



# **The United Kingdom Sports Council**

**Grant-in-Aid and National Lottery Distribution Fund  
Annual Report and Accounts  
for the year ended 31 March 2022**

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## **Grant-in-Aid and National Lottery Distribution Fund Annual Report and Accounts 2021-2022**

**For the year ended 31 March 2022**

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## Introduction by the Chair

In a year where the World continued to battle with the challenges posed by the COVID-19 pandemic and also faced unprecedented turmoil due to Russia's invasion of Ukraine, sport continued to be a force for good through providing renewed hope, joy and opportunities for extraordinary moments of unity and connection.

Two Olympic and Paralympic Games, one Summer and one Winter, were staged in Tokyo and Beijing, respectively, within months of each other and under the most trying circumstances for organisers and athletes alike. While in-person spectators were denied the thrill of seeing their heroes perform up close in person, the World at large were captivated by the athletes' endeavours and inspired by their character and resilience on the field of play as well the social conscience they purveyed off it.

It was my honour, as a guest of Team GB and ParalympicsGB, to be able to attend both Games to support our athletes and be one of the few to witness their incredible exploits in person. The effort just to reach the start line for our athletes was immense, and huge credit must go to the British Olympic and Paralympic Associations, for the care and attention to detail it took to take teams to two Games taking place within months of each other, safely and best prepared to succeed, as well as the coaches and support staff in national governing bodies who've left no stone unturned to help guide British athletes throughout the pandemic.

Russia's invasion of Ukraine, of course, cast a huge shadow over the Beijing Winter Paralympics, but the incredible stories of the Ukrainian team's journey to and endeavours at the Games and the outpouring of solidarity from the rest of the sporting World demonstrated the power of sport to unite us at times of huge division. In the UK, it was wonderful to see British sports and athletes stepping up and playing their part by using their platform and voice to influence their sport to show solidarity with Ukraine and even offering refuge to Ukrainian counterparts in the UK to allow them to continue to train and compete. My thoughts remain with the Ukrainian people affected by the ongoing conflict.

Behind the scenes, the team at UK Sport has played a pivotal role in supporting both the Games time success and the impact of the conflict in Ukraine on high performance sport. Crucially, we have also undertaken two investment reviews, for both summer and winter sports. Our annual review of summer Olympic and Paralympic sports saw us, reflecting on Tokyo and the journey onward to Paris, confirm an additional £11.2m of funding. This investment was made possible by the increased Comprehensive Spending Review settlement announced by the Prime Minister following the Tokyo Olympic Games, and also allowed us to confirm the indicative funding for Paris, announced in December 2020. For winter sports our Milan-Cortina investment process post-Beijing saw us invest in nine sports with an investment of almost £29 million allocated (plus a further £5million of National Lottery funding available to support athletes across the sports with their living and sporting costs via Athlete Performance Awards) to support UK Sport's ambition to become an ever-greater force in winter sport.

It's been fantastic to see major events both overseas and on home soil returning with full capacity stadiums, and UK Sport is proud to be playing a role in the delivery of ground breaking events such as the historic UEFA Women's Euro 2022, which saw the Lionesses bring home the trophy and kick off an exciting new era for women's and girl's football, and the Rugby League World Cup, delayed from 2021, which promises to deliver a transformational social impact programme which has already provided over £25m in funding towards driving positive change. The Commonwealth Games in Birmingham, of course, also provided a wonderful platform to engage the nation with elite sport and athletes from across the home nations.

Meanwhile, following the launch of our new 10-year strategic plan in 2021 we have undertaken an organisational redesign to ensure we are best placed to deliver our plans to create the greatest decade of extraordinary sporting moments by reaching, inspiring, and uniting the nation. This has been a huge focus and an incredibly important piece of work over the past year, to ensure the organisation can rise to the ambitious challenge of the new strategy.

One of our three stated ambitions within the new strategy is to keep winning and win well, and the publication of The Whyte Review, in June 2022, which was an exceptional piece of work by Anne Whyte QC, clearly demonstrated the need for UK Sport and the wider high-performance system, as well as British Gymnastics, to keep challenging ourselves to ensure the highest standards of conduct, ethics and athlete welfare are underpinning our success.

A golden thread that underpins all three of our ambitions - winning and winning well, growing a thriving sporting system and inspiring positive change - is our work in Equality, Diversity and Inclusion, and this year has seen several positive steps in this area, including the publication of the Tackling Racism and Racial Inequality in Sport Review (TRARIIS), The UK's Sports Councils Guidance for Transgender Inclusion in Domestic Sport and UK Sport's own Equality, Diversity and Inclusion strategy.

Our attentions now turn to supporting final preparations for Paris 2024, looking ahead to Milan-Cortina 2026, Los Angeles 2028 and beyond, and continuing to lay the foundations for our 'greatest decade' ahead.



**Dame Katherine Grainger DBE**  
**Chair**  
The United Kingdom Sports Council

21 November 2022

## **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.

As of the autumn of 2021, following an organisational redesign, UK Sport has six departments: Performance, Sporting System and Events, People, Engagement and External Affairs, Business Services and Strategy & Operational Excellence.

## **Performance Overview**

2021-2022 has been an extraordinary year for UK Sport and the entire high performance sporting community. Since 1992, Summer and Winter Games have been staged two years apart, but the delay to Tokyo 2020 caused by the COVID-19 pandemic meant 2021-22 saw back-to-back Games in Tokyo and Beijing taking place within seven months of each other and under huge restrictions for fans and athletes alike.

In May 2021, UK Sport launched its new 10-year strategic plan with a clear mission to 'create the greatest decade of extraordinary sporting moments, reaching, inspiring and uniting the nation'. With a new 10-year strategic plan underway, 2021-22 saw UK Sport supporting the high-performance community with the ongoing challenges posed by the pandemic, as well as the new threat of the war in Ukraine, while also resetting the organisation internally, both in structure and expertise, to deliver the 'greatest decade'.

UK Sport's strategy focuses on achieving three central ambitions, which are summarised below along with some of the key progress made and challenges faced in these areas in 2021-22:

### **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 they can be.

The postponed Tokyo 2020 Olympic and Paralympic Games finally took place in the summer of 2021. Great Britain and Northern Ireland once again delivered exceptional performances on the greatest sporting stage. At the Olympics, Team GB won a total of 64 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. Of the 385 athletes that made up Team GB, 205 were female; the first time ever there had been more women than men on the team. It was also the first Olympic Games ever that there were more female Team GB medallists than male. In performance terms, the team brought home 64 medals in Tokyo, just one fewer than the home Games in London in 2012, representing 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 most medals we had won in boxing for a century, 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 were world-leading in five 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. Team GB and ParalympicsGB were both able to deliver success in new and exciting sports and disciplines introduced to the Games programme in Tokyo including skateboarding, mixed relays in triathlon and swimming, para badminton and para taekwondo.

The summer of 2021 and the 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 would provide a 44% increase to the UK Sport budget from SR20 to 2024-25 to support Team GB and ParalympicsGB athletes to prepare for a successful Paris 2024 Olympic and Paralympic Games. This settlement gives UK Sport and Olympic and Paralympic sports greater certainty and stability over the coming years, in addition to funding from The National Lottery, and crucially, gives us the ability to invest in a broader range of sports and take a longer-term more sustainable view on success.

The settlement also allowed UK Sport to confirm an additional £11.2m of funding into summer Olympic and Paralympic sports. The increased investment was spread across 33 sports to help further support them in their preparations for Paris 2024 and allowed over 100 athletes to be added to World Class

Programmes, which not only had positive implications for Paris, but also helps sports to strengthen the pathway of young athletes who are targeting success at the Los Angeles Games in 2028. The additional funds will also help sports increase access to international competition and training camps for their athletes among other things.

In the final months' preparation for the Beijing 2022 Winter Olympic and Paralympic Games, UK Sport was able to announce a new Beijing Support Fund with £138,000 invested into seven sports ahead of the Winter Games. Sports that were not in receipt of World Class Programme funding but had achieved significant international results and were on track to qualify for Beijing were eligible to apply to the Fund. The Fund was used for training and competition costs in final preparation for the Games and was the first Fund of its kind for winter sports under UK Sport's new mission, which places an importance on demonstrating our commitment to a wider group of sports, athletes, and teams in our high-performance community.

Despite some fantastic individual performances at the Beijing Olympic Games, the ambition for Team GB to win between three and seven medals was not achieved, with two medals won. Both of the two medals won were delivered by the women's and men's Curling teams, with gold and silver, respectively, plus a fourth place in the mixed team event. GB topped the sport specific medal table for that sport and Eve Muirhead became GB's first Curler to win multiple Olympic medals by adding a gold medal for the Women's Team event to the bronze she won in Sochi. Eve Muirhead's rink won GB's first Olympic Curling gold medal since Rhona Martin's rink did the same 20 years previously in Salt Lake City. There were a further seven fourth to eighth places achieved including Makayla Gerken Schofield achieving GB's best ever result in Moguls skiing with an eighth place in the women's event and 17-year-old Kirsty Muir achieving fifth place in the Women's Big Air event, showing promise for Milan-Cortina on snow as well as ice.

ParalympicsGB achieved six medals in Beijing, five in Alpine Skiing and one in Snowboard meaning the ambition to bring home between five to nine medals was achieved. This was the first time since 1994 that GB have won medals in events outside of Wheelchair Curling and women's Visually Impaired Alpine Skiing. Neil Simpson (alongside guide Andrew Simpson) won two medals in the men's Visually Impaired Alpine Skiing events, including GB's first male gold medal at a winter Paralympics in the men's Visually Impaired Super-G, and Ollie Hill won GB's first snowboard medal at a winter Paralympics with bronze in the men's Lower Limb 2 Banked Slalom. There were a further 15 4th-8th places achieved.

Following a comprehensive post-Games review, July 2022 saw UK Sport announce funding for eight winter sports for the Milan-Cortina cycle across three funding streams. This was the culmination of a project that set out to create a bespoke investment approach for winter sports for the first time including a simpler process for a smaller cohort of sports, centred on a collaborative approach and the specific value that winter sports could add to the system. An investment of £24.2 million was allocated to support UK Sport's ambition to become an ever-greater force in winter sport.

The increase from six sports for the Beijing cycle to eight reflects UK Sport's ambition to power a broader range of sports and champions who reflect the diversity of British society. Among the Sport Progression stream, investment into British Ice Skating and Ice Hockey UK marks the start of a programme of support in the long-term potential of these sports. In total, six sports are in line to receive Sport Progression funding to enhance their domestic winter sport pathway infrastructure. This funding stream will be delivered in partnership with sportscotland and Sport England, with the long-term aim of growing a more accessible and sustainable pathway of support that enables more high potential athletes to emerge.

In addition, £4.8m of funding for skeleton was announced in September 2022 for the Milan-Cortina cycle. This funding followed on from the £24.2m allocated to eight winter sports in July and means that nine sports will now receive investment compared to six during the previous Beijing cycle.



The continued support provided by Government and The National Lottery enables UK Sport to look to the athletes of the future who are targeting success at Milan-Cortina and beyond. In addition to the nearly £29million being invested into winter sports, £5million from The National Lottery will support athletes with their living and sporting costs via Athlete Performance Awards.

Following the publication of UK Sport's Integrity Priorities in June 2021, May 2022 brought the launch of Sport Integrity, a new independent disclosure and complaints service pilot, to support athletes, coaches, and all support personnel within the Olympic and Paralympic high-performance community. The pilot will assist funded National Governing Bodies (NGBs) to uphold the highest standards of conduct in their sports. Sport Integrity will provide an independent and confidential reporting line and an independent investigation process to deal with allegations of bullying, harassment, discrimination, or abuse, and to allow sports to take the appropriate disciplinary action as necessary. Sport Integrity will be delivered by Sport Resolutions, an independent sports-specific dispute resolution service, supported by a confidential reporting line hosted by the charity Crimestoppers.

In June 2022, UK Sport and Sport England published The Whyte Review; an independent report they co-commissioned, to examine allegations of mistreatment in the sport of gymnastics. The Review was commissioned in 2020 following a number of deeply concerning reports about the treatment of gymnasts, from grassroots through to the elite end of the sport, with a view to understanding the experiences of those gymnasts and determining any required change. UK Sport and Sport England welcomed the report and accepted and endorsed all of its 17 recommendations, as did British Gymnastics. UK Sport is now working with Sport England to support British Gymnastics to implement the change required, as well as understand and take forward the implications of The Whyte Review for sport as a whole. UK Sport and Sport England remain unequivocal in our shared commitment to support governing bodies to drive a culture in their sport that upholds the highest standards of ethics, integrity, and welfare, whether on the world stage or at a community level.

### **Grow a thriving sporting system**

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

In June 2021, UK Sport and the home country sports councils published the findings of the Tackling Racism and Racial Inequality in Sport (TRARIIS) Review. Instigated following the murder of George Floyd in 2020, the TRARIIS Review saw the five sports councils responsible for investing in and growing sport across the UK, come together to explore racial inequalities in sport and to look at how reflective our sporting system is of UK society. The Review sought to help better understand if the Councils were doing enough to understand the context and tackle the issues involved.

The findings made clear that racism and racial inequalities still exist within sport in the UK and that there are longstanding issues, which have resulted in ethnically diverse communities being consistently disadvantaged. The review also highlighted the detrimental impact that this has had on individuals, leading to mistrust and exclusion and makes clear areas where we must see change.

The Councils agreed overarching commitments that all five organisations will work on together ensuring that they are aligned to their individual strategies. These relate to people; representation; investment, systems, and insights. Each Council has developed their own specific action plans to further deliver on these commitments, considering their own local contexts and remits, addressing the recommendations from the review. All five organisations are committed to transparency and accountability and continue to report publicly on progress every six months.

In July 2021 UK Sport and Sport England confirmed changes to the Code for Sports Governance following an extensive consultation involving hundreds of organisations. While continuing to drive improvement across all areas of governance, the revised approach is primarily focused on ensuring that bodies in receipt of substantial public funding from Sport England and UK Sport have a detailed and ambitious Diversity and Inclusion Action Plan (DIAP) to increase the diversity on their Boards and senior leadership teams, as well as across their wider organisations. Launched in 2016, the Code for

Sports Governance has been applied to over 4,000 organisations that receive government and Lottery funding from Sport England and UK Sport. It has had a significant impact since its introduction, helping to improve the standard of governance across national sports organisations while accelerating the diversity of boards. Since its introduction representation on Boards across sport from women, people from Black, Asian and other ethnically diverse backgrounds and those with a declared disability has increased notably.

September 2021 saw the UK's Sports Councils publish new guidance for transgender inclusion in domestic sport. The Sports Councils' Equality Group (SCEG) commissioned a review of its existing Guidance (2013/15) for the inclusion of transgender people in sport in 2020, recognising that sport at every level required more practical advice and support. The review investigated the views, knowledge, and experience of hundreds of people with a lived experience in sport, including transgender people, and also explored the background to current policies domestically and internationally and considered the latest scientific findings affecting the inclusion of transgender people in domestic sport. This remains a highly emotive and contentious issue that NGBs and athletes alike are grappling with, and UK Sport continues to provide opportunities to bring the sector together to share experiences and reflections on how to try and balance fairness and inclusion on this matter.

In February and March 2022, UK Sport played a significant role in managing the far-ranging implications of the devastating conflict in Ukraine for UK NGBs. In the early weeks of the conflict, our teams worked closely with DCMS to share feedback from sports, to help shape the government's advice and to cascade information from government to sports on matters such as travel, engagement with Russian officials and supporting Ukrainian athletes. We also established a dedicated email inbox which Olympic and Paralympic sports could use to raise concerns or request advice on situations arising from the conflict.

Meanwhile, our International Relations Advisors provided regular advice to NGB CEOs and British international sport postholders on how to engage with and influence their international federations. Our major events team also worked at pace to identify opportunities where they could support sports and athletes by hosting sporting events, which had been due to be hosted in Russia, in the UK. As, tragically, the conflict in Ukraine goes on, we are continuing to work with sports to manage the impact of the war on factors such as their competition schedules and the international governance of their sports.

