

By online survey:

17 August 2018

Dear Sir/Madam,

UK Sport Public Consultation on Future Funding of Elite Sport

On behalf of ICSA: The Governance Institute, I am pleased to respond to your consultation on the Future Funding of Elite Sport. ICSA: The Governance Institute is the professional body for governance. We have members in all sectors and are required by our Royal Charter to lead 'effective governance and efficient administration of commerce, industry and public affairs'. With 125 years' experience, we work with regulators and policy-makers to champion high standards of governance and provide qualifications, training and guidance.

We are the professional body qualifying and supporting chartered secretaries and governance, risk and compliance professionals in all sectors of the UK economy. Members are educated in a range of topics including finance, company law, administration and governance, which enables them to add value to any organisation.

ICSA has an extensive pedigree in the governance arena, advising governments and regulators on company law, charity law and governance issues. The breadth and experience of our membership enables ICSA to access a variety of applied experience in order to provide insights into effective practices across a range of organisations. Our members' wealth of expertise and experience, together with their detailed understanding of charity and company legislation and regulation, has informed our response to this consultation.

The following are our substantive responses to the open questions in the consultation. These are in addition to those questions, answered in the survey, which required responses on a scale of 1-10 or which asked for preferences from among a number of options.

Q10. Thinking ahead to the future, is there anything else you want to say about how international sport, international level athletes and sporting events can be inspirational or more inspirational?

The visibility of high quality para-sports has a positive impact on perceptions and inclusivity, disabusing many of preconceptions they may have had about disability sports and people with disabilities in general. There is a strong argument that this impact is inhibited by UK Sport's focus on a narrow group of sports which represent only a small percentage of opportunities for elite participation. This is also true of the current funding model for Olympic sport. In each case this is compounded by the fact that in directing funding at Olympic and Paralympic events, both para-sport and able-bodied sport is showcased only every two years, with Summer Games far exceeding Winter Games in terms of profile. Major championships, often annual, across the



whole range of elite sport can be overlooked as a consequence and even deprioritised by some World Class Programmes (WCPs) as they aim to peak according to Olympic/Paralympic cycles. These represent missed opportunities for elite participation, exposure and success. A focus on, for example, Paralympic performance in each discipline every four years may in time raise the profile of para-sports, but the hiatus between events will not allow the same impact in terms of normalising disability within the sporting community.

We acknowledge that, where these championships are contested at a home nations level rather than as a UK team, this will present problems relating to the investment structure out of UK Sport funds.

Q11. What example(s) can you give of how an international sport, athlete or event has been successful?

Objectively, in performance terms, many of the WCPs and Team GB and Paralympics GB overall have unquestionably been successful since the current model of applying public money began. The medal tables demonstrate this. There are of course many other examples outside of UK Sport's current remit: the England rugby union team's recent record-equalling winning run and back-to-back Six Nations titles; Wales' performances at Euro 2016; England Women's third place at the FIFA World Cup in 2015; and England Netball's gold medal in the Commonwealth Games on the Gold Coast are recent cases. The England Men's football team reaching the semi-finals of the FIFA World Cup in Russia offered a more satisfying experience than has sometimes been the case, owing much to a different approach in conduct and management. This might be contrasted with the atmosphere found to be present within some World Class Programmes. Internationally, Ireland's progress to the Hockey World Cup final must clearly be seen as an enormous success, far exceeding all expectations.

Some of these examples, demonstrating progress with a new approach or positive results in new or non-traditional disciplines, offer a different measure of 'success' to that of medals. On podium-based metrics, the measured outcome represents the final product (albeit within the timeframe of a career or programme) and in this respect the culmination of UK Sport investment. Such discrete data allows for more definite conclusions to be drawn. Where progress or pioneering performance is the observed indicator, this requires a more subjective, nuanced reckoning over a potentially longer period of development.

Q12. And what wider effect or impact do you think this has had?

It is not a novel observation, but the progress made by the senior England men's team at the World Cup in Russia and, importantly, the manner in which they conducted themselves, saw a reconnection with the public which has been missing in recent years. The durability of this is yet to be tested, but will no doubt resonate with a number of World Class Programmes which have seen trust in them tested as recent allegations over internal conduct have broken. The public is aware that there is a right way and a wrong way to pursue and achieve success.

