



Department for
Digital, Culture,
Media & Sport

Annual report and accounts for the year ended 31 March 2018

Department for Digital, Culture, Media and Sport

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Presented to the House of Commons pursuant to Section 6(4) of the Government Resources and Accounts Act 2000

Annual Report presented to the House of Commons by Command of Her Majesty
Ordered by the House of Commons to be printed on 19 July 2018
HC 1220

This is part of a series of departmental publications which, along with the Main Estimates 2018-19 and the document Public Expenditure: Statistical Analyses 2018, present the government's outturn for 2017-18 and planned expenditure for 2018-19



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ISBN 978-1-5286-0497-0

CCS0618784748 07/18

Printed on paper containing 75% recycled fibre content minimum

Printed in the UK by the APS Group on behalf of the Controller of Her Majesty's Stationery Office

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Performance report

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Lubaina Himid
Le Rodeur: The Pulley 2017
acrylic on canvas
© Lubaina Himid
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Overview



This report outlines the vision, responsibilities, and structure of the Department for Digital, Culture, Media and Sport (DCMS) during the 2017-18 financial year, as well as listing our plans for the future. It summarises our business planning and objectives, and details the structure of the department and its Arm's Length Bodies (ALBs). It also highlights our work in helping to advance cross-governmental priorities, provides a high-level breakdown of financial spending and contains a performance summary for 2017-18 with our key achievements.

Foreword by the Secretary of State



I am very pleased to have been announced as the Secretary of State for the Department for Digital, Culture, Media and Sport in July 2018, at the time of this report going to print. I know my predecessor has been hugely impressed with the department's focus, its ambition, and its capacity to blend the old with the new.

As the department's mission statement says, DCMS drives growth, enriches lives and promotes the United Kingdom to the world. I would add to that its vital role in supporting creativity across the UK economy, and helping to prepare the country for the incredible potential of new technology. This department's core purpose is to make the most of the rapidly changing world in which we live, and ensure that the UK's world leading creativity works in harmony with its expertise in technology, Artificial Intelligence, and connectivity.

A lot happened over the last year. In 2017, we put on a series of events to mark the centenary anniversary of the Battle of Passchendaele. We have also delivered on the first year of the 'Five Point Plan for Tourism', resulting in increased visits and visitor spend. In September, we ratified the 1954 Hague Convention for the Protection of Cultural Property in the Event of Armed Conflict and acceded to its two Protocols, following Parliamentary approval and Royal Assent for the Cultural Property (Armed Conflicts) Act earlier in the year. In December, we secured the 2022 Commonwealth Games for Birmingham, which is an achievement, and will be a big part of our work over the coming years.

In order to help prepare the workforce of the future, we invested in a new Digital Skills Partnership. It will see government, business, charities and voluntary organisations collaborate to ensure everyone has the vital skills for the jobs in their sector and can take advantage of all the available digital training opportunities. Our initiative bolsters both businesses and individuals and leaves no one behind. We also want to keep Britain at the forefront of connectivity by accelerating the deployment of next generation digital infrastructure and driving forward new 5G business opportunities.

DCMS funds groundbreaking cultural and sporting initiatives that help businesses and communities flourish. Nationally, we have celebrated Hull being the UK City of Culture and announced Coventry as the new title holder for 2021. We continue to provide free access to galleries and museums, and published 'The Mendoza Review: an independent review of museums in England' focusing on what we can do to better help and support the sector. We opened a consultation in October on fixed odds betting machines to better protect consumers and communities. We published the Heritage Statement in December to set out our aspirations to maximise the benefits of England's incredible heritage and historic environment.

In January, we set out our approach to the Digital Charter, which aims to make the UK the best place in the world to be a digital citizen, by making the UK the safest place to be online, and the greatest place to start and grow a digital business. The core purpose of the Charter is to make the internet work for everyone – for citizens, businesses and society as a whole. The first piece of work under the Charter, the Internet Safety Strategy Green Paper, was published in October.

In November, we announced our intention to develop a bold new government strategy for civil society, followed by the launch of an engagement exercise in February to give people an opportunity to help shape the strategy. We also announced the unlocking of £330 million

from dormant assets towards a number of initiatives tackling societal challenges across the UK.

To do all this, DCMS has grown, and 50% of new recruits have come from outside the Civil Service. The Civil Service leadership team have built a hugely talented department with an excellent, outward looking culture that is a model for government. There is of course more still to do, and change will continue apace. But DCMS will continue to lead the way in preparing the UK for the future.

The Rt Hon Jeremy Wright QC MP

Secretary of State for Digital, Culture, Media and Sport

Permanent Secretary's Review



DCMS has a vision of driving growth, enriching lives and promoting Britain to the world, a vision that has only become more central to its purpose since our name change to the Department for Digital, Culture, Media and Sport in 2017. We have also made good progress in delivering against our five objectives; promoting **global** Britain, **growing** the economy, driving **digital** transformation, maximising **participation** and supporting a shared **society**. This report highlights some of the key

achievements in each of those areas.

This was another year of substantial change for DCMS. The series of machinery of government changes over the last three years, together with responsibility for six major programmes on the government portfolio, means the department now has around 1,000 staff, compared with 380 in late 2013, and we expect Brexit-related recruitment will take us to 1,200. Around half our policy and delivery people now work on digital and media issues, reflected in our change of name to Digital, Culture, Media and Sport.

This has entailed structural change too; we embedded our leadership around a two Director General model this year, and 12 of our 16 directors are new in post. I am proud we have achieved change of this scale whilst maintaining staff engagement at 69%, (45% in 2012). As civil service wide Diversity and Inclusion Champion, I am also proud that DCMS scored higher for inclusion and fair treatment, and lowest for bullying and harassment.

DCMS is responsible for sectors that have huge economic, diplomatic and cultural influence. Tourism expenditure outside London increased by 5% to £11 billion in 2016, accounting for 47% of all expenditure in the UK by overseas visitors. DCMS sectors also contributed over £48.4 billion in exports of services in 2016 (over 18.9% of total UK services exports), and more than £27.1 billion in exports of goods (over 8.9% of total UK goods exports).

We also provide the environment for a thriving UK economy, building digital capability, skills and supporting our telecoms infrastructure. In January 2018, we reached our 95% superfast broadband target and are continuing to support investment to stimulate private investment in full fibre connections by 2021. The UK creative industries are another global success story, and are outperforming most other sectors of the economy, with specific policies, such as the Creative Industries sector deal, highlighting the value this part of the economy adds to the UK, and the potential to do even more. DCMS wants to ensure that Britain is the most connected, tech-friendly, innovation-driven, digitally-skilled and cyber-secure country on the global stage.

We also successfully bid to host the Commonwealth Games in 2022. This marks 20 years since Manchester 2002, the last time the Games were held in England, and will be a fantastic platform for the UK. Great Britain competed at the 2018 Winter Olympics in Pyeongchang, winning five medals in total, one gold and four bronze. At the Winter Paralympics, we won seven medals.

In the last year, we banned ticket tout bots; protected the elderly and vulnerable from nuisance calls; and successfully secured an agreement to end roaming charges within the EU for mobile phones. We also continue work on the Data Protection Bill, introducing age verification for adult websites. I visited the winner of our City of Culture programme, the vibrant city of Hull, which demonstrated the exceptional transformational power of culture.

We also continued our First World War Commemorations, marking the centenary of the Battle of Passchendaele.

I am confident that this year, alongside the talented people we work with in our Arm's Length Bodies and across the sectors we represent, we will continue to drive growth, enrich lives and promote Britain to the world.

Dame Sue Owen DCB

Principal Accounting Officer and Permanent Secretary

Our purpose

DCMS aims to transform the United Kingdom into a world-leading economy; promote the UK's digital, cultural, sporting and artistic prowess; and empower our communities by investing in and promoting social action.

We give the UK a distinctive place on the global stage, helping to build an economy that works for everyone. Whether it is in ensuring the country has access to sophisticated digital and communication infrastructures; building a robust shared society; defending an informed free press; advocating participation with sport; or funding groundbreaking arts and cultural initiatives, our wide-ranging responsibilities make us central to the government's agenda and an integral part of life in the UK.

Our five strategic objectives were set out in our 2017-18 Single Departmental Plan (SDP), and underpin our **corporate** objective of ensuring DCMS is a confident, agile and networked department:

1. **Global:** promote global Britain, demonstrating that the UK is a great place to live, work, visit and invest.
2. **Growth:** grow an economy that is creative, innovative and works for everyone.
3. **Digital:** make the UK the best digital economy in the world and drive its digital transformation.
4. **Participation:** maximise cultural and sporting participation and social action.
5. **Society:** support our media, a free press and a shared society.

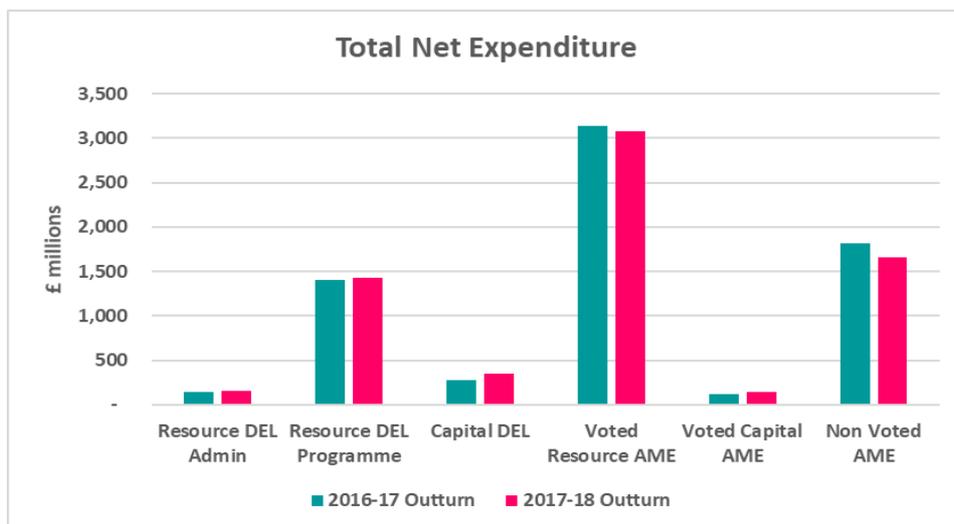
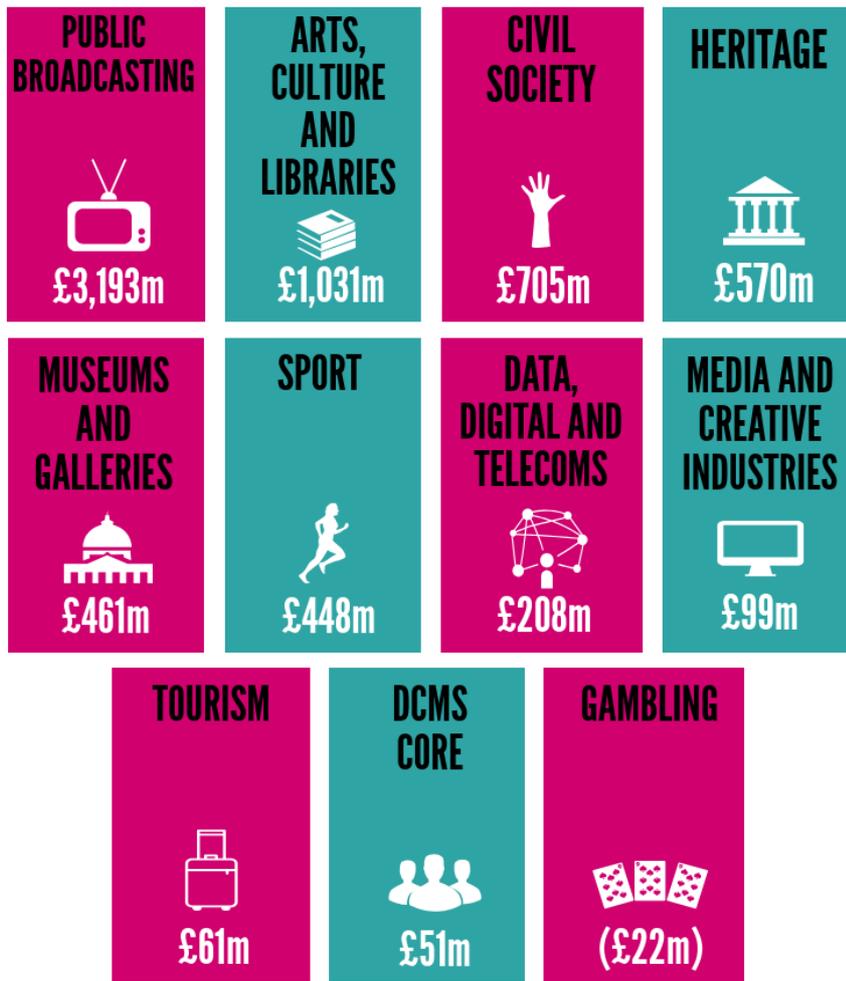
This report highlights the key achievements during 2017-18 towards these five objectives, gives a summary of our department, its purpose, and how it has performed during the past year.

As at 1st April 2018 within the core department, DCMS has 910 full-time equivalent employees in post. We work in tandem with 46 agencies and public bodies, of which 40 are directly sponsored by the department, an extremely diverse group of organisations which receive over 90% of our funding (see page 14 for a list of our ALBs).

Our approach to working with ALBs is strategic and risk-based, which is necessary given the size of the DCMS and the number of our ALBs, and is reflected in our internal governance structures. The approach to risk management is listed on page 93, and the significant risks are set out on page 96.

DCMS is working collaboratively with Cabinet Office, HM Treasury, other government departments, and ALBs to deliver transformational change in key areas. This includes consolidating and reducing our estates footprint; supporting ALBs in their efforts to realise major investment and deliver projects; establishing a 1% year-on-year efficiency improvement target; and improving the delivery of DCMS transactional finance and human resources (HR) services.

DCMS Outturn by Business Area



The total of the above is £6,805m and includes both Voted and Non Voted expenditure and also both Departmental Expenditure Limit (DEL) and Annually Managed Expenditure (AME). Page 131 includes an explanation of these items.

Our Arm's Length Bodies (ALBs)

Heritage	
Churches Conservation Trust	Historic Royal Palaces
Heritage Lottery Fund/ National Heritage Memorial Fund	The Royal Parks
Historic England	
Regulators	
Information Commissioner's Office	Office of Communications (Ofcom)
Media/ Creative Industries	
British Broadcasting Corporation ¹	Channel 4
British Film Institute	S4C-Welsh Fourth Channel Authority
Museums and Galleries	
British Museum	Royal Armouries
Geffrye Museum	Royal Museums Greenwich
Horniman Museum	Science Museum Group
Imperial War Museum	Sir John Soane's Museum
National Gallery	Tate Gallery
Natural History Museum	Victoria and Albert Museum
National Museums Liverpool	Wallace Collection
National Portrait Gallery	
Sport	
Sport England	UK Anti-Doping
Sports Grounds Safety Authority	UK Sport
Tourism	
British Tourist Authority (VisitBritain and VisitEngland)	
Gambling	
Horserace Betting Levy Board	
Arts and Libraries	
Arts Council England	British Library
Civil Society	
Big Lottery Fund	
Cultural Property	
Reviewing Committee on the Export of Works of Art	Treasure Valuation Committee
Other	
Phone-paid Services Authority	

The table above lists ALBs and bodies sponsored by DCMS that (with the exception of Channel 4, Historic Royal Palaces and The Royal Parks) are included in the DCMS consolidated accounts. VisitBritain/VisitEngland are legally constituted as the British Tourist Authority (BTA) under the Development of Tourism Act 1969, and will each be referred to separately throughout the report. Tech City (now Tech Nation) is included in our accounts but not reflected in the above list of ALBs, pending decisions about its longer-term classification.

¹ The BBC is a public broadcasting authority. The BBC's Public Service Broadcasting Group falls within the DCMS accounting boundary, and this element of the BBC is consolidated into the DCMS accounts. See Note 1.3 to the Financial Statements for further details

The department sponsors two non-ministerial departments with a high degree of operational independence from government: The National Archives and the Charity Commission, the results of which are not included in this Annual Report and Accounts.

The majority of our funding goes to the ALBs which operate across a multitude of sectors, such as the performing arts, sport, galleries and museums, public broadcasting, film and gambling. ALBs in the DCMS group account for more than 91% of the department's budget.²

Our approach to working with ALBs is strategic and risk-based, which is necessary given the size of DCMS and the number of our ALBs, and is reflected in our internal governance structures.

Formal relationships with each ALB are set out in bespoke, published documents or 'Management Agreements' (MAs). The MAs include agreed priorities, funding levels and accountabilities. Additionally, and of equal importance, is the day-to-day, informal relationships the department has with ALBs, of which effective communication and strong professional relationships are the core. All ALBs operate within a strategic framework set by ministers.

² Source: National Audit Office, 'A Short Guide to the Department for Digital, Culture, Media and Sport', p.5, <https://www.nao.org.uk/wp-content/uploads/2017/10/Short-Guide-to-the-Department-for-Digital-Culture-Media-and-Sport.pdf>

Key Achievements in 2017-18



**95% Superfast
by end 2017**



**12 Olympic/Paralympic
medals**



**Digital Charter
25 Jan 2018**



136 medals



**Winning the
Commonwealth
Games 2022 bid**



**Hull 2017
UK City
of Culture**

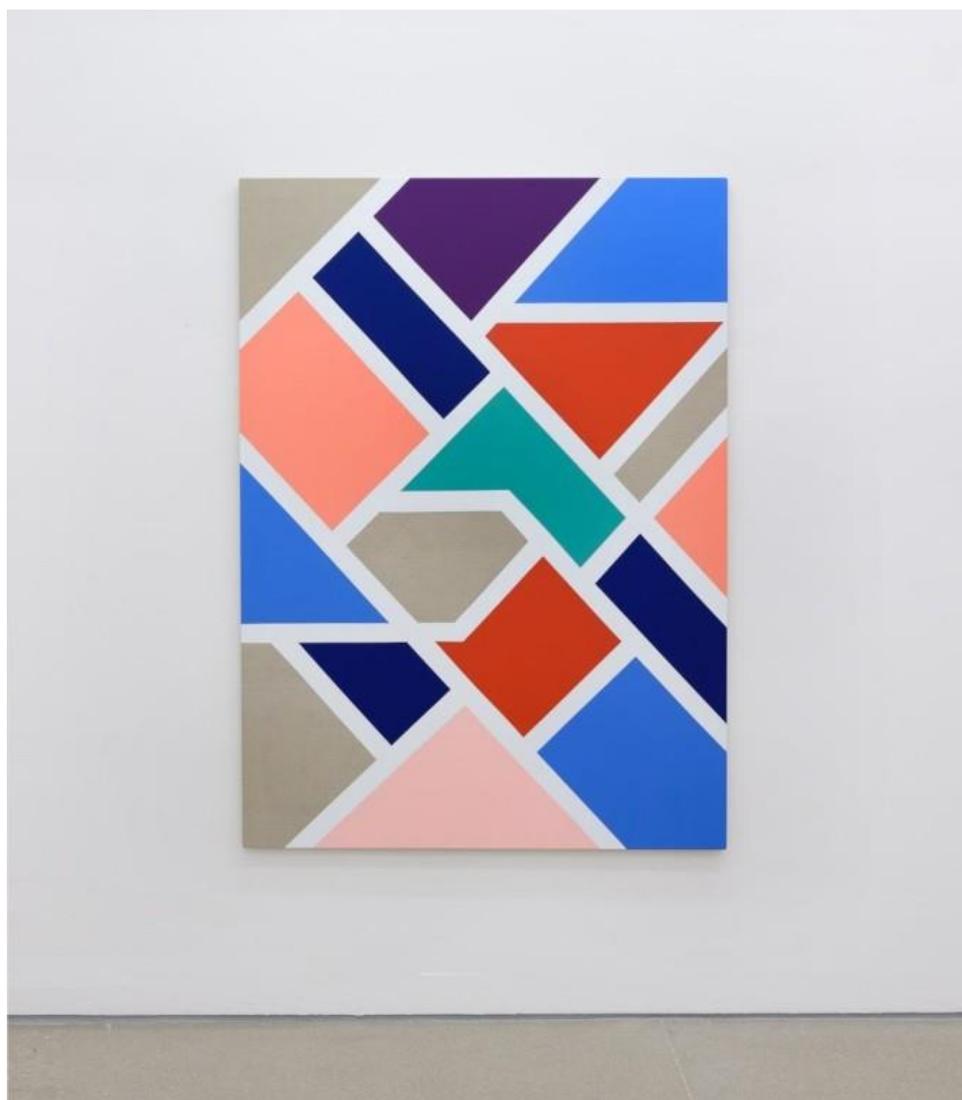


**Passchendaele
Centenary**



**£190m Local
Full Fibre
Challenge Fund**

Performance analysis



Sinta Tantra

Tuca Tuca - Spring Time in Rome 2017

Tempera on linen

© Sinta Tantra

Image: © Crown Copyright, Government Art Collection, UK

Objective 1: Global

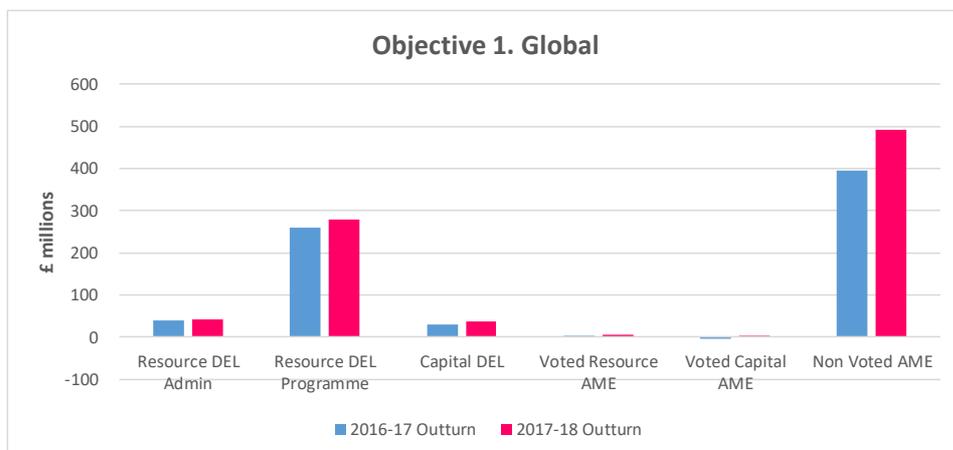
Promote global Britain, demonstrating that the UK is a great place to live, work, visit and invest.



Participating ALBs:

- Arts Council England
- Heritage Lottery Fund
- British Tourist Authority
- Reviewing Committee on the Export of Works of Art and Objects of Cultural Interest
- Treasure Valuation Committee
- UK Anti-Doping
- UK Sport

The chart to the right represents the net group expenditure on Global by budget type. These budget types are explained on page 131.



Key achievements:

- In 2016, overseas residents made a record 37.6 million visits to the UK, 4% more than in 2015.³
- Tourists spent £22.5 billion on visits to the UK in 2016, an increase of 2% compared with £22.1 billion in 2015.⁴
- In February 2017, the Cultural Property (Armed Conflicts) Act received Royal Assent, allowing the UK to ratify the 1954 Hague Convention for the Protection of Cultural Property in the Event of Armed Conflict and accede to its Protocols in September that year.
- In October 2017, the “Review of Criminalisation of Doping in Sport” was published, which concluded there was no case at the current time to introduce new legislation to criminalise doping in sport.
- Hosted the 5th High-Level People to People Dialogue with China in December 2017, which saw the signing of seven new cultural cooperation agreements, the establishment of ties on civil society policy, as well as the renewal of a tourism agreement.
- Awarded the rights to host the 2022 Commonwealth Games in Birmingham on 21 December 2017. The Games will give us a chance to show the best of Britain to the world, and give great opportunities to not only the people and businesses of the West Midlands, but across the UK.
- Opened the new Victoria and Albert (V&A) design gallery in Shenzhen, China.
- Hull had a successful year as UK City of Culture, attracting a total audience of 5.3 million, attending over 2,800 events, cultural activities, installations and exhibitions.⁵
- Launched and consolidated the Sports Business Council as a forum for promoting, and engaging with, sport and physical activity as an economic sector.
- The January 2018 UK-France Summit announced that the UK is to display the Bayeux Tapestry for the first time in its history.
- January 2018 saw the publication of the ‘Tailored Review of UK Anti-Doping’ (UKAD) which assessed the efficiency, effectiveness and governance of UKAD and its preparedness for future challenges.
- DCMS confirmed an additional £6.1 million in funding to UKAD over the next two years. This underlines the Government's commitment to clean sport.
- Team GB won five medals in its best ever Winter Olympics⁶, and Paralympics GB won a record seven medals at PyeongChang 2018⁷.

³ Source: Office for National Statistics, ‘Travel Trends: 2016’, <https://www.ons.gov.uk/peoplepopulationandcommunity/leisureandtourism/articles/traveltrends/2016>

⁴ Source: Office for National Statistics, ‘Travel Trends: 2016’, <https://www.ons.gov.uk/peoplepopulationandcommunity/leisureandtourism/articles/traveltrends/2016>

⁵ Source: University of Hull, ‘University of Hull Reveals UK City of Culture 2017 Evaluation’, <https://www.hull.ac.uk/work-with-us/more/media-centre/news/2018/city-of-culture-evaluation.aspx>

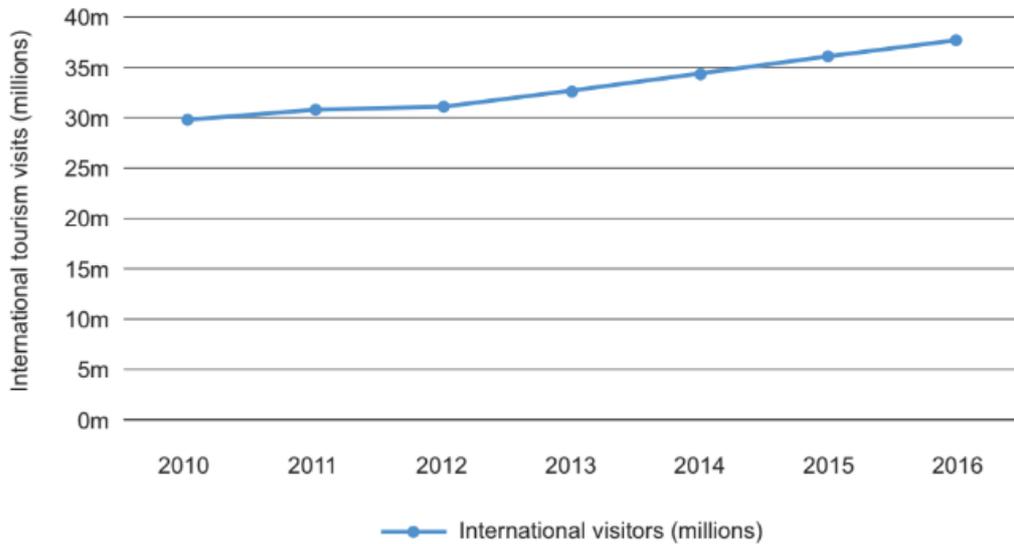
⁶ Source: PyeongChang Olympics 2018, ‘NOC Entries - Great Britain’, <https://www.olympic.org/pyeongchang-2018/results/en/general/noc-entries-great-britain.htm>

⁷ Source: <https://www.pyeongchang2018.com/en/game-time/results/PWG2018/en/general/npc-entries-great-britain.htm>

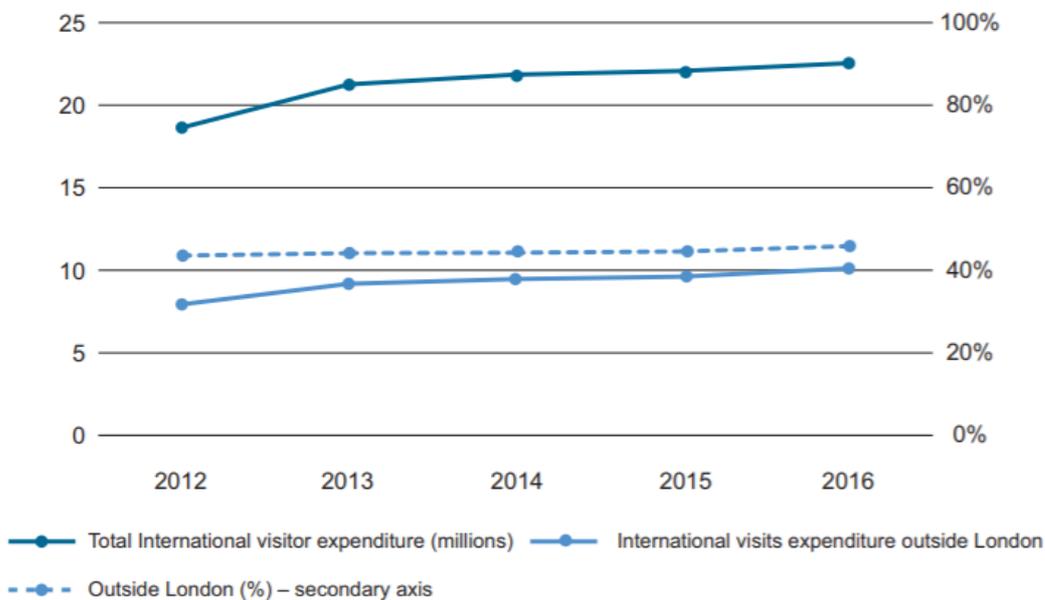
Key Performance Indicators

The significant risks to the key performance indicators are listed on page 96.

Indicator 1: International tourism visits (millions)⁸



Indicator 2: International tourism expenditure (£millions) and % expenditure on visits outside London⁹



⁸ Data from 'Travel Trends' based on International Passenger Survey. The percentage of visits outside London are based on all UK visits (may include some double counting where the same individual has travelled inside and outside London). Source: Office for National Statistics, 'Travel Trends 2017',

<https://www.ons.gov.uk/peoplepopulationandcommunity/leisureandtourism/articles/traveltrends/2016#overseas-residents-visits-to-the-uk-increased-in-line-with-recent-trends>

⁹Source:

<https://www.ons.gov.uk/peoplepopulationandcommunity/leisureandtourism/articles/traveltrends/previousReleases>

	2012	2013	2014	2015	2016
Expenditure on visits to the UK (£ billions)	18.6	21.3	21.8	22.1	22.5
Expenditure on visits to regions outside London (£ billions)	8.6	9.8	10.0	10.2	10.7
<i>Outside London (%)</i>	46.2	46.0	45.9	46.2	47.6

Indicator 3: UK/Home nation performance in pinnacle World, European or Commonwealth competitions

- In 2016, 56 World and 270 European Championship medals won by UK Sport and Sport England-funded sports.
- 21 World and European Championship medals won in sports not funded by UK Sport and Sport England.
- In 2017, 170 World and 137 European Championship medals won by UK Sport and Sport England funded sports.
- 21 World and European Championship medals won in sports not funded by UK Sport and Sport England.

