

sportscotland
National Lottery
Distribution Fund

Annual Report and Accounts
for the year ended 31st March 2016

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SG/2016/246

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for the year ended 31st March 2016

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of the National Lottery etc Act 1993

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December 2016

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sportscotland

Lottery Fund

Statement of Account Prepared Pursuant to Section 35 of the National Lottery etc Act 1993

Report of the Council

Foreword

The Scottish Sports Council was established by Royal Charter in 1972 for the purposes, inter alia, “of fostering the knowledge and practice of sport and physical recreation among the public at large and the provision of facilities therefor”. On 1 July 1999 the Scottish Sports Council adopted the trading name of **sportscotland**.

Under the *National Lottery etc Act 1993*, **sportscotland** was appointed to distribute National Lottery Funds for expenditure on or connected with sport in Scotland, in accordance with the powers set out in its Royal Charter.

Under the directions given by the Scottish Ministers all distributing bodies must prepare separate statements of accounts relating to the disbursement of Lottery monies.

Format of Accounts

These accounts have been prepared in accordance with the accounts direction issued by Scottish Ministers.

THE PERFORMANCE REPORT

Overview

Chief Executive's Report

This document sets out our Annual Accounts for the period from 1 April 2015 to 31 March 2016 describing our performance and use of resources over the first year of our 2015-19 corporate plan.

During 2015-16, **sportscotland** has made significant steps towards realising our vision to build a world class sporting system for everyone in Scotland. This is part of a journey which has seen much change over the past 5 years. We are very clear about vision and direction, and have very strong working relationships with our partners. The next stage of improvement will be driven internally, looking at how we can collaborate better to fully utilise the vast skills, knowledge and expertise of our staff. One example is our newly introduced Leadership Programme which is supporting our senior managers to further improve critical leadership behaviours to underpin the successful delivery of the corporate plan.

Working at a local level to increase participation in sport has long been a focus for us and this year we not only celebrated 10 years of Active Schools but also reached a milestone of 150 community sports hubs. Not content to stop there, we are now working towards a target of 200 hubs by 2020 and have announced further funding of up to £50m into Active Schools over the four year Corporate Plan cycle. A further success has been the positive impact that the School Sports Awards has had at focusing on the availability and impact of sport in schools with many successfully reaching the gold standard. This success at a local level is made possible through our active partnership working with all 32 local authorities. 2015-16 also saw the end of our most recent Young People's Sport Panel and the recruitment of our next panel. This relationship with Scotland's young people has been extremely positive in giving those young people a greater say in the future of Scottish sport.

To progress against another key organisational priority, equalities and inclusion, we have been working with the Scottish Government and the Equality and Human Rights Commission to deliver the most extensive piece of research to date looking at who currently participates in sport and the barriers to participation. The results are already impacting on how we are working and will continue to work over 2016-17 and beyond.

In addition to our local facility investment, we provided unprecedented capital investment into new world-class national facilities. At the National Centre Inverclyde, we saw the start of a major redevelopment project to create a unique inclusive sports facility, which is due to open in spring 2017. The newly developed inclusive centre will be the first of its kind in the UK and will raise the bar by providing state-of-the-art equipment, facilities, and accommodation. It will also provide more opportunities for hosting national and international sporting events, particularly in para-sport, and will continue the tradition of developing strong club, community, school and education links throughout the local area, Scotland and the UK. This project was supported by additional investment from the Scottish Government with further resources secured through the sale of land to North Ayrshire Council to allow for the building of a new school campus.

In partnership with Heriot Watt University we also progressed the construction of Oriam National Performance Centre, which is due to open in summer 2016. This is designed to provide Scotland's top sportsmen and women with the facilities, programmes and services for them to excel on an international stage. It will also be a significant community facility, inspiring future generations of Scots to aim for sporting excellence.

I am proud of the achievements **sportscotland** has made during 2015-16 and at the end of her term of office, I would like to publicly recognise the very significant contribution Louise Martin has made as Chair of **sportscotland** over the last 8 years. I now look forward to an exciting year ahead and working with Mel Young the new Chair of the Board. Amongst other things we will focus on the build up to the Olympics and Paralympics in Rio, the further development of our school and community ambitions and taking the next steps to address inequality in sport, all helped by the resources received from the National Lottery and Scottish Government. Looking ahead, we recognise the resources available to public bodies will be tight, however we will continue to endeavour to deliver our Corporate Plan outcomes by carefully prioritising, seeking more innovative ways of delivery and achieving efficiencies wherever we can.

Purpose and activities of the organisation

sportscotland is the national agency for sport in Scotland. We are the lead agency for the development of sport and we have a clear focus in our 2015-19 Corporate Plan on building a world class sporting system for everyone in Scotland.

We are a non-departmental public body, responsible through ministers to the Scottish Parliament. We are also a National Lottery Fund distributor and we are governed by National Lottery distribution rules. We invest Scottish Government and National Lottery resources to build a world class sporting system for everyone in Scotland. We continually strive to ensure these resources are invested wisely so as to achieve best value and maximum impact.

We have a range of functions and services, including:

- providing a range of sports expertise to Scottish Government to support policy development and policy delivery through our key activities and partnerships
- leading, supporting and coordinating the key deliverers of sport, and strengthening and extending the relationships and interactions across the sporting system
- investing National Lottery and Scottish Government funding
- adding value to Scottish sport on the back of major events and our partners' investments
- delivering high-quality performance programmes and providing expert support services to Scottish athletes on the world stage through the sportscotland institute of sport
- offering high-quality courses and training opportunities for a wide range of sports participants and people working in sport
- collaborating with UK and international sporting systems to ensure Scotland's ambitions for sport are well represented and well integrated at a UK and international level
- understanding and promoting the contribution of sport to wider social and economic outcomes.

Risk Management

sportscotland achieves its risk management objectives by the continued use of a structured risk management process, designed to ensure that potential opportunities and threats are proactively and systematically identified, assessed and addressed. The risk management framework is reviewed on a regular basis. It was most recently updated in late 2015-16 with evidence gathered from internal audit recommendations, internal consultation with staff and points raised by the Audit and Risk Committee.

The risk management system in place during 2015-16 continued the internal control process with the utilisation of seven risk registers aligned to the seven portfolio groups. The portfolio groups review the registers on a quarterly basis and relevant risks are escalated to the Corporate Risk Register. The Risk Registers are part of Covalent, a workflow and performance management system which prompts relevant individuals to update quarterly.

The Corporate Risk Register is reviewed by the **sportscotland** Board annually with the Audit Committee reviewing the register every six months. The outcomes of these meetings are the provision of a control strategy/mitigation for each of the significant risks. The highest level of risks are those that are still “red” after mitigating actions have been put in place and these risks are the focus of the Senior Management Team and Board’s attention.

The significant risks, those which continue to be rated high after mitigation and therefore continue to require careful monitoring. At the end of 2015-16 there was one major risk:

Risk	Mitigation
Reduced political and financial support for sport adversely impacts sportscotland ’s ability to deliver its corporate plan	Continue to maintain close links with all stakeholders and partners and maintain close ties with Scottish Government and political parties to raise awareness of impact and value of sport

Performance summary

The mission set out in our 2015-19 Corporate Plan is to build a world class sporting system for everyone in Scotland. World class expresses our aspiration and ambition to be the best we can be at all levels in sport. We drive this ambition by focusing on continuous improvement and developing systems and processes to measure progress as we develop and support the system. We have put people and local communities at the heart of our thinking as we have evolved the sporting system, working closely with our key partners to ensure it represents our collective efforts.

sportscotland's 2015-17 Business Plan (covering the first two years of our 2015-19 corporate plan) focuses on portfolios of work and key programmes. It set out the planned allocation of investment to these portfolios and programmes during 2015-16 and outlined projected income and expenditure for 2015-16. The table below provides a summary of the allocation of resources to the various portfolios in 2015-16.

Portfolios	2015-16 Investment
Partnerships	£4,598,376
Schools and education	£13,639,284
Clubs and communities	£11,687,579
Performance sport	£11,784,649
People	£3,229,017
Places	£25,198,794
Our organisation	£2,579,877

2015-16 is the first year of our 4 year corporate plan. During this period we have refined our measurement of the impact our work is having. Our corporate plan outlines 16 new impact measures. We have developed a set of indicators which will demonstrate whether we are achieving these impacts.

This and the following section are structured around this new model. This section provides key highlights of progress which describe the impact we are having across each portfolio. The following section focuses on a performance analysis and provides baseline indicators against the impact measures which provide a sense of the scale of our work. As this new approach is being developed alongside the implementation of the new 2015-19 corporate plan, future reports will provide more in-depth indicators and trend analysis.

Partnerships

A wide range of partners contribute their time, expertise, investment and information into Scotland's sporting system. Partnerships are therefore critical to joining the system up, and we need to work with, and provide leadership to, the key players across sport. We are focussed on aligning our shared resources to deliver the best outcomes for people in Scotland.

We use our regional infrastructure to develop strong partnerships which connect national and local planning and delivery. During 2015-16 we reviewed facility access in the East and Central regions, to improve consistency. Staff also continued to provide expertise to ensure major developments fit with national and regional priorities.

We support our partners, across all Scottish Governing Bodies of sport (SGBs) and 32 local authorities, to develop effective leadership, policies and processes. We worked with four local authority partners to develop local strategies for sport and physical activity. We worked with Children 1st to provide specialist support to 36 Scottish Governing Bodies of sport (SGBs) in safeguarding children and vulnerable adults. In a 2015-16 SGB customer feedback survey 88% of 32 respondents who received support in this area felt that **sportscotland's** support was of a high or very high standard.

We continued to engage with local and national political organisations to increase their awareness and understanding of sport. In a 2015 survey MSPs rated **sportscotland** at 71% for both familiarity and favourability. This is one of the highest ratings of a public body in Scotland. We also provided high quality support to Scottish Government Ministers through our policy enquiries service and Ministerial Briefings. There was a 160% increase in enquiries over the year. In addition we provided more staff expertise at Ministerial engagements.

Schools and education

Through our investment in Active Schools we have continued to increase the number, range and quality of opportunities to encourage participation in sport with an increase of 7% in the number of activity sessions rising from 312,000 in the 2013-14 academic year to 333,000 in 2014-15 academic year. Over the same period we the number of people delivering opportunities increased by 7% from 19,232 in 2013-14 to 20,582 in the 2014-15 academic year with 86% of those delivering being volunteers.

In the 2014-15 academic year, over 100 different sports/activities were provided with pupils making over 6.1 million visits to these sessions. This success is a result of strong local partnerships between Active Schools coordinators, school staff, physical education lead officers, sports development teams and sports clubs.

We continued to work with Education Scotland to support local authorities to deliver the target of 2 hours / 2 periods of physical education per week. The Healthy Living Survey showed 98% of schools were meeting the target level of PE provision in 2015, up from 96% in the previous year. Our investment in the PE lead officers' network has meant more people have the skills to deliver quality PE. This network is also instrumental in raising the understanding and impact of PE.

During the year we invested in 18 local authorities to build a sustainable infrastructure for school sport competition. This investment has supported local staff to deliver opportunities for children and young people to participate in competitive school sport.

Active Girls continues to provide a platform to engage with girls and young women in school and the community. In 2015-16 over 600 girls have been trained in dance leadership, resulting in more opportunities for girls to take part in peer led dance sessions. This year has seen the consolidation of the learning on how to work and engage girls and young women in sport and physical activity. To help both school and community professionals enhance their ways of working, this learning will be developed and shared nationally.

The number of schools using the School Sport Awards (SSA) to self-reflect and continuously improve continues to increase. To recognise and celebrate successful PE and school sport models, we produced six case study 'snapshots' highlighting the impact and change schools are seeing after going through the self-assessment process. School engagement with the 'snapshots' has been excellent, with on average 70-100 tweets / posts received per week.

Clubs and communities

Throughout 2015-16 we continued to develop a strong network of community sport hubs (CSHs) across Scotland. Working with partners we achieved 155 active CSHs, exceeding the target of 150. We have now agreed a new target of 200 CSHs by 2020. Working with five local authority partners we provided additional support to identified hubs within the lowest 5% of Scottish Index of Multiple Deprivation (SIMD) areas. We plan to expand this support to eight partners next year.

We are working to support clubs who have aspirations to grow club membership and/or talent over a two to four year period. In 2015-16 we supported another 32 clubs through direct club investment (DCI) and continued to invest in SGBs to deploy regional managers to support clubs.

We supported the professional development of CSH Officers by delivering two national training days to help ensure the CSHs become sustainable. We also continued to develop our future club leaders by supporting young decision makers within CSHs.

Our support for a regional infrastructure during 2015-16 brought local and national partners together to help further develop the shared club sport agenda. This enabled partners to target local clubs that want to collaborate and improve the quality of club sport. We delivered two sessions to SGB heads of development to share information and encourage learning and provide networking opportunities. Across both sessions a total of 29 SGBs were represented.

Performance sport

Under performance sport we aim to build a world class system that delivers consistent success on the world stage. During 2015-16, we supported over 560 athletes through the **sportscotland** Institute of Sport and continued to deliver against the headline goals for the 2016 Rio Olympics / Paralympics, 2018 PyeongChang Winter Olympics / Paralympics and the 2018 Gold Coast Commonwealth Games. Resources were also deployed to develop athletes and sports for performance in 2020 or 2022.

Scottish athletes continue to prove that Scotland is a major contributor to British sporting success, with six medals at the IPC World Athletics Championships in October 2015 and three at the UCI Para Cycling Championships in March 2016. There was also gold medal success at the European Powerlifting Open Championships during the year and we achieved the first ever medal in Nordic Skiing at a World Cup by a British/Scottish

athlete. These programmes are funded and managed in-house by the **sportscotland** Institute.

Following consultation with sports, athletes and performance staff we are developing a new high performance strategy and structure. This will continue to take shape during 2016-17. We launched the High Performance Environments initiative and will use Oriam: Scotland's National Performance Centre for Sport as a catalyst for world class facilities, equipment and services at targeted venues throughout Scotland.