Q15. Are there any other measures of success that could be considered?

Many of the potential measures of success suggested in Question 13 are valid, particularly those which relate to the achievement of potential or the achievement of targets. The important difference might be that these targets may not necessarily include winning medals.

A key measure of the effectiveness of a World Class Programme will be its ability to sustain success over a period of time. This may include generating success at age-group level, demonstrating a pipeline of talent for future elite programmes.

However, there may also be merit in re-considering the financial sustainability of funded organisations. This is of interest given the volatility of National Lottery income and also the likelihood that the total available fund for UK Sport to distribute among elite programmes will reduce in future cycles. Reliance on a single source of income is a significant risk in all sectors of the economy and the boards of national governing bodies ought to be considering how this affects their long-term viability and taking steps to mitigate the adverse consequences of this. The removal of UK Sport funding, or a significant reduction in the amount invested, would have serious consequences for governing bodies which are now heavily dependent on that income in terms of continuing in their current form. The risk also falls on UK Sport as their investment will be lost if a funded programme proves to be financially unviable.

Where already successful organisations are able to generate a portion of their income themselves, this might be an avenue worth exploring and at least taken into consideration. If UK Sport were able to scale back the public financing of potentially commercially lucrative bodies, and redistribute funds towards those not currently supported, a more equitable model might be achieved which balances the continuation of high performance levels and the development of new areas of potential success.

Over the past two years we have heard the suggestion articulated by our members and delegates at ICOSA events that the public would be prepared to accept fewer Olympic and Paralympic medals in return for an assurance that the environment in which they are pursued is a safe and supportive one for athletes and staff within the Programme. The spate of allegations of bullying and discrimination in UK Sport-funded organisations has prompted stakeholders to express the value of achieving success 'in the right way'. This is an area which UK Sport has sought to address through its culture health check and other initiatives. It is clear from most stakeholder groups that the pursuit of success should not equate to a win-at-all-costs mentality. Success in the broadest sense ought to be defined by the balance which governing bodies and UK Sport as their funder strike between athletic performance and athlete welfare.

Q16a. In terms of delivering success, what are the positive factors of the current investment policy (where medal potential at future Olympics and Paralympics Games is the primary focus)?

The injection of substantial sums of money into relatively few programmes has been transformative, clearly enabling those sports in receipt of investment to achieve considerable success and Team GB/Paralympics GB to attain unparalleled results in Olympic and Paralympic Games. It is no accident that the medal results coincide with the targeted application of large investment, providing funding for athletes, coaches, facilities and infrastructure. There is a logic to the rationale that the effects of this would be diluted if the investment were to be spread over a larger range of programmes. In this respect, the strictly adhered to policy of investing only in programmes likely to yield success has achieved its objective. Whether that objective is appropriate, however, is a separate question, as is whether this is the only method for achieving that objective.

Q17. And in terms of being inspirational, what are the negative factors of the current investment policy (where medal potential at future Olympics and Paralympic Games is the primary focus)?

A complete response to this question depends very much on how 'inspirational' is defined. Who is being inspired and to do what? The assumption that success inspires is evident in UK Sport's mission and, indeed, in this consultation document. This needs to be assessed critically and the correlation or causality more clearly identified.

In terms of participation, the inspiration appears to have been underwhelming. The Active People Survey, focusing on England, demonstrates that the number of adults engaging in physical activity has not increased significantly since the middle of the last decade and even dipped very marginally in the period following London 2012, a time where one would expect to see the greatest increases if Olympic success did inspire and motivate the public to get active. We have been told that the most significant drivers of participation are the availability of facilities and coaches at the grassroots and community level. This falls outside of UK Sport's remit and will require input from and cooperation with other agencies.

The choice of disciplines in which UK Sport invests, however, is material here. While facilities, infrastructure, even green spaces, are under pressure across sports of all description, access to engagement in some of those which fall under the agency's funding model is particularly restricted. This can be due to the nature of the disciplines – particularly among the winter sports – and/or the prohibitive cost of equipment. The sports identified for funding may represent the best opportunity for medals, but do they represent the most accessible for participation? What is the point of inspiring the public, one might ask, if they cannot take up the sport they have seen? A vast range of sporting opportunities lie outside the comparatively few disciplines which are funded but are deemed to have insufficient likelihood of medal success. It is not an unfair observation that many of the medal winners from recent Games, both Summer and Winter, are not household names, nor would be recognisable to the average member of the public, again prompting questions as to their inspirational value.