Indicator 4: Awareness and support for First World War centenary activities¹⁰

	2015-16	2016-17
Percentage aware of activities	55%	53%
Percentage in support of activities	77%	74%

UK's Soft Power Rating¹¹

	2015	2016	2017
Score	75.61	75.97	75.72

The UK's soft power score (as reported by Soft Power 30), has remained fairly consistent over the last three years. Globally, the UK moved from ranking first to ranking second in 2016, but remained at second place in 2017.

¹⁰ Source: Gov.UK, 'Taking Part Survey England 2016/2017', p. 24; p. 26,

<https://www.gov.uk/government/statistics/taking-part-201617-quarter-4-statistical-release>.

'Awareness' refers to adults who stated they were aware of local or national events or activities being held in the UK between 2014 and 2018 to commemorate the First World War Centenary. 'Support' demarcates the percentage of adults who stated they were either slightly or strongly supportive of the UK commemorating the First World War Centenary.

¹¹ Source: The Soft Power 30, 'The Soft Power 30 (2017)', https://softpower30.com/country/united-kingdom/?country_years=2015,2016,2017

Global: Progress against our Single Departmental Plan and government priorities

EU exit and international trade

- We have put in place a structured programme of work on EU exit and international trade, working with other government departments.
- We have continued to work closely with our sectors and stakeholders to understand their priorities for the negotiations.
- We have continued our strategic engagement with our European and international partners, in support of DCMS negotiating objectives.
- We have continued our work on preparations for all potential outcomes from the negotiations.
- We have worked with other government departments on the development of a future trade strategy, complemented by an international engagement programme. This is ongoing, and will ready Her Majesty's Government (HMG) to develop new trading relationships following the UK's exit from the EU.
- We have built expertise and capability in our EU and international work, increasing the size of our teams to support this priority area.

Support the best of our arts and culture

- Investing £78 million in The Factory, Manchester, a new theatre and arts complex, to contribute to the world leading cultural infrastructure of the Northern Powerhouse. The Factory will be home to the Manchester International Festival, and an Arts Council National Portfolio Organisation from 2018. Revenue funding has been allocated from 2018-19 to enable its transition to the operator.¹²
- The project has received planning permission and building work will start later this year.

Market Britain across the world to promote jobs and growth by strengthening cultural exports and promoting inward investments

- Delivered three international 'Year of Culture' seasons with Korea, India and United Arab Emirates in 2017.
- In March 2018, VisitBritain joined with the newly renamed UK China Visitor Alliance (UKCVA) to form a Chinese Visitor Working Group, to look at initiatives to attract even more Chinese visitors to the UK.
- Experienced the best of British culture and innovation at the #GreatBritishFestival launch event in Manila. It combined different UK brands to create a fun-filled day with great British music, food, fashion and art at Glorietta 2 Activity Center, Makati City.
- The British Library, for the first time ever, loaned some of its most spectacular items for exhibitions in cities around China, beginning with the National Library of China, in Beijing. Ten iconic items, including Charlotte Brontë's handwritten manuscript of *Jane Eyre* and one of the earliest quarto editions of *Romeo and Juliet*, starred in a major exhibition showcasing British literary and cultural highlights from Shakespeare to Sherlock Holmes.
- Played a key role in a wide variety of international fora, including the International Telecommunication Union, the Internet Corporation for Assigned Names and Numbers, G7, the Council of Europe, and the Internet Governance Forum to ensure outcomes are reflected in UK public policy and security goals.

¹² Source: HM Treasury, 'Spending Review and Autumn Statement, 2015', p. 53, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/479749/52229_Blue_Book_PU1865_Web_Accessible.pdf

Back the tourism sector

- Supported 20 projects via the Discover England Fund, which encourages the growth of England's inbound tourism. Projects include new routes to encourage American tourists to explore the history of the South West, a scheme to motivate business visitors to extend their stays to discover Manchester's science history, and a bookable art trail along Kent's coast.¹³
- Refreshed the Tourism Industry Council membership and worked closely with other government departments to ensure the industry could share their views on some of the major issues facing the UK.

Deliver elite sporting success

- Team GB won a total of five Olympic medals.¹⁴
- Paralympics GB won a total of seven medals, making this our most successful Paralympic Winter Games since 1984.¹⁵

Successfully host major sporting events, to promote the UK on the international stage

- Supported the delivery of the International Association of Athletics Foundation World Championships and the World Para Athletics Championships at the London Stadium. Both championships achieved record breaking attendances - with over one million tickets sold in total - and generated a combined direct economic impact of over £107 million.¹⁶
- The UK successfully hosted a number of other major sporting events, including the Champions Trophy and Women's World Cup in cricket, the Champions League Final in football and the World Squash Championships.
- In October 2017, UK Sport announced it will invest almost £30 million between 2017 and 2025 to bring some of the world's top sporting events to venues across the UK.¹⁷
- Supported the Football Association to secure four additional matches at Wembley Stadium as part of EURO 2020. Including the semi-finals and final, the UK will now host eleven games in the tournament.¹⁸
- In December 2017, the Commonwealth Games Federation confirmed Birmingham as the host city for the 2022 Commonwealth Games.¹⁹

¹³ Source: Visit Britain, 'Year 2 and 3 large scale projects', <https://www.visitbritain.org/discover-england-fund-years-2-and-3-large-scale-projects> and Visit Britain, 'Year 2 pilot projects' <https://www.visitbritain.org/discover-england-fund-year-2-pilot-projects>

¹⁴ Source: Pyeongchang 2018, 'NOC Entries: Great Britain', <https://www.olympic.org/pyeongchang-2018/results/en/general/noc-entries-great-britain.htm>

¹⁵ Source: Pyeongchang 2018, 'NPC Entries: Great Britain', <https://www.pyeongchang2018.com/en/game-time/results/PWG2018/en/general/npc-entries-great-britain.htm>

¹⁶ Source: 'London 2017 World Para Athletics Championships and IAAF World Championships Event Impact Report', p. 1; p. 7, http://files.londonandpartners.com/l-and-p/assets/events/london_2017-report.pdf

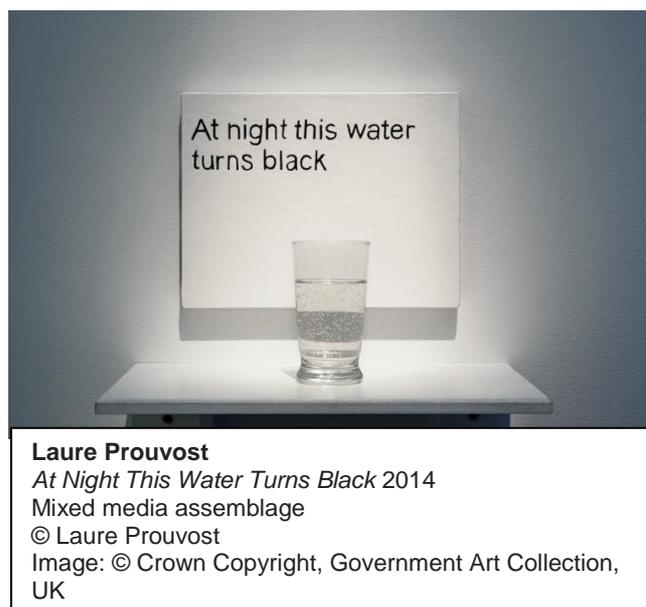
¹⁷ Source: UK Sport, 'Ambitious plans to bring more major sporting events to the UK to inspire the nation', <http://www.uk-sport.gov.uk/news/2017/10/05/ambitious-plans-to-bring-more-major-sporting-events-to-the-uk-to-inspire-the-nation>

¹⁸ Source: Wembley National Stadium, 'Wembley's Euro 2020 Dates have been announced', <http://www.wembleystadium.com/Press/Press-Releases/2017/12/Wembley-to-host-four-additional-Euro-2020-matches>

¹⁹ Source: Commonwealth Games Federation, 'Commonwealth Games Federation selects Birmingham as Host City Partner for the 2022 Commonwealth Games', <https://thecgf.com/news/commonwealth-games-federation-selects-birmingham-host-city-partner-2022-commonwealth-games>

Promote British art and culture through the Government Art Collection (GAC)

- New displays of artworks in UK embassies, consulates and residences abroad, including Islamabad, Geneva, Mumbai, New Delhi, Munich, Vientiane, Seoul, and Vienna.
- Acquired new works, including: 'Tuca Tuca – Spring Time in Rome', a painting by Sinta Tantra; 'At Night This Water Turns Black', a 2014 assemblage by Laure Prouvost from the Outset/GAC Fund; 'Le Rodeur: The Pulley', a painting by 2017 Turner Prize winner, Lubaina Himid; 'The Octopus's Veil', a painting by Michael Armitage; 'Energy/Power (Solar Powered LED circuit 36)', a painted solar panel work featuring animated light-emitting diodes (LEDs) by Haroon Mirza; and 'Trailer', a video by Mitra Saboury.



Deliver ceremonials and First World War Centenary

- Planned commemorative events to mark the last 100 days of the First World War, culminating in the Armistice.
- The First World War team delivered events in Flanders to mark the Centenary of Passchendaele - The Third Battle of Ypres, which reflected the history and significance of the conflict on the Ypres Salient for the duration of the First World War, with a particular focus on the Third Battle.
- The 'Weeping Window' installation, made of ceramic poppies, is concluding its four-year run across the UK, coinciding with the centenary of the outbreak and ending of World War One. It was originally at HM Tower of London from August to November 2014, where 888,246 poppies were displayed, one for every British or Colonial life lost at the Front during the First World War. At the end of the tour, the sculpture will become part of the Imperial War Museum's permanent collections.²⁰

²⁰ Source: ITV, '888,246 ceramic poppies mark WW1 centenary at Tower Bridge', <http://www.itv.com/news/london/2014-08-04/888-246-ceramic-poppies-mark-ww1-centenary-at-tower-bridge/>

Case Study - 1954 Hague Convention

Following Royal Assent for the Cultural Property (Armed Conflicts) Act 2017 in February 2017, the department worked with the Foreign and Commonwealth Office to complete UK ratification of the 1954 Hague Convention for the Protection of Cultural Property in the Event of Armed Conflict and accession to its two Protocols.

The department worked closely with partners in the devolved administrations, the Ministry of Defence, Historic England and with external stakeholders, to prepare and publish guidance and, in particular, to issue permissions to use the cultural emblem (a marker of cultural property which is protected by the Convention), before the Convention, Protocols and Act came into force in December.

The UK's ratification of the Convention and accession to both Protocols has been widely welcomed by those concerned with cultural protection in this country and around the world, and has helped to place the UK at the forefront of international efforts to protect cultural property.

This opens up hitherto unexplored opportunities; by sharing its legislative processes at ratification, the implementation process and its expertise in heritage conservation, there is real potential for the UK to lead internationally on cultural protection.

Future plans:

- 6 February 2018 marked the centenary of the Representation of the People Act, which permitted some women in Britain to vote for the first time, and stand as an MP in the December 1918 General Election, when the first female MP was elected. Bolton, Bristol, Leeds, Leicester, London, Manchester and Nottingham, cities with strong links to the women's suffrage movement, will host projects celebrating this momentous event during the rest of 2018.
- Following the successful 2016 Social Travel Summit held in Inverness, Belfast is hosting the Social Travel Summit in September 2018. VisitBritain is sponsoring the event, aiming to promote the UK internationally, along with support from Tourism Northern Ireland. More than 50 of the world's top travel influencers and tourism industry leaders will gather in the city for a two-day summit focused on travel marketing.²¹
- The National Gallery will create an Innovation Lab to examine how museums and cultural organisations can use immersive media, such as virtual and augmented reality, to enhance visitors' experiences.²²
- The Holocaust (Return of Cultural Objects) (Amendment) Bill was introduced to the House of Commons in March 2018 to remove the sunset clause in the Holocaust (Return of Cultural Objects) Act 2009, which otherwise expires in 2019. The Act allows 17 national institutions in the UK to return items lost during the Nazi-era (1933 – 1945). The department is supporting the Bill which is expected to have a second reading in July 2018.

²¹ Source: The Social Travel Summit, 'About: The Social Travel Summit', <https://thesocialtravelsummit.com/conference/about-sts/>

²² Source: Gov.UK, 'Culture is Digital report will unleash the creative potential of technology for cultural organisations', <https://www.gov.uk/government/news/culture-is-digital-report-will-unleash-the-creative-potential-of-technology-for-cultural-organisations>

Objective 2: Growth

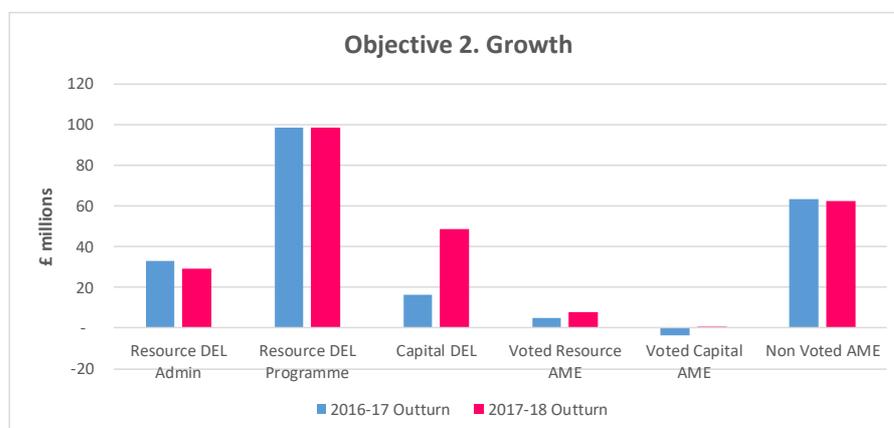
Grow an economy that is creative, innovative and works for everyone.



Participating ALBs:

- British Film Institute (including National Film and Television School)
- Ofcom

The chart to the right represents the net group expenditure on Growth by budget type. These budget types are explained on page 131.



Key achievements:

- The Digital Skills Partnership helped to deliver over two million free digital skills opportunities, with two million more to come.²³
- Launched the Inclusive Economy Partnership in September 2017. This is a government-led initiative that is kick-starting collaborations between business and civil society, and building commitments to address specific and significant societal challenges facing low-to-middle income families. In its first year, the Partnership is focused on financial inclusion and capability, mental health, and transitions to work for young people.
- Ofcom used powers accorded to them in the Digital Economy Act 2017 (DEA) to make it easier for mobile consumers to switch providers through a text message. Ofcom provided better information for consumers through its new annual 'Comparing Service Quality' reports.
- Procured, commissioned and launched a five-pronged package of training, support programmes and mentoring to prospective Public Service Mutuels, with a value of £1.7million to March 2020.²⁴ Following our success, we shall support grants to prospective Public Service Mutuels.

Key performance indicators

The significant risks to the key performance indicators are listed on page 96.

Gross Value Added (GVA) in DCMS sectors, (£ billions), 2010 – 2016 ²⁵

	2010	2011	2012	2013	2014	2015	2016 (p)
DCMS sectors GVA	192.7	205.2	209.9	220.8	227.5	239.8	248.5
UK GVA	1,422.0	1,458.8	1,505.7	1,564.4	1,638.7	1,684.9	1,744.4
DCMS sectors as a % of UK GVA	13.5	14.1	13.9	14.1	13.9	14.2	14.2

²³ Source: Gov.UK, 'Government backed scheme helps train two million people in digital skills', <https://www.gov.uk/government/news/government-backed-scheme-helps-train-two-million-people-in-digital-skills>

²⁴ Source: Gov.UK, '£1.7 million funding boost to Public Service Mutuels', <https://www.gov.uk/government/news/17-million-funding-boost-to-public-service-mutuals>

²⁵ Note: Data are in current prices (i.e. they have not been adjusted for inflation); (p) = provisional. Coverage: United Kingdom.

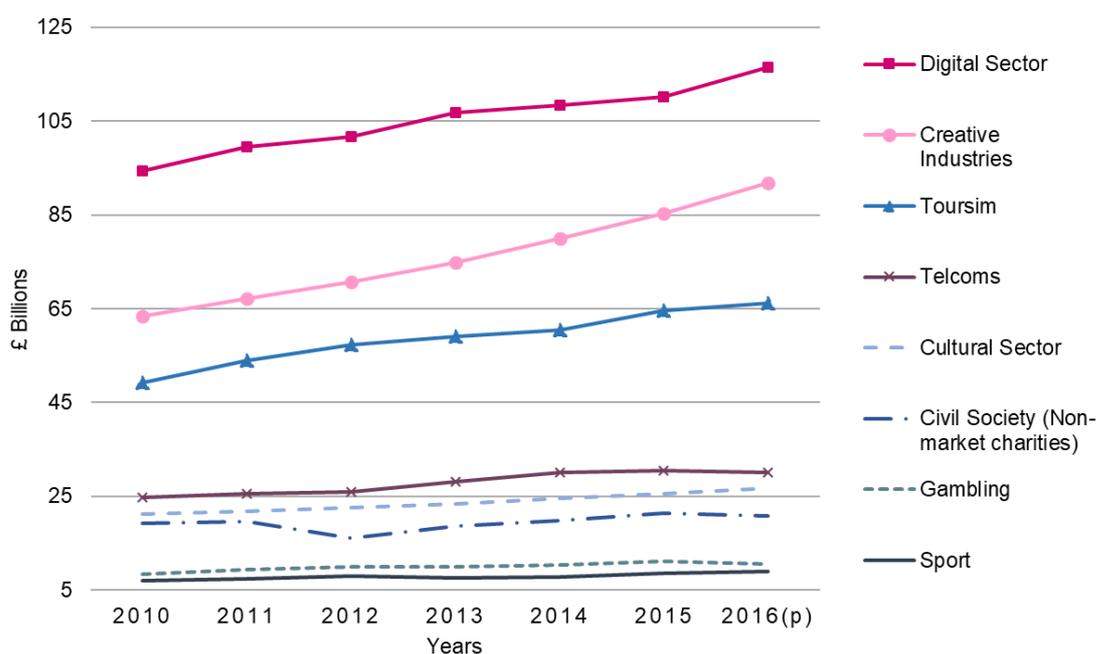
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/662958/DCMS_Sectors_Economic_Estimates_2016_GVA.pdf

Indicator 1: GVA breakdown by sector (civil society, creative industries, tourism, digital, telecoms, culture, sport and gambling), 2010 – 2016

UK GVA in individual DCMS sectors, (£ billions), 2010 – 2016²⁶

Sector	2010	2011	2012	2013	2014	2015	2016 (p)
Civil Society (Non-market charities)	19.3	19.6	16.1	18.7	19.8	21.3	20.9
Creative Industries	63.4	67.2	70.7	74.9	80.0	85.3	91.8
Cultural Sector	21.1	21.7	22.6	23.3	24.5	25.6	26.8
Digital Sector	94.5	99.6	101.7	106.8	108.4	110.2	116.5
Gambling	8.4	9.3	9.9	10.0	10.4	11.1	10.6
Sport	7.0	7.4	7.9	7.5	7.8	8.6	9.0
Telecoms	24.7	25.5	26.0	28.1	30.0	30.4	30.0
Tourism	49.2	53.9	57.3	59.0	60.4	64.6	66.1
All DCMS sectors	192.7	205.2	209.9	220.8	227.5	239.8	248.5

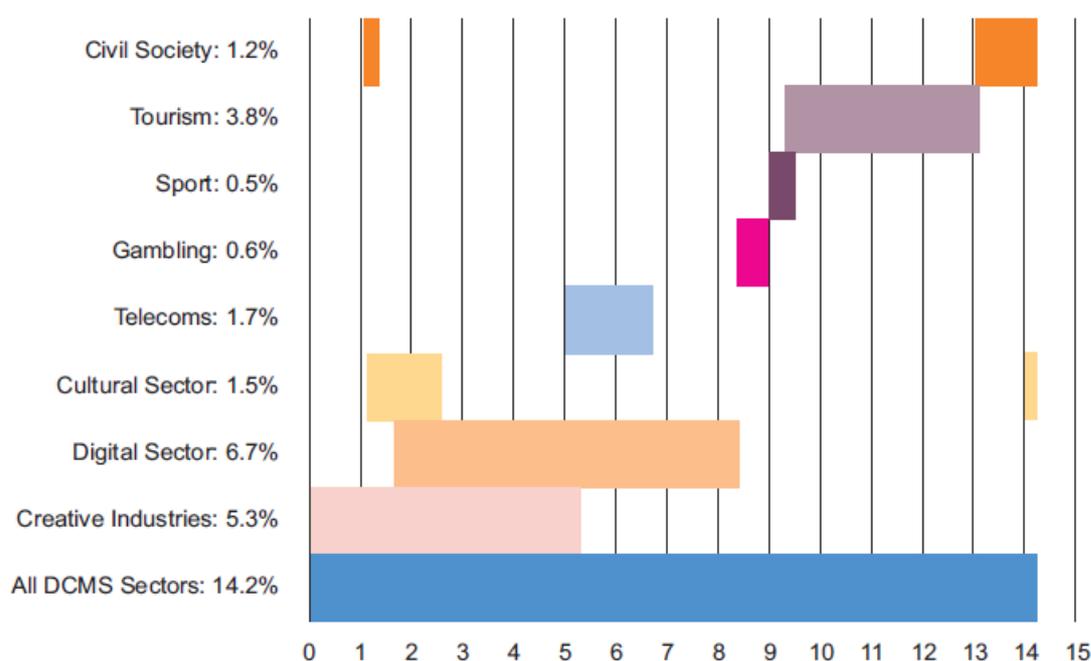
GVA contribution by DCMS sectors, (£ billions), 2010 – 2016²⁷



²⁶ Note: Data are in current prices (i.e. they have not been adjusted for inflation), and (p) = provisional. The DCMS sector total is lower than the sum of individual DCMS sectors because of overlap between sectors.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/662958/DCMS_Sectors_Economic_Estimates_2016_GVA.pdf

²⁷ Note: Data are in current prices (i.e. they have not been adjusted for inflation), and (p) = provisional. There are overlaps between DCMS sectors. Therefore, the same industry code could be included in more than one sector. This can sometimes result in similar trends between some sectors. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/662958/DCMS_Sectors_Economic_Estimates_2016_GVA.pdf

GVA contribution by DCMS sectors, 2016²⁸**Exports of services for UK DCMS sectors (excluding tourism and civil society), (£ billions), 2010 – 2016²⁹**

Sector	Exports of services (£bn)						
	2010	2011	2012	2013	2014	2015	2016
Creative Industries	14.7	15.5	17.3	17.9	19.8	21.2	27.1
Cultural Sector	5.1	4.6	4.9	4.8	5.4	6.3	7.7
Digital Sector	23.0	23.6	26.1	27.6	31.8	32.1	39.1
Gambling	0.2	0.2	0.1	0.3	0.2	0.1	0.0
Sport	0.9	1.3	1.1	1.4	1.8	1.9	2.3
Telecoms	4.6	4.6	5.2	6.3	6.8	6.4	6.6
Total value of DCMS exports of services (all sectors excluding Tourism and Civil Society)	26.8	27.9	30.7	33.1	37.7	38.2	46.4
Total value of UK exports of services	174.1	188.8	197.5	214.5	218.8	225.5	245.4
<i>DCMS sectors as a percentage of UK services total</i>	15.4	14.8	15.5	15.4	17.2	16.9	18.9

²⁸ Source: Department for Digital, Culture, Media and Sport, 'DCMS Sectors Economic Estimates 2016: Gross Value Added', p. 1; , https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/662958/DCMS_Sectors_Economic_Estimates_2016_GVA.pdf. The chart shows the contributions each DCMS sector makes to GVA and the overlap between the sectors.

²⁹ Note: Tourism is not included in the table (or in the DCMS sector total), as it is not possible to separate exports of goods and services for tourism. Data are in current prices (i.e. have not been adjusted for inflation). Also, the sum of the individual sectors is not equal to the DCMS total due to overlap between sectors: Source: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/662958/DCMS_Sectors_Economic_Estimates_2016_GVA.pdf

Exports of goods for UK DCMS sectors (excluding tourism and civil society), (£ billions), 2010 – 2016³⁰

Sector	Exports of goods (£bn)						
	2010	2011	2012	2013	2014	2015	2016
Creative Industries	10.8	10.9	12.8	11.7	12.4	15.0	13.2
Cultural Sector	7.7	8.0	9.9	9.0	9.7	12.3	10.5
Digital Sector	18.9	17.3	15.6	15.7	15.1	14.8	15.8
Gambling	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Sport	1.0	1.1	1.1	1.0	1.0	1.0	1.2
Telecoms	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total value of DCMS exports of goods (all sectors excluding Tourism and Civil Society)	27.1	25.9	26.2	25.2	25.3	27.6	27.1
Total value of UK exports of goods (HMRC, uktradeinfo)	271.8	318.7	303.0	350.1	310.5	305.0	304.5
<i>DCMS sectors as a percentage of UK goods total</i>	<i>10.0%</i>	<i>8.1%</i>	<i>8.6%</i>	<i>7.2%</i>	<i>8.2%</i>	<i>9.0%</i>	<i>8.9%</i>

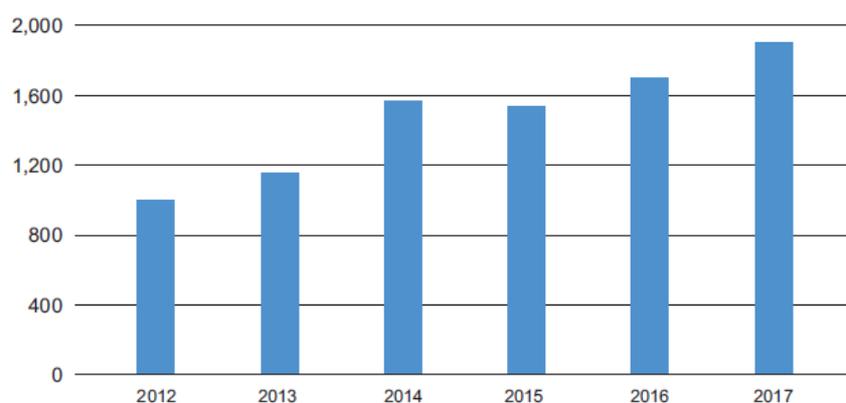
Indicator 2: UK Employment in DCMS sectors, (thousands), 2011 – 2016³¹

Sector	2011	2012	2013	2014	2015	2016
Civil Society	825	823	749	857	873	891
Creative Industries	1,562	1,691	1,713	1,808	1,866	1,958
Cultural Sector	545	582	594	623	642	654
Digital Sector	1,292	1,378	1,376	1,394	1,421	1,455
Gambling	89	84	92	84	85	93
Sport	492	505	488	526	563	586
Telecoms	174	164	174	184	174	176
Tourism	1,457	1,532	1,604	1,432	1,587	1,504
All DCMS sectors	4,690	4,862	5,053	4,931	5,162	5,221
UK Employment	30,129	30,334	30,760	31,410	32,037	32,422
<i>DCMS sectors as a % of UK employment</i>	<i>15.6</i>	<i>16.0</i>	<i>16.4</i>	<i>15.7</i>	<i>16.1</i>	<i>16.1</i>

³⁰ Note: Tourism is not included in the table (or in the DCMS sector total), as it is impossible to separate exports of goods and services for tourism. Civil Society is not included in the DCMS sector totals due to there being no formally recognised imports or exports from the data sources available. Data are in current prices (i.e. have not been adjusted for inflation). According to DCMS sector definitions, there are no goods associated with the telecoms and gambling sectors, because these are considered to be predominantly service-based industries. The sum of the individual sectors is not equal to the DCMS total due to overlap between sectors. Source:

<https://www.gov.uk/government/statistics/dcms-sectors-economic-estimates-2016-trade>

³¹ Note: Estimates are rounded to the nearest 1,000, and the total for all DCMS sectors does not equal the sum of each sector due to overlap between sectors. 'Civil Society' in this table represent people who work in a charity, voluntary organisation or trust. This is an underestimate for the sector and does not include volunteers, social enterprises and mutuals.

Indicator 3: UK spend on features produced in the UK, (£ millions), 2012 – 2017³²

	2012	2013	2014	2015	2016	2017
Spend (£ millions)	1,010	1,166	1,572	1,550	1,709	1,911

Growth: Progress against our Single Departmental Plan and government priorities**Develop a world leading digital economy**

- Committed £21 million to expand Tech Nation into a nationwide network, extending its hub model to more cities, such as Belfast, Birmingham, Cardiff, and Edinburgh.³³
- Contributed £116.5 billion to the UK economy in 2016, a 23.3% increase since 2010.³⁴
- Established the UK at the forefront of emerging technology, including artificial intelligence (AI). In the Oxford Insights Global Government AI Readiness Index, the UK was named number one.³⁵
- Published the independent report of the AI Review, 'Growing the AI Industry in the UK', by Professor Dame Wendy Hall and Jérôme Pesenti in October 2017. Secured £75 million of funding for AI in the Autumn Budget.³⁶ Much of this funding will go towards skills in the shape of 200 additional AI PhDs.³⁷ £9 million will go to the new Centre for Data Ethics and Innovation, an advisory body on use of data, including for AI.³⁸

³² Source: British Film Institute Research and Statistics Unit, 'Film, high-end television and animation programmes production in the UK: full-year 2017', p. 2, <http://www.bfi.org.uk/sites/bfi.org.uk/files/downloads/bfi-film-high-end-television-and-animation-programmes-production-in-uk-full-year-2017.pdf>

³³ Source: Gov.UK, '£21m to boost UK's world-class tech sector and spread the benefits across the country', <https://www.gov.uk/government/news/21m-to-boost-uks-world-class-tech-sector-and-spread-the-benefits-across-the-country>

³⁴ Source: Gov.UK, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/662958/DCMS_Sectors_Economic_Estimates_2016_GVA.pdf

³⁵ Source: Gov.UK, 'Government AI Readiness AI Index', <https://www.oxfordinsights.com/government-ai-readiness-index/>

³⁶ Source: Gov.UK, 'Policy Paper: Autumn Budget 2017', see section 5.3 Technology, <https://www.gov.uk/government/publications/autumn-budget-2017-documents/autumn-budget-2017>

³⁷ Source: Gov.UK, 'Independent Report: Executive Summary', <https://www.gov.uk/government/publications/growing-the-artificial-intelligence-industry-in-the-uk/executive-summary>

³⁸ Source: Gov.UK, 'Search for leader of Centre for Data Ethics and Innovation launched', <https://www.gov.uk/government/news/search-for-leader-of-centre-for-data-ethics-and-innovation-launched>

- Set up the Joint Office for AI between DCMS and the Department for Business, Energy and Industrial Strategy (BEIS) to deliver the AI Sector Deal, lead government's AI strategy, and drive forward action, particularly around skills, diversity, adoption across all sectors, and access to data.
- Worked alongside a large number of countries at the World Trade Organisation Ministerial Conference to establish a new forum for e-commerce discussions. This forum will allow countries to cooperate and review existing standards to deliver trade frameworks for e-commerce that enable fair growth in the global digital economy.

Build an open, transparent, safe and innovative internet where legitimate business thrives

- Published the Internet Safety Strategy green paper, which looked at how we can support users so that everyone can safely access the internet's benefits.
- Designated the British Board of Film Classification as regulator for age verification, where adults must demonstrate that they are 18 or over before accessing online pornography.
- Established additional measures to tackle unacceptable behaviour in the secondary ticketing market through the Digital Economy Act 2017. These strengthen the existing relevant provisions in the Consumer Rights Act 2015, and provide the power to create a new criminal offence to buy more tickets online through the use of software than that permitted by event organisers.
 - Secondary legislation to enact this new offence was laid before Parliament on 26 April 2018. This legislation will help put the UK at the forefront of the fight against online touts exploiting fans.

