

sportscotland
National Lottery
Distribution Fund

Annual Report and Accounts
for the year ended 31st March 2020

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for the year ended 31st March 2020

Presented to Parliament pursuant to Section 35
of the National Lottery etc Act 1993

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sportscotland

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Minister's Foreword

I am writing this foreword during unusual times. While the coronavirus pandemic has had a major impact on how we all live our lives, it has highlighted the importance of being physically active and that it is essential for both a healthy mind and body. I have been delighted with the way **sportscotland** and the whole sporting system has responded to help people remain physically active during this period. I have also been pleased with **sportscotland's** clear and supportive communication with the sector, as well as their focus on supporting people's mental health through the #WeAreHere campaign.

This marks the first year of **sportscotland's** new corporate strategy, Sport for Life. The case studies and data in this report help to evidence the inherent benefits gained from participation in sport, such as feeling healthier and fitter, developing skills and improving confidence. The report also highlights the wider benefits it can bring, such as making people feel more connected to the community they live in and helping to reduce loneliness. These are issues that are likely to be of increased importance as restrictions are lifted following the coronavirus outbreak. Sport and physical activity will continue to have an important role in people's lives and in helping to bring communities back together.

I commend **sportscotland** for their progress so far and look forward to working with them in the coming year to bring positive change to people's lives through sport and physical activity.

Joe FitzPatrick – Minister for Public Health, Sport and Wellbeing

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 therefore”. 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 and with the consent of the Secretary of State for Culture, Media and sport in accordance with Section 35(3) of the National Lottery etc. Act 1993.

THE PERFORMANCE REPORT

Overview

Chief Executive's Report

In May 2019, **sportscotland** unveiled a new corporate strategy, Sport For Life, built around our vision for an active Scotland where everyone benefits from sport.

Working with our partners, we embedded the Active Scotland Outcomes across schools and education, clubs and communities and performance sport, giving people the opportunity to take part at all levels.

Towards the end of our first year of implementing Sport For Life, the vast majority of sporting activity came to a standstill due to the Coronavirus (COVID-19) pandemic and the vital measures put in place by the government to halt its spread. The aim of this summary of progress is to highlight the work that was done between April 2019 and March 2020 to help the people of Scotland get the most from the sporting system – a mission we will all look forward to resuming when the time is right.

I would like to thank everyone who has contributed to this annual review, either by answering a survey or sharing their personal experiences through a case study. Without you, it would not be possible for us to measure the impact of sport across every community in Scotland and promote how we play our part, through partnership work and investment through both the Scottish Government and the National Lottery.

I am very proud of the vital work being done by the people who underpin our sporting system, never more so than at this time of crisis. This first Sport For Life Summary of Progress is your story. I hope you will find it uplifting and inspiring.

Stewart Harris, Chief Executive, **sportscotland**

Purpose and activities of the organization

About us

sportscotland is the national agency for sport. 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 have three directorates - sports development, high performance and corporate services. The **sportscotland** Trust Company operates national training centres which provide quality, affordable and appropriate residential and sporting facilities for people to develop in sport.

We deliver from our headquarters in Glasgow, the **sportscotland** institute of sport in Stirling and our regional bases across Scotland – and we have a wide range of partnerships running the length and breadth of the country.

This report applies to the national agency, **sportscotland**, which includes the **sportscotland** National Lottery Distribution Fund.

A sporting system for everyone

Our vision is of an active Scotland where everyone benefits from sport. We are committed to the Scottish Government's vision of a more active Scotland and the Active Scotland Outcomes Framework (ASOF), which contributes to the National Performance Framework¹. Our mission is to help the people of Scotland get the most from the sporting system.

The sporting system is made up of different components that interact with each other as illustrated in the diagram below. It is not a structure, an organisation or a process. The system adapts to its environment. So as the world around sport changes, the system components and the way they interact evolves.

The sporting system shows how resources are invested by various organisations and partners to promote sport and develop the people and places that create sporting opportunities which are delivered in the schools and education, clubs and communities and performance sport environments.

It helps everyone see where they fit in and how they contribute. As a result, people in Scotland take part in sport at the level they choose which has an impact on activity levels, health and other aspects of society and the economy

¹ <http://nationalperformance.gov.scot/>

Figure 1: Scotland's world class sporting system



Structure: Our environments

We see people taking part in sport and physical activity across three different environments. We use these environments to structure the programmes we invest in and our key activities.

Schools and education

The schools and education environment helps build competence and confidence in sport by providing positive sporting experiences at schools, colleges and universities.

We collaborate closely with local and national partners to make changes to improve sport and physical activity for children, young people and young adults. We also ensure the voice of children and young people informs our decision-making.

Clubs and communities

The clubs and communities environment offers local opportunities for participants and athletes to get started in sport and develop to the level they choose.

Our staff focus on developing and improving the connections between local authorities and Scottish governing bodies of sport (SGBs) to build capacity and capability within local clubs, community sport hubs and communities. We also work with third sector organisations and other partners to add value and strengthen this approach.

We encourage an inclusive approach. We support clubs, community sport hubs and communities to understand and address barriers people face and make it easier for people to participate in sport.

Performance sport

The performance sport environment helps prepare and support athletes to perform consistently on the world stage using cutting edge expertise and technology.

We work in close partnership with SGBs and others in performance sport. We enhance areas of our system in response to the changing landscapes and direct requirements of our sports, athletes and partners. We provide and encourage good leadership, management and impact awareness across our high-performance system.

Making it happen

Making it happen supports our work in all three environments, both within **sportscotland** and for the whole sporting system. It is about effective business management and helps us:

- make the most of our people, places and tools.
- do the things we need to do to be a good organisation.
- help people understand and value us and sport.

Performance summary

We report on our annual performance by summarizing key highlights from our operational delivery across the environments in the sporting system, and providing data about how this contributes to the six outcomes in our corporate strategy, Sport for Life <https://sportforlife.org.uk/>.

Clubs and communities

We worked with partners to deliver 201 active community sport hubs against a target of 200 by 2020. More than half (61%) of active hubs are based in schools. Hubs continue to bring together sports clubs and local partners to develop and grow sport and physical activity in communities across Scotland. They engage with the local sporting and non-sporting infrastructures to ensure sustainable, community-led approaches.

We launched Child Wellbeing and Protection in Sport (CWPS) training to replace Safeguarding and Protection in Sport training. The CWPS training includes e-learning and is better tailored to meet the needs of modern-day learners. There is now an average of 99% compliance with the Standards for Child Wellbeing and Protection in Sport across all SGBs.

We supported 38 invested posts from SGBs, local authorities and leisure trusts to complete the Changing Lives Champions programme, provided by the Changemakers Partnership. The programme included training on inclusion; community engagement and understanding; and, sustainability of delivery. The Champions are now available to support clubs who have an ambition and will to change people's lives through sport.

We continue to work closely with clubs across Scotland to support direct club investment (DCI) business cases. Our investment prioritises projects that provide more and better opportunities for girls and young women, people with disabilities and people living in our most disadvantaged communities. We invested over £656,000 to 23 clubs this year. This investment has leveraged an additional £830,000 from the clubs and from other local partners.

We invested £6.5 million into the construction of the Dundee Regional Performance Centre for Sport. This was officially opened in February 2020, on time and on budget. We continue to support our partners to ensure the centre meets the needs of SGBs and community users.

We worked with Scottish Cycling to develop the strategic investment legacy fund for cycling projects across Scotland, linked to the UCI 2023 World Championships. We continued to work with Tennis Scotland and the Lawn Tennis Association (LTA) on the implementation of the Transforming Scottish Indoor Tennis Fund. We approved investment of £1.71m into three, stage two applications.

We developed two web-based applications to help people use data for planning. The Active Schools App allows users to analyse all available data in an interactive way. The Sharing and Learning App gives supported posts in Active Schools, community sport hubs and SGB regional posts the opportunity to share their work and find out what activity is being delivered in specific areas or with particular groups. We delivered a series of training sessions on the Apps and used feedback to improve their functionality.

We delivered the Sunday Mail **sportscotland** Sports Awards which received excellent local and national coverage. The hashtag #ScottishSportsAwards had a reach on Twitter of 3.9 million, with 391 users of the hashtag and 1,127 retweets and shares. We also provided communications and media support to several partner events. These included the Street Soccer Scotland International Women's Day gala lunch, the Mental Health in Scottish Sport Conference and the Scottish Sports Futures awards.

In October 2019 the Scottish Government announced £50,000 of funding to support access to free sanitary products in sports clubs. We managed the distribution of this fund, supporting 497 sport clubs to provide free sanitary products to their members, participants and visitors. These grants will help clubs across Scotland ensure all members feel included, comfortable and dignified when they take part in sport and physical activity.

Schools and education

We worked with local authority partners to increase the number, range and quality of opportunities for school pupils to take part in sport through Active Schools. We provided greater leadership to the Active Schools network to encourage and support them to be more inclusive in their approach.

Nationally, Active Schools continues to have an impact on girl's physical activity levels. For example:

- 149,840 girls participated in sport and physical activity through Active Schools sessions last year. This was 44.2% of the female school roll, up from 43.9% the previous year.
- Girls made 3.4 million visits to Active Schools sessions last year, 46% of all visits to the programme.
- There were 27,055 more visits by girls to Active Schools in 2018-19, up by 0.8% from the previous year. On average, each girl made 23 visits across the year.

We provided each partner with their own press release and infographic of Active Schools data for the 2018-19 academic year.

We continue to support local partners on a needs basis as they develop their thinking and plans around girl's specific delivery. This year we supported City of Edinburgh with an improvement plan for female participation, as part of their new sport and physical activity strategy. We also helped them establish a think tank to drive forward women and girl's participation.

Active Girls Day took place on 4 October 2019. This provides an opportunity to profile girls and young women being active and engaging positively in sport and physical activity. We worked with our Young People's Sport Panel to develop a set of downloadable resources to support partners with their engagement on the day. We also raised the profile of the activity delivered through our network, with 799 users sending 1,684 tweets using #ActiveGirls.

A record 399 schools achieved a Gold School Sport Award, an increase from 284 last year. A further 277 schools achieved Silver and 74 achieved Bronze. The School Sport

Awards are designed to encourage schools to continuously improve physical education and school sport opportunities.

Performance

Our major headline goal is the Tokyo Olympics and Paralympics which is now due to take place in 2021. We continued to support athletes and sports to attain the appropriate qualification standards and get selected for Team GB and Paralympic GB.

We provided specialist support to all players selected for the European Solheim Cup Team. This included performance nutrition, recovery, hydration, sleep and energy requirements. Catriona Matthew became the first Scottish woman to captain the European Solheim Cup Team as they defeated the USA at Gleneagles.

