defined benefit obligation for UK Sport Exchequer of £6,270,000. The increase for the English Institute of Sport element of the pension is £18,174,000, therefore contributing to an overall increase in the Group pension liability of £24,444,000.

1.4 Basis of Consolidation

The English Institute of Sport (EIS) and Yorkshire 2019 Limited were accounted for as subsidiary entities during the prior year within the consolidated accounts. This treatment is in accordance with the

guidance set out in the Financial Reporting Manual (FRoM) issued by HM Treasury and on the basis that UK Sport is the sole member. The English Institute of Sport remains as a subsidiary at the balance sheet date 31 March 2021. Yorkshire 2019 Limited was originally set up for a limited period to stage the 2019 Road World Cycling Championships, after which it entered liquidation on 16th July 2020. The transactions from 1 April 2020 have therefore been consolidated into the Group accounts up until the date of entering liquidation, at which point Yorkshire 2019 Limited has been removed from the Group accounts, so there is no net asset contribution at 31 March 2021.

1.5 Income Recognition

Grant-in-Aid Received

Grant-in-Aid received towards resource expenditure is regarded as a contribution from a controlling party. It is therefore treated as financing and credited to Taxpayers' Equity.

Fundraising Income

Income from fundraising activities is recognised in the Statement of Comprehensive Net Expenditure on a receivable basis at the point when UK Sport has legal entitlement; there is a reasonable certainty of receipt; the amount can be quantified with reasonable accuracy and any conditions for receipt have been met.

Investment Income

Investment income comprises interest receivable on cash balances and short-term deposits. Interest receivable is credited to the Statement of Comprehensive Net Expenditure on an accrual basis.

Other Operating Income

Other operating income comprises the recharge of services provided from the UK Sport Exchequer Account to the Lottery Account, income received for the funding of International Development activities, and sponsorship income. The recharge of services and International Development income are recognised on a receivable basis at the point when UK Sport has legal entitlement; there is a reasonable certainty of receipt; the amount can be quantified with reasonable accuracy and once any conditions for receipt have been met. Sponsorship income is recognised on an accruals basis over the period to which it relates.

1.6 Property Plant and Equipment

The assets of UK Sport are computers, leasehold improvements and other office equipment, together with right-of-use assets capitalised under IFRS 16. All property occupied by UK Sport is leased. All assets are stated in the Statement of Financial Position at depreciated historical cost as proxy to current value in existing use, as the useful economic lives are short and are a realistic reflection of the consumption of the assets.

The minimum capitalisation threshold is £2,500 for UK Sport whilst for EIS it is £500. Where staff work on capital projects, attributable salary costs are capitalised.

The gain or loss arising on the disposal of an asset is determined as the difference between the sales value and the carrying amount of the asset and is recognised in the Statement of Comprehensive Net Expenditure for the year.

Depreciation is provided on all property plant and equipment at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life as follows:

Computer Equipment	2-5 years
Office Refurbishment	5-9 years
Office Equipment	2-5 years
Other Equipment	2-5 years

Leasehold improvements and fixtures and fittings at 21 Bloomsbury Street WC1B 3HF will be depreciated until the end of the lease term. Similarly, right-of-use assets will be depreciated on a straight-line basis over the capitalised term of the contract.

A full year of depreciation is charged in the year of acquisition and none in the year of disposal.

1.7 Intangible Assets

The intangible assets of UK Sport are computer software and software licences. Intangible assets are initially measured at cost and amortised on a straight-line basis over their useful lives. Amortisation of intangible assets is charged over their useful economic life, on the following basis:

Computer Software	2-5 years
Software Licences	Over the life of the licence

A full year of amortisation is charged in the year of acquisition and none in the year of disposal.

1.8 Research and Development

Research and development costs are written off as incurred and not carried forward as an asset as the recognition criteria of IAS 38 are not met.

1.9 Grants and Loans Awarded

Grants payable are charged to the Statement of Comprehensive Net Expenditure on an accrual basis. Grant expenditure is recognised in the accounts when an offer has been made and is free of performance related conditions and is free from conditions under the control of UK Sport. Other grant commitments do not meet this requirement and have therefore not been accrued.

UK Sport may give financial assistance by way of grants and loans to any person or organisation in furtherance of its objectives.

1.10 Pension Costs

The pension liabilities and assets are recorded in line with IAS 19, with a valuation undertaken by an independent actuary. IAS 19 measures the value of pension assets and liabilities at the end of each reporting period, determines the benefits accrued in the year and the interest on scheme assets and liabilities. The value of benefits accrued is used to determine the pension charge which is shown in the Statement of Comprehensive Net Expenditure together with the interest on scheme assets and liabilities. The change in the value of the assets and liabilities arising from asset valuations, changes in benefits, actuarial assumptions or change in the level of deficit attributable to members is recognised in the Statement of Changes in Taxpayers' Equity. The resulting pension liability or asset is shown on the Statement of Financial Position.

Further information on the pension scheme is available in Notes 17-19 to the accounts.

1.11 Leases and Provisions

A lease was signed for 9 years and 3 months at 21 Bloomsbury Street WC1B 3HF with DCMS with effect from 1 September 2013.

Under IFRS 16, a right-of-use asset and lease liability are recognised for this lease. Lease payments are allocated to reduce the lease liability, whilst entries on the statement of comprehensive net expenditure will comprise of notional finance costs on that liability, together with depreciation of the right-of-use asset. Further details of this treatment are presented in Note 20.

Provision was made in the accounts in a prior year for the estimated cost of dilapidations at lease expiry. This provision was uplifted during the current year to reflect the latest estimate of dilapidation costs.

1.12 Charges to and from UK Sport

UK Sport is required to apportion between its Grant-in-Aid and National Lottery distribution activities the costs of services provided from its Grant-in-Aid budget that are directly and demonstrably attributable to the National Lottery distribution functions and vice versa. The costs apportioned to the National Lottery distribution activities are paid from the UK Sport Lottery Fund to the Grant-in-Aid account. The apportionment of the costs has been determined in the manner most appropriate to the particular service, for example staff numbers, staff time or floor space. In all cases the charges to the Lottery distribution activity have been calculated on a full cost recovery basis in accordance with HM Treasury's "Managing Public Money".

1.13 Investment

There are no fixed asset or trade investments. Bank interest is included in the Statement of Comprehensive Net Expenditure.

1.14 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand and demand deposits and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

1.15 Restricted Cash Asset

In 2017/18 Yorkshire 2019 Limited placed CHF 3,550,000 into an escrow account established and operated by Pinsent Masons LLP on behalf of Yorkshire 2019 Limited and the Union Cycliste Internationale (UCI). This balance was held to cover rights payments in line with the agreement between the UCI and Yorkshire 2019 Limited to host the 2019 World Road Cycling Championships. At 31 March 2020, a balance of CHF 250,000 remained, valued at £210,000, representing a small overall gain on the foreign exchange movements since its deposit. This balance was released back to the company during 2020/21. Therefore, no restricted cash asset remains at 31 March 2021.

1.16 Value Added Tax

UK Sport is registered for VAT and makes supplies for both business and non-business purposes. Business supplies are subject to VAT at the standard rate. Recovery of input VAT is restricted by non-business activities and a suitable methodology has been agreed with HMRC.

EIS is part of the same VAT group as UK Sport and makes supplies for both business and non-business purposes. Supplies made in the course of business are both standard rated and exempt. Recovery of input VAT is therefore subject both to a partial exemption calculation and business/non-business apportionment in accordance with the methodologies agreed with HMRC.

2. Grant-in-Aid

	UK Sport		Group	
	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000
Received from DCMS-Revenue	66,475	62,936	66,475	62,936
Received from DCMS-Capital	2,989	4,421	2,989	4,421
Total	69,464	67,357	69,464	67,357

A total of £69.464m (2019/20, £67.357m) Grant-in-Aid was made available and drawn down during the year. Grant-in-aid is recognised when cash is received.

3. Other Operating Income

	UK Sport		Group	
	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000
Costs Apportioned to UK Sport Lottery Account	2,660	2,169	2,660	2,169
Other	652	549	614	542
EIS	-	-	7,343	8,090
Yorkshire 2019 Limited	-	-	-	4,240
Total	3,312	2,718	10,617	15,041

UK Sport is required to apportion between its Grant-in-Aid and National Lottery distribution activities, the costs of services provided from its Grant-in-Aid budget that are directly and demonstrably attributable to the National Lottery distribution functions and vice versa. The costs apportioned to the Lottery distribution activities are paid from the UK Sport Lottery Fund to the Grant-in-Aid account.

4. Staffing and Management

4.1 Staff Costs

	UK Sport		Group	
	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000
Wages and Salaries (including performance related pay)	5,389	5,034	20,043	19,839
Other Staff Costs	232	155	225	1,203
Social Security Costs	641	603	2,267	2,255
Pension Service Costs ¹	1,508	2,038	6,089	7,078
Administration Expense Relating to Pension Scheme	26	29	84	87
Yorkshire 2019 Pension costs	-	-	-	48
Total Staff Costs	7,796	7,859	28,708	30,510

4.2 Average Number of Staff during the Year (Full Time Equivalent Values)

	2020/21	2019/20
Employees		
UK Sport	94	93
English Institute of Sport	398	399
Yorkshire 2019 Limited	-	18
Total	492	510
Other Staff (Full Time Equivalent Values)		
UK Sport	4	3
English Institute of Sport	-	-
Yorkshire 2019 Limited	-	-
Total	4	3

Other staff numbers include agency and seconded staff numbers.