### **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.

New research published in May 2021 by UK Sport, conducted to assess the combined effect of the Olympic and Paralympic sports to the UK economy, showed that their impact is now greater than ever at £25 billion. Figures from a Sheffield Hallam University report into the economic importance of all Olympic and Paralympic sport activity in the UK has confirmed that its combined value has risen by £6 billion since research was last conducted – real-terms growth of 9%. Based on 2017 data, the Gross Value Added (GVA) of all Olympic and Paralympic sport activity in the UK continued to account for more than half of the entire sporting economy and collectively is a larger contributor to the UK economy than agriculture, forestry, and fishing. The report from Sheffield Hallam University also found that Olympic and Paralympic sports (not including sports such as football, golf, rugby union and tennis) generate a 1.3% share of the national economy (up from 1% in 2014), support employment for 784,000 people throughout the economy (up by around 10% from 2014) and generate 1.9% of overall household spending.

In October 2021, UK Sport welcomed the news that £41million of investment from the Government's Budget and Spending Review would be invested into the UK's bids to host the 2025 Rugby World Cup (Women's), which was subsequently secured in May 2022, and the 2026 Tour de France Grand Départ and further support for feasibility activity for a potential UK and Ireland bid for the 2028 UEFA Men's Euros. As the strategic lead government agency for the staging of major national and international

sporting events in this country, UK Sport believes there is considerable value in the UK hosting such prestigious events. In terms of the 2021-2025 events programme, UK Sport has helped secure 10 World Championships and awarded funds to 20 European and world series level events across 19 different sports so far. UK Sport is working with each of these events to ensure that they develop a social impact strategy that benefits the hosting community.

UK Sport worked with the FA to bring the UEFA Women's EURO 2022 to the UK, supporting throughout the whole lifecycle of the tournament including throughout the feasibility, bidding, and delivery phases. This also included supporting the FA when the tournament was postponed by one year due to the COVID-19 Pandemic, where UK Sport worked with DCMS to secure additional funding to ensure the continuation of the tournament. The tournament saw record stadium attendances, huge numbers of TV viewers, online followers like never before, and a Legacy Programme that promises to impact for many years to come.

The Tokyo and Beijing Games provided a fantastic opportunity to showcase extraordinary sporting moments, and UK Sport worked in close collaboration with The National Lottery, Team GB and ParalympicsGB to stage events across the UK in communities to help tell the stories of our athletes' incredible journeys to the Games and use their platform and voice to inspire positive change across topical issues such as sustainability, diversity and wellbeing. Meanwhile behind the scenes plans were being developed to ensure UK Sport and the high-performance system plays a more proactive role in inspiring positive change in these areas.

At the Birmingham 2022 Commonwealth Games this summer, UK Sport supported the launch of the UK's hosting of the IWG for Women & Sport (IWG) to international leaders in sport, driving awareness and understanding of its role and value to their objectives in powering positive change in gender equity in sport across the world. We are delighted the UK is hosting the IWG over the next four years and believe this is a major opportunity to play a lead role in driving forward progress in gender equity and equality across sport, both domestically and internationally.

As ever, UK Sport would like to thank the Government and The National Lottery for their unwavering support of our work, the entire Olympic and Paralympic sporting family of organisations, individuals and athletes for their dedication and teamwork and the many major and mega event hosting partners in cities and regions across the UK for their partnership and collaboration.

## **Key Risks and Issues**

Our organisational risk appetite is carefully assessed and reviewed to reflect the nature and type of work across our organisation and within our teams, and therefore 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 us to work with agility and accept a degree of risk. When required this is done in a calculated and informed way, taking into account implications and benefits, prior to decisions being taken.

While the threat of the worldwide Coronavirus pandemic to UK Sport achieving its strategic objectives has receded during the year, we remain vigilant and continue to manage the medium and long-term implications of the major disruption to sports' income streams, athletes' training regimes and the cancellations of sporting events, which we have seen since 2020. We are now closely monitoring the potential impact of inflationary pressures and cost of living challenges on UK Sport priorities, across a range of streams, as well as the consequences for UK Sport and its partners of Russia's invasion of Ukraine.

The publication of the Whyte Review in June 2022 has underlined that the highest standards of ethics and integrity within NGBs and WCPs remain an absolute fundamental of our work and our expectations of how everyone within the system should act. Ensuring that the new Sport Integrity function can respond when these 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".

Other material risks are captured in UK Sport’s risk register, which is used as a key tool to inform 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 2021-22 are provided in the Governance Statement.

## Performance Analysis

UK Sport is held to account by DCMS against a set of Key Performance Indicators (KPIs). These KPIs are agreed between UK Sport and DCMS at the start of, and for the duration of, the current funding agreement. At the beginning of each year, formal milestone targets for each KPI are agreed for the year between UK Sport and DCMS, with the results of previous years published on UK Sport’s website. UK Sport attends formal quarterly meetings with DCMS where progress against KPIs and the corresponding milestone targets is discussed, monitored, and agreed. Risks which link to UK Sport not achieving the milestones against these KPIs are included in the Corporate Risk Register and closely monitored.

The following table sets out our performance against the 2021-22 milestone targets. Several of these relate to either new or significantly re-focused areas of work, and the RAG ratings therefore reflect progress one year into a 10-year strategic plan. Due to the unprecedented impact of the pandemic, DCMS did not set any KPIs for UK Sport in the 2020-21 financial year, so we are reporting on the agreed KPIs for the first time since 2019-20.

Ambition	Objective	Focus Area	Indicator	Key Performance Indicator for the Funding Agreement period.	2021-22 Year End Performance vs Annual Milestone Target.
Keep winning and win well.	Top 5 in the Summer Olympic and Summer Paralympic tables in Paris and beyond.	Deliver a broader range of champions and medalists (Olympic Summer).	Achievement of Summer Olympic Milestone Targets.	80% of invested programmes delivering outcomes within their agreed Milestone Target (MST) range.	69% (11 of 16 sports) achieved their Summer Olympic Milestone Targets. (Excludes Medal Support Plan sports, where no minimum target was set).
		Deliver a broader range of champions and medalists (Paralympic Summer).	Achievement of Summer Paralympic Milestone Targets.	80% of invested programmes delivering outcomes within their agreed MST range.	84% (16 of 19 sports) achieved their Summer Paralympic Milestone Targets.
Keep winning and win well.	An ever-greater force in Winter Olympic and Winter Paralympic sport.	Deliver a broader range of champions and medallists (Olympic Winter).	Achievement of Winter Olympic Milestone Targets	Performance versus medal range targets.	Olympic: 2 medals (1 Gold and 1 Silver) were won by Curling. Therefore, the overall public range of 3-7 medals was not achieved.

		Deliver a broader range of champions and medallists <b>(Paralympic Winter)</b> .	Achievement of Winter Paralympic Milestone Targets.	Performance versus medal range targets.	Paralympic: 6 medals (1 Gold, 1 Silver and 4 Bronze) were won by the Para Ski and Snowboard programme, producing 7 medallists. Therefore, the final public range of 5-9 medals across two sports was achieved.
<b>Keep winning and win well.</b>	A diverse group of athletes winning medals across the Olympics, Paralympics and World Championships.	Power a diverse, inclusive team.	Increased diversity of funded athlete cohorts meeting World Class Programme (WCP) standards.	% increase in the overall diversity of funded athletes meeting WCP standards and within specific WCPs vs. the 2021 baseline.	Approach to targets have not yet been finalised. We continue to establish the baseline and understand more about the demographic make-up of our pathways.
<b>Keep winning and win well.</b>	Ever-more athlete, sport and public confidence in the way we win.	Win with integrity.	Upholding the highest standards of Ethics, Integrity, and Athlete Welfare.	Increase the number of athletes having a positive experience within their high-performance programme versus the current baseline.	Cross-organisational strategy developed between UK Sport, English Institute of Sport and British Elite Athletes Commission to enable a more joined-up support across the athlete journey. Plans now being mobilised.
				Increase the number of staff having a positive experience within their high-performance programme versus the current baseline.	Given Games delivery there has been a hold on contact to sports over last 12 months. Data from Culture Health Checks surveys supports that we are on track.
				Increasing % of athlete and staff confidence in sports upholding the highest standards of ethics, integrity, and welfare.	Preparations for Sport Integrity launch to ensure that athletes and staff have confidence in dispute resolution. Trends will be monitored through that mechanism (this launched in May 2022).

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<b>Grow a thriving sporting system</b>	Organisational Health is stronger across the sports we invest in.	Enable sustained success.	Alternative Income levels.	A cross-sport revenue generation plan is agreed across the principal bodies and is on track to increase and diversify the overall funds available to the system.	New cross-sport streaming platform not progressed due to preferred partner withdrawing. Appetite to maintain momentum in NGB collaboration remains high.
<b>Grow a thriving sporting system</b>		Enable sustained success.	Strengthen long-term Organisational Health (OH) across the sports we invest in.	100% of funded bodies meet minimum OH standards or are actively working through an escalation plan where falling short of those standards.	OH framework has been finalised and agreed to track improvement and provide bespoke support, as integral part of new Sporting System strategy.
<b>Grow a thriving sporting system</b>	Our high-performance community is more representative of wider society. AND The only barrier to high-performance success is potential.	Support our partners to thrive.	Diversity in events.	Secure 42 events to host strategically targeted international sporting events in 39 locations, ensuring geographic reach of events is maximised.	Funded events have been secured for 41 towns and cities across the UK.
<b>Inspire positive change</b>	We are securing and hosting exciting global sporting events that reach new audiences and uplift communities.	Showcase extraordinary sporting moments.	Scale and Reach of Events	Directly engage between 2.5m and 3m (range) spectators through attendance at government funded major sporting events.	3 events supported and staged to date; low spectator numbers due to COVID.
			Number of international sporting events secured and staged	Ensure the UK maintains a bid success ratio in the range of 70-90%.	18 funded events secured and 4 staged, with 75% bid success ratio - Jan 2022.
			Economic impact of events	Funded events generate direct economic impact to host economies of at least £180m.	On track.

<b>Inspire positive change</b>	Olympic and Paralympic sport continues to inspire and unite our nation.	Inspire and unite more people, more often.	Levels of inspiration versus Tokyo Cycle baseline.	Sustain levels of inspiration against the Tokyo 2020 cycle baseline; at least 58% of the public agree that they feel inspired by Olympic and Paralympic athletes as people, whether they win medals or not.	Year end (March 22) figure was 57% who agree, but the average across the five surveys undertaken during the year was 59%, reaching 63% in the immediate post-Tokyo games period.
<b>Inspire positive change</b>				Evidence how British Olympic and Paralympic Sports are effectively delivering positive impacts around Physical and Mental Wellbeing, EDI, and Sustainability, both at a local and national level.	21 National Governing Bodies (NGBs) engaged regarding strategic shift towards prioritising Social Impact. Positively received.  Prospective partner/collaborator longlist developed with conversations commencing, particularly in Sport for Development.

## Social Impact

One of the three ambitions in our Strategic Plan is to contribute to a happier, prouder and more connected society, using the power and platform of sport to inspire positive change. We have identified three key areas of wellbeing, diversity and inclusion and sustainability; and it is our intention to walk the walk as high-performance sport so that we can use our voice to inspire others to act.

In addition to this, a key component of our social impact work will be to harness the power and platform of sport. We are working with the organisations, athletes and major events into which we invest to define our expectations and outline the support that we will provide to empower action. This includes embedding social impact expectations into the Organisational Health Framework, developing insight gathering approaches and operating development programmes.

Regarding UK Sport's operations there have been no significant human rights, environmental or social issues arising 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).

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.

## Sustainability Reporting

This is the first year we are reporting against the Greening Government Commitment (GGC) so do not have a previous year to compare to. We are working on improving the robustness of our data collection and are committed to ongoing clear and transparent annual reporting of environmental sustainability performance. Our performance against these commitments is set out below.



As at March 2022, UK Sport leased office space in a shared building in central London. As part of our future location strategy, we will be relocating to three smaller office environments throughout the UK, maintaining a space in London and aligning two further locations with our high-performance sporting partners. Environmental sustainability was a key criterion in selection of the new office spaces and will allow us to further enhance our progress in reducing energy water use, minimising waste, and promoting resource efficiency. Increased flexibility in ways of working has reduced office occupation although the impact of increased homeworking has not been quantified. We are currently reviewing and updating with a sustainability lens all of our policies including the procurement of goods and services, and business travel. A detailed action plan outlining how we will realise our environmental sustainability ambitions across all of our activities is due to be published in early 2023. We have employed a permanent Sustainability Advisor to lead on environmental sustainability and catalyse further action. Recent progress includes becoming a signatory to the UN Sport for Climate Action framework and development of a sustainability strategy approved by our Board which commits UK Sport to net zero by 2030 and looks to galvanise climate action across the high-performance sport sector.

### Greenhouse Gas Analysis

*Emissions from Buildings - Purchased energy (total floor area 838m<sup>2</sup>)*

	kWh	tonnes Co <sub>2</sub> e
Standard grid electricity consumption	85,499	19.76
Natural Gas	7,545	1.38
<b>Total</b>	<b>93,044</b>	<b>21.14</b>

*Emissions from Transport (note 3.2% of vehicles in fleet/hire are ULEV)*

	km travelled	tonnes Co <sub>2</sub> e
Domestic - fleet	0	0.00
Domestic - grey fleet/hire	131,593	22.87
Domestic - non-fleet/public transport	62,440	2.50
International travel	140,866	11.12
<b>Total</b>	<b>334,899</b>	<b>36</b>

*Total Emissions by Scope (tonnes Co<sub>2</sub> e)*

	Total Estate	Direct Building emissions
Scope 1	1.38	1.38
Scope 2	18.15	
Scope 3 (not including "Other Travel")	26.98	
Other Travel	11.12	
<b>Total</b>	<b>57.63</b>	<b>1.38</b>



*Waste analysis*

	<b>Tonnes</b>	<b>% of total</b>
Total waste recycled	1.13	14%
Total ICT waste (excl. waste reused)	0.04	0%
Total waste not sent to landfill (excl. waste reused)	1.63	20%
Total waste sent to landfill	6.56	80%
<b>Total waste (excl. waste reused)</b>	<b>8.19</b>	
Total landfill waste deemed hazardous (incl. clinical waste)	0	0%

*Paper analysis*

A4 reams	47
A3 reams	1
<b>A4 reams equivalent</b>	<b>50</b>

*Analysis of flights*

Number of Domestic flights	2
Average distance domestic flights (km)	629.5
Number of International flights	61
Average distance international flights (km)	2,309.3

## **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 The English Institute of Sport (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 (although 'Mega' events such as Euro 2021 are increasingly funded through additional exchequer 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 Games 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.*

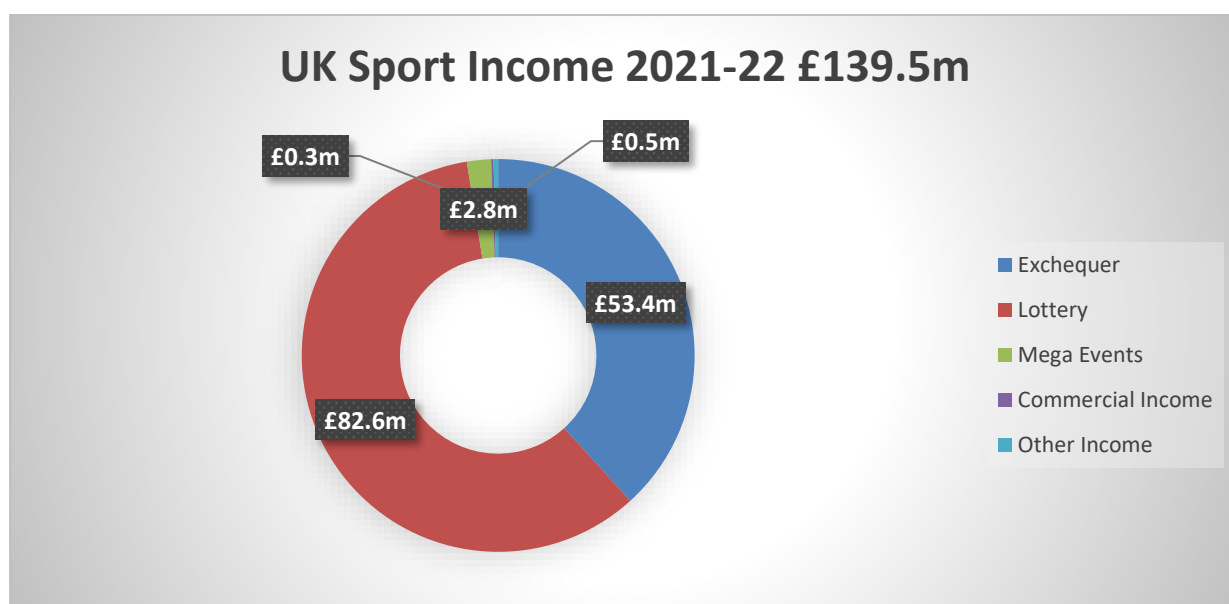
*UK Sport has regard to the principles of additionality and this definition when progressing its investment strategies and programmes. Where appropriate, Lottery funding complements investment strategies such as the World Class Performance Programmes, which are geared to achieving long-term Olympic and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