Our financial investment and allocation of expert support services was a key factor in the Scottish women's national team successfully qualifying for its first ever Football World Cup in France. We provided specialist support to the Scottish team in France, at its pre-Games Camp and throughout the competition.

We achieved the highest ever share of Scottish athletes (14.9%) and para athletes (13.6%) in receipt of UK Sport World Class Podium and World Class Podium Potential funding.

We designed and delivered a conference focusing on effective coach and athlete curriculum to 10 sports. This aimed to foster a collaborative approach across those responsible for athlete and coach development. We also completed our performance pathway consultation. Over 400 parents and carers completed the survey and attended focus groups to share their views on how the pathway can be improved.

We successfully piloted a new para practitioner programme. This uses a range of innovative interventions including athlete voices, mentoring, reflective learning and observed practice to help practitioners better support para athletes. We are planning to roll this out across the performance network next year.

Making it happen

We developed two web-based applications to help people use data for planning. The Active Schools App allows users to analyse all available data in an interactive way. The Sharing and Learning App gives supported posts in Active Schools, community sport hubs and SGB regional posts the opportunity to share their work and find out what activity is being delivered in specific areas or with particular groups. We delivered a series of training sessions on the Apps and used feedback to improve their functionality.

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We enhanced our equality reporting. We produced a suite of designed reports, including a shorter summary report, to better profile our equality activity and maximise engagement with key stakeholders. We used the reports to review progress against our equality outcomes and inform our internal planning.

We successfully piloted a refreshed corporate induction programme. We then completed a review of employee relations policies in partnership with Advisory, Conciliation and Arbitration Service (ACAS) and Public and Commercial Services Union (PCS).

Going concern

The statement of financial position at 31 March 2020 shows net assets of £42.7million. Funding for **sportscotland** in 2020-2021 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.

Stewart Harris

Stewart Harris

Chief Executive & Accountable Officer

Performance analysis

In this section, we use:

- infographics to demonstrate our progress against the outcomes in our new corporate strategy, Sport for Life².
- case studies which evidence the impact of our collaborative work with partners across the system in the last year, before the Coronavirus (COVID-19) pandemic.

The data³ outlined in this section is from our:

- routine, internal monitoring
- national school survey – 9,000 responses
- national club survey – 11,000 responses

The surveys used convenience samples. We weighted the responses to make them as representative of people taking part in the programmes we invest in as possible. Those taking part include:

- *Active Schools participants - 312,808*
- *Athletes receiving support from the **sportscotland** institute of sport - 672*
- *Members of Scottish Governing Bodies of sport (SGBs) and clubs supported by **sportscotland** through community sport hubs, SGB regional posts and direct club investment - 626,689*

We were unable to collect equality or ASOF outcome data from supported athletes due to the disruption caused by coronavirus (covid-19). However, these are a very small portion of the total, and would not affect the overall results.

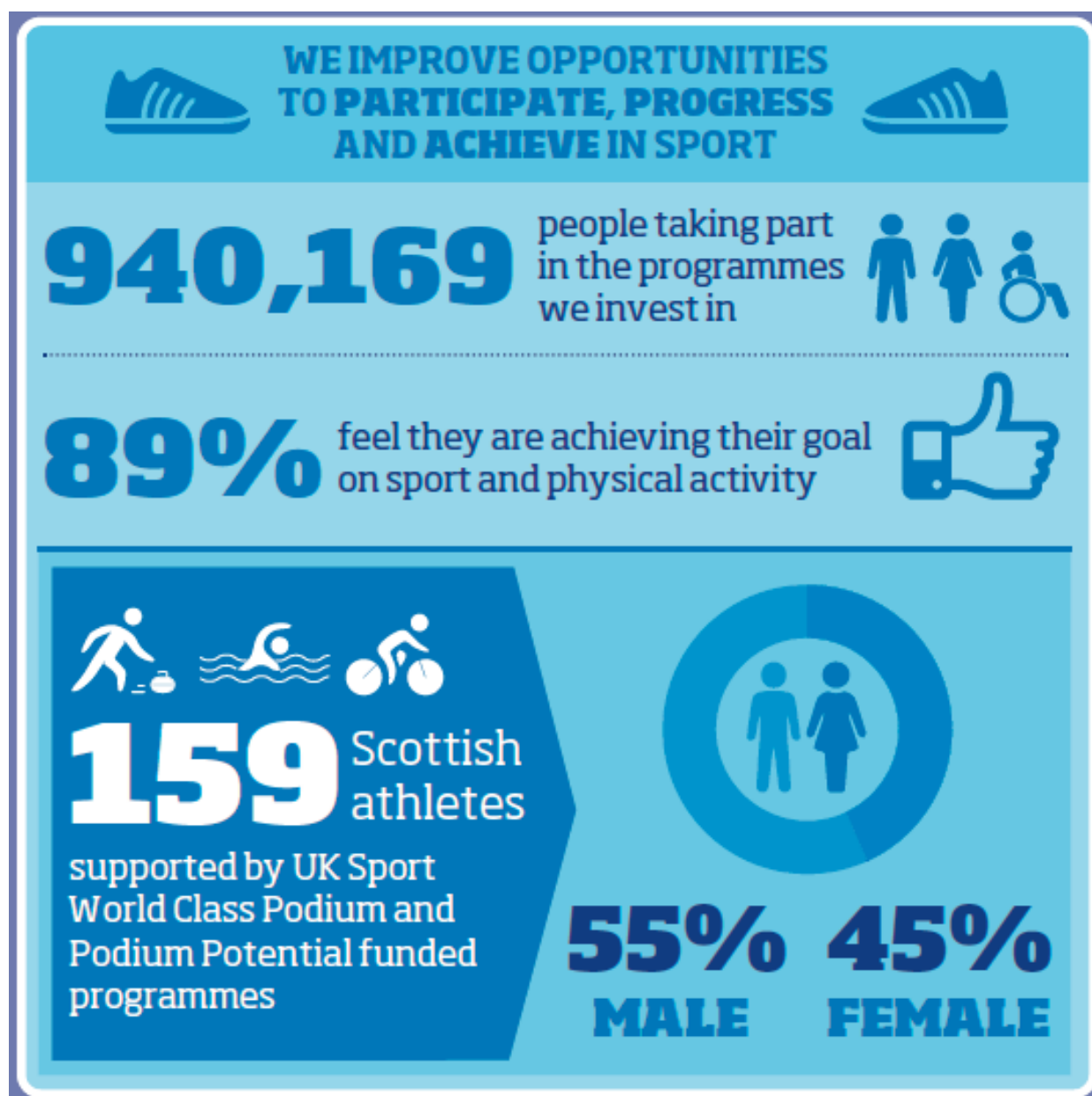
In addition, the figures for people taking part in the programmes we invest in, and people accessing **sportscotland** learning and development, are not distinct. For example, an Active School participant may also be a member of a supported club or a person may have attended more than one learning and development opportunity.

Please note that due to changes in the methodology, data is not directly comparable to previous years.

² <https://www.sportforlife.org.uk/>

³ <https://sportscotland.org.uk/about-us/our-publications/>

Our outcomes



CASE STUDY: CALLUM HAWKINS - MARATHON RUNNER

World class athlete Callum Hawkins broke the Scottish record at the London Marathon in April 2019 and then finished fourth at the IAAF World Championships in Doha to secure qualification for the Tokyo 2020 Olympic Games.

It was an emotional return for the 28-year-old, who had collapsed with heat exhaustion while leading the marathon at the Gold Coast 2018 Commonwealth Games. Callum said: “It was good to break the record and show what I’m still capable of. Doha was a bit tough as I wanted a medal, but one of my main goals for 2019 was to run quick in London and then do well enough to get pre-selection for Tokyo, so to achieve both took the weight off my shoulders.”

One thing that contributed to this double success was the support Callum received from the **sportscotland** institute of sport, working in collaboration with physical preparation coach Barry Jones.

Callum said: “Before, I probably dipped in and out of strength and conditioning, but Barry made me fully buy into it and it seems to have worked. I’m now in the gym twice a week where possible and I also do a lot through massage and physiotherapy.”

Also key was the prevention of a recurring hamstring injury, with the institute again playing a key role. Callum said: “I used to get hamstring issues once a year, so we worked hard to make me more robust. They haven’t gone since and I feel stronger, so having a good year of consistent training has made a huge difference.”

Callum has qualified and been pre-selected for Tokyo 2020, which is now due to take place in 2021.

CASE STUDY: KIRKWALL GRAMMAR SCHOOL - CAROLYNN LESLIE, ACTIVE SCHOOLS COORDINATOR

Sport is now firmly embedded as part of the culture and ethos of Kirkwall Grammar School – and it’s all thanks to a commitment to continuous improvement.

The Orkney school was awarded Gold status in **sportscotland’s** National Lottery-funded School Sport Award programme in January 2020, completing its journey through Bronze and Silver to the top of the podium.

In her role as Active Schools Coordinator, Carolynn Leslie works hard to provide more and better opportunities for pupils to participate and progress in sport. Using the School Sport Award structure to continually improve, she worked closely with the PE department at Kirkwall Grammar on the Gold Award application.

Kirkwall native Carolynn, 27, said: “The PE Department decided at the beginning of the academic year, to aim for a Gold Award. Together, we started the application early and news soon spread around the school. We were overwhelmed with the support that we received from management, teachers and school staff”.

“Teachers offered to run additional extracurricular clubs, take school trips, organise school sport competitions and more. This increased opportunities for pupils to get involved in sport and physical activity.”

In becoming the fourth school in Orkney to achieve the Gold Award, Kirkwall Grammar reaffirmed the commitment to sport that has been established as a priority by the Department of Education at Orkney Islands Council.

Carolynn, who also worked at schools in Moray before returning home, added: “I’m always amazed at the number of pupils who want to take part in sport and physical activity, at school and in the community. It’s overwhelming when you think about how much sport goes on in Orkney.

“There’s endless opportunities for pupils and adults to get involved in a huge variety of clubs and we have some amazing facilities too.”



**WE SUPPORT WELLBEING AND RESILIENCE
IN COMMUNITIES THROUGH PHYSICAL
ACTIVITY AND SPORT**



94%

of adults and
children feel
healthier



88%

of children
have made
friends



76%

of adults
feel close to
other people



69%

of adults feel
more involved in
their community

CASE STUDY: WELLBEING AMBASSADORS – CHLOE LAWSON

Chloe Lawson knows first-hand that getting involved with sport can change your life – and is now helping to raise awareness among other young people across Scotland. The 18-year-old from Glasgow is a driving force behind the Wellbeing Ambassadors project, in which 20 volunteers explain to their peers how physical activity can support their mental health and help them become more resilient.