Build an inclusive economy

- Announced funding of over £16 million from the Life Chances Fund in 2017. This is for the further deployment of Social Impact Bonds to address entrenched social challenges, such as addiction, children in care and helping disadvantaged young people into employment and education. DCMS's commitment is being matched by almost £37.6 million from local commissioners.³⁹
- Big Society Capital (BSC), an independent UK financial institution with a social mission, deployed further investment in social enterprises and charities, bringing the total cumulative amount invested since the formation of BSC in 2011 to £1.1 billion, of which £434 million is dormant account funding allocated to BSC and £712 million from co-investors.⁴⁰
- Announced in January 2018 that the government would direct a further £135 million of dormant asset funding to BSC, focused on housing for vulnerable groups and investment in social enterprises and charities in disadvantaged communities.⁴¹
- Worked with the Advisory Group (formed to examine how to grow a culture of social impact investment and savings in the UK) and other departments to take forward its recommendations. Led by Elizabeth Corley, Vice Chair of Allianz Global Investors,

³⁹ Source: Gov.UK, 'Government pledge £16 million to tackle drug dependency and support children in care', <https://www.gov.uk/government/news/government-pledge-16-million-to-tackle-drug-dependency-and-support-children-in-care>

⁴⁰ Source: Big Society Capital, 'Our Investment in Numbers', <https://www.bigsocietycapital.com/about-us/our-investment-numbers>

⁴¹ Source: Gov.UK, 'Government unlocking £330 million from dormant accounts to build a fairer society', <https://www.gov.uk/government/news/government-unlocking-330-million-from-dormant-accounts-to-build-a-fairer-society>

their report outlined a series of recommendations to create a culture of social impact investment in the UK finance sector and beyond.

- Announced the release by Reclaim Fund Ltd in January 2018 of £330 million of dormant accounts funding for social investment, financial inclusion and youth over the next four years.⁴²
- DCMS and HM Treasury published the government's response to the Dormant Assets Commission report in February 2018, setting out the next steps that the government will take to expand the range of assets included within the dormant accounts scheme, and to reform the ownership of Reclaim Fund Ltd.

Promote the functioning of efficient digital and telecoms markets and high levels of consumer protection and confidence

- Digital Economy Act powers also enabled Ofcom to agree a voluntary automatic compensation scheme for broadband and landline consumers when they experience delayed installations/start of service. Consumers are set for £142 million in payouts, around nine times the current level.⁴³
- Supported Ofcom's aim to promote investment, and agreed that these measures will support and promote competition, as well as incentivise further roll out of full fibre connectivity.
- In March 2017, Ofcom and BT agreed a deal to legally separate Openreach from BT Group. This decision will make it a wholly-owned subsidiary with its own board, rather than being just an operating division. Legal separation is designed to promote competition, provide the conditions for greater investment in the sector, and drive better outcomes for people and businesses.

Develop Digital Charter to ensure new technologies work for everyone – all citizens and all businesses

- We set out our approach to the Digital Charter on 25 January 2018. Its core purpose is to make the internet work for everyone – for citizens, businesses and society as a whole. The Charter is a rolling programme of work, guided by six key principles, to agree norms and rules for the online world and put them into practice.

⁴² Source: Reclaim Fund, 'Government unlocking £330 million from dormant accounts to build a fairer society', <https://www.reclaimfund.co.uk/government-unlocking-330-million-from-dormant-accounts-to-build-a-fairer-society/>

⁴³ Source: Ofcom, 'Automatic compensation for broadband and landline users', <https://www.ofcom.org.uk/about-ofcom/latest/media/media-releases/2017/automatic-compensation>

Case Study - Tech North's Northern Stars programme



Tech North, part of Tech City UK (now Tech Nation), is a DCMS-backed initiative charged with accelerating the growth of the digital business sector in the north of England. They do this through a series of programmes, events, and research that focus on startups, investment, people, skills, and the digital ecosystem.

One such programme is Northern Stars, a pitch competition to find and showcase the best tech startups in the region. Entrants go through a gruelling selection process, from application through to pitching in front of hundreds of people. It began in 2015, born out of a need to shine a light on northern technology companies and raise the profile of northern technology on a national and international stage.

There have been three Northern Stars competitions so far – in 2015, 2016 and 2017. The programme aims to raise the profile of the winners, help them find investment and build their networks. This is done through a series of regional pitch events, which generate excitement and momentum around the companies and competition, culminating in a grand final, where the 20 best companies present a pitch to become one of 10 winners. The winners go on to receive a prize package which includes attending conferences, such as TechCrunch Disrupt, pitching to investors in London, a PR campaign, and entry to the Northern Stars category at the Northern Tech Awards.

The competition has successfully established itself in the North, attracting speakers and judges at events from well-known investment firms and companies, such as LocalGlobe, Angel Academe, BGF Ventures, WANDisco, and sponsors including Amazon Web Service and Ernst & Young. Collectively, the 30 Northern Stars winners have now raised over \$10 million in investment, showing that winning the competition has real, tangible benefits for those who enter. Elizabeth Clark, Chief Executive of Dream Agility, has said that 'Winning Northern Stars is a gateway to greatness'.

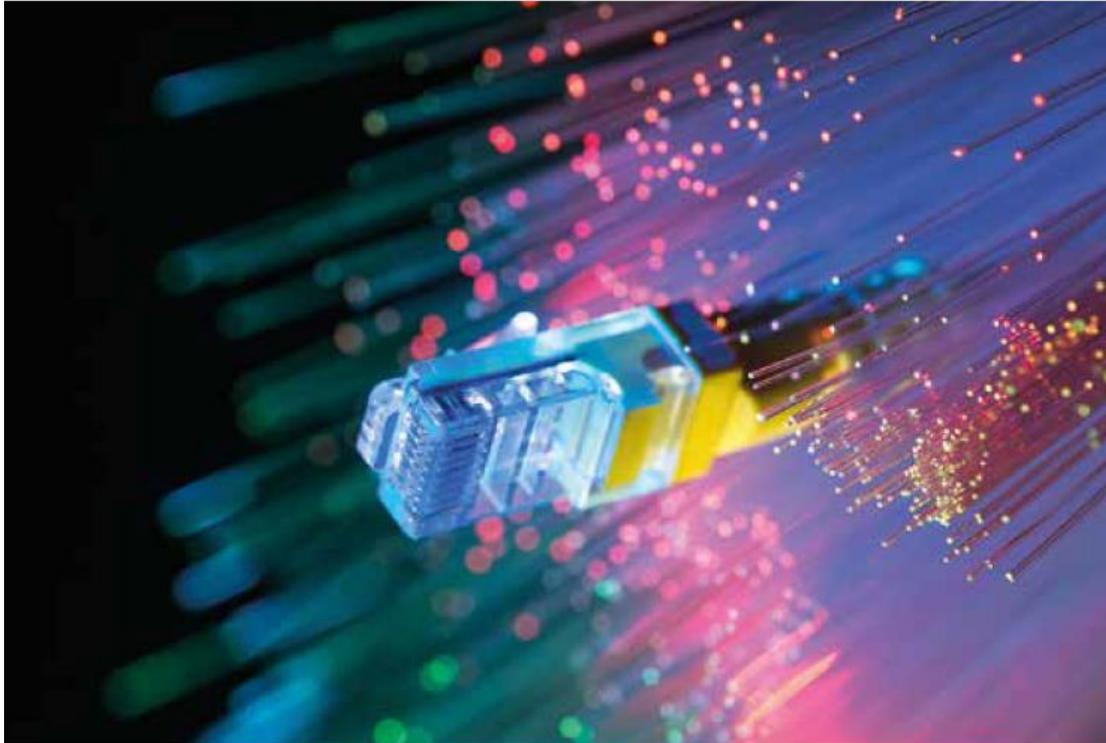
Future Plans:

- Work with Big Society Capital and partners in the financial inclusion sector to develop the details for the investment of £135 million in social causes, £90 million on tackling the race disparities faced by young people moving from school to employment, and £55 million on financial inclusion.⁴⁴
- Launch a social media code of practice and annual online safety transparency reporting, as per the Prime Minister's announcement in February this year, as part of the Internet Safety Strategy. More detail will be included in the government response to the Strategy green paper, due to be published in spring 2018.
- Bring into force a legal requirement, under the Digital Economy Act, for commercial providers of online pornography to introduce robust age verification controls that prevent children accessing pornographic material.
- Provide support to a Law Commission review on online abusive behaviour, the first part of which is due to report in autumn 2018.

⁴⁴ Source: Gov.UK, 'Government unlocking £330 million from dormant accounts to build a fairer society', <https://www.gov.uk/government/news/government-unlocking-330-million-from-dormant-accounts-to-build-a-fairer-society>

Objective 3: Digital

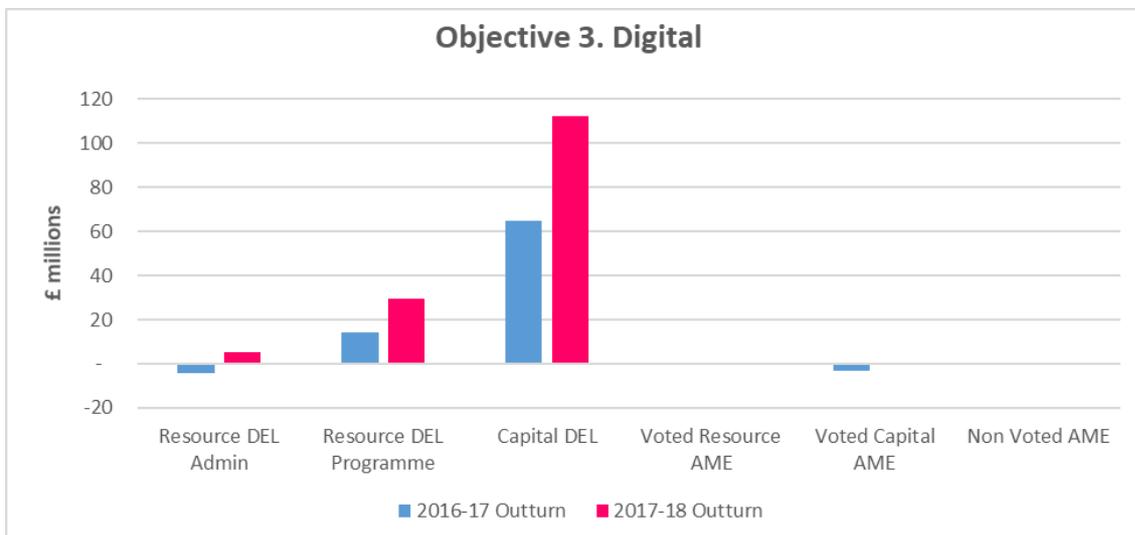
Make the UK the best digital economy in the world and drive its digital transformation.



Participating ALBs:

- Information Commissioner’s Office
- Ofcom

Chart below represents the net group expenditure on Digital by budget type. These budget types are explained on page 131.

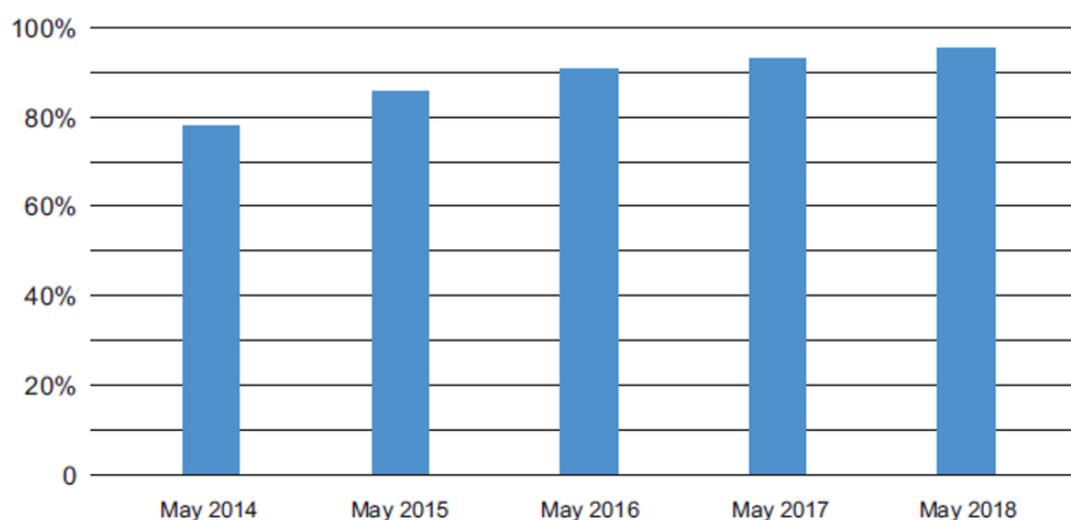


Key achievements:

- Reached our 95% UK Superfast coverage target of December 2017, and made superfast broadband a reality for more than 4.5 million homes and businesses by the end of 2017.⁴⁵
- Launched a £190 million Local Full Fibre Networks Challenge Fund in November 2017.⁴⁶ The Challenge Fund is designed to stimulate commercial investment in fibre spines across rural and urban locations in the UK. Invited local bodies to submit formal bids for the Local Full Fibre Networks Challenge Fund, and allocated funding in waves. The first wave of bidding closed on 26th January 2018, and 13 successful bidders were announced in the Chancellor's Spring Statement in March 2018. We expect the next wave of the Challenge Fund to open in summer 2018.
- Published the 'Culture is Digital Report' in March 2018, which explores how culture and technology can work together to drive and boost audience engagement. It is the first time that the government has looked at how the two sectors can work together to unleash the creative potential of technology and help bring every cultural organisation – both big and small – into the digital age. Progress on policy commitments will be updated in March 2019.

Key performance indicators

The significant risks to the key performance indicators are listed on page 96.

Indicator 1: Percentage of premises with access to superfast broadband (24Mbps)⁴⁷

	May 2014	May 2015	May 2016	May 2017	May 2018
<i>Percentage of premises with access to superfast broadband (24 Mbps)</i>	78.0%	85.5%	90.5%	93.0%	95.2%

⁴⁵ Source: Gov.UK, 'Superfast broadband now available to more than 19 out of 20 UK homes and businesses', <https://www.gov.uk/government/news/superfast-broadband-now-available-to-more-than-19-out-of-20-uk-homes-and-businesses>

⁴⁶ Source: Gov.UK, '£95 million for local full-fibre broadband projects', <https://www.gov.uk/government/news/95-million-for-local-full-fibre-broadband-projects>

⁴⁷ DCMS measures Superfast Broadband as over 24bps. Source: Thinkbroadband, 'UK Statistics', <https://labs.thinkbroadband.com/local/>

Indicator 2: Percentage of UK premises with coverage from at least one operator - voice and SMS coverage and 4G⁴⁸

	June 2016	June 2017	Jan 2018
Percentage of UK premises with indoor mobile call coverage from all operators	85%	90%	92%
Percentage of UK Geographic area covered by all operators for 4G services	21%	43%	57%
Percentage of UK indoor premises with 4G coverage from all operators	40%	58%	68%

Digital: Progress against our Single Departmental Plan and government priorities**Deliver a world class broadband infrastructure**

- Allocated £200 million of funding in spring 2017 to the Local Full Fibre Networks (LFFN) programme to support locally-led projects that leverage local and commercial investment in gigabit-capable full fibre connectivity.⁴⁹ This is part of a £740 million sum from the National Productivity Investment Fund which has been allocated to the LFFN and 5G Testbeds and Trials programmes over the next four years.⁵⁰
- Launched the first wave of the LFFN programme in late 2017, designed to test the market stimulation approaches the programme is taking. £10 million was allocated to the launch of six pilot projects across the country.⁵¹
- The first wave pilot projects included a market trial of the Gigabit Broadband voucher scheme in four areas: Aberdeenshire, North East Somerset, Warwickshire, and West Yorkshire. Other projects gave fibre connectivity to public buildings in West Sussex and to 100 schools across the UK. With Network Rail, another project began the installation of fibre connectivity and 5G masts on the Trans-Pennine route between Manchester and York.
- Established the Barrier Busting Task Force, who work with other government departments, industry and local authorities to eliminate constraints to the rollout of digital infrastructure.

Promote digital skills and inclusion

- Launched the Tech Talent Charter (TTC) to create an industry collective to deliver greater diversity in the tech workforce. Currently, over 250 companies, from international tech giants, right through to start-ups, small and medium-sized

⁴⁸ Source, 'Connected Nations' 2016 data:

https://www.ofcom.org.uk/__data/assets/pdf_file/0024/108843/summary-report-connected-nations-2017.pdf; and 2017-18 data:

https://www.ofcom.org.uk/__data/assets/excel_doc/0021/113565/Connected-Nations-update-Spring-2018-dashboard.xlsx

⁴⁹ Source: Gov.UK, '£67 million boost for a Full Fibre future',

<https://www.gov.uk/government/news/67-million-boost-for-a-full-fibre-future>

⁵⁰ Source: Parliament.UK, 'National Productivity Investment Fund: Written question 4323 - 11 July 2017', <https://www.parliament.uk/business/publications/written-questions-answers-statements/written-question/Commons/2017-07-11/4323>

⁵¹ Source: Gov.UK, 'Six areas to pilot UK's fastest broadband as part of £200 million project', <https://www.gov.uk/government/news/six-areas-to-pilot-uks-fastest-broadband-as-part-of-200-million-project>

enterprises and charities, have already signed the Charter, with a goal of 500 signatories by the end of 2018. We recently announced that every government department will be signing the TTC.⁵²

- Embarked upon the Digital Skills Partnership (DSP) to bring the government together with national and local businesses and charities to ensure that digital skills initiatives are coordinated and targeted more effectively.
- Supported the formation of Local Digital Skills Partnerships in the Local Enterprise Partnership regions of Lancashire and the Heart of the South West. They bring local stakeholders together to coordinate and develop digital skills training initiatives in their regions that will tackle digital skills gaps at all levels. We developed the digital skills entitlement in conjunction with the Department for Education (DfE), to ensure adults who lack core digital skills can access digital skills training free of charge.
- Replaced the Council for Digital Inclusion with the DSP, which will build upon and incorporate the activities of the former council. Digital inclusion remains at DSP's heart.
- Signed an accord with the Church of England that should help the Church encourage the wider use of its buildings and land, such as church towers, to support improved digital connectivity in rural areas.
- Supported Ada, the National College for Digital Skills, to develop a platform which, over the summer of 2017, piloted innovative techniques, gamified content, and peer-to-peer elements to develop coding skills.

Clear spectrum for mobile broadband

- Mitigated 4G mobile interference with Digital Terrestrial Television at 800 Mhz.
- Obtained clearance of the Scottish television sites in 2017, where some of the airwaves used by Freeview were reallocated to mobile services: Bressay, Eitshal, Keelyang Hill, Knockmore, Rosemarkie, Rumster Forest, Skriaig and Torosay. In the Highlands and Islands, there are approximately 100,000 homes impacted that will require retuning or further support.⁵³
- Provided viewer support services, helpline support and engineer visits to resolve any issues.

Build cyber security skills

- Launched the Cyber Security Skills Immediate Impact Fund in February 2018. Value of the awards are in the range of £10,000 to £50,000.⁵⁴
- Contract awarded to Plexal to deliver the London Innovation Centre for Cyber Security, which will be launched summer 2018.
- The Academic Start-up programme, which helps universities commercialise cyber security research, progressed 12 teams to market validation by November 2017. From the first cohort, nine new businesses were established.⁵⁵

⁵² Source: Tech Talent Charter, 'Tech Talent Charter announces milestone 200 signatories', <https://techtalentcharter.co.uk/tech-talent-charter-announces-milestone-200-signatories-first-regional-event-oxford/>

⁵³ Source: Digital UK, 'Digital UK', http://www.digitaluk.co.uk/operations/700mhz_clearance

⁵⁴ Source: Department for Digital, Culture, Media and Sport, 'Cyber Skills Immediate Impact Fund (CSIIF) Pilot', p. 4, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/717173/CSIIF_Guidance_for_Applicants.pdf

⁵⁵ Source: DCMS internal records, 'Academic Startups Initiative (ASI) ICURe programme – Phase 1 & 2',

- Participated in core industry events, where we are working with partners to raise the reputation of the cyber security sector and the strategic role of DCMS, and provide a platform for cyber security businesses to accelerate growth, such as Infosec and Cybersec.
- Since February 2017, 77 UK cyber security business startups have been through the Subject Matter Expert Bootcamps. As at March 2018, 100% of business startups have continued to operate and over 85% of these businesses have been operating for over a year. The bootcamps provide essential business knowledge to UK-based cyber security firms to help them grow their business.⁵⁶

Enable the data economy and protecting data rights

- Completing the replacement of the Data Protection Act 1998 with a new law, the General Data Protection Regulation (GDPR), which provides a comprehensive and modern framework for data protection in the UK, with stronger sanctions for malpractice. This came into force on 25 May 2018 and looks to:
 - Set new standards for protecting general data, in accordance with the GDPR, giving people more control over use of their data, and providing them with new rights to move or delete personal data.
 - Ensure that sensitive health, social care, and education data can continue to be processed to ensure continued confidentiality in health and safeguarding situations can be maintained.
 - Allow the Information Commissioner to levy higher administrative fines up to £17 million (€20 million) on data controllers and processors for the most serious data breaches.⁵⁷

Provide specialist technological expertise

- Published two landmark documents in 2017: 'Next Generation Mobile Technologies: A 5G strategy for the UK', released in March 2017, and the 'Update to the Strategy', released in December 2017. The documents outlined how the government is taking an active facilitating role to help create the best conditions for the private sector to invest in developing and deploying 5G in the UK in a timely and efficient manner.
- In parallel, the government continues to work with Ofcom and industry to address mobile connectivity challenges where people live, work and travel –both for current technologies and next-generation 5G technologies.

Maintain our world class communications infrastructure

- Granted £16 million in July 2017 to leading UK research institutions to develop the cutting-edge 5G test network which will see academic expertise and commercial leadership brought together to trial the technology. This is due to be ready in spring 2018.⁵⁸
- Announced £160 million for the next phase of funding for the 5G Testbeds and Trials Programme, including projects to test 5G applications and deployment on roads, the security of 5G networks, and also £35 million for a major project on the Trans

⁵⁶ Source: DCMS internal records, 'Cyber101 Impact Assessment (Year 2)', p. 3.

⁵⁷ Source: Department for Digital, Culture, Media and Sport, 'Data Protection Bill Factsheet – Overview', p. 3,
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/685647/2018-03-05_Factsheet01_Bill_overview.pdf

⁵⁸ Source: Gov.UK, 'Three universities to develop £16m 5G test network',
<https://www.gov.uk/government/news/three-universities-to-develop-16m-5g-test-network>

- Pennine rail route.⁵⁹
- Announced the Future Telecoms Infrastructure Review in November 2017, as part of the Industrial Strategy. Led by DCMS, this cross-government review aims to ensure that the UK has widespread deployment of fibre networks, and high-quality mobile coverage across the country, including the introduction of 5G.
 - Selected six bids as the winners of the first £25 million phase of the 5G Testbeds and Trials Programme in March 2018. These include projects in the Midlands, the West and North of England, Wales and Scotland. They aim to explore innovative new radio technologies that will help to change rural economics, deliver low-cost healthcare solutions into homes, and enhance productivity in manufacturing.⁶⁰

⁵⁹ Source: HM Treasury, 'Autumn Budget 2017', p. 52, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/661480/autumn_budget_2017_web.pdf

⁶⁰ Source: Gov.UK, '£25m for 5G projects on the anniversary of the UK's Digital Strategy', <https://www.gov.uk/government/news/25m-for-5g-projects-on-the-anniversary-of-the-uks-digital-strategy>

Case Study - Superfast Broadband Programme

The Superfast Broadband Programme has been managed by Broadband Delivery UK within DCMS to extend superfast broadband coverage, defined as access to speeds of more than 24Mbps, to areas of the country that would not otherwise gain access through commercially funded delivery. Many of these areas are in rural locations.

The Programme is delivered through a portfolio of projects led by local authorities and the devolved administrations. Each project has funding from DCMS and the local body. This, in turn, is used as 'gap funding' alongside commercial investment by a private sector supplier which is provided on the same terms as it uses for its own commercially funded network. Each project is established through a public procurement process.

The programme's core objective was to enable superfast broadband coverage to be provided to 95% of UK premises by December 2017.⁶¹ This was achieved on target. The public funding commitment to date is approximately £1.7 billion.⁶¹ So far, savings of at least £210 million have been confirmed through the rollout. This will be available to support further network rollout. In addition, the contracts include a gain-share mechanism to enable the profits from higher than expected take-up to be returned to the programme funders in proportion to their initial investments. Average take-up from the first phase of projects is now over 44% of premises passed, and the take-up is over 50% in a number of project areas. The gain-share mechanism is currently expected to result in funding returns of up to £527 million, of which £129 million has been made available so far for re-investment in further coverage.

The current contracted coverage as a result of completing the initial projects, recycling of savings and gain-share, and further investment by local bodies is expected to enable superfast broadband coverage to be achieved for the majority of the remaining premises beyond the 95% level. A further 2% beyond the 95% is already contracted for delivery.

The remaining premises that do not gain access to superfast broadband will be able to request a speed uplift to at least 10 Mbps as a result of the broadband Universal Service Obligation.

A broadband evaluation study is currently under way. This has estimated that the programme has enabled the creation of approximately 49,000 local jobs and £8.9 billion in sales revenues in the areas covered between 2013 and 2016. Results from this study will be published later in 2018.

⁶¹ Source: Gov.UK, 'Superfast broadband now available to more than 19 out of 20 UK homes and businesses', <https://www.gov.uk/government/news/superfast-broadband-now-available-to-more-than-19-out-of-20-uk-homes-and-businesses>

Future Plans:

- Support a range of cross-government security objectives, such as access to data and preventing terrorist use of the internet. Our contribution to these areas will support our goals of building a safer internet and promoting the digital economy, including through the Digital Charter.
- Outline the next phase of the 5G Programme by launching an expression of interest in the delivery of two large-scale 'Connected Communities' projects to support the development of 5G applications and services in urban and rural areas.
- Launched a call for evidence to understand what makes investing in fibre and 5G attractive, and what the government could do to support this. Submissions will inform a report that will be published in summer 2018.
- Meet our objective to clear 700MHz spectrum frequency for mobile spectrum use by quarter two 2020, and ensure that cleared spectrum is auctioned in 2019. We will also ensure that appropriate safeguards are in place to mitigate impacts to existing spectrum users, including to current digital terrestrial television viewers.
- Release 750MHz of public sector spectrum under 10GHz by 2022.

Objective 4: Participation

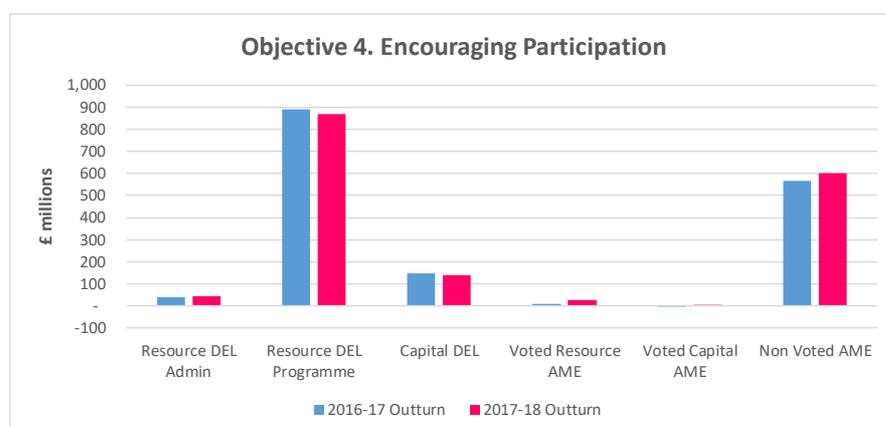
Maximise cultural and sporting participation and social action.



Participating ALBs:

- Arts Council England
- British Library
- DCMS-sponsored museums and galleries
- Churches Conservation Trust
- Heritage Lottery Fund
- Historic England
- National Heritage Memorial Fund
- Reviewing Committee on the Export of Works of Art and Objects of Cultural Interest
- Sport England
- Sports Ground Safety Authority

Chart to the right represents the net group expenditure on Participation by budget type. These budget types are explained on page 131.



Key achievements:

- Granted £4 million to 39 museums and galleries through the DCMS/Wolfson Museums and Galleries Improvement Fund. The scheme - jointly funded by DCMS and the philanthropic Wolfson Foundation will increase the number of objects on display and improve physical access for disabled visitors.⁶²
- Worked with DfE and the Department of Health and Social Care (DHSC) to invest funds from the soft drinks industry levy into the Physical Education (PE) and Sport Premium for Primary Schools, to improve children's access to PE and Sport. It doubled from £160 million to £320 million a year to support efforts to get more children active in school.⁶³
- Launched the Place Based Social Action Programme (PBSA) in October 2017. It is a joint £4.5 million programme between DCMS and Big Lottery Fund.⁶⁴ PBSA aims to create positive change by enabling people, communities, and local organisations to collaborate in creating a shared vision and address local priorities through social action.
- Invested £3.9 million in the DCMS-funded Libraries: Opportunities for Everyone Innovation Fund, managed by Arts Council England. This supported 30 library service projects across England to help build a fairer society, and deliver opportunities for disadvantaged communities across the country. DCMS funding also supported an evaluation and workshops to build on the good practice and innovation of these projects in future.⁶⁵

Key performance indicators

The significant risks to the key performance indicators are listed on page 96.

Indicator 1: Average subjective wellbeing scores⁶⁶

	2014	2015	2016	2017
Happiness	7.4	7.5	7.5	7.5
Life satisfaction	7.6	7.7	7.7	7.7
Worthwhile	7.8	7.8	7.9	7.9
Anxious	2.9	2.9	2.9	2.9

The information in the table above is for the calendar year.

