



Minutes of the UK Sport Board Meeting held on 14th September 2011

Present

Chair Sue Campbell

Attendees:

Laura McAllister
Louise Martin
Dominic Walsh
Richard Lewis
Jonathan Vickers
Mark Hanson
Rod Carr
Chris Holmes

UK Sport Staff

| | |
|--------------|---|
| Liz Nicholl | Chief Executive |
| David Cole | Director Corporate Development |
| Chris Walker | Finance Director |
| Peter Keen | Performance Director |
| Debbie Lye | Director International Development |
| Simon Morton | Director Major Events & International Relations |

Board Secretary Jackie Freeman UK Sport

1. Introduction and Apologies for Absence

Action

The Chair welcomed Members to the meeting and introduced Simon Morton to his first Board meeting following his appointment as Director of Major Events and International Relations. Apologies were received from Philip Kimberley.

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.

Richard Lewis and Rod Carr declared an interest under item 6.3 of the agenda with regard to discussions around the RFL World Cup and the ISAF Sailing World Cup.

3. Approval of Minutes

Members agreed and the Chair signed off the minutes of 28th June 2011.

4. Matters Arising

No matters arose for discussion.

5. Executive Team Report

LN introduced the Executive Team Report. The meeting was informed that the post of Director of Communications and Commercial had been offered and a formal announcement would be made once contracts had been signed.

6.1 Project 313 update – Rio Investment Principles and Process

Kevin Parker, Vikki McPherson and Duncan Jenner joined the meeting.

PKe introduced paper UKS31 and gave a presentation of the investment process for Rio 2016. The vision is for the UK to be at least as competitive in Rio 2016 as we are now but with a stronger, more sustainable high performance system. The mission is to make investment decisions that optimise performance in Rio and beyond by helping NGBs prepare and present the most credible business case for performance investment.

The performance objectives would include putting milestone targets at the heart of the investment process; staying true to the principle of *No Compromise – the right resources, for the right athletes for the right reasons*; continuing to invest in an 8-year high performance development model and strengthening the links to programmes across the Home Countries and providing support to maximise success in Glasgow 2014. The wider landscape objectives would be to help raise standards of governance, financial management and administration across the sporting landscape; evidence, reflect and increase private sector contributions to World Class Performance budgets; optimise value for money from our investments without compromising performance and to provide a clear entry point to UKS funding for new sports and a re-entry point for those “returning to form”.

PKe talked members through the process which would be communicated to sports at the annual NGB Roadshow meetings due to take place over the next two months.

PKe pointed out that each stage of the process links to specific Investment Principles. As the Board were taken through the process, the corresponding Investment Principle was reviewed and approved, as necessary. Sports would be supported by their Performance Advisers throughout the preparation of their business case and a first draft of their Rio submission would be submitted by the end of February 2012. UK Sport, in consultation with Home Countries and other stakeholders, will review and feedback on the draft submissions. NGBs would then produce a final Rio Executive Summary after London 2012 and present their case to a Rio Investment Panel in October to November 2012 with UKS Board considering and agreeing final award decisions in December 2012.

After considerable discussion, Board agreed to endorse the Rio investment process and the Investment Principles and thanked the team for the work done so far. Board requested that Investment Principle 3 be amended to include specific reference to required standards of leadership in addition to governance, financial management and administration and agreed that the Investment Principle concerning commercial sponsorship, Investment Principle 8, would continue to be refined prior to being represented to Board

in December

Kevin Parker, Duncan Jenner and Vikki McPherson left the meeting

6.2 Events Programme review

SM gave Board an update on the strategic hosting targets within the 2013-2019 Major Events Programme which had recently been considered by the team as part of a 6 monthly review process. The need to retain a flexible approach to major event programming was highlighted due to strategic changes resulting from International Federation regulations, changes to sports' strategies, and also financial changes with bids being won and lost, contingency returns, etc.

The outcome of the Programme review was:

- 7 NGBs have updated their hosting strategies and amended their targets
- 12 new events have been added and 5 targeted events being removed;
- The strategic and financial impact of these changes were reviewed and as a result the investment line was re-drawn. This had led to a net increase in 11 events to be supported within the available budget.
- The next review is scheduled for November 2011 and Board will be given an update after this point.

Members endorsed the review but asked the team to consider how the timings of events might be better co-ordinated to avoid any significant clashes. It was noted that the World Open Squash would clash with the Rugby League World Cup and this is an example of a clash of timing that UKS should consider at an early stage.