We used the high performance conference in March 2016 to learn from other disciplines across the world and benchmark our support services. This helps us attract, retain and grow world class performance specialists to support our athletes and sports.

People

Working across the organisation we developed core-themed workshops for coaches and launched a coach development app to provide a range of resources for coaches of any level and in any sport. This was accessed by over 300 coaches. 80 sport educators were engaged in a learning and development event in Glasgow in March 2016. the first of its kind. We also delivered our first live stream coaching and webinar events.

We held the Scottish Coaching, Officiating and Volunteering Awards in November 2015 to raise awareness and recognise successes in coaching and volunteering. There were 891 nominations from across Scotland, three UK finalists and two winners at a UK level.

We continued to grow and develop our work with young people as a way of engaging their views about the sporting system and how it can be improved. The Young Peoples Sport Panel members led and influenced work on the School Sport Awards and young decision makers in community sport hubs. We successfully recruited two young interns who also supported the development of these key projects.

During the year a total of 248 young people were involved for the first time in competition organiser training which was delivered by students, o Nearly 650 Young Ambassadors in schools across Scotland helped inspire and motivate their peers to participate and engage in sport and 98 young decision makers helped influence the needs of their local community sport hub.

Places

We are committed to providing a network of quality places where people can take part in sport in the school and education, club and community, or performance environments. In response we provided expert advice, guidance and support in the planning, design and investment of sports facilities. During the year we continued to develop a more integrated and more targeted 'single plan' approach to sports facilities investment with a small number of SGBs. The aim is to phase in this approach with the aim of increasing this number during 2016-17 and beyond.

In 2015-16 our investment in facilities reached an unprecedented level. We managed the implementation of projects funded from the Sports Facilities Fund, Legacy 2014 Active Places Fund and CashBack for Sports Facilities Fund. We also played a key role in managing the design and delivery of major capital projects, including Oriam: Scotland's National Performance Centre for Sport and the National Centre Inverclyde.

We developed a bid document and managed the bidding process for the proposed National Shooting Centre in Scotland. A preferred bidder was identified, and we are now working with them to develop an affordable, viable project that meets the needs of each of the shooting disciplines identified.

We supported our partners to plan for places for sport. We have now rolled out our national facility planning model to all local authorities and we are working with local authorities and SGBs to help them deliver a more strategic approach to their facilities requirements, aligned to their development plans. In our role as a statutory consultee in the planning process we also helped protect, maintain and/or enhance the capacity of pitches and playing fields affected by planning applications. Of the 73 planning applications made which affected pitches or playing fields, there was no loss of capacity in 98% of them.

We continued to share our knowledge and expertise in the design, construction and management of sports facilities with designers, owners and operators. This is primarily through the development of guidance, project case studies and technical information. We also continued to undertake research to help enhance our knowledge, an example being the impact of asset transfer for clubs and communities.

Our organisation

We are committed to building a strong foundation of knowledge and awareness about a world class sporting system. Our aim is to use this as a platform to develop, manage and deploy staff, systems and services efficiently and effectively. This will ensure that our resources are all aligned and targeted to maximise impact.

We progressed the development of My Sport and Pathway business intelligence tools. My Sport is an online portal which collates and stores consistent data across all **sportscotland** programmes and funding streams. Pathway is an interactive map designed to support operational planning which presents information at a school, club and facility level. Once fully developed this will provide the core data for monitoring and evaluating the impact of our work across the sporting system.

We managed a major research project, funded by the Equality and Human Rights Commission (EHRC), which focused on equalities in Scottish sport. The project's findings are being used to inform our actions, and those of our partners and other organisations, helping to ensure the system is inclusive.

Our corporate governance and investment processes were internally audited. These were shown to be robust in their design and operational effectiveness. Major internal reviews were also undertaken to improve our HR and ICT support and we prepared for the introduction of new procurement regulations.

Considerable cross-organisational resources have helped support the National Centre Inverclyde redevelopment project. Our support is ensuring the project is delivered on time, on budget and in line with our and our partners', expectations. The redeveloped centre will offer a unique set of inclusive sports facilities and on site accommodation as well as providing opportunities for a range of sports, schools, clubs and the community.

Going concern

The statement of financial position at 31 March 2016 shows net assets of £41.3 million. Funding for **sportscotland** in 2016-17 continues to be provided by the National Lottery Distribution Fund and there is no reason to believe that future funding and budgetary approval will not be forthcoming. It has accordingly been considered appropriate to prepare these financial statements on a 'going concern' basis.

A handwritten signature in black ink, appearing to read 'Stewart Harris', with a stylized, cursive script.

Stewart Harris

Chief Executive & Accountable Officer

24 August 2016

Performance analysis

Progress against our outcomes

Our corporate plan outlines our mission to develop a world class sporting system for everyone in Scotland. **sportscotland**'s contribution to the sporting system is measured through our contribution to impact measures aligned against the outcomes and the enablers.

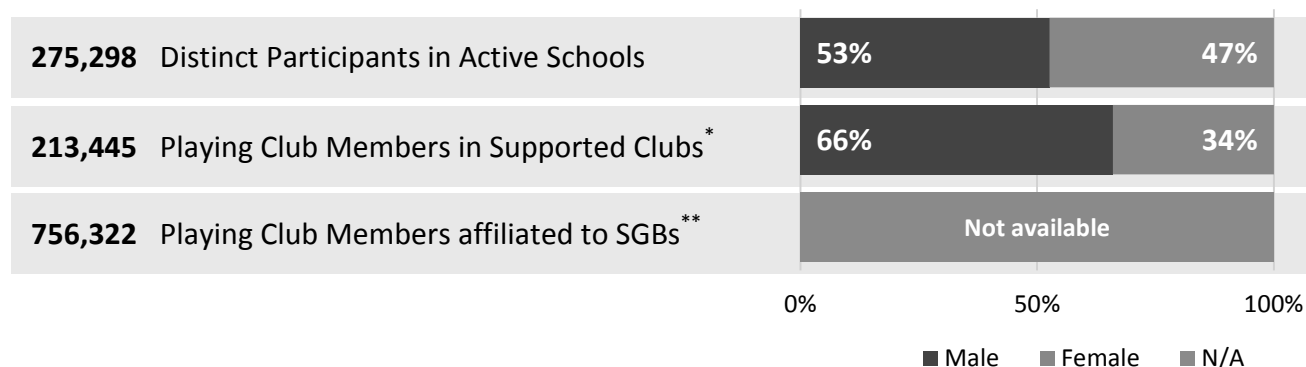
There are two key outcomes that people in Scotland will notice as we work together to improve sport for them and their communities. We have outlined our progress against the impact measure through performance indicators which evidence the difference **sportscotland** will make to these outcomes by 2019.

The sections below outline indicators where data is available. Future reports will include more in-depth indicators and trend analysis. Trend data is available at project level; however we are still developing this at an impact measure level. Trend data is currently unavailable for the new indicators introduced for the new corporate plan or for the existing ones which have been revised to reflect the changes in the plan. Additionally, there is no trend analysis for projects introduced during 2015-16.

PARTICIPATION: You will have the opportunity to get involved and participate in sport, and stay involved throughout your life.

1. We will have increased the number and diversity of people playing sport in schools and sports clubs.

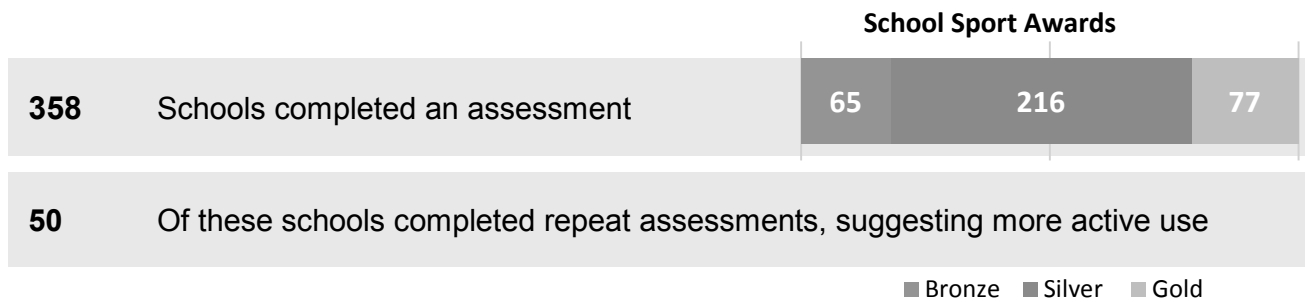
Gender Balance



*We have identified potential anomalies with 12% of clubs around the definition of membership and a further ten clubs have not returned data. We are working to resolve this, and we will issue a revised figure later in the year. The total membership figure is expected to be slightly higher. This does not include clubs supported by the regional posts for football, golf, swimming, rugby and SDS.

** As reported. Includes data from national partners: SSA and SSS. Excludes data from the following SGBs: fencing, modern pentathlon, SDS, shooting, surfing and volleyball – no data available. Also excludes data from weightlifting – de-recognised by the sportscotland Board in December 2015 following a recognition review process therefore data was not requested). We are currently collecting the gender breakdown for club members who affiliate to SGBs, and we will report this in future.

2. We will have used the sportscotland School Sport Awards to strengthen the quality of sport within schools, driving strategic quality improvement and impact.



3. We will have taken a planned approach to increasing the number, quality and diversity of coaches working in schools and education, and clubs and communities.

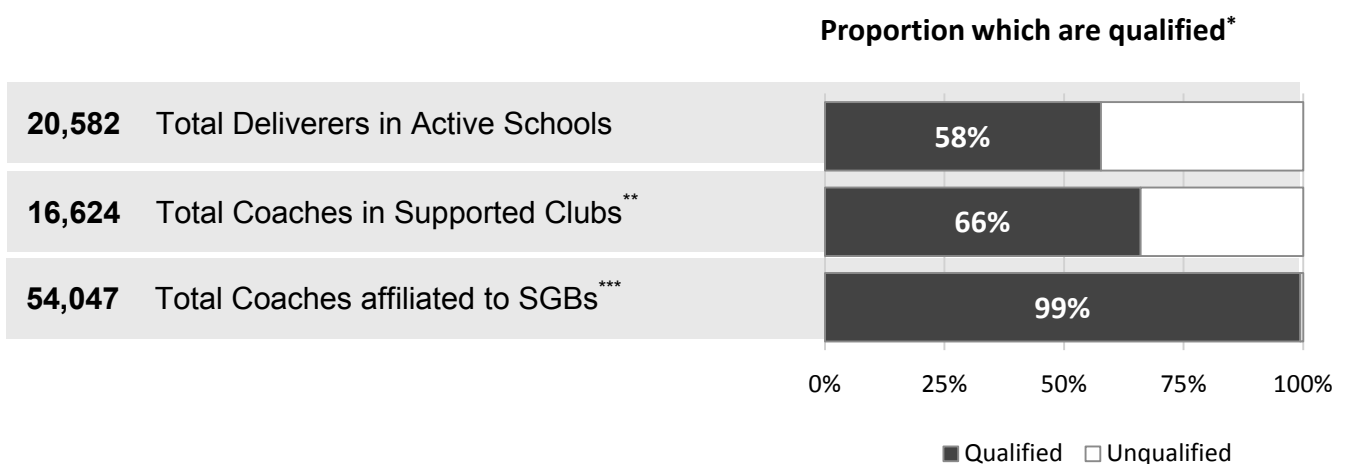
(This measure is about our strategic approach to coaching, and how our work affects the total coaches in Scotland.)

sportscotland has been working with sports coach UK, the home nations and SGBs to review the status of coaching and the future priorities for the Scottish sporting system. A renewed strategic plan for coaching in Scotland is now under development. This builds on the existing UK coaching strategy and the environments in which the sporting system is evolving. As a result of this work, four clear priorities have been identified:

- A more customer focused approach to coach education, enabling coaches to adapt to the varying needs of participants;
- Embrace and use new technologies to augment coaching processes;
- Recruit women, older adults and disabled coaches to provide a greater and more equitable workforce;
- Raise the profile of the benefits of coaching to society and the value we place on it.

To achieve these priorities, key approaches have been identified:

- Enhance information systems to develop better communication, understanding and relationships with coaches
- Use research and coaching insights to enhance the quality of educational content
- Provide a greater reach and variety of learning opportunities to meet the wide range of learning behaviours across 100,000 coaches in Scotland;
- Provide leadership and advocacy of the value of coaching from both a monetary and personal perspective.

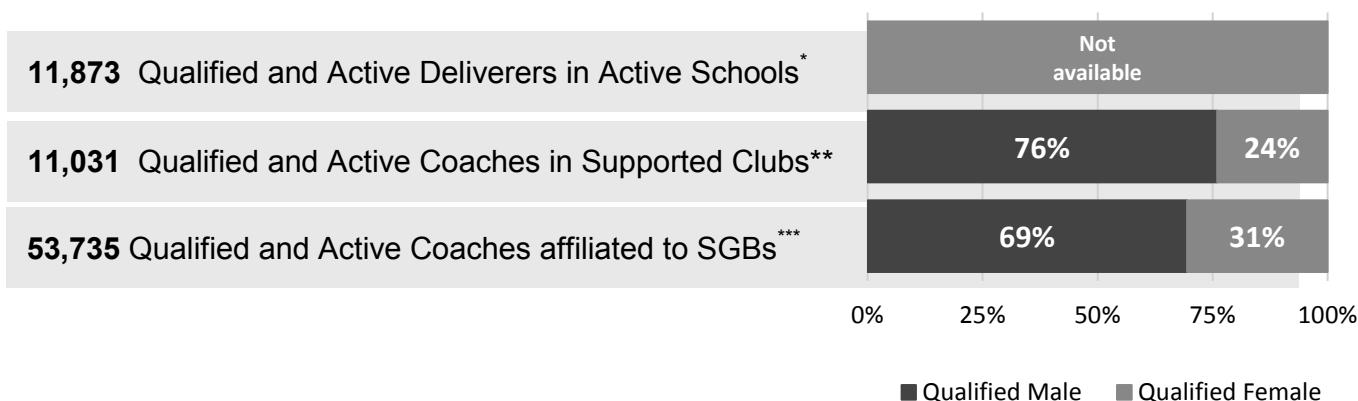


*As reported. For Active Schools deliverers “qualified” primarily includes UKCC awards as well as physical education and leadership. For coaches affiliated to SGBs and in supported clubs “qualified” includes UKCC awards level 1-4.