¹ The pension current service cost represents the increase in the present value of a defined benefit obligation resulting from employee service in the period, as calculated by the actuary. The employer contributions to the scheme are shown in Notes 17.6 and 18.6.

4.3 Report of Civil Service and Other Compensation Schemes – Exit Packages

EXIT PACKAGE COST BAND	Number of compulsory redundancies				Other departures agreed			
	UK Sport		Group		UK Sport		Group	
	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20
< £10,000	-	-	1	2	-	-	-	-
£10,001 - £20,000	-	-	-	-	-	1	-	1
£20,001 - £30,000	-	-	-	-	-	-	-	-
> £30,001	-	-	-	-	-	-	-	-
Total Number of Exit Packages	-	-	1	2	-	1	-	1
Total Value of Exit Packages	-	-	£2,513	£5,906	-	£12,246	-	£12,246

5. Grants and Other Operating Costs

	UK Sport		Group	
	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000
		Restated*		Restated*
National Support – Grants				
Sports Bodies	52,072	46,862	34,562	27,457
Performance	105	85	105	85
International Representation	140	399	140	399
	52,317	47,962	34,807	27,941
National Support – Other Costs				
Performance	4,495	5,792	4,487	5,790
Governance	1,100	337	1,100	337
Communications	294	490	294	490
International Representation	31	31	31	31
English Institute of Sport	-	-	5,180	8,023
Yorkshire 2019 Limited	-	-	11	5,964
	5,920	6,650	11,103	20,635
Finance and Management Services				
HQ Office Costs	1,975	1,756	1,975	1,756
Depreciation/Amortisation	934	955	2,869	3,024
Increase in Provisions	150	-	150	-
	3,059	2,711	4,994	4,780
Total	61,296	57,323	50,904	53,356

* Immaterial governance costs of £337,000 were originally presented as part of HQ Office Costs in 2019/20, but have been restated as a separate line item for these comparative figures.

6. Further Disclosure

Additional detail on figures already included in Notes 4 and 5 is given below.

The operating result is stated after charging:

	UK Sport		Group	
	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000
Travel, Subsistence and Hospitality:				
Chair and Members	1	15	1	20
Employees	12	726	137	2,074
Consultants' Fees and Legal Fees	421	271	880	1,155
Contingent Labour	232	155	232	1,203
Performance Programme Delivery – Specialist Services	1,733	1,533	1,733	1,533
International Programme Delivery – Specialist Services	27	81	27	81
Provisions (Released)/Provided for in Year	150	–	150	–
Depreciation	559	549	2,088	2,207
Amortisation	375	406	781	816
Loss on Disposal of Tangible Assets	–	–	2	15
Loss on Disposal of Intangible Assets	–	–	–	–
Auditor's Remuneration for Audit Work ¹	30	34	50	56

7. Investment Income

	UK Sport		Group	
	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000
Interest Receivable	–	3	1	13

8. Taxation

	UK Sport		Group	
	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000
Corporation Tax Payable	–	–	–	–

No corporation tax liability arose for UK Sport in 2020/21.

¹ No amounts are due to external auditors for non-current work. No non-audit work has been performed by the external auditors. Note that the 2020-21 auditor's remuneration for UK Sport has been presented net of VAT.

9.1 UK Sport – Property Plant and Equipment

	Leasehold Improvement £'000	Fixtures & Fittings £'000	IT Equipment £'000	Office Equipment £'000	Other £'000	Right-of-use Assets £'000	Total £'000
Cost							
At 01/04/20	940	159	672	89	29	1,183	3,072
Additions	-	-	53	-	-	-	53
Disposals	-	-	(9)	(6)	-	-	(15)
At 31/03/21	940	159	716	83	29	1,183	3,110
Depreciation							
At 01/04/20	715	112	556	84	29	328	1,824
Charge for Year	101	19	107	4	-	328	559
Depreciation on Disposal	-	-	(9)	(6)	-	-	(15)
At 31/03/21	816	131	654	82	29	656	2,368
Net book value							
At 31/03/20	225	47	116	5	-	855	1,248
At 31/03/21	124	28	62	1	-	527	742

9.2 Group – Property Plant and Equipment

	Leasehold Improvement £'000	Fixtures & Fittings £'000	IT Equipment £'000	Office Equipment £'000	Other Equipment £'000	Right-of-use Assets £'000	Total £'000
At Cost							
At 01/04/20	1,086	6,074	1,966	90	71	2,970	12,257
Additions	-	177	163	-	-	-	340
Lease Remeasurements	-	-	-	-	-	(30)	(30)
Disposals	(16)	(390)	(89)	(7)	-	-	(502)
At 31/03/21	1,070	5,861	2,040	83	71	2,940	12,065
Depreciation							
At 01/04/20	852	4,775	1,628	85	71	1,208	8,619
Charge for Year	105	522	252	4	-	1,205	2,088
Depreciation on Disposal	(16)	(385)	(89)	(7)	-	-	(497)
At 31/03/21	941	4,912	1,791	82	71	2,413	10,210
Net Book Value							
At 31/03/20	234	1,299	338	5	-	1,762	3,638
At 31/03/21	129	949	249	1	-	527	1,855

10.1 UK Sport – Intangible Assets

	Information Technology £'000
At Cost	
At 01/04/20	2,729
Additions	240
Disposals	(24)
At 31/03/21	2,945
Amortisation	
At 01/04/20	2,068
Charge for Year	375
Amortisation on Disposal	(24)
At 31/03/21	2,419
Net Book Value	
At 31/03/20	661
At 31/03/21	526

Within the closing net book value there are £25,000 (2019/20 £70,000) assets under the course of construction which are yet to be depreciated.

10.2 Group – Intangible Assets

	Information Technology £'000
At Cost	
At 01/04/20	5,421
Additions	722
Disposals	(46)
At 31/03/21	6,097
Amortisation	
At 01/04/20	3,829
Charge for Year	781
Amortisation on Disposal	(46)
At 31/03/21	4,564
Net Book Value	
At 31/03/20	1,592
At 31/03/21	1,533

Within the closing net book value there are £25,000 (2019/20 £70,000) assets under the course of construction which are yet to be depreciated.

11. Trade and Other Receivables

	UK Sport		Group	
	2020/21	2019/20	2020/21	2019/20
	£'000	£'000	£'000	£'000
Trade Receivables	14	55	787	726
Other Receivables	113	302	33	27
VAT	-	-	-	50
Prepayments and Accrued Income	728	925	1,268	2,035
Total	855	1,282	2,088	2,838

All amounts fall due within one year.

The Other Receivables balance at 31 March 2021 includes an intercompany receivable of £0.1m with the English Institute of Sport.

12. Cash and Cash Equivalents

	UK Sport		Group	
	2020/21	2019/20	2020/21	2019/20
	£'000	£'000	£'000	£'000
Balance at 1 April	1,826	2,943	3,093	4,371
Net Change in Cash and Cash Equivalents	1,472	(1,117)	1,445	(1,295)
Foreign exchange gain on Cash and Cash Equivalents	-	-	-	17
Balance at 31 March	3,298	1,826	4,538	3,093
Government Banking Services				
Balances Held with Government Banking Services	2,827	349	2,827	349
Balances Held with Restricted Escrow Account				
- Current Assets	-	-	-	210
- Non-Current Assets	-	-	-	-
Balances Held with Commercial Banks	471	1,477	1,711	2,534
Total	3,298	1,826	4,538	3,093

At 31 March 2020 Yorkshire 2019 Limited held a balance of £0.210m in a restricted Escrow account to cover any eventual liabilities that arise to Yorkshire 2019 Limited post the hosting of the 2019 World Road Cycling championships. This balance was released from Escrow shortly afterwards, so no foreign currency balance remained at 31 March 2021.

13.1 Trade and Other Payables

	UK Sport		Group	
	2020/21	2019/20	2020/21	2019/20
	£'000	£'000	£'000	£'000
Trade Payables	21	48	650	1,121
Other Payables	133	116	446	140
VAT	130	103	130	103
Other Taxation and Social Security	240	233	736	879
Accruals and Deferred Income	4,697	4,953	5,596	5,813
Right-of-use Lease Liabilities	433	432	433	1,367
Total	5,654	5,885	7,991	9,423

Within the UK Sport current accruals balance, £2.7m relates to funding committed to Rugby League World Cup 2021 Limited. A further £0.7m relates to funding committed to the Football Association Limited for the UEFA Women's European Championship 2021. Both amounts were due for payment in 2021/22 as at the balance sheet date.

The right-of-use lease liability for UK Sport relates to payments due for the main office location at 21 Bloomsbury Street.

13.2 Non-Current Trade and Other Payables

	UK Sport		Group	
	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000
Accruals and Deferred Income	1,000	4,374	1,000	4,374
Right of Use Lease Liabilities	150	572	150	572
Total	1,150	4,946	1,150	4,946

The UK Sport non-current accruals balance includes £1.0m relating to funding committed to Rugby League World Cup 2021 Limited (2019/20 £3.7m).

The right of use lease liability for UK Sport relates to payments due for the main office location at 21 Bloomsbury Street.

14. Provision for Liabilities

	UK Sport		Group	
	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000
Opening Balance	234	234	234	234
Provision Made in Year	150	-	150	-
Provision Paid in Year	-	-	-	-
Provision Released in Year	-	-	-	-
Closing Balance	384	234	384	234

Provision was made in the accounts in 2015/16 for the anticipated cost of making good any dilapidations at 21 Bloomsbury Street, London, WC1B 3HF at the end of the tenancy agreement. This was uplifted during 2020/21 following a review of dilapidation works required, in anticipation of the end of the lease in 2022.