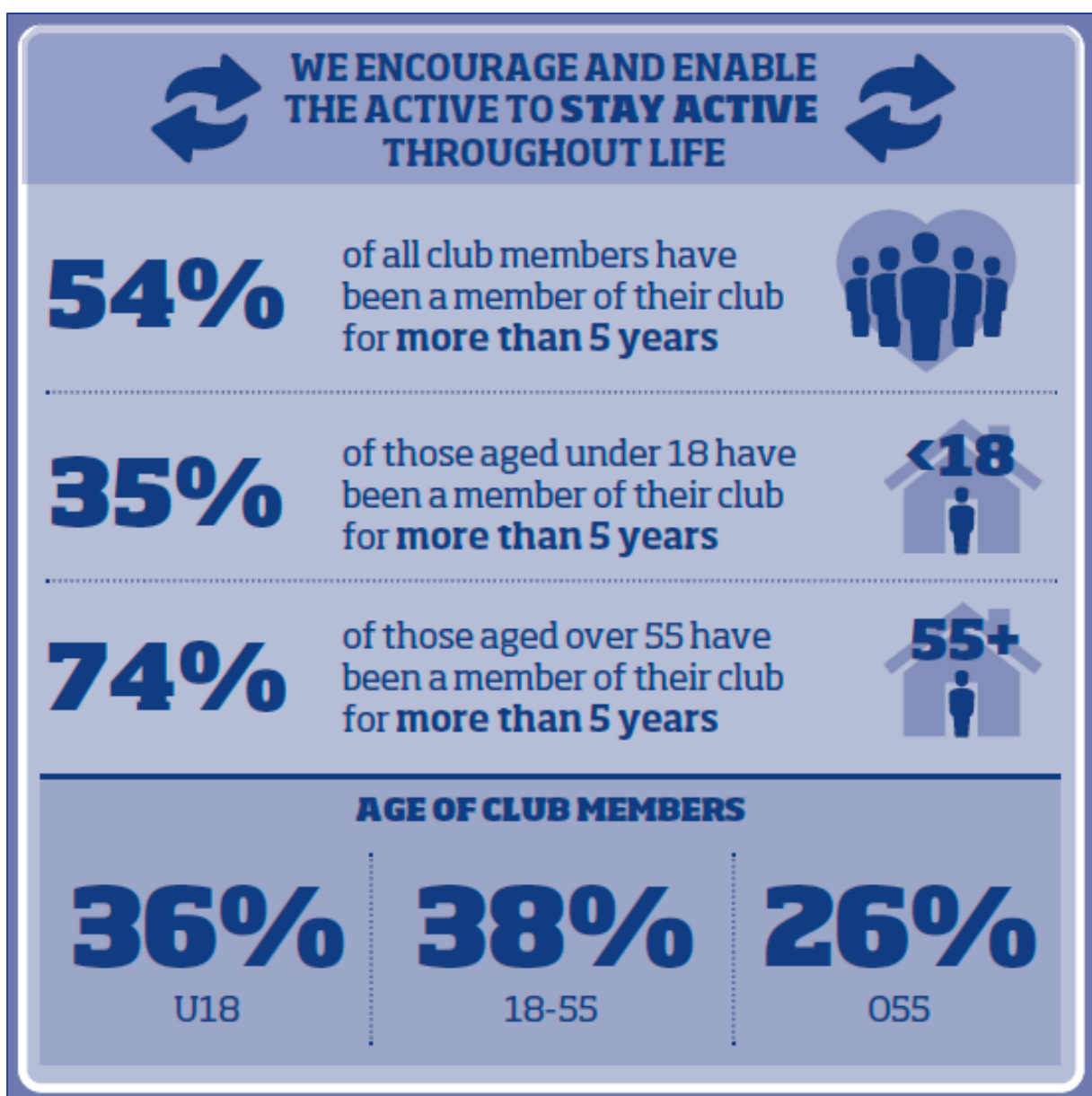
Built around the Shell Twilight initiative, the inclusive project has reached more than 2,300 people in 16 communities around Scotland thanks to the 65 workshops delivered by Chloe and her fellow ambassadors.

Chloe said: “A lot of young people tell us they don’t want to open up about mental health because they’re scared of being judged. But when they see other young people like us talking about the same things, it really hits home and has a kind of ripple effect. Linking sport with the mental health workshops works really well – the team feeling you get from sport is a huge lift”

The project is a joint initiative between Scottish Sport Futures (SSF) and the Scottish Association for Mental Health (SAMH) and received investment via Changing Lives through Sport and Physical Activity Fund, a partnership with **sportscotland**, Scottish Government, The Robertson Trust and Spirit of 2012.

Award-winning Chloe, the 2020 SSF Ambassador of the Year, believes that becoming a Wellbeing Ambassador and engaging with SSF for several years has helped with her own self-esteem and resilience.

She said: "I was about 13 when I went to an Active East session with a friend. At the time I was struggling with my mental health, didn't really have many friends and didn't enjoy school. Yet as soon as I walked in, I thought, *'I've finally found something I want to be a part of'*. Since then I've grown, become more confident and can manage my own mental health better. I've also got a lot more friends now."



In a small purpose-built community centre in Perthshire, a thriving sports hub gives local people the opportunity to take part in sport and physical activity throughout their lives.

The Madoch Centre, set up by St Madoes and Kinfauns Parish Church and home to the St Madoes Active Sports Hub (SMASH), opens its doors in Carse of Gowrie to more than 400 people every week. From pre-school children and their parents to older adults including people with dementia, there is something for everyone - sports on offer include mini-tennis, badminton and netball, seated yoga, social aerobics and Zumba.

Gemma Simpson, community sport hub development officer, said: "What I love about the Madoch Centre is their person-centred approach to physical activity, and the way they create opportunities for taking part no matter your ability, age or stage of life. "It's such a welcoming environment and wonderful to see families in the sensory room, or older people who might just have been in for a cup of tea pick up a table-tennis paddle for a short rally or take part in a chair-based exercise class."

Prior to the hub opening, 40 adults aged 70 and over said they were not participating in organised exercise activities. Now more than 60 participants in this age group are taking part in activity each week. There were 876 sessions in 2019/20 with an average of 11 participants, two-thirds of them female.

Although the hub has received funding for a full-time sports outreach worker, volunteering has been central to its success along with close collaboration between the church, St Madoes Primary School, three local sports clubs and Live Active Leisure.

Twelve volunteers have recently achieved badminton leader awards, 14 completed in-house boccia training, five passed a boccia leader's course and two passed the jog leader course.



**WE IMPROVE OUR
ACTIVE INFRASTRUCTURE
- PEOPLE AND PLACES**



8,301

people accessing
sportscotland
learning and
development
opportunities



across **27**

projects (external)



**24 facilities awards
in 2019-20...**

investing
£1.23m

and enabling investment of

£7.72m



CASE STUDY: CHARLOTTE WATSON- HOCKEY PLAYER

For Scotland and Great Britain hockey striker Charlotte Watson, world class facilities like Dundee's Regional Performance Centre (RPC) help her stay on top of her game.

Having enjoyed high-quality coaching throughout her career, the 22-year-old now has access to **sportscotland** institute of sport services at the £32 million facility, which opened in 2019. Charlotte uses the RPC when she returns to her home city from Kent, where she currently lives and plays with Holcombe Hockey Club, and she sees it as a vital asset for all performance athletes in Tayside & Fife.

She said: "The RPC is a fantastic facility and I've used it a lot. The whole place is brilliantly kitted out, with plenty of gym racks and other equipment, which means you can train properly. The better the facilities, the more it supports you and helps you improve. It really helps me keep fit when I come home, using the hall and athletics track for running sessions and in the gym with a coach from the institute."

Charlotte's journey, which began when she took up the sport aged five at Dundee Wanderers Hockey Club, culminated in a spectacular 2019 season. She gained her 50th cap for Scotland, scored in the Women's FIH Series Finals in Banbridge, received her first call-up for Great Britain and was selected for the provisional GB squad for the Tokyo 2020 Olympic Games which is now due to take place in 2021. The 22-year-old also scored the winning goal for Scotland against Italy in the final of the Women's EuroHockey Championship II in Glasgow.

Charlotte said: "It was an amazing year – I couldn't have imagined everything that happened. It's everyone's dream to go to the Olympics but I never thought I could potentially get picked for Tokyo."



CASE STUDY: COMMUNITY STRIDES – NASREEN CHOUDHRY

Mother-of-three Nasreen Choudhry has never looked back since taking part in organised sport for the first time.

It was a gentle nudge from her sister, and a growing feeling that she wanted to improve her physical and mental health, that led her to attend an introductory running session in Dundee. Nasreen, 50, now runs regularly with the Tayside Smilers group and is enjoying the many benefits of being more active.

She recalled: “I had tried gyms, but I found it to be quite a lonely experience. Working full time and with all my family commitments, I found it difficult to get motivated. I wanted to be fitter and to feel like I was part of a group. I think when you’re from an ethnic minority you feel more comfortable going out in pairs or a group”,

“I’d been suffering from an underactive thyroid for five or six years and the weight was coming on. At the end of the day I would feel completely floored. But with the running, I’ve managed to cope better with it.”

Nasreen’s introductory session at the Dundee International Women’s Centre was part of Community Strides – a collaboration between jogscotland and the Scottish Association for Mental Health (SAMH) that supports inactive people across Scotland to become more active.

She admits she was “very apprehensive” ahead of her first run, but the team from jogscotland – the recreational running arm of scottishathletics – provided an inclusive and person-centred environment that put her at ease.

Nasreen added: “The group is amazing. We talk about work and family and children, everything. I can’t praise the ladies enough. I love the social aspect and the feeling that I’ve achieved something for myself.

“I think the best part of being active is that you feel good about yourself. When you’re happy in yourself it has a positive impact on your family life, too.”



CASE STUDY: DEAF FRIENDLY CURLING – SANDRA BLACK

When Sandra Black first tried curling, little did she know it would prove to be an icebreaker that would help transform her life.

The 52-year-old, who is deaf, tried the sport for the first time through Scottish Curling’s British Sign Language (BSL) and D/deaf programme. She was introduced by partner Mike Girdwood, himself a wheelchair curler and coach who is proficient in BSL.

Sandra, from Kirkcaldy in Fife, said: “I hadn’t really taken part in any other sports beforehand but I’d been to a few games and competitions with Mike, so I decided to give it a try and see if it was for me. I was nervous when I first stepped on to the ice but I was looking forward to meeting other deaf people and understanding why Mike enjoyed the sport”.