**We have identified potential anomalies with 12% of clubs around the definition of membership and a further ten clubs have not returned data. We are working to resolve this, and we will issue a revised figure later in the year. The total membership figure is expected to be slightly higher. This does not include clubs supported by the regional posts for football, golf, swimming, rugby and SDS. This also includes SSS who provided membership data but no coaching data.

*** As reported. Excludes data from SGBs: surfing (no data available) and weightlifting (de-recognised by the sportscotland Board in December 2015 following a recognition review process therefore data was not requested)

Gender Balance



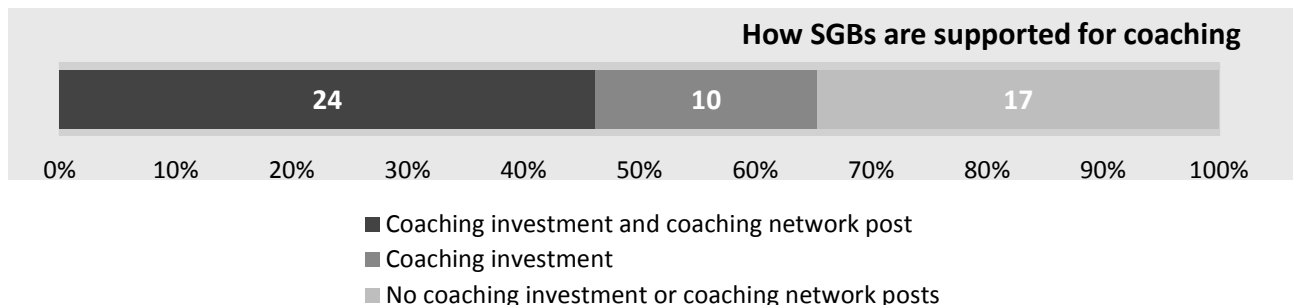
*As reported. We do not currently collect gender data for Active Schools deliverers therefore this is not available.

**We have identified potential anomalies with 12% of clubs around the definition of membership and a further ten clubs have not returned data. We are working to resolve this, and we will issue a revised figure later in the year. The total membership figure is expected to be slightly higher. This does not include clubs supported by the regional posts for football, golf, swimming, rugby and SDS. This also includes SSS who provided membership data but no coaching data.

*** As reported. Excludes data from SGBs: surfing (no data available) and weightlifting (de-recognised by the sportscotland Board in December 2015 following a recognition review process therefore data was not requested). This number does not include active and qualified football coaches working within the adult professional game or volunteers working on an ad hoc basis.

Through our integrated investment process for SGBs, we manage and support the delivery of activities to develop coaching and coaches within Scotland. This includes support to coaching network posts and delivery of effective coach CPD programmes.

How SGBs are supported for coaching



PROGRESSION: You will have the opportunity to develop, progress and achieve success at your chosen level in sport.

4. We will have supported up to 10 Scottish governing body partners to understand and describe sport specific pathways, with each sport providing evidence of the difference these pathways have made in terms of athlete quantity and quality.

This area of work is still being developed, and we are not yet working with any SGBs. The aim of this project is to work with up to ten SGB partners by March 2019 to develop a tool to support SGBs through the process of understanding and describing the pathway for their sport. An internal working group is in the process of agreeing selection criteria for those SGBs to be involved in the early stages of the development and application of the pathway assessment tool. During 2016-17, a number of SGBs will then be identified to be part of the development of a sporting pathway assessment tool, with the intention to support a number of SGBs through an initial assessment by the end of March 2017.

5. We will have supported more coaches to become better at coaching, in order to support athletes to improve, at all stages of the pathway.

(This impact measure is about our support to coaches and therefore it is concerned with supported coaches rather than all coaches in Scotland.)

We invest in the development and delivery of continuous professional development learning opportunities for coaches, officials and volunteers and other support mechanisms designed to improve Scottish sport. Our investment and strategic support to SGBs has also helped support the delivery of sport specific CPD.

We deliver Multiskills, an SQA accredited course, which focuses on the fundamental movement skills of children and aimed at coaches working with children at primary school age. We support the development and delivery of core coach education awards in Scotland. We also offer support to coaches with UKCC subsidies.

286 registrations* on **93** coach CPD workshops

** We are not yet able to report on the distinct participants on CPD. We will report this in future. We have reported registrations on CPD workshops (coaching talent, coach connect and PCS delivered to coaches through sportscotland) to provide a sense of scale of our work. For coach connect and coaching talent, coaches only need to register once to attend multiple workshops.*

161 registrations on **22** Multi-skills workshops

156 distinct participants attended Multi-skills workshops

£512,392 invested into UKCC subsidy

8,583 distinct participants attended CPD provided by SGBs, supported by our coaching investment

6. We will have supported Team Scotland to win more than 30 medals at the 2018 Commonwealth Games in the Gold Coast.

We invest in SGBs by providing financial investment and in-kind specialist support services for athletes. We also invest in Commonwealth Games Scotland financially and through the deployment of support staff to support Team Scotland preparation and performance.

We invest in SGB performance programmes by delivering world class services in the areas of performance management, sports science, sports medicine, and special projects innovation. Our investment in SGB performance programmes is confirmed across our agreed investment categories (shown below) and principles. This is also approved by our Board.

- Commonwealth sports
- Olympics / Paralympics – Summer
- Olympics/ Paralympics – Winter
- Team sports of significance to Scotland (additional sports of interest)

This section focused on our Commonwealth Games support.

Our Mission 2018 and Mission Control processes manage and monitor progress in relation to Gold Coast. All SGBs engaged in the Mission Gold Coast 2018 process have identified the area of athlete support services as being on track. They are also delivering the specialist support services required to support optimal athlete performance at Gold Coast in 2018.

£4,026, 470

equivalent of services provided*

**This is the total equivalent of services provided across Commonwealth sports, Olympic / Paralympic sports and additional sports of interest.*

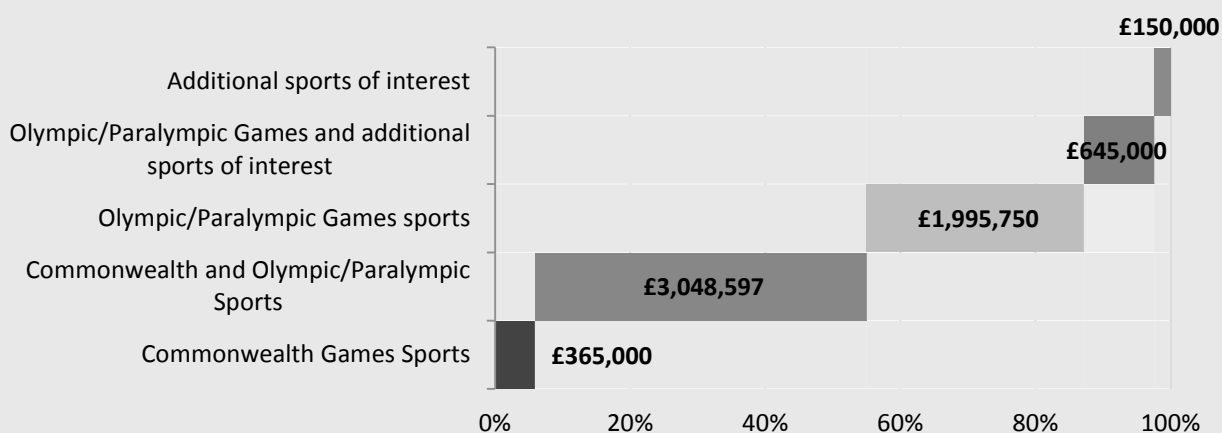
£163.000

Invested into Commonwealth Games Scotland

562

sportscotland Institute supported athletes as at 31 March 2016

SGB Performance Investment, by event*



**Some SGBs are both Commonwealth and Olympic Games sports or are Olympic Games sports as well as being additional sports of interest.*

7. We will have supported Scottish athletes to be selected for UK Sport World Class Programmes and to compete for Team GB in the Olympic and Paralympic Games (Winter and Summer)

We invest in SGBs by providing financial investment and in-kind specialist support services for Scottish athletes. We work closely with UK-wide partners to produce better quality athletes that have a higher success rate gaining selection onto Podium Potential and ultimately winning medals as a Podium athlete. We also provide direct financial support to athletes with the potential to win medals at identified milestone events. This enables them to optimise training and competition opportunities.

We invest in SGB performance programmes by delivering world class services in the areas of performance management, sports science, sports medicine, and special projects innovation. Our investment in SGB performance programmes is confirmed across our agreed investment categories (shown below) and principles. This is also approved by our Board.

- Olympics / Paralympics – Summer
- Olympics/ Paralympics – Winter
- Commonwealth sports
- Team sports of significance to Scotland (additional sports of interest)

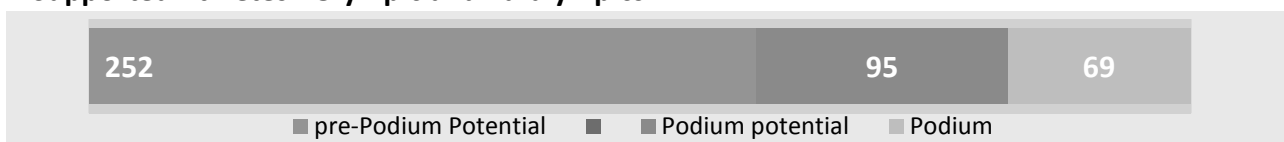
Our Mission 2018 and Mission Control processes manage and monitor progress in relation to Rio 2016 and PyeongChang 2018. All SGBs engaged in the Mission Control process have identified the area of athlete support services as being on track. They are also delivering the specialist support services required to support optimal athlete performance at Rio and PyeongChang. Data gathered during the past year predicts excellent results in Rio. As a result we aspire to have a record number of Scots winning medals at an away Games and possibly genuine home grown Scottish athletes in the medal zone.

We also believe that we are on track for the Winter Olympics in PyeongChang however our current Winter Para athlete forecasts for 2018 have not significantly changed since reviews were conducted in 2015. As a result we have established a new Para Initiative and are working closely with UK Sport to address these challenges. During 2015-16 we successfully won the contract to deliver services to the British Para Ski Association. We are slowly building a strong partnership that we aim to use to open new opportunities for our athletes.

£4,026,470 equivalent of services provided*

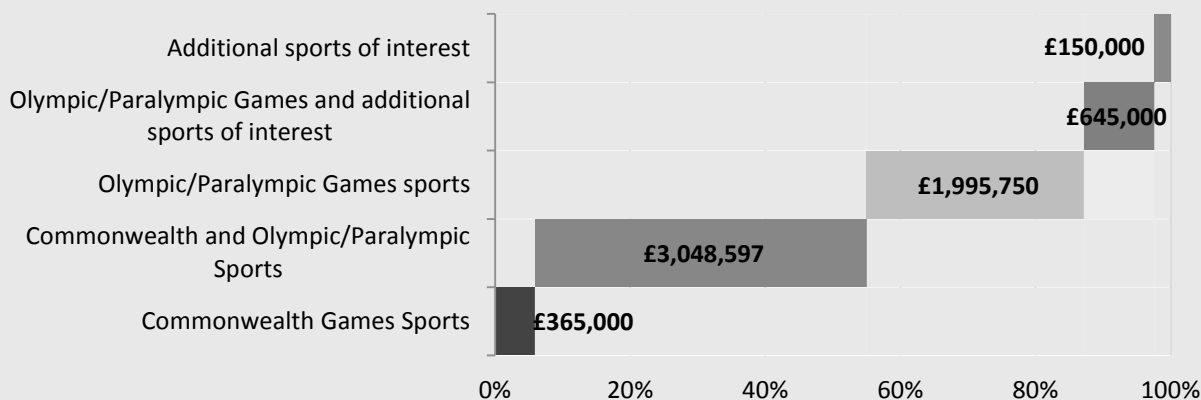
**This is the total equivalent of services provided across Commonwealth sports, Olympic / Paralympic sports and additional sports of interest.*

Supported Athletes - Olympic and Paralympics



92 British / Scottish Podium and Podium Potential athletes are based in Scotland receiving specialist expertise and support services

SGB Performance Investment, by event*



*Some SGBs are both Commonwealth and Olympic Games sports or are Olympic Games sports as well as being additional sports of interest.

Progress against our enablers

Our 2015-19 corporate plan outlines our mission to develop a world class sporting system for everyone in Scotland. **sportscotland's** contribution to that system is measured through our contribution to impact measures aligned against the outcomes and the enablers.

There are three enablers of the sporting system, which are fundamental to supporting and improving the environments for sport, and achieving the outcomes for people in Scotland. We have outlined our progress against the impact measure through performance indicators which evidence the difference **sportscotland** will make to these enablers by 2019.

The section below outlines indicators where data is currently available. Future reports will include more in-depth indicators and trend analysis. Trend information is available at project level; however, this is still being developed at the impact measure level. Trend data is also unavailable at present for the new indicators introduced during the year as part of the new corporate plan or where existing indicators have been revised to take account of the new plan. Similarly, trend analysis is not yet available for the new projects introduced during the year.

PEOPLE: You will be supported by quality people who work together to help you achieve your goals

8. We will have used the Coaching Scorecard to drive quality improvement in the development of coaching strategies, ensuring there are more coaches with the right qualifications working in sport, and improving opportunities for those currently under-represented in coaching.