6.3 Major Events Panel Recommendations

SM introduced paper UKS 31. Board agreed

EuroNations Hockey Championships 2015 (London)

Board agreed to provide a grant of up to £500,000 towards the staging of the EuroNations Hockey Championships 2015, subject to the following specific conditions:

- £180,000 to be ringfenced as contingency and released on approval of UK Sport officers subject to demonstration of financial need.
- £100,000 to be ringfenced against the rights fee to permit negotiations with European Hockey Federation and released on approval of UK Sport Officers
- Written confirmation to be received of funding from England Hockey, London & Partners and the Hockey Foundation at the levels identified in the budget
- Any VIK or cash support provided to the event from LVRPA should be considered separate from any support provided by London.

Men's World Open Squash 2013 (Manchester)

SM explained that an application for funding had been received from England Squash and Racketball towards the bidding/staging costs of the Men's World Open Championships in 2013. A presentation had been given at the Major Events Panel but there had been concerns in respect of the plans to use the event to deliver its intended objectives. Consequently, officers had asked England Squash and Racketball for further clarification

and reassurances. This information had been circulated to Panel members in advance of the UKS Board meeting and SM confirmed that the officers were happy to recommend a grant of £285,000 to England Squash and Racketball. However, Board decided that the Major Events Panel should be given an opportunity to further question the additional information that had been provided. Due to time constraints around the bidding process, Board agreed for England Squash and Racketball to meet with a sub group of the Panel and that this sub-group should include LN as UK Sport's Accountable Officer and have the delegated authority to make the final decision.

ISAF Sailing World Cup 2013 (Weymouth)

Rod Carr declared an interest and left the meeting.

Members agreed to provide a grant of up to £260,000 towards the staging of the ISAF Sailing World Cup 2013 with the following specific conditions:

- £50,000 is ring fenced as contingency and released on approval of UK Sport Officers subject to demonstration of financial need.
- £60,000 is ringfenced for TV production costs and released on approval of UK Sport Officers
- Written confirmation to be received of RYA's £20,000 cash contribution
- Written confirmation to be received of RYA and WPNSA underwriting commitment to the event budget, which is approved by UK Sport legal adviser
- UK Sport Officers to approve final bid offering to ISAF
- The event schedule of activity for the event is to be signed off by UKS Officers
- UK Sport to have approval of contract between RYA and WPNSA
- UK Sport provide in principle support for 2014, 2015 and 2016, this is subject to presentation to the Major Events Panel for each subsequent year.

Rod Carr re-joined the meeting.

Rugby League World Cup 2013 (various locations in England and Wales)

Richard Lewis declared an interest and left the meeting.

Members discussed a funding application towards the staging of the Rugby League World Cup. SM explained that whilst UK Sport's Core Programme for major events in the 2013-2019 period was restricted to Olympic, Paralympic and Commonwealth Sports/Disciplines, the Board had previously agreed for there to be a limited level of ring-fenced funding to help support high-impact marquee events in sport outside of this scope. The Rugby League World Cup had been progressed through an assessment process adapted from that used around the Core Programme, and was considered to carry clear strategic benefits to the UK. The RFL were seeking an investment of £750,000 to support the staging of the event. After discussion, Board considered the Panel recommendation and the subsequent update from SM and DW (Panel Chair) and agreed a grant of up to £500,000 towards the staging of the Rugby League World Cup 2013 with the following specific conditions:

- UK Sport will have the right to claw-back any surplus recorded on the event up to a maximum of £250,000 at a percentage rate pro-rata to its contribution to overall budget.

- Any expenditure associated with matches staged outside of the UK will be attributed as ineligible costs
- Written confirmation to be received to confirm that the SPV will be fully guaranteed by the RFL.
- UK Sport officers to receive details of the reporting structure within the SPV
- UK Sport officers to see details of the contract to be signed with the IF
- UK Sport officers will deliver a bespoke contract in order to deliver contributions from NWDA on their behalf.

It was agreed that officers would write to the RFL to inform them of the above.

RL re-joined the meeting.

6.4 Major Events Panel Minutes

These were accepted.

6.4 Update on 2017 World Athletics Championships

SM gave a verbal update on the bidding process for the World Athletics Championships. The IAAF evaluation commission would be visiting London shortly and the result would be announced in mid-November.