15. Reconciliation of Operating Deficit to Cash Generated from Operations

	UK Sport		Group	
	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000
Net Expenditure Before Taxation and Interest	(65,780)	(62,464)	(68,995)	(68,825)
Depreciation/Amortisation of Property Plant and Equipment	935	955	2,871	3,023
Loss on Disposal of Property Plant and Equipment	-	-	2	15
Decrease/(Increase) in Receivables	428	(271)	749	75
(Decrease)/Increase in Payables	(3,549)	(7,123)	(3,814)	(4,921)
Increase/(Decrease) in Provisions	150	-	150	-
Pension Scheme: Non-Cash Movement	614	1,288	3,485	4,675
Net Cash Outflow from Operations	(67,202)	(67,615)	(65,552)	(65,958)

16. Financial Instruments

Most financial instruments relate to contracts for non-financial items in line with UK Sport's expected purchase and usage requirements and UK Sport therefore is exposed to limited credit, liquidity or market risk.

Liquidity Risks

In the year £69.464m or 87% (2019/20, £67.357m or 82%) of the Group's income derived from DCMS Grant-in-Aid. The remaining balance of £10.617m or 13% (2019/20, £15.041m or 18%) derived from other operating activities. UK Sport is satisfied that it has sufficient liquid resources to cover amounts due within one year.

Interest Rate Risks

Cash balances, which are drawn down as Grant-in-Aid to pay grant commitments and operating costs, are held in a Government Banking Service account and drawn down into UK Sport's current account as necessary. The Group's unrestricted cash balance at 31 March 2021 was £4.538m (2019/20, £2.883m).

Foreign Currency Risk

During the year ended 31 March 2017 cash was placed into an escrow account in Swiss Francs, in line with contractual obligations. This account was held by Yorkshire 2019 Limited until the final balance was settled during 2020/21. No further foreign currency risks remain at 31 March 2021

17. Superannuation Scheme – UK Sport

Staff at UK Sport (Grant-in-Aid and Lottery) are entitled to become members of the London Pension Fund Authority (LPFA) Superannuation Scheme. UK Sport is one of several employers whose staff are scheme participants, and data given in this note refers to the whole scheme and to the identified UK Sport portion of it whilst Note 18 provides equivalent details for EIS. There is a generic scheme for staff covered by the accounting policy Note 1.10.

The administering authority for the Fund is the London Pensions Fund Authority. The LPFA Board oversees the management of the Fund whilst the day to day fund administration is undertaken by the Local Pensions Partnership in accordance with the Local Government Pension Scheme Regulations 2013.

The amounts disclosed in these accounts are the portion deemed to be apportioned to the Grant-in-Aid funded part of the scheme. As all scheme members are or were employees of UK Sport, the pension deficit recorded in the Lottery Accounts would become part of the Grant-in-Aid pension deficit in the event of the Lottery Fund being wound up.

The Pension Scheme is of the defined benefit type and is funded by employees and employers at actuarially determined rates. The employer's contribution for the year amounted to £0.615m or 12.0% of pensionable pay (2019/20, £0.605m or 12.0%). An additional pension contribution of £0.266m (2019/20, £0.174m) was also made to reduce the pension liability in respect of prior years.

Contributions are set every three years as a result of the triennial valuations by the consulting actuaries to the LPFA. There are no minimum funding requirements in the LGPS but the contributions are generally set to a target funding level of 100% using the actuarial valuation assumptions. If UK Sport was to withdraw from the fund, a cessation valuation would be carried out in accordance with Regulation 64 of the LGPS Regulations 2013 which would determine the termination contribution due, on a set of assumptions deemed appropriate by the Fund Actuary.

The latest valuation was at 31 March 2019, the results of which were confirmed in early 2020. The actuarial method used is market related, based on average yields and market values in the 12 months leading up to the valuation date. Following this revaluation, UK Sport's employer contribution rate is set at 12% of pensionable pay for the period until the next triennial valuation. The additional contribution of £0.266m paid in the year was made on a discretionary basis, in anticipation of an increased deficit position driven by market factors.

International Accounting Standard IAS 19 issued by the International Accounting Standards Board requires that the following information, which has been prepared for us by Barnett Waddingham (the consulting actuaries to the LPFA) for this purpose, be disclosed in these accounts with respect to the scheme.

17.1 Pension Commitments

Financial Assumptions

	2020/21	2019/20
	%	%
Price Increases	3.2	2.6
Salary Increases	3.9	2.8
Pension Increases	2.9	1.8
Discount Rate	2.1	2.4

Average Future Life Expectancies at Age 65:

	Males (years)	Females (years)
Current Pensioners	21.9	24.0
Future Pensioners	23.8	26.0

17.2 Fair Value of Employers Assets

	31/03/21	31/03/20
	£'000	£'000
Equities	15,383	12,247
Target Return Funds	6,358	5,845
Infrastructure	2,366	1,653
Property	2,442	2,252
Cash	1,157	693
Total Fair Value of Assets	27,706	22,690
Present Value of Scheme Liabilities	(53,425)	(36,644)
Net Pension Liability	(25,719)	(13,954)

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

	31/03/21	31/03/20
	%	%
Equities	55	54
Target Return Funds	23	26
Infrastructure	9	7
Property	9	10
Cash	4	3

17.3 Amounts recognised in the Statement of Comprehensive Net Expenditure are as follows:

	2020/21	2019/20
	£'000	£'000
Service Cost	1,508	2,038
Net Interest on the Defined Liability	321	378
Administration Expenses	26	29
Total	1,855	2,445

17.4 Re-measurements in Other Comprehensive Income:

	2020/21 £'000	2019/20 £'000
Return on plan assets in excess of interest	3,765	(667)
Other actuarial gains	-	(960)
Change in financial assumptions	(15,414)	5,357
Change in demographic assumptions	391	335
Experience loss on defined benefit obligation	465	(554)
Re-measurements	(10,793)	3,511

17.5 Changes in the present value of the defined benefit obligation:

	2020/21 £'000	2019/20 £'000
Opening defined benefit obligation	36,644	39,180
Current service cost	1,508	1,768
Interest cost	861	956
Change in financial assumptions	15,414	(5,357)
Change in demographic assumptions	(391)	(335)
Experience loss on defined benefit obligation	(465)	554
Estimated benefits paid net of transfers in	(529)	(794)
Past service costs including curtailments	-	270
Contributions by scheme participants	405	427
Unfunded pension payments	(22)	(25)
Closing defined benefit obligation	53,425	36,644

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

	2020/21 £'000	2019/20 £'000
Opening fair value of employers' assets	22,690	23,385
Interest on assets	539	578
Return on assets less interest	3,765	(667)
Other actuarial gains/(losses)	-	(960)
Administration expenses	(26)	(29)
Contributions by employer including unfunded	885	774
Contributions by scheme participants	405	427
Estimated benefits paid net of transfers in including unfunded	(552)	(818)
Closing fair value of employer assets	27,706	22,690

17.7 A History of Experience Gains and Losses is shown below:

	2020/21 £'000	2019/20 £'000	2018/19 £'000	2017/18 £'000	2016/17 £'000
Fair Value of Employer Assets	27,706	22,690	23,385	20,473	19,097
Present Value of Defined Benefit Obligation	(53,425)	(36,644)	(39,180)	(35,820)	(35,562)
Deficit	(25,719)	(13,954)	(15,795)	(15,347)	(16,465)
Experience Losses on Assets	-	-	-	-	-
Experience Gains/(Losses) on Liabilities	(465)	(554)	-	-	634

In order to assess the actuarial value of the LPFA's liabilities as at 31 March 2021, Barnett Waddingham have rolled forward the actuarial value of the liabilities reported as at the latest formal valuation, allowing for the different financial assumptions required under IAS 19. In addition, they have also considered the effect of contributions paid into, and estimated benefits paid from, the Fund by UK Sport and its employees.

It is not possible to assess the accuracy of the estimated liability as at 31 March 2021 without completing a full valuation. The actuary is satisfied that the approach of rolling forward the previous valuation to 31 March 2021 should not introduce any material distortions in the results provided that the actual experience of UK Sport and the Fund has been broadly in line with the underlying assumptions and the structure of the liabilities is substantially the same as the latest formal valuation.

To calculate the asset share Barnett Waddingham have rolled forward the assets allowing for contributions paid into and estimated benefits paid from, the Fund by and in respect of the employer investment returns, and its employees.

In December 2018 there was a Court of Appeal judgement in relation to the McCloud and Sargeant cases which relate to age discrimination in the Judicial and Fire Service pension schemes respectively. In June 2019 the Government was refused leave to appeal and the Government Actuary Department developed a methodology to estimate the impact of this judgement on those bodies that are part of the Local Government Pension Scheme. The impact based on this initial methodology has been included in the figures presented here at 31 March 2021.

The Ministry of Housing, Communities and Local Government initiated a consultation into its proposals following this case in July 2020, the results of which may further inform how the impact of this case on pension liabilities and service costs is evaluated. The impact of any changes proposed in the consultation is not expected to be material. Any future developments arising from the consultation will therefore be considered in the valuation of the pension liability at 31 March 2022.

The actuarial valuation for IAS 19 purposes has been allocated between the Lottery and Exchequer accounts in accordance with accounting policy Note 1.10.

17.8 Sensitivity

Participating in this defined benefit pension scheme means that UK Sport is exposed to a number of risks, including investment and interest rate risk with regards to the market values and returns of the fund assets. The benefits of the fund are also linked to inflation, whilst the fund assets are not, which gives rise to a risk that deficits may emerge as a result of this. There are also demographic risks, for example that members of the fund live longer than has been assumed.

