



**Minutes of the UK Sport Board Meeting held
on 7 December 2016
at
UK Sport, 21 Bloomsbury Street, WC1B 3HF**

Present

Chair

Rod Carr

Attendees:

Nicky Roche
Nick Bitel
Lis Astall
Mel Young
John Dowson
Neil Chugani
Sarah Springman

Nick Pontefract DCMS
John Steele Observer

UK Sport Staff

Liz Nicholl Chief Executive
Simon Morton Chief Operating Officer
Chelsea Warr Director of Performance
Vanessa Wilson Director of Commercial & Communications

Sophie du Sautoy Director of Finance, Investment & Business
Services

Paul Buxton Head of Performance Policy & Investment (Item
10)

Kevin Parker Knowledge and Information Manager (PERF),
Performance, Policy and Investment

Krystle Fonyonga Senior In-House Lawyer

Board Secretary

Jordana Wicks

1. Introduction and Apologies for Absence

ACTION

The Chair welcomed members to the meeting. Apologies were received from Brian Delaney.

Chair explained that the Minister for Sport in Wales has suspended the Sport Wales Board therefore there will be no representation on this Board from Paul Thomas or Sport Wales until further notice.

Chair advised that a new Chair has now been appointed at Sport Northern Ireland and will attend future meetings.

It was noted that Neil Chugani would need to leave the meeting temporarily at 13.50 to take a call.

2. Chair's Update

Chair stated that this meeting would be the most important in the four year cycle on account of the far-reaching decisions that would be made. He urged members to refer to the agreed 2017-21 Vision, Mission and Objectives embedded into the circulated copy of the V-MOST to aid their decision-making.

Krystle Fonyonga from the Legal Team – who was attending the meeting in the absence of Head of Legal, Vijay Parbat - was introduced and it was noted that Paul Buxton and Kevin Parker from the Performance Directorate would later be presenting on aspects of the Tokyo Investment agenda items.

3. HCSCs Update

MY (Sport Scotland) spoke about their awards season and the celebration of sport in Scotland. He reported that vacancies on the Sport Scotland Board had been advertised and that there had been a very pleasing response. It was also noted that the Scottish government would be setting their budget in the next week.

NB (Sport England) reported that a new strategy for coaching and volunteering had been developed. The Sport England Board would be meeting the following week with a key agenda item being the consideration of funding for the 'core market'.

4. Declaration of Interest

Members were reminded of the need to declare their actual or potential conflicts of interest in any items requiring a decision and to remove themselves from such decision making. It was stressed by the Chair that this would be particularly important for this meeting and as such, JD had not received any papers with reference to Boccia and JS had not received the paper concerning the English Institute of Sport.

These interests were noted and the members affected were asked to leave the room when these areas were being discussed.

Other actual or potential conflicts raised were:

- Sarah Springman and Triathlon and Rowing
- Lis Astall and Equestrian
- Nicky Roche and Equestrian
- Neil Chugani and Rowing
- Rod Carr and Sailing.

5. Approval of the Minutes

A member requested a minor amendment to item 7.2 to reflect the fact that the question, in respect of a survey, was in respect of potential double counting as well as methodology. With this amendment agreed, the minutes were approved as true record of the meeting.

6. Matters Arising

Chair reported that approval has been given for the Board to appoint an additional two members. Recruitment has not yet commenced as the appointment of a new Chair must take priority, however it was anticipated that these vacancies would be made public in the coming days and the timing could possibly align with an incoming Chair.

Chair advised that he would be arranging to meet new Ministers in Scotland, Wales and Northern Ireland when recent issues had been resolved.

LN referred the Board to the action log. There was not anything material to draw the Board's attention to, however the board received a summary from SM of a recent meeting of the Eligibility Sub-Committee, where the cases of two athletes were heard.

A Board member requested an update on the internal review into British Cycling. LN advised that the review is now in its last phase, with the intention being for it to conclude before the end of the year. Next steps are to be discussed with British Cycling, however Board will be invited to review the outcomes and actions before they are made public. Chair advised that he is to be involved in the recruitment of a new CEO for Cycling, whilst CW is involved with the appointment of a new Performance Director.