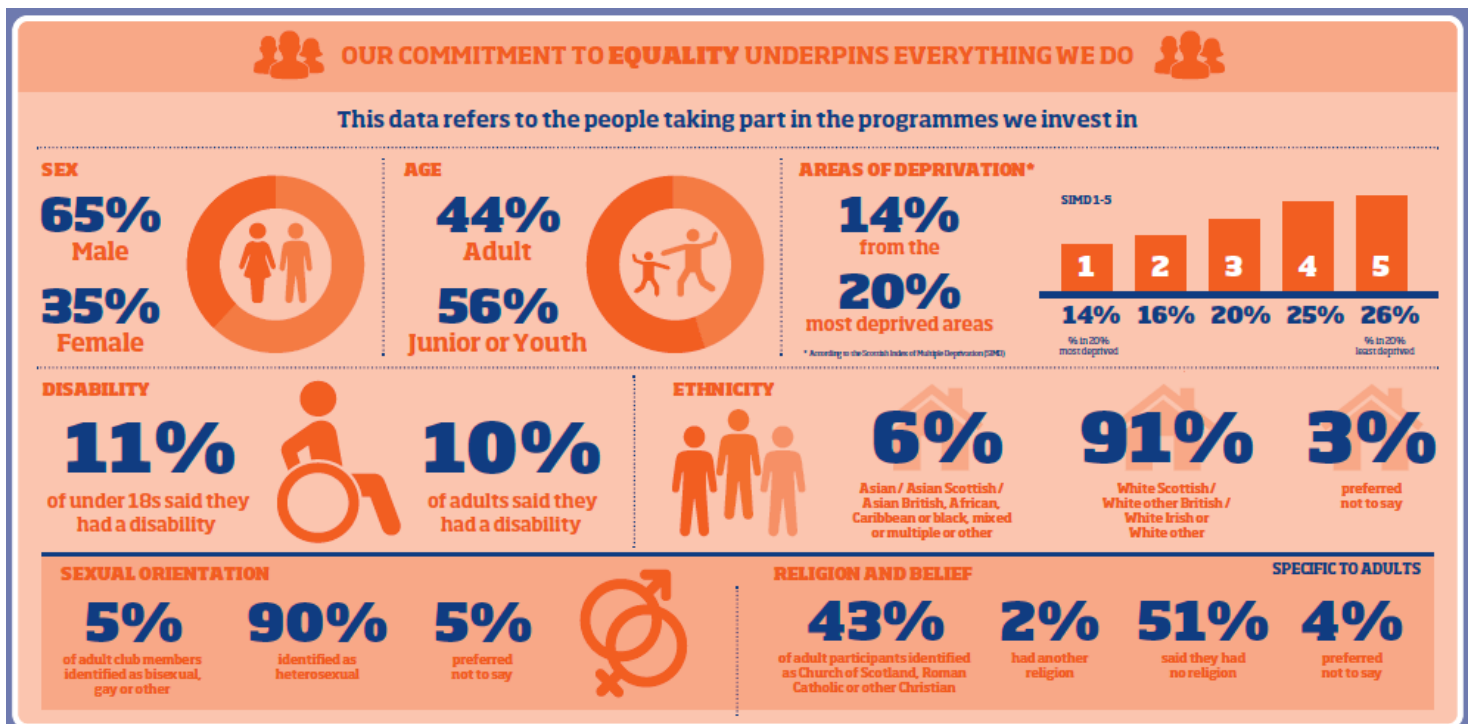
“The first session was just basic, getting to know the ice, the rules and how to use some of the equipment, but I really enjoyed it and couldn’t wait for the next session to develop my skills.”

Developed by Scottish Curling, the programme is one example of how being inclusive and person-centred can support disabled people, helping develop physical confidence and competence.

Sandra was one of 76 deaf curlers who took part in five sessions at the National Curling Academy in Stirling between October 2019 and March 2020. To help them understand some of the sport's more technical terms, the curlers were taught new BSL signs developed in partnership with Heriot-Watt University.

Sandra added: "I really enjoyed it, my confidence soared, and I was keen to explain to others what I'd learned in such a short space of time. I'd recommend it to everyone, whether they're disabled, deaf or not. It's such a fantastic way to get out of the house, unwind and spend time with friends and learn a new skill."

Equality breakdown



Review of the Financial Results of the Year

The accounts relate to the year ended 31 March 2020 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 2020, £33,232k (2018/19 £24,573k) was called down from the NLDF towards the payment of approved awards and the administration of the National Lottery Fund. Administration and programme costs including depreciation and corporation tax for the year totalled £7,492k (2018/19 £7,135k).

A summary of the Lottery Reserves position at the end of 2019/20 showing the commitments to be made over the next 4 year period from 2020/21 to 2023/24 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 2020/21 to 2023/24.

	£000s	£000s
Monies held in National Lottery Distribution Fund for sportscotland		48,483
<u>Less: - Commitments during the 4 year period 2020/21 to 2023/24</u>		
Partner Revenue Funding	(48,488)	
Capital Funding	(32,294)	
Effective Organisation	(13,185)	
		<u>(93,967)</u>
Balance to be funded by future Lottery Revenues		<u>(45,484)</u>

Remuneration for non audit services

The accounts are audited by auditors appointed by the Auditor General for Scotland. For the year 2019/20 the appointed auditors were Audit Scotland.

During 2019/20, no non-audit fees were paid to Audit Scotland.

Intangible assets

During the year to 31 March 2020 there was £nil (2018/19 £nil) spent on acquiring intangible assets for **sportscotland** Lottery Fund activities.

Retained Reserves

Accumulated funds totalling £42,669k (2018/19 £33,633k) 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 2020 the Lottery Fund paid 90% (2018/19 90%) 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

Stewart Harris

Chief Executive & Accountable Officer

THE ACCOUNTABILITY REPORT

Corporate Governance Report

Directors Report

Members of the Council

The Members of the **sportscotland** Council at 31 March 2020, all of whom have been Members throughout the year, with the exception of those indicated otherwise, are listed below:

M Young (Chair)	
D Cameron	
G Walker	
F Wood	
C Bain	
Prof C Mahoney	
C Grant	
S Sandilands	
K U'ren	
M Campbell	(joined 26 June 2019)
S Lindsay	(joined 26 June 2019)
M Munro	(joined 26 June 2019)

F Wood and S Sandilands are representatives of the **sportscotland** Trust Company.

The Chief Executive is Stewart Harris.

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

During 2019-20 **sportscotland** was required to report a data breach to the Information Commissioner's Office for the first time. The ICO was satisfied with the remedial action taken by **sportscotland** and saw no requirement to take further action.

Statement of Accountable Officer's Responsibilities

Under Article 15 of its Royal Charter for **sportscotland**, **sportscotland** is required to prepare a statement of accounts in the form and on the basis determined by Scottish Ministers. The accounts are prepared on an accruals basis and must show a true and fair view of the state of affairs at the year end and of its income and expenditure and cash flows for the financial year.

In preparing the accounts **sportscotland** 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; and
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that **sportscotland** will continue in operation.

The Accountable Officer for the Population Health Directorate has designated the Chief Executive of **sportscotland** as the Accountable Officer for **sportscotland**. 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 Non-Departmental Public Bodies' Accountable Officer Memorandum.

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 judgments 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.

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 minimizing losses of funds were in place throughout 2019/20.

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 2019/20 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, Audit Scotland in its Annual Report for 2018/19, and in its Annual Report for the current year, to those charged with Governance.

The COVID-19 pandemic has resulted in a number of changes to the way the governance works. Board meetings and Committee meetings have been held remotely using video technology in order to ensure that these bodies are able to continue to meet.

Staff have moved to working remotely and have adapted to electronic approvals where necessary to ensure that internal controls and segregation of duties are maintained in the operation of the ongoing activities of **sportscotland**.

Governance Framework

sportscotland's governance framework is based on **sportscotland's** Royal Charter and the Framework Document with the Scottish Government.

The Scottish Public Finance Manual (SPFM) is issued by the Scottish Ministers to provide guidance to the Scottish Government and other relevant bodies on the proper handling and reporting of public funds. It sets out the statutory, parliamentary and administrative requirements, emphasises the need for economy efficiency and effectiveness and promotes good practice and high standards of propriety. **sportscotland** applies relevant sections of the SPFM to its governance framework. **sportscotland's** governance arrangements comply with generally accepted best practice and relevant guidance.

The key components of the governance framework are detailed below:

sportscotland Council

At the start of the year, the Council had 12 non-executive members, being Ministerial appointments, one of which is appointed as Chair (non-executive).

All 12 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**.

The attendance of the 12 non-executive members who held office during the year of the six meetings of 2019-20 was:

M Young	(6 of 6) (Chair)
D Cameron	(6 of 6)
G Walker	(6 of 6)
F Wood	(6 of 6)
C Bain	(4 of 6)
Prof C Mahoney	(4 of 6)
C Grant	(5 of 6)
S Sandilands	(6 of 6)
K U'ren	(5 of 6)
M Campbell	(4 of 6)
S Lindsay	(6 of 6)
M Munro	(6 of 6)

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 four main Council Member committees – Audit and Risk Committee, the Group Remuneration and Succession Planning Committee, the Group Ethics Committee and the Financial Resources Committee, which was established in April 2017.

Audit and Risk Committee

Membership of the Audit and Risk Committee consists of five non executive Council members. The membership during the 2019-20 financial year is detailed below with their attendance record for the four meetings which took place during the financial year.

The Audit and Risk 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 contract with BDO LLP ended in 2020 and they were replaced by Scott-Moncrieff.

The Committee reviews the corporate risk register on a regular basis and considers the impact of new risks, changes to existing risks and planned mitigation to reduce the impact of the risks identified.

The Committee receives reports from the Data Protection Officer regarding Subject Access Requests and Data Breaches and receives a summary of Freedom of Information Requests.

The 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	(4 of 4) (Chair)
G Walker	(4 of 4)
Prof C Mahoney	(2 of 4)
C Bain	(2 of 4)
S Lindsay	(2 of 2)

Group Remuneration and Succession Planning Committee

The Group Remuneration and Succession Planning Committee has a role to oversee the annual staff Pay Remit, which is governed by the Scottish Government's Public Sector Pay Policy, and related activities concerning staff development and succession planning.

The Committee is also responsible for considering the application and impact of the Scottish Government's Public Appointments process for Board members and considering how these can be enhanced by **sportscotland** to ensure that a wide- ranging and diverse talent pool is accessed whenever Board appointments are required.

The Committee met once during 2019-20. The Chair's remuneration is decided by the Scottish Government and thus he has no influence over his own pay award. Membership of the Remuneration and Succession Planning Committee during 2019-20 comprised:

G Walker	(1 of 1) (Chair)
C Grant	(1 of 1)
K U'ren	(1 of 1)
M Campbell	(1 of 1)

Group Ethics Committee

The Group Ethics Committee currently consists of three non-executive Council members and is chaired by the **sportscotland** Chair, Mel Young. The membership during the 2019-20 financial year is detailed below.

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.

The Committee will meet according to need and as such it does not have a regular timetable. No meetings were held during 2019-20.