In addition, as many unrelated employers participate in the London Pension Fund Authority Pension Fund, there is an orphan liability risk where employers leave the Fund but with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers.

All of the risks above may also benefit UK Sport e.g. higher than expected investment returns or employers leaving the Fund with excess assets which eventually get inherited by the remaining employers.

The sensitivity of the UK Sport pension liability to changes in assumptions is as follows:

	£'000	£'000	£'000
Adjustment to discount rate	+0.10%	0%	-0.10%
Present value of total obligation	52,027	53,425	54,861
Adjustment to long term salary increase	+0.10%	0%	-0.10%
Present value of total obligation	53,510	53,425	53,340
Adjustment to pension increases and deferred revaluation	+0.10%	0%	-0.10%
Present value of total obligation	54,763	53,425	51,982
Adjustment to mortality age rising assumption	+1 Year	None	-1 Year
Present value of total obligation	55,784	53,425	51,173

18. Superannuation Scheme – EIS

EIS participates in the LPFA Superannuation Scheme (LPFA). It is one of a large number of employers whose staff participate in the scheme, but the data given in this note relates just to EIS. The majority of EIS's staff are members of the scheme.

The Pension Scheme is of the defined benefit type and it is funded by employees and employers at actuarially determined rates. Employer contributions charged for members of the scheme amounted to £1.740m (2019/20, £1.711m).

A Triennial Actuarial Valuation was carried out as at 31 March 2019 for funding purposes. As a result of this, employer contributions (as a percentage of pensionable salary) remained at 12%.

In December 2018 there was a Court of Appeal judgement in relation to the McCloud and Sargeant cases which relate to age discrimination in the Judicial and Fire Service pension schemes respectively. In June 2019 the Government was refused leave to appeal and the Government Actuary Department developed a methodology to estimate the impact of this judgement on those bodies that are part of the Local Government Pension Scheme. The impact based on this initial methodology has been included in the figures presented here at 31 March 2021.

The Ministry of Housing, Communities and Local Government initiated a consultation into its proposals following this case in July 2020, the results of which may further inform how the impact of this case on pension liabilities and service costs is evaluated. The impact of any changes proposed in the consultation is not expected to be material. Any future developments arising from the consultation will therefore be considered in the valuation of the pension liability at 31 March 2022.

A valuation for IAS 19 purposes as at 31 March 2021 was carried out by a qualified independent actuary. The assumptions used by the actuary for IAS 19 valuation purposes were:

18.1 Pension Commitments

Financial Assumptions:	2020/21	2019/20
	%	%
Price Increases	3.1	2.6
Salary Increases	3.8	2.8
Pension Increases	2.8	1.8
Discount Rate	2.1	2.4
	Males	Females
	(years)	(years)
Current Pensioners	23.3	25.1
Future Pensioners	23.7	26.0

18.2 Fair Value of Employer Assets

	31/03/21	31/03/20
	£'000	£'000
Equities	31,207	24,261
Target Return Portfolio	12,897	11,581
Infrastructure	4,800	3,275
Property	4,955	4,462
Cash	2,347	1,372
Total Market Value of Assets	56,206	44,951
Present Value of Scheme Liabilities	(116,936)	(71,223)
Net Pension Liability	(60,730)	(26,272)

The overall expected rate of return on scheme assets is projected by the scheme actuaries using modelling techniques, with reference to key assumptions and the relative weighting of scheme assets.

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

	31/03/21	31/03/20
	%	%
Equities	55	54
Target Return Portfolio	23	26
Infrastructure	9	7
Property	9	10
Cash	4	3

18.3 Amounts recognised in the Statement of Comprehensive Net Expenditure account:

	2020/21	2019/20
	£'000	£'000
Service Cost	4,581	5,040
Net Interest on the Defined Liability	597	780
Administration Expenses	58	58
Total	5,236	5,878

18.4 Re-measurements recognised in Other Comprehensive Income:

	2020/21	2019/20
	£'000	£'000
Return on plan assets in excess of interest	7,583	(1,289)
Other actuarial (losses)/gains on assets	-	(1,834)
Change in financial assumptions	(40,095)	13,389
Change in demographic assumptions	751	1,050
Experience gain/(loss) on defined benefit obligation	799	392
Re-measurements	(30,962)	11,708

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

	2020/21	2019/20
	£'000	£'000
Opening defined benefit obligation	71,223	78,153
Current service cost	4,581	5,007
Interest cost	1,684	1,899
Change in financial assumptions	40,095	(13,389)
Change in demographic assumptions	(751)	(1,050)
Experience (gain)/loss on defined benefit obligation	(799)	(392)
Estimated benefits paid in excess of transfers in	(196)	(119)
Past service costs, including curtailments	-	33
Contributions by scheme participants	1,099	1,081
Closing defined benefit obligation	116,936	71,223

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

	2020/21	2019/20
	£'000	£'000
Opening fair value of employer's assets	44,951	44,341
Interest on assets	1,087	1,119
Return on assets less interest	7,583	(1,289)
Other actuarial gains/(losses)	-	(1,834)
Administration expenses	(58)	(58)
Contributions by employer including unfunded	1,740	1,710
Contributions by participants	1,099	1,081
Estimated benefits paid plus unfunded net of transfers in	(196)	(119)
Closing fair value of employer's assets	56,206	44,951

18.7 History of Experience Gains and Losses

	2020/21	2019/20	2018/19	2017/18	2016/17
	£'000	£'000	£'000	£'000	£'000
Fair Value of Employer Assets	56,206	44,951	44,341	37,651	33,604
Present Value of Defined Benefit Obligation	(116,936)	(71,223)	(78,153)	(68,329)	(65,757)
Deficit	(60,730)	(26,272)	(33,812)	(30,678)	(32,153)
Experience Losses on Assets	-	-	-	-	-
Experience Gain / (Losses) on Liabilities	799	392	-	-	(1,195)

18.8 Sensitivity:

The sensitivity of the EIS pension liability to changes in assumptions is as follows:

	£'000	£'000	£'000
Adjustment to discount rate	+0.10%	0%	-0.10%
Present value of total obligation	113,223	116,936	120,775
Adjustment to long term salary increase	+0.10%	0%	-0.10%
Present value of total obligation	117,243	116,936	116,632
Adjustment to pension increases and deferred revaluation	+0.10%	0%	-0.10%
Present value of total obligation	120,435	116,936	113,550
Adjustment to mortality age rising assumption	+1 Year	None	-1 Year
Present value of total obligation	121,370	116,936	112,665

19. Group Pension Amounts

	Note	2020/21 £'000	2019/20 £'000
Pension Liabilities UK Sport	17.2	(25,719)	(13,954)
Pension Liabilities EIS	18.2	(60,730)	(26,272)
Total Group Pension Liabilities		(86,449)	(40,226)
Pension Scheme Re-measurements UK Sport	17.4	(10,793)	3,511
Pension Scheme Re-measurements EIS	18.4	(30,962)	11,708
Total Group Pension Re-measurements		(41,755)	15,219
Net Interest on the Defined Liability UK Sport	17.3	(321)	(378)
Net Interest on the Defined Liability EIS	18.3	(597)	(780)
Total Net Interest on the Group Defined Liability		(918)	(1,158)

20. Leases

UK Sport Group recognises its leases under IFRS 16, as interpreted and adapted in the FReM for the public sector. This means that right-of-use assets and lease liabilities are recognised for most lease contracts.

a. Application of IFRS 16

The Group has applied the optional exemptions for both short-term leases (those with a term 12 months or less, after the assessment of extension options), and leases of low value assets (those with an approximate asset value below £5,000).

UK Sport has elected not to apply the new standard to leases of intangible assets. All the contracts recognised under IFRS 16 relate to use of buildings for workspace, and all the assets have therefore been grouped within a single asset category.

Where a contract contains both lease and non-lease components (such as service charges), the Group has only capitalised amounts in relation to the lease components. Service components continue to be recognised as expenses in the Statement of Comprehensive Net Expenditure.

b. Discount rate

None of the leases capitalised under IFRS 16 in these accounts indicate an implicit interest rate within the lease contract. Therefore, the discount rate applied when assessing the value of the lease liability under amortised cost has been taken as the HM Treasury discount rate promulgated in Public Expenditure System (PES) papers, which represents the incremental borrowing rate to the UK Sport Group.

20.2 Leases: Contributions for the year ended 31 March 21

	UK Sport		Group	
	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000
SOCNE impact from capitalised leases				
Finance cost	17	25	24	48
Right-of-use asset depreciation	328	328	1,205	1,164
Contribution to SOCNE expenditure	345	353	1,228	1,212

The United Kingdom Sports Council Grant-in-Aid and National Lottery Distribution Fund
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One lease is capitalised for UK Sport in relation to office space at 21 Bloomsbury Street. Within the Group accounts, a further seven leases were included in the right-of-use assets at 1st April 2020, all of which relate to office or other workspace used by the English Institute of Sport. All of the right-of-use assets recognised within the Group are therefore held within a single asset category.

