



Minutes of the UK Sport Board Meeting held on 1st October 2008 at UK Sport

Present

Chair Sue Campbell

Attendees:

Philip Carling
Chris Holmes
Nigel Walker
Rod Carr
Nick Bitel
Louise Martin
Dominic Walsh
Ged Roddy On behalf of Sport England

UK Sport Staff

John Steele Chief Executive
Tim Hollingsworth Director of Policy & Communications
Liz Nicholl Director of Elite Sport
David Cole Business Support Director
Andy Parkinson Acting Director, Drug Free Sport
Chris Walker Finance Director

In attendance

Simon Le Fevre Head of Operations – Perf Dir.(all)
Peter Keen Head of Performance (all)
Neil Page Investment Coordinator (Items 1-7)
Vijay Parbat Legal Advisor (Items 7.3 & 11)
Russ Langley Head of Communications (Items 1-7 & 11)
Debbie Lye Head of International (Item 12)
Will Calvert Head of Finance (Item 12)
Derek Mapp BABA (Item 11.2)

Board Secretary

Aimee Twine UK Sport

1. Introduction and Apologies for Absence

Action

The Chair welcomed Members to the meeting. Russell Langley, Peter Keen, Simon Le Fevre & Neil Page joined the meeting.

Chair thanked the Board Members for all their support over the last few years as Team GB results in Beijing were a testament to the work of the Board.

Chair congratulated Dominic Walsh on his permanent appointment as Chair of Sports Council Northern Ireland.

Chair also thanked Nick Bitel on behalf of the Board and staff of UK Sport for all his work serving on the UK Sport Board as his second term is due to end in November.

Board Members extended their congratulations to the Chair on her recent appointment to the House of Lords.

No apologies were received.

2. Declaration of Interest

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

Simon Le Fevre asked for it to be noted that, should it be relevant, he is currently the sole director of Boxing Performance Management Ltd for Item 11.2

Rod Carr declared an interest in Item 7.1 as CEO of RYA. Chair asked that he remove himself from discussion for the relevant sections of this item.

Nick Bitel declared an interest in the Major Events section of the Executive Team Report as Chair of the Major Events Panel. Chair asked that he remove himself from discussion for this item.

3. Approval of Minutes

Members agreed and signed off the minutes of 25th June 2008 as an accurate record.

4. Matters Arising

No matters arising

5. Board Events Calendar

Members accepted paper UKS 40 2008.

Louise Martin asked that the Scotland National Events Conference be added on 2nd December 2008.

6. Secretary of State and Permanent Secretary

Chair advised that both the Secretary of State and Permanent Secretary had decided that they would not attend the Board meeting as they felt that there was little further to share since the last meeting. Chair had met with the SoS the day before who advised that they are still working to find a solution to the £100m funding issues including schemes through which to attract private investment. The Chair will keep Members updated as further information emerges.

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7. Key Funding Issues

7.1 Olympic / Paralympic Funding & Contingency Planning

a) Update on the Review of the Paralympic Investment Strategy 2005-9

- Liz Nicholl presented to members giving an update on the recent review conducted for UK Sport by Wharton Consulting. This was positioned to inform the approach to 2009-13 funding.
- UK Sport's work in supporting Paralympic sports would come into sharper focus in 2009-13 through M2012. The review supported a significant increase in the Paralympic budget which, subject to resolving the £100m, was being proposed for consideration at this meeting.
- This would increase the available workforce capacity, increase the number of funded athletes (to include Learning Disability athletes as appropriate) and improve athlete support.
- LN noted that if NGB resources and capacity are increased, it may be timely for some sports to move out of the BPPS Managed Sport Programme. The review identified some challenges in UK Sport/BPA/BPPS relationships. These included some structural obstacles that impacted on the effectiveness of BPPS and the importance of BPA and BPPS sharing UK Sport's vision for M2012 and aligning with targets
- Following this Board, when the position relating to sport specific funding is clear, recommendations would be developed on investment through BPA/BPPS for Board's consideration in December. At that point there must be clarity on the terms of the BPA agreement with LOCOG relating to funding for BPA core business.
- The review also highlighted there is an opportunity to work with EIS to ensure that Paralympic knowledge is embedded into the network through specialist posts. Work on Paralympic talent should be better aligned to benefit from UK Sport's Talent campaigns and initiatives. There is a need to better align other UKS investment in events, R&I and coaching
- There is a need to build on the success of the pre Games camps; and classification issues need to be resolved, with the BPA leading on this.