Attendance at sports events remains high and UK Sport met its target of driving attendance at supported international sporting events in 2017/18. However, the sports and events which dominate attendance in the UK, according to research by Deloitte – football, horseracing, rugby union, cricket, rugby league, greyhound racing, tennis and golf – all fall outside UK Sport's ambit, offering some justification to the claim that the agency invests primarily in minority, even niche disciplines.

If the relationship between podium success and either participation or attendance at events is uncertain, the 'inspirational' value of the funding model may have to be determined by other measures which are more difficult to define, such as national pride or a feelgood factor. These inevitably are difficult to quantify and will make assessments of impact problematic and value for money judgements almost impossible.

A potential negative impact of the current funding model might relate to Team GB/Paralympics GB's performance in future Games, given that podium success is so tightly linked to UK Sport's mission to inspire. It is reasonable to ask whether a second place finish in the Summer Games medal table can be bettered. How highly can a relatively small nation expect to rank? And what happens to the inspirational value of the team and funding model if – or when – performance reaches a plateau or declines, either in absolute or relative terms? It is also reasonable to ask how inspiration (which is not readily quantifiable) is related to expenditure (which is, calculated as equating to £4.1 million per medal in Rio) and whether the expense is justified.

Ideally, UK Sport must define what it means by seeking to 'inspire', or it should consider removing this as an objective and simply stating that its aim is to facilitate elite sportspeople in a defined range of disciplines to fulfil their potential and attain success.

Q17b. And in terms of delivering success, what are the negative factors of the current investment policy (where medal potential at future Olympics and Paralympic Games is the primary focus)?

Targets-based models are vulnerable to commonly identified adverse or unintended negative outcomes. These have been observed in the public sector, manufacturing, education systems, health systems and other areas of the economy, in the UK and in other countries.

The first of these which seems appropriate to the current investment policy is a variation on the threshold effect. In economics and social science literature this can be seen in the clustering of performance and resource allocation around pre-determined thresholds, sometimes at the expense of other outputs elsewhere on the continuum. The potential seems present for this to manifest itself in the concentration of time and efforts on athletes and teams who are either susceptible to falling into a lower medal category or capable of being lifted into a higher one dependent on this focus. UK Sport's medal potential criteria of course adopts this approach at a macro level by excluding from funding those sports and athletes which are not deemed have the capability to medal or insufficient likelihood of doing so. This effect operating at the level of whole sports being denied funding risks creating a closed shop where under-investment means that they cannot progress talent or appeal to a wider audience and thus become unlikely to attain the medal-winning potential which UK Sport demands in return for investment. This cycle could prove difficult to break and risks embedding and perpetuating a sharply-delineated two-tier system.

The targeting of funding by success-oriented criteria invites a number of other frequently observed consequences. The conclusions of the independent review into the culture and climate at British Cycling were clear that the blinding effect of medal targets had a negative effect on behaviour within that WCP. The incentives inherent in the funding model could be argued to have encouraged this. Cultures where the ends justify the means can be incentivised by poorly-conceived, inflexible targets being linked to high stakes.

The output distortion known as 'hitting the target but missing the point' also has some currency in the present investment model. There is a danger that in explicitly focusing on medal potential, UK Sport and the sector more widely might succeed in reaching those goals but in the process lose sight of what sport is for. Allied to the concept of 'what gets measured gets done' this could invite a sporting equivalent of 'teaching to the test', whereby wider benefits are eschewed in deference to the pursuit of a narrowly-defined concept of success. In this instance, this might be apparent in popular sports or those which provide added social value being overlooked in favour of those which offer the greatest prospect of Olympic and Paralympic medals.

Both the achievement of individual medals and the UK's ranking in medals tables are to a degree contingent on the performance of other countries. This is not within the control of UK Sport and as such represents a risk in the current investment strategy. This could be mitigated by shifting the focus, where applicable, onto other measures of performance, such as the achievement of personal bests and national records or some other pre-determined performance goals.