⁶² Source: Gov.UK, 'Arts Minister launches £4 million DCMS/Wolfson Museums and Galleries Improvement Fund', <https://www.gov.uk/government/news/arts-minister-launches-4-million-dcmswolfson-museums-and-galleries-improvement-fund>

⁶³ Source: Gov.UK, 'PE and Sports Premium doubles to £320 million', <https://www.gov.uk/government/news/pe-and-sports-premium-doubles-to-320-million>

⁶⁴ Source: Big Lottery Fund, 'Place Based Social Action', <https://www.biglotteryfund.org.uk/funding/programmes/place-based-social-action>

⁶⁵ Source: Gov.UK, 'Innovation fund to support 30 libraries across England', <https://www.gov.uk/government/news/innovation-fund-to-support-30-libraries-across-england>

⁶⁶ Note: For measures of subjective wellbeing, '0' is negative and '10' is positive for 'Happiness', 'Life satisfaction' and 'Worthwhile', whereas for 'Anxiety', '0' is positive and '10' is negative. Source: Office for National Statistics, 'Personal Wellbeing Estimates', <https://www.ons.gov.uk/peoplepopulationandcommunity/wellbeing/datasets/headlineestimatesofpersonalwellbeing>

Indicator 2: Engagement in arts, heritage, museums and libraries

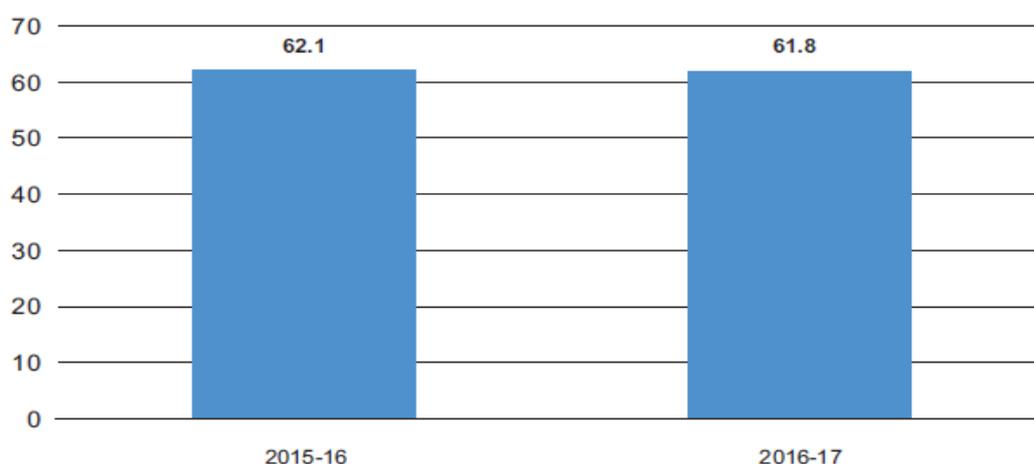
Proportion of adults in England who had engaged with cultural activities in the last 12 months, 2005/2006 – 2016/2017⁶⁷

% of adults (16+) in England	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Engaged with arts	76.3	75.9	76.8	75.7	75.7	76.2	78.2	78.4	77.5	76.8	76.1	77.4
Visited a heritage site	69.9	69.3	71.1	68.5	70.4	70.7	74.3	72.7	72.5	72.6	73.2	74.2
Visited a museum or gallery	42.3	41.5	43.5	43.4	46.0	46.3	48.9	52.8	53.1	52.0	52.5	52.3
Visited a public library	48.2	46.1	45.0	41.1	39.4	39.7	38.8	37.0	35.4	34.5	33.4	34.0

Indicator 3: The number of National Citizen Service places

The National Citizen Service publishes the numbers of young people taking part. In 2016, 90,000 young people took part in the programme.⁶⁸

Indicator 4: Adult population in England who are physically active (percentage)⁶⁹



⁶⁷ Source: Department for Digital, Culture, Media and Sport, 'Taking Part Survey: England Adult Report, 2016/17', https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/664933/Adult_stats_release_4.pdf. 'Adults' are considered to be those aged 16 or over.

⁶⁸ Source: Department for Digital, Culture, Media and Sport, 'National Citizen Service 2016 Evaluation', p. 4, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/678057/NCS_2016_EvaluationReport_FINAL.pdf

⁶⁹ Percentage of adults (16 years of age and over) undertaking at least 150 minutes of moderate intensity physical activity each week. Source: Sport England, 'Active Lives Adult Survey: November 16/17 Report', <https://www.sportengland.org/media/13217/v-mass-markets-digital-content-editorial-team-active-lives-march-2018-active-lives-adult-survey-nov-16-17-final.pdf>

Participation: Progress against our Single Departmental Plan and government priorities

Increase participation in arts and culture

- Launched the Cultural Citizens Programme (CCP) pilot, a Culture White Paper commitment. This involved three areas – Barking and Dagenham, Birmingham and the North West (Liverpool and Blackpool). The Arts Council England fund it.⁷⁰ The CCP addressed the main issues that can hinder disadvantaged young people's progress towards the 'meaningful relationships with culture'.⁷¹
 - More than 600 children and young people took part in a wide variety of activities. They played an active part in creating the programme of visits and workshops, and worked with some of the country's most innovative and exciting cultural organisations in the process.
 - 544 young people achieved an Arts Award through their participation in the CCP, and the majority of these were bronze – this represents 85% of the active CCP participants. The delivery partners viewed this result as a significant achievement, given the short length of the CCP, and the starting points of the young people involved where cultural participation was far from being the norm.⁷²
- Worked with Historic England and Heritage Lottery Fund to support the digitisation of historic environment records and heritage archives to help councils make informed planning decisions and increase public appreciation for their local heritage.
- The first three months of Hull's UK City of Culture year demonstrated that high levels of participation and a strong sense of pride amongst residents have already been achieved. 70% of residents agree or strongly agree that UK City of Culture is having a positive impact on local people's lives, and 9 in 10 residents have attended or experienced a cultural event or activity as part of the UK's City of Culture.⁷³

Increase participation in, engagement with and access to sport

- Published the 'Duty of Care in Sport' report in April 2017, setting out recommendations for the government, Sport England, UK Sport, and the wider sector on sports participants' welfare, wellbeing and safety.
- Sport England launched the new 'Active Lives: Children and Young People Survey' in September 2017. This survey will tell us more than ever before about how children from age five and up engage with sport and physical activity. First results are expected in late 2018.
- The Minister for Sport and Civil Society announced around £100 million of funding for 12 Local Delivery Pilots across England that will trial innovative ways of tackling

⁷⁰ Source: Arts Council England, 'Evaluation of the Cultural Citizens Programme pilot: Overall report November 2017', p. 3, http://www.artscouncil.org.uk/sites/default/files/download-file/CCP_OverallReport_NOV17.pdf

⁷¹ Source: Arts Council England, 'Evaluation of the Cultural Citizens Programme pilot: Overall report November 2017', p. 4, http://www.artscouncil.org.uk/sites/default/files/download-file/CCP_OverallReport_NOV17.pdf

⁷² Source: Arts Council England, 'Evaluation of the Cultural Citizens Programme pilot: Overall report November 2017', p. 17, http://www.artscouncil.org.uk/sites/default/files/download-file/CCP_OverallReport_NOV17.pdf

⁷³ Source: University of Hull, 'City of Culture Interim Impact Findings', <http://www.hull.ac.uk/work-with-us/more/media-centre/news/2017/city-of-culture-impact-findings.aspx>

inactivity and reaching underrepresented groups, drawing on the expertise of a wide range of local partners.⁷⁴

- Published the second annual report to parliament on the implementation of the 'Sporting Future' strategy in January 2018.⁷⁵ The report set out activity targets for 2020 in England and the progress we have made on encouraging greater engagement in sport and physical activity (as well as the other strategy recommendations), in the two years since the strategy was published.
- Sport England has continued to embed its new funding framework, with investment being directed towards organisations that demonstrate they can meet the five outcomes set out in 'Sporting Future'.
- Allocated more than £18 million to over 65 organisations from three of Sport England's new funding programmes that have a focus on underrepresented groups.⁷⁶

Encourage social action

- Led and coordinated the Prime Minister's Points of Light award, including the launch of the Commonwealth Points of Light programme in April 2017. Her Majesty the Queen recognised an inspirational volunteer from each of the 53 Commonwealth countries in advance of the UK hosting the Commonwealth Heads of Government Meeting in 2018.⁷⁷
- Invested over £4 million in growing the Community Organisers movement by working with Community Organisers Limited to train an additional 3,500 people in Community Organising by 2020.⁷⁸ This included establishing 20 Social Action Hubs across England to train community organisers.⁷⁹
- Launched programmes to grow high quality volunteering opportunities, including for people aged over 50 years old. For example, the Second Half Fund awarded a share of £2.7 million to 13 projects across the country, helping to tap into the time and talents of those over 50 years old. The fund was delivered through the Centre for Social Action in partnership with Nesta, which helps to test and grow social action initiatives that support public services and improve social outcomes.⁸⁰

Help young people thrive and give back to their communities

- Invested £5 million (£10 million to date) in creating high quality opportunities for young people to take part in social action through the #iwill Fund. This year the #iwill Fund has agreed 11 match funding agreements to expand youth social action across the country. Projects focus on supporting young women and girls to make a

⁷⁴ Source: Gov.UK, 'Speech: Tracey Crouch speech at LGA Sport and Physical Activity conference', <https://www.gov.uk/government/speeches/tracey-crouch-speech-at-lga-sport-and-physical-activity-conference>

⁷⁵ Source: Gov.UK: 'Sporting Future - Second Annual Report', <https://www.gov.uk/government/publications/sporting-future-second-annual-report>

⁷⁶ Source: HM Government, 'Sporting Future: Second Annual Report', p. 9, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/677557/2018_Second_annual_report_to_parliament_on_Sporting_Future.pdf

⁷⁷ Source: Prime Minister's Office 10 Downing Street, 'Commonwealth Points of Light 2018', <https://www.pointsoflight.gov.uk/>

⁷⁸ Source: Community Organisers, 'Community Organising in Staffordshire', <https://www.corganisers.org.uk/news/training-co-ordinator-and-internal-quality-assurance-assistant>

⁷⁹ Source: Community Organisers, '20 Social Action Hubs Launched', <https://www.corganisers.org.uk/stories/20-social-action-hubs-launched>

⁸⁰ Source: Nesta, 'Thousands of over 50 volunteers recruited as organisations share £2.7million', <https://www.nesta.org.uk/news/thousands-of-over-50-volunteers-recruited-as-organisations-share-27million/>

difference in their communities; expanding social action in schools; using a place based approach to help at risk young people get involved in social action; and engaging young people in social action through rugby and mentoring.⁸¹

- Invested £5 million (£10 million to date) to deliver the first year of the Youth Investment Fund (YIF). This year, the YIF has funded 86 organisations across six regions of the country to create and expand open-access youth service provision, increase their service sustainability, and develop a shared outcomes framework to measure impact of services. The programme also ran a second round of funding at the end of year (Q4) for the West Midlands and East of England, and have awarded funding to five new organisations, bringing the total funded through the YIF to 91.
- Continued to work with DfE to support Erasmus+ Youth, a programme that provides young people with opportunities to volunteer with their European peers and immerse themselves in a different culture. From the start of the current programme in 2014 until 2017, there have been 928 successful UK youth project applications for funding of €41.6 million. These figures are set to rise as they do not yet include the final round of youth funding for 2017.⁸²

Support the museums and galleries sector

- Published 'The Mendoza Review: an independent review of museums in England', the first of its kind in over ten years. Although facing challenges, particularly where local funding has been reduced, it found a successful sector serving millions of visitors every year, caring for local and world collections, and contributing to the economic and social growth of their communities.
- The museums and galleries tax relief is now in effect, and will support museums and galleries to access around £30 million in support for permanent and temporary exhibitions.⁸³
- DCMS, on behalf of the Royal Armouries Museum (RAM), acquired Royal Armouries International plc (RAI).
- DCMS-sponsored museums and galleries progressed a range of important capital projects. We unveiled the V&A's Exhibition Road Quarter, and the Hintze Hall at the Natural History Museum; opened the expanded Tate St Ives; and reopened the Sir Joseph Hotung China and South Asia Gallery at the British Museum. The transformative 'Unlocking the Geffrye' capital project commenced; the National Portrait Gallery's successful Heritage Lottery Fund bid took it a big step towards its 'Inspiring People' capital project; and the Horniman's new World Gallery neared completion. Bellotto's masterpiece, 'The Fortress of Königstein from the North', was saved for the nation by the National Gallery.
- Our museums and galleries also held a range of exciting and engaging exhibitions, events; the Terracotta Warriors came to the National Museums Liverpool; 'Harry Potter: A History of Magic' arrived at the British Library and 40 libraries across the UK; 'El Greco to Goya' came to the Wallace Collection; 'Dippy the Dinosaur' (Natural History Museum) and Tim Peake's 'Soyuz TMA-19M' (Science Museum Group) started their national tours; Sir John Soane's Museum was an Art Fund museum of the year finalist; and HMS Belfast celebrated her 80th birthday.

⁸¹ Source: DCMS Internal records, Cabinet Office and The Big Lottery Fund, 'Grant Funding Agreement',

⁸² Source: House of Commons Hansard, 'Erasmus Plus Programme: Youth and Sport, 30 January 2018, Vol. 635',
<https://hansard.parliament.uk/Commons/2018-01-30/debates/029CB2D2-5A3B-4D2A-A06E-EA8743D2E2E7/ErasmusPlusProgrammeYouthAndSport>

⁸³ Source: House of Commons Hansard, 'Museums and Galleries, 23 January 2018, Vol. 788',
<https://hansard.parliament.uk/Lords/2018-01-23/debates/512CEBAC-9ACE-4C9C-88E3-E75DABCC9E75/MuseumsAndGalleries>

Promote the historic environment so that people can appreciate and enjoy heritage assets

- Inscribed the Lake District as our 31st World Heritage site in July 2017.⁸⁴
- Launched the findings report in October 2017 on the Matched Crowdfunding Innovation Pilot in partnership with Nesta, Arts Council England, and the Heritage Lottery Fund.
- Worked with Historic England and across government to support the delivery of large infrastructure projects, such as new housing, HS2 and Crossrail. We fed into the National Planning Framework, the Housing White Paper and the Road Investment Strategy 2 to ensure that heritage is protected and can help shape places where people want to live.
- Carried out the 'Tailored Review of the Heritage Lottery Fund', and continue to work closely with The Royal Parks under their new charitable status.
- Published the 'Heritage Statement 2017', setting our aspirations for the future of England's heritage and historic environment.
- Designated 768 listed buildings, 15 scheduled monuments and two protected wreck sites, helping to protect these nationally (and sometimes, internationally) important heritage assets for current and future generations.⁸⁵

Build a sustainable future for public libraries

- Arts Council England announced last June that the Society of Chief Librarians and six library services across England would become new National Portfolio Organisations, and receive funding totalling £1.6 million a year from 2018 until 2022.⁸⁶
- Worked with the Libraries Taskforce, which DCMS jointly sponsors with the Local Government Association, to provide support for the libraries sector. The taskforce produced toolkits and guidance, and delivered numerous masterclasses, to share good practice with library services. Some of the topics included alternative delivery models, evidence-based strategic planning, makerspaces, income generation, and applying for funding.
- Promoted libraries' important contributions to the delivery of policy agendas at both central and local government level with the help of the taskforce. To improve the evidence base and support for libraries, the taskforce published details of existing library service-related research and future research priorities, and produced business cases to develop future work through libraries on business support, universal children's membership, and extending the numbers of makerspaces.
- The British Library's Living Knowledge Network, involving 22 major libraries across the UK and supported by Arts Council England funding, shared resources, skills and ideas, and helped promote world class library services to diverse communities, such as live screenings of events, and local exhibitions linked to the British Library's popular 'Harry Potter: A History of Magic' exhibition.⁸⁷

⁸⁴ Source: UNESCO, 'English Lake District welcomed into UK UNESCO family as 31st UK World Heritage Site', <https://www.unesco.org.uk/news/english-lake-district-welcomed-into-uk-unesco-family-as-31st-uk-world-heritage-site/>

⁸⁵ Source: DCMS internal records, 'Finance - ALB Data [for SDP update] - 301017',

⁸⁶ Source: Arts Council England, 'Increasing access to arts and culture with libraries', <http://www.artscouncil.org.uk/blog/increasing-access-arts-and-culture-libraries>

⁸⁷ Source: The British Library, 'Living Knowledge Network', <https://www.bl.uk/projects/living-knowledge>

UK City of Culture, Great Exhibition of the North and Legacy Fund

- Launched the £15 million Northern Cultural Regeneration Fund in August 2017 to encourage sustainable cultural and creative regeneration in the North of England, benefiting areas that historically have had low levels of cultural and creative investment.⁸⁸ In March, three successful bids were announced from Blackpool, Bradford and the Lake District.
- Hull had a hugely successful UK City of Culture in 2017. In the first three months of the year, nine out of ten Hull residents attended or participated in a cultural event or activity. The government contributed £15 million to help Hull host the competition and to build a lasting legacy.⁸⁹
- Organised the competition to find the next UK City of Culture for 2021. Eleven cities and places made a bid, and Coventry was announced as the winner in December 2017.

Provide access to the Government Art Collection

- Loaned works from the Government Art Collection (GAC) to major exhibitions in the UK and abroad, including paintings by Paul Nash to the Laing Art Gallery, Newcastle-upon-Tyne; John Piper to Tate Liverpool; and John Craxton to the Benaki Museum, Athens.
- As part of Hull's UK City of Culture 2017 programme, the GAC exhibition, 'An Eyeful of Wry', was held at the University of Hull's Brynmor Jones Library gallery, from October until November 2017.
- The GAC collaborated with the Hull-based education agency, Heritage Learning, to organise a programme of associated free public activities:
 - 1,000 art trails were available for visiting children and families, with an electronic version sent to 560 schools and community organisations, across Hull, Yorkshire, and the Humber region.
 - The University of Hull's History of Art students led daily public tours. The GAC and Heritage Learning also delivered two training sessions for students on presentation and interpretation skills related to the exhibition's works of art.
 - Presented 'An Eyeful of Wry: Beneath the Surface', a teaching pack for formal educational learning groups and independent visitors. Exploring satire and humour in art, the pack also covered artists' materials, methods and ideas for making art at home.
 - Set up the Ferens Fine Art Lectures as part of the University of Hull's established and popular public lecture series. The GAC commissioned three artists who featured in the exhibition, Peter Liversidge, Bedwyr Williams and Mel Brimfield, to deliver talks. Two GAC staff presented additional lectures.

⁸⁸ Source: Gov.UK, '£15 million Northern Cultural Regeneration Fund to boost region's tech, creative and cultural industries', <https://www.gov.uk/government/news/15-million-northern-cultural-regeneration-fund-to-boost-regions-tech-creative-and-cultural-industries>

⁸⁹ Source: Hansard, 'City of Culture 2021: Swansea Bid, 5 December 2017, Vol. 632', <https://hansard.parliament.uk/Commons/2017-12-05/debates/931D1F51-A244-4FC9-8536-D838E654826D/CityOfCulture2021SwanseaBid>

Case Study - The Mendoza Review

In November 2017, DCMS published 'The Mendoza Review: an independent review of museums in England' alongside 'The Strategic review of DCMS-sponsored museums'.⁹⁰ Announced in 2016's Culture White Paper as the first wide-ranging review of the sector in over ten years. Neil Mendoza led the review. It was the culmination of over a year of research, fieldwork, and discussion with over 150 museum professionals in around 40 museums across the country, as well as a public consultation that received over 1,500 responses. This review was accompanied by 'The Strategic Review' which is the first clustered review of its type, examining the operation of 15 DCMS sponsored museums and galleries, and the British Library.

The reviews concluded that the sector is thriving, and highlighted some of its many innovative and successful organisations. It also discovered some challenges, particularly around funding from local authorities. 'The Mendoza Review' encouraged councils to make the most out of their local institutions, which reflect our communities, histories and interests through the precious collections of local and national significance, and provide education and enjoyment for everyone. The review set out nine priorities for the sector and how DCMS and its ALBs, Arts Council England, and the Heritage Lottery Fund, should work together to support museums in the future. 'The Strategic Review' looked at how the sponsored museums might collaborate to share expertise and efficiencies.

Ministers welcomed both reviews and DCMS is now working to implement the recommendations.

⁹⁰ Source: Gov.UK, 'Publication of the Mendoza Review of Museums in England and the Strategic Review of DCMS-sponsored museums', <https://www.gov.uk/government/speeches/publication-of-the-mendoza-review-of-museums-in-england-and-the-strategic-review-of-dcms-sponsored-museums>

Future plans:

- Provide over £5 million to support the 'Great Exhibition of the North', which will celebrate the North's great, art, culture and innovation.⁹¹ Taking place in Newcastle and Gateshead over the summer of 2018, the exhibition is part of the government's investment in the North of England, and follows funding for the Factory Manchester and Hull UK City of Culture 2017.
- Transition the work of the Libraries Taskforce team to mainstream it within the work of other library sector organisations.
- Continue to support the 'Step Up To Serve' campaign, which aims to make meaningful social action a part of life for 10 to 20 year olds.
- Continue to support the creation of high quality social action opportunities for young people in order to help young people from all backgrounds to participate in social action through the £40 million #iwill Fund.⁹²
- By the end of this Spending Review, DCMS will have invested £20 million into the Youth Investment Fund which is matched by £20 million from the Big Lottery Fund.⁹²
- Implement the recommendations in 'The Mendoza Review' and 'Strategic Review of government-sponsored museums'. By September 2018, we will publish a 'Museums Action Plan' with Arts Council England and Heritage Lottery Fund, and a partnership framework with national museums.
- Implement the actions set out in the 'Heritage Statement 2017' to maximise the benefits and impact of England's heritage and historic environment.
- Historic England announced eight more Heritage Action Zones across England, to begin in spring and summer 2018, bringing the total to 18 places using their rich heritage to kick-start regeneration and foster economic growth.
- Continue to fund the National Citizen Service and complete the transition of the National Citizen Service Trust to a Royal Charter and arm's length body in order to bring a level of government control and parliamentary accountability that is more proportionate to the amount of funding that is committed to the programme.
- Continue to test and grow social action initiatives that support public services and improve social outcomes. Government has invested £15 million in the Centre for Social Action through to 2020 to identify and accelerate the development and spread of high-impact initiatives.⁹³

⁹¹ Source: Great Exhibition of the North, 'Great Exhibition of the North Programme Revealed', <https://getnorth2018.com/great-exhibition-north-programme-revealed/>

⁹² Source: Big Lottery Fund, 'Government delivers £80 million boost to help give young people the best start in life', https://www.biglotteryfund.org.uk/global-content/press-releases/england/110916_governmentdelivers80million

⁹³ Source: Gov.UK, 'Policy Paper: Social Action', <https://www.gov.uk/government/publications/centre-for-social-action/centre-for-social-action>

Objective 5: Society

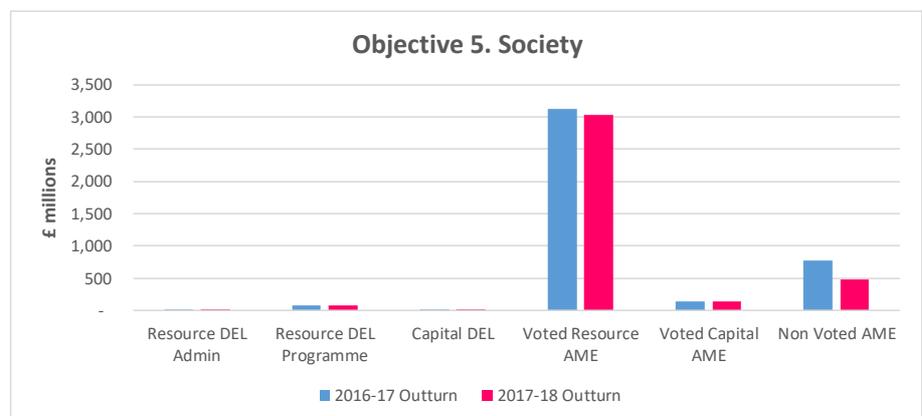
Support our media, a free press and a shared society.



Participating ALBs:

- BBC
- Big Lottery Fund
- Channel 4 (not consolidated in these accounts or in the graph below)
- Gambling Commission
- Horserace Betting Levy Board
- Phone-paid Services Authority
- S4C

Chart to the right represents the net group expenditure on Society by budget type. These budget types are explained on page 131.



Key achievements:

- The Minister for Sport and Civil Society announced an ambitious cross government Civil Society Strategy and a digital platform for engagement.
- Introduced the Charity Incorporated Organisations (CIO) Regulations, a deregulatory measure to enable a simple and direct conversion process for charities with a company structure and Community Interest Companies looking to change their legal form into a CIO. The conversion process is expected to benefit up to 12,000 existing (mostly small) charities.⁹⁴
- Initiated a new programme of work to tackle loneliness after the Prime Minister appointed Minister for Sport and Civil Society, Tracey Crouch, as the Minister for Loneliness. This appointment was in response to the Jo Cox Commission. The Minister is leading a cross-government group which has responsibility for driving action on loneliness across all parts of government and keeping it firmly on the agenda.
- Appointed Claire Dove as the new Crown Representative for the voluntary, community and social enterprise sector. She will work closely with government in tackling barriers to commissioning and public service delivery.
- Published a report on the Local Sustainability Fund in January 2018. The Fund's long-term impact will only be seen in the years ahead, but the report gave a very positive picture of the early outcomes. 94% of grant holders reported improvement in the 'strength, sustainability and resilience' of their organisations over the course of their project.⁹⁵
- Announced £15 million through the Tampon Tax Fund, using money generated from the VAT on female sanitary items to fund projects supporting vulnerable and disadvantaged women and girls.⁹⁶

Key performance indicators

The significant risks to the key performance indicators are listed on page 96.

Indicator 1: Total raised for good causes from the National Lottery⁹⁷

	Q3 16-17	Q4 16-17	Q1 17-18	Q2 17-18	Q3 17-18
Total returns to good causes (£millions)	431.0	428.4	351.7	384.3	477.6

⁹⁴ Source: The Charitable Incorporated Organisation Conversion, 'Impact Assessment', p. 7, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/643822/Final_Impact_Assessment_-_The_Charitable_Incorporated_Organisation_Conversion_Regulations_2017.pdf

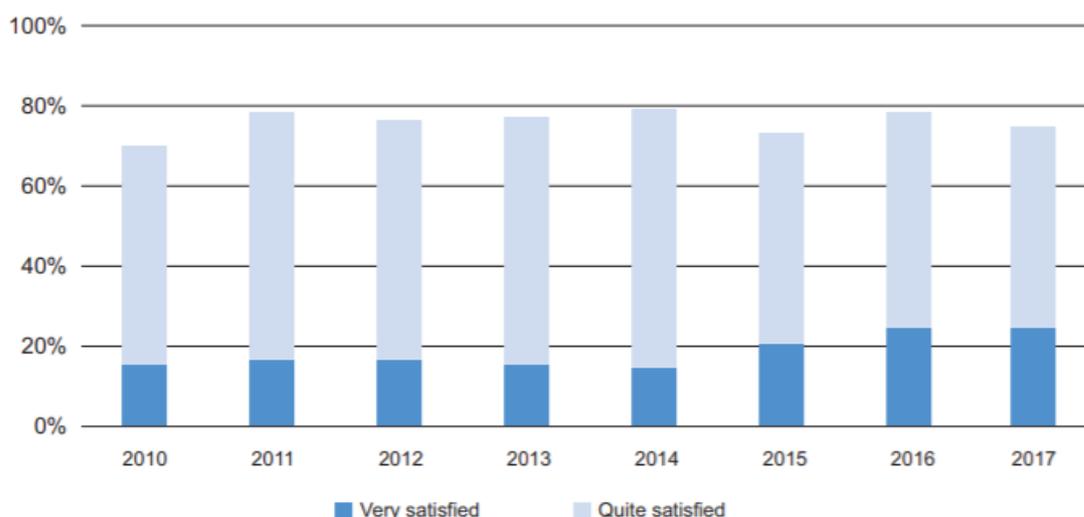
⁹⁵ Source: The Evaluation of the Local Sustainability Fund: Final report (National Council for Voluntary Organisations January 2018), p. 7, <https://www.scribd.com/document/368913575/LSF-project-Final-Report>

⁹⁶ Source: Gov.UK, 'Women and girls set to benefit from £15 million Tampon Tax Fund', <https://www.gov.uk/government/news/women-and-girls-set-to-benefit-from-15-million-tampon-tax-fund>

⁹⁷ Source: Gambling Commission, 'Funds raised for good causes', <http://live-gamble.com.cloud.contensis.com/PDF/survey-data/NL-data/Funds-for-good-causes-report-Quarter-3-2017-18.pdf>

Indicator 2: Problem gambling prevalence (PGSI definition)⁹⁸

	2013	2014	2015	2016	2017
Prevalence of problem gambling (%)	0.5	0.5	0.5	0.7	0.6

Indicator 3: Percentage of adults satisfied with Public Service Broadcasting (PSB)⁹⁹

	2010	2011	2012	2013	2014	2015	2016	2017
Quite or very satisfied with PSB broadcasting	70%	78%	76%	77%	79%	73%	78%	75%
Very satisfied	15%	16%	16%	15%	14%	20%	24%	22%

Society: Progress against our Single Departmental Plan and government priorities**Support a healthy, sustainable and world-leading UK media market**

- Launched a review in February 2018 to preserve the future of high quality national and local newspapers in the UK. It will:
 - Assess the operation of the digital advertising supply chain, including funding flows and its role in creating or reducing value for publishers.

⁹⁸ Source: Gambling Commission, 'Gambling participation and problem gambling', <https://www.google.com/url?q=http://live-gamblecom.cloud.contensis.com/Docs/Survey-data-YEAR-TO-December-2017.xlsx&sa=D&source=hangouts&ust=1530264001707000&usg=AFQjCNFoYoCWMvJevNJt-QXKAspg5MUnOw> Note that 'problem gambling' is gambling to a degree that compromises, disrupts or damages family, personal or recreational pursuits. The data is based on year to December unless otherwise stated.

⁹⁹ Source: Ofcom, 'Public Service Broadcasting Annual Report 2017', https://www.ofcom.org.uk/__data/assets/pdf_file/0015/112506/psb-2017-data-tables.pdf

- Analyse ‘clickbait’ and low quality news, and determine if there is more that can be done to tackle this issue and undermine any commercial incentives associated with it.
- Examine how online platforms collect and distribute data created or owned by news publications.
- Continued to support the Secretary of State as he undertakes his quasi-judicial role to assess whether media mergers, including Fox’s proposed acquisition of Sky, are against the public interest.
- Secured Channel 4’s agreement to an ambitious package to increase its regional impact, including moving 300 staff out of London, rising over time, and increasing its spending on programmes made outside London to 50% by 2023.

