



Minutes of the UK Sport Board Meeting held on 8th December 2009

The meeting was held in the Boardroom of the England Hockey Headquarters at Bisham Abbey

Present

Chair Sue Campbell

Attendees:

Philip Carling
Nigel Walker
Rod Carr
Philip Kimberley
Chris Holmes (part)
Dominic Walsh
Louise Martin
Richard Lewis
Jonathan Vickers

UK Sport Staff

John Steele	Chief Executive
Liz Nicholl	Chief Operating Officer
Tim Hollingsworth	Director, Policy & Communications
David Cole	Business Support Director
Andy Parkinson	Director, Drug Free Sport
Chris Walker	Finance Director
Peter Keen	Performance Director

In attendance

Simon Le Fevre	Head of Investment & Governance
Ben Calveley (part)	Head of International Relations
Vijay Parbat (part)	Legal advisor

Board Secretary

Jackie Freeman UK Sport

Introduction and Apologies for Absence

Action

The Chair welcomed everybody to the meeting.

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.

Approval of Minutes

Members agreed and the Chair signed off the minutes of 24th September 2009.

Matters Arising

PKy referred to a feasibility study for hosting world class events in 2014 at the London legacy facilities. In discussions there were clear signals back that the LDA will not be supporting sports post 2012 and any such requests would have to be directed through the GLA. This could be an issue for sports and it was felt clarity was needed. LN confirmed that UKS is in discussion with the DCMS, Events for London and the Olympic Park Legacy Company and she would keep the Board informed.

Executive Team Report

JS introduced the Executive Team report.

International Inspiration and International Development

Trinidad & Tobago was launched in November at the same time as other International Development activity, and it was felt that in future timings should be carefully looked at to avoid duplication.

Policy & Public Affairs

Equality – RC felt NGBs were finding work on the Equality Standard difficult due to difference pace of work and requirements of HCSCs. He said it would be much easier to work to an agreed UK timetable. TH agreed to pick this up. He also highlighted the fact that the UK Sport Equality Strategy would be presented at a Board meeting in early 2010.

UKS

Sportscoach UK

PKy reported that the position of Chair had been openly advertised and, after interviews, the position had been offered to Chris Ballieu. He will take over as Chair from PKy in mid-January. Candidates for the interviewing panel for the CEO are now being considered and it was hoped to recruit a CEO towards the end of the first quarter 2010.

Season Update

JS gave a verbal report of progress made this year. He reported that for both Olympic and Paralympic sports actual performance was higher than targeted. Momentum has been maintained in many sports and for others there had been significant breakthroughs.

Finance Update

CW gave a financial overview of the year to date. Lottery income has held up and DCMS has issued revised lottery income projections which show additional income over the cycle of £3m. UK Sport lottery balance is projected to fall below £10m over the next two years and the recommendation from Audit Committee was to use this potential upside to ensure the cashflow demands of existing awards can be met in full rather than fund additional awards. It was noted that there is a residual risk that this upside could be sought by DCMS to offset against exchequer funding.

Board agreed to endorse this approach.

CW reported that UKS share of income from Team 2012 was estimated at £6.5m relating to VISA and assuming £1m from additional sources. Of this £2.5m would be accounted for in 2009/10. The forecast had been considered by Audit Committee and agreed as reasonable.

The Chair reported on discussions with DCMS on the required £2.5m claw back. Subsequent to September Board, DCMS had also challenged the treatment of the £9m additional Exchequer funding agreed in December 2008. The Chair had met with the Minister to discuss both issues and a repayment schedule for the £2.5m over three years had been agreed. While the requirement for a repayment of £9m had been removed, it was decided that a letter would be sent from the Chair to state Board's concern over the original request. Board to be copied in to the letter.