Chair and Members thanked LN for the update.

b) Provisional 2009-13 funding for Olympic and Paralympic Sports

LN presented to members on how the investment principles agreed at the June Board were being activated to arrive at recommended provisional planning figures for Olympic and Paralympic sports.

- The strategic investments were based on current performance, future potential and the meritocratic allocation of costed athlete places.
- There was a clear rationale for Olympic and Paralympic costing differences

- A range of funding was being proposed for some sports as a targeted challenge.
- There would be an annual review of all grants to protect 4 year funding to highest performing sports and to reflect the economic realities of the time
- There would be a mid cycle review in 2010 for selected sports and changes could be within a 20% range. This would be managed within 2009-13 awards by giving 80% awards for last two years for selected sports
- There would be three tiers of funding – Podium; Development; Basic.
- Basic level funding would be considered if there was a serious risk to investment evidenced through M2012. This would be to cover core staff and basic preparation and would be no more than 15% of planned investment

The proposed provisional investment assumed 100% of the required budget was available. Olympic investment represented 84% of the total (a 6% budget increase), while Paralympic investment represented 16% (a 35% budget increase).

Members agreed this approach to arriving at the provisional funding figures.

c) Contingency Planning:

LN explained the approach to contingency planning:

- Four example scenarios had been prepared for Board consideration assuming £25m, £45m, £60m and £80m shortfall.
- Olympic and Paralympic sports and their provisional planning figures up to the above values were listed bottom up in one meritocratic hierarchy of relative 'excellence' based on the agreed investment principles (current performance, future potential). Above the assumed £80m shortfall, sports had been listed in a hierarchy of provisional funding figures.
- The approach in the contingency scenarios was to reduce to a basic level the funding figures for sports on a bottom up basis and to reduce related support programme budgets (e.g. EIS, Talent ID, Performance Lifestyle), on a pro rata basis reflecting reducing athlete numbers.
- In each scenario, the impact on sports, athlete numbers, 2012 medals and related support programmes such as EIS, TID, Performance Lifestyle, were shown.

Board agreed the above approach and Rod Carr then declared an interest in the sport specific detail that would follow and left the meeting.

Board then received and reviewed the proposed provisional planning figures for each sport and noted the impact in each of the contingency scenarios.

Following an open and wide ranging discussion, Members agreed the proposals and the provisional allocation of funding outlined within the £80m shortfall scenario as a starting point for contingency planning. This assumed the projected £20m upturn in lottery income over the period.

Chair thanked the team for work on the planning figures.

Rod Carr re-joined the meeting, Neil Page left the meeting.

Given Officers' clear need to start communicating with sports the outcome

of the discussions and where possible allow for planning to begin, it was also agreed that provisional funding figures and accompanying messages for sports not affected by the £80m shortfall could be communicated, but no provisional figures could be communicated at this stage for sports affected by the £80m shortfall as there was no certainty of funding.

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7.2 NGB Funding Agreement

Vijay Parbat joined the meeting.

Members agreed the following recommendations on Paper UKS 41 2008

- **Members noted the progress, assumptions and features of the new standard Grant Award Funding Agreement for 2009-13; and**
- **Members endorsed UK Sport officers taking action to seek the removal of UK Sport from the list of Non Departmental Public Bodies with regulatory powers.**

8. Beijing Review

Members noted Paper UKS 42 2008

Members thanked the organisation for their work during the Beijing cycle.

9. Corporate

9.1 Executive Team Report

John Steele introduced items for decision from the Executive Team Report

Nick Bitel left the meeting.

- Members were asked to approve the amendment of the Terms of Reference for the Major Events Panel to ensure that Nick Bitel temporarily continues as Chair of the Panel (as an independent member). Currently the Terms of Reference state that the Chair must be a UKS Board Member, but NB's term as a Board Member comes to an end in November 2008. This would be for a period of 6 months through to April 2009, to enable officer recruitment to be completed and a suitable board replacement found. **Board approved amendment to the Terms of Reference and extension of the role.**

Nick Bitel re-joined the meeting.

