

# Report

## Report by the Comptroller and Auditor General to the Houses of Parliament

### Costs of the Departure of Mr Derek Casey, former Chief Executive of Sport England

- 1 On 14 June 2001, Mr Derek Casey agreed to depart from his post as Chief Executive of Sport England and detailed departure terms were agreed. When the Government Actuary's Department considered the package, it was valued at an estimated £494,000 and the necessary Treasury and Departmental Accounting Officer approvals were given in mid August 2001.
- 2 Shortly after taking office, Rt Hon Richard Caborn MP, Minister for Sport made clear to Department for Culture Media and Sport officials that he wanted a fresh start at Sport England and that he felt it essential that a new Chief Executive should be appointed to drive the changes he regarded as necessary. The Minister was advised by Departmental officials that Mr Casey's continued employment was a matter for Sport England; that it was for Sport England to decide whether he should move on; and that the terms of any severance were for Sport England, subject to putting a case to the Department and, depending on the scale, to the Treasury.
- 3 Following discussion at a meeting on 14 June 2001 between the Minister and Mr Trevor Brooking, Chairman of Sport England, Mr Casey agreed to depart from his post as Chief Executive of Sport England. The severance package was discussed by the Minister and the Chairman and, on the basis of those discussions, Mr Brooking was left with a clear view that the Minister had approved the severance package. The package was also discussed separately by Mr Brooking and Mr Casey. A press announcement was made, also on that day, by the Department in which the Minister for Sport paid tribute to Mr Casey's work and achievements. The Chairman of Sport England also praised his contribution, enthusiasm, energy and commitment. He had spent 12 years at the Sports Council and Sport England, of which six had been as Chief Executive. He had previously spent a number of years working for the Scottish Sports Council.
- 4 As shown in note 5.3 to the grant-in-aid accounts, the main elements of Mr Casey's departure package were:
  - payment for the remainder of his three year contract which was due to end on 19 February 2003 (some £157,500 including £20,500 in lieu of notice);
  - an enhancement to his pension entitlement of 10 years. His written employment contract already provided for two years enhancement;
  - annual pension to be payable immediately (at age 51) rather than at normal retirement age of 60, (although Mr Casey's contract already provided for his pension to commence in February 2003).

- 5 The additional years' pension enhancement and early payment of pension were seen to be reasonable by Sport England, taking into account the exceptional circumstances of Mr Casey's departure. They were broadly consistent with the maximum discretion Sport England have previously exercised for non-voluntary terminations.
- 6 A contribution of £750 was made towards Mr Casey's legal expenses in relation to the termination agreement by Sport England and they will contribute, if required, up to £2,500 for outplacement counselling advice.
- 7 The pension is provided by the London Pensions Fund Authority who have provided an actuarial calculation that, based on a projected life expectancy of 75 years, the cost to Sport England of the 10 year pension enhancement and of the pension being paid early is estimated at about £334,000 at today's prices. Hence the total estimated cost to Sport England of the departure package is some £494,000.
- 8 In the period subsequent to 14 June, the Department reviewed the package and discussed it with the Treasury. Both had concerns about the regularity of the process and at the scale of the departure package. However, they both reluctantly approved the package as proposed, since the legal advice indicated that Sport England would be unlikely to resist successfully any legal claim that a binding contract was made on 14 June, and to challenge the package would risk incurring significant extra costs for the taxpayer. The Treasury formally advised the Department to refer the case to the National Audit Office for them to decide whether any further investigation into the case was necessary.
- 9 The Department took into consideration advice to Sport England from their legal advisers, their own advice from the Treasury Solicitor and advice from the Government Actuary, for which fees of some £1,100 were payable. Sport England's legal advice cost some £8,225. The necessary Treasury and Departmental approvals were given in mid August 2001 and the Department emphasised that the cost to Sport England of the departure should be funded from their existing resources. There will not be a charge to Lottery funds. Sport England have already modified their budget for 2001/02 accordingly and will adjust future years' budget plans shortly.
- 10 In drawing attention to this matter, I have not qualified my audit opinion on either the Sport England grant-in-aid or lottery fund accounts for 2000-01.

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