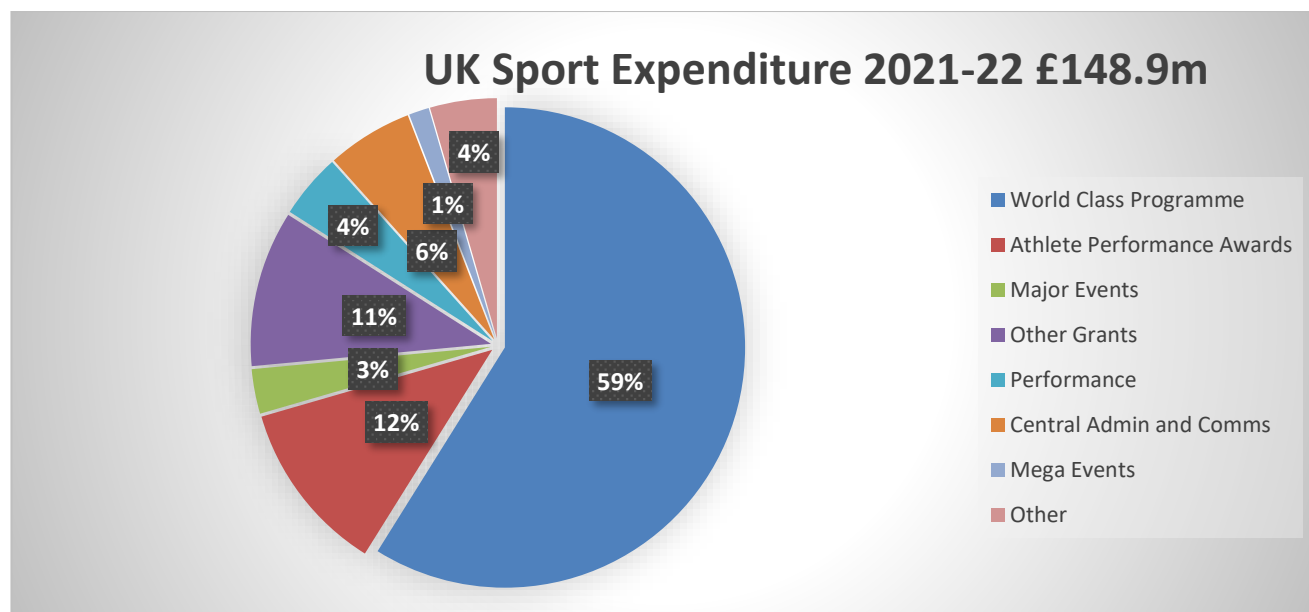
*The Major Events Programme and funding of Athlete Performance Awards are solely Lottery funded. These are prime examples of Lottery funded programmes that are not provided as a statutory responsibility or funded by Government but add real value to the UK's sporting ambitions.*

## Financial Performance

**Total income** of £139.5 million (£152.9 million in 2020-21) was received by UK Sport over the year 2021-22. UK Sport received £82.6 million from the National Lottery Distribution Fund (£82.8 million in 2020-21) and £56.5 million from Exchequer (£69.5 million in 2020-21). Exchequer Funding included £1.2m for the Women's Euro Football Championships 2021 (delayed to Summer 2022) and £1.6m for feasibility activity undertaken to determine the viability of a UK and Ireland bid for the 2030 Football World Cup. Commercial income included £0.2m of sponsorship income from BAE in relation to services provided to EIS. No underwrite against shortfalls in Lottery income was required in the year.



Total expenditure of £148.9million (£134.4 million in 2020-21) 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.

Total expenditure during the year has utilised our Lottery Reserves balance from £59.3m to £48.8m. 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 2025.

Administration and operating costs have continued to be monitored closely. The Exchequer resource outturn was within 0.38% (£0.20 million) of budget, meeting the DCMS target of within 1% (at UK Sport Group level, the outturn was within 0.38% of budget). The DCMS Lottery performance target of 7.75% for administrative spend was also met with a result of 7.14% for the year.

The Statement of Financial Position on the Exchequer Account at 31 March 2022 shows negative overall Taxpayer's Equity of £23.4 million (£27.5 million negative at 31 March 2021). This is offset by a surplus on the Lottery account of £33.5 million (£42.1 million at 31 March 2021) to give a total group position of £10.1 million (£14.6 million in 2020-21). These liabilities include pension provisions of £29.6 million.

### Expenditure on Consultancy

During 2021-22 expenditure on legal fees and consultancy at UK Sport was £1,235,801 (2020-21: £421,183). The expenditure on consultancy relates to various projects, including advice and support on the organisation's Strategic Projects. Legal costs include all costs relating to the Whyte review.

### Funded Athlete Demographics

UK Sport funded **1,059** athletes as at 31 March 2022 (1,086 athletes at 31 March 2021) with the following demographic breakdown:

<b>Gender</b>	<b>Numbers</b>	<b>31/03/2022</b>	<b>31/03/2021</b>
Female	498	47%	46%
Male	560	53%	54%
Prefer not to say	1	0%	-

<b>Age range</b>	<b>Numbers</b>	<b>31/03/2022</b>	<b>31/03/2021</b>
<16	4	0%	0%
16 - 25	552	52%	52%
26 - 44	475	45%	45%
45 - 68	28	3%	3%

<b>Disability</b>	<b>Numbers</b>	<b>31/03/2022</b>	<b>31/03/2021</b>
No	763	72%	74%
Yes	282	27%	26%
Do not wish to disclose	2	0%	0%
Blank	12	1%	-

<b>Ethnicity</b>	<b>Numbers</b>	<b>31/03/2022</b>	<b>31/03/2021</b>
Asian or Asian British	11	1%	1%
Black / African / Caribbean / Black British	34	3.2%	3%
Mixed / Multiple ethnic groups	62	5.9%	6%
White	926	87.4%	88%
Other ethnic group	3	0.3%	0.5%
Not Specified	13	1.2%	0.5%
Do not wish to disclose	10	0.9%	1%

At the time of reporting, the funded athlete demographics illustrated a marginal decrease in total athlete numbers. This may be due to sports transitioning onto a new APA Policy framework between 1 October 2021 and 31 March 2022 for the Paris funding cycle, a period when we would ordinarily expect a large churn of athletes – many of whom retire from their sport. This may further indicate why the total number of athletes in the 26-44 and 45-68 age categories have fallen since March 2021.

### **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:

1. 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.
2. Grant-in-Aid financing from DCMS. In summer 2021 UK Sport secured a positive Comprehensive Spending Review settlement, comprising a 44% increase to the UK Sport budget from SR20 to 2024-25 to support Team GB and ParalympicsGB athletes to prepare for a successful Paris 2024 Olympic and Paralympic Games.
3. 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

21 November 2022

## **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, five independent and four representatives of the Home Nation Sports Councils (Sports England, Sport Wales, Sport Northern Ireland and sportscotland).

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 a second term of four years, expiring 2025. 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 2021-22 was:

<b>Name</b>	<b>Position</b>	<b>Start Date</b>	<b>Term duration</b>
Dame Katherine Grainger DBE	Chair	July 2017	4-year Appointment to June 2021; reappointed to June 2025
Chris Boardman	Member (Chair, Sports Council England)	July 2021	4-year Appointment to July 2025
Mel Young MBE	Member (Chair, Sport Scotland)	June 2016	4-year Appointment to June 2020. Re-appointed to May 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	1. 4-year Appointment to March 2022. 2. Reappointed to March 2026
Annie Panter	Member	January 2018	4-year Appointment to January 2022. Reappointed to January 2026
Ismail Amla	Member	April 2020	4-Year Appointment to April 2024
Martyn Worsley	Member	March 2018	4-Year Appointment to March 2022. Reappointed to March 2026
John Dowson	Member	March 2015	3-Year Appointment to March 2018. Reappointed to March 2022 but resigned his place on the UKS Board on his appointment as Chair of EIS from 1 July 2021. Now sits on UKS Board as Observer.
Nicholas Bitel	Member (Chair, Sport England)	April 2013	4-Year Appointment to April 2017. Reappointed to April 2021
Nicola Roche	Member	December 2014	3-Year Appointment to December 2017. Reappointed to December 2021

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 2021-22, some 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, as well as a two day Away Day in November 2021.

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 and Nominations Committee** – the function of which is to oversee Chief Executive Officer, Deputy CEO and members of the Directors Team (the 'Senior Executives') recruitment, remuneration, employment terms and conditions and severance; and to oversee the structure and size of the Board and be responsible for nominations, as well as reviewing the leadership needs of the organisation. The Committee currently consists of a pool of three UK Sport Board members (including the Chair) the CEO and People Director. The Panel met three times in 2021-22.
- **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 seven times during the year.
- The **Eligibility Panel** considers cases under the UK Sport Funding Eligibility Policy to determine the eligibility of Athletes and Athlete Support Personnel to receive public funding and / or publicly funded benefits. The Eligibility Panel, currently consisting of a pool of three UK Sport Board members; three legally qualified Chairs; and three independent members, was convened nine times during the last financial year.

The Register of Interests for members of the Board is publicly available on the UK Sport Website, at the following link [Our Board | UK Sport](#).

**Director Team**

Sally Munday leads the Executive team that oversaw 160.4 full time equivalent staff, including 11 full time equivalent fixed term contract staff, across the business as of 31 March 2022. 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 2021-22 were:

Name	Position
Sally Munday	Chief Executive and Accounting Officer
Simon Morton	Deputy CEO, Director Sporting System and Events
Sophie du Sautoy	Director of Business Services
Deborah Kester	(from 18th October 2021) Director, People
Dr Kate Baker	Director of Performance (from 10th May 2021)
Naomi Hicks	Director of External Engagement and Affairs

UK Sport has a conflict-of-interest 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 body**

***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 financial statements are therefore prepared on a consolidated basis.

UK Sport is entitled to appoint three Directors to the Board of EIS, one of whom is appointed as the Chair. Sir David Tanner took the position on a temporary basis following John Steele’s resignation in December 2020. John Dowson took over the position as Chair for a four-year term in July 2021. The two other board positions are currently vacant. In addition, UK Sport has agreed that a Board Member and its Director of Performance are observers on the EIS Board.

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. Matt Archibald started in the role in February 2022.



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.

EIS are a company limited by guarantee, incorporated in England. The address of its registered office is The Manchester Institute of Health and Performance, 299 Alan Turing Way, Manchester, M11 3BS.

### 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 UK General Data Protection Regulations (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 2021-22, no personal data incidents occurred within UK Sport, although EIS formally reported one data incident to the Information Commissioner’s office.

*Table 1: Summary of Protected Personal Data Related Incidents Formally Reported to the Information Commissioner’s Office in 2021-22*

<b>Date of Incident</b>	<b>Nature of Incident</b>	<b>Nature of data involved</b>	<b>Number of people potentially Affected</b>	<b>Notification steps</b>
n/a	n/a	n/a	n/a	n/a

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 2021-22.

*Table 2: Summary of Other Protected Personal Data Related Incidents in 2021-22*

<b>Category</b>	<b>Nature of Incident</b>	<b>Total</b>
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 a complaints procedure on its [website](#).

In 2021-22 there were no complaints about staff (2020/21: 1). There were 77 complaints in relation to various types of sporting issues (2020-21: 45) – the issues driving the most complaints relate to athletes funding and the Sports Council Equality Group guidance for Transgender Inclusion in Sport.

Where relevant UK Sport refers complaints directly to the sports organisation involved for resolution or, if appropriate, to the 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:

1. 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;
2. Ensure that UK Sport has in place appropriate and reliable systems and procedures to carry out the consolidation process;
3. Make judgements and estimates on a reasonable basis, including those judgements involved in consolidating the accounting information provided by subsidiary organisations;
4. 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;
5. 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

21 November 2022

# 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 2021 until the date of signing the document.

## 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 was issued in September 2022.

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 several committees – the Group Audit and Risk Committee, the Major Events Panel, the Eligibility Panel, and the Remuneration and Nominations Committee. 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 2021-2022 based around business priorities and the annual calendar of Board activity. They also met for an Away Day at Loughborough University in November 2021. All but two meetings and the Away Day were held virtually.

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

2021/22	May	June	Oct	Dec	Feb	Mar	Attendance		
Katherine Grainger	Y	Y	Y	Y	Y	Y	6	/	6
Nick Bitel	Y	N	N/A	N/A	N/A	N/A	1	/	6
Mel Young	Y	Y	Y	Y	Y	Y	6	/	6
Lawrence Conway	Y	Y	Y	Y	Y	Y	6	/	6
George Lucas	Y	Y	N (30 mins)	Y	Y	Y	5	/	6
John Dowson	Y	Y	Y	Y	Y	Y	6	/	6
Nicky Roche	Y	Y	Y	Y	N/A	N/A	4	/	6
Annie Panter	Y	Y	Y	Y	Y	N	5	/	6
Martyn Worsley	Y	Y	Y	Y	Y	Y	6	/	6
Sally Bolton	Y	Y	Y	N	Y	Y	5	/	6
Chris Pilling	Y	Y	Y	Y	Y	Y (half day)	5	/	6
Chris Boardman	N/A	N/A	Y	Y	Y	Y	4		6
Ismail Amla	AM	Y	Y	Y	Y	Y	5	/	6

In addition to the formal Board meetings, Board also met for several 'Strategy Sprints' over the course of the year which enabled Board to explore in further depth the key strands of the Strategic Plan.

Board member Nick Bitel's second term ended in May 2021, and he was succeeded as Chair of Sport England by Chris Boardman who attended his first meeting in October 2021. Virtual induction sessions were arranged.

Board Member John Dowson resigned as a Board Member in June 2021 to take up post as Chair of the EIS from July 2021. John remains on the Board as an Observer in this new capacity.

Board Member Nicky Roche's second term ended in December 2021. Interviews to replace both John and Nicky took place in March 2022, and two appointments were made in August with members formally taking up post in September. The new board members are Rachel Baillache and Rupen Shah. Baroness Tanni Grey-Thompson was appointed Chair of Sport Wales in July 2022 and becomes a member of the UKS Board in this capacity.

In late 2021, Board Members Annie Panter, Sally Bolton and Martyn Worsley were re-appointed for a second term of four years.

The Board undertook an internal review of its skills and effectiveness - in line with the requirements of the Code for Sports Governance - in January 2022. Board members had one to one meeting with the Chair, reflecting on their performance on the Board and its overall effectiveness. They also completed a questionnaire which posed questions about the effectiveness of the board and their own skills and experience. The outcomes of these activities were collated into a board paper which contained an analysis of the effectiveness results and a skills matrix. This helped to shape a discussion session at the March 2022 board meeting.

Key findings were that members very much enjoyed being part of the UKS Board and regarded it as highly effective overall. There was a great deal of praise for members of the Executive. Other feedback was around meeting format, board papers and other general comments and ideas to further improve the board. In terms of the skills matrix, gaps were identified in the areas of Risk Management and Audit, Legal and Paralympic experience. Most of these gaps have now been addressed through subsequent recruitment to the board. An Action Plan was produced to track progress against outcomes of this annual effectiveness exercise. This is regularly reviewed by the Chair.

The Board is supported by advisory bodies including the Group Audit and Risk Committee (GA&RC) for UK Sport and EIS, the Remuneration and Nomination Committee, 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 2022-23 (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 2021-22 Annual Reports and Accounts and recommended their approval to Board and received deep dive presentations on several risk areas including Stakeholder relations, DCMS Framework, Succession Planning, New Pension Scheme Design and Sustainability.

In line with best practice, a review of the GA&RC Terms of Reference (TOR) was conducted in March 2022. 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). An amendment was made to allow an additional independent external member on to the Committee to enable an even greater breadth of skills and expertise across the Committee.

The attendance profile for the Committee in 2021-22 was:

	June 2021	Sept 2021	Nov 2021	Mar 2022	Overall
John Dowson (ex-Chair) *	Y	n/a	n/a	n/a	1/1
Chris Pilling (Interim 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	N	Y	Y	3/4
Laura Duncan	Y	Y	Y	Y	4/4

\*John Dowson stepped down as Chair at the June meeting and Chris Pilling was appointed Interim Chair at the UK Sport Board meeting on 12th May 2021.