(This impact measure is about working with SGBs to improve coaching strategies, using the Coaching Scorecard amongst other mechanisms including CVPM roles, coaching equalities post, investment into SGB programme support; investment into coach network posts; and UKCC subsidy)

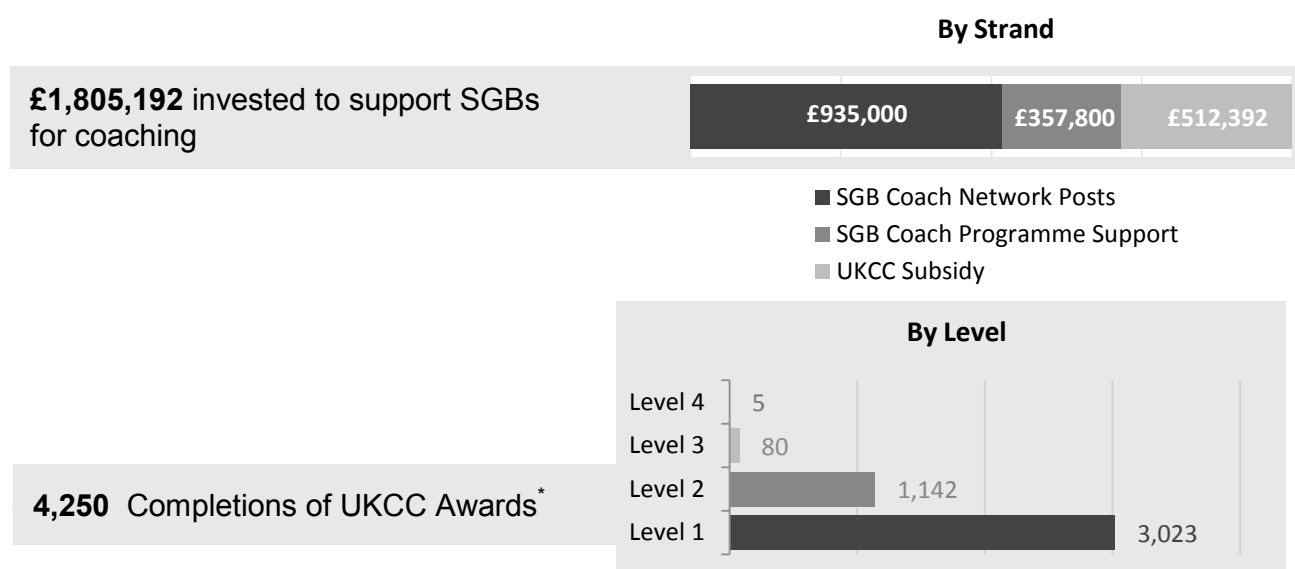
The coaching scorecard is a web-based self assessment tool, linked to the priorities of the strategic Coaching Scotland framework, which aims to help SGBs plan, develop and deliver their coach education and development programmes.

Through our integrated investment process to SGBs, we manage and support the planning and delivery of activities to develop coaching and coaches within Scotland. We provide specific support to Coaching Network posts and more generally we provide support and expertise through coaching and volunteering partnership managers, regardless of whether SGBs have a supported coaching network post.

We are becoming more strategic in how we are encouraging SGBs to look at long term workforce development and ensuring coaches are progressing through qualification levels. We continue to subsidise access to all UKCC qualifications however we revised our funding model in 2015-16 to increase the number of coaches achieving qualifications at UKCC Level 2 or above. Our approach is now to work with SGBs and to support the successful transition of coaches on the UKCC pathway where appropriate.

We are working in partnership with sports coach UK and have engaged a coaching advisor for Scotland that has a specific focus on gender and disability. The two overarching objectives for this post are to provide support for internal staff and SGBs to address equalities in their coaching workforce, and to increase the quality and quantity of female and disabled coaches.

26 coaching scorecard completions



**We are not yet able to report on the distinct participants for UKCC subsidy by award level. We will report this in the future. We have reported completions of UKCC awards to provide a sense of scale of our work. Coaches can complete an award without receiving a subsidy from sportscotland therefore completions are not a true reflective measure of our coaches with the right qualifications.*

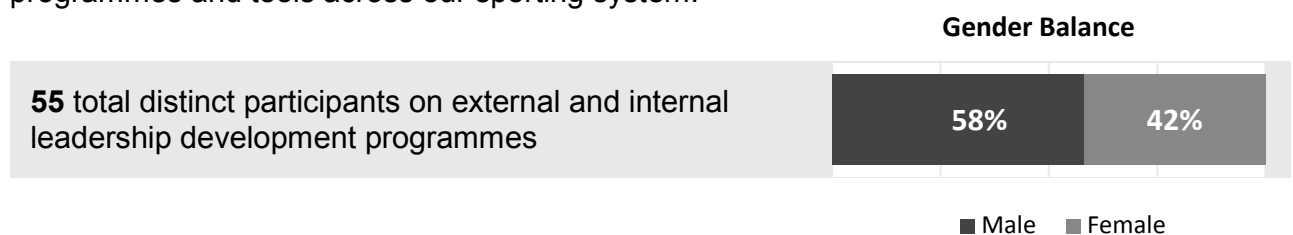
9. We will have developed and implemented a clear, strategic approach to leadership development for professional staff working in Scotland’s sporting system, proactively encouraging diversity in the workforce for sport.

sportscotland has an ambition to have strong, positive leaders in Scottish sport because we believe good leaders will inspire their sporting community and drive productivity in an ethical, sustainable and systematic way. We are providing opportunities for leadership development to partner organisations and to sportscotland staff. Our external leadership opportunities comprised of:

- **Leading Edge:** a high level leadership programme for senior CEO's in partnership with the UK home countries sports councils and UK Sport.
- **Future leaders:** a mid-level leadership programme for a variety of SGB staff delivered by Plan4Sport.
- **Women's' Sport Leadership Academy:** a residential programme for women from partner organisations and **sportscotland** which aims to increase the confidence and competence of women working in sport in a range of leadership behaviours.

Our own leadership programme, *Performance through Leadership*, has been designed to support participants to continuously improve critical leadership behaviours.

In order to continually improve leadership in our world class sporting system, we are developing a leadership framework for the sector. The framework will provide a single orientation point for leadership, providing a sporting context, a consistency of language and a set of leadership behaviours that can be used to activate numerous learning programmes and tools across our sporting system.



10. We will have provided a range of leadership opportunities to young people so they are encouraged and supported to reach their potential in leadership roles.

Through our work with young people as leaders in sport, the sports sector and young people themselves will have an improved understanding of the key, and range of, roles that young people can undertake within the sporting system. Providing access to opportunities for young people to gain the skills to perform these roles will be improved.

sportscotland has identified five key roles as being integral to building a world class sporting system and where they are likely to have the most significant impact. They are as young people as:

- deliverers/coaches
- technical officials
- event/ competition organisers
- decision makers
- ambassadors

We have created a range of opportunities aligned to these roles currently:

- **Young ambassadors:** Provision of national training for young people to support and encourage them in their role as Young Ambassadors which is (i) to promote sport, and motivate and inspire other young people to participate in sport and (ii) influence six key aspects of school sport as aligned to the School Sport Award.
- **Young Decision Makers:** Motivate and engage hub officers to facilitate the involvement of young people as decision makers within hub steering groups / committees.
- **Internship:** Recruit and deploy an internship opportunity within **sportscotland's** sports development team.

- **Competition Organisers Training:** Provision of national training for young people to help support them to gain the necessary skills, knowledge and understanding to undertake the competition organiser role
- **Young people’s sports panel:** Recruit and manage a panel of young people to take on a leadership role in the sporting system. Consult and facilitate engagement with young people on the sporting system and a range of **sportscotland** business activity.

1,049 participants in leadership opportunities*

**There may be multiple counting between opportunities.*

PLACES: You will have access to a network of quality places where you can get involved in sport

11. We will have established sportscotland national centre Inverclyde as a fully-inclusive, residential sports facility.

The national centre Inverclyde is a key priority project for **sportscotland** and has received substantial support from **sportscotland** staff from across the business. This includes dedicated specialist support, primarily using internal staff resources, in procurement, design and construction, legal, communications, HR, ICT, project management and administration. There has also been additional support through the **sportscotland** Institute, for example in the development and fit out of the physical preparation area.

In addition to our investment further funds were secured from North Ayrshire Council to cover transfer of land, the golf facility upgrade and 10 years of access to the sports pitches.

The project is on track financially, on time for completion in 31 March 2017, and delivering against the project brief. It has received substantial assurance through internal audit.



**This includes £59,609 of equivalent investment in kind of sportscotland support.*

***This figure includes external funds received from North Ayrshire Council.*

12. We will have contributed to the successful completion of the National Performance Centre for Sport and integrated it within our high performance network.

Oriam: Scotland’s National Performance Centre for Sport, is a key priority project for **sportscotland**. The project has received substantial specialist support primarily in the design, construction and management of the project, to ensure delivery on time, on budget and to the highest quality. There has also been substantial legal and planning

support, and the **sportscotland** Institute has provided specialist support in the design of the high performance areas. The project is on track financially, on time for completion in 31 August 2016, and delivering against the project brief. It also received substantial assurance through internal audit.



**This does not include external investment leveraged from partners at Heriot-Watt University (HWU) and City of*

£6,450,000 total external investment leveraged from partners

13. We will have made places for sport a more integral part of planning for sport, both locally and nationally.

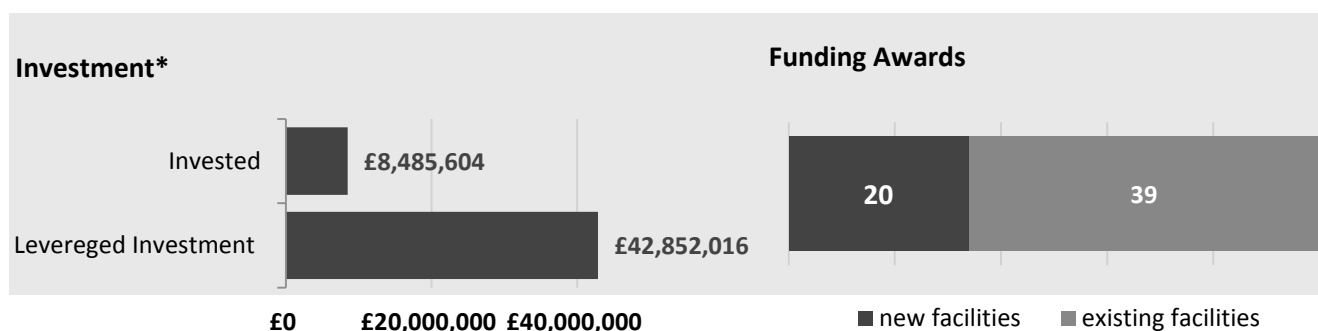
We are currently progressing how we can support local authorities and SGBs to do this. We will seek to integrate our way of working internally and work with local authorities and SGBs in their planning to deliver this integrated approach.

14. We will have targeted our resources around the development of places for sport where they can have the greatest impact on participation and progression in sport.

We have a robust application process, with experts involved in decision making, and we consult with partners in order to ensure our resources are targeted around the development of places for sport where they can have the greatest impact.

Any award we make must deliver a clear impact on participation and progression. In addition we only invest in schools when there is a clear link to clubs and use by the community, and we only invest in performance environments where there is a strategic fit with an SGB. This is how we ensure our investment supports the sporting system.

We are currently in the process of moving sports onto a single application process to make better use of resources and to ensure more informed decision making.



**Leveraged investment: working together with partners, our investment provides a catalyst for further investment to projects with a clear impact to outcomes.*

PROFILE: You will see and hear about a range of sporting opportunities and be inspired by the success of Scottish sport

15. We will have celebrated Scottish sport, profiling a wide range of sports and the opportunities for all to get involved, progress and achieve.

The role of the communications team is to help contribute to the profile enabler for **sportscotland**. We aim to ensure people see and hear about a range of sporting opportunities, and are inspired by the success of sport. We do this through strategic relationship management with external and internal stakeholders. We disseminate our messages through many channels including: media, PR, marketing, digital, events, brand, collateral, publications, website and programme support.



We also coordinate #SportHour, a monthly themed Twitter chat covering strands of our and our partners' work. #SportHour offers a regular opportunity to discuss sport in Scotland. It also provides a platform for partners to promote their own successes and opportunities to get involved to a broad and engaged audience.

We have run qualitative public usability tests on our website, using feedback to inform incremental improvements. Feedback forms are now included on the majority of content pages but no significant feedback has been received. We are currently embarking on a project to redevelop the website to improve the experience for people accessing it on mobile devices. This will also ensure that it meets AA accessibility standards.

30 Events with 2,851 participants

796 media hits with a reach of 96,149,354 and a total value of £2,178,277

**Reach represents the number of opportunities to watch, listen, or read about a sportscotland initiative/programme or point of view. Value is calculated through the Advertising Value Equivalent (AVE).*

 Twitter	 Facebook	sportscotland Website
1,468 Tweets	1,127,000 Likes	235,816 unique users
92,355 visits to Twitter page	1,591,687 Impressions	
7,123 Twitter mentions		
4,365,000 Twitter impressions		

Scottish Sports Hall of Fame

We have used the Scottish Sports Hall of Fame as an example of the evidence we aspire to gather for events. Led by **sportscotland**, the Scottish Sports Hall of Fame celebrates Scotland's iconic sports men and women and aims to inspire future generations.

292 Distinct Attendees

94% of respondents agreed that ***“we celebrated Scottish sport and this type of event highlights the wide range of sports and opportunities to progress and achieve”***

16. We will have partners reporting positively that sportscotland has helped them understand the sporting system and work together to enhance it.

sportscotland has a dedicated team of managers who work with local authorities and SGBs. With local partners we help to plan, develop and review the strategic direction for sport. We also support operational delivery. This includes specific outcomes for programmes such as Active Schools, physical education, community sport hubs and specific sports facilities. With SGBs we help to develop strategic and operational plans. We also provide added value through advice on governance and effective organisation, managing specific support where necessary. This is in the form of a generic support programme which ensures SGBs are better equipped to deliver agreed outcomes.

The communications team contributes to the delivery of the profile enabler for **sportscotland**. We aim to ensure people see and hear about a range of sporting opportunities, and are inspired by the success of sport. We do this through strategic relationship management and multi-channel message dissemination.

We developed the My Sport and Pathway online reporting and business intelligence system. We used research workshops to share this with partners. We also encouraged partners to use data for planning and to adopt a continuous improvement approach. This system is complemented by Project Fusion which supports SGBs to enhance the management of membership systems.