	UK Sport £'000	Group £'000
Right-of-use assets		
Recognised on transition 1 April 2020	855	1,762
Lease remeasurements	-	(30)
Depreciation charge for the year	(328)	(1,205)
Balance at 31 March 2021	527	527

	UK Sport £'000	Group £'000
Lease liabilities		
Maturity Analysis – undiscounted cash flows		
Less than 1 year	438	438
1 to 5 years	154	154
More than 5 years	-	-
Total undiscounted lease liabilities at 31 March 2021	592	592
Lease liabilities included in the statement of financial position at 31 March 2021	583	583
Current	433	433
Non-current	150	150

	UK Sport		Group	
	2020/21	2019/20	2020/21	2019/20
	£'000	£'000	£'000	£'000
Amounts recognised in Statement of Cash Flows				
Payment of lease interest (operating activities)	17	25	24	50
Payment of lease principal (financing activities)	421	522	1,326	1,374
Total cash outflow for leases	438	547	1,350	1,424

21. Grant Commitments

On the undertaking that funds are to be provided by DCMS, UK Sport at 31 March 2021 had entered into commitments to pay grants to governing bodies in respect of their approved programmes in the following years (these commitments at 31 March 2021 have not yet been recognised in the Statement of Comprehensive Net Expenditure Account nor Statement of Financial Position).

	UK Sport		Group	
	2020/21 £'000	2019/20 £'000	2020/21 £'000	2019/20 £'000
2020/21	-	27,785	-	10,074
2021/22	40,727	316	22,296	57
2022/23	35,092	-	17,761	-
2023/24	34,807	-	17,459	-
2024/25	32,230	-	14,996	-
	142,856	28,101	72,511	10,131

Grant commitments are based on the assumption that Exchequer funding will continue at the planned rate beyond 2021/2022.

22. Contingent liabilities

At 31 March 2021 UK Sport had no contingent liabilities requiring disclosure

23. Capital Commitments

As at 31 March 2021 UK Sport had made commitments of £6,649 (31/03/2020 £10,792) to purchase further capital equipment.

24. Events After the Reporting Period

The accounts were authorised for issue on the date the Comptroller and Auditor General certified the accounts.

There are no other post balance sheet events requiring disclosure.

25. Related Party Transactions

UK Sport is an Arm's Length Body sponsored by DCMS, who are regarded as a related party. During 2020/21 UK Sport had various material transactions with DCMS and with the Sports Councils for the Home Countries. It further provided grants to its subsidiary EIS.

As a matter of policy and procedure the Board, and Committee members, Award Panel members and staff maintain registers of interest which are available to the public. In these they are required to declare any interests, both direct and indirect, of commercial interests with the UK Sport together with interests associated with grant applications. Where a member has an interest, they are required to declare it and exclude themselves from relevant grant appraisal discussions and other commercial decisions.

The following table details those related party transactions that arose during the year, as well as any outstanding balances at the balance sheet date:

The United Kingdom Sports Council Grant-in-Aid and National Lottery Distribution Fund
Annual Report and Accounts for the Year Ended 31 March 2021

Person	Other related appointments	Transaction/Balance (e.g. grant)	Amounts (£)
English Institute of Sport	Subsidiary	Grant paid	17,510,282
		Recharged income	620,358
		Recharged costs	123,062
		Accounts Receivable	129,883
DCMS	Parent department	Grant-in-Aid received	69,464,000
Nicholas Bitel UK Sport Board (Member)	Sport England (Chair)	Grant	40,000
		Other income	11,000
		Other costs	95,000
		Accounts Payable	3,199
John Dowson UK Sport Board (Member) Group Audit & Risk Committee (Member)	Wheelchair Basketball (Leadership mentoring role with NGB Performance Director)	Grant	325,318
Dame Katherine Grainger DBE	British Olympic Association (Member of Athletes' commission)	Other costs	72,977
		Accounts payable	11,501
Vic Luck Group Audit & Risk Committee (Member)	English Institute of Sport (Director)	Grant and recharges	See above
	Foundation for Leadership through Sport (Director)	Other costs	150
John Steele UK Sport Board (Observer)	English Institute of Sport (Chair)	Grant and recharges	See above
	England Hockey (Consultant)	Grant	1,963,506
		Other income	13,165
		Other costs	10,000
	Loughborough University (Executive Director)	Other costs	34,049

The United Kingdom Sports Council Grant-in-Aid and National Lottery Distribution Fund
Annual Report and Accounts for the Year Ended 31 March 2021

Person	Other related appointments	Transaction/Balance (e.g. grant)	Amounts (£)
Mel Young MBE	Sport Scotland (Chair)	Grant	160,000
UK Sport Board (Member)		Other costs	10,000
		Other income	10,000
Sir David Tanner KBE	Lawn Tennis Association (Non-Executive Director)	Other income	59,035
UK Sport Board (Observer)			

26.1 Subsidiary Undertakings

English Institute of Sport The Manchester Institute Of Health And Performance, 299 Alan Turing Way,
Manchester, England, M11 3BS

UK Sport was given responsibility for the EIS in April 2006. The following results of EIS have been included in the consolidated results:

	2020/21	2019/20
	£'000	£'000
Statement of Comprehensive Net Expenditure		
Income	25,067	27,695
Administrative Expenses	(28,122)	(31,170)
Operating Surplus/(Deficit) before Interest and Taxation	(3,055)	(3,475)
Interest Receivable	-	9
Interest Payable and Similar Charges	(597)	(807)
Deficit on Ordinary Activities Before Taxation	(3,652)	(4,273)
Tax on Surplus on Ordinary Activities	-	-
Deficit for the Financial Year	(3,652)	(4,273)
Re-measurement of the Net Defined Benefit Liability	(30,962)	11,930
Total Comprehensive Net Income/(Expenditure) for the Year	(34,614)	7,657
	2020/21	2019/20
	£'000	£'000
Statement of Financial Position		
Property Plant and Equipment	1,113	1,482
Intangible Assets	1,006	932
Current Assets	2,603	2,844
Payables: Falling Due Within One Year	(2,399)	(2,617)
Total Assets less Current Liabilities	2,323	2,641
Deferred Income	(2,370)	(2,532)
Net Liabilities Excluding Pension Liability	(47)	109
Defined Benefit Pension Scheme Liability	(60,730)	(26,272)
Net Liabilities Including Pension Liability	(60,777)	(26,163)
Reserves		
Revenue Reserve	(60,777)	(26,163)

The above figures have been presented on a gross basis as per the EIS annual accounts prior to intercompany eliminations and alignment adjustments. The pension figures contained in the 2020/21 accounts produced by EIS were prepared on the basis of FRS 102. A separate actuarial valuation based on IAS 19 was commissioned to provide the pension figures in line with the accounting policy adopted for the UK Sport accounts which are presented in Note 18. An adjustment has also been made on consolidation to align the treatment of leases across the group, from EIS's preparation under FRS 102 to the new FReM IFRS 16 standard applied at Group level. Further details are given in Note 20.

26.2 Subsidiary Undertakings

Yorkshire 2019 Limited

Yorkshire 2019 Limited was incorporated on 24 November 2016. Following the hosting of the 2019 World Road Cycling Championships in autumn 2019, the company was put into members voluntary liquidation on 17th July 2020. Yorkshire 2019's results for 1st April 2020 up to the date of entering liquidation have been consolidated into the Group accounts.

	2020/21	2019/20
	£'000	£'000
Statement of Comprehensive Net Expenditure		
Income	11	7,724
Operating and Administrative Expenses	(11)	(7,735)
(Deficit)/Surplus for the period	-	(11)
Unrealised foreign exchange (loss)/gain	-	17
Total Comprehensive Net Expenditure for the period	-	6
	2020/21	2019/20
	£'000	£'000
Statement of Financial Position		
Restricted cash	1	210
Current assets and other receivables	(1)	70
Current Liabilities	-	(280)
Total Assets less Liabilities	-	-
Reserves		
Revenue Reserve	-	-

The above summary has been presented on a gross basis prior to inter-company eliminations and alignment adjustments taking place within the Group accounts.



**The United Kingdom Sports Council
National Lottery Distribution Fund
Accounts for the Year Ended
31 March 2021**

The United Kingdom Sports Council Lottery Distribution Fund

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

Opinion on financial statements

I certify that I have audited the financial statements of the United Kingdom Sports Council National Lottery Distribution Fund for the year ended 31 March 2021 under the National Lottery etc. Act 1993. The financial statements comprise: the Statement of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards as interpreted by HM Treasury's Government Financial Reporting Manual.

I have also audited the information in the Accountability report that is described in that report as having been audited.

In my opinion, the financial statements:

- give a true and fair view of the state of United Kingdom Sport Council National Lottery Distribution Fund's affairs as at 31 March 2021 and of the United Kingdom Sport Council National Lottery Distribution Fund's decrease in lottery funds for the year then ended;
- have been properly prepared in accordance with the National Lottery etc. Act 1993 and Secretary of State directions issued thereunder.