7. Executive Team Report

LN referred Board to the ETR, commenting that it had been an extremely busy time at UKS with huge volumes of work conducted to reach the investment recommendations being discussed at this meeting.

LN referred to a final draft MOU on Talent between UKS and Sport England which had been circulated in hard format. Board were invited to submit any comments and it was noted that similar opportunities will be offered to the other home nations.

BOARD

8. Strategic and Financial Planning for the Tokyo cycle

Chair formally recorded his thanks to NP and the Executive for their hard work over recent weeks in securing the government underwrite on National Lottery income over the Tokyo Cycle

LN gave context to the recommendations and reminded Board that these have been driven by the strategic planning process undertaken by the organisation over the last 15 months and the Vision, Mission and

Objectives agreed by Board. Board were being presented with a series of papers following on from the October Board meeting to consider the balanced portfolio of investments across the business.

Chair referred Board to the letter received from DCMS confirming a government underwrite over the next 3 years, for National Lottery income shortfalls below the level assumed at the time of the Spending Review in 2015 to a cap of £25m per annum. The underwrite is contingent upon DCMS having the capacity to meet the underwrite from areas that it had identified and the letter acknowledged that DCMS was confident of its ability to do this. Board discussed the risks around the underwrite not being met and the contingency options. Board noted the conditions attached to the underwrite and discussed the potential risks. Board also discussed the risk of a lottery decline to a level beyond £25m a year. Board were assured by the Executive that £25m a year underwrite provides a substantial buffer against even the very worst current projections.

Board discussed the requirement from DCMS for UKS to “take all reasonable actions to generate additional income and make efficiencies to reduce the potential call on the underwrite.”

Board requested to have a discussion around The National Lottery strategy at a further meeting.

Board requested that DCMS make these terms certain and clearly define what ‘reasonable actions’ and ‘best endeavours’ look like, which NP agreed to do. DCMS

8.1 2017-21 Financial Plan

SdS introduced UKS 67 which provided the overview of the proposed investments across the business. With the government underwrite available, Board could be confident of planning on the basis of having £550m available to invest over the Cycle. SdS reminded Board of the intensive strategic and financial planning process that UKS has been through over the last 15 months.

Board discussed what work should be done to reduce the dependency of UK Sport and the High Performance System on public funding over the longer term. SdS confirmed that UKS will need to consider alternative business model options and funding mechanisms for submission to the Department by March 2018. Board expressed interest in being involved in the process of developing these options.

SdS presented the recommended financial plan for 17/21 which provided the context for agenda items 8.2 to 8.5.

8.2 Tokyo Investment – World Class Programmes

Paul Buxton presented on the key areas of the proposed WCP investments and provided an overview of the recommendations being made. Board were reminded of the decisions they were being asked to make.

On the subject of co-funding, LN confirmed UKS’s policy of only releasing investment where funding is needed, adding that co-funding Tier 1 sports will still be provided with technical advice, guidance and the opportunity to engage in people development. **Board were informed that a challenge had been received from Wheelchair Tennis about the Executive team’s recommendation to place them in co-funding**

Tier 1. It was confirmed that their formal correspondence would be shared with Board. It was agreed that until meaningful, appropriate consultation had taken place with the sport and a comprehensive paper was provided to Board, that the decision on funding for Wheelchair Tennis would be deferred until the next Board. UKS

A Board member expressed some concerns on co-funding, specifically with regards UKS driving greater efficiency in the sports they are funding, in particular the risk that sports may transfer funds from their other work into their elite programmes, therefore adversely affecting the grassroots activity. It was countered that sports should aim to reduce their dependency on public funding and should have other income streams. It is for their individual Boards to determine their priorities. An attendee expressed a concern that sports might commit to a co-funding arrangement and then not be able to follow through. LN said that this will be rigorously monitored and included in the Annual Investment Review process. Chair concluded that this should be taken into account but noted the major piece of work that is required to make the high performance system and NGBs more sustainable.

A Board member spoke about the fact that 18% of the overall WCP budgets are attributed to international travel and competition which are subject to uncertainties such as exchange rates. It was confirmed that sports had submitted their budgets before the Brexit referendum in June 2016 but were given the opportunity to adjust them afterwards if they so wished.