M Young	(Chair)
F Wood	
C Bain	

Financial Resources Committee (Disbanded December 2019)

In recognition of the ongoing pressures on Government finances and the reduction in National Lottery income over the last 3 years, the **sportscotland** Board established a Financial Resources Committee to explore potential additional sources of finance to invest in Scottish sport alternative to those provided by the Scottish Government and the National Lottery. The Committee was made up of four independent non-executive Board members, and two independent Trust Company board members, supported by senior members of the management team.

The Committee considered that it had responded to the original remit set, explored a range of ideas and has now reached its natural conclusion. As such the Committee recommended that it should be disbanded recognising it could be re established in the future if required, the Board supported this decision.

Membership of the Financial Resources Committee during 2019-20 comprised:

M Young	(1 of 1) (Chair)
C Grant	(1 of 1)
K Morrison	(1 of 1)
S Sandilands	(1 of 1)
G Walker	(1 of 1)
P Woodman	(0 of 1)

Information Security

sportscotland continues to make incremental improvements to the functionality, security and resilience of its information systems. These improvements will assist the organisation in meeting its aims by enhancing operational effectiveness and ensuring the safety of our information assets.

By implementing many of the controls set out in NCSC's: '10 Steps to Cyber Security' and the Scottish Government's Cyber Resilience Public Sector Action Plan, **sportscotland** has attained Cyber Essentials Plus accreditation for the third year running.

Cloud computing continues to be an essential component of **sportscotland** digital strategy. While the cloud is undoubtedly a great enabling tool, it also comes with its own associated risk, such as unintentional data sharing. To help mitigate this new set of risks, **sportscotland** has extended the functionality of existing Data Loss Prevention software into the cloud by implementing a Cloud Access Security Broker solution.

Information Governance is a key element of Information Security. In recognition of this, **sportscotland** has recruited an Information Governance and Data Protection Officer who will assist in the implementation of best practice around information governance and data protection and help ensure **sportscotland** meets its legal obligations under GDPR.

Two new organisational groups have been formed to support the work of this new role: the Information Governance Steering Group, which includes senior staff and the **sportscotland** Chief Operating Officer; and the Information Governance and Cyber Resilience Group, whose membership is made up of relevant operational staff representatives from across the organisation.

sportscotland continues to invest in staff training around Information Security. Mandatory GDPR e-learning has now been followed up by the rollout of classroom based training/workshops around staff responsibilities under GDPR. Cyber resilience awareness training, consisting of video links sent in a monthly email, has been well received and has seen high levels of user engagement.

During 2019-20 **sportscotland** was required to report a data breach to the Information Commissioner's Office for the first time. The ICO was satisfied with the remedial action taken by **sportscotland** and saw no requirement to take further action.

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.

Monitoring of the system of internal control is included in the Terms of Reference for the Audit and Risk Committee and the committee is supported by the reporting of both the external and internal auditors.

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 2019-20, **sportscotland**'s Freedom of Information systems were fully operational and all requests received were completed within satisfactory timescales.

System and process improvements

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

- the ongoing development of processes and further standard reports for the finance system as well as giving enhanced portal access to budget holders;
- the ongoing implementation of the HR and payroll system;
- the ongoing implementation of regular reviews by the CEO with the Trust Company Centres and the development of associated reporting for management;
- Upgrading of authorisation and payment process for all investment payments and documentation of the system;
- review of IT processes to ensure compliance with Scottish Government cyber resilience requirements; and
- ongoing review and improvement of processes and documentation to ensure ongoing compliance with GDPR.

The continued focus on applying an effective procurement process has resulted in cost savings, enhanced systems and more effective contract management. **sportscotland** continues to make use of the Scottish Government's framework agreements where possible in order to benefit from the commercial benefits that they can deliver.

Improving the sportscotland estate

Ownership of the **sportscotland** estates strategy lies with the Estates Group, led by the Chief Operating Officer. Associated site maintenance and development plans are established each financial year and progress reported in line with Senior Management Team, Trust Company Board and **sportscotland** Board requirements. Each site nominates staff members to provide the information required for this process.

The strategy will be delivered through the implementation of a series of site specific building maintenance plans and individual capital projects which will be established on an annual basis (as part of the organisation-wide business and investment planning process), agreed by the Estates Programme Board and approved by the Senior Management Team. Annual investment plans will form part of the overall budget plans considered by the **sportscotland** Board and the Trust Company Board.

sportscotland commissioned a 5 yearly report by external consultants to review the condition of the main sites within the estate and to highlight the maintenance and replacement work required over the next five years. This report will provide the key input to the planned maintenance and replacement work and enable **sportscotland** to plan and budget accordingly.

Potential future developments are outlined in the strategy on a site-by-site basis and will be considered annually on an organisation-wide prioritised basis by the Senior Management Team, as proposed by the Estates Group, taking into account funding availability.

The National Centres' Principal and Head of Centre are responsible for the delivery of the actions as appropriate to their sites in line with the strategy. It is recognised that the delivery of the strategy and associated projects will require a range of appropriately skilled and knowledgeable people to be identified on an organisational, site by site and project by project basis.

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.

Risk Management

We achieve our risk management objectives by applying our risk management framework and process, which is designed to ensure that potential opportunities and threats are proactively and systematically identified, assessed and addressed. We review the risk management framework and process regularly. It was most recently updated in 2019-20 using evidence from internal audit, internal consultation, and the Audit and Risk Committee.



Our risk management approach is in line with the structure of our corporate strategy and business plan. It focuses on three aspects of risk:

- **Corporate risks** – Focus on the external environment that affects sportscotland. These are normally outside our control, but action can be taken to mitigate the risk. Corporate risks also include risks that have been escalated from the environment risk registers. These are captured in the corporate risk register and managed by

the senior management team (SMT), Audit and Risk Committee and **sportscotland** Board.

- **Operational risks** – Focus on the operating environment that affects **sportscotland**. Operational risks challenge our ability to deliver on our corporate strategy outcomes. These are captured in operational risk registers and are managed by the leadership group.
- **Key activity and project risks** – Focus on current, internal operations of **sportscotland**. They are associated with the projects, processes and procedures that deliver outputs. These are captured on risk registers appropriate to the scope and scale of the area of work.

The corporate risk register is reviewed annually by the **sportscotland** Board and the Audit and Risk Committee. The outcomes of these meetings provide control strategies and mitigation for risks rated high. Significant risks are those that are still rated high after mitigating actions have been put in place and these risks are monitored by the Senior Management Team and Board.

Due to delays caused by the Coronavirus (COVID-19) pandemic, the Audit and Risk Committee and **sportscotland** Board reviewed the corporate risk register in June 2020. Five significant risks rated high or very high were agreed and further planned action in relation to COVID-19 were noted. These are shown in table 1.

Table 1: Significant risks facing sportscotland

Risk	Mitigation	Further action in relation to Coronavirus (COVID-19)
<p>Failure to deliver high priority and high-profile projects (such as 200 community sport hubs, Active Schools, facilities projects, workforce development and performance sport) adversely affects the reputation of sportscotland.</p>	<p>Regular monitoring and reporting to Board and key stakeholders including both the National Lottery and Scottish Government (Preventative)</p> <p>Successful performance outcomes at Winter Olympic/Paralympic and Commonwealth Games (Preventative)</p> <p>2019-21 business plan development process designed to ensure greater scrutiny of operational plans (Preventative)</p> <p>Progress of key priority / high profile projects reported and managed through operational groups to ensure delivery. (Preventative)</p> <p>Enhanced external stakeholder management. (Preventative and remedial)</p>	<p>Formalise our communications with Scottish Government regarding the impact of COVID-19 on delivery (Residual).</p> <p>Review and reset our business plan to focus on priority areas, including reworking our budget. (Preventative)</p>

<p>Change in external policies or reduced funding by key stakeholders adversely effects the ability to deliver sportscotland's corporate strategy.</p>	<p>Continue regular dialogue with Government regarding the most appropriate policy for Scottish sport. (Preventative)</p> <p>Continue to gather evidence with partners regarding potential changes to allow appropriate responses to be developed. (Preventative)</p> <p>Enhanced external stakeholder management. (Preventative and remedial)</p> <p>sportscotland's contribution to Active Scotland Outcomes reported through corporate strategy indicators and wider evaluation work (Preventative)</p> <p>Updated Corporate Strategy now more closely aligned with Scottish Government's Active Scotland Outcomes (Preventative)</p> <p>Financial Resources Committee established and development of plans to secure other sources of funding. (Preventative)</p>	<p>Work with all partners to understand the impact on them over a short, medium- and longer-term basis and to support their reinstatement plans (Preventative)</p> <p>Tailor support packages to the needs of our partners and their clubs and communities (Preventative)</p>
<p>Failure of partners to deliver agreed outcomes linked to sportscotland investment due to poor governance or ineffective leadership and management, results in failure to deliver our corporate strategy outcomes</p>	<p>Partnership managers and high-performance managers work closely with SGBs and local authorities to monitor progress and escalate any issues following the risk management process (Preventative)</p> <p>Training programmes, expert resource and development audits in place to guide partners' governance processes (Preventative)</p> <p>Strengthened investment principles and process introduced and reviewed regularly (Preventative)</p> <p>Under-performing sports /programmes managed in-house (Preventative and remedial)</p> <p>Specific operational 'mission' programmes used to lead into every major games (e.g. Tokyo, Beijing,</p>	<p>Work with all partners to understand the impact on them over a short, medium- and longer-term basis and to support their reinstatement plans (Preventative)</p> <p>Tailor support packages to the needs of our partners and their clubs and communities (Preventative)</p>

	<p>Birmingham and Paris) (Preventative and remedial)</p> <p>Enhanced child protection support to SGBs using Children First (Preventative)</p> <p>Audit of internal sportscotland corporate and operational child protection policies and practices completed and signed off by SMT, with new policy shared with Children 1st (Preventative)</p>	
<p>Reduced funding challenges local authorities' ability to deliver their plans / outcomes for sport, which may impact on sportscotland's ability to deliver its corporate strategy outcomes.</p>	<p>Partnership managers working strategically with local partners on their plans and resources for local sport including monitoring community planning activities at local level (Preventative)</p> <p>Partnership managers working with local authorities to produce fully integrated sports development plans. (Preventative)</p> <p>Research undertaken on local authority partners' expenditure in sport to understand impact of reduced funding in sport. (Preventative)</p>	<p>Work with the Convention of Scottish Local Authorities (COSLA), CLUK and individual local authorities and leisure trust leaders to understand and then influence support for the sector. (Preventative / remedial)</p>
<p>Reduced National Lottery income negatively impacts sportscotland's ability to deliver its corporate strategy</p>	<p>Confirmation from Scottish Government of continuation of National Lottery underpin (Preventative and remedial)</p> <p>Maintenance of National Lottery reserves to mitigate against reduced income (Remedial)</p> <p>Continue to ensure that National Lottery funding is profiled as appropriate (Preventative)</p>	<p>Close monitoring of National Lottery income (Preventative)</p> <p>Review and reset our business plan to focus on priority areas, including reworking our budget. (Preventative)</p> <p>Utilise National Lottery balance to support sporting system (Preventative / Remedial)</p>

Remuneration and Staff Report

Remuneration policy

sportscotland operates a Performance and Development Review (PDR) 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 would be formally approved by the Scottish Government. All directors are appraised through the PDR 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.