UKS

CW reported that discussions had been held with representatives of the LPFA Pension Fund and early indications are that there will be an increase in employer contribution rates across the scheme as a result of the forthcoming triennial valuation. UK Sport will have to consider various options in due course but no final decision is required at this stage and recommendation was put to Board that an additional £100,000 be budgeted in 2010/11 towards the anticipated increased employer contribution rate. It was noted that there may be additional costs dependant on the circumstances of each employer, which could not be identified at this stage. **Board agreed this approach pending outcome of the triennial valuation.**

Annual Investment Review

LN referred the Board to the decision taken at its 24 September 2009 Meeting to confirm UK Sport's investment for the 2010/13 period as far as possible, in order to give sports as much certainty as feasible, but recognizing the changed economic environment. By making decisions now, it will bring forward the strategic focus from 2010, thus allowing the summer Olympic and Paralympic sports to maximize performance gains up to London 2012.

JSt reminded Members of the investment principles that the Board had previously agreed to apply to all these funding decisions. He drew particular attention to UK Sport's mandate to maximize the impact of public funding on excellence in the London 2012 Games, in which medals achieved will be a major measure.

Further to the financial update Board reviewed the available UK Sport budget for the 2009/2013 cycle. CW explained that within the budget for sports the current inflation assumption was 2.99% whereas the CPI rate had recently been at a considerably lower level. **It was therefore proposed, and agreed by Board, that a rate of 1.5% would be applied to the 33 'fully funded' sports and partners, including UK Sport thereby making a further £6.5million available.**

The Board noted that this inflation rate adjustment would make a further £6.5million available within the 2009/13 period; and CW explained that an additional £6.5m of new funds was now forecast to come from Team 2012. The Board felt it would be prudent to keep track of the inflation rate as part of the background to investment decisions. It was also decided to keep track of the impact of exchange rates on the sector.

The Board then moved to consider potential allocations of these budget amounts, with the Chair noting that discussion would focus on situations where there was significant change since the funding decisions reached a year ago.

LN explained the process for the Annual Investment Review which had been used to generate UK Sport officers' recommendations. This process included assessment by the internal Investment Review group of sports' achievements against current medal and/or placings targets and of their efforts to develop their athletes' future potential. It also included a review of Key Governance Indicators.

After discussion, the Board confirmed that it understood the process, and agreed that communication to sports governing bodies was important so that they fully understood how this process worked. TH also re-assured the Board that all sports would be contacted about the funding decisions in the period immediately after the Board meeting and in advance of the press conference on Thursday 10 December.

A spreadsheet setting out potential funding allocations across the Olympic and Paralympic Summer Sports was tabled for consideration by the Board. Members noted that the overall performance perspective on the great majority of sports was that they were on track, meaning that their future funding would only be affected, at this review point, by the downward adjustment of the inflation rate for the remainder of the 2009/13 period.

Officers presented a summary of the outcomes of the Annual Investment Review in respect of those sports assessed as being 'outliers': i.e. significantly ahead of, or behind, their expected performance track:

- **Olympic Athletics**

The Board noted that, in reaching the conclusion that Athletics was an outlier, UK Sport officers had considered:

- the total of medals won at the World Championships, particularly in relays, was at the top end of Athletics' target range;
- athletes qualified for A and B level awards exceeded the number of places currently allocated; and
- Athletics currently had the smallest allocation of podium places in the top six sports.

After discussion, **the Board agreed an increase in the 2009/2013 grant award to Athletics of £504,000** (a reduction of £37,900 after the inflation rate adjustment).

- **Badminton**

The Board noted that, in reaching the conclusion that Badminton was an outlier, UK Sport officers had considered:

- the challenge of benchmarking as a result of the withdrawal from the World Championships;
- recent retirements of key athletes and the recent change of Performance Director;
- a performance profile indicating that the sport is unlikely to achieve the top end of its medal range; and
- the merits of investment in Badminton relative to medal potential in

other sports.