UK Sport could also make more transparent and available the process by which its medal targets (or other key performance indicators if Olympic and Paralympic medals cease to be the primary focus) are arrived at. The criteria for funding decisions should be more readily available

to the public who will then be able to form their own judgements as to the utility of those decisions both where sports have been successful in their applications and where UK Sport has declined to invest.

Q19. You disagreed that medal success at the Olympics and Paralympics should continue to be UK Sport's primary focus for international success.

a) Why do you disagree?

The justification for the focus on medal success at Olympic and Paralympic Games is largely premised on three assumptions: that these Games represent the pinnacle of sporting endeavour; that podium finishes are an easily measurable and widely understood metric of success; and that success under this definition is inspirational. As we have mentioned, there are many sports and disciplines for which the Olympics or Paralympics do not give the opportunity for participation or do not form the principal focus. This should not preclude them from financial assistance and the opportunity to develop and serve their participants.

Our members have noted the disconnect between the absence from UK Sport funding of sports and activities which can be seen in every leisure centre and park in the country, and the presence of those for which would-be participants would struggle to find facilities and opportunities to engage. It suggests that decision making under the current funding model starts by identifying those sports with the highest likelihood of medal success and then seeks to generate participation around the achievement of those medals, rather than supporting those sports which already enjoy popularity and converting that into elite performance, whether at Olympic/Paralympic Games or in other competitions. Such logic might be open to question.

We refer to our earlier comments regarding 'inspiration' and further note that the opportunity to 'inspire', however defined, is reduced to one month every four years for each cycle. We have also been told of misgivings about the ability of winter sports, for example, to inspire to any great degree, given their lack of popularity and access restrictions, but we accept that the development of these ought to be an objective of a successful programme.

b) What alternative focus would you like UK Sport to have?

One potential shift in focus might be away from podium finishes and towards the achievement of potential, particularly in those disciplines where a top three finish is more difficult, perhaps due to the ubiquity of the sport worldwide or where the UK currently does not currently rank among the world leaders. It is often said that one can ask no more of a team or an athlete than to perform to their potential when asked, irrespective of whether this culminates in a podium finish. Developing potential as part of a long-term strategy might also involve a greater focus on funded organisations' success at other levels, such as junior competition.

UK Sport must build on recent initiatives aimed at improving athlete welfare on funded programmes. A continued emphasis on organisational culture, safeguarding and governing bodies' duty of care towards all staff, including personal development and athletes' post-career transition, will be crucial. We have heard that the agency should revisit its position on not treating funded athletes as employees. In response to the argument that the cost implications involved in this step could negatively impact funding available for programmes and hence future success, we refer back to our position that many stakeholders would accept fewer medals in return for assurances that athletes were part of a people-focused culture which offered appropriate levels of rights and security in an often precarious profession.

Q22. Do you have any further ideas or views on what UK Sport can do to improve its investment approach into helping athletes and teams to achieve sporting success at an international level?

UK Sport chair, Dame Katherine Grainger, has already indicated that governing bodies may have to be more creative in their approach to resource allocation. It will be challenging for both the funder and recipient bodies to make finite and likely reducing investments sustain current or improved levels of performance. To this end, it will be important to explore opportunities to use available funds more efficiently. This might include encouraging different sports to pool resources, such as in sharing facilities and infrastructure where possible

In response to Q15 we raised the possibility of exploring the option of commercially viable NGBs expanding their own funding opportunities. Under this model, UK Sport could provide a baseline of funding across a greater number of sports. This could cover whole operations at smaller NGBs and core functions for those able to top up through other income streams. There may be objections to this from those who feel that centrally funded teams and athletes offer the greatest scope for collective national pride. Others may voice concerns that a two-tier system would be created where those able to exploit commercial opportunities have a permanent advantage over those that do not. A counter-argument might hold that a two-tier system operates currently with some sports funded and some not. Reconfiguring the model might enable UK Sport to reflect in its funding the nation's sporting habits and preferences more than it is currently able to and might achieve greater social impact by opening up new elite opportunities and also improve the diversity of its funded athletes which, in some sports is distinctly lacking.

We hope that these comments are helpful and contribute to UK Sport's deliberations on its future funding strategy for elite sport. Should you wish to discuss them further or require any clarification, please feel free to contact me.

Yours sincerely,

Craig Beeston

Policy Officer, Not for Profit
+44 (0)20 7612 7029
cbeeston@icsa.org.uk