7.1 Merger Update

LN had circulated a paper in advance of the meeting. Following a Steering Group meeting in August, it was agreed that DCMS would project manage the preparation of the business case going forward and a first draft has been shared with UK Sport and Sport England which laid out a number of different governance models. These models had been discussed by the Project Board and members agreed that further alternatives should be considered. The Chair of the Project Board would discuss and evaluate all options with the Chair of UKS and SE. There would then be a consultation exercise with staff and key stakeholders. It is anticipated that the Secretary of State will be making a public announcement in November/December.

7.2 Commercial Strategy update

Tom Halsey joined the meeting to give an update on UK Sport's commercial strategy following earlier discussions with Board in January. A full presentation on the proposed commercial strategy will be presented to Board in December but paper UKS 33 provided an initial update on the strategy. The headlines were:

- The BOA have confirmed that they no longer wish to continue with the Team 2012 Joint Venture in its current format beyond 2012.
- Further discussions still need to take place with the BPA, but it is likely that they will wish to develop their own ParalympicsGB brand beyond 2012; although they have also indicated that they are open to the suggestion of a joint venture commercial programme
- UKS has undertaken a consultation exercise with representatives from 13 NGBs to gain input into the strategy document. The consultation process resulted in some common themes going forward and Sports are interested in how UK Sport can help them drive commercial revenues which links in with their own plans
- UKS set up a meeting with Sir Keith Mills and 5 NGBs to consider a centralised approach for commercial fundraising. An outcome of this meeting was to appoint the Sports Marketing and Management (SMAM) agency to develop a proposition for a British Sport Commercial Programme. Each of the 5 NGBs had contributed to the costs of this work. This feasibility study would be undertaken and

SMAM would present their findings in September.

- UKS had also appointed Generate Helios to conduct a Commercial Asset Valuation report to help UK Sport assess the strength of its commercial offering in the current marketplace.

The strategy will continue to be developed over the next few months and it is hoped that a full discussion will take place at the Board meeting in December.

7.3 Finance Update

CW introduced paper UKS 34. He reported that Accounts have now been finalised and laid before Parliament. The full year forecast outturn as at 31st July 2011 is to breakeven on Exchequer funds and for a surplus of £4.3m on the Lottery funds, compared to a budget of breakeven and a surplus of £0.6m respectively.

Board noted the National Audit Office management letter for the 2010-11 financial statement audit. CW pointed out that the NAO had raised concerns around the means testing of Athlete Personal Awards and the risk of UK Sport making payments based on incorrect income information provided by athletes. Discussions are currently underway to work with Moore Stephens to undertake sample checks on the income information provided by athletes. The Athlete Investment Team at UK Sport have developed detailed proposals to carry out this work and once reviewed and approved by the NAO, these will be submitted to Audit Committee for approval. Board welcomed the update.

JV raised a query around the merger costs and CW confirmed that they will be shared with Sport England in proportion to our respective headcounts.

7.4 International Development Outline Strategy

Debbie Lye introduced paper UKS 35 to the meeting which summarised initial thinking that is underway to develop an international sport development strategy for 2013-18. Members were also handed a copy of the UK Sport and IDS joint brochure. The UK Sport International Directorate has mapped out a draft vision, mission and objectives for future years and a workshop had taken place with key partners at UK Sport to debate and develop the strategy. The aspiration is to develop a 'single strategy' agreed with UK partners, in particular the British Council the Youth Sport Trust, the BOF and the BPA. The Workshop confirmed that UK Sport is the partner with the greatest expertise, track record and interest in this area and should therefore take leadership responsibility. There remains potential for continuing partnership with the British Council, but their strategy does not prioritise sport, and they are focusing on generating income rather than funding programmes as in the past. Therefore it is not realistic to expect the British Council to commit resources or to take an active interest in developing a strategy unless funding were to be guaranteed.

Board were keen to see a closer link with the work of the UK Sport Major Events team, in particular working with key major events coming to the UK and to consider building an international legacy commitment into future bids, and International Relations.

Members were keen that the geographic focus of future work should look world wide and not just shadow Government strategy in specific areas. It was also hoped that UK Sport would look at commercial sponsorship for which IDS provides a vehicle, subject to agreement with IDS Trustees

The proposed principles of the strategy would be further refined and discussed with government departments with a view to Ministerial sign off before the end of 2012.

DL would be meeting with DCMS to discuss the strategy with them.

Board endorsed the direction of travel.

7.5 Board Events Calendar

This was noted.

8 Any Other Business

9 Date of next meeting: 7th December 2011