After discussion, **the Board agreed a reduction in the 2009/2013 grant award to Badminton of £500,000** (a reduction of £661,000 after the inflation rate adjustment).

▪ **Olympic Table Tennis**

The Board noted that, in reaching the conclusion that Table Tennis was an outlier, UK Sport officers had considered:

- a lack of performance progress against the sport's targets;
- the sport had recognized the challenges some time ago – including in discussions following the Mission 2012 Panel's review – but had not yet addressed them;
- this inertia caused concern as an indicator of poor leadership; and that
- there would need to be evidence of radical change to attract more funding.

After discussion, **the Board therefore agreed to defer a decision on any additional funding for Table Tennis to the Annual Investment Review at the end of 2010**, in the hope that there might be a convincing case at that time.

Officers presented a summary of the outcomes of the Annual Investment Review in respect of the remaining sports (excluding Olympic Table Tennis) that had received 'basic' funding from the December 2008 Board Meeting:

▪ **Basic Funded Sports**

The Board noted that, in making the recommendation of additional funding for the remaining 11 of the 12 sports receiving 'basic funding', UK Sport officers had considered:

- 'basic' funding had originally been allocated, as for other sports, in proportion to relative performance and potential merits, but at 26% of the optimal level;
- 11 sports had risen to the challenge and performed well by focusing the limited support available on key athletes, undertaking significant change, and by effective use of 'front loading' their spend; and
- taking the opportunity to raise the level of 'basic' funding to 52% would maintain momentum for these sports towards creditable performances at London 2012.

After discussion, **the Board agreed to allocate £10,100,000 to double the 2009/13 grant awards for these sports.**

▪ **Olympic and Paralympic Volleyball**

The Board noted that Volleyball was the only sport with all three of its sport's disciplines on 'basic' funding. While making no exception to the way in which funding decisions had been taken on a discipline-by-discipline basis, **the Board agreed to confirm Volleyball's discretion to manage its grant awards for 2009/13 to best effect**

across all three disciplines.

Officers then presented a summary of the outcomes of the Annual Investment Review in respect of those sports where there had been significant change to the events programme:

▪ **Boxing**

The Board noted that, in making the recommendation of additional funding for Boxing, UK Sport officers had considered the:

- recent IOC announcement of the inclusion of 3 women's boxing events into the 2012 Olympic programme and the reduction of the men's programme from 11 to 10 events;
- loss of men's talent to the professional ranks; and
- that it was the inclusion of the women's programme that made achievement of the sport's high end medal target more likely.

After discussion, **the Board agreed an increase in the 2009/13 grant award to Boxing of £1,110,000** (an increase of £950,000 after the inflation rate adjustment), with an expectation that the greater proportion of the additional funding would be spent on the women's programme.

▪ **Intellectual/Learning Disability Athletes**

The Board took note of the recent decision by the IPC to re-admit Intellectual/Learning Disability athletes into competition events at the London 2012 Paralympic Games. Clarity on the specific events and classification standards was not, however, expected until spring 2010 at the earliest. This was likely to create additional medal potential in Paralympic swimming, athletics, table tennis and rowing; which might require funding of a total of between 15 and 20 athletes across these sports over the 2.5 years to the London Games

The Board therefore agreed to set aside a contingency of £1,060,000 in anticipation of reaching funding decisions on intellectual/learning disability athletes in the summer of 2010. The Board also asked officers to keep a watching brief over the classification process to ensure that it is robust.

Officers then presented a summary of the outcomes of the Annual Investment Review in respect of those sports where significant governance issues had been identified:

▪ **Fencing**

The Board noted that, in recommending that specific conditions be attached to the 2009/13 grant award for Fencing, UK Sport officers had considered:

- good performance progress towards the sport's medal targets, within a more focused programme; and
- the draft outcome of the recent Management Audit of British Fencing, carried out by AHL Ltd for UK Sport, being 'no assurance' with regard to governance and leadership matters, although British

Fencing remained financially viable.