Salaries and Allowances

The salary and pension entitlements of the most senior members of **sportscotland** are as follows. The total figure has been audited as part of the annual audit review:

Name		Salary	Benefits	All pension related benefits	Total
DIRECTORS		£000's	£000's	£000's	£000's
S Harris	2020	105-110	-	20-22.5	127.5-130
	2019	105-110	-	12.5-15	117.5-120
F Dunlop	2020	75-80		22.5-25.0	102.5-105.0
	2019	n/a	n/a	n/a	n/a
M Roberts	2020	90-95	-	30-32.5	122.5-125
	2019	85-90	-	25-27.5	112.5-115
M Whittingham*	2020	90-95	-	*	*
	2019	85-90	-	*	*
BOARD MEMBERS					
M Young	2020	15-20	-	-	15-20
	2019	15-20	-	-	15-20
D Cameron	2020	0-5	-	-	0-5
	2019	0-5	-	-	0-5
G Walker	2020	0-5	-	-	0-5
	2019	0-5	-	-	0-5
F Wood	2020	0-5	-	-	0-5
	2019	0-5	-	-	0-5
C Bain	2020	0-5	-	-	0-5
	2019	0-5	-	-	0-5
C Grant	2020	0-5	-	-	0-5
	2019	0-5	-	-	0-5
S Sandilands	2020	0-5	-	-	0-5
	2019	0-5	-	-	0-5
K U'ren	2020	0-5	-	-	0-5
	2019	0-5	-	-	0-5
M Campbell	2020	0-5	-	-	0-5
	2019	n/a	n/a	n/a	n/a
S Lindsay	2020	0-5	-	-	0-5
	2019	n/a	n/a	n/a	n/a
M Munro	2020	0-5	-	-	0-5
	2019	n/a	n/a	n/a	n/a

Directors' Pension Entitlements

Name	Real Increase in pension during the year	Real Increase in lump sum during the year	Total Accrued Pension	Total Accrued Lump sum	Cash equivalent transfer value 2020	Cash equivalent transfer value 2019	Real Increase in Cash Equivalent Transfer Value
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
S Harris	0-2.5	(0-2.5)	45-50	110-115	1,074	859	215
F Dunlop	0-2.5	n/a	0-5	n/a	16	n/a	16
M Roberts	0-2.5	0-2.5	15-20	10-15	289	235	54

Note: S Harris was previously enrolled in the Scottish Teachers Superannuation Scheme, and the pension benefits table therefore reflects the transfer value for that scheme as well as Strathclyde Pension Fund. M Whittingham is not in a final salary scheme and company contributions of £17k (2018-19, £17k) were made to a defined contribution scheme.

Fair Pay Disclosure

The median remuneration for **sportscotland's** staff is £35,121 (2018-19 - £34,100).

The ratio between the median staff remuneration and the mid-point of the banded remuneration of the highest paid director is 3.08 (2018-19, 3.07), as at the reporting period end date.

Pay for **sportscotland** employees, excluding the highest paid Director, ranges between £17,893 and £96,854.

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 Chair, Mel Young 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 £171.67 for each meeting attended, along with an £85.84 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 2019-20 were £359k (2018-19 £412k).

sportscotland made payments of £22k to consultants during 2019-20 (2018-19 £6k).

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	7	5
Directors	4	0
Senior Managers	13	6
Employees	190	160

Total staff costs comprise

	Group		sportscotland	
	2020	2019	2020	2019
	£000	£000	£000	£000
Wages and salaries	9,694	9,451	6,550	6,296
Social security costs	958	894	680	623
Pension costs	4,357	4,382	3,311	3,295
Aggregate staff costs	15,009	14,727	10,541	10,214

All employment contracts are within **sportscotland** and relevant amounts have been recharged to the Trust Company and Lottery accounts.

We are currently unable to provide an accurate split between permanent, temporary and agency staff, but expect to resolve this in the coming year.

Reporting of Civil Service and other compensation schemes – exit packages

Exit package band	2020	2020	2020	2019
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Total number of exit packages by cost band
<£10,000	-	-	-	1
£10,000 - £25,000	-	1	1	-
£25,000 - £50,000	-	3	3	3
>£50,000	-	-	-	-
Total number of exit packages	-	4	4	4
Total resource cost (£000)	-	133	133	108

Exit costs are accounted for in full in the year of departure.

Sickness absence rate

Sickness absence rate during the year was 1.2% (2018-19 1.0%)

Equal Opportunity in Employment and Disabled Employees

sportscotland actively promotes policies for equal opportunities and to ensure non-discrimination on the grounds of any protected characteristic in accordance with the Equality Act 2010.

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 on matters relating to employee terms and conditions.

Staff policies applied during the year

sportscotland is committed to developing excellent management and leadership to ensure the organisation has clarity of purpose, is able to promote and accommodate change, ensure its resources are deployed in the most effective manner and shows a strong commitment to empowering managers and staff, achieving efficient operational delivery, promoting continuous improvement and achieving meaningful impact.

People Management is a critical element of this and we have been working in partnership with ACAS to review and develop workshops on all employee relations policies and processes i.e. Attendance Management, Capability, Disciplinary and Grievance to support our managers in their roles as People Managers. Workshops will be rolled out during 2020/21.

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 2019-20 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 Ministerial priorities as set out in the Strategic Guidance letter (2018-2021), 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.

Ministerial priorities for sport and physical activity for 2018-21, as set out in the Strategic Guidance Letter, include:

- Impact against the 6 outcomes contained within the Active Scotland Outcome Framework;
- Steps planned or in place to:
 - provide support to disadvantaged groups and communities;
 - expand the reach to the inactive and underrepresented in sport, including teenage girls and older people through more innovative and creative community based approaches; and
 - empower communities to address inequality.
- An update on delivery of the specific manifesto commitments:
 - Community involvement in decisions about community facilities;
 - 200 Community Sports Hubs by 2020;
 - Supporting sport governing bodies efforts to end LGBTI discrimination;
 - Delivering a network of regional sports centres around the country;
 - Increase the participation, engagement, and promotion of women in sport;
 - support the delivery of two hours of quality PE for children at school;
 - supporting the “Daily Mile” beyond the school setting;
 - promoting the benefits of sport and physical activity on mental health; and
 - helping to make sure major sporting events are successful.

National Lottery funding for 2019-20 is administered in accordance with 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.

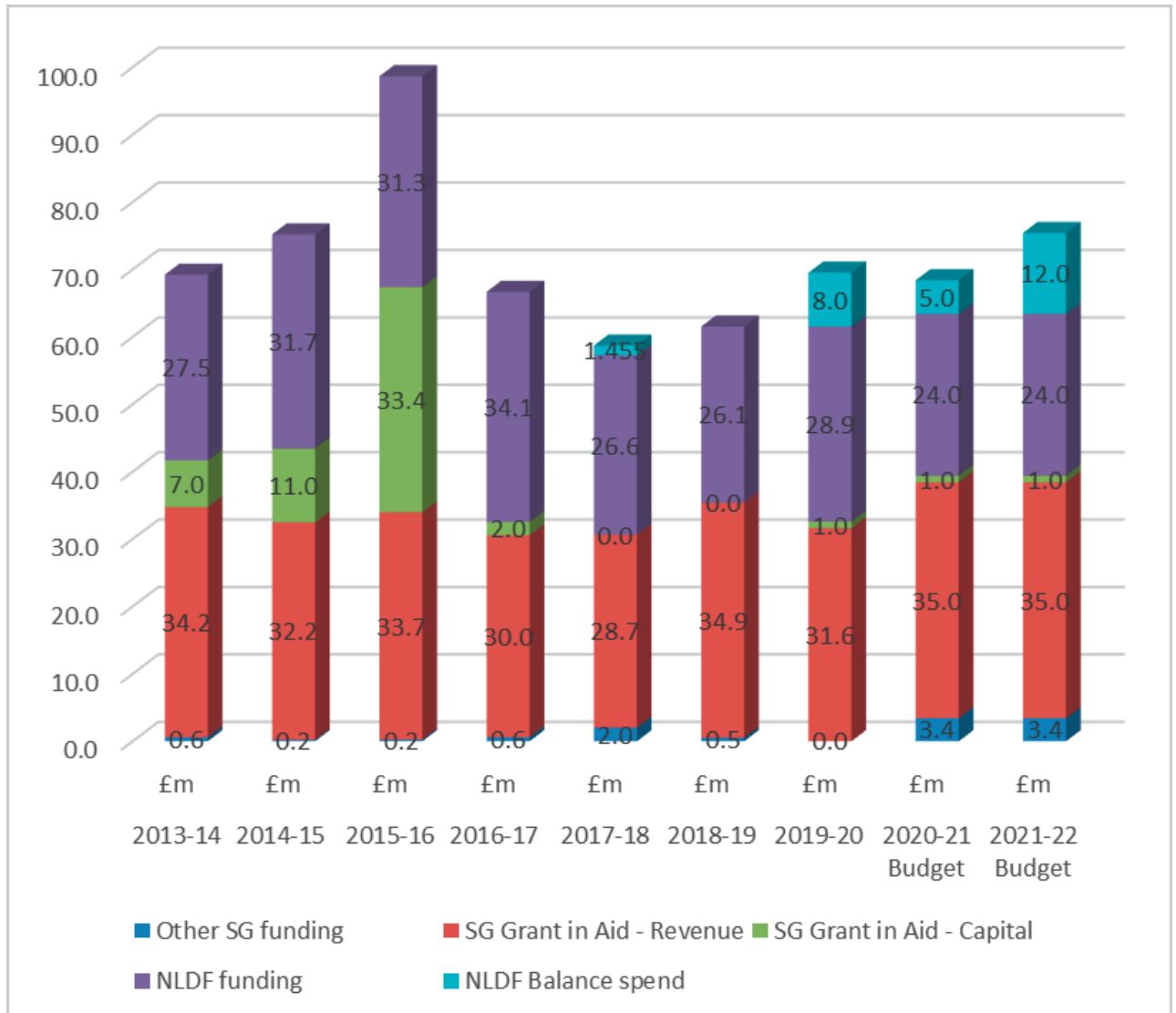
- Accounts Directions issued to **sportscotland** under Sections 35(3) of the National Lottery etc. Act 1993 direct that **sportscotland** shall prepare accounts in compliance with the accounting principles and disclosure requirements of the Government Financial Reporting Manual.