Opinion on regularity

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

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the United Kingdom Sport Council National Lottery Distribution Fund in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that United Kingdom Sport Council National Lottery Distribution Fund's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the United Kingdom Sport

Council National Lottery Distribution Fund's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for United Kingdom Sport Council National Lottery Distribution Fund is adopted in consideration of the requirements set out in International Accounting Standards as interpreted by HM Treasury's Government Financial Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

Other Information

The other information comprises information included in the annual report, but does not include the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's certificate thereon. The Accounting Officer is responsible for the other information. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Secretary of State directions made under the National Lottery etc. Act 1993; and
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

In the light of the knowledge and understanding of the United Kingdom Sport Council National Lottery Distribution Fund and its environment obtained in the course of the audit, I have not identified material misstatements in the performance and Accountability report. I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual are not made; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer, is responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;

- internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error.
- assessing the United Kingdom Sport Council National Lottery Distribution Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by United Kingdom Sport Council National Lottery Distribution Fund will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the National Lottery etc. Act 1993.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included the following:

- Inquiring of management, the audited entity's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the United Kingdom Sport Council National Lottery Distribution Fund's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the United Kingdom Sport Council National Lottery Distribution Fund's controls relating to National Lottery etc. Act 1993 and Managing Public Money;
- discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: the posting of unusual journals and revenue recognition (although I rebutted the presumption of a fraud risk in that area);
- obtaining an understanding of the United Kingdom Sport Council National Lottery Distribution Fund's framework of authority as well as other legal and regulatory frameworks that the United Kingdom Sport Council National Lottery Distribution Fund's operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the United Kingdom Sport Council National Lottery Distribution Fund. The key laws and regulations I considered in this context included the National Lottery etc. Act 1993, Managing Public Money, and Employment Law; and

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above
- enquiring of management, and the Audit Committee concerning actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Board;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements

made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

14 December 2021

Statement of Comprehensive Net Expenditure for the Year Ended 31/03/21

	Note	2020/21 £'000	2019/20 £'000
INCOME			
National Lottery Share of Proceeds	2	82,708	80,990
Investment Returns from NLDF	2	48	392
Interest Receivable		1	9
Other Operating Income			30
Total		82,757	81,421
EXPENDITURE			
Accrued Grant Commitments	3	9,639	3,060
Accrued Grant De-commitments	3	(1,011)	(2,392)
Grant Clawbacks		(338)	(16)
Other Grant Payments	5	56,061	76,568
Staff Costs	6	3,708	3,284
Amortisation	9	5	3
Other Operating Costs		288	736
Costs Apportioned from UK Sport Grant-in-Aid Account		2,660	2,169
Total		71,012	83,412
(DECREASE)/INCREASE IN LOTTERY FUNDS BEFORE TAXATION		11,745	(1,991)
Net Interest on the Pension Liability	12.3	(92)	(108)
(DECREASE)/INCREASE IN LOTTERY FUNDS		11,653	(2,099)
Other Comprehensive Expenditure			
Pension Scheme Re-measurements	12.4	(3,227)	1,017
Total Comprehensive Net (Expenditure)/ Income		8,426	(1,082)

All activities relate to continuing activities.

The notes on pages 81 to 92 form part of these accounts.

Statement of Changes in Equity for the Year Ended 31/03/21

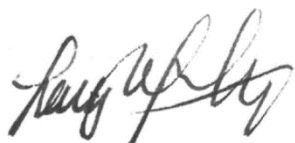
	Note	2020/21		2019/20	
		Revenue Reserve £'000	Pension Reserve £'000	Revenue Reserve £'000	Pension Reserve £'000
Balance Brought Forward		37,762	(4,100)	39,312	(4,566)
Retained (Deficit)/Surplus for the Year		11,653	-	(2,099)	
Pension Scheme Re-measurements	12.4	-	(3,227)	-	1,017
Transfer from the Pension Fund		385	(385)	549	(549)
Other Movements		-	(14)	-	(2)
Balance at 31 March		49,800	(7,726)	37,762	(4,100)

The notes on pages 81 to 92 form part of these accounts.

Statement of Financial Position as at 31/03/21

	Note	31/03/21 £'000	31/03/20 £'000
NON-CURRENT ASSETS			
Intangible Assets	9	28	18
Total Non-Current Assets		28	18
CURRENT ASSETS			
Investments – Balance at NLDF	2	42,236	20,232
Trade and Other Receivables	10	163	140
Cash and Cash Equivalents	14	17,541	21,067
Total Current Assets		59,940	41,439
CURRENT LIABILITIES			
Trade and Other Payables	11	(311)	(124)
Grant Commitments Falling Due Within One Year	3	(4,464)	(2,226)
Total Current Liabilities		(4,775)	(2,350)
Net Current Assets		55,165	39,089
Non-Current Assets plus Net Current Assets		55,193	39,107
NON-CURRENT LIABILITIES			
Grant Commitments Falling Due After One Year	3	(5,393)	(1,345)
Pension Liability	12.2	(7,726)	(4,100)
Total Non-Current Liabilities		(13,119)	(5,445)
Total Assets less Liabilities		42,074	33,662
EQUITY			
Pension Reserve	12.2	(7,726)	(4,100)
Revenue Reserve		49,800	37,762
Total Equity		42,074	33,662

The notes on pages 81 to 92 form part of these accounts.



Sally Munday OBE
Chief Executive and Accounting Officer
The United Kingdom Sports Council
10 December 2021



Dame Katherine Grainger DBE
Chair
The United Kingdom Sports Council
10 December 2021

Statement of Cash Flows for the Year Ended 31/03/21

	Note	2020/21 £'000	2019/20 £'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Cash Generated from Operations	13	(3,512)	19,913
Interest Received		1	9
Net Cash Flow from Operating Activities		(3,511)	19,922
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments to Acquire Intangible Assets		(15)	(13)
Net Cash Flow from Investing Activities		(15)	(13)
Net Increase/(Decrease) in Cash and Cash Equivalents in the Year		(3,526)	19,909
Cash and Cash Equivalents at 1 April		21,067	1,158
Cash and Cash Equivalents at 31 March	14	17,541	21,067

The notes on pages 81 to 92 form part of these accounts.

NOTES TO THE ACCOUNTS

1. Accounting Policies

1.1 Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2020/21 Government Financial Reporting Manual (FRoM) and in a form directed by the Secretary of State with consent of Treasury in accordance with section 35(3) of the National Lottery etc. Act 1993.

The accounting policies contained in the FRoM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FRoM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to UK Sport for the purpose of giving a true and fair view has been selected. The particular policies adopted by UK Sport Lottery are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

Without limiting the information given, the accounts meet the requirements of the Companies Act 2006, the International Accounting Standards issued or adopted by the International Accounting Standards Board (except in relation to the recognition of commitments as detailed below), 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 UK Sport Lottery Fund.

The accounts have been prepared under the accruals convention and, as such, all income and expenditure is taken into account in the financial period to which it relates (except in relation to the recognition of commitments as detailed below).

The accounts cover the year to 31 March 2021, in compliance with section 35 of the National Lottery etc. Act 1993.

Separate accounts have been prepared for the UK Sport operations funded from Grant-in-Aid, in accordance with the Accounts Direction and other instructions issued by the Secretary of State. Consolidated accounts have not been prepared because The English Institute of Sport Limited is a subsidiary of UK Sport Exchequer only.

There are no standards in issue but not yet adopted that will have a material effect on the reported income or net assets of the group.

The financial statements have been prepared on a going concern basis. UK Sport has a statutory entitlement to a set percentage of the Lottery Distribution Fund in accordance with the National Lottery Act 1993 as amended. Grant commitments reflect the forecast distribution expected from the Fund.

1.2 Use of Estimates and Judgements

The preparation of financial statements in conformity with IFRS requires management to make key judgements, assumptions and estimates that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Pension costs recognised within UK Sport's accounts are subject to estimation. The key assumptions applied by the actuary are set out in Note 12.

Included within these is an assumed difference between CPI (which drives future pension increases) and RPI. At 31 March 2021, the actuary has estimated CPI to be lower than RPI by 0.3%, compared to a difference of 0.8% applied at 31 March 2020. This change reflects the movement in market implied RPI inflation that occurred following the UK Statistics Authority's proposal to change how RPI is calculated. This change in accounting estimate has driven an increase in the defined benefit obligation for UK Sport Lottery of £1,854,000.

1.3 Grant Commitments

Grants payable are charged to the Statement of Comprehensive Net Expenditure on an accruals basis. The reporting of grants has been aligned with the FRoM. Where the recognition criteria are met, commitments are reflected in the Statement of Financial Position as a liability (see Note 3). Otherwise, they are disclosed as other grant commitments (see Note 4).

1.4 Intangible Assets

The intangible assets of UK Sport are computer software and software licences. Intangible assets are initially measured at cost and amortised on a straight-line basis over their useful lives.

Amortisation of intangible assets is charged over their useful economic life on the following basis:

Computer Software 2-5 years
Software Licences over the life of the licence

A full year of amortisation is charged in the year of acquisition and none in the year of disposal.

1.5 Pension Costs

The pension liabilities and assets are recorded in line with IAS 19, with a valuation undertaken by an independent actuary. IAS 19 measures the value of pension assets and liabilities at the end of each reporting period, determines the benefits accrued in the year and the interest on scheme assets and liabilities. The value of benefits accrued is used to determine the pension charge, which is shown in the Statement of Comprehensive Net Expenditure together with the net interest on the pension liability. The change in the value of the assets and liabilities arising from asset valuations, changes in benefits, actuarial assumptions or change in the level of deficit attributable to members is recognised in the Statement of Changes in Equity. The resulting pension liability or asset is shown on the Statement of Financial Position.

Further information on the pension scheme including the valuation of the pension funds and recharges is provided in Note 12 to the accounts.

1.6 Charges to and from UK Sport

UK Sport is required to apportion between its Grant-in-Aid and National Lottery distribution activities the costs of services provided from its Grant-in-Aid budget that are directly and demonstrably used on UK Sport Lottery Fund functions and vice versa. The costs apportioned to the National Lottery distribution activities are paid from the UK Sport Lottery Fund to the Grant-in-Aid account. The apportionment of the costs has been determined in the manner most appropriate to the particular service, for example staff numbers, staff time or floor space. In all cases the charges to the National Lottery distribution activities have been calculated on a full cost recovery basis in accordance with HM Treasury's *"Managing Public Money"*.

1.7 Value Added Tax

The making of Lottery awards is deemed to be a non-business activity. VAT is therefore not charged on grants made and input tax is not recovered but treated as an additional expense of the item to which it relates.