The GA&RC carried out its annual review of effectiveness in June 2022, using the National Audit Office Audit Committee effectiveness toolkit. Throughout the 2021-22 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 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 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 2021 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 Deputy CEO. 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 to 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 to promote focus on the most significant risks facing the organisation and its subsidiaries. EIS has adopted an equivalent approach.

To provide evidence-based assurance 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, our Directors Team. Finally, the third line of defence relates to independent assurance such as internal audit.

We continue to map and challenge the level of assurance in place to manage our risks, and the most recent review by internal audit during 2020-21 concluded that UK Sport and EIS have a range of assurances across most of the key areas of the business. No area was assessed as not having any assurance activity in place, or where it is materially weak. Assurances were found to be well designed, most notably the first line of defence. It was noted that there are some current gaps, but these are relatively small and compare favourably to other organisations. We have also revisited these lines of defence in the light of more hybrid ways of working since the start of the Covid-19 pandemic.

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. We have also reviewed the UKS risk appetite, particularly on the back of the pandemic and new ten-year strategy. Our approach to risk is driven by our objective of being an expert, agile and courageous model of high performance, as well as our status as a publicly funded body. These factors necessitate a balanced view of risk, based on different factors. For instance, UK Sport is risk averse in areas 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 and has an open appetite for taking well-managed risks where innovation, technology or change is needed for us to deliver our priorities.

### **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:

1. Adoption Policy
2. Anti-Fraud, Anti-Corruption and Anti-Bribery
3. Budgetary Control
4. Business Continuity and Emergency Incident
5. Cash Management
6. Delegated Authority
7. Document Retention
8. Fixed Asset
9. Gifts and Hospitality
10. Health and Safety

11. Healthy Lifestyle
12. Field Based Working Policy
13. Information Security
14. Maternity Policy
15. Parental Leave Policy
16. Personal Information
17. Probation Period
18. Procurement Policy and Procedure
19. Recruitment Procedures
20. Safeguarding (Internal and External)
21. Travel and Expenses
22. Whistleblowing

These policies and procedures are regularly reviewed and updated to ensure they reflect both statutory and legislative requirements (and recognised best practice) and remain available to staff through the UK Sport intranet. A specific exercise was undertaken in June 2020 to update policies in light of changes arising from the virtual working environment – for instance changes to processes that have now become online and the home-based working policy and procedures.

### **Government Functional Standards**

During the year we have been tracking progress in our compliance with the key Government Functional Standards - these standards set out expected standards and best practice in areas such as finance, commercial, IT and grants. Key leads for each functional standard were identified across the business who reviewed to ensure that all mandatory elements were being met and action plans in place where needed. The key functional standard for UKS is the Grants Management standard where we have also carried out an internal audit review over our achievement of requirements, and also carried out a Cabinet Office self-effectiveness review in which we achieved the 'better' category. We have also made substantial process against the counter-fraud standard, which is set out in detail below.

### **Fraud**

Fraud is a risk that all organisations face. During 2020-21 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. Building on this workplan during 2021-22 both the internal 'Fraud Risk Assessment' and 'Counter Fraud Action Plan' were updated by the UK Sport legal team and approved by the Group Audit and Risk Committee.

As part of the 'Counter Fraud Action Plan' all existing staff will be provided with compulsory training and then going forward all new starters will have access to it followed by a subsequent assessment afterwards. Annual training is also provided to fraud risk managers (line managers or directors across the UK Sport organisation who are responsible for counter fraud measures within their department or directorate) to identify primary risks within the organisational 'Fraud Risk Assessment'.

As part of the Government counter fraud standard GovS13 UK Sport was assessed by DCMS in June 2021. These standards set the expectations for management of fraud, bribery and corruption in government organisations. Six of the standards were fully met, five were partially met (these were planned to be met by March 2022) and one was not met. By March 2022, an internal assessment by UK Sport legal team determined eleven of the standards were now met and the one not met at this date was expected to be met by the end of April 2022. In August 2022, DCMS scored UK Sport 87% compliant with the counter fraud standards GovS13 with UK Sport being fully compliant with eight standards, partially compliant with four standards and non-compliant with none. Work will be done to achieve full compliance with the fraud risk assessment, fraud policy and response plan.

The work and action plans were reported to the March 2022 Group Audit and Risk Committee. During 2021-22 there were no instances of fraud within UK Sport identified.



## Staff Engagement

The annual Culture Health Check Survey for 2021-22 was open for 4 weeks (28 October – 24 November) and consisted of 56 questions scored on a 1 – 4 rating scale. The response rate was 88%, this was the same as the 2019 response rate and comfortably above the provider's 74% benchmark. This equates to 125 responses out of 142 invites sent. The average score was 3.1 out of a maximum of 4 (in line with the average score seen by provider across organisations). A net promoter score (eNPS) of +32 was achieved, which was significantly higher than the provider's eNPS benchmark of +5.

We heard from employees that there were three main areas for improvement:

1. Career progression
2. Cross-functional, collaborative working
3. The giving and receiving of feedback

In response to this, there has been a focus on career progression and giving/receiving feedback in our priority development offering to staff.

Whilst it is important to understand the areas in which we can improve, it was previously highlighted that we must also pay attention to maintaining areas in which we are doing well – these included feeling cared about, pride in working for UK Sport, receiving positive feedback for good work and believing colleagues have good intentions. Other positive themes included a desire for us to continue working hard on our ED&I agenda, to build on work already done and really start to deliver visible change, particularly in relation to inclusive recruitment practices.

We recognise that much of the value of an engagement survey is in the steps taken as a direct response to the feedback received. Results were shared at an organisational level, and then discussed within each department, with action plans developed as a result of those discussions.

## Risk Profile

Where significant risks are recognised, we identify the potential impact, consider scenario plans, and develop mitigating actions. Several key risks have been recognised and managed during 2021-22. We have continued to manage the impact of the coronavirus pandemic on our sector, maintaining close dialogue with DCMS and our partners within the High Performance System, and were able to deploy resources through our Continuity Fund throughout 2021-22. As at the date of this report we have been able to remove this risk from the register.

### ***A worsening macro-economic climate and uncertainty around the 4th licence operator results in a reduction in funds and increase in costs***

UKS has two main sources of income, derived from Grant-in-Aid and National Lottery proceeds, with planned activity in the Paris cycle reliant upon proceeds meeting projected levels. There is a longstanding item on the risk register relating to the potential volatility of Lottery receipts, and this risk has been compounded by uncertainty around the change in the National Lottery operator and the impact this may have on proceeds.

In comparison with 2020-21, UKS now has greater certainty around long-term exchequer funding, as the 2021 Spending Review provided a 44% increase to the UK Sport budget from SR20 to 2024-25 to support Team GB and ParalympicsGB athletes to prepare for a successful Paris 2024 Olympic and Paralympic Games.

We are closely monitoring the potential impact of inflationary pressures and cost of living challenges on UKS priorities, across a range of streams. These include staff and people costs, our ability to deliver major events, supporting World Class Programmes and Athlete Performance Awards, UKS procurement activity, and ensuring the resilience of our key suppliers. There is also uncertainty around the possible impact of cost-of-living pressures on Lottery income.

## **Cyber Security**

Cyber security remains a constant ever-changing threat, and an area that requires continuous improvement and constant vigilance. UK Sport has continued to comply with the Cyber Essentials Plus accreditation scheme and adhere to all NCST and NIST good practice frameworks. We undertake regular automated penetration testing and vulnerability scanning of all our systems, and now automatically scan all in-house developed code using Static Application Security Testing (SAST) to identify and remediate vulnerabilities before release.

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. We also have plans in place to further mitigate this risk, for example by achieving compliance with the NCSC Active Cyber Defence (ACD) programme.

## **Attracting and retaining top talent into the High-Performance System**

This is an evolving risk and is due to the potential inability to match remuneration and/or career progression opportunities that are available externally, particularly in professional sport or competitor nations. We continue to develop our approach to talent management, including retention and succession planning. UK Sport is continuing to engage in all Performance Director, Head Coach and CEO recruitments to assist sports in securing high quality candidates for open positions. Close engagement between UK Sport and sports is also ongoing to understand likely flight risks and to encourage talent management conversations. The Paris 2024 Talent Strategy aims to provide a range of career pathways to attract and retain a diverse and talented pool of candidates.

## **Integrity and Culture of World Class Programmes**

UK Sport has continued to develop and invest in its 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. We continue 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, and investing into, the British Athletes' Commission (BAC) and Sport Resolutions UK (SRUK) to help resolve issues in a constructive and timely manner.

In May 2022 UK Sport launched Sport Integrity, a new independent disclosure and complaints service pilot, to support athletes, coaches and support personnel within the Olympic and Paralympic high-performance community. The pilot will assist funded National Governing Bodies (NGBs), operating high-performance programmes, to uphold the highest standards of conduct in their sports. [Sport Integrity](#) will provide an independent and confidential reporting line and an independent investigation process to deal with allegations of bullying, harassment, discrimination, or abuse, and to allow sports to take the appropriate disciplinary action, as necessary. These services will be made available free of charge to funded NGBs. Sport Integrity also forms part of the high-performance community's response to the ['TRARIIS Review'](#) into racism and racial inequality in sport, following its recommendation that an independent and impartial investigatory body be established.

This is particularly pertinent following the publication of the Whyte Review in June 2022 and 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 can 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 2021-22, though a number of legal risks have arisen requiring the support of our legal team. The team has been focussed on supporting UK Sport's joint publishing of the Whyte Review and making sure that the UK Sport response to the Whyte Review has not led to any legal issues. The team have also been supporting the Board through

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 Milan-Cortina funding decision and is choosing to make representations to the Board. If the sport still wants to pursue their challenge further after their representations, they have the option to make an independent appeal through Sports Resolutions UK.

### **Compliance with UK Government Sanctions Against Russia**

We have taken steps to ensure compliance with the HM Treasury Notices regarding sanctions against Russia and made checks to ensure UK Sport does not maintain any accounts or holds any funds, investments, donations or economic resources from the persons/organisations listed in the latest HM Treasury Notice on Financial Sanctions, Russia.

The only exposure that we have been made aware of is via our defined benefit pension scheme, which is held through the LPFA (and LPFA is a multi-employer scheme). Prior to sanctions being imposed, LPFA held 8 Russian stocks. The delegated investment manager, LPPI, has instructed (through LPFA) those third-party managers with whom they have direct invested mandates to cease making any new investments into Russia, Belarus and Ukraine. They are actively working on divesting the small holdings that existed in the LPFA portfolio. This has already been disclosed to DCMS and affects other bodies that are part of the LPFA scheme.

### **Subsidiary Companies**

UKS has one subsidiary company; the English Institute of Sport.

### **English Institute of Sport**

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. Monitoring is 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, tailored 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.

## Inflation














The impact of high inflation on cost base and staff retention is being monitored. Where possible, action is being taken to cap inflationary increases in contracts.

## 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 audit plan for the year was agreed by the March 2021 GA&RC, however, some refinements were made during the year. An audit was undertaken of UKS and EIS compliance with the Sports Governance code, as well as an end-to-end review of the UKS and EIS budgeting and forecasting process. UKS and EIS compliance with GDPR and FOI legislation was also reviewed, in addition to audits of business continuity planning, and payroll functions. An advisory review of both UKS and EIS environmental sustainability was also carried out, where internal audit was asked to provide guidance to support both organisations in developing and refining strategies in this space.

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

UKS Assignments	Assurance Rating	Recommendations Priority rating		
		1	2	3
1. Budgetary Controls - UKS		-	-	2
2. Payroll - UKS		1	2	3
3. Grant Maturity Self-Assessment - UKS		-	-	4
4. GDPR and FOI - UKS		1	2	5
5. Environmental Sustainability - UKS	Advisory	10	5	-
6. BCP - UKS		-	8	5
7. Follow Up - UKS		-	-	-
8. Compliance with Sports Governance Code - UKS		-	-	1
<b>EIS Assignments</b>				
9. PDMS - UKS		-	15	5
10. Budgetary Control - EIS		-	-	2
11. Payroll - EIS		1	4	-
12. GDPR and FOI - EIS		-	1	5
13. Environmental Sustainability - EIS	Advisory	10	6	-
14. Follow Up - EIS		-	-	-
15. Compliance with Sports Governance Code - EIS		-	2	-
<b>TOTAL for 2021/22</b>		<b>23</b>	<b>45</b>	<b>32</b>

Individual assignment assurances	
■ (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.
■ (Amber)	Weaknesses have been identified in the control framework or non-compliance which put achievement of system objectives at risk. Some remedial action will be required.

The Internal Audit opinion for the year takes into account the assurance ratings and recommendations of individual assignments completed in 2021-22, management’s responsiveness to internal audit recommendations, and the direction of travel with regards to internal control, governance, and risk management. The opinion for 2021-22 for UKS was that “there is some risk that management’s objective may not be fully achieved. Improvements are required in those areas to enhance the adequacy and/or effectiveness of governance, risk management and internal control’.

This opinion represents a deterioration from that issued in 2020-21, as five amber opinions were provided during the year for the group. In part this reflects the larger number of audits undertaken compared to previous years, and the complexity of the areas reviewed. When developing the audit plan for 2021-22, UKS management deliberately identified areas where governance is known to be relatively immature, such as around GDPR and environmental sustainability, in order to identify clear recommendations for improvement and improve our overall level of internal control.

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, UK Sport’s Sporting System Team (formerly, the 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.

Over the course of the financial year, the Sporting System 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 pure compliance and strive be an exemplar of good governance in all aspects of its decision-making and operations; 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 members of the Sporting System Team, Deputy Chief Executive, Chief Executive and Chair. The UK Sport Board receive an annual report regarding the fulfilment of its annual Code requirements, supplemented by the insights presented at the quarterly progress meetings. An internal audit review of compliance was carried out in January 2022 and received a ‘Green’ RAG rating.

As part of its responsibility to maintain compliance with the Code for Sports Governance, the UK Sport Board has undertaken 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 meant that the Board and Executive were not able to hold an in person away day to focus exclusively on this topic until November 2021, which was led by the Chair with an external facilitator. The Code for Sports Governance was revised in 2020-21 and [published in December 2021](#). UK Sport is now in the process of undergoing a review of its Action Plan in line with the revised Code and new requirements.

### **Equality, Diversity and Inclusion (EDI)**

In June 2021, UK Sport published its cross-organisational [EDI strategy for the high-performance sporting system](#) for 2021-25 on its website. This was followed, in January 2022, by the publication of its new [internal Diversity and Inclusion Action Plan \(DIAP\)](#), produced in accordance with the revised Code for Sports Governance (published in December 2021). Whilst progress reports have been shared with the Directors Team on a quarterly basis, our internal EDI Working Group has been re-purposed to provide an oversight function to help ensure momentum on implementation of the strategy.

Together with Sport England, we tendered for and have now appointed an external supplier to support funded partners with the creation and implementation of their own DIAPs from the latter part of 2022. UK Sport will also review its own DIAP as part of this process.

In June 2021, we published the Tackling Racism and Racial Inequality in Sport (TRARIIS) review which was commissioned by the five Home Countries Sports Councils. In December 2021, UK Sport and the HCSCs (Home Country Sports Councils) published [the first six-month progress report](#) into TRARIIS, registering developments against each of the five priority commitments around representation, people, structures and systems, insights and investments. Whilst demonstrating tangible impact is challenging, UK Sport is fully committed to working with partners to effect meaningful change in the system and root out racism in sport.

Internally, UK Sport held internal departmental workshops to raise awareness and engage all staff in delivering against the commitments and a TRARIIS implementation group has been set up to help formalise our action plan. A suggestion that all staff have a mandatory EDI objective in their personal development plans emerged from the workshops and is being introduced with effect from April 2022. Our TRARIIS commitments are incorporated in our DIAP, and UK Sport’s Anti-Racism Group is supporting the leadership in ensuring ongoing focus and delivery.

We continue to run regular weekly strategic communications promoting and celebrating diversity in all its forms and have appointed director diversity champions to advocate for specific protected characteristics e.g. race, gender, disability etc in support of our strategy and DIAP objectives. In the meantime, UK Sport has set some ambitious targets to achieve more diverse representation in its Board and workforce, and work is underway to measure progress against these.

### **Funded Organisation Code Compliance and Independent Assurance**

UK Sport’s Sporting System Team works closely with portfolios of funded partners to maintain up-to-date governance action plans (GAPs) and ensure appropriate ongoing compliance with the *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. Our aim is that each funded organisation will receive at least one independent audit over the course of a four-year Olympic/Paralympic cycle.