Contingent Liabilities

No contingent liabilities were recorded as at 31 March 2020.

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 7 years, together with the budget for 2020-21 and 2021-22:



Note: SG Funding for 2020-21 is based on a current Grant in Aid letter. SG Funding for 2021-22 will not be known until later in 2020 and so the value for 2020-21 has been used as an indicative amount. NLDF Funding for 2020-21 and 2021-22 is based on forecast revenue in those years. NLDF Balance spend represents planned capital spend and use of balance to support planned investment.

Stewart Harris

Stewart Harris

Chief Executive & Accountable Officer

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

Report on the audit of the financial statements

Opinion on financial statements

I have audited the financial statements in the annual report and accounts of Scottish Sports Council Lottery Fund for the year ended 31 March 2020 under the National Lottery etc. Act 1993. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flow, the Reconciliation of Movement of Funds and notes to the accounts, including a summary of significant accounting policies. 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 2019/20 Government Financial Reporting Manual (the 2019/20 FReM).

In my opinion the accompanying 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 state of the body's affairs as at 31 March 2020 and of its increase in fund 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 2019/20 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.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Auditor General for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Auditor General on 26 January 2018. This is the third uninterrupted year of my appointment. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the body has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about its ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Risks of material misstatement

I have reported in a separate Annual Audit Report, which is available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that I identified and my conclusions thereon.

Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of Accountable Officer's Responsibilities, the Accountable Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accountable Officer is responsible for assessing the body's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved. I therefore design and perform audit procedures which respond to the assessed risks of material misstatement due to fraud.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Other information in the annual report and accounts

The Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the information other than the financial statements, the audited part of the Remuneration and Staff Report, and my independent auditor's report. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on matters prescribed by the Auditor General for Scotland to the extent explicitly stated later in this report.

In connection with my audit of the financial statements, my responsibility is to read all the other information in the annual report and accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Report on regularity of expenditure and income

Opinion on regularity

In my 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.

Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. I am responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Report on other requirements

Opinions on matters prescribed by the Auditor General for Scotland

In my opinion, the audited part of the Remuneration and Staff Report has been properly prepared in accordance with the National Lottery etc. Act 1993 and directions made thereunder by the Scottish Ministers.

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the National Lottery etc. Act 1993 and directions made thereunder by the Scottish Ministers; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the National Lottery etc. Act 1993 and directions made thereunder by the Scottish Ministers.

Matters on which I am required to report by exception

I am required by the Auditor General for Scotland to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration and Staff Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.


I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual report and accounts, my conclusions on the wider scope responsibilities specified in the [Code of Audit Practice](#) are set out in my Annual Audit Report.

Use of my report

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 120 of the [Code of Audit Practice](#), I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

A handwritten signature in black ink that reads "Carole Grant". The signature is written in a cursive, flowing style.

Carole Grant
Senior Audit Manager
Audit Scotland, 4th Floor, 8 Nelson Mandela Place, Glasgow, G2 1BT

sportscotland

Lottery Fund

Statement of Comprehensive Net Expenditure for the year ended 31 March 2020

	Notes	2020 £000	2019 £000
Income			
National Lottery Fund proceeds		28,912	26,053
Interest receivable		18	18
Grants returned	2	35	238
Other operating income	2	28	84
		<u>28,993</u>	<u>26,393</u>
Expenditure			
Grants paid and committed during the year	3	8,488	2,086
Grant commitments	3	4,294	19,036
Grants de-committed	3	(317)	(612)
Staff costs	4	4,104	3,967
Depreciation	5	89	90
Other operating charges	5	3,297	3,073
		<u>19,955</u>	<u>27,640</u>
Operating surplus / (deficit) before tax		9,038	(1,247)
Corporation tax	6	2	5
(Decrease) / Increase in fund		<u>9,036</u>	<u>(1,252)</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 2020

	Notes	2020 £000	2019 £000
Non - current assets			
Property, plant, and equipment	7	89	29
Intangible assets	8	5	80
Total non-current assets		<u>94</u>	<u>109</u>
Current assets			
Investments – balance held in NLDF	9	48,483	52,803
Cash and cash equivalents	12	1,192	2,198
Trade and other receivables	10	18	115
Total current assets		<u>49,693</u>	<u>55,116</u>
Total assets		<u>49,787</u>	<u>55,225</u>
Current Liabilities			
Grants due within one year	13	6,302	20,233
Trade and other payables	11	816	1,359
Total current liabilities		<u>7,118</u>	<u>21,592</u>
Net current assets		<u>42,575</u>	<u>33,524</u>
Non-current assets plus net current assets		<u>42,669</u>	<u>33,633</u>
Taxpayers Equity			
General fund	14	42,669	33,633
		<u>42,669</u>	<u>33,633</u>

The Accountable Officer authorised these financial statements for issue on

Stewart Harris

Stewart Harris
Chief Executive & Accountable
Officer

Mel Young

Mel Young
Chair

The notes to the accounts form part of these financial statements

sportscotland

Lottery Fund

Statement of Cash Flows for the year ended 31 March 2020

	Notes	2020 £000	2019 £000
Cash flows from operating activities			
Surplus/(Deficit) on ordinary activities before tax		9,038	(1,247)
<i>Adjustment for non-cash items</i>			
Depreciation on tangible and non-tangible fixed assets	7,8	89	90
<i>Movements in working capital</i>			
Decrease/(Increase) in investments	9	4,320	(1,480)
Decrease/(Increase) in trade and other receivables	10	97	(76)
Increase/(Decrease) in trade payables	11	(543)	(2,066)
<i>Movements in provisions</i>			
Increase/(Decrease) in provisions for hard commitments	13	(13,931)	4,242
Taxation Paid	6	(2)	(5)
Net cash (outflow) / inflow from operating activities		(932)	(542)
Cash flows from investing activities			
Purchase of tangible assets	7	74	-
Purchase of intangible assets	8	-	-
Net cash outflow from investing activities		(1,006)	(542)
Net (decrease) / increase in cash and cash equivalents		(1,006)	(542)
Cash and cash equivalents as at 1 April		2,198	2,740
Cash and cash equivalents as at 31 March	12	1,192	2,198

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 2020

	Balances held in NLDF £000	Balances at SLF £000	2020 Total £000	2019 Total £000
Opening balances	52,803	(19,170)	33,633	34,885
National Lottery Fund proceeds	28,912	-	28,912	26,053
Drawn down in year by SLF	(33,232)	33,232	-	-
Interest on cash balances	-	18	18	18
Other operating income	-	63	63	322
Grants paid	-	(8,488)	(8,488)	(2,086)
Net grant commitment	-	(3,977)	(3,977)	(18,424)
Expenditure	-	(7,492)	(7,492)	(7,134)
	<u>48,483</u>	<u>(5,814)</u>	<u>42,669</u>	<u>33,633</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 2020

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. These accounts have been prepared in accordance with the accounts direction issued by Scottish Ministers and with the consent of the Secretary of State for Culture, Media and sport in accordance with Section 35(3) of the National Lottery etc. Act 1993.

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 2019.

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 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 Net Expenditure, 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 this will 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 Net Expenditure.

1.3 Property, plant, and equipment and depreciation

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

Other than for land and property, we elected to adopt a depreciated historical cost basis as a proxy for current value in existing use for fair value of assets.

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

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 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 amortisation, normally these assets are expected to have a useful life of 4 years and are amortised on that basis.

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 2019/20 by the National Lottery Commission and the completion of the audit of the National Lottery Distribution Fund accounts for 2019/20 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 not **sportscotland** Lottery Fund. A proportion of staff costs are recharged by **sportscotland** to **sportscotland** Lottery Fund on the basis of time spent 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 Net Expenditure in the year.

Scottish Teachers Superannuation Scheme (STSS).

sportscotland participates in the STSS pension scheme providing benefits based career average earnings. 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 Net Expenditure 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 career average earnings. 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 Net Expenditure 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. The implications of IFRS 16 Leases are being reviewed to prepare for implementation in the following year as noted below.

IFRS 16 Leases

1. IFRS 16 Leases will replace IAS17 Leases and related interpretations. The effective date is 1 January 2021 and will be applied in UK Public Sector from 1 April 2021, therefore financial year 2021/22.
2. IFRS 16 brings a significant change in lessee accounting by removing the distinction between operating and finance leases and introducing a single lessee accounting model. The model requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.
3. The impact for **sportscotland** is that all operating leases will be capitalised and treated similarly to the current finance leases. Discount rates will be supplied by HM Treasury in the annual PES papers which will be used by **sportscotland** as **sportscotland** does not have an incremental borrowing rate.
4. All entities applying the FReM shall recognise the cumulative effects of initially applying IFRS 16, recognised at the date of initial application, as an adjustment to the opening balances of taxpayers' equity.

An initial exercise on the impact on the accounts has determined that the impact on the accounts is minimal as the bulk of the leases are the liability of **sportscotland**.

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.

	2020 £000	2019 £000
2.2 Other operating income comprises:		
Grants Returned	35	238
Miscellaneous income	28	84
	<u>63</u>	<u>322</u>

3 Grants paid and net grant commitment

	2020 £000	2019 £000
3.1 Annual grants paid and committed during the year		
Capital and Revenue	<u>8,488</u>	<u>2,086</u>
	2020 £000	2019 £000
3.2 Grants paid during year		
Paid and committed during year	8,488	2,086
Committed in previous years	<u>17,908</u>	<u>14,183</u>
	<u>26,396</u>	<u>16,269</u>
	2020 £000	2019 £000
3.3 Net grant commitments		
Hard commitments made during year	12,782	21,122
Less: amounts paid and committed during year	<u>(8,488)</u>	<u>(2,086)</u>
	<u>4,294</u>	<u>19,036</u>
Less: amounts de-committed during year	<u>(317)</u>	<u>(612)</u>
Net grant commitment at 31 March	<u>3,977</u>	<u>18,424</u>

	2020	2019
	£000	£000
3.4 Net grant commitments split		
Capital programmes	1,763	5,864
Revenue	2,214	12,560
	<u>3,977</u>	<u>18,424</u>
3.5 Grants paid during the year by programme	2020	2019
	£000	£000
3.5.1 Capital Facilities		
Regional Facilities	8,000	
Sports Facilities Programme	1,701	1,859
	<u>9,701</u>	<u>1,859</u>
	2020	2019
	£000	£000
3.5.2 Revenue Funding		
Schools & Education	224	577
Clubs & Communities	13,354	10,980
Performance	<u>3,117</u>	<u>2,853</u>
	<u>16,695</u>	<u>14,410</u>
Total grants paid during the year	<u>26,396</u>	<u>16,269</u>