1.8 Investments

The funds attributable to the Lottery Fund, whilst they are within the National Lottery Distribution Fund, are invested by the National Debt Commissioners, 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. Interest earned on the sums invested is apportioned to each of the National Lottery distributors in proportion to their percentage share of the total remaining National Lottery Distribution Fund (NLDF) at the time the interest is received.

1.9 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand and demand deposits and other short-term high liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2. National Lottery Distribution Fund

During the year under review the UK Sport Lottery Fund has received and drawn down the following sums:

	2020/21	2019/20
	£'000	£'000
Balance Brought Forward	20,232	47,331
Share of Net Operator Proceeds	82,708	80,990
Investment Returns from NLDF	48	392
Available for Distribution	102,988	128,713
Funds Drawn Down	(60,752)	(108,481)
Balance Carried Forward	42,236	20,232

Balances held in the National Lottery Distribution Fund (NLDF) remain under the stewardship of the Secretary of State for Digital, Culture, Media and Sport. However, the share of these balances attributable to UK Sport is shown in the Accounts and, at the Statement of Financial Position date, has been certified by the Secretary of State as being available for distribution by UK Sport in respect of current and future commitments.

Funds are drawn down from the NLDF into the bank account of the UK Sport Lottery Fund in order to meet payments falling due from suppliers and awards to recipients on a monthly basis.

The market value carried forward at 31/03/21 is £42.236m (31/03/20, £20.232m).

The NLDF balance increased during the year 2020/21 to stand at £42.236m at 31/03/21, representing 17% of outstanding commitments made at that point. Once the closing UK Sport Lottery cash balance of £17.541m is included, the total represents 24% of the outstanding commitments. A large cash balance was held at 31 March 2021 to facilitate grant payments in early April 2021 which were due to fall before the next scheduled drawdown date from the NLDF fund. The balance of outstanding commitments will be met by anticipated future NLDF revenue receipts.

3. Accrued Grant Commitments

	2020/21	2019/20
	£'000	£'000
Accrued Commitments Brought Forward	3,572	8,871
Commitments Made in the Year	9,639	3,060
De-commitments Made in the Year	(1,011)	(2,392)
Total Accrued Grant Commitments	12,200	9,539
Accrued Grant Commitments Met in the Year	(2,343)	(5,968)
Accrued Grant Commitments Carried Forward	9,857	3,571

Accrued Grant Commitments by Year

	2020/21	2019/20
	£'000	£'000
Amounts Falling Due During 2020/21	-	2,226
Amounts Falling Due During 2021/22	4,464	325
Amounts Falling Due During 2022/23	2,932	607
Amounts Falling Due During 2023/24	2,262	340
Amounts Falling Due During 2024/25	199	73
Total	9,857	3,571

Accrued commitments made in the year are shown as expenditure, but during the year some commitments will be made and paid in the same year, or de-committed, which accounts for the difference between outstanding accrued commitments at 31 March 2020 and actual amounts paid in 2020/21.

4. Other Grant Commitments

	2020/21	2019/20
	£'000	£'000
Amounts Falling Due During 2020/21	-	69,474
Amounts Falling Due During 2021/22	74,548	10,851
Amounts Falling Due During 2022/23	56,805	2,041
Amounts Falling Due During 2023/24	56,043	-
Amounts Falling Due During 2024/25	58,859	-
	<u>246,255</u>	<u>82,366</u>

The accounting policies applied for National Lottery funding require commitments to be accrued in the accounts when an offer has been made and are free of performance related conditions and are free from conditions under the control of UK Sport. Other grant commitments do not meet this requirement and have therefore not been accrued. Revenue can only be recognised when funds are made available within the National Lottery Distribution Fund. To provide appropriate financial security for grantees, UK Sport commits funds for a period of up to four years with the expectation that actual funds will be available from future National Lottery revenue to meet future years' expenditure.

5. Lottery Grant Payments

		2020/21	2019/20
		£'000	£'000
Accrued Grant Payments			
Major Events	3	2,342	5,968
		<u>2,342</u>	<u>5,968</u>
Other Grant Payments			
Athletes		16,746	17,204
National Governing Bodies and Partners		39,161	59,091
International Relations		154	273
		<u>56,061</u>	<u>76,568</u>
Total Grant Payments		<u>58,403</u>	<u>82,536</u>

6. Staff Costs

		2020/21	2019/20
		£'000	£'000
Wages and Salaries		2,666	2,292
Other Staff Costs		-	16
Social Security Costs		310	269
Current Service Costs	12.3	720	697
Administration Expense Relating to Pension Scheme	12.3	12	10
Total Employee Costs		<u>3,708</u>	<u>3,284</u>

7. Average Number of Staff During the Year (Full Time Equivalent Values)

The average number of staff employed on a full-time equivalent basis during the year were as follows:

	2020/21	2019/20
UK Sport		
Average Staff Numbers	46	41

8. Lottery Funds

	2020/21	2019/20
	£'000	£'000
The Lottery Fund is stated after charging for:		
External Auditors' Remuneration for Audit Work	30	29

No amounts are due to external auditors for non-current work. No non-audit work has been performed by the external auditors.

9. Intangible Assets

All intangible fixed assets are computer software.

	£'000
Cost	
At 01/04/20	670
Additions	15
At 31/03/21	685
Amortisation	
At 01/04/20	652
Charge for Year	5
At 31/03/21	657
Net Book Value	
At 31/03/20	18
At 31/03/21	28

10. Trade Receivables

	2020/21	2019/20
	£'000	£'000
Trade Receivables	13	40
Other Receivables	125	100
Prepayments	25	-
Total	163	140

All amounts fall due within one year.

11. Trade Payables

	2020/21	2019/20
	£'000	£'000
Trade Payables	-	-
VAT	-	7
Accruals and Deferred Income	<u>311</u>	<u>117</u>
Total	<u>311</u>	<u>124</u>

12. Superannuation Scheme

Staff at UK Sport (Grant-in-Aid and Lottery) are entitled to become members of the London Pension Fund Authority (LPFA) Superannuation Scheme. UK Sport is one of several employers whose staff are scheme participants, and data given in this note refers to the whole scheme and to the identified UK Sport portion of it. There is a generic scheme for staff covered by the accounting policy Note 1.5 above.

The administering authority for the Fund is the London Pensions Fund Authority. The LPFA Board oversees the management of the Fund whilst the day to day fund administration is undertaken by the Local Pensions Partnership in accordance with the Local Government Pension Scheme Regulations 2013.

All staff are contractually employed by UK Sport. Whether they work on Lottery related matters or not does not affect the terms and conditions of their employment or their pension entitlement. If in the long term they were still employed by UK Sport but the Lottery accounts continued with pension fund deficits, then the employees, regardless of the Lottery nature of their employment, would still be entitled to look to the Grant-in-Aid accounts to ensure their pension entitlement was met. Under IAS 19 it is the economic entity which suffers the charge to its Statement of Comprehensive Net Expenditure that must make disclosure of that relevant portion of the shared fund.

The pension is of the defined benefit type and is funded by employees and employers at actuarially determined rates.

The employer's contribution for the year amounted to £0.310m or 12.0% of pensionable pay (2019/20, £0.266m or 12.0%). An additional pension contribution of £0.129m (2019/20, £nil) was also made to reduce the pension liability in respect of prior years. The share charged to these accounts is a proportion of the amount paid by UK Sport in total.

Contributions are set every three years as a result of the triennial valuations by the consulting actuaries to the LPFA. There are no minimum funding requirements in the LGPS but the contributions are generally set to a target funding level of 100% using the actuarial valuation assumptions. If UK Sport was to withdraw from the fund, a cessation valuation would be carried out in accordance with Regulation 64 of the LGPS Regulations 2013 which would determine the termination contribution due, on a set of assumptions deemed appropriate by the Fund Actuary.

The latest valuation was at 31 March 2019, the results of which were confirmed in early 2020. The actuarial method used is market related, based on average yields and market values in the 12 months leading up to the valuation date. Following this revaluation, UK Sport's employer contribution rate is set at 12% of pensionable pay for the period until the next triennial valuation.

International Accounting Standard (IAS 19) requires that the following information, which has been prepared by Barnett Waddingham (the Consulting Actuaries to the LPFA) for this purpose, be disclosed in these accounts with respect to the scheme.