Create a strong, independent and distinctive BBC and S4C as part of a dynamic modern media landscape

- In 2017-18, DCMS provided £3.2billion to the BBC, in addition to £125million to other broadcasting and media organisations, such as S4C and Ofcom. The BBC operates independently of DCMS.
- DCMS launched an independent review of S4C’s remit, governance and funding. We will also give S4C £350,000 to upgrade its technical and IT equipment.¹⁰⁰
- Committed to maintaining S4C’s Exchequer funding at its current level of £6.8 million for 2018-19 and 2019-20.¹⁰¹
- S4C will establish an in-house digital hub to develop and improve its digital footprint and form the basis of a Welsh language digital cluster.¹⁰²
- S4C aims to establish a language partnership with the Welsh government and others to help deliver the Welsh government’s commitment to reach one million Welsh language speakers by 2050.¹⁰²

Secure a thriving media and creative industry sector

- Worked across government and industry to invest more than £150 million to help cultural and creative businesses across Britain thrive, as part of a Creative Industries Sector Deal.¹⁰³
- Launched a new Cultural Development Fund for cities and towns to bid for a share of £20 million to invest in creative and cultural initiatives. In Bristol, creative hubs like the Bristol Temple Quarter are delivering thousands of jobs in design, media and music businesses.¹⁰³
- Supported film studios across the country to increase their capacity to keep up with demand for production space, including multi-million pound expansions at Pinewood and Warner Brothers Studios Leavesden, as well as significant new projects, like Pacifica Ventures’ £100 million investment in Barking and Dagenham, and Liverpool’s Littlewoods Studios. Over the last five years, inward investment in

¹⁰⁰ Source: Gov.UK, ‘Independent review of S4C launched’, <https://www.gov.uk/government/news/independent-review-of-s4c-launched>

¹⁰¹ Source: Gov.UK, ‘Government response to the S4C independent review: Building an S4C for the future’, p. 2, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/695760/Government_response_to_the_S4C_indep_English_Accessible.pdf

¹⁰² Source: Gov.UK, ‘Government response to the S4C independent review: Building an S4C for the future’, p. 4, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/695760/Government_response_to_the_S4C_indep_English_Accessible.pdf

¹⁰³ Source: Gov.UK, ‘Creative Industries Sector Deal launched’, <https://www.gov.uk/government/news/creative-industries-sector-deal-launched>

Britain's film and high-end TV industries has grown to over £2 billion production expenditure a year, and with the right conditions, that annual figure could double again by 2025.¹⁰⁴

- Invested £2 million to extend the 'Get it Right' campaign to tackle online piracy, educate consumers on the value of copyright, and direct them to legitimate websites.¹⁰⁴

Supporting civil society organisations to thrive

- Supported small charities to develop their fundraising skills in order to put them on a more secure and sustainable footing. DCMS is funding the Foundation for Social Improvement to run a fundraising training programme, with over 5,000 new and heavily subsidised training opportunities being offered to small charities and community groups.¹⁰⁵ These will cover all aspects of fundraising, from writing a fundraising strategy to developing strong relationships with major donors.
- Published research into charity trustees' make-up and capability by the Charity Commission in November 2017. The report, 'Taken on Trust', highlighted key areas for improvement, which will be explored further through the Civil Society Strategy.
- Facilitated Charitable Incorporated Organisation conversions through a deregulatory measure and commenced the final provisions of the Charities Act 2016. DCMS is ensuring that the government's approach to EU exit takes account of civil society.

Promote socially responsible gambling

- Facilitated the collective efforts of the Gambling Commission, distributors, and Camelot to ensure returns to good causes were maximised. Camelot have conducted a strategic review of their business, and good cause returns appear to have improved on 2016-17.
- Initiated a review into gaming machines and social responsibility measures across the gambling industry.
- Set out a number of measures in October 2017 to protect consumers across gaming machines, online gambling, advertising and research, education and treatment. The consultation closed in January and DCMS set out its views in May 2018.
- Brought forward legislation to prohibit betting on EuroMillions games outside the UK to reduce consumer confusion.
- Worked closely with the Gambling Commission on the competition for the fourth National Lottery licence.

Develop DCMS's focus on policy levers to improve mental health and wellbeing, to maximise their positive impact upon society

Began work on the cross-government initiatives after the Prime Minister announced in January 2018 that Tracey Crouch MP would become the first ever ministerial lead for loneliness.

¹⁰⁴ Source: Gov.UK, 'Creative Industries Sector Deal launched', <https://www.gov.uk/government/news/creative-industries-sector-deal-launched>

¹⁰⁵ Source: East Sussex County Council, 'Funding News', p. 12, <https://www.eastsussex.gov.uk/media/8176/funding-news-april-2017.pdf>

Case Study - South Tyneside Training and Enterprise Network (TEN)

TEN support clients who are long-term unemployed with multiple barriers to employment. With support from Local Sustainability Fund advisors, TEN has carried out an independent market analysis to identify new business opportunities. It now has a clearly targeted business plan, and is refining its service offers and bidding approach to access these markets, including exploring partnerships for new contract opportunities.

New financial systems are giving TEN a clearer picture of what business areas are profitable, and where there are deficits in management and overhead costs. TEN's improved business skills and acumen have helped them to secure a substantial contract, and this has safeguarded a local service and six posts.

TEN's local business partners are bringing marketing and communications skills, business development ideas, and introducing them to other businesses, adding capacity to the organisation. TEN now have a much better understanding of the benefits of working in partnership with other businesses.

Future Plans:

- Lead the UK's domestic strategy for dealing with fake news and disinformation through education, engaging with the Community Safety Partnerships, and assessing options for regulation.
- Progress work on developing a bold, long-term Civil Society Strategy that will shape the government's work with, and for, our sectors. This strategy is going to explore the needs of civil society, including looking at questions of digital capability, sustainability and leadership, and governance.
- Respond to the Law Commission's recommendations on charity law, review the Fundraising Regulator, support the voluntary sector's role in responding to emergencies, and work closely with the Charity Commission on improving charity safeguards.
- Begin a governmental review into the sustainability of high-quality journalism in the UK, led by former senior 'Economist' editor, Dame Frances Cairncross. The review will explore what safeguards are required to protect our free and independent press' future. For our media to grow in the future, as well as remain relevant and trusted, it needs to serve all our communities across the UK.
- Continue work to tackle loneliness including:
 - publishing a cross-government strategy on loneliness in England;
 - developing evidence around the impact of different initiatives in tackling loneliness across all ages and within all communities, led by the government's What Works Centres;
 - establishing appropriate indicators of loneliness across all ages with the Office for National Statistics so these figures can be included in major research studies; and
 - launching a grant fund to support existing and new approaches to helping people connect and to add to our learning on solutions to loneliness.

Corporate objective: Agile and efficient DCMS

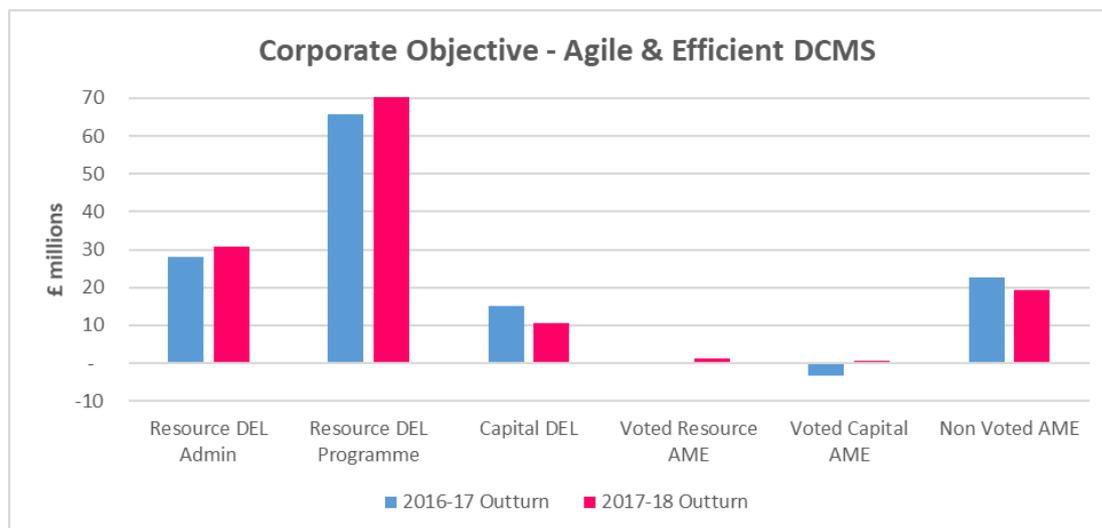
Ensure DCMS is a confident, agile and networked department contributing to deficit reduction and implementing efficiencies within its Arm's Length Bodies.



Participating ALBs:

- British Museum
- British Tourist Authority
- Heritage Lottery Fund
- Historic England
- National Heritage Memorial Fund
- Science Museum Group
- The Royal Parks
- Victoria and Albert Museum

Chart below represents the net group expenditure on agile and efficient by budget type. These budget types are explained on page 131.



Key achievements:

- Without any decline in engagement, DCMS delivered growth in staff headcount within the department, from a low of 384 payroll staff in August 2013, to 887 staff on payroll and 79 temporary and contract staff as of 31 March 2018. In order to adapt to and capitalise on this growth, we expanded our office space significantly to accommodate the rapid growth in headcount and initiated a major organisational design and culture change programme, led by Human Resources.
- Embedded a new two director general (DG) structure.
- Won a Gold Award at the 2017 Public Service Communications Excellence Awards for the 'Remembering the Battle of Passchendaele' campaign.
- DCMS ranked as the most inclusive Whitehall Department in the 2017 People Survey and awarded disability confident level three leaders status.
- DCMS retained its place in the top five government departments for staff engagement in the 2017 People Survey. We are leading Whitehall on inclusion and fair treatment at 84%, and making strong progress on learning and development – up five points.
- Signed a tenancy agreement committing the British Museum, the Science Museum Group and the Victoria and Albert Museum to vacate Blythe House by March 2023.
- Created new internal efficiencies by migrating HR and Finance services to new shared services platforms.
- The DCMS Twitter account has now reached over 200,000 followers.

Agile and efficient: Progress against our Single Departmental Plan and government priorities

Delivering DCMS and ALB efficiencies

- Migrated HR services to a new IT platform, iTrent.
- Set up an Enhanced Recruitment Team to manage all recruitment for priority and specialist roles.
- Expanded staff networks to support our diverse and inclusive workforce strategy.
- Conducted an IT discovery exercise in April 2017 to baseline the IT landscape and prioritise the roadmap of deliverables.
- Updated memorandum of understanding agreement confirmed with Cabinet Office in July 2017, covering the delivery of IT services to DCMS.
- Established an IT service improvement programme in September 2017 to deliver recommendations from the discovery exercise, and introduce new service improvements.
- DCMS, on behalf of Royal Armouries Museum (RAM), acquired Royal Armouries (International) plc (RAI). The move will further support culture in the city. It will also enable the museum to consolidate its position as one of the leading cultural and business tourism attractions in the north.

Managing finance effectively

- The new shared services function delivered a number of benefits for the department on the standard service offering and the new additional service improvements.
- New finance functions transferred to Historic England have produced significant new efficiencies for the department.
- Delivered a new purchase-to-pay module across the department, enabling the automation of key financial controls on purchase orders through to the payment of invoices.

- The finance function successfully moved to a new structure, and recruited a diverse and experienced team.
- Commenced further initiatives under the new government finance business partnering model to advance work through a number of strands, including maximising the use of IT systems, people, capability, and becoming a trusted advisor.

Delivering Blythe House decant and closure

- DCMS and three museums - the British Museum, the Science Museum Group and the Victoria and Albert Museum - signed a tenancy agreement committing the museums to vacating Blythe House by March 2023.
- The Science Museum Group submitted its final business case to move its Blythe House collection to a new facility in Wroughton, where it already stores much of its collection.
- The British Museum agreed to purchase land (subject to planning permission) to build a new 'Archaeological Research Collection' in partnership with the University of Reading.
- The Victoria and Albert Museum developed a plan to move its Blythe House collection to a new museum and collections centre at Queen Elizabeth Olympic Park.

Providing expert financial technical advice

- Produced timely and unqualified DCMS 2016-17 Group Accounts (which includes circa 40 ALBs, and DCMS's contribution to Whole of Government Accounts).
- Produced timely and unqualified National Lottery Distribution Fund (NLDF) accounts and monthly statements.
- Conducted accounting for the Office for Civil Society's transfer from the Cabinet Office in the 2016-17 accounts.
- Prepared for the inclusion of BBC Commercial Holdings (and its subsidiaries) in the 2017-18 accounts.
- Produced the first ever DCMS Accounting Officer System Statement.
- Maintained financial control (including balance sheet, VAT and cash management) of the core department. Provided expert technical financial and budgetary advice to colleagues and ALBs:
 - Supported preparations for a number of developments, including the Commonwealth Games Organising Committee; the forthcoming transition of the National Citizen Service to a Royal Charter public sector body; and the eventual wind up of the Horserace Betting Levy Board;
 - Initiated the development of a suite of KPIs (looking at financial sustainability and performance) for ALBs;
 - Undertook a review of the ALB's 'free reserves';
 - Commenced preparation for the new accounting standards: IFRS 16 Leases, IFRS 15 Revenue from Contract with Customers, and IFRS 9 Financial Instruments; and
 - Successfully upgraded IT systems used for the NLDF and to produce the consolidated accounts.

Supporting DCMS ALBs to be effective and innovative

- Published 'The Mendoza Review: an independent review of museums in England' in November 2017, the first of its kind in over ten years.
- Worked with Royal Armouries on its new commercial model.
- Provided extra funding to UK Anti-Doping and the Sports Grounds Safety Authority.
- Overall principle is to give ALBs the space to operate at arm's length of the department, whilst ensuring accountability.

- Held biannual chairs and chief executives events to share best practice across a diverse base of ALBs. The ALB advisory group helps identify cross-cutting and common issues to discuss.
- Held quarterly ALB trustee induction training for newly appointed trustees, focusing on their role and responsibilities as ministerial appointees.

Ensuring DCMS continues to contribute fully to the government's cross-cutting priorities

- At 1 January 2018, DCMS counted 0.37% of its workforce as members of the Reserve Forces, up from 0.15% six months earlier. DCMS has a departmental champion that encourages and promotes the Reserve Service to staff. The department provides a minimum of 15 days' paid special leave for training within any twelve month period.
- Ethnicity declaration rates increased from 66% (at 31 March 2017) to 74% (at 31 March 2018). This is in line with the increase shown across other characteristics.
- The percentage of staff declaring as black, Asian and minority ethnic (BAME) increased from 11% to 12% over the year.
- The percentage of staff declaring as disabled increased from 5% to 6% over the year.
- The percentage of staff declaring as lesbian, gay, bisexual and transgender (LGBT) increased from 5% to 6% over the year end to 31 March 2018.
- DCMS aims to have 1% of its staff as reservists by December 2019, and to move declaration rates of LGBT, BAME and disabled individuals to respective SCS or Civil Service average. Representation rates are monitored and the department plans to exceed the respective average.
- Our staff engagement remains at 69%, with 98% of staff completing the 2017 People Survey. 84% of DCMS staff believe that they receive inclusive and fair treatment. Only 8% stated that they had personally experienced discrimination at work, while 5% reported bullying or harassment. 78% indicated their manager motivated them to be more effective in their job, up 3% from the previous survey.

Supporting the honours system

- Processed and submitted almost 600 nominations in 2017.
- Assessed 537 Queen's Awards for Voluntary Service nominations from the public.
- Continued to increase our outreach work to encourage nominations from underrepresented groups, such as with the Lord Lieutenant network across the country.

Providing strategic direction, governance and supporting delivery of departmental priorities

- Delivered the 2017-18 Single Departmental Plan, meeting ministerial and Cabinet Office requirements.
- Led DCMS engagement on the Industrial Strategy.
- Following the 2017 General Election and January 2018 reshuffle, we supported the transition for new ministers.
- Tracked and monitored delivery across the department against our public commitments.
- Secured resources from HM Treasury (HMT) to support our critical EU exit, trade and international work.
- Implemented changes to our governance structure to improve decision making.

News and communications

- Led the communications for the Battle of Passchendaele commemorative events, including driving 8,000 ballot applications and achieving 122 million impressions for the #Passchendaele100 hashtag. 91% of press and broadcast coverage contained at least one First World War key message.
- Won a Gold at the Public Service Communications Excellence awards for the Passchendaele campaign.
- Managed the 2017 People Survey internal communications campaign, producing a 98% completion rate by staff, with DCMS retaining its place in the top five government departments for staff engagement.
- Led a digital campaign for the UK City of Culture 2021, achieving 58 million impressions on social media. It trended at number one in the UK throughout the week, with 480 press and online mentions.
- Maintained a steady drumroll of announcements around support for the UK tech sector, including a No.10 tech moment; WiFi connectivity on trains; and meeting the target of 95% superfast broadband rollout across the UK.
- Achieved 16.7 million impressions on social media, including Twitter and 1.4 million on Facebook.
- Over 95% of DCMS press coverage was positive or balanced in sentiment.

Delivering human resources expertise

- Provided more support for our staff networks in delivering our diversity and inclusion strategy:
 - In the 2017 People Survey, DCMS was the top department on inclusive employer rating.
 - Achieved Level Three Disability Confident Leaders status.
 - Recognised for our learning approach with a Civil Service Skilled People Award.
 - Held 25 peer-to-peer learning sessions at the first DCMS live event in October 2017.
- A new HR system, iTrent, is now live across DCMS

Information on anti-corruption and anti-bribery are listed on page 83.

Ministerial support, managing all correspondence addressed to ministers, Parliamentary Questions and Freedom of Information requests

- Dealt centrally with all departmental correspondence, parliamentary matters (such as laying documents in the House and answering Parliamentary Questions), and managed the Freedom of Information process.
- Logged and processed all cases, and coordinated responses by working closely with policy officials and Private Office.
- Managed ministerial visits and an events team that coordinates programmes for UK ministerial trips.
- The department aims to respond to correspondence within 20 working days.

Providing analytical, statistical and research support

- The Evidence and Analysis Unit (EAU) delivered impact assessments in a number of areas to support the delivery of regulatory proposals. Some high-profile policies were the Data Protection Bill, the Universal Service Obligation for Broadband, and the Network Information Security Directive.
- 70% of DCMS impact assessments received a 'fit for purpose' rating at first

submission from the Regulatory Policy Committee (RPC), while the remaining 30% were rated 'fit for purpose' following review after initial feedback from the RPC.

- Published 33 statistical releases in 2017-2018, including releases on three major surveys: 'Taking Part', 'Community Life' and 'Cyber Security Breaches'.
- Developed a DCMS Sector Economic Estimates series, including new data on trade of goods, and regional estimates of Gross Value Added, which take into account inflation and incorporate data covering elements of civil society for the first time.
- Commissioned and published several research reports, such as an impact evaluation of Tech City UK; the role of sport, heritage and culture in place-shaping; an evaluation of the National Citizen Service; and estimates of the economic impacts of cultural interventions.
- Developed a new evaluation strategy and working towards forming a Centre of Excellence for Evaluation in DCMS.
- Supported departmental decisions on investment, carrying out cost benefit analysis on major projects like Blythe House, the Commonwealth Games, 5G and Local Full Fibre Networks.

Providing high quality legal advice to DCMS

- Provided advice on legislation, including the Data Protection Bill, a 200-clause Bill to transpose the EU General Data Protection Regulation and modernise data protection law.
- Extensive advice given on legal issues around media mergers and press standards.
- Supported the introduction of the Universal Service Obligation for Broadband.

Case Study - Recruitment

As DCMS expands and takes on new responsibilities, it needs to increase its analytical resources. As a result, the Evidence and Analysis Unit have been working closely with the new enhanced service to recruit a large number of analysts. The Enhanced Recruitment Team have been proactive in leading this recruitment, liaising with the Government Recruitment Service and the various analytical professions to explore the best routes to find good people as quickly as possible. This has included cross-government external adverts, direct assignments from central professional recruitments, secondments from industry and sourcing contractors to fill temporary gaps.

Throughout the process, the support has been thorough and professional, taking on much of the recruitment burden, and only requiring analysts to input when necessary to provide their specialist expertise. This has been invaluable in ensuring that we did not overwhelm our current analysts with running a recruitment process.

The Enhanced Recruitment Team have, among other tasks, led on coordinating advertisements, arranging sifts and pre-sifts, organising interview panels, and processing all relevant paperwork and onboarding. As part of cross-Government processes and campaigns, they have negotiated hard on DCMS's behalf to ensure we attract high quality individuals.

Future plans:

- Increase the focus on apprenticeships to help DCMS deliver its objectives and to develop a diverse talent pipeline.
- Build on our current HR platform to meet the demands of an expanded and agile workforce. We will work to provide HR systems that support our people and help them access our resources quickly and efficiently. We have developed our HR platform by increasing the use of mobile technology and self-service.
- Finalise a suite of financial indicators to give early warning of financial stress in our ALBs.
- Design and delivery of a two-year IT strategy for the department.
- Implementation of measures to prepare and maintain performance standards necessary for the introduction of the General Data Protection Regulations.

Signed and approved

Dame Sue Owen DCB
Accounting Officer and Permanent Secretary
12 July 2018

Accountability report

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The accountability report provides details on how the department has demonstrated that it is an effective, efficient and well-managed organisation. This includes reports on corporate governance, remuneration and staff, parliamentary accountability and auditing

Lead Non-executive Director's Report



Over the last twelve months, I have been greatly impressed by DCMS's continuing focus and aspiration. The growth in staff numbers and responsibility is a clear reflection of the growing importance government places on creativity, technology and innovation.

Our Non-executive Board includes senior executives from the UK's leading companies and professions, with a wide breadth of knowledge and experience. I am grateful for their help in steering the department through the challenges of resource allocation that growth has presented. We have had lots of change across the department and some great achievements. This is due to the collaborative spirit that exists between the heritage, digital, culture, arts, charities, and sport directorates, and the Office for Civil Society.

We have been proactive in examining deep societal issues and developing programmes to address them. For instance, DCMS is leading on the Data Protection Bill, which gives people greater control and awareness over how their personal data is collected and stored. To improve physical access for disabled visitors at museums and galleries, we granted £4 million to 39 museums and galleries through the DCMS/Wolfson Museums and Galleries Improvement Fund. Furthermore, to combat childhood obesity and promote healthy eating, we have worked with DfE and DHSC to invest funds from the soft drink industry levy into the PE and Sport Premium for Primary Schools and the Healthy Pupils Capital Fund. This investment ensured that more children had access to quality PE and sport, as well as vital facilities, like sports grounds. These examples are just some of the highlights from a challenging and exciting year, our Non-executive Board are very focused on the growth and talent management of DCMS, as well as the course of the UK's exit negotiations, and the subsequent consequences in the different sectors. The Board will continue to review the progress of DCMS's growth and transformation, and to use the knowledge and expertise of the Non-executive team to forge the department's new identity. We are a strong and dynamic department, and I have no doubt that this year will be one of further change and exciting challenges.

Charles Alexander

Lead Non-executive Board Member

Changes to the Departmental Board

Over the course of the year, there were a number of changes to our ministerial team and to our executive members of the Departmental Board. These changes are set out below.

Changes to Ministers at the Department for Digital, Culture, Media and Sport

- Matt Hancock MP, Secretary of State from 9 January 2018.
- Karen Bradley MP, Secretary of State to 8 January 2018. Now Secretary of State for Northern Ireland.
- Tracey Crouch, MP, Parliamentary Under Secretary of State for Sport and Civil Society from 15 June 2017. Previously Parliamentary Under Secretary of State for Sport, Tourism and Heritage.
- Michael Ellis MP, Parliamentary Under Secretary of State for Arts, Heritage and Tourism from 10 January 2018.
- John Glen MP, Parliamentary Under Secretary of State from 14 June 2017 to 9 January 2018. Now Economic Secretary to the Treasury and City Minister.
- Margot James MP, Minister of State for Digital and the Creative Industries from 10 January 2018.
- Rob Wilson MP, Parliamentary Under Secretary of State to 9 June 2017. Now left government.

Changes to executive members of the Board

- Helen Judge, Director General for Performance and Strategy from 3 April 2017.
- David Rossington CB, Finance and Commercial Director until 26 June 2017, and Interim Office for Civil Society Director to 8 February. Now Senior Responsible Owner, Blythe House Programme.
- Tim Sparrow, Finance and Commercial Director from 26 June 2017.
- Chris Townsend, Chief Executive, Broadband Delivery UK until 5 May 2017. Now left government.

The Departmental Board as at 31 March 2018

Ministers



The Rt Hon Matt Hancock MP
Secretary of State for Digital, Culture,
Media and Sport



Margot James MP
Minister for Digital and the Creative
Industries



Lord Ashton of Hyde
Parliamentary Under Secretary of State



Michael Ellis MP
Parliamentary Under Secretary of State
for Arts, Heritage and Tourism



Tracey Crouch MP
Parliamentary Under Secretary of State
for Sport and Civil Society

Executive Team



Dame Sue Owen DCB
Permanent Secretary



Matthew Gould
Director General for Digital and Media



Helen Judge
Director General for Performance
and Strategy



Tim Sparrow
Finance and Commercial Director

Non-Executives



Charles Alexander
Lead non-executive board member



Matthew Campbell-Hill
Non-executive board member



Neil Mendoza
Non-executive board member



Fields Wicker-Miurin OBE
Non-executive board member

Departmental Board and Leadership Team

The Rt Hon Matt Hancock MP

Secretary of State for Digital, Culture, Media and Sport

Matt Hancock MP was appointed Secretary of State for Digital, Culture, Media and Sport on 9 January 2018. He was previously Minister of State for Digital from July 2016 to January 2018. He is the MP for West Suffolk, having been elected in the 2010 general election. From 2010, Matt served as a backbencher on the Public Accounts Committee and the Standards and Privileges Committee. Matt entered government in September 2012, and has served in a number of Ministerial Roles, including for skills and business, and as Paymaster General. He oversaw the expansion of apprenticeships, and championed the government's digital transformation.

Dame Sue Owen DCB **Permanent Secretary**

Sue Owen was appointed Permanent Secretary for the Department for Digital, Culture, Media and Sport (formerly known as Department for Culture, Media and Sport) in September 2013. In July 2014, Sue became the Civil Service LGB&T (straight ally) Champion, and overall Diversity and Inclusion Champion in July 2015. She chairs the Charity for Civil Servants.

Lord Ashton of Hyde **Parliamentary Under Secretary of State**

Lord Ashton of Hyde was appointed Parliamentary Under Secretary of State in July 2016. He was previously appointed a Lord in Waiting (Whip) in the House of Lords in July 2014. Lord Ashton was elected to the Lords as a hereditary peer in 2011. Before joining the government, he was a member of the House of Lords Select Committee on the Arctic.

Tracey Crouch MP

Parliamentary Under Secretary of State for Sport and Civil Society

Tracey Crouch was appointed Parliamentary Under Secretary of State for Sport and Civil Society in June 2017. Previously, she was Parliamentary Under Secretary of State for Sport, Tourism and Heritage. She was elected as the Conservative MP for Chatham and Aylesford in 2010. Tracey was a member of the Culture, Media and Sport Select Committee from 2012 until 2015, and a member of the Speaker's Committee on the Electoral Commission, and of the Political and Constitutional Reform Committee from 2013 to 2015.

Michael Ellis MP

Parliamentary Under Secretary of State for Arts, Heritage and Tourism

Michael Ellis was appointed Parliamentary Under Secretary of State for Arts, Heritage and Tourism on 9 January 2018. He was Deputy Leader of the House of Commons from 17 July 2016 until 8 January 2018. He was elected Conservative MP for Northampton North in May 2010.

Margot James MP

Minister for Digital and the Creative Industries

Margot James was appointed Minister of State for Digital and the Creative Industries in January 2018. Margot was previously Parliamentary Under Secretary of State at the Department for Business, Energy and Industrial Strategy from July 2016 to January 2018. She was elected Conservative MP for Stourbridge in May 2010.

Charles Alexander**Lead Non-executive Board Member**

Charles Alexander is Chairman of The Royal Marsden NHS Foundation Trust and of The Royal Marsden Cancer Charity, and currently Chairs Opera Rara. Charles worked at Rothschild from 1974 until 1999, latterly as Managing Director of international corporate and project finance, specialising in cross-border Foreign Direct Investment in Latin America and Europe. From 1988 to 2008, he was President GE Capital Europe and National Executive of GE in UK. In addition to his directorship of GE Capital, he has served as a Non-Executive Director of major publicly listed companies in New York, London, Paris/Luxembourg, Istanbul and Santiago. From 2005 until 2007, he chaired a CBI led report on the future of Corporate Taxation in UK. From 1990 to 2003, he was Director and Deputy Chairman of English National Opera.

Matthew Campbell-Hill**Non-executive Board Member**

Matthew Campbell-Hill is a technology and media consultant and retired GB Athlete. He is a non-executive director of the Medicines and Healthcare Products Regulatory Agency (MHRA), and in 2014, became an Independent Board Member of the National Information Board (NIB), developing the strategic priorities for data and technology in the NHS. Alongside the NIB role, Matthew was appointed to the NHS WiFi Programme Board, which is tasked with assessing and improving the connectivity available for both patients and staff on NHS property.

Neil Mendoza**Non-executive Board Member**

Neil Mendoza started working life as a banker at JP Morgan in New York, and moved to film finance. He co-founded the pioneering publishing agency, Forward, later sold to WPP. He has spent much of his career as an entrepreneur in a number of industry sectors, including film, design, marketing and software. He is Provost Elect of Oriel College, Oxford

University. He is also on the board of Meira GTX, a Nasdaq-quoted gene therapeutics company. He is Chairman of The Landmark Trust, a Commissioner at Historic England, Chairman of The Illuminated River Foundation and Vice-Chairman of Soho Theatre. He is a publishing consultant to watch manufacturer, Patek Philippe.

Fields Wicker-Miurin, OBE**Non-executive Board Member**

Fields Wicker-Miurin has spent much of her career working in financial services, including as Director of Finance and Strategy at the London Stock Exchange. She is a partner at Leaders' Quest, an innovative, international social enterprise she helped establish in 2002. Fields currently serves on the main boards of the large global bank, BNP Paribas, Paris, and Scor SE, Paris (the world's fourth largest reinsurance company), and Control Risks, the global risk consultancy. She also has a long experience working with government, having previously served on the boards of the Ministry of Justice and the Department for Business, Innovation and Skills.

Matthew Gould**Director General for Digital and Media**

Matthew Gould is the Director General for Digital and Media. In his previous role as British ambassador to Israel, Matthew set up the UK-Israel tech hub, which laid the foundations for the UK and Israel's powerful tech relationship. He was also the government's Director of Cyber Security at the Cabinet Office, focussed on keeping Britain safe from cyber-attack.

Helen Judge**Director General for Performance and Strategy**

Helen Judge is Director General for Performance and Strategy. With a background in local development consultancy, Helen joined the Civil Service in 2002. She worked on local delivery and criminal justice in the Strategic Policy

team of the Home Office. She then joined the Department for Communities and Local Government as a Deputy Director, leading on race equality across government. In 2007, Helen joined the Ministry of Justice at its inception to work in the National Offender Management Service. Currently at DCMS, she is responsible for DCMS's corporate functions as well as for the relationship ALBs, the Office for Civil Society, and the culture and sport portfolios.

Tim Sparrow
Finance and Commercial Director

Tim Sparrow is the Finance and Commercial Director. He joined DCMS in 2007, and became Finance and Commercial Director in June 2017. He has spent most of his career in public sector finance, qualifying as a Chartered Public Finance Accountant in the NHS and then moving into local government before joining DCMS, where he has worked in a number of different finance roles.

Performance in other areas

Arm's Length Bodies and Appointments

Under our Tailored Review Programme, we have continued our efforts to increase the efficiency of our arm's length bodies (ALBs). We completed the tailored review of the ALBs, Heritage Lottery Fund and UK Anti-Doping. We have worked closely with each organisation to ensure that the savings and efficiencies we identify can be smoothly and quickly implemented.

We published 'The Mendoza Review: an independent review of museums in England' and the 'Strategic Review of DCMS-sponsored museums' in an effort to establish how best to ensure the museums sector is effective and sustainable, while continuing to thrive.

DCMS ministers appoint, or make recommendations to the Prime Minister to appoint, the chairs and trustees of almost all our ALBs. DCMS appointments to the 41 ALB boards are regulated by the Commissioner for Public Appointments (CPA).

Between 1 April 2017 and 31 March 2018, we made 124 appointments. 66 of these were new appointments and 55 were reappointments and extensions. There were three appointments made by exception.