- Officers requested that Board approve the reduction of Mission 2012 submissions to three per year. This change would better replicate the natural cycle of sport planning and performance, address feedback from NGBs and ensure synergy and timeliness with the UKS Board meeting schedule. **Board agreed the reduction.**
- Officers asked that Board approve the appointment process for the Chair of British Performance Basketball Ltd, a wholly owned subsidiary of UK Sport following the resignation of Alistair Grey. **Members agreed and were advised that Officers would come to the December Board with the recommendation of a proposed Chair to be in post from January 2009.**
- Members asked that Officers bring a paper to the December Board meeting to discuss the role of scUK in contributing to UK Sport's future goals.

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9.2 Finance Update

Chair introduced Chris Walker as new Finance Director.

CW presented a Finance Update to members. The outturn for 2008/09 is forecast at a deficit of £5 million in line with budget. With regard to the £20m sponsorship income required for 2008/09, CW noted that the budget had been signed off on the basis of the letter from Secretary of State but the cash impact meant that UKS needed to draw down funds in the very near future. Third quarter grant payments were very significant and certainty was needed in order to proceed. JSt had spoken to the Permanent Secretary on the practicalities, who confirmed that the assurance still stands and DCMS are looking at ways to fund the commitment. JSt agreed to write again to Jonathan Stephens seeking confirmation of funding drawdown.

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CW then presented to Board an update on the London Cycle budget. Attention was drawn to the deficit of £8m and extent to which more than 80% of expenditure (£450m out of £560m) is committed on a four year basis compared to less than 50% of income currently secured. CW also highlighted the uncertainty around sponsorship and lottery income; the absence of contingency; the low level of lottery balance and the risk to availability of EYF funding across the cycle. CW then outlined the proposed response to these risks:

- reduce London cycle budget deficit to £3m by Dec'08 board
- cover shortfall in sponsorship income from the Sports contingency provisions agreed earlier in the meeting based on performance criteria.
- manage lottery income risk via funding agreement
- use any additional lottery upside to increase lottery balance
- lobby for access to EYF funding.

Members asked the Finance Director whether the budgeted EYF drawdown should also be included in the funding contingencies and were advised that this could only be achieved at the cost of further reduction in funding to Sports, but that both the Finance Director and the Chief Executive were uncomfortable with the significant degree of pressure on the budget and low level of contingency.

It was agreed that the level of financial risk and funding priorities should be reviewed again by Board at the December meeting.

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9.3 UK Sport Strategic Review

John Steele presented to Members on the UK Sport Strategic Review which outlined the vision of where UKS needs to be heading as an organisation towards 2012.

The main points highlighted in the presentation included core purposes and structure moving forward with new ways of working and next steps outlined.

Members queried whether the changes were structurally significant. JSt advised that the main purpose was towards restructuring in light of various strategic changes, as well as a shift in attitude change and better ways of working to give UKS a sharper focus.

Chair suggested that it might be appropriate to go through the plan at the Board Away Day in December to give Members more understanding. **The Board endorsed the concept and direction of the review and asked Officers to progress team structure as necessary.**

9.4 Sponsorship Risk Matrix

Tim Hollingsworth introduced paper UKS 43 2008.

Following the approval of the creation of a risk management matrix for commercial sponsorship opportunities by Board in July 2006, a request had come from Fast Track for the Board to revisit the matrix as they believe it limits their opportunities in pursuing sponsorship opportunities for 2012. Fast Track accepts that UKS should not have any association with tobacco companies but would like the restrictions on the following items to be considered for removal:

- alcohol
- fast food
- confectionary
- pharmacy and chemicals,
- betting and gaming
- isotonic and other sports drinks
- footwear and other sports equipment

Following discussion, **Board agreed to continue to protect the probity and reputation of UK Sport as a public body and maintain the current exclusions in the Risk Management Matrix and not allow any further categories to be released.**

9.5 Medal Hopes Scheme

Tim Hollingsworth introduced Item 9.5 and updated Members on the Medal Hopes scheme which had been discussed with the Board and Secretary of State at the June meeting.

Both Chair and TH had met with the Secretary of State the day before to debate the current obstacles and barriers that have been identified with the Scheme. The SoS is very keen to see the scheme become a reality although accepts that UKS has some concerns with the difficulties the scheme will create. At that meeting it was suggested that more legal advice be taken to test the image rights issue, and that the SoS meet with a number of CEOs of NGBs likely to be affected by the scheme, to discuss the impact on them in contractual terms.