After discussion, **the Board agreed to proceed with the 2009/13 grant award to Fencing, but for officers to include specific conditions regarding the completion of an agreed action plan to address the issues identified in the Management Audit, with the flow of funds linked to progress against that plan.**

▪ **Taekwondo**

The Board noted that, in recommending that specific conditions be attached to the 2009/13 grant award for Taekwondo, UK Sport officers had considered:

- Olympic Taekwondo needed to set realistic targets in the light of rule changes and the sport's experience of injuries, but that there remained potential for a multi-medal outcome in 2012; and
- Intensive attention by the sport to structure, governance and management issues was required to fully achieve this turn around.

After discussion, **the Board agreed to proceed with the 2009/13 grant award to Taekwondo, but for officers to include specific conditions regarding the completion of an agreed action plan to address the issues, as identified in a Management Audit to be carried out by AHL Ltd for UK Sport, and with the flow of funds linked to progress against that plan.**

Officers then presented a summary of the outcomes of the Annual Investment Review in respect of those sports which, under the funding option chosen by the government in 2005, fell outside UK Sport's primary investment programme:

▪ **Wheelchair Tennis**

RL declared an interest regarding Wheelchair Tennis and abstained from the discussions.

The Board noted that, in making the recommendation for additional funding to Wheelchair Tennis, UK Sport officers had considered:

- programme funding being provided by the Tennis Foundation, which benefits from commercial income from the LTA;
- the willingness of the sport to engage in, and add value to, Mission 2012;
- current performance indicating medal potential at the London Paralympic Games.

After discussion, the Board agreed to provide Athlete Personal Award funding of £230,000 to Wheelchair Tennis for the period 2011/13.

▪ **Paralympic Football**

The Board noted that, in making the recommendation not to give funding to Paralympic, UK Sport officers had considered:

- The sport's profile indicates creditable performance, but not medal

potential, in the London 2012 Paralympic Games; and

- The FA and other partners have capacity to fund the sport's programme.

The Board therefore agreed to maintain the position of UK Sport not funding Paralympic Football.

NW left the meeting.

Officers then presented a summary of the outcomes of the Annual Investment Review in respect of other relevant considerations and contingencies.

The Board noted that the forecast of available funding did not, at this time, provide sufficient resources to include a contingency for any increase in funding for Winter Sports if there was significant out-performance by Team GB in the Vancouver Winter Olympic and Paralympic Games.

The Board agreed, as part of giving greater certainty in the run-up to London 2012, for the relevant 13 sports, the conversion of their 2009/13 funding into full four year awards, rather than having only planning figures for the final two years, 2011/13.

Noting that UK Sport was, through Team 2012, now necessarily active in private sector fund-raising – and would be beyond 2012 – Members suggested that UK Sport needs a better understanding of sponsorship and commercial funds flows into the high performance sports sector. It was decided that this would be looked at further and officers would report back to the Board in due course.

TH explained the process for communicating the above decisions and information to all sports; and it was confirmed that formal Grant Funding Award Letters would go out to all funded sports after the Board meeting on 30 January 2010, in advance of the new financial year starting on 1st April 2010. Members noted that this would allow the Board on 30 January 2010 to consider feedback, and any representations, from the sports in respect of the funding decisions and adjustments just agreed.

At the end of the discussions, the Chair summed up the feeling of the meeting that the decisions just agreed by the Board give the whole mission purpose, stability and the direction which it needs.

UKS 48 – International Relations

Ben Calveley joined the meeting and introduced paper UKS 48 which set out proposals for the future strategic direction of UK Sport's international relations work.