12.1 Pension Commitments

Financial Assumptions	2020/21	2019/20
	%	%
Price Increases	3.2	2.6
Salary Increases	3.9	2.8
Pension Increases	2.9	1.8
Discount Rate	2.1	2.4
Average Future Life Expectancies at Age 65:	Males	Females
	(years)	(years)
Current Pensioners	21.9	24
Future Pensioners	23.8	26

12.2 Fair Value of Employer's Assets

	Fund Value at 31/03/21	Fund Value at 31/03/20
	£'000	£'000
Equities	4,483	3,507
Target Return Portfolio	1,852	1,675
Infrastructure	689	474
Property	712	645
Cash	337	198
Total Fair Value of Assets	8,073	6,599
Present Value of Scheme Liabilities	(15,799)	(10,599)
Net Pension Liability	(7,726)	(4,100)

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

	31/03/21	31/03/20
	%	%
Equities	55	54
Target Return Portfolio	23	26
Infrastructure	9	7
Property	9	10
Cash	4	3

12.3 Amounts recognised in the Statement of Comprehensive Net Expenditure are as follows:

	2020/21	2019/20
	£'000	£'000
Service Cost	720	697
Net Interest on the Defined Liability	92	108
Administration Expenses	12	10
Total	824	815

12.4 Re-measurements in Other Comprehensive Income

	2020/21 £'000	2019/20 £'000
Return on plan assets in excess of interest	1,078	(190)
Other actuarial gains/(losses)	-	(278)
Change in financial assumptions	(4,558)	1,548
Change in demographic assumptions	115	97
Experience (loss)/gain on defined benefit obligation	138	(160)
Re-measurements	(3,227)	1,017

12.5 Changes in the present value of the defined benefit obligation:

	2020/21 £'000	2019/20 £'000
Opening defined benefit obligation	10,599	11,247
Current service cost	720	605
Interest cost	246	273
Change in financial assumptions	4,558	(1,548)
Change in demographic assumptions	(115)	(97)
Experience loss/(gain) on defined benefit obligation	(138)	160
Estimated benefits paid net of transfer in	(253)	(271)
Past service costs including curtailments	-	92
Contributions by scheme participants	193	146
Unfunded pension payments	(11)	(8)
Closing defined benefit obligation	15,799	10,599

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

	2020/21 £'000	2019/20 £'000
Opening fair value of employer's assets	6,499	6,681
Interest on assets	155	165
Return on assets less interest	1,078	(190)
Other actuarial gains	-	(278)
Administration expenses	(12)	(10)
Contributions by employer including unfunded	423	265
Contributions by scheme participants	193	146
Estimated benefits paid net of transfers in including unfunded	(263)	(280)
Closing fair value of employer's assets	8,073	6,499

12.7 History of Experience Gains and Losses

	2020/21 £'000	2019/20 £'000	2018/19 £'000	2017/18 £'000	2016/17 £'000
Fair Value of Employer Assets	8,073	6,499	6,681	5,835	5,416
Present Value of Defined Benefit Obligation	(15,799)	(10,599)	(11,247)	(10,251)	(10,104)
Deficit	(7,726)	(4,100)	(4,566)	(4,416)	(4,688)
Experience Losses on Assets	-	-	-	-	-
Experience Gains/(Losses) on Liabilities	(138)	160	-	-	180

In order to assess the actuarial value of the LPFA's liabilities as at 31 March 2021, Barnett Waddingham have rolled forward the actuarial value of the liabilities reported as at the latest formal valuation, allowing for the different financial assumptions required under IAS 19. In addition, they have also considered the effect of contributions paid into, and estimated benefits paid from, the Fund by UK Sport and its employees.

It is not possible to assess the accuracy of the estimated liability as at 31 March 2021 without completing a full valuation. The actuary is satisfied that the approach of rolling forward the previous valuation to 31 March 2021 should not introduce any material distortions in the results provided that the actual experience of UK Sport and the Fund has been broadly in line with the underlying assumptions and the structure of the liabilities is substantially the same as the latest formal valuation.

To calculate the asset share Barnett Waddingham have rolled forward the assets allowing for investment returns, contributions paid into and estimated benefits paid from the Fund by and in respect of the employer and its employees. The Actuarial Valuation for IAS 19 purposes has been allocated between the Lottery and Exchequer accounts in accordance with accounting policy Note 1.5.

In December 2018 there was a Court of Appeal judgement in relation to the McCloud and Sargeant cases which relate to age discrimination in the Judicial and Fire Service pension schemes respectively. In June 2019 the Government was refused leave to appeal and the Government Actuary Department developed a methodology to estimate the impact of this judgement on those bodies that are part of the Local Government Pension Scheme. The impact based on this initial methodology has been included in the figures presented here at 31 March 2021.

The Ministry of Housing, Communities and Local Government initiated a consultation into its proposals following this case in July 2020, the results of which may further inform how the impact of this case on pension liabilities and service costs is evaluated. The impact of any changes proposed in the consultation is not expected to be material. Any future developments arising from the consultation will therefore be considered in the valuation of the pension liability at 31 March 2022.

12.8 Sensitivity

Participating in this defined benefit pension scheme means that UK Sport is exposed to a number of risks, including investment and interest rate risk with regards to the market values and returns of the fund assets. The benefits of the fund are also linked to inflation, whilst the fund assets are not, which gives rise to a risk that deficits may emerge as a result of this. There are also demographic risks, for example that members of the fund live longer than has been assumed.

In addition, as many unrelated employers participate in the London Pension Fund Authority Pension Fund, there is an orphan liability risk where employers leave the Fund but with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers.

All of the risks above may also benefit the Employer e.g. higher than expected investment returns or employers leaving the Fund with excess assets which eventually get inherited by the remaining employers.

The sensitivity of the pension liability to changes in assumptions is as follows:

	£'000	£'000	£'000
Adjustment to discount rate	+0.10%	0%	-0.10%
Present value of total obligation	15,386	15,799	16,224
Adjustment to long term salary increase	+0.10%	0%	-0.10%
Present value of total obligation	15,824	15,799	15,774
Adjustment to pension increases and deferred revaluation	+0.10%	0%	-0.10%
Present value of total obligation	16,195	15,799	15,413
Adjustment to mortality age rising assumption	+1 Year	None	-1 Year
Present value of total obligation	16,496	15,799	15,133

13. Reconciliation of Increase in Lottery Funds Before Taxation to Net Cash Inflow/ (Outflow) from Operating Activities

	2020/21	2019/20
	£'000	£'000
(Decrease)/Increase in Lottery Funds Before Taxation	11,746	(1,991)
(Increase)/Decrease in Receivables	(23)	(89)
(Decrease)/Increase in Payables	6,473	(5,541)
Amortisation of Intangible Assets	5	3
Interest Receivable	(1)	(9)
Decrease/(Increase) in NLDF	(22,005)	27,099
Pension Scheme: Non Cash Movement	293	441
Net Cash Inflow/(Outflow) from Operating Activities	(3,512)	19,913

14. Change in Cash and Cash Equivalents

	2020/21	2019/20
	£'000	£'000
Opening Cash Balance	21,067	1,158
Net Cash Inflow/(Outflow)	(3,526)	19,909
Cash and Bank Balances at Year End	17,541	21,067

15. Financial Instruments

Most financial instruments relate to contracts for non-financial items in line with DCMS's expected purchase and usage requirements. UK Sport is therefore exposed to limited credit, liquidity or market risk.

Liquidity Risks

In the year £82.76m or 99.99% (2019/20, £81.38m or 99.88%) of the UK Sport Lottery Fund's income was derived from the National Lottery. The remaining income is derived from interest on deposits and sundry income. In previous reports, UK Sport considered that the Lottery Fund's ability to meet the grant commitments and other liabilities in the short and longer term is dependent on adequate sales revenue from the National Lottery.

Interest Rate Risks

The financial assets of the Fund are invested in the National Lottery Distribution Fund (NLDF), which invests in a narrow band of low risk assets such as government bonds and cash. UK Sport has no control over the investment of Funds in the NLDF.

At the balance sheet date the market value of UK Sport's share of investment in the National Lottery Distribution Fund was £42.236m (2019/20, £20.232m). In the year the average return on these investments was 0.15% (2019/20, 1.16%). Cash balances which are drawn down from the Fund to pay grant commitments and operating costs are held in a deposit account. The cash balance at the year-end was £17.541m (2019/20, £21.067m). The Fund is not exposed to significant interest rate risks.

Foreign Currency Risk

The Fund is not exposed to material foreign exchange risks.

16. Contingent Liabilities

At 31 March 2021 UK Sport Lottery Fund had no contingent liabilities requiring disclosure.

17. Capital Commitments

As at 31 March 2021, the Lottery Fund had made no commitments to purchase further capital equipment (31/03/20, £nil).

18. Events After the Reporting Period

The accounts were authorised for issue on the date the Comptroller and Auditor General certified the accounts.

There are no other post balance sheet events requiring disclosure.

19. Related Party Transactions

UK Sport is an Arm's Length Body sponsored by DCMS, who are regarded as a related party. During 2020/21 UK Sport had various material transactions with DCMS and with the Sports Councils for the Home Countries.

As a matter of policy and procedure the Board, and Committee members, Award Panel members and staff maintain registers of interest which are available to the public. In these they are required to declare any interests, both direct and indirect, of commercial interests with the UK Sport together with interests associated with grant applications. Where a member has an interest they are required to declare it and exclude themselves from relevant grant appraisal discussions and other commercial decisions.

The following table details those related party transactions that arose during the year along with any outstanding amounts due at the balance sheet date:

Person	Other related appointments	Transaction/Balance (e.g. grant)	Amounts (£)
English Institute of Sport	Subsidiary of UKS Exchequer	Recharged income	8,000
		Accounts receivable	1,333
DCMS	Parent department	Recharged income	24,217
		Accounts Receivable	5,540
Nicholas Bitel UK Sport Board (Member)	Sport England (Chair)	Other costs	5,640
John Dowson UK Sport Board (Member) Group Audit & Risk Committee (Member)	Wheelchair Basketball (Leadership mentoring role with NGB Performance Director)	Grant	577,841
		Other Expenditure	6,227

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Person	Other related appointments	Transaction/Balance (e.g. grant)	Amounts (£)
Vic Luck Group Audit & Risk Committee (Member)	English Institute of Sport (Director)	Recharged income and accounts receivable	See above
John Steele UK Sport Board (Observer)	English Institute of Sport (Chair) England Hockey (Consultant)	Recharged income and accounts receivable Grant Other costs	See above 1,336,046 6,500
Mel Young MBE UK Sport Board (Member)	Sport Scotland (Chair)	Grant	264,000
Anna Davison Future Location Project Lead	British Cycling Events (Non-Executive Director)	Grant	15,538

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