Board considered the proposal to fund to the bottom of Band 3 of the Merit table, i.e. those with a medal target at the minimum of their Tokyo medal range. Such an investment would enable the balanced portfolio of investments across all UK Sport objectives, including the direct and indirect World Class Performance budgets, Partners and Major Events.

Discussions followed about the funding for the individual sports and the rationale behind those that funding would not reach. Board questioned and challenged the executive on the recommendations while accepting that the previously agreed investment principles and the prioritising investment policy (and meritocratic table) had been applied. Detailed discussions were had about the potential of each sport, particularly where it was proposed that they would not receive funding. It was noted that difficult decisions had to be made based on the funds available and that it was regrettable that this was the first cycle that UKS would not be able to fund every sport with medal potential. The Board accepted the content of the Merit Table, namely the Tokyo Medal Target Ranges and associated Merit Table banding.

A Board member raised the issue of Equality and Diversity, expressing that it should be ensured that funds are going to a range of sports. LN said that while such impacts should be analysed, the funding decisions were not made through this lens, but were based purely on meritocracy in accordance with the agreed and published criteria.

Discussion was also had about the risks to be managed by UKS and those that are passed to sports (e.g. exchange rate, co-funding, inflation). It was agreed that UK Sport is primarily responsible for macro protection.

Discussion was had on Representations and Appeals and what the contingency arrangements were should a Representation or Appeal be successful. Board were reminded of the main levers and noted that it

would require a re-prioritisation of resources. LN confirmed that for the purpose of Representations, the key consideration is whether there is a significant new fact that has not been considered which shows that the sport's medal target range (and potentially the Priority Band) should be adjusted. A robust, evidence based analysis had been undertaken on medal targets, but this could be challenged.

By a majority following a vote, Board agreed to approve the application of the prioritising investment policy (and the meritocratic table) and the funding recommendation for each sport. Having considered affordability and the need to prioritise investment across UKS objectives, Board made the decision to fund to the bottom of Priority Band 3. They also approved the transmission of these decisions to sports and the media on 9 December. As a follow up however, Board noted that the total expenditure within the financial plan was, with this commitment, £554m and the Executive was asked to bring a balanced £550m budget to the next meeting.

It was agreed that a caveat should be added to Modern Pentathlon's funding relating to the number of athletes, with a view to reducing this.

Board approved the proposed approach to pursuing co-funding.

Board endorsed a minimum Annual Review allocation of £5m.

It was agreed that responsibility should be delegated to the Executive to proceed in relation to the new sports of climbing and karate where genuine medal potential already appears to be in place and to explore further the medal potential in skateboarding and surfing. A full evaluation will take place as part of the 2017 Annual Investment Review. The Board noted that a budget of £4.1m had been set aside for this purpose.

8.3 Tokyo Investment – EIS Recommendation

JS left the meeting temporarily due to a conflict of interest on this item.

CW reminded Board of the in-depth paper they had received in October on recommended investments into the EIS, noting that 93% of UK Sport funded athletes are supported by the institute.

It was explained that UKS 69 was a re-cap of this previous information, = supplemented by more information on the context of the recommended uplifts for EIS.

CW noted that the recommendations were aligned to UK Sport's objectives and had been made taking into account the fact that the margins of winning are now tighter than ever before. She then spoke about the proposed uplifts, which would be in the key areas of athlete health, performance innovation and the introduction of Heads of Performance, who would act as the single point of leadership of a multi-disciplinary team in each sport to streamline current practises.

A Board member spoke about efficiency savings and in particular, opportunities for cross-system collaboration with the Welsh and Scottish Institute.

Board were asked to make a decision on whether to invest £67.41m in EIS. Board were reminded of the robust process that EIS had undertaken and the efficiencies that had already been built in to the recommendation. The £67.41m was a substantial reduction on the £75m that had initially been sought in the EIS strategy submission. Board questioned the need for increased staffing that the plan required and also discussed how they could measure productivity within the EIS and how the return on the investment in EIS will be tracked and measured. Officers agreed to bring the main KPIs to the next meeting.

By a majority following a vote, Board agreed to approve the £67.41m investment subject to:

- **The investment to be positioned as £67.41m subject to KPIs being agreed by Board**
- **That a meeting with Scotland is arranged to explore further collaboration.**

It was confirmed that going forward, EIS would be part of the annual investment and review process.