Regional networking events

All our events should help partners understand the sporting system and work together to enhance it. We have used the regional networking events as an example where we have evidence to show this taking place and will aspire to show this for all events in future. For these events we brought together Active School coordinators and managers, sports development officers, community sport hub officers, SGB regional managers and PE lead officers, as well as **sportscotland** staff, to develop a greater awareness and understanding of how they can work better together.

6 regional networking events with 640 participants

69% of attendees reported that the event ***helped them to improve their understanding of other roles in the sporting system***

54% of attendees reported that they Strongly Agreed or Agreed that the event ***helped them to identify new connections that they planned to follow up or had followed up.***

62% of attendees reported that they strongly agreed or agreed that the event ***had encouraged them to collaborate more in their role***

Review of the Financial Results of the Year

The accounts relate to the year ended 31 March 2016 and are prepared in a form directed by the Scottish Ministers in accordance with section 35 of Part II of the National Lottery etc. Act 1993.

During the year to 31 March 2016, £28,850k (2014/15 £26,971k) was called down from the NLDF towards the payment of approved awards and the administration of the National Lottery Fund. Administration costs including depreciation for the year totalled £6,837k (2014/15 £6,776k).

A summary of the Lottery Reserves position at the end of 2015/16 showing the commitments to be made over the next 4 year period from 2016/17 to 2019/20 is highlighted in the table below.

The **sportscotland** Lottery statutory accounts are prepared so as to provide details of hard commitments to partners annually. Thus the income and expenditure account reflects these commitments.

This does not take account of the ongoing commitment to our partners who work to a four year plan to deliver specific outcomes.

The analysis below provides a breakdown of the soft/ other commitments made at **sportscotland** over the four year period 2016/17 to 2019/20.

	£000s	£000s
Monies held in National Lottery Distribution Fund for sportscotland		61,111
<u>Less:- Commitments during the 4 year period 2016/17 to 2019/20</u>		
Partner Revenue Funding	(85,840)	
Capital Funding	(35,665)	
Effective Organisation	(24,438)	
Balance to be funded by future Lottery Revenues		<u>(84,832)</u>

Remuneration for non audit services

The accounts are audited by auditors appointed by the Auditor General for Scotland. For the year 2015/16 the appointed auditors were Grant Thornton.

During 2015/16, no non-audit fees were paid to Grant Thornton.

Intangible assets

During the year to 31 March 2016 there was £53k (2014/15 £74k) spent on acquiring intangible assets for **sportscotland** Lottery Fund activities.

Retained Reserves

Accumulated funds totalling £41,343k (2014/15 £40,608k) were held on the Statement of Financial Position at the end of the year.

Payment of Creditors

In line with Treasury guidance the **sportscotland** Lottery Fund has a policy to pay all invoices not in dispute within 30 days or according to the agreed contractual terms if otherwise specified. The Lottery Fund aims to pay 100% of invoices, including disputed invoices once the dispute has been settled, on time within these terms.

During the year ended 31 March 2016 the Lottery Fund paid 93% (2014/15 93%) of all invoices received within the terms of its payment policy.

The Scottish Government policy of paying 100% of invoices within 10 days of being received by the Finance department continues to be our target, we currently pay all within 20 days.

The **sportscotland** Lottery Fund observes the principles of the Better Payment Practice Code.

Sustainability

During the year **sportscotland** has led a number of key activities which will seek to reduce our carbon footprint.

A report is produced annually explaining in detail the outcomes of our activities and this can be viewed on the **sportscotland** website. www.sportscotland.org.uk



Stewart Harris
Chief Executive & Accountable Officer
24 August 2016

THE ACCOUNTABILITY REPORT

Corporate Governance Report

Directors Report

Members of the Council

The Members of the **sportscotland** Council at 31 March 2016, all of whom have been Members throughout the year, with the exception of those indicated otherwise, are listed below:

L Martin CBE (Chair)
M Young (Vice Chair)
Prof G Jarvie
D Gass
R Stone
D Cameron
G Walker
F Wood
C Riddell
Prof L Robinson
Prof C Mahoney

M Hay MBE (Advisor) (resigned December 2015)
S Jackson (Advisor) (resigned June 2016)

Prof G Jarvie and D Gass are representatives of the **sportscotland** Trust Company.

The Chief Executive is Stewart Harris.

The Chair, Louise Martin, stepped down after completing her second four-year term on 6 June 2016. Mel Young, previously Vice Chair, has been appointed by Scottish Government as the new Chair from that date.

A full list of the company directorships and other significant interests held by the Council members can be found on the **sportscotland** website at www.sportscotland.org.uk

Personal data related incidents

There were no personal data related incidents in the year.

Approved by the Council and signed on its behalf:



Stewart Harris
Chief Executive & Accountable Officer
24 August 2016



Mel Young
Chair
24 August 2016

Statement of Accountable Officer's Responsibilities

Under Section 35(2) - (3) of the *National Lottery etc Act 1993*, **sportscotland** is required to prepare a statement of accounts in the form and on the basis directed by the Scottish Ministers with the consent of the Secretary of State for the Department of Culture, Media and Sport. The accounts are prepared on an accruals basis and must give a true and fair view of the **sportscotland** Lottery Fund's state of affairs at the year end and of its income and expenditure and cash flows for the financial year.

In preparing the accounts the **sportscotland** Lottery Fund is required to:

- Observe the accounts direction issued by the Scottish Ministers, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements;
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the **sportscotland** Lottery Fund will continue in operation.

The Accountable Officer for the Health and Wellbeing Directorate has designated the Chief Executive of **sportscotland** as Accountable Officer for the **sportscotland** Lottery Fund. His relevant responsibilities as Accountable Officer, including his responsibility for the propriety and regularity of the public finances and for the keeping of proper records, are set out in the Memorandum to Accountable Officers of other Public Bodies issued by the Scottish Government.

Statement that accounts are fair, balanced and understandable

So far as the Directors are aware, the annual reports and accounts as a whole are fair, balanced and understandable. The Accountable Officer confirms that he takes responsibility for the annual report and accounts and the judgements required for determining that they are fair, balanced and understandable.

Statement as to disclosure of information to auditors

So far as the Directors are aware, there is no relevant audit information of which the body's auditors are unaware, and the Accountable Officer confirms that he has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the body's auditors are aware of that information.



Stewart Harris
Chief Executive & Accountable Officer
24 August 2016

The Governance Statement

As Accountable Officer, I have responsibility for maintaining a sound system of internal control which supports the delivery of **sportscotland's** policies, aims and objectives, as set out by the Scottish Government Ministers, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me. Accordingly, I can confirm that adequate arrangements for detecting and responding to inefficiency, conflict of interest and fraud, and minimising losses of funds were in place throughout 2015/16.

The system of internal control is designed to manage, rather than entirely eliminate the risk of failure to achieve our aims and objectives or adhere to all relevant directions and policies; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an on-going process designed to identify the principal risks to the achievement of **sportscotland's** policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. The procedures have been in place throughout 2015/16 and have been reviewed during the year with a view to ensuring their effectiveness and improving their robustness.

My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and of the executive managers within **sportscotland** who have responsibility for the development and maintenance of the internal control framework. I receive a certificate of assurance from each executive director as part of this process. I am also informed by comments made by the external auditors, Grant Thornton UK LLP in Annual Report to those charged with Governance.

The key components of the control framework are detailed below:

sportscotland Council

At the start of the year, the Council had 11 non-executive members, being Ministerial appointments, one of which is appointed as Chair (non-executive). The Vice Chair position has been filled by Mel Young since February 2013. All 11 non-executive members who held office during the year are considered by **sportscotland** to be independent in character and judgement, having no material relationship with the group. Council members are appointed by the Scottish Minister following a recruitment process managed by the Scottish Government with appointments normally being for an initial period of four years. Re-appointment for a further term (usually four years) is at the discretion of the Scottish Minister based on advice of the Chair of **sportscotland**. During the year Mike Hay MBE and Susan Jackson were both recognised as advisors to the Board, with Mike Hay resigning as an advisor in December 2015.

The attendance of the 11 non-executive members who held office during the year of the six meetings of 2015/16 was:

Louise Martin CBE	(6 of 6)	(Chair)
M Young	(6 of 6)	(Vice Chair)
Prof G Jarvie	(6 of 6)	
D Gass	(4 of 6)	
R Stone	(6 of 6)	
D Cameron	(5 of 6)	
G Walker	(5 of 6)	
F Wood	(5 of 6)	
C Riddell	(6 of 6)	
Prof L Robinson	(5 of 6)	
Prof C Mahoney	(6 of 6)	
<hr/>		
M Hay MBE	(2 of 4)	(Advisor – resigned December 2015)
S Jackson	(5 of 6)	(Advisor – resigned June 2016)

The Council meets every two months and is responsible for the strategy, performance and the framework of internal control. The Council has a formal schedule of matters specifically reserved to it for decision. These include the approval of the annual business plan, annual financial statements, annual budget and other policies. All members receive an induction on joining the Council. A combination of tailored Council and Committee agenda items and other Council activities assist the members in continually updating their skills, knowledge and familiarity with the business which are required to fulfil their role both on the Council and on Council committees.

Responsibility for the day-to-day operational management of the **sportscotland** Group is delegated to the Chief Executive and his executive directors. To enable the Council to discharge its duties, all Council members receive appropriate and timely information. The Council papers are distributed by the Executive office at least one week before Council meetings.

Council Member Committees

The Council's standing committees have written terms of reference clearly setting out their authority and duties. There are three main Council Member committees – Group Audit Committee, the Group Remuneration Committee and the Group Ethics Committee.

Group Audit Committee

Membership of the Group Audit Committee consists of five non executive Council members. The membership during the 2015/16 financial year is detailed below with their attendance record for the three meetings which took place.

The Audit Committee receives periodic reports from the Internal Auditors concerning internal control and these are reported to the Council. **sportscotland** utilises a professional firm of accountants, BDO LLP, as its internal auditors, who operate to standards defined in the *Government Internal Audit Public Sector Standards*. BDO LLP submits regular reports, which include an independent opinion on the adequacy and effectiveness of **sportscotland's** systems of internal control, together with recommendations for improvement.

The Group Audit and Risk Committee considers the appointment and fees of the external auditors and discusses the scope of the audit and its findings. It also considers the appointment and fees of the internal auditors and discusses the planned timetable of activity and findings as well as ensuring that any agreed recommendations are followed up by management. The Committee is responsible for monitoring compliance with accounting and governance requirements and for reviewing the annual financial statements. The Committee was chaired by D Cameron.

D Cameron	(3 of 3) (Chair)
R Stone	(3 of 3)
G Walker	(3 of 3)
Prof C Mahoney	(2 of 3)
Prof L Robinson	(1 of 3)

Group Remuneration Committee

The Group Remuneration Committee considers and approves the remuneration and benefits of the Chief Executive Officer and the overall pay framework for **sportscotland**. The Committee met twice during 2015/16. The Chair's remuneration is decided by the Scottish Government and thus she has no influence over her own pay award. Membership of the Remuneration Committee during 2015/16 comprised:

Prof G Jarvie	(2 of 2)
D Gass	(1 of 2) (Chair)
G Walker	(1 of 2)
C Riddell	(1 of 1)

Group Ethics Committee

The Group Ethics Committee consists of three non executive Council members and is chaired by the **sportscotland** Vice Chair, Mel Young. The membership during the 2015/16 financial year is detailed below with their attendance record for the four meetings which took place.

The Ethics Committee considers business issues across the four areas of anti-doping, gambling and betting, fair play and child protection and advises the **sportscotland** Board on all issues related to these subjects and any actions required.

M Young	(4 of 4) (Chair)
R Stone	(3 of 4)
F Wood	(4 of 4)
C Riddell	(4 of 4)

Information Security

During 2015/16, **sportscotland** continued to provide assurance that it was fully compliant with the Scottish Government Security Policy Framework, which seeks to ensure that appropriate systems are in place to manage risks associated with information security. In addition, Business Continuity and Data Disaster Recovery arrangements are in place. No significant lapses of data security were found during 2015/16.

Internal Control

The Council Members acknowledge that they are responsible for the Group's system of internal controls and for reviewing the effectiveness of these controls. The Council Members have delegated the detailed design of the system of internal control to the executive directors who review the internal control framework on an on-going basis.

Procedures have been developed to safeguard assets against unauthorised use or disposition and to maintain proper accounting records to provide reliable financial information both for internal use and for publication.

Best Value continues to be a focus in all areas of work within **sportscotland** and the continued communication of this principle supports all staff in its delivery.

More generally, the organisation is committed to a process of continuous development and improvement, including developing systems in response to any relevant reviews and developments in best practice.

Throughout 2015/16, **sportscotland's** Freedom of Information systems were fully operational and all requests received were completed within the statutory timescales.

System and process improvements

There has been an on going focus on system and process improvements which have included:

- the implementation of a new financial system;
- the procurement of a new HR and payroll system;
- the procurement and implementation of a new Booking system for the Trust Company Centres; and
- responding to the findings from internal audit reports on Estates management, corporate governance, financial systems, Inverclyde transition, Sports Development processes and the ICT strategy and security.

The continued focus on applying an effective procurement process has resulted in cost savings, enhanced systems and more effective contract management. The re-contracting of the dry and frozen goods contract at Glenmore Lodge has resulted in an initial 14% saving over previous arrangements with further savings being realised through robust contract management, whilst the use of the Scottish Government's framework agreements has achieved a 19% saving, equating to over £60,000 over the year. A new finance system has been procured which, once implemented, will realise significant savings and efficiencies through reduced paperwork, process timescales and resource requirement.

Improving the sportscotland estate

To ensure the effective planning and procurement of the major redevelopment of the accommodation and sports facilities at the **sportscotland** National Centre Inverclyde, considerable project support has been deployed using a range of internal resources and expertise. This has been managed through an internal project board with representatives from across various work-streams set up to deliver clearly defined elements of this project within an agreed governance framework. The Project Board has been restructured during the year to recognise the progression from planning to implementation, ensuring that the appropriate internal resource is committed to the successful delivery of this major project, including the effective operation and marketing of the centre upon completion.