Following discussion, Members determined that while they continued fully to recognise the need to support the DCMS/FT in addressing the raising of the £100m, they were concerned about the Medal Hopes scheme as proposed. In particular they objected to the proposed presentation of image rights and exclusivity and the significant burden placed on the system in terms of activation. They also were concerned by the notion that UK Sport should take direct contractual responsibility for any commercial partnerships, given previous advice to the Board from DCMS that UK Sport would not have responsibility for the scheme. Overall Members took the view that the scheme as proposed would both damage crucial UKS/NGB relations and also distract the organisation significantly from its core purpose of leading World Class success at the very time when it should be most focused.

Board accepted the route proposed of further legal advice and NGB representation to the Secretary of State, but further to that stated

that they unanimously opposed the introduction of Medal Hopes as currently proposed.

Board asked to be kept updated as further information becomes available.

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Drug Free Sport

10.1 Update on Modernisation of NADO

Andy Parkinson introduced item 10.1.

AP outlined the ongoing issues surrounding the modernisation of the NADO and advised that since the last Board, two responses had been received from the Minister specifically raising concerns about the lack of possible funding and, as a result, asking that a vesting date of 2009 be discounted. Officers however believe that an October 2009 date is key to the NADO being fully effective in time for London 2012. This view was supported by the NADO Project Board.

The Minister requested that Officers revisit the budget to address areas of concern and consider how much could be delivered of the NADO as currently constituted and funded plus a costed assessment of the absolute minimal function requirements of the new NADO. In addition, the Minister requested that the Athlete Biological Passport (ABP) programme be removed from the budget and plans. Officers agreed to draw up a separate business case for the ABP.

Following the responses, Officers re-visited the budget and by re-phasing the project, transition costs can be reduced from £3.8m to approx. £1.8m. However, four year operating cost savings over the full four year cycle are only approximately 14%. Officers noted that the total budget required is less than 3% of the Performance budget over the 4 year period.

Following consultation with the Project Team and DCMS, it was agreed the business case was now robust and accurate and will be formally submitted to the Minister by 10th October for consideration.

Officers also put forward proposals for consideration which identified redirecting unused capital spend from other NDPBs to cover the capital spend of the NADO's transition and some operating costs, and are waiting on comment from the Minister regarding this. If agreed, the terms of reference for the Project Board will be amended in agreement with DCMS to that of a Transition Board with overall responsibility for the project.

The Chair of the Project Board added that it was positive that the budget had been scaled down but queried who the Project Board reported too. Members agreed that whilst a Project Board, they report to UKS and then once established as a Transition Board they will report to the Minister. Members will be kept updated as further information becomes available.

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Chair and Members thanked the team for work achieved to date.

10.2 Scrutiny Panel Terms of Reference

Board noted Paper UKS 44 2008 and approved the amendment to the Terms of Reference of the Scrutiny Panel to include the following wording

"The panel will comprise an independent chair and a minimum of 2 members"

11. Performance

11.1 Boxing

Liz Nicholl took Members through Paper UKS 45 2008.

The paper outlined the previous history of the issues surrounding boxing; reminded Members of the decisions taken by Board at the June meeting; and noted the availability of a subsidiary company structure (currently dormant) in the event that the Board wished to activate it for the GB Boxing Performance Programme.

LN explained that since the June meeting, the Chair had followed the Board's conclusions up with ABAE to seek a way forward. The sport had put forward a new proposition to re-constitute the British body as the British Amateur Boxing Association (BABA), chaired by Derek Mapp (DM), and for BABA to take on the management of the GB Boxing Performance Programme from the ABAE. BABA will be a 'joint venture' between the three Home Countries (England, Scotland and Wales).

LN advised that Board were being asked to consider this new British Body as a potentially viable alternative to the Programme being moved to a wholly owned subsidiary of UK Sport.

Members were advised that DM would be joining the meeting to update on progress to date and to outline the purpose of the re-constituted body. Following on from the previous Board meetings' decisions, as of 30th September the existing award to ABAE had ceased. A decision was now needed as to whether BABA was at a stage where UK Sport investment could be channelled through it.

Members discussed the features of the two options now available to the Board.

Dominic Walsh gave apologies and left the meeting. Derek Mapp joined the meeting.