50% of these appointments were men and 47% were women (3% undeclared). 8% were Black, Asian, and Minority Ethnic (BAME) candidates.

Equality and diversity

As a public sector employer, DCMS is bound by the Equality Act 2010. The Act's public sector equality duty came into force in 2011 and requires all bodies exercising public functions to:

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The Act's Specific Duties Regulations 2011 came into force on 10 September 2011. These duties require public bodies to publish relevant, proportionate information demonstrating compliance with the Equality Duty, and to set equality objectives.

The department is an equal opportunities employer and operates under the Guaranteed Interview Scheme. We do not discriminate against staff or eligible applicants for posts on the grounds of gender, marital status, race, colour, nationality, ethnic origin, religion, disability, age, or sexual orientation.

DCMS employees are treated equally and fairly. Employment applications are considered on a name-blind basis, and all recruitment selection, training, promotion and career management decisions are based solely on objective and job-related criteria. DCMS encourages flexible working, such as job shares and working from home, and is committed to creating a positive culture where individual differences are valued and respected. The department does not tolerate any form of discrimination, bullying, harassment, or victimisation.

The department encourages its employees to access a range of cross-government learning modules, available via Civil Service Learning, which reinforce and embed these behaviours.

DCMS has a number of networks which promote equality and diversity, including:

- Black, Asian and Minority Ethnic
- Ability Network
- LGBT+
- Women's Network
- Mental health and wellbeing
- EU Nationals
- Social Mobility
- Parents Network
- Care and Share

We are certified as a Disability Confident Leader demonstrating best practice in attracting, recruiting and developing employees with disabilities and also acting as a champion within our supply chains and networks. This re-affirms our commitment to ensuring equal opportunities for all. A disability reference group reviews related issues. We also work closely with the Employer's Forum on Disability regarding all disability issues, including recruitment.

Gender pay gap

DCMS now publishes its gender pay gap alongside all government departments as a result of the Government Equalities Office legislation. The gender pay gap at 31 March 2017 was published on 18 December 2017, with the following results:

Measure	Gender pay gap
Mean	3.3%
Median	8.2%

The department's pay gap compares favourably to the rest of the Civil Service pay gap of 11.0% (mean) and 12.7% (median), as published by the Office for National Statistics in 2017.

The median gender pay gap is larger than the mean gap because it reflects DCMS's workforce. While the mean pay data reflects a higher proportion of women in our senior grades, there are a small group of individual high earners that pull the mean pay for women towards the mean pay for men.

Work on reducing the gender pay gap

In June 2016, we launched our Diversity and Inclusion Plan, which is used to plan activity around our key diversity and inclusion commitments. In relation to the gender pay gap, this includes:

- Talent: identifying all the talent in DCMS and helping them progress, and removing those barriers that prevent diverse or underrepresented groups from succeeding.
- Culture: being open, inclusive and fair with a culture driven from the top with leaders who look beyond bias, who constantly ask, look and reflect on their leadership style, and who relentlessly seek out talent on merit.
- Behaviour: having a zero tolerance to any form of bullying or harassment.

- Diversity reporting: taking action to increase reporting rates, which help direct the department in developing and enhancing our policies.

We also continue to engage staff and leaders to ensure recruitment and pay decisions are fair and consistent across the department. Where we have an increasing amount of specialist roles in the department, we look to align our pay with other government departments and ensure we do not disadvantage individuals with protected characteristics as a result. We continue to support talent opportunities in the department, and ensure there is gender diversity amongst candidates supported for development opportunities.

Trade Union facility time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force on 1 April 2017 introducing a new requirement to publish information relating to trade union activity. The relevant disclosure is included below. As the Core Department did not appoint any trade union lay representatives during 2017-18, the disclosure relates to trade union meeting attendance only.

DCMS regularly engage, negotiate and consult national trade union representatives, and actively maintain good and effective industrial relations with them.

Table 1: Relevant union officials

What was the total number of your employees who were relevant union officials during the relevant period?

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
1	764

Table 2: Percentage of time spent on facility time

How many of your employees, who were relevant union officials employed during the relevant period, spent a) 0%, b) 1%-50%, c) 51%-99%, or d) 100% of their working hours on facility time?

Percentage of time	Number of employees
0%	1
1-50%	0
51%-99%	0
100%	0

Table 3: Percentage of pay bill spent on facility time

What was the percentage of your total pay bill spent on paying employees who were relevant union officials for facility time during the relevant period?

First Column	Figures
Provide the total cost of facility time	£35.00
Provide the total pay bill	£46,266,000
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) × 100	0.0%

Table 4: Paid trade union activities

As a percentage of total paid facility time hours, how many hours were spent by employees who were relevant union officials during the relevant period on paid trade union activities?

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) × 100	0%
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Employee engagement

Research suggests that increased engagement and wellbeing positively affects factors relevant to organisational performance, as well contributing to an improved workplace environment and culture.

DCMS's employee engagement is measured through the civil service-wide People Survey that has been in place since 2009. Civil servants are invited to complete this survey resulting in census data for a large number of employees in the population. The data are published on the gov.uk website each year. In 2017, DCMS had a high People Survey response rate of 98%, giving us confidence that the results are representative of our workforce.

Since 2013, DCMS has seen a marked increase in engagement scores, rising from 51% to 69% in both 2016 and 2017, keeping us as one of the top four most engaged government departments. For the 18 organisations with between 40 – 999 employees, the benchmark is 62%, and we are the top ranked in the category.

Health and safety

Mandatory online training modules and a self-assessment package ensure the health and safety of staff in a hot-desking environment, enabling reasonable adjustments to be made when necessary. Across the department, there is a network of first-aiders, fire wardens, and health and safety champions, who undertake regular training to promote best practice. We also have a network of trained mental health champions. Health and safety is included in the DCMS welcome pack for new staff, giving full details on issues, such as fire safety, posture, and first aid.

Regulatory Policy Committee

The Regulatory Policy Committee (RPC) provides an opinion on the quality of the evidence put forward in the impact assessments (IAs), that support policy proposals which are within the scope of the better regulation framework. We maintained our performance with 70% of submissions receiving a 'fit for purpose' rating at first submission, the remaining 30% were rated 'fit for purpose' following review after initial feedback from the RPC. In no cases were our IAs rated as 'not fit for purpose'.

We are committed to evidence-based policymaking, and have a clear governance structure for policy development. Our policy officials engage with evidence specialists early in the policy development process to identify where government should intervene, consider scope for alternatives to regulation, and assess impacts on business. All IAs are subject to an internal analytical peer review process and are signed off by the Chief Economist before submission to the RPC.

Complaints to the Parliamentary Ombudsman

In 2017-18 there were 3 complaints made to the Parliamentary Ombudsman. Of these none have yet been accepted for investigation. In respect of previous year's complaints one investigation was concluded and was not upheld as a result there were no recommendations.

Correspondence performance

In 2017-18, DCMS received around 4,200 items of official-level correspondence (letters requiring a response from officials). Our target is to reply to correspondence within 20 working days, and in 2017-18, we succeeded in meeting this target for 99% of our official correspondence. DCMS accords correspondence a high priority and have made great progress in improving this year's performance, with ministerial and public correspondence being dealt with in a timely and effective manner.

Prompt payment of suppliers

Our policy is to comply with the Institute of Credit Management's Prompt Payment Code, of which the department is an approved signatory. Whilst our standard terms and conditions for the supply of goods or services specify payment within 30 days of receipt of a valid invoice, we aim to pay all valid invoices within five working days of receipt. In 2017-18, 98.4% (2016-17: 99.7%) of undisputed invoices were paid within the 30 days against a target of 100% and 58.7% (2016-17: 83.4%) of undisputed invoices were paid within five working days against a target of 80%.

Performance has dipped as a result of the delayed full implementation of the Purchase to Pay (P2P) system and staff training, but we expect organisational performance to increase in the future, as we have seen an upward trend in the latter part of 2017-18. The department will continue to work with its outsourced payment provider and authorising officers to monitor and action payments in hand to improve performance.

Public Accounts Committee

BBC commercial activity inquiry

A recent report by the National Audit Office (NAO) examined the BBC's commercial landscape. It found a total of 110 subsidiary companies, mostly under the control of BBC Worldwide, which managed sale and distribution of BBC content. It also highlighted upcoming changes to BBC operations. For example, two of its largest companies BBC Worldwide and BBC Studios merged on 1 April 2018. Ofcom have recently begun to regulate BBC commercial content, rather than the BBC Trust (BBC's governing body). Meanwhile, the NAO now annually audit the BBC. Previously, this financial oversight has been conducted by a private company.

The committee asked the BBC whether its commercial activities deliver good value for money for the taxpayer. They also asked how the BBC is positioning itself to compete in a changing television marketplace, and how confident it is that recent changes to its commercial structure will deliver benefits for the future.¹⁰⁶

¹⁰⁶ Source: Public Accounts Committee, 'BBC Commercial Activity inquiry', <https://www.parliament.uk/business/committees/committees-a-z/commons-select/public-accounts-committee/inquiries/parliament-2017/bbc-commercial-activity-17-19/>

Decline in National Lottery income inquiry

Since April 2016, lottery distributors have been concerned about a fall in Lottery income for good causes and the impact this could have on their future spending commitments. As a result of these concerns, the NAO investigated trends in lottery funding from 2004 to 2017, and the impact this has on good causes. The NAO investigation found that, whilst Lottery income increased from 2004 to 2016, it fell in 2016-17 by 15% (April to April). Concurrently, increases in Camelot's profits have been proportionately greater than increases in both Lottery sales and returns for good causes.

The Public Accounts Committee (PAC) asked DCMS, the Gambling Commission, Camelot and the Big Lottery Fund about how they can manage lottery income in future, their assessment of its impact on good causes, and how to ensure distributors know all they need to fund good causes responsibly.¹⁰⁷ PAC held an oral evidence session in January and published their [report](#) in March. We are in the process of responding via Treasury Minute.

Auditor's remuneration

These financial statements have been audited, under the Government Resources and Accounts Act 2000, by the Comptroller and Auditor General, who is appointed under statute and reports to Parliament. His certificate and report is included in the accounts on page 141. The external audit cost of the departmental group was £2,791,000 comprising £400,000 notional and £2,391,000 cash. Further information is provided in Note 4.3 to the accounts.

Machinery of government changes

As a result of machinery of government changes, the data policy and governance functions of the Government Digital Service transferred from the Cabinet Office to DCMS on 1 April 2018, and as such, is not yet reflected in these accounts. This change brings together in one place data policy for both government and the wider economy. The change will support DCMS's work to ensure the UK is fully realising the benefits of the data economy for all.

Directorships and significant interests

Details of directorships and other significant interests held by ministers are set out in the Register of Lords' Interests¹⁰⁸ and the Register of Members' Financial Interests.¹⁰⁹ In accordance with Cabinet Office guidance, DCMS maintains a register of interests which records details of directorships and other significant interests held by senior managers in the department. Details of related party transactions, including those arising as a result of the interests of DCMS Board members, are listed at Note 24 'related party transactions'.

¹⁰⁷ Source: Public Accounts Committee, 'Decline in the National Lottery inquiry', <https://www.parliament.uk/business/committees/committees-a-z/commons-select/public-accounts-committee/inquiries/parliament-2017/decline-national-lottery-17-19/>

¹⁰⁸ Source: House of Lords Standards and Interests, 'Register of Lords' Interest', <https://www.parliament.uk/mps-lords-and-offices/standards-and-financial-interests/house-of-lords-commissioner-for-standards-/register-of-lords-interests/>

¹⁰⁹ Source: House of Commons, 'Register of Members' Interest', <https://publications.parliament.uk/pa/cm/cmregmem/contents1719.htm>

Sustainable development report

Governance

The department considers sustainable development, climate change adaptation, and rural-proofing when new policies are created or when operational decisions are made. IAs capture the potential effect of a policy on each of these three areas and are subject to a review programme.

People

Our communications team popularises events about sustainability and climate change on our intranet, and encourage staff to attend. Our sustainability policies have recently been a topic for discussion in our monthly 'Executive Board Channel,' where staff can pose questions to senior management. The transcript of the discussions are made available to all DCMS staff. DCMS is committed to ensuring wellbeing, cohesion and inclusion amongst staff: a key tenet of sustainable development. Strong and numerous staff networks and equality and diversity champions among our senior Civil Servants support this.

Sustainable development

The department considers sustainability in the context of both policy development and operational delivery. Central to sustainability is the responsibility placed on policy teams to consider the potential long-term impacts of policies in the following spheres: economic, environmental, financial, and social. Teams are also expected to assess the potential impact of policies on communities and businesses and this is subsequently reviewed when appropriate.

Procurement

We are committed to sustainable procurement by using Crown Commercial Service (CCS) frameworks. The centralisation of our low value procurement activity through the CCS-managed service, enables us to take advantage of the CCS commitment to sustainable procurement. Our standard terms and conditions include a requirement for suppliers to comply with our environmental policy. The DCMS procurement policy supports the Government Buying Standards, and also promotes the use of the government's sustainable procurement tools where appropriate.¹¹⁰

The department does not procure timber products, but should we in the future, we would ensure compliance with the Timber Procurement Policy.

Adapting to climate change

Our approach to sustainability ensures that we consider the environmental impacts of climate change in the context of policies with long-term implications. Such impacts may include changing weather, extreme events and rising sea levels. We recognise the potential impact of climate change on a number of our sectors (for example, telecoms) and work closely with our stakeholders to identify means of mitigation when this is required.

¹¹⁰ Source: Gov.UK, 'Procurement at DCMS', <https://www.gov.uk/government/organisations/department-for-digital-culture-media-sport/about/procurement>

Rural-proofing

DCMS recognises the importance of rural-proofing to ensure rural areas get a fair deal from all government policy. When deciding policy objectives, consideration is given, when applicable, to the impact of policies on rural communities prior to any decisions being made.

- The Superfast Broadband Programme passed 95% coverage in the UK at the end of 2017. Rollout continues with over 600,000 more premises to be passed currently under contract. This has supported the rural economy and ensured equitable rollout by extending superfast broadband coverage to areas that will not be covered by the commercial sector alone.
- The Better Broadband Scheme is available to those who are unable to obtain a connection speed above 2Mbps. The Scheme can support access to satellite broadband, or fixed 4G/wireless connections in some locations. It can also support community fibre broadband projects, such as those through the BT Community Fibre Partnerships scheme. Further information is available from: <https://basicbroadbandchecker.culture.gov.uk/>

DCMS anti-bullying policy

DCMS operate a zero-tolerance policy towards bullying and harassment and have clear anti-bullying policies and guidance published on the DCMS intranet accessible to all staff. This includes a Bullying, Harassment and Discrimination Toolkit for Managers and Employees. Additionally, services are provided to ensure staff and managers have independent expert support for any instances of bullying and harassment. In the 2017 People Survey, 72% felt able to challenge inappropriate behaviour in the workplace, +9% over the Civil Service average, and 8% felt unable to challenge inappropriate behaviour.

Whistleblowing

In 2016-17 and 2017-18, DCMS reported nil returns on reported whistleblowing cases. DCMS adopts and implements the latest Civil Service model policy on whistleblowing. The DCMS whistleblowing policy guidance, procedures and FAQs are published on the department's intranet.

DCMS has updated information on the internal intranet for employees to use as guidance in the event of raising concerns about perceived wrongdoings or actions that contradict the Civil Service Code.

DCMS has two independent nominated officers that staff can approach to anonymously report any perceived wrongdoings.

DCMS takes part in the annual Civil Service Whistleblowing Awareness Week. In 2017, DCMS organised a range of activities, such as workshops to highlight awareness of the process by which concerns can be raised and the resources available to support staff in doing so. The Civil Service Commission also facilitated a workshop on the Civil Service Code and the Civil Service Commission's work.

Although not directly responsible for the whistleblowing policy across its ALBs, the DCMS HR team use ALB HR directors and finance directors as a channel for sharing best practice, and have shared the DCMS policy and guidance with ALBs.

In the 2017 People Survey, DCMS obtained the highest score for inclusion and fair treatment at 84% across the Civil Service. 95% staff reported that they were aware of the Civil Service

Code, 66% know how to raise concern under the code, and 83% confirmed they were confident that a raised concern under the Civil Service Code would be properly investigated.

Anti-bribery

Civil servants are expected to observe exceptionally high standards of personal honesty and integrity. The guiding principles governing the acceptance of gifts and hospitality are:

- That the conduct of individual civil servants should not foster the suspicion of any conflict between their official duty and their private interests.
- That the actions of civil servants acting in an official capacity should not give the impression to any member of the public, to any organisation with whom they deal, or to their colleagues, that they have been or may have been influenced by a gift or consideration to show favour or disfavour to any person or organisation.
- That if either the individual officer or the department is in doubt about the propriety of accepting a gift or an item of hospitality, then it should be refused.

DCMS ensures that every individual is aware of their obligations under the Bribery Act 2010¹¹¹, and ensure that any gifts received or hospitality offers is compliant with this legislation, as well as the Civil Service Code¹¹². Both documents are available at <https://www.gov.uk>. All offers of gifts and hospitality are recorded at the earliest opportunity in the HR-maintained register.

Anti-corruption

All employees are responsible for ensuring their behaviour meets the standards expected of them. The Civil Service Code and the department's Standards of Conduct outline the key principles of behaviour expected from all employees:

- Staff are ready and willing to work in accordance with the terms and conditions contained in their employment contract;
- Staff must familiarise themselves with departmental procedures and be ready to carry out all reasonable orders and instructions;
- DCMS ensures that its staff's private interests do not conflict, and are not seen to conflict, with their official duties or with the department's interests;
- Staff are prohibited from using their official position to further their private interests, or from divulging confidential departmental information to third parties;
- There are also effective systems and procedures in place, should a case of corruption, or suspected corruption, be reported or discovered.

Official development assistance

DCMS provides assistance, through the Cultural Protection Fund, focused on protecting and rebuilding opportunities for economic and social development. The Fund builds the capacity to foster, safeguard and promote cultural heritage in countries affected by conflict. One of our notable projects was awarding £84,616 to the Dome houses from Syria project.¹¹³ Constructed from readily available, sustainable materials, these dome structures are an example of energy-friendly houses that are low maintenance. Relearning the dying art of constructing these houses will preserve Syrian cultural heritage whilst offering a solution to displaced families whose homes have been destroyed by conflict.

¹¹¹ Source: <http://www.legislation.gov.uk/ukpga/2010/23/contents>

¹¹² Source: <https://www.gov.uk/government/publications/civil-service-code>

¹¹³ Source: British Council, 'Dome houses from Syria', <https://www.britishcouncil.org/arts/culture-development/cultural-protection-fund/dome-houses-syria>

Statement of Accounting Officer's responsibilities

Under the Government Resources and Accounts Act 2000 (the GRAA), HM Treasury has directed the Department for Digital, Culture, Media and Sport to prepare, for each financial year, consolidated resource accounts. The document details the resources acquired, held or disposed of, and the use of resources, during the year by the department (inclusive of its executive agencies), and its sponsored non-departmental and other Arm's Length Public Bodies. This report is required under the Government Resources Accounts Act 2000 by Statutory Instrument 2017 No. 310, as amended by Statutory Instrument 2017 No. 1256. Together, they are known as the 'departmental group', consisting of the department and sponsored bodies listed at note 28 to the accounts. The accounts are prepared on an accruals basis, and must give a true and fair view of the department and departmental group's state of affairs. The accounts must also detail the departmental group's net resource outturn, application of resources, changes in taxpayers' equity, and cash flows for the financial year.

In preparing the accounts, the Accounting Officer of the department is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by the Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- ensure that the department has in place appropriate and reliable systems and procedures to carry out the consolidation process;
- make judgements and estimates on a reasonable basis, including those judgements involved in consolidating the accounting information provided by non-departmental and other arm's length public bodies;
- state whether applicable accounting standards, as set out in the Government Financial Reporting Manual, have been followed, and disclose and explain any material departures in the accounts; and
- prepare the accounts on a 'going concern' basis.

HM Treasury has appointed the permanent head of the department as Accounting Officer of the Department for Digital, Culture, Media and Sport.

The Accounting Officer of the department has also appointed the chief executives or equivalents of its sponsored non-departmental and other arm's length public bodies as Accounting Officers of those bodies. The department's Accounting Officer is responsible for ensuring that appropriate systems and controls are in place to ensure that any grants to department-sponsored bodies are applied for the purposes intended. For the purposes of consolidation within the resource accounts, such expenditure, and the other income and expenditure of the sponsored bodies, are properly accounted for. Under their terms of appointment, the Accounting Officers of the sponsored bodies are accountable for the use, including the regularity and propriety, of the grants received, and the other income and expenditure of the sponsored bodies.

I take personal responsibility for the annual report and accounts and confirm that they are as a whole, fair, balanced and understandable, as are any judgements used to determine this view.

As Accounting Officer, I confirm that, as far as I am aware, there is no relevant audit information of which the department's auditors are unaware, and I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the department's auditors are aware of that information.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the assets of the department or non-departmental or other arm's length public body for which the Accounting Officer is responsible, are set out in 'Managing Public Money' published by Her Majesty's Treasury.

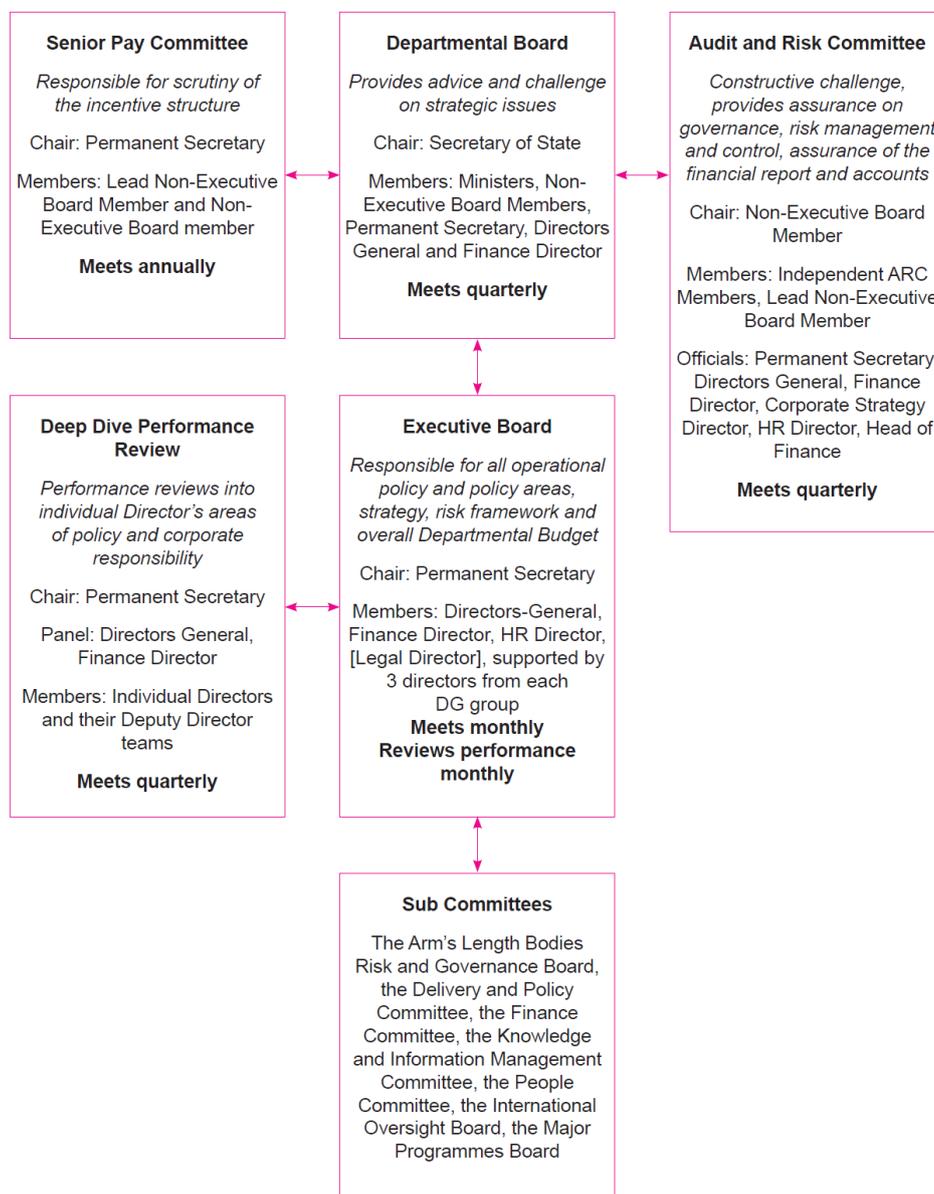
Governance statement

This statement sets out the governance structures, risk management and internal control procedures that have operated within DCMS during the financial year 2017-18 and accords with HM Treasury guidance. It also integrates information about the department’s arm’s length bodies (ALBs) included in the department’s consolidated accounts for 2017-18.

The department has a wide ranging remit incorporating a number of complex projects and programmes. DCMS’s formal governance systems, structures and processes enable clarity and accountability facilitating the effective delivery of departmental objectives and priorities. There are terms of reference for each board and committee to enable the respective members to make effective decisions, monitor performance, and manage resources and risk.

Governance structure

The governance structure – shown in the diagram below – applies to the core department, also referred to as DCMS in this statement.



During 2017-18, DCMS sought and implemented feedback from departmental board members in order to enhance the board and make better use of its non-executives to provide scrutiny and challenge.

Departmental Board

The departmental board, chaired by the Secretary of State, meets on a quarterly basis and is comprised of ministers, senior executives and non-executives. The Departmental Board met four times (plus one extraordinary meeting) in 2017-18. There was one meeting of the executive team and non-executives without ministers. The Departmental Board focused on performance and strategic risk, the Single Departmental Plan, the Finance Review, the Board Effectiveness Evaluation, business planning and resourcing.

Biographies of all departmental board members can be found on the DCMS homepage: <https://www.gov.uk/government/organisations/department-for-culture-media-sport>.

Audit and Risk Committee

The Audit and Risk Committee (ARC) reports to, and advises, the Departmental Board on governance, risk management and internal control. In 2017-18, the committee met on five occasions. The committee is chaired by Non-Executive Board Member, Fields Wicker-Miurin OBE. Other members are Charles Alexander (Lead Non-Executive Board Member), Brian Porritt and Phill Wells (independent members). It is attended by the DCMS Permanent Secretary and other senior staff. In discharging her responsibility, the ARC chair meets regularly with the Accounting Officer, Directors General, Finance and Commercial Director, members of the Executive Board, the ALB Risk and Governance Board, Internal Audit and the National Audit Office (NAO) to discuss issues and assess the ARC's performance to ensure that it is fulfilling its objectives and remit. In 2017-18, the ARC provided substantial advice and challenge to the department in the preparation of the DCMS consolidated annual report and accounts (notably on the first-time inclusion of BBC Commercial Holdings and the valuation of its public corporations), the National Lottery Distribution Fund (NLDF), risk (financial, people and policy), business continuity, shared services, EU exit, whistleblowing, the ALB assurance process, GDPR, the Office for Civil Society's work, staff retention, and resourcing. The committee also considered external and internal audit plans and reports. DCMS staff are welcome as observers to ARC.

Executive Board

The Executive Board provides corporate leadership to the department, and ensures the effective delivery of departmental priorities and ministerial objectives. The executive board meets monthly to review departmental performance, finance, and strategic risk. In 2017-18, improvements continued to be made to performance and risk reporting across the department. Items discussed at the executive board are published on the intranet, and an observer programme open to all DCMS staff assists visibility and transparency of decision making across the department.

Executive Board Sub-Committees

The Executive Board sub-committees have clear remits and accountability focusing on the following areas:

- The **Arm's Length Bodies Risk and Governance Board** provides assurance on the department's relationship with its ALBs, including risk management. The Director of Corporate Strategy is the chair.

- The **Delivery and Policy Committee** is responsible for improving how policy is made and delivered in DCMS. This ceased in March 2018 and its business was incorporated in to the People Committee.
- The **Finance Committee** monitors the department's financial risks and capital spend. The newly formed Investment Sub-Committee reports into the Finance Committee. It is responsible for approving business cases for projects (including museum loans) with a total whole life cost of £15 million or below and light-touch acquisition cases. The Finance and Commercial Director is the chair.
- The **Knowledge and Information Management Committee** is responsible for oversight of the department's knowledge, information management and IT policies. The Finance and Commercial Director is the chair.
- The **People Committee** is responsible for the strategic management of people issues within DCMS. The Director General for Performance and Strategy is the chair.
- The **International Oversight Board** was established in October 2016. Its role is to monitor and review progress on DCMS EU, trade and international work. The Board incorporates monthly 'deep dives' into DCMS areas, to understand the EU Exit's effect on the DCMS sectors. The International Board and EU Funding Board report into the International Oversight Board on a monthly basis. The Director General for Digital and Media is the chair.
- The **Major Programmes Board** was established in February 2018 and meets quarterly. It provides strategic oversight and assurance on the department's major programmes and focuses on creating the right operating environment for programme/project delivery across the department. This board replaces the DCMS Broadband Delivery Management Board. The Permanent Secretary is the chair.

After each meeting, the sub-committees provide governance reports to the Executive Board to ensure there is oversight of agendas, key issues, risks to be escalated and other notable items.

For 2017-18, deep dive performance reviews were planned to be undertaken with each directorate on a quarterly basis. These were attended by DCMS's Permanent Secretary, Directors General, Finance and Commercial Director and key senior managers who scrutinised performance, risk, finance and staffing information. At present, these meetings are currently under review to reflect the greatly changed and increasingly complex DCMS structure.

Non-executive Board Members

No new non-executive board member appointments were made in 2017-18. Outside of the Board, non-executives provided expertise and valued contributions across a range of departmental priorities and work programmes, such as the Single Departmental Plan, the Strategic Review of Resources, ALB Governance, as well as audit and risk management. Non-executives have also undertaken reviews of the Heritage Lottery Fund, a range of museums, the Arts Council and UK Anti-Doping. Fields Wicker-Miurin, Chair of the DCMS Audit and Risk Committee, also chairs a forum which brings together audit and risk committee chairs from over 30 ALBs to discuss risks, issues and share best practice across the DCMS group. The forum met in September 2017 and March 2018.

Board and Committee attendance for financial period 1 April 2017 to 31 March 2018

Departmental Board Members					
	Committee/Board Members	Departmental Board	Audit & Risk Committee	Executive Board	Pay Committee
Ministers	Matt Hancock	3/5			
	Lord Ashton of Hyde	3/5			
	Tracey Crouch	3/5			
	Michael Ellis	1/1			
	Margot James	0/1			
	Karen Bradley	3/4			
	John Glen	3/4			
	Rob Wilson	0/1			
Non-Executive Board Members/ Independent Members	Charles Alexander	5/5	5/5		1/1
	Matthew Campbell-Hill	4/5			
	Neil Mendoza	5/5			
	Fields Wicker-Miurin	5/5	5/5		1/1
	Michael Higgin		1/2		
	Brian Porritt		5/5		
	Phill Wells		5/5		
Executive Management	Sue Owen	4/5	4/5	11/11	1/1
	Matthew Gould	5/5	2/5	10/11	
	Helen Judge	4/5	3/5	10/11	
	Tim Sparrow	4/4	4/4	8/8	
	David Rossington	1/1	3/3	7/7	

Note: The Executive Management also are Executive Board Members.