The paper was discussed thoroughly by Board. **Board approved the proposed mission for the International Relations work area; to establish the UK as the best informed, connected and most influential nation in world sport.**

Board endorsed the five reasons for wanting to achieve this mission:

- **to support the UK's performance ambitions in the build up to and beyond 2012;**
- **to support the UK's event hosting aspirations in the build up to and beyond 2012;**
- **to deliver a tangible people legacy from London 2012;**
- **to provide a means of collectively influencing;**
- **to position the UK at the forefront of international elite sport.**

In recognising the five reasons for wanting to achieve the mission, Board made clear its opinion that the UK should be working in partnership with NGBs, International Federations and others to protect and promote international elite sport because it is the right thing to do. It was recognised that the time to work towards the mission is now and that the opportunity we have to increase the influence of the UK should not be missed.

Board also acknowledged the need for UK Sport people development programmes, such as the International Leadership Programme, to continue developing the skills of those operating internationally.

Board asked the Executive Team to consider ways to make the full extension of the programme possible and recommended that Officers speak to Home Country Sports Councils to establish whether any funding streams may be made available in support of the mission.

Board acknowledged the need for the International Relations team to develop a comprehensive strategy outlining the date by when the mission will be achieved, the process for achieving that mission and including annual targets in order that progress can be tracked. It also acknowledged that the current budget for International Relations does not allow for the full extension of the programme and that the mission cannot be achieved with current levels of human resource.

BC left the meeting.

UKS 49 - UK Sport Intellectual Property for Sky Professional Cycling Team

TH presented paper UKS 49 to the meeting. With the launch of the newly formed British Cycling Sky professional team (Team Sky), requests have come from the sport to access intellectual property previously acquired for the World Class Performance Programme to support the delivery of bespoke products to Team Sky. Two options were put to Board for consideration and after discussion it was agreed that in order to maximise the opportunities and minimise risks for UK Sport and future working relationships, a legal framework with appropriate due diligence, commercial and legal protection for UK Sport be put in place in relation to the partnership agreement between Team Sky and UK Sport. This would outline specific agreements and shared benefits from shared knowledge and insights, for the benefit of all GB Olympic and Paralympic sports. This would be managed through UK Sport's Research & Innovation programme according to the core terms and conditions.

Board agreed to Option 2: a legal framework in relation to the partnership agreement between Team Sky and UK Sport.

UKS 50 Mission 2012 update

LN introduced paper UKS 50 and gave an update on the fourth quarter (end of season) reviews for Mission 2012. The report updated members on recent Mission 2012 developments and also provided a summary of traffic light changes made, emerging themes and next steps. As there were no overall Red rated sports, there were no Panel recommendations for Board to consider. Members noted that the challenges of the mission would increase as sports got nearer to the top level and it was important for all sports to have a shared sense of direction rather than an imposed one.

UKS 51 and UKS 52 Recommendations of Major Events Panel

Board approved the minutes of the Major Events Panel held on 3 November 2009 and endorsed the following recommendations on awards to be made from the World Class Events Programme:

1.1 ITU World Championship Series 2010

Members agreed to recommend that UK Sport provide a grant of up to £280,000 towards the staging of the ITU World Championship Series 2010, of which £50,000 is ring-fenced as the event contingency only to be released on approval of UK Sport Officers and a further £120,000 is ring-fenced for the TV production costs subject to a tender process, and from which any surplus should be added to the marketing budget subject to Officers approval. The standard conditions of award and the specific terms and conditions as recommended in Paper 03 should be met.

1.2 Boccia World Cup 2011

Members agreed to recommend that UK Sport provide a grant of up to £143,000 towards the staging of the Boccia World Cup 2011, of which £63,000 is ring-fenced as the event contingency only to be released on approval of UK Sport Officers. The standard conditions of award and the specific terms and conditions as recommended in Paper 04 should be met including confirmation that the underwrite provided by the University of Ulster will specifically cover any partner funding shortfall.

UKS 53 Board Events Calendar

It was noted that the next meeting of the UK Sport Audit Committee would take place on 20th January 2010.

Any Other Business

Date of next meeting

The next meeting will take place on 27th January 2010.