In April 2021, UK Sport and Sport England launched the Assurance Programme for 2021-22, culminating in 10 organisations from the UKS portfolio undertaking reviews in the 21-22 year. Owing to the ongoing disruption caused by the Covid pandemic and the delayed Tokyo 2020 Olympic and Paralympic Games, the assurance programme for 2021-22 needed to be flexible to ensure funded partners had sufficient resources available to deliver on their core commitments, and therefore the reviews took place on a remote basis.

In addition to our regular review and support of governance in funded organisations, UK Sport also makes more substantial governance interventions in funded organisations in order to help them maintain Code compliance, protect our investment and ensure the delivery of World Class Programmes and other UK Sport investment programmes. Additional support - including Board, Chair and CEO recruitment consultancy, board effectiveness reviews consultancy and organisational reviews - has been provided to a number of organisations during the 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 two streams of work:

1. The provision of a different audit manager for both contracts; and
2. 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**

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.

However, these systems 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 achieve its strategic aims, fulfil its stated purpose and ensure future success. Moreover, by considering governance, control and risk as one component of a more holistic approach across the whole high-performance system, UK Sport is gathering better insight into the organisational health of funded partners and how they can be better supported as corporate bodies to ensure their long-term success on and off the field of play. Growing a thriving sporting system is at the heart of the new strategy, with UK Sport committed to working collaboratively in this area across sports and wider sector. As a result, in 2021-22 the Sporting System Team has been shaped to work with partners to deliver this ambition.

### **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 2021-22 99% of invoices were paid within 30 days (2020-21: 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 2022.

It was decided (similar to the arrangements in place in March 2021) that all qualifying UK Sport staff would receive a performance pay award of 5% of salary for the financial year with the bonus award paid to staff in April 2022. This 5% award was the same for directors and non-directors alike.

Moving forward, the Directors Team together with our Remuneration Committee have taken the decision to move permanently to an organisation-wide bonus which will be aligned to collective delivery of organisational objectives, rather than linked to individual performance. This means that individual Personal Development Plans (PDPs) will no longer be used to set the bonus amount received.

### *(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 1/49<sup>th</sup> of pensionable pay. Pensionable pay is a career average. Members prior to 31 March 2008 accrued benefits of 1/80<sup>th</sup> 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 1/60<sup>th</sup> 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. On 31 March 2022 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.

Emoluments of the Chair and Directors, including performance related pay and pension benefits, for the year ended 31 March 2022 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 (£000)		Benefits in kind (to nearest £100)		Pension benefits <sup>1</sup> (£000)		Total (£000)	
			2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
	K Grainger DBE	Chair	55 - 60	55 - 60	-	-	-	-	-	-	55 - 60	55 - 60
	S Munday OBE	CEO	145 - 150	150 - 155	5 - 10	-	-	-	43	44	195 - 200	190 - 195
	S Morton	Director	110 - 115	105 - 110	5 - 10	-	-	-	61	34	180 - 185	140 - 145
	S du Sautoy	Director	100 - 105	100 - 105	5 - 10	-	-	-	22	39	125 - 130	140 - 145
	N Hicks	Director	95 - 100	95 - 100	0 - 5	-	-	-	30	29	130 - 135	125 - 130
	J Perryer <sup>2</sup>	Group Director	95 - 100	100 - 105	0 - 5	-	-	-	32	32	130 - 135	125 - 130
	K Baker <sup>3,5</sup>	Director	125 - 130 (FYE 130-135)	-	-	-	-	-	113	-	235 - 240	-
	D Kester <sup>4</sup>	Director	40 - 45 (FYE 90-100)	-	-	-	-	-	13	-	55 - 60	-

<sup>1</sup> 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.

<sup>2</sup> Group director – transitioned to solely EIS during 2021-22

<sup>3</sup> Joined UK Sport 10 May 2021

<sup>4</sup> Joined UK Sport 18 October 2021

<sup>5</sup> The high calculated value of pension benefits in 2021-22 is due to the fact that the director joined UKS early in 2021-22, meaning there is no brought forward balance.

In 2021-22 UK Sport staff were 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 31/3/22 and related lump sum £000	Real increase in pension and related lump sum at pension age £000	CETV at 31/03/22 £000	CETV at 31/03/21 £000	Real Increase in CETV £000
S Munday OBE	5 - 10 plus lump sum of 0 - 5	0 - 5 plus lump sum of 0 - 5	95	54	40
S Morton	35 - 40 plus lump sum of 10 - 15	0 - 5 plus lump sum of 0 - 5	454	384	58
S du Sautoy	15 - 20 plus lump sum of 0 - 5	0 - 5 plus lump sum of 0 - 5	196	169	21
N Hicks	0 - 5 plus lump sum of 0 - 5	0 - 5 plus lump sum of 0 - 5	43	23	19
J Perryer	5 - 10 plus lump sum of 0 - 5	0 - 5 plus lump sum of 0 - 5	118	86	31
K Baker	5 - 10 plus lump sum of 0 - 5	5- 10 plus lump sum of 0 - 5	60	-	60
D Kester	0 - 5 plus lump sum of 0 - 5	0 - 5 plus lump sum of 0 - 5	9	-	9

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 (2020-21, £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:

<b>Audited Information</b>	<b>2021-22 £</b>	<b>2020-21 £</b>
Sally Bolton OBE	1,308	1,526
John Dowson	1,635	3,161
Annie Panter	2,180	2,943
Nicola Roche CBE	2,507	4,251
Martyn Worsley	2,398	3,052
Mel Young MBE	1,526	1,526
Chris Pilling	2,725	1,744
Ismail Amla	1,417	1,090
George Lucas	1,308	872
Laurence Conway	1,526	872
Chris Boardman	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)

<b>Costs</b>	<b>UK Sport</b>		<b>Group</b>	
	<b>2021-22 £000</b>	<b>2020-21 £000</b>	<b>2021-22 £000</b>	<b>2020-21 £000</b>
Wages and Salaries (including performance related pay)	8,423	8,055	22,581	22,709
Other staff costs	217	232	384	225
Social Security costs	1,003	951	2,627	2,577
Pension Service costs	3,896	2,228	12,100	6,809
Administration expense relating to pension scheme	47	38	118	96
<b>Total staff cost</b>	<b>13,586</b>	<b>11,504</b>	<b>37,811</b>	<b>32,416</b>

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.

### (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.

One member of staff left under compulsory redundancy terms in 2021-22.

*(iii) Payments to Past Directors (audited)*

There were payments totalling £1,152 to Rod Carr (former Chair of UK Sport) for coaching and mentoring services in 2021-22 (£800 in 2020-21)

*(iv) Fair Pay Disclosure (audited)*

We are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the lower quartile, median and upper quartile remuneration of the organisation's workforce.

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 2022 is shown below. The salary figures also include bonuses paid during the relevant year.

	2021-22	2020-21
Band of the highest paid Director's salary (Total remuneration)	155-160	150-155
Percentage change from the previous financial year for the highest paid individual	4.97%	1.88%
Band of the highest paid Director's salary (Salary Component only)	145-150	150-155
Percentage change from the previous financial year for the highest paid individual	-1.13%	3.39%
75th percentile of workforce (Total Remuneration)	67,019	62,439
Pay ratio	2.4	2.4
75th percentile of workforce (Salary Component only)	64,792	62,438
Median equivalent of workforce (Total remuneration)	52,312	54,372
Pay ratio	3.0	2.7
Median equivalent of workforce (Salary Component only)	52,312	53,882
25th percentile of workforce (Total remuneration)	39,832	39,220
Pay ratio	4.0	3.8
25th percentile of workforce (Salary Component only)	38,792	39,220
Highest remuneration paid (£000)	156,013	150,570
Lowest remuneration paid (£000)	21,517	25,845
Average percentage change in salaries and allowances from the previous financial year	8.53%	1.92%

Bonus payments were paid during 2021-22 but none were paid during 2020-21, explaining the larger % change in salaries and allowances in 2021-22

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

Since the prior year, the 75th percentile pay ratio has stayed in line with the prior year, whilst the 25th percentile has decreased slightly by 0.1. The median has increased by 0.3, but this change is not significant. The remuneration banding (excluding bonuses) for the highest paid employee remains unchanged.

*(v) Off Payroll Engagements*

In 2021-22 there were five off-payroll engagements exceeding £245 per day, all for periods of less than six months. Of these, IR35 applied to five engagements, which were assessed to be out-of-scope.

*(vi) Apprenticeship Levy*

UK Sport contributed £29,027 and made claims totalling £6,701 in respect to apprentices employed in the year.

*(vii) UK Sport Staff Composition*

As at 31 March 2022 UK Sport employed 164 members of staff with a full time equivalent (FTE) of 160.4. This comprised 153 permanent and 11 fixed term staff (with an FTE of 149.8 and 10.6 respectively).

<b>Gender</b>	<b>UK Sport Staff</b>
Male	45.8%
Female	54.2%

<b>Ethnicity</b>	<b>UK Sport Staff</b>
Asian British	0%
Asian Other	2.4%
Black British	3.7%
Mixed	0.6%
Other	0%
White British	70.1%
White Other	0%
Not Disclosed	23.2%

Age	UK Sport Staff
<16	0%
16-24	3.0%
25-34	31.7%
35-44	41.5%
45-55	17.7%
55- 64	5.5%
65+	0.6%

The percentage of staff declaring a disability at 31 March 2022 was 5.4%.

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

UK Sport Staff	2021-22	2020-21
Employees <sup>1</sup>	146	140
Other staff (includes agency/seconded staff)	3	4
<b>Total</b>	<b>148</b>	<b>144</b>

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 2021-22, sickness absence averaged 1.1 days (2020-21 – 1.3 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.

<sup>1</sup> 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 2021-22, Fruitless payments totalled £38,000.



**Sally Munday OBE**  
**Chief Executive and Accounting**  
**Officer**

The United Kingdom Sports Council

21 November 2022



**Dame Katherine Grainger DBE**  
**Chair**

The United Kingdom Sports Council

21 November 2022





**The United Kingdom Sports Council  
Grant-in-Aid  
Entity and Group Accounts  
for the Year Ended  
31 March 2022**

# THE AUDIT REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT AND SCOTTISH PARLIAMENT

## Opinion on financial statements

I have audited the financial statements of the UK Sports Council Grant-in-Aid and its group for the year ended 31 March 2022 under the Royal Charter of the United Kingdom Sports Council.

The financial statements comprise the UK Sports Council Grant-in-Aid and its group's:

- Statement of Financial Position as at 31 March 2022;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK adopted International Accounting Standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the UK Sports Council Grant-in-Aid and its group's affairs as at 31 March 2022 and its net expenditure for the year then ended; and
- 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 for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (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 UK Sports Council Grant-in-Aid and its group 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 the UK Sports Council Grant-in-Aid and its group'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 UK Sports Council Grant-in-Aid and its group'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 the UK Sports Council Grant-in-Aid and its group is adopted in consideration of the requirements set out in 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 financial statements nor my auditor's report thereafter. 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 the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the Royal Charter of the United Kingdom Sports Council:

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

- the parts of the Accountability Report subject to audit 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 and is in accordance with the applicable legal requirements.

## **Matters on which I report by exception**

In the light of the knowledge and understanding of the UK Sports Council Grant-in-Aid and its group 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:

- I have not received all of the information and explanations I require for my audit; or
- adequate accounting records have not been kept by the UK Sports Council Grant-in-Aid 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 subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; 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:

- maintaining proper accounting records;
- the preparation of the financial statements and Annual Report in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- ensuring that the Annual Report and accounts as a whole is fair, balanced and understandable;
- 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; and
- assessing the UK Sports Council Grant-in-Aid and its group'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 UK Sports Council Grant-in-Aid and its group 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.

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.

### **Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud**

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

### **Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud**

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, we considered the following:

- the nature of the sector, control environment and operational performance including the design of the UK Sports Council Grant-in-Aid and its group's accounting policies.
- Inquiring of management, Internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the UK Sports Council Grant-in-Aid and its group'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 UK Sports Council Grant-in-Aid and its group's controls relating to the UK Sports Council Grant-in-Aid's compliance with its Royal Charter and Managing Public Money;
- discussing among the engagement team including significant component audit teams and involving relevant internal and external specialists, including pensions experts, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the UK Sports Council Grant-in-Aid and its group for fraud and identified the greatest potential for fraud in the following areas: revenue, posting of unusual journals, complex transactions, and bias in management estimates. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override of controls.

I also obtained an understanding of the UK Sports Council Grant-in-Aid and group's framework of authority as well as other legal and regulatory frameworks in which the UK Sports Council Grant-in-Aid and group operates, focusing on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the UK Sports Council Grant-in-Aid and its group. The key laws and regulations I considered in this context included UK Sports Council's Royal Charter, Managing Public Money, employment law and pensions legislation.

In addition, I considered the controls in place at UK Sports Council Grant-in-Aid to ensure regularity of grant expenditure.

### **Audit response to identified risk**

As a result of performing the above, the procedures I implemented to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;

- enquiring of management, the Audit and Risk Committee and in-house legal counsel concerning actual and potential litigation and claims;
- reading and reviewing minutes of meetings of those charged with governance and the Board and internal audit reports;
- 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; and
- in addressing the risk of irregularity of grant expenditure, reviewing the implementation of controls around spend.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my report.

### **Other auditor's responsibilities**

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.

**Gareth Davies**  
**Comptroller and Auditor General**

23 November 2022

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

## Statement of Comprehensive Net Expenditure for the Year Ended 31/03/22

	Note	UK Sport		Group	
		2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000
<b>INCOME</b>					
Other Operating Income	3	3,048	3,312	10,932	10,617
<b>Total</b>		<b>3,048</b>	<b>3,312</b>	<b>10,932</b>	<b>10,617</b>
<b>EXPENDITURE</b>					
Staff Costs	4.1	9,558	7,796	33,727	28,708
Grants and Other Operating Costs	5	51,232	61,296	41,710	50,904
<b>Total</b>		<b>60,790</b>	<b>69,092</b>	<b>75,437</b>	<b>79,612</b>
<b>NET EXPENDITURE BEFORE TAXATION AND INTEREST</b>		<b>(57,742)</b>	<b>(65,780)</b>	<b>(64,505)</b>	<b>(68,995)</b>
Net Interest on the Pension Liability	17.3/19	(524)	(321)	(1,752)	(918)
Interest Receivable	7	-	-	1	1
Taxation	8	-	-	-	-
Interest Payable		(8)	(17)	(8)	(24)
<b>NET EXPENDITURE FOR THE PERIOD</b>		<b>(58,274)</b>	<b>(66,118)</b>	<b>(66,264)</b>	<b>(69,936)</b>
<b>Other Comprehensive Expenditure</b>					
Unrealised foreign exchange gain		-	-	-	-
Pension Scheme Re-measurements	17.4/19	5,839	(10,793)	22,345	(41,755)
<b>TOTAL COMPREHENSIVE NET EXPENDITURE FOR THE FINANCIAL YEAR</b>		<b>(52,435)</b>	<b>(76,911)</b>	<b>(43,919)</b>	<b>(111,691)</b>

All activities relate to continuing activities.

The notes on pages 56 to 79 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 £56.534m.

## Statement of Changes in Taxpayers' Equity for the Year Ended 31/03/22

	Note	UK Sport				Group			
		2021/22		2020/21		2021/22		2020/21	
		Revenue Reserve £'000	Pension Reserve £'000	Revenue Reserve £'000	Pension Reserve £'000	Revenue Reserve £'000	Pension Reserve £'000	Revenue Reserve £'000	Pension Reserve £'000
<b>Balance Brought Forward</b>		<b>(1,767)</b>	<b>(25,719)</b>	<b>(6,048)</b>	<b>(13,954)</b>	<b>489</b>	<b>(86,449)</b>	<b>(3,442)</b>	<b>(40,226)</b>
Retained Deficit for Year		(58,274)	-	(66,118)	-	(66,264)	-	(69,936)	-
Transfer from the Pension Reserve		2,593	(2,593)	935	(935)	10,275	(10,275)	4,403	(4,403)
Grant-in-Aid Income Received	2	56,534	-	69,464	-	56,534	-	69,464	-
Pension Scheme Re-measurements	17.4/19	-	5,839	-	(10,793)	-	22,345	-	(41,755)
Other Movements		-	(50)	-	(37)	-	(70)	-	(65)
<b>Balance at 31 March</b>		<b>(914)</b>	<b>(22,523)</b>	<b>(1,767)</b>	<b>(25,719)</b>	<b>1,034</b>	<b>(74,449)</b>	<b>489</b>	<b>(86,449)</b>

The notes on pages 56 to 79 form part of these accounts.