DM outlined his thoughts surrounding the recent unease within Boxing and outlined future plans for BABA. The constitutional structure of BABA will be the three Home Country associations and the Independent Chair (Derek Mapp) as members of the company. There will be a Management Board with full delegated responsibility for the high performance programme on which will sit three Home Nation representatives, four independent members, plus the Performance Director and the Chair. Two of these independent posts will be high performance sport competency based for which UKS will assist with advice on the appointments. This Board is scheduled to be fully in place by the end of December, with DM acting as an executive Chair.

There is concern from BABA that if UKS instigates the option of a wholly-owned subsidiary, a change in core staffing will follow and this will alienate the Home Nations and thus lose any progress made to date. DM advised that he has assurances from the Home Nations about co-operating as a body in a GB context to ensure that BABA will be managed in line with GB guidelines.

Members queried whether BABA is in a viable position to sign up to the UKS funding agreement today and operate as an organisation. They were assured by DM that it was and that (if BABA were given the mandate) the BABA accountant was going to sever the Programme's financial links with the ABAE as of 2nd October. Members also queried whether, as an

Independent Chair of BABA, DM would still be a board member of ABAE. DM advised that he would continue as a non-executive director on the ABAE Board for the foreseeable future and would declare any conflicts of interest as they arise.

Officers asked for assurances from DM that they would have necessary direct access to athletes for NADO purposes, as BABA is not recognised by the IF, and were informed that BABA fully intended to conform to WADA rules with the relevant co-operation of the Home Country associations.

Following this update, the Chair thanked DM for attending the meeting. DM thanked Members and UKS for hearing his proposals and left the meeting.

The Board then deliberated further on the options available to them and agreed that they would transfer responsibility of the GB Boxing Performance Programme from ABAE to BABA with appropriate reporting and funding conditions on the remaining grant award for this financial year to 31st March 2009. 2009-13 funding for the Programme will then be decided at the December Board meeting, subject to progress by BABA.

Russell Langley left the meeting

12. International

12.1 UK Sport International Foundation

DL and WC introduced paper UKS 46 2008 and presented to Members the background of international sporting activity within UKS.

Members agreed at the June Board meeting, with UKS now being the lead partner on International Inspiration, that a vehicle which was more fit-for-purpose was needed to carry out this strand of work. Following this, the IDS Board met twice (in July and September) and approved a way forward which saw the creation of the UK Sport International Foundation (UKSIF).

The objectives for the new UKSIF will be based on the Royal Charter with activities centred on the current international programmes (Grant in aid, International Inspiration and IDS). The governance of the foundation, financial plan and other considerations such as TUPE of current UKS staff were also presented to Members.

Members queried whether performance should be part of the focus of UKSIF but were reminded that performance sport isn't a charitable purpose. However there will be opportunities to develop elite sport initiatives with other countries through the international influence agenda as part of the budget is being directed to working with other countries on performance sport. Members welcomed the potential to create a beneficial legacy and enhance the reputation of UK Sport and the UK itself through the work of the Foundation.

Following discussion, Members agreed the following recommendations (subject to the outcome of TUPE consultations with staff):

- **Members endorsed the proposal made within this paper to establish the UK Sport International Foundation as a subsidiary company limited by guarantee with a view to establishing a charity by way of application to the Charities Commission**
- **Agreed (subject to the approval of the IDS Trustees) that the**

Foundation undertake all transferred assets, commitments and charitable objects of IDS

- **Agreed that UKSIF should manage all UK Sport's international development activities**
- **Approved that UKSIF be operational by 31 March 2009**
- **Approved a provisional grant to UKSIF of £3.96m for the next four years including £0.95m in 2009-10.**

Chair and Board thanked Will Calvert, Debbie Lye and David Cole for their contribution.

12.2 Points Based System for Managed Migration

Members noted paper UKS 47 2008 detailing recent developments and the publication from the UK Border Agency outlining its new migration system for sportspeople. Members advised that there was further information concerning wider implications for support staff operating outside the events themselves than outlined in the paper, which needs to be conveyed and DL noted this.

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Debbie Lye and Will Calvert left the meeting

13. AOB

Chair asked for input to topics for the Board Away Day in December and it was agreed the UKS Strategic Review, 2009-13 funding and the NADO separation would be discussed. The day will take place at UK Sport.

14. Date of Next Meeting

Tuesday 2nd December 2008, 0930-1630, Board Away Day