This project represents the largest single investment made in **sportscotland's** own estate and is being supported by an additional £6m investment from the Scottish Government to create an inclusive residential sports venue, with a particular focus on creating a world class accessible sports centre. This investment is being made alongside the development of a major new educational campus by North Ayrshire Council on the national centre's estate. These two major developments are being managed through a partnership board, representing both organisations.

This year an audit was carried out to review the condition of the **sportscotland** estate and to provide a list of priority maintenance activities to ensure the ongoing effective operation of the estate. **Sportscotland** will develop a programme of works in response to the priorities identified by this audit to be carried out over the next 2-3 years.

Social, Community issues and human rights

sportscotland places a high priority on ensuring that it discharges its obligations as a good corporate citizen and takes in to account its responsibilities towards serving and meeting the needs of our partners including safeguarding their human rights. Operational policies and procedures reflect this commitment, including our approach to managing individual grant requests.



Stewart Harris
Chief Executive & Accountable Officer
24 August 2016

Remuneration and Staff Report

Remuneration policy

sportscotland operates a Performance and Development Appraisal (PDA) system to determine the individual rewards paid to all employees along with senior managers and directors. All pay awards continue to require ministerial approval.

The Chief Executive, S G Harris, is appraised by the Chair with a full report given to the Scottish Government. Any performance related payments paid are formally approved by the Scottish Government. All directors are appraised through the PDA system by the Chief Executive.

All executive directors' employment contracts are open ended, have three month notice periods and the redundancy policy is the payment of one month's salary for every year of service.

Directors' Salaries and Allowances ()**

The salary and pension entitlements of the most senior members of the **sportscotland** Group have been subject to audit where indicated (**) and are as follows:

Name		Salary	Benefits	All pension related benefits	Total
		£000's	£000's	£000's	£000's
S G Harris	2016	95-100	-	(15)-(17.5)	80-85
	2015	90-95	-	35-37.5	130-135
S Ogg	2016	80-85	-	(7.5)-(10)	70-75
	2015	75-80	-	35-37.5	110-115
M Roberts	2016	80-85	3.9	(5)-(7.5)	70-75
	2015	75-80	3.3	32.5-35	110-115
M Whittingham*	2016	85-90	0.4	*	*
	2015	80-85	3.8	*	*
L Martin	2016	25-30	-	-	25-30
	2015	25-30	-	-	25-30

Directors' Pension Entitlements ()**

Name	Real Increase in pension during the year	Real Increase in lump sum during the year	Total Accrued Pension at 60	Total Accrued Lump sum at 60	Cash equivalent transfer value 2016	Cash equivalent transfer value 2015	Real Increase in Cash Equivalent Transfer Value
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
S G Harris	-	-	41	112	944	822	122
S Ogg	-	-	9	5	160	151	9
M Roberts	-	-	11	5	127	120	7

Note: S G Harris was previously enrolled in the Scottish Teachers Superannuation Scheme, and the pension benefits table therefore reflects these transfer values. M Whittingham is not in a final salary scheme and company contributions of £17k (2014/15, £16k) were made to a defined contribution scheme.

Fair Pay Disclosure

The median remuneration for **sportscotland's** staff is £34,258 (2014/15 - £32,133).

The ratio between the median staff remuneration and the mid-point of the banded remuneration of the highest paid director is 2.85 (2014/15 2.88), as at the reporting period end date.

The salary entitlements of the most senior members of the **sportscotland** Group, shown within £5k bandings are as follows:

£	2016	2015
Range	No.	No.
50,001-55,000	0	4
55,001-60,000	16	10
60,001-65,000	1	1
65,001-70,000	0	0
70,001-75,000	1	0
75,001-80,000	0	2
80,001-85,000	2	2
85,001-90,000	1	0
90,001-95,000	0	1
95,001-100,000	1	0

All salaries shown are the gross salaries paid by the **sportscotland** group. All salaries are split between the **sportscotland** Lottery Fund and **sportscotland** through a process that assesses every employee and their split of work between the two companies.

The split for the **sportscotland** Lottery Fund during 2015/16 was 45% (2014-15 40%) with the balance, 55% (2014-15 60%), being funded from Scottish Government resources.

The Chair, Louise Martin is remunerated through **sportscotland** and no recharges to the **sportscotland** Lottery Fund take place therein.

Remuneration is paid to council members at the rate of £158 for each meeting attended, along with an £80 payment for preparation for a board meeting. Attendance at Committee meetings are paid at the same rate.

sportscotland operates a car leasing scheme for essential users. Payments made during 2015-16 were £298k (2014-15 £293k).

sportscotland made payments of £19k to consultants during 2015-16.

Staff report

A breakdown of the number of persons by gender who were part of the Boards at **sportscotland**, its Directors, Senior Managers and employees (including internships) as at the reporting period end date is as follows:-

	Men	Women
Boards	10	9
Directors	3	0
Senior Managers	8	5
Employees	176	164

Sickness absence date

Sickness absence rate during the year was 1.17% (2014-15 1.22%)

Reporting of Civil Service and other compensation schemes – exit packages

Exit package band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	-	1	1
£10,000 - £25,000	-	2	2
£25,000 - £50,000	-	1	1
>£50,000	-	-	-
Total number of exit packages	-	4	4
Total resource cost (£000)	-	99	99

Voluntary severance payments were agreed with four employees during the year to 31 March 2016, taking account of salary and period of service. Exit costs are accounted for in full in the year of departure.

Equal Opportunity in Employment and Disabled Employees

sportscotland actively promotes policies for equal opportunities and to ensure non-discrimination on the grounds of disability.

Employee Involvement

sportscotland involves employees in decisions which may affect their welfare through its Joint Consultative Committee, which brings together representatives from Management and Trade Unions, and through the Staff Engagement Forum.

Staff policies applied during the year

sportscotland is committed to promoting equality and diversity in employment. **sportscotland** recognises the unique contribution each employee can make and aims to promote a climate of respect for all, requiring all employees to treat each other with fairness, dignity and respect.

sportscotland is opposed to any form of discrimination against job applicants or employees on the grounds of gender or gender reassignment, disability, age, ethnic or national origin, marital status, religion or belief, sexual orientation, trade union activity, responsibility for dependents or other relevant factors.

In the case of disabled applicants who identify themselves at the application stage, appropriate interview arrangements (such as accessible interview rooms or the assistance of a sign language interpreter) will be offered to enable such candidates to compete on an equal basis.

sportscotland's Equality and Diversity in Employment Policy supports **sportscotland's** wider equality agenda through encouraging the development of a more diverse workforce, where employees understand and promote equality, and where equality is mainstreamed into every aspect of our work.

sportscotland is committed to ensuring that all employment policies and practices are non-discriminatory in line with relevant employment legislation and best practice.

All employees will be supported to achieve their full potential and all employees that self identify as having additional support needs will have an annual review to assess and review support measures.



Stewart Harris
Chief Executive & Accountable Officer
24 August 2016

Parliamentary Accountability and Audit Report

Regularity of expenditure

sportscotland is principally funded by the Scottish Government and by the National Lottery.

Scottish Government funding for 2015-16 was confirmed in the Grant-in-Aid allocation and monitoring letter from the Population Health Improvement Directorate of the Scottish Government. The letter confirms that use of resources must be in accordance with the agreed corporate and business plans, **sportscotland**'s framework document (which deals with corporate management matters and the application of non-lottery funds) and relevant guidance issued by the Scottish Ministers, in particular the Scottish Public Finance Manual and the strategic guidance letter issued in February 2015.

Ministerial priorities sport and physical activity for 2015-16, as set out in the Grant-in-Aid letter include:

- Schools and education;
- Clubs and communities;
- Performance sport;
- People;
- Places;
- Partnerships and planning; and
- Efficient, smarter and trusted organisation

National Lottery funding for 2015-16 is administered in accordance the following directions received from Scottish Government, in compliance with the National Lottery etc. Act 1993, as amended by the National Lottery Act 1998.

- Policy Directions issued to **sportscotland** under Section 26A(1)(A) of the National Lottery etc. Act 1993 as amended by the National Lottery Act 1998.

This sets out what **sportscotland** must consider in terms of the need to ensure that money is distributed under section 25(1) for projects that promote the public good and which are not intended primarily for private gain, and the need to ensure that money is distributed under section 25(1) to projects that make real and sustainable improvements to the quality of life of the people of Scotland. It also confirms the need to promote access to sport and physical recreation for people from all sections of society, the need to promote health benefits, knowledge of, and interest in, sport by children, young people and adults, and the need to continue increasing participation and performance in Scottish sport and physical recreation.

- Financial Directions issued to **sportscotland** under Sections 26(3), (3A) and (4) as read with section 26(1)(a) of the National Lottery etc. Act 1993

sportscotland has to comply with the Statement of Financial Requirements set out in this document. **Sportscotland** must operate within the principles of administrative law and must operate a system of internal controls to manage risk to a reasonable level to the achievement of policies, aims and objectives. It must also follow the guidance on applications, payments of grants and monitoring and evaluating projects.

The Chief Executive of sportscotland is designated as the Accountable Officer for the Lottery funds under **sportscotland**'s control and for signing the accounts for **sportscotland**'s Lottery distribution activities.

- Accounts Directions issued to **sportscotland** under Sections 35(3) of the National Lottery etc. Act 1993 direct that **sportscotland** shall prepare accounts in compliance with the accounting principles and disclosure requirements of the Government Financial Reporting Manual.

Fees and charges

The Scottish Sports Council Trust Company (a subsidiary of the Scottish Sports Council and part of the consolidated Group) receives revenue for the following income streams, split by centre, as follows:

	Inverclyde	Cumbrae	Glenmore Lodge	2016
	£000	£000	£000	£000
Course Fees	74	450	1,108	1,632
Hires, Sales & Hospitality	391	50	565	1,006

Course fees represent income from a wide selection of courses, ranging from beginners courses in sailing and mountain skills to key "train the trainer" courses for industry expert qualifications. As a result, the course range and frequency is driven by a number of considerations, including commercial demand and the requirement to ensure that certain key industry qualifications are always available. Glenmore Lodge and Cumbrae were the main income generators of course fees in 2015/16 providing a wide range of courses utilising the locations, natural features and seasonal weather conditions around where they are based.

Hire, sales and hospitality income principally refers to hire of sporting facilities at Inverclyde and income from food, drink and accommodation at Glenmore Lodge.

Contingent Liabilities

No contingent liabilities were recorded as at 31 March 2016.

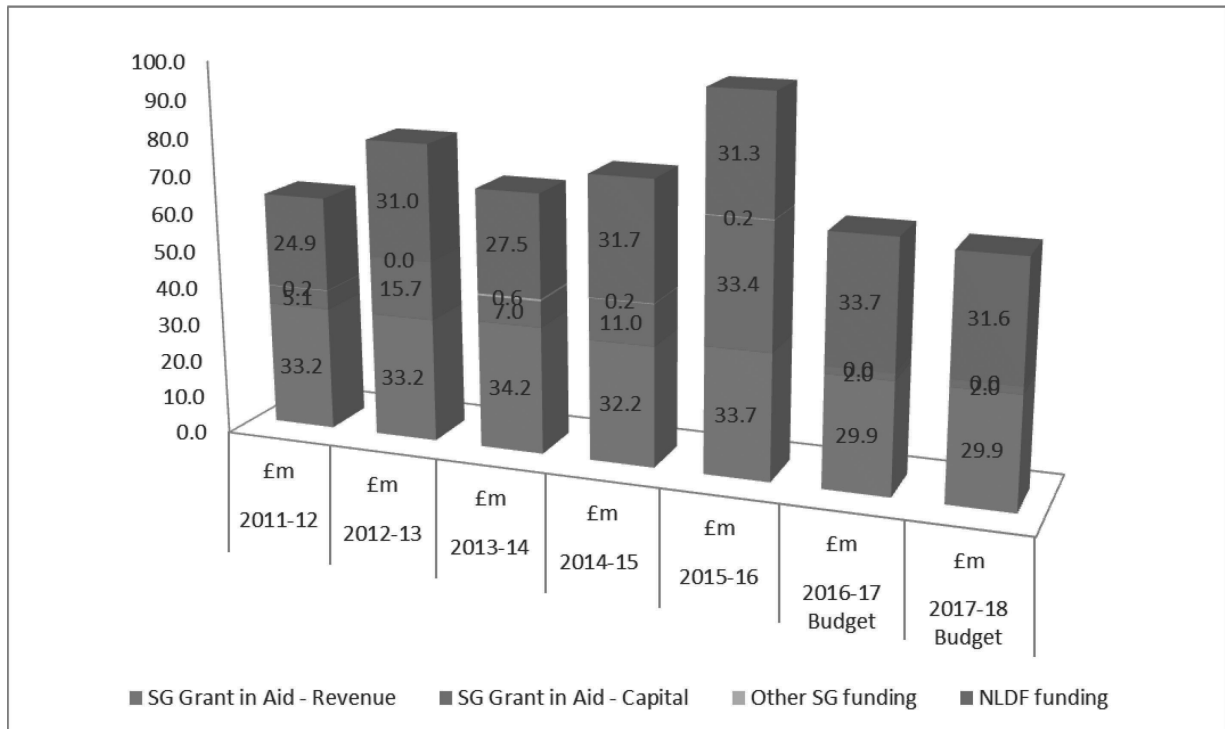
Losses and Special Payments

No Losses were incurred or Special Payments made during the year ended 31 March 2016.

Long-term expenditure trends

sportscotland's expenditure is driven by the funding provided by the Scottish Government (SG) through grant-in-aid and by the National Lottery distribution fund (NLDF).

We set out below the funding received from these two entities over the last 5 years, together with the budget for 2016/17 and 2017/18.:



Note: SG Funding for 2016-17 is based on a current Grant in Aid letter. SG Funding for 2017-18 will not be known until later in 2016 and so the value for 2016-17 has been used as an indicative amount.