Senior Officials (rotational attendance)					
	Committee/Board Members	Departmental Board	Audit & Risk Committee	Executive Board	Pay Committee
Executive Board Members	Mark Fisher			2/2	
	Hugh Harris			1/1	
	Kate Joseph/ Claudia Kenyatta			11/11	
	Clare Pillman			6/8	
	Rosemary Pratt			2/3	
	Chris Townsend			0/1	
	Andrea Young			1/2	
	Debra Lang		2/5	10/11	1/1
	Joe Butler			1/4	
	Sarah Connolly			2/3	
	Gila Sacks			8/10	
	William Priest			3/3	
	Yasmin Brooks			7/8	
	James Heath			6/6	
	Raj Kalia			1/1	
	David Knott			1/1	
	Dean Creamer			1/1	
	Georgia Hutchinson			1/1	

While DCMS takes into account the widest possible range of views at Executive Board by including all directors on a rotational basis, other government departments tend to have a smaller decision-making body. The correct comparator between DCMS and other government departments is the smaller group that attend the Departmental Board. However, the full list of responsible directors is included here for the purposes of transparency and to meet government reporting standards. Also, late but unavoidable changes to some meeting dates meant that some members were unable to attend meetings due to previous commitments.

Declaration of interests

The non-executive board members and independent members have disclosed a range of interests. Further details can be found at the Directorships and significant interests paragraph on page 80.

Information management

The departmental board and its sub-committees are provided with a range of management information in order to review the department's performance and capability, including the annual departmental board effectiveness evaluation, performance reports, risk registers and corporate data. The board secretariat oversees this information, and ensures the data's quality complies with the departmental guidance on writing board papers in order to facilitate informed discussion and decision making. Recently the Knowledge, Information Management and Information Technology Committee (KIMIT) moved forward an IT strategy that will complement data and technology, supporting the department's digital transformation and better security approach to digital records. During the board effectiveness review, board members indicated they were satisfied with the information they received.

External reporting

DCMS provides information, including the Online System for Central Accounting and Reporting (OSCAR) returns, to HM Treasury, and transparency information, which is published on data.gov.uk and announced in a Cabinet Office Quarterly Written Ministerial Statement. DCMS, Cabinet Office and HM Treasury regularly assess the quality of this data, which is also available for public scrutiny. This data is consistent with data provided to the board.

Governance of DCMS arm's length bodies (ALBs)

The department's ALBs are governed by their own independent boards and each has separate governance and internal assurance structures, whose details can be found in their individual annual report and accounts (which are all individually reviewed by DCMS as part of the process of preparing the group accounts). ALB risks are reviewed at quarterly ALB Risk and Governance Board meetings and escalated to the Executive Board as necessary.

In 2016, the department introduced a 'Board Performance Assessment Framework' in collaboration with its ALBs, which they are encouraged to adopt. The requirement to undertake an annual board performance assessment is included in ALB management agreements.

During 2018, the department undertook an assessment of the use of the 'Board Performance Framework,' and found that 65% of respondents are using it. When surveyed on having completed an appraisal, being in the process of an appraisal, or having an alternative appraisals process in place for the board, 90% of respondents answered positively. A further 90% answered positively with regards to the appraisal of the chief executive. This figure rose to 95% with regards to the appraisal of the chair.

The department has continued to provide induction sessions for newly appointed ALB trustees. The departmental induction complements the ALB-managed programmes for new trustees by focusing on their role as ministerially appointed board members.

Appointments to boards

Appointments to ALB boards are made by ministers, in accordance with the Cabinet Office's Governance Code on Public Appointments (published December 2016). Over the course of the year, work has been undertaken to ensure greater diversity in public appointments.

Between 1 April 2017 and 31 March 2018, there were 124 appointments made. 66 of these were new appointments, and 55 were reappointments and extensions. There were three appointments made by exception, which means that under the Constitutional Reform and Governance Act 2010, the Commission can permit appointments to be made to the Civil Service by exception to the legal requirement for selection on merit following a fair and open competition. The Commission sets out in the Recruitment Principles the circumstances when such appointments may be made. For senior posts (those at SCS PB2 and above), the Commission's approval is required before an appointment can be made.

Board performance and effectiveness

Charles Alexander, the DCMS Lead Non-Executive Board Member, conducted a review of the Departmental Board. As the Board had undergone substantial change in 2016-17, the review was a forward looking exercise to best capture how the board can improve its effectiveness. The recommendations were approved at the meeting of the Departmental Board on 8 May 2017. For the Board's role, this included the reduction of executive team representation, a time commitment to deep dive on pre-agreed topics, and the Single Departmental Plan review to be a focused item. The recommendations for the role of non-executive board members include increased information sharing with the Executive Board, and a more focused concentration on agenda setting led by the Permanent Secretary with active contribution from non-executive board members.

In March 2017, the Government Internal Audit Agency (GIAA) launched a review of the Executive Board and how it can work more effectively. The annual review considered whether the existing structure of eight sub-committees meets DCMS's current needs and is fit for purpose for the year ahead. The executive board agreed and implemented a new sub-committee structure, and revised terms of reference for sub-committees, and information on decisions, attendees, inputs, outputs, and links between boards.

General Oversight

For those areas significant to the group's accounts, an overview of the governance arrangements is set out below:

National Lottery:

The department is responsible for the architecture of the National Lottery regime and works closely with the Gambling Commission (GC), the independent regulator of the National

Lottery licence holder. Amongst other things, the GC monitors and reports on the performance of Camelot (the current licence holder) and enforces the terms of its Section 5 licence. The department maintains oversight of the GC's activities through appropriate controls, including a management statement covering regularity and propriety issues, and through an established series of regular meetings and ad hoc interactions.

The amounts raised through the National Lottery for Good Causes are paid into the National Lottery Distribution Fund (NLDF) which is managed and run by staff employed by DCMS. Lottery monies are independent of government and are distributed by independent lottery distributors. DCMS implements appropriate controls over lottery distributors, including financial directions, to ensure propriety, regularity and accountability in their handling of lottery monies drawn down. DCMS seeks annual confirmation from all lottery distributors of key systems of internal control in relation to their handling of lottery monies.

The Permanent Secretary appeared before the Public Accounts Committee in January 2018 to discuss issues in relation to the NAO's investigation 'National Lottery Funding for Good Causes'.

The BBC:

The BBC is established by Royal Charter. Her Majesty the Queen granted the latest Charter at the end of 2016 and it will last until 31 December 2027.

The 2016 Charter created a new unitary BBC Board, with Ofcom becoming the BBC's regulator. The BBC Board has 14 members, with the government appointing the Chair and four non-executive members for each of the nations. The BBC appoints five non-executives and four executive members to the Board. Neither ministers nor the department have direct responsibility or accountability for the BBC's day-to-day expenditure, nor operational, managerial or editorial decision-making, as these roles are vested in the BBC and its board.

The BBC is funded through the TV licence fee and its commercial operations. From 2010, the licence fee had been frozen for seven years. The government then decided, as part of the BBC's new funding settlement, to increase it in line with inflation for the first five years of the new Charter period. From 1 April 2017, the fee increased from £145.50 to £147.00.

The BBC has responsibility for the collection of the licence fee, and the Board must ensure that arrangements for the collection of the licence fee is efficient, appropriate and proportionate (as set out in the Charter).

The BBC Board has responsibility for the content of the 2017-18 BBC Annual Report and Statements of Accounts.

The Royal Parks

In March 2017, responsibility for The Royal Parks' estate management was transferred from a former government agency, The Royal Parks Agency, to a newly established charity. The charity is contracted by the department to manage the parks on the Secretary of State's behalf. Loyd Grossman is the charity's chairman. The first 12 months of this new arrangement have been one of organisational adjustment for the charity, including the bringing together of the Agency and an existing sister charity. Some benefits have been realised already, such as more flexible financial arrangements that have improved its ability to plan the delivery capital projects. The charity has also built up and improved its approach to staff recruitment.

Other

The department is also responsible for a number of advisory bodies and committees (five of which are classified as advisory NDPBs); public corporations; and public broadcasting bodies, which have greater levels of independence; and other organisations that receive DCMS grant funding.

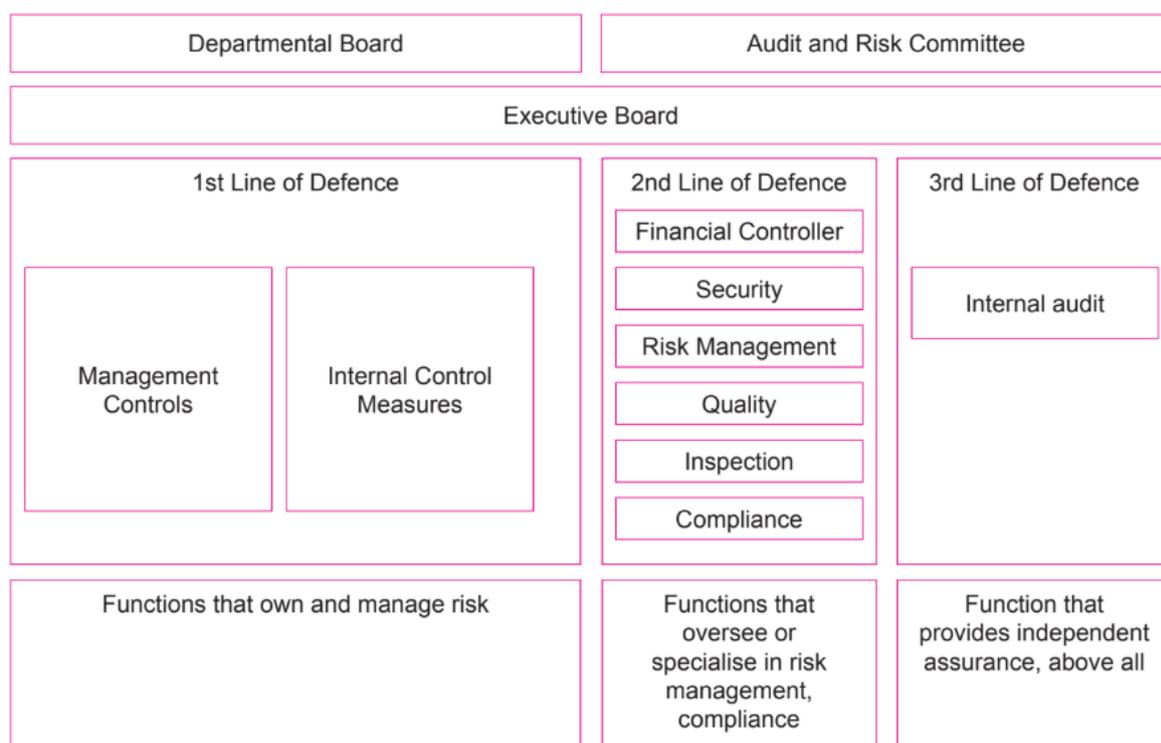
Tailored reviews

In 2016, the ‘once per parliament’ Tailored Review replaced the Triennial Review as a more proportionate means of assessing the continued relevance, need and effectiveness of ALBs. Each Tailored Review examines whether the ALB’s functions remain relevant and the organisation is fit for purpose, and if so, will look for greater efficiencies and ensure a robust governance structure. In 2016-17, the department undertook tailored reviews of the Arts Council England, the Heritage Lottery Fund and UK Anti- Doping. The reviews’ results were published in 2017-18.

Approach to risk management

The DCMS Accounting Officer is responsible for high standards of corporate governance, including effective risk management throughout the department. The department’s risk framework identifies risk management as a key role of the departmental board, the executive board, and its sub-committees. The department has a risk appetite statement which outlines the acceptable risk tolerances across several categories. This is intended to guide decision making within acceptable boundaries. Policy and guidance are available to staff on the intranet.

DCMS Risk Framework



The department's risk framework is best characterised as three lines of defence:

1. The first line of defence assumes operational management has ownership, responsibility and accountability for directly assessing, controlling and mitigating risks.
2. The second line of defence consists of activities covered by several components of internal governance (compliance, risk management, quality assurance, and IT). This line of defence monitors and facilitates the implementation of effective risk management practices by operational management and assists the risk owners in reporting adequate risk related information up and down the organisation.
3. The third line of defence uses internal audit (Government Internal Audit Agency). An independent audit function, through a risk-based approach, provides assurance to the organisation's board of directors and senior management. This assurance covers how effectively the organisation assesses and manages its risks and includes assurance on the effectiveness of the first and second lines of defence. It encompasses all elements of risk management (from risk identification, risk assessment and response, to communication of risk related information), and all categories of organisational objectives: strategic, ethical, operational, reporting and compliance.

Risks are managed and categorised at all levels within, across and throughout the department. Escalation of risks consists of three management levels where risks are managed:

- Local/Project: Most risk is dealt with at the local/project level. Policy and operational teams manage risk across the department, and when appropriate, escalate risk. Depending on the complexity and level of risk, local teams may manage risk registers. All projects have risk registers.
- Committee: Committees of the Executive Board, such as the People Committee or Finance Committee, have their own risk registers, which are reviewed at every meeting, and decide whether the risk should continue to be monitored at committee level or escalated to the Executive Board.
- Board level: Through the Executive Board and Departmental Board. The Executive Board has an overview of strategic risks across the department, and reviews risks in the monthly performance management reports and the Strategic Risk Register. The DCMS Executive Board and ARC provides advice and challenge on the departmental risk process and reviews risks at monthly and/or quarterly meetings. The Departmental Board reviews any critical risks which have been escalated from the Executive Board.

Managing risk in arm's length bodies (ALBs)

While responsibility for managing their own risks remains with ALBs, DCMS has a system of regularly reviewing ALB risks that have the potential to impact on the departmental group. The risk reviews are also used to set the level of departmental engagement with individual ALBs.

The presence of DCMS Non-executive Director, Fields Wicker-Miurin, and Cabinet Office director level representation on the ALB Governance and Risk Board provides external challenge regarding the department's approach to ALB risk and relations. The department's ALB risk management system is in the process of being updated and made more robust via the Partnership Project. Once complete, this project will provide further assurance on the operations and resilience of the department's ALBs.

In line with the scope of Accounting Officer responsibility, the department has management agreements with all directly funded ALBs setting out the department's expectations in return for the public funds supplied, and associated financial arrangements or accountability lines. Lottery distributors and regulators have similar arrangements relating to their own circumstances.

Accounting Officers of all ALBs are made aware of the continual importance of managing risks proportionately, maintaining a sound internal control system, and ensuring propriety, regularity and value for money in all aspects of governance, decision making and financial management.

During the financial year (or after the year-end and before the department's accounts are signed), all ALB accounting officers are required to notify the department of significant internal control weaknesses or issues arising. They must incorporate a governance statement in their accounts. The department takes prompt follow-up action as necessary on any matters identified from these governance statements or notifications.

In addition, the ALBs have their own audit committees and the department's Finance Director has written to the chairs of these forums requesting disclosure of any matters warranting inclusion in this report.

Managing risk in the core department

Assurance reporting exercises supplement the department's risk management process. Senior managers and directors are requested to report on their compliance with internal control procedures and must identify any significant exceptions. Those responsible for key internal control systems must indicate what main risks exist and their responses to them.

The assurance exercises did not identify any significant exceptions that needed to be drawn to the ARC and Permanent Secretary's attention in respect of the 2017-18 financial year.

Internal Audit carried out a review of the department's assurance processes in 2016-17. As a result of the recommendations in the report, the process was improved to give a higher standard of assurance that there had been no significant exceptions to key controls.

Significant risks in 2017-18 and mitigating factors

Key risks to delivering strategic objectives fell into three areas: delivery, policy development, and corporate activities.

Principal risk	Key mitigating actions
Delivery	
<ul style="list-style-type: none"> • Key programmes fail to deliver objectives • Delivery programmes included: <ul style="list-style-type: none"> – EU exit and trade – Broadband delivery and connectivity programmes including 5G Trials and Testbeds, and Local Full Fibre Networks – Spectrum release – Commonwealth Games – Blythe House museum storage project – First World War remembrance programme 	<ul style="list-style-type: none"> • Strong programme management embedded across all programmes • Advice from the Infrastructure and Project Authority, e.g. use of products such as Gateway Reviews • Established robust governance arrangements and strengthened reporting between programme teams and senior management • Public consultation exercise to inform views on broadband delivery • Built and maintained relationships with other key stakeholders for the remembrance programme
Policy development	
<ul style="list-style-type: none"> • Policy development fails to meet ministers', cross government or other key stakeholders' objectives • Policy initiatives included: <ul style="list-style-type: none"> – Digital Strategy – Sport Strategy – Culture White Paper – Five Point Plan for Tourism – Civil Society Strategy 	<ul style="list-style-type: none"> • Detailed planning and strong relationships with key stakeholders • Lessons learnt and process reviews to share understanding and solutions, ensuring future best practice • Use of evidence in policy making process to ensure initiatives are underpinned by robust data, research and analysis
Corporate	
<ul style="list-style-type: none"> • Resources are not used efficiently and effectively • Expertise is not focused on the right tasks at the right time 	<ul style="list-style-type: none"> • Improved the effectiveness of HR, finance and procurement activities through a Shared Service project • Undertook regular reviews of resourcing to ensure the right balance of people, focused on the right priorities across the department • Developed new models for existing ALBs and creating new ALBs. Over the course of the year we have established the Commonwealth Games Organising Committee as a new ALB.

Fraud and error

The department's policy towards fraud, malpractice and corruption is one of zero tolerance, whether in the core department or the ALBs for which it is responsible. The department's Fraud Policy sets this out in detail, whilst the Fraud Response Plan sets out the arrangements for reporting and responding to fraud. The policy and plan have been reviewed and updated in line with Cabinet Office guidelines.

The main emphasis of the Fraud Policy is on fraud prevention, achieved through risk assessment, process design informed by awareness of fraud risk, and by keeping staff alert to risks. To facilitate counter fraud practice and communications, DCMS has a Counter Fraud Champion, a role held by the Head of Strategic Finance, who disseminates good practice across the core department and its ALBs, including lessons arising from fraud investigations, and information received from the National Fraud Intelligence Bureau of frauds. DCMS's internal audit service also supports the department in reviewing its counter fraud controls and procedures.

The core department works with its ALBs and the Cabinet Office to identify and counter fraudulent activities, and the DCMS lottery bodies operate a Fraud Operations Group where they share fraud information and best practice. Through working with the Cabinet Office Counter Fraud Network and supporting ALBs, the core department will continue to strengthen its processes and controls to reduce the risk of fraud. Over the coming year, we will offer training and awareness activities, drawing on the Cabinet Office's expert knowledge.

Where a suspected fraud arises, it must, as a matter of policy, be investigated swiftly and thoroughly to maximise the opportunity to recover funds, and identify options for improving the existing counter fraud arrangements. Across our ALBs, there were a few frauds which affected Exchequer funding, including a vishing fraud against a museum. Frauds against lottery funds were also reported to the department.

In 2017-18 there were no reports of fraud in the core department.

Across our many ALBs there were a small number of suspected fraud activities in 2017-18 that will impact both Exchequer and lottery funding. They continue to work with their counter fraud specialists, other lottery bodies and the police on any ongoing investigations and will report their outcomes both to their audit and risk committees and the department as they occur.

In early 2017-18 one of our ALBs was unfortunately successfully targeted. DCMS's internal audit service supported the ALB in reviewing its controls and procedures and has now implemented additional controls to mitigate any further fraud attempts.

Core department and shared services

The department partnered with Historic England for transactional HR, finance and procurement services and began receiving finance and expenses services in December 2016. In 2017-18, DCMS introduced HR employee self-service, card management services and a fully integrated purchase to pay and contract management system. All finance and commercial transactional services are now fully operational, and in 2018-19, DCMS will be further enhancing HR employee self-service systems.

Group write-offs

During 2017-18 there were no individual losses that exceeded £300k

Compliance with the Corporate Governance Code

DCMS fully complies with the HM Treasury Corporate Governance Code for central government departments with the following variations:

- The Pay Committee, which comprises the Permanent Secretary, Lead Non-Executive Board Member and a second non-executive board member, fulfils the role of the Nominations and Governance Committee, focusing primarily on scrutinising the incentive structure, and is supported by the Senior People Development Committee.
- The Head of Internal Audit attends the Audit and Risk Committee rather than the Departmental Board. The Audit and Risk Committee chair reports key issues and the committee's work to the Departmental Board.

Tax policy for off-payroll appointees

Tax assurance evidence is sought annually to ensure compliance and where this is not the case, the expectation is that contracts will be terminated. DCMS ALBs have also been asked to provide assurance of compliance with this tax policy. Personal details of all engagements where assurance is requested but not received, for whatever reason, except where the deadline for providing assurance has not yet passed, is sent to HM Revenue and Customs for further investigation.

A summary of the DCMS tax assurance data is available at:

<https://www.gov.uk/government/publications/dcms-tax-reporting-data-for-off-payroll-workers-april-2017-to-march-2018>.

Ministerial directions

A ministerial direction is defined as the occasion where the DCMS Accounting Officer has presented a formal objection (based on grounds of regularity, propriety, value for money or feasibility) to the proposed action of a minister, and the minister overrules that advice. If a direction is given, the Accounting Officer will no longer be challenged by the Public Accounts Committee as to why they took forward the policy.

During 2017-18 there were no instances of a ministerial direction at DCMS.

Machinery of government changes

During 2017-18, no machinery of government changes arose.

Conflict of interest policy and procedure

Non-executives, along with all other board members, are required to declare any personal or business interest which may, or may be reasonably perceived (by a member of the public), to influence their judgement in performing their functions and obligations. Where a board member declares a potential conflict at meetings, it is recorded in the minutes and the board member takes no part in the meeting for the duration of that item of discussion.

Personal data incidents

DCMS had one case with personal data that was instigated by the Information Commissioner's Office (ICO). It related to the disclosure of personal information from DCMS to Sport England in May 2017. There were five attempts to break into the pedestals and cabinets in the office. There were also two instances where key lockers went missing and

one instance where an email was sent to 10 private email addresses by the Public Appointments team, informing those on the list they had been unsuccessful with their application for a trustee role. 10 individual emails should have been sent as single addresses, but instead it was sent as a group email. This was reported to the ICO at the time.

Whistleblowing policy and procedure

In 2017-18, DCMS reported no whistleblowing cases. DCMS adopts and implements the latest Civil Service model policy on whistleblowing. The DCMS whistleblowing policy guidance, procedures and FAQs are published on the DCMS intranet.

DCMS has updated information on the internal intranet for employees to use as guidance in the event of raising concerns about perceived wrongdoings or actions that contradict the Civil Service Code. This information is also incorporated into the DCMS anti-bullying policy.

DCMS has two independent nominated officers that staff can approach to anonymously report any perceived wrongdoings. These officers attended formal training.

DCMS takes part in the annual Civil Service Whistleblowing Awareness Week. In September 2017, DCMS organised a range of activities, such as workshops to increase awareness of the process by which concerns can be raised, and information was provided about the resources available to support staff when raising concerns. The Civil Service Commission facilitated a workshop on its work and the Civil Service Code.

Although not directly responsible for the whistleblowing policy across its ALBs, the DCMS HR team use ALB HR and finance directors as a channel for sharing best practice and have shared the current DCMS policy and guidance with ALBs. ALBs are required to report separately on their whistleblowing arrangements in their annual reports and accounts.

In the 2017 People Survey, DCMS obtained the highest score for inclusion and fair treatment at 84% across the Civil Service. 95% staff reported that they were aware of the Civil Service Code, 66% know how to raise concern under the Code and 83% confirmed they were confident that a raised concern under the Civil Service Code would be properly investigated.

Accounting Officer System Statement

In 2016, the Public Accounts Committee recommended, as part of its wider work on accountability to Parliament for taxpayers' money, that all departments should prepare accountability statements. These statements are now known as Accounting Officer System Statements (AOSS). The document should cover all of the accountability relationships (including those with ALBs and third party delivery partners), systems, and processes within a department. The AOSS must indicate who is accountable for what at all levels of the system, from the Accounting Officer down.

The DCMS AOSS is available at:

<https://www.gov.uk/government/publications/dcms-accounting-officer-system-statement>

Internal audit annual report

The Government Internal Audit Agency (GIAA) complies with Public Sector Internal Audit Standards. Every year, GIAA works with the department's senior managers to plan an annual programme of assurance work, supporting the effective identification and management of key risks across the organisation. GIAA's audit reports and fieldwork from each year then inform the Group Chief Internal Auditor's independent annual opinion. The

annual opinion provides the Accounting Officer with independent assurance regarding the adequacy and effectiveness of risk management, control and governance at DCMS during the last financial year.

GIAA has provided DCMS with 'moderate' assurance regarding the adequacy and effectiveness of its system of internal control during 2017-18. While noting plans to improve the department's approach to internal control in 2018-19, GIAA suggested that the organisation's further growth in size and complexity during 2017-18 has increased the inherent risk to the effectiveness of the department's control arrangements. However, it is their view that the department continues to maintain adequate internal control, and these year-on-year changes are being managed to retain a 'moderate' opinion.

Accounting Officer's conclusion

I have considered the evidence provided regarding the production of the Annual Governance statement - including from the department's governance structures, reviews of our ALB's and the independent advice provided by the audit and risk committee. I conclude that the department has satisfactory governance and risk management systems in place with effective plans to ensure continuous improvement.

Remuneration report

Core department only

This annual remuneration report is prepared with reference to guidance contained in the annual Employer Pension Notice (EPN 541) issued by Civil Service Pensions (MyCSP) on 31 May 2018.

ALBs provide equivalent information in their own accounts where required to do so.

Remuneration policy

The Prime Minister, following independent advice from the Senior Salaries Review Body, sets the remuneration arrangements for senior civil servants.

The review body also advises the Prime Minister from time to time on the pay and pensions of members of Parliament and their allowances; on Peers' allowances; and on the pay, pensions and allowances of ministers and others whose pay is determined by the Ministerial and Other Salaries Act 1975.

In reaching its recommendations, the Review Body is to have regard to the following considerations:

- the need to recruit, retain and motivate and, where relevant, promote suitably able and qualified people to exercise their different responsibilities;
- regional/local variations in labour markets and their effects on the recruitment and retention of staff;
- government policies for improving the public services including the requirement on departments to meet the output targets for the delivery of departmental services;
- the funds available to departments as set out in the government's departmental expenditure limits; and
- the government's inflation target.

The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations. Further information about the work of the Review Body can be found at:

<https://www.gov.uk/government/organisations/review-body-on-senior-salaries/about>

Service contracts

The Constitutional Reform and Governance Act 2010 require Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

Unless otherwise stated below, and with the exception of Mr Chris Townsend OBE whose appointment was for a fixed term of three years and extended for one year, the officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commission can be found at: www.civilservicecommission.org.uk

Remuneration (including salary) and pension entitlements

The following sections provide details of the remuneration and pension interests of the ministers and most senior management (i.e. departmental and executive board members) of the department.

Remuneration (salary, benefits in kind and pensions – subject to audit)

Single total figure of remuneration

Ministers	Salary (£)		Benefits in kind (to nearest £100)		Pension benefits (to nearest £1000) ¹¹⁴		Total (to nearest £1000)	
	2017 - 18	2016 - 17	2017 - 18	2016 - 17	2017 - 18	2016 - 17	2017 - 18	2016 - 17
The Rt Hon Matt Hancock MP, Secretary of State for Digital, Culture, Media and Sport from 9 January 2018 ¹¹⁵	39,728 ¹¹⁶	21,120 ¹¹⁵	-	-	10,000	6,000	50,000	27,000
Margot James MP, Minister of State from 10 January 2018	7,030 ¹¹⁷	-	-	-	2,000	-	9,000	-
Lord Ashton of Hyde, Parliamentary Under Secretary of State from 14 June 2017	54,780 ¹¹⁸	-	29,000 ¹¹⁹	-	- ¹²⁰	-	84,000	-
Tracey Crouch MP, Parliamentary Under Secretary of State	22,375	22,375	-	-	6,000	6,000	28,000	28,000
Michael Ellis MP, Parliamentary Under Secretary of State from 10 January 2018	4,965 ¹²¹	-	-	-	1,000	-	6,000	-
The Rt Hon Karen Bradley MP, Secretary of State for Culture, Media and Sport to 8 January 2018	52,339 ¹²²	47,187 ¹²³	-	-	12,000	12,000	64,000	60,000
John Glen, MP Parliamentary Under Secretary of State from 14 June 2017 to 9 January 2018	12,873 ¹²⁴	-	-	-	3,000	-	16,000	-
Rob Wilson MP, Parliamentary Under Secretary of State to 9 June 2017	9,885 ¹²⁵	22,375	-	-	1,000	4,000	11,000	26,000
The Rt Hon John Whittingdale MP, Secretary of State to 14 July 2016	-	36,112 ¹²⁶	-	-	-	12,000	-	48,000
Ed Vaizey MP, Minister of State to 17 July 2016	-	17,032 ¹²⁷	-	-	-	2,000	-	19,000
David Evennett MP, Parliamentary Under Secretary of State from 24 January 2016 to 3 July 2016 ¹²⁸	-	-	-	-	-	-	-	-
Baroness Neville-Rolfe DBE CMB, Lords Minister to 17 July 2016 ¹²⁹	-	-	-	-	-	-	-	-
Baroness Shields, Lords Minister to 16 December 2016 ¹²⁹	-	-	-	-	-	-	-	-

¹¹⁴ The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) less (the contributions made by the individual). The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

¹¹⁵ Previously Minister of State for Digital and Culture from 15 July 2016.

¹¹⁶ The full-year equivalent salary is £67,505.

¹¹⁷ The full-year equivalent salary was £31,680.

¹¹⁸ The full-year equivalent salary is £68,710. DCMS did not contribute to his pre June 2017 role.

¹¹⁹ A Lords office-holders allowance. The full-year equivalent is £36,366.

¹²⁰ Lord Ashton has opted out of the Parliamentary Contributory Pension Fund (PCPF).

¹²¹ The full-year equivalent salary is £22,375.

¹²² The full-year equivalent salary is £67,505. Karen Bradley was appointed Secretary of State for Northern Ireland on 8 January 2018.

¹²³ The full-year equivalent salary was £67,505.

¹²⁴ The full-year equivalent salary is £22,375. John Glen was appointed Economic Secretary to the Treasury on 9 January.

¹²⁵ The full-year equivalent salary is £22,375. Rob Wilson left under severance terms on 9 June 2017. He received a compensation payment of £5,594.

¹²⁶ The full-year equivalent salary was £67,505. John Whittingdale left under severance terms on 14 July 2016. He received a compensation payment of £16,877.

¹²⁷ The full-year equivalent salary was £31,680. Ed Vaizey left under severance terms on 17 July 2016. He received a compensation payment of £7,920.

¹²⁸ David Evennett MP was an unpaid Minister temporarily covering the portfolio of Tracey Crouch MP during her maternity leave.

¹²⁹ Most members of the Lords do not receive a salary for their parliamentary duties but are eligible to receive allowances and, within certain limits, the travel expenses they incur in fulfilling their parliamentary duties. See the Parliament website for more information.

The following tables disclose the remuneration of the Departmental Board and Executive Board attendees.