## Statement of Financial Position as at 31/03/22

	Note	UK Sport		Group	
		31/03/22 £'000	31/03/21 £'000	31/03/22 £'000	31/03/21 £'000
<b>NON-CURRENT ASSETS</b>					
Property Plant and Equipment	9	306	742	1,362	1,855
Intangible Assets	10	277	526	1,094	1,533
<b>Total Non-Current Assets</b>		<b>583</b>	<b>1,268</b>	<b>2,456</b>	<b>3,388</b>
<b>CURRENT ASSETS</b>					
Trade and Other Receivables	11	1,126	855	2,153	2,088
Cash and Cash Equivalents	12	3,920	3,298	5,700	4,538
<b>Total Current Assets</b>		<b>5,046</b>	<b>4,153</b>	<b>7,853</b>	<b>6,626</b>
<b>Total Assets</b>		<b>5,629</b>	<b>5,421</b>	<b>10,309</b>	<b>10,014</b>
<b>CURRENT LIABILITIES</b>					
Trade and Other Payables	13.1	(5,159)	(5,654)	(7,840)	(7,991)
Provisions	14	(384)	-	(435)	-
<b>Net Current Assets / (Liabilities)</b>		<b>(497)</b>	<b>(1,501)</b>	<b>(422)</b>	<b>(1,365)</b>
<b>Non-Current Assets plus Net Current Assets</b>		<b>86</b>	<b>(233)</b>	<b>2,034</b>	<b>2,023</b>
<b>NON-CURRENT LIABILITIES</b>					
Provisions	14	-	(384)	-	(384)
Trade and Other Payables	13.2	(1,000)	(1,150)	(1,000)	(1,150)
Net Pension Liabilities	17.2/19	(22,523)	(25,719)	(74,449)	(86,449)
<b>Total Non-Current Liabilities</b>		<b>(23,523)</b>	<b>(27,253)</b>	<b>(75,449)</b>	<b>(87,983)</b>
<b>Assets less Liabilities</b>		<b>(23,437)</b>	<b>(27,486)</b>	<b>(73,415)</b>	<b>(85,960)</b>
<b>TAXPAYERS' EQUITY</b>					
Pension Reserve	17.2/19	(22,523)	(25,719)	(74,449)	(86,449)
Revenue Reserve		(914)	(1,767)	1,034	489
<b>Total Taxpayers' Equity</b>		<b>(23,437)</b>	<b>(27,486)</b>	<b>(73,415)</b>	<b>(85,960)</b>

The notes on pages 56 to 79 form part of these accounts.



**Sally Munday OBE**  
Chief Executive and Accounting Officer

The United Kingdom Sports Council  
21 November 2022



**Dame Katherine Grainger DBE**  
Chair

The United Kingdom Sports Council  
21 November 2022

## Statement of Cash Flows for the Year Ended 31/03/22

	Note	UK Sport		Group	
		2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
<b>Cash used from</b>					
<b>Operations</b>	15	<b>(55,185)</b>	<b>(67,202)</b>	<b>(53,949)</b>	<b>(65,552)</b>
Interest Received	7	-	-	1	1
Interest Paid		(8)	(17)	(8)	(24)
<b>Net Cash Flow from Operating Activities</b>		<b>(55,193)</b>	<b>(67,219)</b>	<b>(53,956)</b>	<b>(65,575)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Payments to Acquire Property Plant and Equipment	9	(89)	(67)	(613)	(354)
Payments to Acquire Intangible Assets	10	(201)	(285)	(380)	(767)
Receipts from Sale of Fixed Assets		-	-	6	3
<b>Net Cash Flow from Investing Activities</b>		<b>(290)</b>	<b>(352)</b>	<b>(987)</b>	<b>(1,118)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Grant-in-Aid	2	56,534	69,464	56,534	69,464
Payment of Lease Liabilities	20.2	(429)	(421)	(429)	(1,326)
<b>Net Cash Flow from Financing Activities</b>		<b>56,105</b>	<b>69,043</b>	<b>56,105</b>	<b>68,138</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents in the Period</b>		<b>622</b>	<b>1,472</b>	<b>1,162</b>	<b>1,445</b>
Cash and Cash Equivalents at 1 April		3,298	1,826	4,538	3,093
Change in cash and cash equivalents due to exchange rate movements		-	-	-	-
<b>Cash and Cash Equivalents at 31 March</b>	12	<b>3,920</b>	<b>3,298</b>	<b>5,700</b>	<b>4,538</b>

The notes on pages 56 to 79 form part of these accounts.

## NOTES TO THE ACCOUNTS

### Statement of Accounting Policies

#### 1.1 Accounting Policies

These financial statements have been prepared in accordance with the 2021/22 Government Financial Reporting Manual (FRm) 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 6<sup>th</sup> Floor, 10 South Colonnade, London, E14 4PU.

The accounting policies contained in the FRm apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FRm 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. 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.

#### 1.4 Basis of Consolidation

The English Institute of Sport (EIS) is accounted for as a subsidiary entity within the consolidated accounts. This treatment is in accordance with the guidance set out in the Financial Reporting Manual (FRm) issued by HM Treasury and on the basis that UK Sport is the sole member.

#### 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.

### *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 have been 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.

### **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 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	
	2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000
Received from DCMS-Revenue	53,134	66,475	53,134	66,475
Received from DCMS-Capital	3,400	2,989	3,400	2,989
<b>Total</b>	<b>56,534</b>	<b>69,464</b>	<b>56,534</b>	<b>69,464</b>

A total of £56.534m (2020/21, £69.464m) 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	
	2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000
Costs Apportioned to UK Sport Lottery Account	2,412	2,660	2,412	2,660
Other	636	652	614	614
EIS	-	-	7,906	7,343
<b>Total</b>	<b>3,048</b>	<b>3,312</b>	<b>10,932</b>	<b>10,617</b>

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	
	2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000
Wages and Salaries (including performance related pay)	5,886	5,389	20,044	20,043
Other Staff Costs	207	232	375	225
Social Security Costs	711	641	2,335	2,267
Pension Service Costs <sup>1</sup>	2,721	1,508	10,867	6,089
Administration Expense Relating to Pension Scheme	33	26	106	84
<b>Total Staff Costs</b>	<b>9,558</b>	<b>7,796</b>	<b>33,727</b>	<b>28,708</b>

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

	2021/22	2020/21
<b>Employees</b>		
UK Sport	102	94
English Institute of Sport	384	398
<b>Total</b>	<b>486</b>	<b>492</b>
<b>Other Staff (Full Time Equivalent Values)</b>		
UK Sport	3	4
English Institute of Sport	-	-
<b>Total</b>	<b>3</b>	<b>4</b>

Other staff numbers include agency and seconded staff numbers.

##### 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	
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21
< £10,000	1	-	4	1	-	-	-	-
£10,001 - £25,000	-	-	-	-	-	-	-	-
£25,001 - £50,000	-	-	1	-	-	-	-	-
£50,001 - £100,000	-	-	1	-	-	-	-	-
> £100,001	-	-	-	-	-	-	-	-

<sup>1</sup> 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.

<b>Total Number of Exit Packages</b>	<b>1</b>	<b>-</b>	<b>6</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Value of Exit Packages</b>	<b>£3,264</b>	<b>-</b>	<b>£118,773</b>	<b>£2,513</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The exit package for the one group redundancy within the £50,001-£100,001 bracket did not exceed £95,000.

## 5. Grants and Other Operating Costs

	UK Sport		Group	
	2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000
<b>National Support – Grants</b>				
Sports Bodies	41,707	52,072	24,414	34,562
Performance	254	105	243	105
International Representation	236	140	236	140
	<b>42,197</b>	<b>52,317</b>	<b>24,893</b>	<b>34,807</b>
<b>National Support – Other Costs</b>				
Performance	4,541	4,495	4,541	4,487
Governance	1,247	1,100	1,247	1,100
Communications	393	294	393	294
International Representation	-	31	-	31
English Institute of Sport	-	-	6,841	5,180
Yorkshire 2019 Limited	-	-	-	11
	<b>6,181</b>	<b>5,920</b>	<b>13,022</b>	<b>11,103</b>
<b>Finance and Management Service</b>				
HQ Office Costs	1,878	1,975	1,878	1,975
Depreciation/Amortisation	976	934	1,917	2,869
Increase in Provisions	-	150	-	150
	<b>2,854</b>	<b>3,059</b>	<b>3,795</b>	<b>4,994</b>
<b>Total</b>	<b>51,232</b>	<b>61,296</b>	<b>41,710</b>	<b>50,904</b>



## 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	
	2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000
Travel, Subsistence and Hospitality:				
Chair and Members	3	1	3	1
Employees	83	12	628	137
Consultants' Fees and Legal Fees	1,235	421	1,701	880
Contingent Labour	207	232	207	232
Performance Programme Delivery – Specialist Services	1056	1,733	1,056	1,733
International Programme Delivery – Specialist Services	33	27	33	27
Provisions (Released)/Provided for in Year	–	150	51	150
Depreciation	525	559	1,097	2,088
Amortisation	452	375	821	781
Loss on Disposal of Tangible Assets	–	–	3	2
Loss on Disposal of Intangible Assets	12	–	12	–
Auditor's Remuneration for Audit Work <sup>1</sup>	36	36	52	56

## 7. Investment Income

	UK Sport		Group	
	2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000
Interest Receivable	-	-	1	1

## 8. Taxation

	UK Sport		Group	
	2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000
Corporation Tax Payable	–	–	–	–

No corporation tax liability arose for UK Sport in 2021-22.

<sup>1</sup> No amounts are due to external auditors for non-current work. No non-audit work has been performed by the external auditors.

## 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
<b>Cost</b>							
At 01/04/21	940	159	716	83	29	1,183	3,110
Additions	-	-	89	-	-	-	89
Disposals	-	-	(164)	(3)	-	-	(167)
<b>At 31/03/22</b>	<b>940</b>	<b>159</b>	<b>641</b>	<b>80</b>	<b>29</b>	<b>1,183</b>	<b>3,032</b>
<b>Depreciation</b>							
At 01/04/21	816	131	654	82	29	656	2,368
Charge for Year	103	19	74	1	-	328	525
Depreciation on Disposal	-	-	(164)	(3)	-	-	(167)
<b>At 31/03/22</b>	<b>919</b>	<b>150</b>	<b>564</b>	<b>80</b>	<b>29</b>	<b>984</b>	<b>2,726</b>
<b>Net book value</b>							
At 31/03/21	124	28	62	1	-	527	742
<b>At 31/03/22</b>	<b>21</b>	<b>9</b>	<b>77</b>	<b>-</b>	<b>-</b>	<b>199</b>	<b>306</b>

## 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
<b>At Cost</b>							
At 01/04/21	1,070	5,861	2,040	83	71	2,940	12,065
Additions	-	246	367	-	-	-	613
Disposals	(3)	(156)	(454)	(3)	-	-	(616)
<b>At 31/03/22</b>	<b>1,067</b>	<b>5,951</b>	<b>1,953</b>	<b>80</b>	<b>71</b>	<b>2,940</b>	<b>12,062</b>
<b>Depreciation</b>							
At 01/04/21	941	4,912	1,791	82	71	2,413	10,210
Charge for Year	106	422	240	1	-	328	1,097
Depreciation on Disposal	(3)	(148)	(453)	(3)	-	-	(607)
<b>At 31/03/22</b>	<b>1,044</b>	<b>5,186</b>	<b>1,578</b>	<b>80</b>	<b>71</b>	<b>2,741</b>	<b>10,700</b>
<b>Net Book Value</b>							
At 31/03/21	129	949	249	1	-	527	1,855
<b>At 31/03/22</b>	<b>23</b>	<b>765</b>	<b>375</b>	<b>-</b>	<b>-</b>	<b>199</b>	<b>1,362</b>

## 10.1 UK Sport – Intangible Assets

	<b>Information Technology £'000</b>
<b>At Cost</b>	
At 01/04/21	2,945
Additions	215
Disposals	(84)
<b>At 31/03/22</b>	<b>3,076</b>
<b>Amortisation</b>	
At 01/04/21	2,419
Charge for Year	452
Amortisation on Disposal	(72)
<b>At 31/03/22</b>	<b>2,799</b>
<b>Net Book Value</b>	
<b>At 31/03/21</b>	<b>526</b>
<b>At 31/03/22</b>	<b>277</b>

Within the closing net book value there are £88,000 (2020/21: £25,000) assets under the course of construction which are yet to be depreciated.

## 10.2 Group – Intangible Assets

	<b>Information Technology £'000</b>
<b>At Cost</b>	
At 01/04/21	6,097
Additions	394
Disposals	(135)
<b>At 31/03/22</b>	<b>6,356</b>
<b>Amortisation</b>	
At 01/04/21	4,564
Charge for Year	821
Amortisation on Disposal	(123)
<b>At 31/03/22</b>	<b>5,262</b>
<b>Net Book Value</b>	
<b>At 31/03/21</b>	<b>1,533</b>
<b>At 31/03/22</b>	<b>1,094</b>

Within the closing net book value there are £88,000 (2020/21: £25,000) assets under the course of construction which are yet to be depreciated.

## 11. Trade and Other Receivables

	UK Sport		Group	
	2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000
Trade Receivables	21	14	565	787
Other Receivables	206	113	131	33
Prepayments and Accrued Income	899	728	1,457	1,268
<b>Total</b>	<b>1,126</b>	<b>855</b>	<b>2,153</b>	<b>2,088</b>

All amounts fall due within one year.

The Other Receivables balance at 31 March 2022 includes an intercompany receivable of £113,000 with the English Institute of Sport, and an intercompany receivable of £91,000 with the UK Sport Lottery account.

## 12. Cash and Cash Equivalents

	UK Sport		Group	
	2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000
Balance at 1 April	3,298	1,826	4,538	3,093
Net Change in Cash and Cash Equivalents	622	1,472	1,162	1,445
<b>Balance at 31 March</b>	<b>3,920</b>	<b>3,298</b>	<b>5,700</b>	<b>4,538</b>
<b>Government Banking Services</b>				
Balances Held with Government Banking Services	3,515	2,827	3,515	2,827
Balances Held with Commercial Banks	405	471	2,185	1,711
<b>Total</b>	<b>3,920</b>	<b>3,298</b>	<b>5,700</b>	<b>4,538</b>

### 13.1 Trade and Other Payables

	UK Sport		Group	
	2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000
Trade Payables	49	21	1,039	650
Other Payables	26	133	26	446
VAT	122	130	122	130
Other Taxation and Social Security	263	240	1,103	736
Accruals and Deferred Income	4,545	4,697	5,396	5,596
Right-of-use Lease Liabilities	154	433	154	433
<b>Total</b>	<b>5,159</b>	<b>5,654</b>	<b>7,840</b>	<b>7,991</b>

Within the UK Sport current accruals balance, £2.7m relates to funding committed to Rugby League World Cup 2021 Limited. A further £0.5m relates to funding committed to the Football Association Limited for the UEFA Women's European Championship 2021. Both amounts were due for payment in 2022/23 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	
	2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000
Accruals and Deferred Income	1,000	1,000	1,000	1,000
Right of Use Lease Liabilities	-	150	-	150
<b>Total</b>	<b>1,000</b>	<b>1,150</b>	<b>1,000</b>	<b>1,150</b>

The UK Sport non-current accruals balance relates to funding committed to Rugby League World Cup 2021 Limited (2020/21: £1.0m).

The right of use lease liability for UK Sport relates to payments due for the main office location at 21 Bloomsbury Street. The lease for these premises expired in November and UK Sport have now moved to new offices in London, with the lease signed in August 2022.

#### 14. Provision for Liabilities

	UK Sport		Group	
	2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000
Opening Balance	384	234	384	234
Provision Made in Year	-	150	51	150
Provision Paid in Year	-	-	-	-
Provision Released in Year	-	-	-	-
<b>Closing Balance</b>	<b>384</b>	<b>384</b>	<b>435</b>	<b>384</b>

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	
	2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000
Net Expenditure Before Taxation and Interest	(57,742)	(65,780)	(64,505)	(68,995)
Depreciation/Amortisation of Property Plant and Equipment	977	935	1,918	2,871
Loss on Disposal of Property Plant and Equipment	12	-	15	2
(Increase)/Decrease in Receivables	(271)	428	(65)	749
(Decrease)/Increase in Payables	(230)	(3,549)	114	(3,814)
Increase/(Decrease) in Provisions	-	150	51	150
Pension Scheme: Non-Cash Movement	2,069	614	8,523	3,485
<b>Net Cash Outflow from Operations</b>	<b>(55,185)</b>	<b>(67,202)</b>	<b>(53,949)</b>	<b>(65,552)</b>

#### 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 £56.534m or 84% (2020/21, £69.464m or 87%) of the Group's income derived from DCMS Grant-in-Aid. The remaining balance of £10.932m or 16% (2020/21, £10.617m or 13%) is

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 2022 was £5.700m (2020/21, £4.538m).