4 Employees

	2020	2019
	£000	£000
4.1 Total staff costs comprise:		
Wages and salaries	3,160	3,067
Social security costs	328	329
Other pension costs	616	571
Aggregate staff costs	<u>4,104</u>	<u>3,967</u>

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

	2020	2019
	No.	No.
4.2 The average staff numbers, including part-time and full-time employees, are as follows:	<u>85</u>	<u>84</u>

Additional information can be found in the Remuneration and Staff Report

5 Other operating charges

The operating result is after charging:

		2020 £000	2019 £000
Administration expenses		3,027	2,743
Travel and subsistence		96	123
Auditors' remuneration	External	21	21
	Internal	24	9
Operating rentals		129	177
Depreciation		89	90
		<u>3,386</u>	<u>3,163</u>

6 Corporation tax

	2020 £000	2019 £000
Corporation tax	2	5

Corporation tax is due on the bank interest received in the year based on the standard rate of corporation tax of 19%

7 Property, Plant & Equipment

2020	Total £000	Fixtures and Fittings £000	Equipment £000
Cost at 1 April 2019	59	1	58
Additions during year	74	-	74
Disposals during year	-	-	-
Cost at 31 March 2020	133	1	132
Aggregate depreciation at 1 April 2019	30	1	29
Charge for the year	14	-	14
Disposals during year	-	-	-
Aggregate depreciation at 31 March 2020	44	1	43
Net Book Value at 31 March 2020	89	-	89
Net Book Value at 31 March 2019	29	-	29
2019	Total £000	Fixtures and Fittings £000	Equipment £000
Cost at 1 April 2018	92	1	91
Additions during year	-	-	-
Disposals during year	(33)	-	(33)
Cost at 31 March 2019	59	1	58
Aggregate depreciation at 1 April 2018	49	1	48
Charge for the year	14	-	14
Disposals during year	(33)	-	(33)
Aggregate depreciation at 31 March 2019	30	1	29
Net Book Value at 31 March 2019	29	-	29

8 Intangible assets

Computer software licences	2020	2019
	£000	£000
Cost		
Opening balance 1 April 2019	361	361
Additions during year	-	-
Closing balance 31 March 2020	<u>361</u>	<u>361</u>
Accumulated amortisation		
Opening balance 1 April 2019	281	205
Charge for the year	75	76
Closing balance 31 March 2020	<u>356</u>	<u>281</u>
Net book value at 31 March 2020	<u>5</u>	<u>80</u>
Net book value at 31 March 2019	<u>80</u>	<u>156</u>

9 Investments

	2020	2019
	£000	£000
National Lottery Distribution Fund	<u>48,483</u>	<u>52,803</u>

The balance shown at 31 March 2020 is the interim valuation from NLDF, the final audited balance for the value of investments as at 31 March 2019 was £52,803

10 Trade and other receivables

	2020	2019
	£000	£000
Trade debtors	10	74
Intercompany - sportscotland	-	-
Other Debtors	8	41
	<u>18</u>	<u>115</u>

Breakdown of Debtors by Category

	2020	2019
	£000	£000
Other Central Government Bodies	-	-
Local Authorities	-	-
NHS Bodies	-	-
Public Corporations and Trading Funds	-	-
Other External Bodies	18	115
Total	18	115

11 Trade and other payables

	2020	2019
	£000	£000
Trade creditors	56	58
Corporation tax	4	5
Other Payables	-	-
Intercompany - sportscotland	431	555
Accruals and deferred income	325	741
Total	816	1,359

Breakdown of Creditors by Category

	2020	2019
	£000	£000
Other Central Government Bodies	200	545
Local Authorities	-	-
NHS Bodies	-	-
Public Corporations and Trading Funds	-	-
Other External Bodies	616	814
Total	816	1,359

12 Cash and cash equivalents

	2020	2019
	£000	£000
Cash and bank balance at 1 April	2,198	2,740
Net cash (outflow)/inflow	(1,006)	(542)
Cash and bank balance at 31 March	1,192	2,198

Financial Instruments (under IFRS)

As the cash requirements of **sportscotland** are met through grants provided by the National Lottery Fund, 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

	2020 £000	2020 £000	2019 £000
Capital			
Balance as at 1 April		7,000	2,351
Amounts committed during the year		6,450	6,589
Total hard commitments		<u>13,450</u>	<u>8,940</u>
Amounts paid during the year	(5,119)		
Amounts paid and committed during the year	(4,582)		
Amounts de-committed during the year	(106)	(9,807)	(1,940)
Hard capital commitments at 31 March		<u>3,643</u>	<u>7,000</u>

	2020 £000	2020 £000	2019 £000
Revenue			
Balance as at 1 April		13,233	13,641
Amounts committed during the year		6,332	14,533
Total hard commitments		<u>19,565</u>	<u>28,174</u>
Amounts paid during the year	(12,789)		
Amounts paid and committed during the year	(3,906)		
Amounts de-committed during the year	(211)	(16,906)	(14,941)
Hard revenue commitments at 31 March		<u>2,659</u>	<u>13,233</u>
Total hard commitments at 31 March		<u>6,302</u>	<u>20,233</u>

At 31 March 2020 a total of £6,302k (2018/19 £20,233k) is payable within one year. No other amounts are committed.

14 General Fund

	2020 £000	2019 £000
Represented by:		
Balance as at 1 April	33,633	34,885
Change in fund for the year	9,036	(1,252)
Balance as at 31 March	<u>42,669</u>	<u>33,633</u>

15 Soft capital grant commitments

	2020	2020	2019
	£000	£000	£000
Balance as at 1 April		1,790	2,000
Amounts committed during the year		111	40
Total soft commitments		1,901	2,040
Amounts transferred to hard commitments	(290)		
Amount de-committed during the year	-		
		(290)	(250)
Soft commitments at 31 March		1,611	1,790

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 arm's length.

During the year **sportscotland** recharged salaries of £4,104k (2019: £3,967k). Within creditors there is an amount of £431k due to **sportscotland** (2019: £555k).

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:

	2020	2019
Awards for All (Big Lottery Fund)	£194,845	£526,918

The grants for current year have been reduced due to the reversal of an accrual no longer required, which amounted to £325k.

There were no related party transactions with members within the year.

There were no significant related party transactions with associated organisations during the year to 31 March 2020. Details of awards made to governing bodies and amounts paid to individual sports is shown on the **sportscotland** web-site at <https://sportscotland.org.uk/about-us/investment-reporting/>

17 Losses

The **sportscotland** Lottery Fund had losses totalling £nil (2019: £nil) during the year.

18 Contingent Liabilities

As at the date of signing, **sportscotland** Lottery Fund had no contingent liabilities. There were no contingent liabilities in the previous year.

SPORTSCOTLAND

ACCOUNTS DIRECTION BY THE SCOTTISH MINISTERS

The Scottish Ministers, in pursuance of section 35(3) of the National Lottery etc Act 1993, hereby give the following direction.

1. sportscotland shall prepare accounts for the financial year ended 31 March 2015 and subsequent financial years in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual issued by HM Treasury ("the FReM") which is in force for the financial year for which the accounts are being prepared as well as any other guidance which Treasury may issue from time to time in respect of accounts which are required to give a true and fair view.
2. The accounts shall be prepared so as to:
 - (a) Give a true and fair view of the financial position as at 31 March 2015 and subsequent financial year-ends, and of the comprehensive income and expenditure, cash flows for the financial year then ended; and
 - (b) Provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.
 - (c) Follow the additional accounting and disclosure requirements set out in Annex A.
3. This Direction applies to the Lottery distribution activities of sportscotland. The direction given in April 2010 is revoked.
4. Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. Any material departure from the FReM should be discussed with HM Treasury.

Signed by the authority of the Scottish Ministers



Richard Foggo, Deputy Director and Head of Active Scotland Division, The Scottish Government
July 2015

I agree, signed on behalf of the Secretary of State for Culture, Media and Sport



Peter Mills
27 July 2015
Head of Finance Special Projects
Department for Culture, Media and Sport

ANNEXA

ADDITIONAL ACCOUNTING AND DISCLOSURE REQUIREMENTS

The following paragraphs detail the additional requirements as agreed by Scottish Ministers, the Secretary of State for Culture, Media and Sport and sportscotland, over and above those disclosures required in the FReM.

- 1. The Statement of Net Comprehensive Income/Expenditure shall include as separate items, where material:**
 - a. the share of Lottery proceeds attributable to sportscotland;**
 - b. the share of investment income of the National Lottery Distribution Fund attributable to sportscotland;**
 - c. interest receivable on lottery funds;**
 - d. repayment of grants;**
 - e. any other income;**
 - f. grant made from lottery funds;**
 - g. lapsed or revoked grant previously recorded as commitments from lottery funds;**
 - h. the total operating costs incurred in respect of National Lottery distribution activities.**

- 2. The Statement of Financial Position shall include:**
 - a. under the heading "Current assets": shown as an investment, the balance held on behalf of sportscotland at the National Lottery Distribution Fund;**
 - b. Grants falling due for payment within one year should be disclosed separately under the heading "Current Liabilities".**
 - c. Grants falling due for payment after more than one year should be separately disclosed under the heading "Non current liabilities"**

- 3. The Cash Flow Statement shall use the indirect method when presenting "Cash flow from Operating Activities";**

- 4. The Notes to the Accounts should meet the requirements of the FReM and include:**
 - a. a statement that the Accounts have been prepared in a form directed by the Scottish Ministers and with the consent of the Secretary of State for Culture,**

Media and Sport in accordance with Section 35(3) of the National Lottery etc. Act 1993;

b. a statement of the accounting policies. This must include a statement explaining the nature of the balances held on sportscotland'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 Statement of Financial Position date, has been certified by the Secretary of State for Culture, Media & Sport as being available for distribution by sportscotland in respect of current and future commitments."


c. the value of grant commitments at the year-end which sportscotland has made but which have not been included as liabilities in the Statement of Financial Position because they did not meet the criteria for being treated as liabilities at that date;

d. where grants exceed available resources as shown in the Statement of Financial Position, a note explaining the rationale for the over-commitment taking into account any advice received from the Department as appropriate.

e. a note reconciling the opening and closing balance of investments held at the NLDF. This should disclose proceeds received from the National Lottery, investment income, unrealised gains and losses on investment, and cash drawn down from the NLDF

f. a breakdown of the total grant liabilities (current and non current) in the Statement of Financial Position to show:

- Liability brought forward**
- Commitments in the year**
- Decommitments**
- Commitments paid**
- Liability carried forward**
- A breakdown of the liability for each year up to and including 5 years and over 5 years**

July 2015

Pam Milne

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