Stewart Harris
 Chief Executive & Accountable Officer
 24 August 2016

Independent auditor's report to the members of Scottish Sports Council Lottery Fund, the Auditor General for Scotland and the Scottish Parliament

We have audited the financial statements of the Scottish Sport Council Lottery Fund (the Lottery Fund) for the year ended 31 March 2016 under the National Lottery Act 1993. The financial statements comprise the Statement of Financial Position, the Statement of Comprehensive Net Expenditure, the Statement of Cash Flow, the Statement of Changes in Taxpayers' Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2015-16 Government Financial Reporting Manual (the 2015-16 FReM). This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Auditor General for Scotland, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of Accountable Officer and auditor

As explained more fully in the Statement of the Accountable Officer's Responsibilities the Accountable Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and is also responsible for ensuring the regularity of expenditure and income. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Auditor General for Scotland. Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. We are also responsible for giving an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the body's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accountable Officer; and the overall presentation of the financial statements. It also involves obtaining evidence about the regularity of expenditure and income. In addition, we read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements, irregularities, or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view in accordance with the National Lottery etc Act 1993 and directions made thereunder by the Scottish Ministers of the body's affairs as at 31 March 2016 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2015/16 FReM; and
- have been prepared in accordance with the requirements of the National Lottery etc Act 1993 and directions made thereunder by the Scottish Ministers.

Opinion on regularity

In our opinion in all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

Opinion on other prescribed matters

In our opinion:

- the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers; and
- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We are required to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration and Staff Report to be audited are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit; or
- the Governance Statement does not comply with guidance from the Scottish Ministers.

We have nothing to report in respect of these matters.



Joanne Brown, (for and on behalf of Grant Thornton UK LLP)

110 Queen Street
Glasgow
G1 3BX
25 August 2016

sportscotland

Lottery Fund

Statement of Comprehensive Income for the year ended 31 March 2016

	Notes	2016 £000	2015 £000
Income			
National Lottery Fund proceeds		31,285	31,747
Interest receivable		15	14
Other operating income	2	30	69
		<u>31,330</u>	<u>31,830</u>
Expenditure			
Grants paid and committed during the year	3	6,528	8,762
Net grant commitments	3	17,227	13,577
Staff costs	4	3,211	3,727
Depreciation	5	6	9
Other operating charges	5	3,620	3,041
		<u>30,592</u>	<u>29,116</u>
Operating surplus / (deficit) before tax		738	2,714
Corporation tax	6	3	3
Increase in fund		<u>735</u>	<u>2,711</u>

All the results of the Fund relate to continuing activities.

No other gains or losses were incurred in the year.

The notes to the accounts form part of these financial statements

sportscotland Lottery Fund

Statement of Financial Position at 31 March 2016

	Notes	2016 £000	2015 £000
Non - current assets			
Property, plant, and equipment	7	5	11
Intangible assets	8	127	74
Total non-current assets		<u>132</u>	<u>85</u>
Current assets			
Cash and cash equivalents			
Investments – balance held in NLDF	9	61,111	58,676
Cash at bank	12	4,000	1,083
Trade and other receivables	10	47	44
Total current assets		<u>65,158</u>	<u>59,803</u>
Total assets		<u>65,290</u>	<u>59,888</u>
Current Liabilities			
Trade and other payables	11	23,947	19,280
Total current liabilities		<u>23,947</u>	<u>19,280</u>
Non-current assets plus net current assets		<u>41,211</u>	<u>40,608</u>
Net assets		<u>41,343</u>	<u>40,608</u>
Taxpayers Equity			
General fund	14	41,343	40,608
		<u>41,343</u>	<u>40,608</u>

The Accountable Officer authorised these financial statements for issue on 24 August 2016



Stewart Harris
Chief Executive & Accountable
Officer



Mel Young
Chair

The notes to the accounts form part of these financial statements

sportscotland Lottery Fund

Statement of Cashflow for the year ended 31 March 2016

	Notes	2016 £000	2015 £000
Cash flows from operating activities			
Surplus on ordinary activities before tax		738	2,714
<i>Adjustment for non-cash items</i>			
Depreciation on tangible and non-tangible fixed assets		6	9
<i>Movements in working capital</i>			
Increase in investments		(2,435)	(4,776)
Increase in trade and other receivables		(3)	(8)
Increase in trade payables		1,204	1,460
<i>Movements in provisions</i>			
Increase/(decrease) in provisions for hard commitments		3,463	(812)
Taxation Paid		(3)	(3)
Net cash (outflow) / inflow from operating activities		2,970	(1,416)
Cash flows from investing activities			
Purchase of intangible assets		(53)	(74)
Net cash outflow from investing activities		2,917	(1,490)
Net (decrease) / increase in cash and cash equivalents		2,917	(1,490)
Cash and cash equivalents as at 1 April 2015		1,083	2,573
Cash and cash equivalents as at 31 March 2016	12	4,000	1,083

The notes to the accounts form part of these financial statements

sportscotland

Lottery Fund

Reconciliation of movement of funds for the year ended 31 March 2016

	Balances held in NLDF £000	Balances at SLF £000	2016 Total £000	2015 Total £000
Opening balances	58,676	(18,068)	40,608	37,897
National Lottery Fund proceeds	31,285	-	31,285	31,747
Drawn down in year by SLF	(28,850)	28,850	-	-
Interest on cash balances	-	15	15	14
Other operating income	-	30	30	69
Grants paid	-	(6,528)	(6,528)	(8,762)
Net grant commitment	-	(17,227)	(17,227)	(13,577)
Expenditure	-	(6,840)	(6,840)	(6,780)
	<u>61,111</u>	<u>(19,768)</u>	<u>41,343</u>	<u>40,608</u>

The notes to the accounts form part of these financial statements

sportscotland Lottery Fund

Notes to the accounts for the year ended 31 March 2016

1 Accounting policies

1.1 Basis of accounting

These financial statements are prepared under the historical cost convention as modified by the revaluation of fixed assets. The financial statements have been prepared in accordance with applicable accounting standards, the National Lottery etc Act 1993, and the Government Financial Reporting Manual, in so far as they relate to the **sportscotland** Lottery Fund, and the requirements of the Accounts Direction issued by Scottish Ministers.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the entity's financial statements except as noted below.

As required by Scottish Ministers, the **sportscotland** Lottery Fund is not required to include a note showing historical cost profits and losses.

Comparative figures shown are for the year to 31 March 2015.

Going Concern

Due to the healthy bank balance and strong net asset position as well as the continued funding expected, the board have prepared the financial statements on the going concern basis which provides that the organisation will continue in operational existence for the foreseeable future.

1.2 Accruals convention

All income and expenditure is taken into account in the financial year to which it relates.

As required by the Scottish Ministers, a distinction is made in respect of the **sportscotland** Lottery Fund awards between hard and soft commitments.

Revenue recognition

Revenue in respect of services provided is recognised when, and to the extent that, performance occurs, and is measured at the fair value of the consideration receivable. Where income is received for a specific activity that is to be delivered in in the following year, that income is deferred.

Hard commitments

A hard commitment is analogous to a commitment arising from a legally binding contract, carrying with it an obligation on the distributor to pay the agreed Lottery grant provided only that all the conditions of the grant are met, and that the National lottery continues to operate. For the purposes of recording a charge in the Statement of Comprehensive Income, a hard commitment arises when a firm offer of a grant from the National Lottery proceeds has been made by **sportscotland** and accepted in writing by the recipient. A firm offer will only be made if there is a reasonable expectation that conditions attached to the offer will be met. A provision for hard grant commitments is shown on the Statement of Financial Position and is written down as the commitment matures.

Soft Commitments

These will occur when there is agreement in principle by **sportscotland** to fund a scheme. Once a formal offer and acceptance of the terms and conditions of the

grant have been concluded will this become a hard commitment. The total soft commitments are shown in a note to the Statement of Financial Position. Changes in soft to hard commitments which arise after the accounting year end and before the publication of the Accounts will not be adjusting events in terms of IAS 10 (Events after the Reporting Period).

De-commitments

Should a hard commitment fail to become a cash payment within the expected timeframe, and there is little possibility of it crystallising, sportscotland may withdraw the offer formally in writing. A reverse entry to the commitment is then made in the Statement of Comprehensive Income.

1.3 Property, plant, and equipment and depreciation

Assets with a value of less than £2,000 are not capitalised.

Depreciation is provided on all tangible fixed assets on a straight line basis, as follows:

Leasehold buildings	Over the term of the lease
Fixtures and fittings	5 years
General equipment	4 years
Computing equipment	4 years
Motor vehicles	4 years

Depreciation is only provided for in the year of acquisition if the asset is purchased prior to 30 September. No depreciation is provided in the year of disposal.

The finance team are advised of any assets that have been disposed during the year and this is backed up by the annual Asset Audit check which entails visiting the Group estate and checking the accuracy of the Fixed Asset register by verifying the location and condition of all assets.

Where an asset is held under a finance lease, depreciation is provided over the shorter of the lease term and the policy for the class of assets concerned.

1.4 Intangible Assets

Intangible assets are valued at cost less straight line depreciation.

Future economic benefit has been used as the criteria in assessing whether an intangible asset meets the definition and recognition criteria of IAS 38 where assets do not generate income. IAS 38 defines future economic benefit as 'revenue from the sale of products or services, cost savings or other benefits resulting from the use of the asset by the entity'.

1.5 National Lottery Distribution Fund

Balances held in the National Lottery Distribution Fund remain under the stewardship of the Secretary of State for Culture, Media and Sport. However, the share of these balances attributable to the **sportscotland** Lottery Fund is as shown in the accounts and, at the Statement of Financial Position date, has been certified on an interim basis by the Secretary of State for Culture, Media & Sport as being available for distribution by the body in respect of current and future commitments. This balance is shown as an investment on the Statement of Financial Position and is stated at market value. The balance in the accounts is based on an Interim Statement of balance produced by the Department of Culture, Media and Sport (DCMS) which is subject to completion of the Statement of Assurance of Payments due to the National Lottery Distribution Fund for 2015/16 by the National Lottery

Commission and the completion of the audit of the National Lottery Distribution Fund accounts for 2015/16 by the National Audit Office with an adjustment for the final balance being reflected in subsequent financial statements.

The annual proceeds available from the National Lottery Distribution Fund have been treated as income within these financial statements.

1.6 Taxation

Taxation has been provided for by the **sportscotland** Lottery Fund. The Fund is liable to corporation tax on the bank interest received. The small companies' rate of corporation tax applies to this taxable income.

1.7 Post retirement benefits

All members of staff are contractually employed by sportscotland and sportscotland Lottery Fund. A proportion of staff costs are recharged by sportscotland to sportscotland Lottery Fund on the basis of time spend by the employee on activities of sportscotland Lottery Fund.

All members of staff have the option of joining the Strathclyde Pension Fund (SPF). Existing employees are entitled to maintain their membership of the Scottish Teachers Superannuation Scheme (STSS).

As sportscotland is the employer of staff, the pension scheme is accounted for as a defined benefit scheme in the financial statements of sportscotland. Within sportscotland Lottery Fund, the pension scheme is accounted for as a defined contribution scheme and the recharged share of the pension contributions is expensed to the Statement of Comprehensive Income in the year.

Scottish Teachers Superannuation Scheme (STSS).

sportscotland participates in the STSS pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of **sportscotland**. **sportscotland** is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by IAS 19 "Employee Benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Statement of Comprehensive Income represents the contributions payable to the scheme in respect of the accounting period.

Strathclyde Pension Fund (SPF).

The SPF is a pension scheme providing benefits based on final pensionable pay. The assets and liabilities of the scheme are held separately from those of **sportscotland**. Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

1.8 Leases

Rentals paid under operating leases are charged to the Statement of Comprehensive Income in the year to which the invoice relates.

1.9 Provisions

A provision (a liability that is of uncertain timing or amount) is recognised in the **sportscotland** Lottery accounts only when it actually exists at the Statement of Financial Position date. A provision is recognised when the **sportscotland** lottery fund has a present obligation (legal or constructive) as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

1.10 Lottery salary recharges

All employment contracts are within **sportscotland** and the relevant amounts charged to Lottery. All salary costs, except relocation and redundancy costs are split between the **sportscotland** Lottery Fund and **sportscotland** through an annual budgetary process that assesses every employee and their split of work between the two entities.

1.11 Accounting Standards that have been issued but have not yet been adopted

All applicable accounting standards have been applied in the current year.

2 Income

2.1 Proceeds from the National Lottery

The proceeds from the National Lottery represent the share of net operator proceeds and investment returns allocated to the **sportscotland** Lottery Fund during the year.

2.2 Other operating income comprises:

	2016 £000	2015 £000
Miscellaneous income	30	69
	<u>30</u>	<u>69</u>

3 Grants paid and net grant commitment

	2016	2015
	£000	£000
3.1 Annual grants paid and committed during the year		
Capital and Revenue	<u>6,528</u>	<u>8,762</u>
	2016	2015
	£000	£000
3.2 Grants paid during year		
Paid and committed during year	6,528	8,762
Committed in previous years	<u>13,764</u>	<u>10,302</u>
	<u>20,292</u>	<u>19,064</u>
	2016	2015
	£000	£000
3.3 Net grant commitments		
Hard commitments made during year	24,227	22,917
Less: amounts paid and committed during year	(6,528)	(8,762)
Less: amounts de-committed during year	<u>(472)</u>	<u>(578)</u>
Net grant commitment at 31 March	<u>17,227</u>	<u>13,577</u>
	2016	2015
	£000	£000
3.4 Net grant commitments split		
Capital programmes	2,913	(843)
Revenue	<u>14,314</u>	<u>14,420</u>
	<u>17,227</u>	<u>13,577</u>
3.5 Grants paid during the year by programme	2016	2015
	£000	£000
3.5.1 Capital Facilities		
Sports Facilities Programme	<u>3,504</u>	<u>4,193</u>
	<u>3,504</u>	<u>4,193</u>

	2016	2015
	£000	£000
3.5.2 Revenue Funding		
Athlete Support	11,381	8,662
Scottish Athlete Awards & Support	33	272
Volunteers	326	145
Awards for All / Celebrate	1,450	1,528
Club Support	652	1,342
Coach Support	1,536	1,355
Sports Partnerships	1,410	1,567
	<hr/>	<hr/>
	16,788	14,871
Total grants paid during the year	<hr/>	<hr/>
	20,292	19,064

4 Employees

	2016	2015
	£000	£000
4.1 Total staff costs comprise:		
Wages and salaries	2,530	2,944
Social security costs	212	242
Other pension costs	569	541
	<hr/>	<hr/>
Aggregate staff costs	3,211	3,727

All employment contracts are within **sportscotland** and the relevant amounts are recharged to **sportscotland** Lottery.