#### *Foreign Currency Risk*

No further foreign currency risks remain at 31 March 2022.

### **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 a large number of 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 £0.685m or 12.0% of pensionable pay (2020/21, £0.615m or 12.0%).

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 was set at 12% of pensionable pay for the period until the next triennial valuation. The next triennial valuation has been carried out during Autumn 2022.

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.

The financial assumptions have been set with consideration of the duration of the Employer's past service liabilities, estimated to be 27 years.

## 17.1 Pension Commitments

### Financial Assumptions

	<b>2021/22</b>	<b>2020/21</b>
	<b>%</b>	<b>%</b>
Salary Increases	4.2	3.9
Pension Increases	3.2	2.9
Discount Rate	2.6	2.1

### Average Future Life Expectancies at Age 65:

	<b>Males</b>	<b>Females</b>
	<b>(years)</b>	<b>(years)</b>
Current Pensioners	21.9	24.0
Future Pensioners	23.9	26.1

## 17.2 Fair Value of Employers Assets

	<b>31/03/22</b>	<b>31/03/21</b>
	<b>£'000</b>	<b>£'000</b>
Equities	17,472	15,383
Target Return Funds	6,914	6,358
Infrastructure	3,217	2,366
Property	2,818	2,442
Cash	1,048	1,157
<b>Total Fair Value of Assets</b>	<b>31,469</b>	<b>27,706</b>
Present Value of Scheme Liabilities	(53,992)	(53,425)
<b>Net Pension Liability</b>	<b>(22,523)</b>	<b>(25,719)</b>

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

	<b>31/03/22</b>	<b>31/03/21</b>
	<b>%</b>	<b>%</b>
Equities	56	55
Target Return Funds	22	23
Infrastructure	10	9
Property	9	9
Cash	3	4

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

	<b>2021/22</b>	<b>2020/21</b>
	<b>£'000</b>	<b>£'000</b>
Service Cost	2,721	1,508
Net Interest on the Defined Liability	524	321
Administration Expenses	33	26
<b>Total</b>	<b>3,278</b>	<b>1,855</b>

#### 17.4 Re-measurements in Other Comprehensive Income:

	<b>2021/22</b>	<b>2020/21</b>
	<b>£'000</b>	<b>£'000</b>
Return on plan assets in excess of interest	2,744	3,765
Other actuarial gains	-	-
Change in financial assumptions	3,216	(15,414)
Change in demographic assumptions	-	391
Experience loss on defined benefit obligation	(121)	465
<b>Re-measurements</b>	<b>5,839</b>	<b>(10,793)</b>

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

	<b>2021/22</b>	<b>2020/21</b>
	<b>£'000</b>	<b>£'000</b>
<b>Opening defined benefit obligation</b>	<b>53,425</b>	<b>36,644</b>
Current service cost	2,721	1,508
Interest cost	1,097	861
Change in financial assumptions	(3,216)	15,414
Change in demographic assumptions	-	(391)
Experience loss /(gain) on defined benefit obligation	121	(465)
Estimated benefits paid net of transfers in	(547)	(529)
Past service costs including curtailments	-	-
Contributions by scheme participants	414	405
Unfunded pension payments	(23)	(22)
<b>Closing defined benefit obligation</b>	<b>53,992</b>	<b>53,425</b>

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

	<b>2021/22</b>	<b>2020/21</b>
	<b>£'000</b>	<b>£'000</b>
<b>Opening fair value of employers' assets</b>	<b>27,706</b>	<b>22,690</b>
Interest on assets	573	539
Return on assets less interest	2,744	3,765
Other actuarial gains/(losses)	-	-
Administration expenses	(33)	(26)
Contributions by employer including unfunded	635	885
Contributions by scheme participants	414	405
Estimated benefits paid net of transfers in including unfunded	(570)	(552)
<b>Closing fair value of employer assets</b>	<b>31,469</b>	<b>27,706</b>

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

	<b>2021/22</b>	<b>2020/21</b>	<b>2019/20</b>	<b>2018/19</b>	<b>2017/18</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Fair Value of Employer Assets	31,469	27,706	22,690	23,385	20,473
Present Value of Defined					



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Benefit Obligation	(53,992)	(53,425)	(36,644)	(39,180)	(35,820)
<b>Deficit</b>	<b>(22,523)</b>	<b>(25,719)</b>	<b>(13,954)</b>	<b>(15,795)</b>	<b>(15,347)</b>
Experience Losses on Assets	-	-	-	-	-
Experience Gains/(Losses) on Liabilities	(121)	(465)	(554)	-	-

In order to assess the actuarial value of the LPFA's liabilities as at 31 March 2022, 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 2022 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 2022.

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
<b>Adjustment to discount rate</b>	<b>+0.10%</b>	<b>0%</b>	<b>-0.10%</b>
Present value of total obligation	52,587	53,992	55,435
<b>Adjustment to long term salary increase</b>	<b>+0.10%</b>	<b>0%</b>	<b>-0.10%</b>

## 19. Group Pension Amounts

	Note	2021/22 £'000	2020/21 £'000
Pension Liabilities UK Sport	17.2	(22,523)	(25,719)
Pension Liabilities EIS	18.2	(51,926)	(60,730)
<b>Total Group Pension Liabilities</b>		<b>(74,449)</b>	<b>(86,449)</b>
Pension Scheme Re-measurements UK Sport	17.4	5,839	(10,793)
Pension Scheme Re-measurements EIS	18.4	16,506	(30,962)
<b>Total Group Pension Re-measurements</b>		<b>22,345</b>	<b>(41,755)</b>
Net Interest on the Defined Liability UK Sport	17.3	(524)	(321)
Net Interest on the Defined Liability EIS	18.3	(1,228)	(597)
<b>Total Net Interest on the Group Defined Liability</b>		<b>(1,752)</b>	<b>(918)</b>

### 20.1 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.

The FReM mandates the practical expedient that an entity should not reassess whether a contract is, or contains, a lease at the date of initial application.

#### 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 2022

	UK Sport		Group	
	2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000
<b>SOCNE impact from capitalised leases</b>				
Finance cost	8	17	8	24
Right-of-use asset depreciation	328	328	328	1,205
<b>Contribution to SOCNE expenditure</b>	<b>336</b>	<b>345</b>	<b>336</b>	<b>1,229</b>

One lease is capitalised for UK Sport in relation to office space at 21 Bloomsbury Street.

	<b>UK Sport £'000</b>	<b>Group £'000</b>
<b>Right-of-use assets</b>		
Balance at 1 April 2021	527	527
Lease remeasurements	-	-
Depreciation charge for the year	(328)	(328)
<b>Balance at 31 March 2022</b>	<b>199</b>	<b>199</b>

	<b>UK Sport £'000</b>	<b>Group £'000</b>
<b>Lease liabilities</b>		
Maturity Analysis – undiscounted cash flows		
Less than 1 year	154	154
1 to 5 years	-	-
More than 5 years	-	-
Total undiscounted lease liabilities at 31 March 2022	154	154
Lease liabilities included in the statement of financial position at 31 March 2022	154	154
Current	154	154
Non-current	-	-

	<b>UK Sport</b>		<b>Group</b>	
	<b>2021/22</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2020/21</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Amounts recognised in Statement of Cash Flows</b>				
Payment of lease interest (operating activities)	8	17	8	24
Payment of lease principal (financing activities)	429	421	429	1,326
<b>Total cash outflow for leases</b>	<b>437</b>	<b>438</b>	<b>437</b>	<b>1,350</b>

## 21. Grant Commitments

On the undertaking that funds are to be provided by DCMS, UK Sport at 31 March 2022 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 2022 have not yet been recognised in the Statement of Comprehensive Net Expenditure Account nor Statement of Financial Position).

	UK Sport		Group	
	2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000
2021/22	-	40,727	-	22,296
2022/23	39,797	35,092	19,408	17,761
2023/24	36,794	34,807	19,128	17,459
2024/25	32,634	32,230	16,159	14,996
2025/26				
	<b>109,225</b>	<b>142,856</b>	<b>54,695</b>	<b>72,511</b>

Grant commitments are based on the assumption that Exchequer funding will continue at the planned rate beyond 2022/2023.

## 22. Contingent liabilities

At 31 March 2022 UK Sport had no contingent liabilities requiring disclosure.

## 23. Capital Commitments

As at 31 March 2022 UK Sport had made no commitments to purchase further capital equipment (31/03/2021: £6,649).

## 24. Events After the Reporting Period

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

UK Sport signed a lease on new office premises in London in August 2022 and also have Board approval to identify and enter new premises in Loughborough. 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 2021/22 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:

Person	Other related appointments	Transaction/Balance (e.g. grant)	Amounts (£)
English Institute of Sport	Subsidiary	Grant expenditure	17,293,207
		Recharged income	692,853
		Other costs	120,704
		Accounts Receivable	113,033
DCMS	Parent department	Grant-in-Aid received	56,534,000
		Other income	24,071
		Accounts Receivable	24,071
Nicholas Bitel UK Sport Board (Member)	Sport England (Chair)	Grant expenditure	37,500
		Other income	18,120
		Other costs	53,600
		Accounts Payable	2,387
John Dowson UK Sport Board (Member) Group Audit & Risk Committee (Member)	English Institute of Sport (Chair)	Grant expenditure, recharged income, other costs and accounts receivable	See above
Dame Katherine Grainger DBE UK Sport Board (Chair)	British Olympic Association (Member of Athlete's Commission up to December 2021)	Other Costs	83,428
Vic Luck Group Audit & Risk Committee (Member)	English Institute of Sport (Director)	Grant expenditure, recharged income, other costs and accounts receivable	See above

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Person	Other related appointments	Transaction/Balance (e.g. grant)	Amounts (£)
Chris Boardman UK Sport Board (Member)	Sport England (Chair)	Grant expenditure, other income, other costs and accounts payable	See above
Mel Young MBE UK Sport Board (Member)	Sport Scotland (Chair)	Grant  Other income	50,000  5,160
Sir David Tanner KBE UK Sport Board (Observer)	Lawn Tennis Association (Non-Executive Director)	Other income	113,718
Gill Singh UK Sport Facilities Manager	Alpha Signwriting	Other costs	94

## 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:

	<b>2021/22</b>	<b>2020/21</b>
	<b>£'000</b>	<b>£'000</b>
<b>Statement of Comprehensive Net Expenditure</b>		
Income	25,475	25,067
Administrative Expenses	(31,995)	(28,122)
<b>Operating Surplus/(Deficit) before Interest and Taxation</b>	<b>(6,520)</b>	<b>(3,055)</b>
Interest Receivable	1	-
Interest Payable and Similar Charges	(1,228)	(597)
<b>Deficit on Ordinary Activities Before Taxation</b>	<b>(7,747)</b>	<b>(3,652)</b>
Tax on Surplus on Ordinary Activities	-	-
<b>Deficit for the Financial Year</b>	<b>(7,747)</b>	<b>(3,652)</b>
Re-measurement of the Net Defined Benefit Liability	16,506	(30,962)
<b>Total Comprehensive Net Income/(Expenditure) for the Year</b>	<b>8,759</b>	<b>(34,614)</b>
	<b>2021/22</b>	<b>2020/21</b>
	<b>£'000</b>	<b>£'000</b>
<b>Statement of Financial Position</b>		
Property Plant and Equipment	1,056	1,113
Intangible Assets	817	1,006
Current Assets	2,918	2,603
Payables: Falling Due Within One Year	(2,729)	(2,399)
<b>Total Assets less Current Liabilities</b>	<b>2,062</b>	<b>2,323</b>
Deferred Income	(2,103)	(2,370)
Provision for other Liabilities	(51)	-
<b>Net Liabilities Excluding Pension Liability</b>	<b>(92)</b>	<b>(47)</b>
Defined Benefit Pension Scheme Liability	(51,926)	(60,730)
<b>Net Liabilities Including Pension Liability</b>	<b>(52,018)</b>	<b>(60,777)</b>
<b>Reserves</b>		
<b>Revenue Reserve</b>	<b>(52,018)</b>	<b>(60,777)</b>

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 2021/22 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.







**The United Kingdom Sports Council  
National Lottery Distribution Fund  
Accounts for the Year Ended  
31 March 2022**

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

## Opinion on financial statements

I certify that I have audited the financial statements of the UK Sports Council National Lottery Distribution Fund for the year ended 31 March 2022 under the National Lottery etc Act 1993.

The financial statements comprise the UK Sport Council's

- Statement of Financial Position as at 31 March 2022;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted International Accounting Standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the UK Sport Council's affairs as at 31 March 2022 and its decrease in lottery funds for the year then ended; and
- 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 for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (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 UK Sport Council 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 the UK Sport Council'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 UK Sport Council'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 the UK Sport Council is adopted in consideration of the requirements set out in 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 financial statements nor my auditor's certificate and report. 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 the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the National Lottery etc Act 1993: ■

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

- the parts of the Accountability Report subject to audit 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 and is in accordance with the applicable legal requirements.

## Matters on which I report by exception

In the light of the knowledge and understanding of the UK Sport Council 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:

- I have not received all of the information and explanations I require for my audit; or
- adequate accounting records have not been kept by the UK Sport Council 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 subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; 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:

- maintaining proper accounting records;
- the preparation of the financial statements and Annual Report in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- ensuring that the Annual Report and accounts as a whole is fair, balanced and understandable;
- 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; and
- assessing the UK Sport Council'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 UK Sport Council 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.

### **Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud**

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

## **Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud**

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, we considered the following:

- the nature of the sector, control environment and operational performance including the design of the UK Sport Council's accounting policies.
- Inquiring of management, Internal Audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the UK Sport Council'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 UK Sport Council's controls relating to the UK Sport Council's compliance with the National Lottery etc Act 1993 and Managing Public Money;
- discussing among the engagement team and involving relevant internal and external specialists, including pensions experts, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the UK Sport Council for fraud and identified the greatest potential for fraud in the following areas: revenue, posting of unusual journals, complex transactions, and bias in management estimates. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override of controls.

I also obtained an understanding of the UK Sport Council's framework of authority as well as other legal and regulatory frameworks in which the UK Sport Council operates, focusing on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the UK Sport Council. The key laws and regulations I considered in this context included the National Lottery etc Act 1993, Managing Public Money, employment law and pensions legislation.

In addition, I considered the controls in place at UK Sports Council to ensure regularity of grant expenditure.

### **Audit response to identified risk**

As a result of performing the above, the procedures I implemented to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- enquiring of management, the Audit and Risk Committee and in-house legal counsel concerning actual and potential litigation and claims;
- reading and reviewing minutes of meetings of those charged with governance and the Board and internal audit reports;
- 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; and

- in addressing the risk of irregularity of grant expenditure, reviewing the implementation of controls around spend.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

### **Other auditor's responsibilities**

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**

23 November 2022

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

## Statement of Comprehensive Net Expenditure for the Year Ended 31/03/22

	Note	2021/22 £'000	2020/21 £'000
<b>INCOME</b>			
National Lottery Share of Proceeds	2	82,433	82,708
Investment Returns from NLDF	2	117	48
Interest Receivable		1	1
Other Operating Income		166	-
<b>Total Income</b>		<b>82,717</b>	<b>82,757</b>
<b>EXPENDITURE</b>			
Accrued Grant Commitments	3	2,924	9,639
Accrued Grant De-commitments	3	(904)	(1,011)
Grant Clawbacks		(18)	(338)
Other Grant Payments	5	83,899	56,061
Staff Costs	6	4,028	3,708
Amortisation	9	20	5
Other Operating Costs		459	288
Costs Apportioned from UK Sport Grant-in-Aid Account		2,412	2,660
<b>Total Expenditure</b>		<b>92,820</b>	<b>71,012</b>
<b>(DECREASE)/INCREASE IN LOTTERY FUNDS BEFORE TAXATION</b>		<b>(10,103)</b>	<b>11,745</b>
Net Interest on the Pension Liability	12.3	(153)	(92)
<b>(DECREASE)/INCREASE IN LOTTERY FUNDS</b>		<b>(10,256)</b>	<b>11,653</b>
<b>Other Comprehensive Expenditure</b>			
Pension Scheme Re-measurements	12.4	1,728	(3,227)
<b>Total Comprehensive Net (Expenditure)/ Income</b>		<b>(8,528)</b>	<b>8,426</b>

All activities relate to continuing activities.