JS returned to the meeting.

NC left the meeting temporarily to take a call.

8.4 Tokyo Investment – Partner Recommendation

Paul Buxton delivered a presentation on Partner Recommendations to supplement the information provided in UKS 70.

Board approved the following recommended investments:

British Olympic Association	No investment
British Paralympic Association	£2,500,000
Scottish Institute of Sport	£1,056,000
Sport Wales Institute	£612,000
Sports Coach UK	Up to £1,200,000

**Budget Provision
of which includes:**

Sports Resolutions UK	One year award £285,000
British Athletes Commission	One year award £131,500

Total **£1,600,000**

8.5 Major Event 17-21 and 21-25 Future Funding

SM introduced UKS 71 as an illustrative list of what the Major Events Programme might look like rather than a definitive picture.

It was explained that financially, this is a period of pressure for the programme due to 11% inflation over recent years and an 8% decline in local authority cash contributions. It was proposed that there is a 10% cut against the last cycle to £18m. Board were asked to approve the budget provision at this meeting and thereafter, Events would be put forward for their approval on a case by case basis.

Board discussed individual sports and an aspiration to spread events widely.

Board agreed to cut spend on this programme by £2m for this cycle to £18m, with an interim budget of £10.8m for Pinnacle and £7.2m for the Performance Events Programme.

8.6 Communications Plan

VW outlined the Communications Plan for the announcement of the Tokyo investment decisions on Friday 9 December and the associated risks and opportunities.

Members were advised that partners would be informed of the decisions on Thursday 8 December, followed by all sports and then the media and public the following day. It was confirmed that there would be a Press Conference at UKS offices at 14.00 and that LN would be personally emailing all unfunded athletes towards the end of the day.

VW gave an overview of the key activities and timescales going forward:

- **December 2016** - focus on careful management of the transition of sports moving off funding
- **February 2017** – Representations and Appeals
- **16 March 2017** – Tokyo Launch event with NGBs and partners
- **April 2017** – start of Tokyo cycle

8.7 Transition plan for sports and athletes

NC returned to the meeting.

Paul Buxton presented the Transition Plan for sports and athletes and it was noted that 5 sports, 66 athletes and 44 FTE staff would be affected. Direct contact would be made on Friday 9 December and the support provided would include;

- A telephone hotline (external company)
- Performance Lifestyle support to be extended for 6 months
- APAs and medical cover extended to end of June 2017
- Additional award for programme transition as required for up to 3 months
- Career advice and support offered to staff
- Assistance to NGBs in extraction from facility commitment and liabilities.

8.8 Representation and Appeals Planning

LN referred to UKS 72 on Representations and Appeals planning, noting that the process used for previous cycles would be applied once again. Specific key considerations would be where 'significant new facts' could be put forward by the sport.

Board were asked to provide their availability in early February to attend Representations and Appeals meetings at UKS offices if required, with it being stated that the meetings would require either four members, including two home nation Chairs, or six members to be quorate.

JD left the meeting due to conflict of interest on the following two items on Major Events.

9. Major Events

9.1 Major Event Panel Recommendations

SM introduced UKS 73 which recommended that GB Boccia be given an award towards the Boccia World Championships 2018 in Liverpool.

Following some comments on the events company who presented on this by Panel member NR, **Board approved this recommendation of an award of up to £390,000 to GB Boccia towards the Boccia World Championships 2018 in full as follows:**

- **Up to £350,000 towards event staging costs and;**
- **Up to £40,000 to be ring-fenced by UK Sport to contribute towards 'reserve contingency' to be shared between UK Sport, GB Boccia and the appointed management company.**

9.2 Major Event Panel Minutes

Board received and noted the minutes.

JD returned to the meeting.

10. AOB

Chair summarised a discussion meeting which took place on 29 November, attended by some members, regarding ethics and integrity issues in sport. It was agreed at this meeting that discussion should be had at a main Board meeting involving all members regarding the way forward on this subject. This could be as early as the next meeting on 1 February 2017.

The meeting concluded at 15.24pm.

11. Board Wrap Up Session (Board Only)

Members and Chair stayed for a short wrap up of the meeting.

12. Date of next meeting: 1 February 2017