	2016	2015
	No.	No.
4.2 The average staff numbers, including part-time and full-time employees, are as follows:		
	<hr/>	<hr/>
	66	80

5 Other operating charges

The operating result is after charging:

		2016 £000	2015 £000
Administration expenses		3,327	2,712
Travel and subsistence		106	121
Auditors' remuneration	External	21	21
	Internal	11	6
Operating rentals		155	181
Depreciation		6	9
		<u>3,626</u>	<u>3,050</u>

6 Corporation tax

	2016 £000	2015 £000
Corporation tax	3	3

Corporation tax is due on the bank interest received in the year based on the standard rate of corporation tax of 20%.

7 Property, Plant & Equipment

	Total £000	Fixtures and Fittings £000	Equipment £000
Cost at 1 April 2015	43	1	42
Disposals during year	(9)	-	(9)
Cost at 31 March 2016	<u>34</u>	<u>1</u>	<u>33</u>
Aggregate depreciation at 1 April 2015	32	1	31
Charge for the year	6	-	6
Eliminated on disposal	(9)	-	(9)
Aggregate depreciation at 31 March 2016	<u>29</u>	<u>1</u>	<u>28</u>
Net Book Value at 31 March 2016	<u>5</u>	<u>-</u>	<u>5</u>
Net Book Value at 31 March 2015	<u>11</u>	<u>-</u>	<u>11</u>

8 Intangible assets

Computer software licences

	£000
Cost	
Opening balance 1 April 2015	383
Additions during year	53
Disposals during year	<u>(250)</u>
Closing balance 31 March 2016	<u>186</u>
Accumulated depreciation	
Opening balance 1 April 2015	309
Eliminated on disposal	<u>(250)</u>
Closing balance 31 March 2016	<u>59</u>
Net book value at 31 March 2016	<u><u>127</u></u>
Net book value at 31 March 2015	<u><u>74</u></u>

9 Investments

	2016 £000	2015 £000
National Lottery Distribution Fund	<u>61,111</u>	<u>58,676</u>

The balance shown at 31 March 2016 is the interim valuation from NLDF, the final audited balance for the value of investments as at 31 March 2015 was £58,676k.

10 Trade and other receivables

	2016 £000	2015 £000
Trade debtors	47	44
	<u>47</u>	<u>44</u>

Breakdown of Debtors by Category

	2016 £000	2015 £000
Other Central Government Bodies	-	-
Local Authorities	16	20
NHS Bodies	-	-
Public Corporations and Trading Funds	-	-
Other External Bodies	31	24
Total	<u>47</u>	<u>44</u>

11 Trade and other payables

	2016 £000	2015 £000
Trade creditors	71	71
Corporation tax	3	3
Hard commitments payable within one year	21,525	18,061
Intercompany - sportscotland	953	92
Accruals and deferred income	1,395	1,053
	<u>23,947</u>	<u>19,280</u>

Breakdown of Creditors by Category

	Group	
	2016 £000	2015 £000
Other Central Government Bodies	984	663
Local Authorities	6,263	3,062
NHS Bodies	-	-
Public Corporations and Trading Funds	-	-
Other External Bodies	16,700	15,555
Total	<u>23,947</u>	<u>19,280</u>

12 Cash and cash equivalents

	2016 £000	2015 £000
Cash and bank balance at 1 April	1,083	2,573
Net cash (outflow)/inflow	<u>2,917</u>	<u>(1,490)</u>
Cash and bank balance at 31 March	<u>4,000</u>	<u>1,083</u>

Financial Instruments (under IFRS)

As the cash requirements of **sportscotland** are met through Grant-in-Aid provided by Scottish Government, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with **sportscotland**'s expected purchase and usage requirements and **sportscotland** is therefore exposed to little credit, liquidity or market risk.

13 Grant Commitments

	2016 £000	2016 £000	2015 £000
Capital			
Balance as at 1 April		2,236	3,079
Amounts committed during the year		6,687	3,654
Total hard commitments		8,923	6,733
Amounts paid during the year	(1,546)		
Amounts paid and committed during the year	(1,959)		
Amounts de-committed during the year	(269)	(3,774)	(4,497)
Hard capital commitments at 31 March		5,149	2,236

	2016 £000	2016 £000	2015 £000
Revenue			
Balance as at 1 April		15,825	11,707
Amounts committed during the year		17,541	19,263
Total hard commitments		33,366	30,970
Amounts paid during the year	(13,762)		
Amounts paid and committed during the year	(3,026)		
Amounts de-committed during the year	(203)	(16,991)	(15,145)
Hard revenue commitments at 31 March		16,375	15,825
Total hard commitments at 31 March		21,524	18,061

At 31 March 2016 a total of £21,525k (2014/15 £18,061k) is payable within one year and disclosed in Note 11. No other amounts are committed.

14 General Fund

	2016 £000	2015 £000
Represented by:		
Balance as at 1 April	40,608	37,897
Change in fund for the year	735	2,711
Balance as at 31 March	41,343	40,608

15 Soft capital grant commitments

	2016	2016	2015
	£000	£000	£000
Balance as at 1 April		711	-
Amounts committed during the year		2,378	711
Total soft commitments		3,089	711
Amounts transferred to hard commitments	561		
Amount de-committed during the year	150		
		711	-
Soft commitments at 31 March		2,378	711

16 Related party transactions

The **sportscotland** Lottery Fund is administered by **sportscotland** and thus **sportscotland** is regarded as a related party of the **sportscotland** Lottery Fund.

All transactions with related parties are conducted at arms length.

During the year **sportscotland** recharged salaries of £3,211k (2015: £3,727k). Within debtors there is an amount of £0k due from **sportscotland** (2015: £0k). Within creditors there is an amount of £954k due to **sportscotland** (2015: £92k).

The Scottish Sports Council Trust Company is a related party of the **sportscotland** Lottery Fund as it is controlled by **sportscotland**. There were no transactions in the year between the Scottish Sports Council Trust Company and **sportscotland** Lottery Fund.

During the year both the Accountable Officer and Chair of the **sportscotland** Lottery Fund Committee received remuneration from **sportscotland**.

The **sportscotland** Lottery Fund paid grants to the following bodies which are related parties:

	2016	2015
Awards for All (Big Lottery Fund)	£1,449,888	£1,200,300

There were no significant related party transactions with associated organisations during the year to 31 March 2016. Details of awards made to governing bodies and amounts paid to individual sports are contained in the Annual Report.

17 Losses

The **sportscotland** Lottery Fund had no write-offs during the year.

18 **Contingent Liabilities**

As at the date of signing, **sportscotland** had no contingent liabilities.

SPORTSCOTLAND

DIRECTION BY THE SCOTTISH MINISTERS

- 1 The Scottish Ministers, in pursuance of Section 35 of Part II of the National Lottery etc. Act 1993, hereby give the following direction.
- 2 The statement of accounts which, it is the duty of **sportscotland** to prepare in respect of its **National Lottery distribution activities** for the financial year ended 31 March 2006, and subsequent years, shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FReM) which is in force for the year for which the statement of accounts are prepared.
- 3 The accounts shall be prepared so as to give a true and fair view of the income and expenditure and cash flows for the financial year, and of the state of affairs as at the end of the financial year.
- 4 Clarification of the additional disclosure requirements are set out in Schedule 1 attached.
- 5 The Statement of Comprehensive Income and Statement of Financial Position shall be prepared under the historical cost convention modified by the inclusion of:
 - 5.1 Fixed assets at their value to the business by reference to current costs; and
 - 5.2 Stocks valued at the lower of net current replacement cost (or historical cost if this is not materially different) and net realisable value.
- 6 This direction shall be reproduced as an appendix to the statement of accounts. The direction given December 2005 is hereby revoked.

Signed by the authority of the Scottish Ministers

Dated April 2010

SCHEDULE 1

ADDITIONAL DISCLOSURE REQUIREMENTS

1. This schedule details the non-standard accounting policies, any special treatment needed, and any additional disclosure requirements as agreed by the Scottish Ministers and **sportscotland**, in respect of its National Lottery Fund distribution activities.
2. The **Statement of Comprehensive Income** shall show inter alia:
 - a. the total amount of Lottery proceeds receivable;
 - b. any other income (detailed between bank interest, recoveries of grant and other income);
 - c. the total amount of new Lottery grants paid in the period (i.e. amounts paid in respect of projects which have been approved during the year);
 - d. the change in the provision for net grant commitments;
 - e. the total expenses incurred by the body in respect of its National Lottery distribution activities, separately identifying direct costs and costs initially incurred elsewhere in the organisation and apportioned to the National Lottery distribution activity. The calculation of the costs to **sportscotland**'s National Lottery activities will be on a full cost recovery basis and should cover all costs that are directly and demonstrably related to Lottery activities.
3. The **Statement of Financial Position** shall show, inter alia:
 - a. within the heading "Cash and cash equivalents" the balance held on behalf of the body at the National Lottery Distribution Fund;
 - b. under the heading "Non-current liabilities" the provision for grants committed on a hard basis and falling due for payment after more than one year (see note 6 below on commitments)
 - c. under the heading " Represented by" the balance on the Statement of Comprehensive Income.
4. The **Notes to the Accounts** shall, inter alia, include:
 - a. a statement of the accounting policies. This must include a statement explaining the nature of the balances held on the body's behalf in the National Lottery Distribution Fund as follows:

"Balances held in the National Lottery Distribution Fund remain under the stewardship of the Secretary of State for Culture, Media & Sport. However, the share of these balances attributable to **sportscotland** is as shown in the Accounts and, at the Balance Sheet date has been certified by the Secretary of State for Culture, Media & Sport as being available for distribution by the body in respect of current and future commitments.";

- b. an analysis of the income and expenditure relating to the Lottery;
 - c. an analysis of the “other operating charges” over appropriate subject headings (write-offs, audit fee, leasing charges, travel, subsistence and hospitality (costs for staff and body members should be separately identified));
 - e. the amounts “committed in respect of capital expenditure for administrative purposes”, and “amounts authorised in respect of capital expenditure for administrative purposes but not contracted”;
 - f. the amounts committed in respect of National Lottery grants split between hard and soft commitments identifying the amount falling due (see note 5 below). Where these commitments exceed available resources shown on the Statement of Financial Position, there should also be a note explaining the rationale for the over-commitment in terms of the benchmark being applied and the assumptions behind it, taking into account any advice received from the Scottish Ministers as appropriate.
5. The nature of the Distributing Bodies' Lottery activities means that they will be making commitments for future expenditure which will need to be shown in the annual financial statements. Commitments should be categorised and shown as follows:

6. **Soft Commitments**

These will occur when there is agreement in principle by the **sportscotland** Lottery Fund to fund a scheme. Once a formal offer and acceptance of the terms and conditions of the grant has been concluded this will become a hard commitment. The total of soft commitments will be shown in a note to the Statement of Financial Position. Changes in soft to hard commitments which arise after the accounting year end and before publication of the Accounts will not be adjusting events in terms of IAS 10 (Events after the Reporting Period). A tabulation should accompany the Notes to the Accounts and show:

- i) Soft commitments brought forward;
- ii) Soft commitments transferred to hard commitments;
- iii) Soft de-commitments;
- iv) Soft commitments made;
- v) Balance of soft commitments outstanding carried forward.

a) **Hard Commitments**

A hard commitment is analogous to a commitment arising from a legally binding contract, carrying with it an obligation on the distributor to pay the agreed Lottery grant provided only that all the conditions of grant are met, and that the National Lottery continues to operate. For the purposes of recording a charge in the Statement of Comprehensive Income, a hard commitment arises when a firm offer of a grant from the National Lottery proceeds has been made by the **sportscotland** Lottery Fund and accepted in writing by the recipient. A firm offer will only be made if there is a reasonable expectation that conditions attached to the offer will be met. A provision for grant commitments should be shown on the Statement of Financial Position and would be written down as the commitments

mature. As part of the notes to the Statement of Financial Position a tabulation illustrating the changes in hard commitments should be shown as follows:

- i) Hard commitments brought forward;
- ii) Hard commitments met in the last year;
- iii) Hard de-commitments (withdrawal of an offer);
- iv) Hard commitments made;
- v) Balance of hard commitments outstanding carried forward;
- vi) A breakdown of the provision for the grant commitments should be reported separately for each year up to and including 5 years and for over 5 years.

b) **De-commitments**

i) Soft Commitments

If a soft commitment fails to become hard for any reason and there is no prospect of a formal offer letter being issued and accepted then the soft commitment should be deleted from **sportscotland** Lottery Fund's records. It will be shown in the table accompanying the notes to the Statement of Financial Position in the soft de-commitments line.

ii) Hard Commitments

Should a hard commitment fail to become a cash payment within the expected time frame, and there is little possibility of it crystallising, **sportscotland** Lottery Fund may withdraw the offer formally in writing. A reverse entry to the commitment should then be made in the Statement of Comprehensive Income. The table in the Notes to the Accounts will correspondingly be reduced.

c) **Repayments**

The circumstances of a grant repayment are as described in the Statement of Financial Requirements. A repayment will not affect a commitment unless the payment is part of a phased scheme for which commitments for later phases have been included in the Statement of Financial Position. A repayment will be reflected as an adjustment in the Statement of Comprehensive Income. If a repayment occurs after the year end but before the Accounts have been signed by **sportscotland's** Accountable Officer and is material (5% of the total grants paid in the year or £1m which ever is the lower,) it will be necessary to treat the repayment as an adjusting event.

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