The notes on pages 91 to 102 form part of these accounts.

## Statement of Changes in Equity for the Year Ended 31/03/22

	Note	2021/22		2020/21	
		Revenue Reserve £'000	Pension Reserve £'000	Revenue Reserve £'000	Pension Reserve £'000
<b>Balance Brought Forward</b>		<b>49,800</b>	<b>(7,726)</b>	<b>37,762</b>	<b>(4,100)</b>
Retained (Deficit)/Surplus for the Year		(10,256)		11,653	
Pension Scheme Re-measurements	12.4	-	1,728	-	(3,227)
Transfer from the Pension Fund		1,046	(1,046)	385	(385)
Other Movements		-	(22)	-	(14)
<b>Balance at 31 March</b>		<b>40,590</b>	<b>(7,066)</b>	<b>49,800</b>	<b>(7,726)</b>

The notes on pages 91 to 102 form part of these accounts.



## Statement of Financial Position as at 31/03/22

	Note	31/03/22 £'000	31/03/21 £'000
<b>NON-CURRENT ASSETS</b>			
Intangible Assets	9	36	28
<b>Total Non-Current Assets</b>		<b>36</b>	<b>28</b>
<b>CURRENT ASSETS</b>			
Investments – Balance at NLDF	2	35,546	42,236
Trade and Other Receivables	10	92	163
Cash and Cash Equivalents	14	13,929	17,541
<b>Total Current Assets</b>		<b>49,567</b>	<b>59,940</b>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	11	(432)	(311)
Grant Commitments Falling Due Within One Year	3	(5,003)	(4,464)
<b>Total Current Liabilities</b>		<b>(5,435)</b>	<b>(4,775)</b>
<b>Net Current Assets</b>		<b>44,132</b>	<b>55,165</b>
<b>Non-Current Assets plus Net Current Assets</b>		<b>44,168</b>	<b>55,193</b>
<b>NON-CURRENT LIABILITIES</b>			
Grant Commitments Falling Due After One Year	3	(3,578)	(5,393)
Pension Liability	12.2	(7,066)	(7,726)
<b>Total Non-Current Liabilities</b>		<b>(10,644)</b>	<b>(13,119)</b>
<b>Total Assets less Liabilities</b>		<b>33,524</b>	<b>42,074</b>
<b>EQUITY</b>			
Pension Reserve	12.2	(7,066)	(7,726)
Revenue Reserve		40,590	49,800
<b>Total Equity</b>		<b>33,524</b>	<b>42,074</b>

The notes on pages 91 to 102 form part of these accounts.



**Sally Munday OBE**  
**Chief Executive and Accounting Officer**  
The United Kingdom Sports Council  
21 November 2022



**Dame Katherine Grainger DBE**  
**Chair**  
The United Kingdom Sports Council  
21 November 2022

## Statement of Cash Flows for the Year Ended 31/03/22

	Note	2021/22 £'000	2020/21 £'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Net Cash outflow from Operating Activities</b>	13	<b>(3,585)</b>	<b>(3,512)</b>
Interest Received		1	1
<b>Net Cash Flow from Operating Activities</b>		<b>(3,584)</b>	<b>(3,511)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments to Acquire Intangible Assets		(28)	(15)
<b>Net Cash Flow from Investing Activities</b>		<b>(28)</b>	<b>(15)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents in the Year</b>		<b>(3,612)</b>	<b>(3,526)</b>
Cash and Cash Equivalents at 1 April		17,541	21,067
<b>Cash and Cash Equivalents at 31 March</b>	14	<b>13,929</b>	<b>17,541</b>

The notes on pages 91-102 form part of these accounts.

## NOTES TO THE ACCOUNTS

### 1.1 Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2021/22 Government Financial Reporting Manual (FReM) 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 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 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 2022, 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.

### 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 FReM. 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:

	<b>2021/22</b>	<b>2020/21</b>
	<b>£'000</b>	<b>£'000</b>
<b>Balance Brought Forward</b>	<b>42,236</b>	<b>20,232</b>
Share of Net Operator Proceeds	82,433	82,708
Investment Returns from NLDF	117	48
<b>Available for Distribution</b>	<b>124,786</b>	<b>102,988</b>
Funds Drawn Down	(89,240)	(60,752)
<b>Balance Carried Forward</b>	<b>35,546</b>	<b>42,236</b>

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 31/03/22 is £35.546m (31/03/21: £42.236m).

The NLDF balance decreased during the year 2021/22 to stand at £35.546m at 31/03/22, representing 18% of outstanding commitments made at that point. Once the closing UK Sport Lottery cash balance of £13.929m of is included, the total represents 25% of outstanding commitments. The balance of outstanding commitments will be met by anticipated future NLDF revenue receipts.

## 3. Accrued Grant Commitments

	<b>2021/22</b>	<b>2020/21</b>
	<b>£'000</b>	<b>£'000</b>
Accrued Commitments Brought Forward	9,857	3,572
Commitments Made in the Year	2,924	9,639
De-commitments Made in the Year	(904)	(1,011)
<b>Total Accrued Grant Commitments</b>	<b>11,877</b>	<b>12,200</b>
Accrued Grant Commitments Met in the Year	(3,296)	(2,343)
<b>Accrued Grant Commitments Carried Forward</b>	<b>8,581</b>	<b>9,857</b>

### Accrued Grant Commitments by Year

	<b>2021/22</b>	<b>2020/21</b>
	<b>£'000</b>	<b>£'000</b>
Amounts Falling Due During 2021/22	-	4,464
Amounts Falling Due During 2022/23	5,003	2,932
Amounts Falling Due During 2023/24	3,248	2,262
Amounts Falling Due During 2024/25	330	199
Amounts Falling Due During 2025/26		

<b>Total</b>		<b>8,581</b>	<b>9,857</b>
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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 2021 and actual amounts paid in 2021/22.

In addition to the grant awards included above, £3.1m of investment has been approved by the Board for further events where award letters have not yet been issued.

#### 4. Other Grant Commitments

	<b>2021/22</b>	<b>2020/21</b>
	<b>£'000</b>	<b>£'000</b>
Amounts Falling Due During 2021/22	-	74,548
Amounts Falling Due During 2022/23	66,425	56,805
Amounts Falling Due During 2023/24	60,074	56,043
Amounts Falling Due During 2024/25	65,066	58,859
Amounts Falling Due During 2025/26	-	-
	<b>191,565</b>	<b>246,255</b>

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

		<b>2021/22</b>	<b>2020/21</b>
		<b>£'000</b>	<b>£'000</b>
<b>Accrued Grant Payments</b>			
Major Events	3	3,296	2,342
		<b>3,296</b>	<b>2,342</b>
<b>Other Grant Payments</b>			
Athletes		17,310	16,746
National Governing Bodies and Partners		66,418	39,161
International Relations		171	154
		<b>83,899</b>	<b>56,061</b>
<b>Total Grant Payments</b>		<b>87,195</b>	<b>58,403</b>

#### 6. Staff Costs

		<b>2021/22</b>	<b>2020/21</b>
		<b>£'000</b>	<b>£'000</b>
Wages and Salaries		2,537	2,666
Other Staff Costs		10	-
Social Security Costs		292	310
Current Service Costs	12.3	1,175	720
Administration Expense Relating to Pension Scheme	12.3	14	12
<b>Total Employee Costs</b>		<b>4,028</b>	<b>3,708</b>

## 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:

	<b>2021/22</b>	<b>2020/21</b>
UK Sport		
<b>Average Staff Numbers</b>	<b>44</b>	<b>46</b>

## 8. Lottery Funds

	<b>2021/22</b>	<b>2020/21</b>
	<b>£'000</b>	<b>£'000</b>
The Lottery Fund is stated after charging for:		
External Auditors' Remuneration for Audit Work	<b>30</b>	<b>30</b>

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.

	<b>£'000</b>
<b>Cost</b>	
At 01/04/21	685
Additions	28
<b>At 31/03/22</b>	<b>713</b>
<b>Amortisation</b>	
At 01/04/21	657
Charge for Year	20
<b>At 31/03/22</b>	<b>677</b>
<b>Net Book Value</b>	
<b>At 31/03/21</b>	<b>28</b>
<b>At 31/03/22</b>	<b>36</b>

## 10. Trade Receivables

	<b>2021/22</b>	<b>2020/21</b>
	<b>£'000</b>	<b>£'000</b>
Trade Receivables	67	13
Other Receivables	-	125
Prepayments	25	25

<b>Total</b>	<b>92</b>	<b>163</b>
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All amounts fall due within one year.

## 11. Trade Payables

	<b>2021/22</b>	<b>2020/21</b>
	<b>£'000</b>	<b>£'000</b>
Trade Payables	-	-
Other Payables	91	
VAT	11	-
Accruals and Deferred Income	330	311
<b>Total</b>	<b>432</b>	<b>311</b>

## 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 a large number of 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 £0.292m or 12.0% of pensionable pay (2020/21, £0.310m or 12.0%). 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 was set at 12% of pensionable pay for the period until the next triennial valuation. The next triennial valuation has been carried out during Autumn 2022.



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.

The financial assumptions have been set with consideration of the duration of the Employer's past service liabilities, estimated to be 27 years.

## 12.1 Pension Commitments

<b>Financial Assumptions</b>	<b>2021/22</b>	<b>2020/21</b>
	<b>%</b>	<b>%</b>
Salary Increases	4.2	3.9
Pension Increases	3.2	2.9
Discount Rate	2.6	2.1

### Average Future Life Expectancies at Age 65:

	<b>Males</b>	<b>Females</b>
	<b>(years)</b>	<b>(years)</b>
Current Pensioners	21.9	24.0
Future Pensioners	23.9	26.1

## 12.2 Fair Value of Employer's Assets

	<b>Fund</b>	<b>Fund</b>
	<b>Value at</b>	<b>Value at</b>
	<b>31/03/22</b>	<b>31/03/21</b>
	<b>£'000</b>	<b>£'000</b>
Equities	5,126	4,483
Target Return Portfolio	2,029	1,852
Infrastructure	944	689
Property	827	712
Cash	307	337
<b>Total Fair Value of Assets</b>	<b>9,233</b>	<b>8,073</b>
Present Value of Scheme Liabilities	(16,299)	(15,799)
<b>Net Pension Liability</b>	<b>(7,066)</b>	<b>(7,726)</b>

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

	<b>2021/22</b>	<b>2020/21</b>
	<b>%</b>	<b>%</b>
Equities	56	55
Target Return Portfolio	22	23
Infrastructure	10	9
Property	9	9
Cash	3	4

## 12.3 Amounts recognised in the Statement of Comprehensive Net Expenditure

**are as follows:**

	<b>2021/22</b>	<b>2020/21</b>
	<b>£'000</b>	<b>£'000</b>
Service Cost	1,175	720
Net Interest on the Defined Liability	153	92
Administration Expenses	14	12
<b>Total</b>	<b>1,342</b>	<b>824</b>

**12.4 Re-measurements in Other Comprehensive Income**

	<b>2021/22</b>	<b>2020/21</b>
	<b>£'000</b>	<b>£'000</b>
Return on plan assets in excess of interest	800	1,078
Change in financial assumptions	964	(4,558)
Change in demographic assumptions	-	115
Experience (loss)/gain on defined benefit obligation	(36)	138
<b>Re-measurements</b>	<b>1,728</b>	<b>(3,227)</b>

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

	<b>2021/22</b>	<b>2020/21</b>
	<b>£'000</b>	<b>£'000</b>
<b>Opening defined benefit obligation</b>	<b>15,799</b>	<b>10,599</b>
Current service cost	1,175	720
Interest cost	320	246
Change in financial assumptions	(964)	4,558
Change in demographic assumptions	-	(115)
Experience loss/(gain) on defined benefit obligation	36	(138)
Estimated benefits paid net of transfer in	(236)	(253)
Past service costs including curtailments	-	-
Contributions by scheme participants	179	193
Unfunded pension payments	(10)	(11)
<b>Closing defined benefit obligation</b>	<b>16,299</b>	<b>15,799</b>

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

	<b>2021/22</b>	<b>2020/21</b>
	<b>£'000</b>	<b>£'000</b>
<b>Opening fair value of employer's assets</b>	<b>8,073</b>	<b>6,499</b>
Interest on assets	167	155
Return on assets less interest	800	1,078
Other actuarial gains	-	-
Administration expenses	(14)	(12)
Contributions by employer including unfunded	274	423
Contributions by scheme participants	179	193
Estimated benefits paid net of transfers in including unfunded	(246)	(263)

<b>Closing fair value of employer's assets</b>	<b>9,233</b>	<b>8,073</b>
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## 12.7 History of Experience Gains and Losses

	<b>2021/22</b>	<b>2020/21</b>	<b>2019/20</b>	<b>2018/19</b>	<b>2017/18</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Fair Value of Employer Assets	9,233	8,073	6,499	6,681	5,835
Present Value of Defined Benefit Obligation	(16,299)	(15,799)	(10,599)	(11,247)	(10,251)
<b>Deficit</b>	<b>(7,066)</b>	<b>(7,726)</b>	<b>(4,100)</b>	<b>(4,566)</b>	<b>(4,416)</b>
Experience Losses on Assets	-	-	-	-	-
Experience Gains/(Losses) on Liabilities	(36)	138	(160)	-	-

In order to assess the actuarial value of the LPFA's liabilities as at 31 March 2022, 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 2022 without completing a full valuation. The actuary is satisfied that the approach of rolling forward the previous valuation to 31 March 2022 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 on the figures presented here 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
<b>Adjustment to discount rate</b>	<b>+0.10%</b>	<b>0%</b>	<b>-0.10%</b>
Present value of total obligation	15,873	16,299	16,737
<b>Adjustment to long term salary increase</b>	<b>+0.10%</b>	<b>0%</b>	<b>-0.10%</b>
Present value of total obligation	16,325	16,299	16,273
<b>Adjustment to pension increases and deferred revaluation</b>	<b>+0.10%</b>	<b>0%</b>	<b>-0.10%</b>
Present value of total obligation	16,707	16,299	15,901
<b>Adjustment to mortality age rising assumption</b>	<b>+1 Year</b>	<b>None</b>	<b>-1 Year</b>
Present value of total obligation	17,019	16,299	15,612

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

	2021/22	2020/21
	£'000	£'000
(Decrease)/Increase in Lottery Funds Before Taxation	(10,103)	11,746
(Increase)/Decrease in Receivables	71	(23)
(Decrease)/Increase in Payables	(1,155)	6,473
Amortisation of Intangible Assets	20	5
Interest Receivable	(1)	(1)
Decrease/(Increase) in NLDF	6,690	(22,005)
Pension Scheme: Non-Cash Movement	893	293
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>	<b>(3,585)</b>	<b>(3,512)</b>

### 14. Change in Cash and Cash Equivalents

	2021/22	2020/21
	£'000	£'000
Opening Cash Balance	17,541	21,067
Net Cash Inflow/(Outflow)	(3,612)	(3,526)
<b>Cash and Bank Balances at Year End</b>	<b>13,929</b>	<b>17,541</b>

### 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 £82.55m or 99.8% (2020/21, £82.76m or 99.99%) 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 £35.546m (2020/21, £42.236m). In the year the average return on these investments was 0.30% (2020/21, 0.15%). 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 £13.929m (2020/21, £17.541m). 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 2022, UK Sport Lottery Fund had no contingent liabilities requiring disclosure.

## **17. Capital Commitments**

As at 31 March 2022, the Lottery Fund had made no commitments to purchase further capital equipment (31/03/21, £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 2021/22 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
		Grant expenditure	52,659
		Other costs	5,700

Person	Other related appointments	Transaction/Balance (e.g. grant)	Amounts (£)
John Dowson UK Sport Board (Member) Group Audit & Risk Committee (Member)	English Institute of Sport (Chair)	Recharged income, grant expenditure and other costs	See above
Vic Luck Group Audit & Risk Committee (Member)	English Institute of Sport (Director)	Recharged income, grant expenditure and other costs	See above
Mel Young UK Sport Board (Member)	Sport Scotland (Chair)	Grant expenditure	264,000

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