DCMS as an open, inclusive and diverse department, takes into account the widest possible range of views at the Executive Board by including all Directors on a rotational basis. Other government departments tend to have a smaller decision-making body. The correct comparator between DCMS and other government departments is, therefore, the smaller group that attend the Departmental Board; however, the full list of responsible directors is included here for the purposes of transparency and to meet government reporting standards.

Single total figure of remuneration

Departmental Board Officers	Salary (£'000)		Bonus payments (£'000)		Benefits in kind (to nearest £100)		Pension benefits (to nearest £1000) ¹³⁰		Total (£'000) ¹³¹	
	2017 - 18	2016 - 17	2017 - 18	2016 - 17	2017 - 18	2016 - 17	2017 - 18	2016 - 17	2017 - 18	2016 - 17
Dame Sue Owen DCB*, Permanent Secretary & Accounting Officer	160-165	155-160	15-20	15-20	-	-	12,000	33,000	190-195	205-210
Matthew Gould*, Director General for Digital and Media	120-125	80-85 ¹³²	-	-	-	-	66,000	78,000	185-190	160-165
Helen Judge*, Director General for Performance and Strategy from 3 April 2017	115-120	-	-	-	-	-	119,000	-	235-240	-
Tim Sparrow*, Finance and Commercial Director from 26 June 2017	65-70 ¹³³	60-65 ¹³⁴	-	-	-	-	27,000	25,000	95-100	85-90
David Rossington CB, ¹³⁵										

* Names of Senior Officials who were members of the Executive Board in 2017-18.

¹³⁰ The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) less (the contributions made by the individual). The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

¹³¹ The total remuneration has been calculated by adding the actual remuneration and expressing this figure to the nearest £1,000. Due to rounding the total may not exactly reflect the declared values in the components of the remuneration, such as salary and pension benefits.

¹³² The full time equivalent salary was £120-125k.

¹³³ The full time equivalent salary is £90-95k.

¹³⁴ Temporary promotion to Finance and Commercial Director from 5 July 2016 to 31 March 2017. The full year equivalent salary was £85-90k.

¹³⁵ David Rossington CB was Finance and Commercial Director to 4 July 2016 and from 1 April 2017 to 25 June 2017. He was also on temporary promotion to Director General from 5 July 2016 to 31 March 2017, during both roles he was a member of the Departmental Board. See Remuneration details over page.

Executive Board	Salary (£'000)		Bonus payments (£'000)		Benefits in kind (to nearest £100)		Pension benefits (to nearest £1000) ¹³⁶		Total (£'000) ¹³⁷	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Yasmin Brooks*, Director Cyber Security and Data Protection from 12 June 2017	70-75 ¹³⁸	-	-	-	-	-	19,000	-	85-90	-
Joe Butler*, Director Telecoms from 1 May 2018 and Chief Scientific Adviser from 1 October 2017 ¹³⁹	105-110 ¹⁴⁰	-	-	-	-	-	-	-	105-110	-
Sarah Connolly*, Director Security and Online Harms from 3 April 2017	85-90	-	5-10	-	-	-	87,000	-	180-185	-
Dean Creamer*, temporary promotion to Director of Commonwealth Games, Sport & Gambling from 15 January 2018	15-20 ¹⁴¹	-	-	-	-	-	13,000	-	30-35	-
Graham Floater*, Director International from 6 November 2017	45-50 ¹⁴²	-	-	-	-	-	19,000	-	65-70	-
Hugh Harris*, Director, Media, & Creative Industries	90-95 ¹⁴³	90-95	-	-	-	-	29,000	33,000	120-125	120-125
James Heath*, Director Telecoms from 1 September 2017	65-70 ¹⁴⁴	-	-	-	-	-	27,000	-	95-100	-
Georgia Hutchinson*, temporary promotion to Director of the Office for Civil Society from 12 March 2018	0-5 ¹⁴⁵	-	-	-	-	-	2,000	-	5-10	-
Raj Kalia*, CEO BDUK from 8 January 2018	30-35 ¹⁴⁶	-	-	-	-	-	14,000	-	45-50	-
Claudia Kenyatta*, Director, Corporate Strategy ¹⁴⁷	55-60 ¹⁴⁸	50-55 ¹⁴⁹	-	-	-	-	48,000	129,000	105-110	180-185
David Knott*, Director of Office for Civil Society from 27 November 2017 to 11 March 2018	20-25 ¹⁵⁰	-	-	-	-	-	20,000	-	40-45	-
Debra Lang*, Deputy Director HR, temporary promotion to Director HR, Organisational Development and Change from 1 February 2018	10-15 ¹⁵¹	-	-	-	-	-	24,000	-	35-40	-

¹³⁶ The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) less (the contributions made by the individual). The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

¹³⁷ The total remuneration has been calculated by adding the actual remuneration and expressing this figure to the nearest £1,000. Due to rounding the total may not exactly reflect the declared values in the components of the remuneration, such as salary and pension benefits.

¹³⁸ The full time equivalent salary is £85-90k.

¹³⁹ On secondment from Ofcom since 1 May 2018, formerly as Director Telecoms.

¹⁴⁰ The full time equivalent salary is £115-120k.

¹⁴¹ The full time equivalent salary is £85-90k.

¹⁴² The full time equivalent salary is £115-120k.

¹⁴³ Shared parental leave from 20 February 2017 to 1 January 2018. Works part-time from 2 January (0.90 FTE). The full time equivalent salary is £90-95k.

¹⁴⁴ The full time equivalent salary is £115-120k.

¹⁴⁵ Covering David Knott's shared parental leave. Works part-time (0.80 FTE). The full time equivalent salary is £85-90k.

¹⁴⁶ The full time equivalent salary is £145-150k.

¹⁴⁷ Job share with Kate Joseph until 4 March 2018, working part time (0.6 FTE). Full-time since 5 March 2018.

¹⁴⁸ The full time equivalent salary is £90-95k.

¹⁴⁹ The full time equivalent salary was £85-90k.

¹⁵⁰ Works part-time (0.94 FTE). The full time equivalent salary is £90-95k. Started shared parental leave on 12 March 2018.

¹⁵¹ The full time equivalent salary is £90-£95k.

Executive Board (continued)	Salary (£'000)		Bonus payments (£'000)		Benefits in kind (to nearest £100)		Pension benefits (to nearest £1000) ¹⁵²		Total (£'000) ¹⁵³	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Gila Sacks*, Director Digital and Technology Policy from 2 May 2017	80-85 ¹⁵⁴	-	-	-	-	-	21,000	-	105-110	-
Andrea Young*, Director, Broadcasting, Media and Creative Industries	55-60 ¹⁵⁵	70-75 ¹⁵⁶	-	-	-	-	11,000	20,000	65-70	90-95
Mark Fisher*, Director of the Office for Civil Society to 25 June 2017	30-35 ¹⁵⁷	125-130	-	10-15	-	-	(2,000)	27,000	25-30	160-165
Kate Joseph*, Director Corporate Strategy to 4 March 2018 ¹⁵⁸	60-65 ¹⁵⁹	60-65 ¹⁶⁰	-	-	-	-	36,000	56,000	95-100	115-120
Clare Pillman*, Director, Sport & Culture to 23 February 2018	80-85 ¹⁶¹	90-95	0-5	5-10	-	-	7,000	26,000	85-90	125-130
Rosemary Pratt*, Director, Europe, Digital and Data Security to 7 January 2018	45-50 ¹⁶²	75-80 ¹⁶³	-	-	-	-	31,000	29,000	75-80	105-110
William Priest*, CEO BDUK from 11 April 2017 to 20 January 2018 ¹⁶⁴	95-100	-	-	-	-	-	-	-	95-100	-
David Rossington CB*, Director, Office for Civil Society to 8 February 2018	100-105 ¹⁶⁵	125-130 ¹⁶⁶	-	10-15	-	-	10,000	23,000	110-115	155-160
Chris Townsend OBE*, CEO BDUK to 5 May 2017 ¹⁶⁷	15-20	170-175	30-35	30-35	-	-	-	65,000	45-50	265-270
Sarah Healey, Director General to 4 July 2016	-	35-40 ¹⁶⁸	-	10-15	-	-	-	15,000	-	60-65

* Names of Senior Officials who were members of the Executive Board in 2017-18.

¹⁵² The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) less (the contributions made by the individual). The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

¹⁵³ The total remuneration has been calculated by adding the actual remuneration and expressing this figure to the nearest £1,000. Due to rounding the total may not exactly reflect the declared values in the components of the remuneration, such as salary and pension benefits.

¹⁵⁴ The full time equivalent salary is £90-95k.

¹⁵⁵ Andrea Young works part time (0.60 FTE). The full time equivalent salary was £95-100k.

¹⁵⁶ The full time equivalent salary was £95-100k.

¹⁵⁷ The full time equivalent salary is £125-130k.

¹⁵⁸ Job share with Claudia Kenyatta, worked part time at 0.7 FTE.

¹⁵⁹ The full time equivalent salary is £90-95k.

¹⁶⁰ The full time equivalent salary was £85-90k.

¹⁶¹ The full time equivalent salary is £90-95k.

¹⁶² Rosemary Pratt worked part-time (0.60 FTE), reducing her hours from 0.88 FTE on 19 June 2017. The full time equivalent salary is £90-95k.

¹⁶³ The full time equivalent salary was £85-90k.

¹⁶⁴ William Priest was a temporary appointment and covered the CEO BDUK role from 11 April 2017 to 20 January 2018. He was paid at a fixed day rate and was not a part of the Civil Service Pension Scheme.

¹⁶⁵ The full time equivalent salary was £115-120k.

¹⁶⁶ On temporary promotion to director general from 5 July 2016 to 31 March 2017. The full year equivalent salary was £125-130k.

¹⁶⁷ Chris Townsend OBE was appointed as CEO BDUK effective 1 April 2014 for a fixed employment term of 3 years. This was extended to 31 March 2018 on 21 November 2016, however Chris resigned from 5 May 2017 and William Priest was appointed in the interim before Raj Kalia joined the department on 8 January 2018.

¹⁶⁸ The full time equivalent salary was £110-115k.

Salary

'Salary' includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by the department and thus recorded in these accounts. In respect of ministers in the House of Commons, departments bear only the cost of the additional ministerial remuneration; the salary for their services as an MP (£76,011 from 1 April 2017, £74,962 from 1 April 2016) and various allowances to which they are entitled are borne centrally. However, the arrangement for ministers in the House of Lords is different in that they do not receive a salary but rather an additional remuneration, which cannot be quantified separately from their ministerial salaries. This total remuneration, as well as the allowances to which they are entitled, is paid by the department and is therefore shown in full in the figures above.

Non-consolidated performance related pay awards

The performance management and reward policy for members of the Senior Civil Service (SCS), including board members, is managed within a central framework set by the Cabinet Office. The framework allows for non-consolidated performance related awards to be paid to a maximum of 25% of members of the SCS. The SCS performance management and reward principles include explanations of how non-consolidated performance awards are determined¹⁶⁹.

SCS non-consolidated pay is agreed each year following Senior Salaries Review Body recommendations, and is expressed as a percentage of the department's total base pay for the SCS. The DCMS Senior Pay Committee is responsible for assessing the relative contribution of individual SCS members and making the final pay decisions. Non-consolidated performance pay is awarded in arrears.

The non-consolidated performance pay included in the 2017-18 figures in the above table relate to awards made in respect of the 2016-17 performance year but paid in the financial year 2017-18. Similarly, the comparable bonuses reported for 2016-17 relate to performance in 2015-16.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the department and treated by HMRC as a taxable emolument. No minister has received living accommodation provided at public expense and chargeable to tax under s163 of the Income and Corporation Taxes Act 1988.

¹⁶⁹ <https://www.gov.uk/government/collections/senior-civil-service-performance-management-and-reward>

Pay multiples (subject to audit)

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in DCMS in the financial year 2017-18 was £180-185,000 (2016-17: £200-205,000). This was 4.72 times (2016-17: 5.17) the median remuneration of the workforce, which was £38,652 (2016-17: £39,177).

In 2017-18, nil (2016-17: nil) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £21,160 to £185,000 (2016-17: £20,028 to £205,000).

Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

	2017-18	2016-17
Band of highest paid Director's total remuneration (£'000)	180-185	200-205
Median total actual remuneration (FTE) (£)	38,652	39,177
Ratio	4.72	5.17

The decrease in the ratio from 2016-17 to 2017-18 can be explained by the decrease in the highest paid director's annual remuneration. If the highest paid director's annual remuneration had remained the same, this would have resulted in an increase of 0.07 on last year's ratio.

Non-executive board members

Non-executive board member	Remuneration and full year equivalent (£'000)	
	2017-18	2016-17
Charles Alexander (current Chair) from 18 April 2016	20-25	10-15 ¹⁷⁰
Fields Wicker-Miurin OBE	20-25	15-20
Neil Mendoza	15-20	15-20
Matthew Campbell-Hill from 18 July 2016	15-20	10-15 ¹⁷¹
Ajay Chowdhury to 20 September 2016	-	5-10 ¹⁷²
Sir David Verey CBE to 9 December 2016	-	10-15 ¹⁷³

¹⁷⁰ Charles Alexander assumed the position of chair from Sir David Verey in December 2016. His full time equivalent salary was £20-25k.

¹⁷¹ The full year equivalent salary was £15-20k.

¹⁷² The full year equivalent salary was £15-20k.

¹⁷³ The full year equivalent salary was £20-25k.

Pension benefits – ministers (subject to audit)

Minister	Accrued pension at age 65 as at 31 March 2018 (£'000)	Real increase in pension at age 65 (£'000)	CETV at 31 March 2018 (£'000)	CETV at 31 March 2017 (£'000)	Real increase in CETV (£'000)
The Rt Hon Matt Hancock MP, Secretary of State for Digital, Culture, Media and Sport from 9 January 2018 ¹⁷⁴	2	1	16	9	2
Margot James MP, Minister of State for Digital, Culture, Media and Sport from 10 January 2018	1	-	12	-	1
Lord Ashton of Hyde, Parliamentary Under Secretary of State from 14 June 2017	-	-	-	-	-
Tracey Crouch MP, Parliamentary Under Secretary of State	1	-	11	7	1
Michael Ellis MP, Parliamentary Under Secretary of State from 10 January 2018	1	-	8	-	1
The Rt Hon Karen Bradley MP, Secretary of State to 8 January 2018	4	1	46	36	4
John Glen, MP Parliamentary Under Secretary of State from 14 June 2017 to 9 January 2018	-	-	2	-	1
Rob Wilson MP, Parliamentary Under Secretary of State for Civil Society to 9 June 2017	1	-	16	15	-
The Rt Hon John Whittingdale MP, Secretary of State to 14 July 2016	-	-	-	75	-
Ed Vaizey MP, Minister of State to 17 July 2016	-	-	-	57	-
David Evennett MP, Parliamentary Under Secretary of State to 3 July 2016 ¹⁷⁵	-	-	-	-	-
Baroness Neville-Rolfe DBE CMB, Lords Minister to 17 July 2016 ¹⁷⁶	-	-	-	-	-
Baroness Shields, Lords Minister to 16 December 2016	-	-	-	-	-

Ministerial pensions

Pension benefits for ministers are provided by the Parliamentary Contributory Pension Fund (PCPF). The scheme is made under statute and the rules are set out in the Ministers' etc. Pension Scheme 2015, available at: <http://gna.files.parliament.uk/ws-attachments/170890/original/PCPF%20MINISTERIAL%20SCHEME%20FINAL%20RULES.doc>.

Those ministers who are Members of Parliament may also accrue a MP's pension under the PCPF (details of which are not included in this report). A new MP's pension scheme was introduced from May 2015, although members who were aged 55 or older on 1 April 2013 have transitional protection to remain in the previous final salary pension scheme.

¹⁷⁴ Previously Minister of State for Digital, Culture, Media and Sport from 15 July 2016.

¹⁷⁵ David Evennett MP was an unpaid Minister temporarily covering the portfolio of Tracey Crouch MP during her maternity leave.

¹⁷⁶ Most members of the Lords do not receive a salary for their parliamentary duties but are eligible to receive allowances and, within certain limits, the travel expenses they incur in fulfilling their parliamentary duties. See the Parliament website for more information.

Benefits for ministers are payable from State Pension age under the 2015 scheme. Pensions are re-valued annually in line with Pensions Increase legislation both before and after retirement. The contribution rate from May 2015 is 11.1% and the accrual rate is 1.775% of pensionable earnings.

The figure shown for pension value includes the total pension payable to the member under both the pre and post 2015 Ministerial pension schemes.

The cash equivalent transfer value (CETV)

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total Ministerial service, not just their current appointment as a minister. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

The real increase in the value of the CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation or contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Pension benefits – officials (subject to audit)

Departmental Board Officers	Accrued pension at pension age as at 31 March 2018 and related lump sum (£'000)	Real increase in pension and related lump sum as at pension age (£'000)	CETV at 31 March 2018 (£'000)	CETV at 31 March 2017 (£'000)	Real increase in CETV (£'000)	Employer contribution to partnership pension account (nearest £100)
Dame Sue Owen DCB*, Permanent Secretary & Accounting Officer	70-75 plus a lump sum of 210-215	0-2.5 plus a lump sum of 0-2.5	1,568	1,561	11	-
Matthew Gould*, Director General for Digital and Media	45-50	2.5-5	689	594	32	-
Helen Judge*, Director General for Performance and Strategy from 3 April 2017	25-30 plus a lump sum of 55-60	5-7.5 plus a lump sum of 10-12.5	449	336	86	-
Tim Sparrow*, Finance and Commercial Director from 26 June 2017	15-20	0-2.5	169	153	10	-
David Rossington CB ¹⁷⁷						

* Names of Senior Officials who were members of the Executive Board in 2017-18.

¹⁷⁷ David Rossington CB was Finance and Commercial Director to 4 July 2016 and from 1 April 2017 to 25 June 2017. He was also on temporary promotion to Director General from 5 July 2016 to 31 March 2017, during both roles he was a member of the Departmental Board. See Pension Benefit details over page.

Executive Board	Accrued pension at pension age as at 31 March 2018 and related lump sum (£'000)	Real increase in pension and related lump sum as at pension age (£'000)	CETV at 31 March 2018 (£'000)	CETV at 31 March 2017 (£'000)	Real increase in CETV (£'000)	Employer contribution to partnership pension account (nearest £100)
Yasmin Brooks*, Director Cyber Security and Data Protection from 12 June 2017	20-25 plus a lump sum of 45-50	0-2.5 plus a lump sum of 0	277	254	6	-
Joe Butler*, Chief Scientific Adviser from 1 October 2017 ¹⁷⁸	-	-	-	-	-	-
Sarah Connolly*, Director Security and Online Harms from 3 April 2017	15-20	2.5-5	206	151	40	-
Dean Creamer*, temporary promotion to Director of Commonwealth Games, Sport & Gambling from 15 January 2018	25-30	0-2.5	287	279	5	-
Graham Floater*, Director International from 6 November 2017	0-5	0-2.5	12	-	8	-
Hugh Harris*, Director, Media, & Creative Industries	20-25	0-2.5	256	228	8	-
James Heath*, Director Telecoms from 1 September 2017	0-5	0-2.5	15	0	10	-
Georgia Hutchinson*, temporary promotion to Director Office for Civil Society from 12 March 2018*	15-20 plus a lump sum of 40-45	0-2.5 plus a lump sum of 0-2.5	226	224	1	-
Raj Kalia*, CEO BDUK from 8 January 2018	0-5	0-2.5	9	0	6	-
Claudia Kenyatta*, Director, Corporate Strategy	30-35	2.5-5	391	341	24	-
David Knott*, Director of Office for Civil Society from 27 November 2017	20-25	0-2.5	206	195	7	-
Debra Lang*, Deputy Director HR, temporary promotion to Director HR, Organisational Development and Change from 1 February 2018	30-35 plus a lump sum of 80-85	0-2.5 plus a lump sum of 0-2.5	568	547	18	-
Gila Sacks*, Director Digital and Technology Policy from 12 June 2017	10-15	0-2.5	95	83	5	-
Andrea Young*, Director, Broadcasting, Media and Creative Industries	25-30 plus a lump sum of 75-80	0-2.5 plus a lump sum of 0	533	496	4	-

¹⁷⁸ On secondment from Ofcom since 1 May, formerly as Director Telecoms.

Executive Board (continued)	Accrued pension at pension age as at 31 March 2018 and related lump sum (£'000)	Real increase in pension and related lump sum as at pension age (£'000)	CETV at 31 March 2018 (£'000)	CETV at 31 March 2017 (£'000)	Real increase in CETV (£'000)	Employer contribution to partnership pension account (nearest £100)
Mark Fisher*, Director of the Office for Civil Society to 25 June 2017	50-55 plus a lump sum of 160-165	0-2.5 plus a lump sum of 0-2.5	1,162	1,152	-2	-
Kate Joseph*, Director Corporate Strategy to 4 March 2018	15-20	0-2.5	213	182	17	-
Clare Pillman*, Director, Sport & Culture until 23 February 2018	30-35 plus a lump sum of 85-90	0-2.5 plus a lump sum of 0	614	580	-4	-
Rosemary Pratt*, Director, Europe, Digital and Data Security until 7 January 2018	35-40	0-2.5	540	494	19	-
William Priest*, CEO BDUK until 20 January 2018 ¹⁷⁹	-	-	-	-	-	-
David Rossington CB*, Director, Office for Civil Society until 8 February 2018	70-75 plus a lump sum of 105-110	0-2.5 plus a lump sum of 0	1,539	1,473	21	-
Chris Townsend OBE*, CEO BDUK until 5 May 2017	-	-	-	184	-	-
Sarah Healey, Director General* until 4 July 2016	-	-	-	261	-	-

* Names of Senior Officials who were members of the Executive Board in 2017-18.

Civil Service pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or **alpha**, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined **alpha**. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: 3 providing benefits on a final salary basis (**classic**, **premium** or **classic plus**) with a normal pension age of 60; and one providing benefits on a whole career basis (**nuvos**) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus**, **nuvos** and **alpha** are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13

¹⁷⁹ William Priest was a temporary appointment and covered the CEO BDUK role from 11 April 2017 to 20 January 2018. He was paid at a fixed day rate and was not a part of the Civil Service Pension Scheme.

years and 5 months from their normal pension age on 1 April 2012 will switch into **alpha** sometime between 1 June 2015 and 1 February 2022. All members who switch to **alpha** have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (**partnership** pension account).

Employee contributions are salary-related and range between 3.8% and 8.05% of pensionable earnings for members of **classic** (and members of **alpha** who were members of **classic** immediately before joining **alpha**) and between 4.6% and 8.05% for members of **premium**, **classic plus**, **nuvos** and all other members of **alpha**. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **Classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in **alpha** build up in a similar way to **nuvos**, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The **partnership** pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% up to 30 September 2015 and 8% and 14.75% from 1 October 2015 (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary up to 30 September 2015 and 0.5% of pensionable salary from 1 October 2015 to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus**, 65 for members of **nuvos**, and the higher of 65 or State Pension Age for members of **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk.

The cash equivalent transfer value (CETV)

A cash equivalent transfer value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

The real increase in the value of the CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Compensation for loss of office

No departmental board members left under agreed terms or were paid compensation for loss of office in 2017-18.

Ministers

Rob Wilson left under severance terms on 9 June 2017. He received a compensation payment of £5,594 (gross).

Special advisors

Craig Woodhouse left under severance terms on 21 April 2017. He received a compensation payment of £15,749 (gross)¹⁸⁰.

Aidan Corley left under severance terms on 21 April 2017. He received a compensation payment of £12,000 (gross)¹⁸¹.

Romilly Dennys left under severance terms on 8 January 2018. She received a compensation payment of £16,250 (gross)¹⁸².

¹⁸⁰ Craig Woodhouse was subsequently re-employed as a Special Advisor and paid back £4,600 (net) of his compensation payment.

¹⁸¹ Aidan Corley was subsequently re-employed as a Special Advisor and paid back £3,153.59 (net) of his compensation payment.

¹⁸² Romilly Dennys was subsequently re-employed as a Special Advisor and is paying back a proportion of her compensation payment.

Staff report

The number of core department senior civil servants by £5,000 paybands:

Payband	Number of Staff (SCS) Headcount 31 March 2018	Number of Staff (SCS) Headcount 31 March 2017
£60,000-£64,999	0	3
£65,000-£69,999	22	16
£70,000-£74,999	12	7
£75,000-£79,999	6	4
£80,000-£84,999	4	4
£85,000-£89,999	6	5
£90,000-£94,999	8	4
£95,000-£99,999	2	2
£100,000-£104,999	1	0
£105,000-£109,999	0	0
£110,000-£114,999	0	0
£115,000-£119,999	3	0
£120,000-£124,999	2	1
£125,000-£129,999	0	2
£130,000-£134,999	0	0
£135,000-£139,999	0	0
£140,000-£144,999	1	2
£145,000-£149,999	1	0
£150,000-£154,999	0	0
£155,000-£159,999	0	1
£160,000-£164,999	1	0
£165,000-£169,999	0	0
£170,000-£174,999	0	1
TOTAL	69	52

Number of core department civil service staff (or equivalent but excluding contract and agency staff) by band

The grading structure of the department based on full time equivalent (FTE) staff in post:

Grade	FTE payroll staff at 31 March 2018	FTE payroll staff at 31 March 2017
Permanent Secretary	1.0	1.0
Senior Civil Service pay band 3	2.0	2.0
Senior Civil Service pay band 2	17.1	10.2
Senior Civil Service pay band 1	45.2	37.3
Grade A (Upper) (Grade 6)	85.6	43.6
Grade A (Grade 7)	262.9	191.0
Grade B (HEOD fast stream)	0.0	3.0
Grade B (HEO/SEO)	300.0	225.6
Grade C (EO)	139.6	116.8
Grade D (AO/AA)	11.0	11.0
Total	864.4	641.5

DCMS group staff numbers and related costs (subject to audit)

Staff costs comprise:	2017-18						Restated 2016-17
	Permanently employed staff £'000	Others £'000	Contract and Agency Staff £'000	Ministers £'000	Special Advisors £'000	Total £'000	Total £'000
Wages & salaries	1,356,238	4,923	35,647	228	62	1,397,098	1,396,941
Social security costs	151,112	655	-	14	8	151,789	142,566
Pension costs	333,906	164	-	2	8	334,080	288,615
Total costs	1,841,256	5,742	35,647	244	78	1,882,967	1,828,122
Less: Recoveries in respect of outward secondments	(796)	-	-	-	-	(796)	(1,146)
Total net costs	1,840,460	5,742	35,647	244	78	1,882,171	1,826,976
Of which:							
Core department	44,741	1,525	7,981	244	78	54,569	42,878
Agency ¹⁸³	-	-	-	-	-	-	6,280
Arm's length bodies	1,795,719	4,217	27,666	-	-	1,827,602	1,777,818
Total Net Costs	1,840,460	5,742	35,647	244	78	1,882,171	1,826,976

¹⁸³ With effect from 15 March 2017 The Royal Parks Limited (a new independent body) took on the activities of the agency.

Included in wages and salaries above are notional costs of £190k (2016-17: £190k) in respect of salary costs of the Information Commissioner which are paid directly from the Consolidated Fund.

The pension attributable to the BBC PSB Group cannot be separately identified from the wider BBC group pension. Accordingly the pension costs included above include the pension costs for the entire BBC group and therefore inflate the group's staff costs.

In addition to staff costs above £4,636k (2016-17: £4,924k) was charged to capital.

Staff costs include an accrual for holiday pay in accordance with IAS 19 Employee Benefits.

Principal Civil Service Pension Scheme (PCSPS)

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSPOS) – known as “alpha” are unfunded multi-employer defined benefit schemes but the department is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2012. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation: (www.civilservicepensionscheme.org.uk).

For 2017-18, employers' contributions of £6,818k (2016-17: £5,086k) for the core department was payable to the PCSPS at one of four rates in the range 20.0% to 24.5% (2016-17: 20.0% to 24.5%) of pensionable pay, based on salary bands. In 2016-17 £755k was payable by the agency. Group employers' contributions of £57,796k (2016-17: £57,005k) were payable to the PCSPS at rates in the range of 20.0% to 24.5% (2016-17: 20.0% to 24.5%). The Scheme Actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2017-18 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employer's contributions by the core department were £69k (2016-17: £17k), £24k by the agency in 2016-17 and by the group were £1,333k (2016-17: £1,269k). These contributions were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 8.0% to 14.75% of pensionable earnings. Employers also match employee contributions up to 3% of pensionable pay.

In addition, employer contributions of £nil (2016-17: £nil) for the department, £nil (2016-17: £nil) for the agency and £128k (2016-17: £130k) for the group, representing 0.8% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirements of these employees.

For the core department, nil (2016-17: nil), the agency, no (2016-17: nil) individuals retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £10k (2016-17: £nil) for the core department (the agency was £nil in 2016-17). For the group, nil (2016-17: 6) individuals retired early on ill-health grounds.

Other pension schemes

Employer contributions to other pension schemes by the group in the year amounted to £168,266k (Restated 2016-17: £347,511k) (Note 21). A list of these bodies is provided in note 28.

Average number of persons employed (subject to audit)

The average number of full time equivalent persons employed during the year was as follows:

	2017-18						2016-17
	Permanently employed staff	Others	Contract and Agency Staff	Ministers	Special Advisors	Total	Total
Staff employed	31,359	225	774	5	1	32,364	33,722
Staff engaged on capital projects	378	-	4	-	-	382	114
Total	31,737	225	778	5	1	32,746	33,836
Of which:							
Core Department	746	18	58	5	1	828	684
Agency	-	-	-	-	-	-	124
Arm's Length Bodies*	30,991	207	720	-	-	31,918	33,028
Total	31,737	225	778	5	1	32,746	33,836

*The total number of staff employed at the BBC PSB Group is 18,210 (2016-17: 19,357). The BBC PSB Group is included above within ALBs.

Staff receivables

As at 31 March 2018, 1,664 employees (31 March 2017: 1,869 employees) of the group were in receipt of advances of travel, housing or other loans which are repayable to the employer of £2,236k (31 March 2017: £2,266k).

Sickness absence data

Average working days lost = **5.2**

The average working days lost for sickness absence increased from 3.7 in 2016-17 to 5.2 in 2017-18. This remains significantly below the Civil Service average for average working days lost (7.0 at 31 March 2017).

Expenditure on consultancy

For expenditure on consultancy, refer to Note 4.3 on page 171.

Staff composition

The number of civil service (excluding agency and contractors) staff (expressed as both headcount and full time equivalent) of the core department split between male and female as at 31 March 2018:

Grade	Headcount			FTE		
	Female	Male	Total	Female	Male	Total
Exec Team	10	9	19	9.1	8.9	18.0
Other SCS	22	28	50	20.2	27.1	47.3
Grade A (Upper) (Grade 6)	46	43	89	43.1	42.5	85.6
Grade A (Grade 7)	129	141	270	123.5	139.4	262.9
Grade B (HEO/SEO)	161	144	305	156.0	144.0	300.0
Grade C (EO)	90	53	143	88.4	51.2	139.6
Grade D (AO/AA)	7	4	11	7.0	4.0	11.0
Total	465	422	887	447.3	417.1	864.4
Percentage of staff				52%	48%	100%

Reporting of Civil Service and other compensation schemes – exit packages (subject to audit)

Exit package cost band	2017-18					
	Core Department			Departmental Group		
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
Less than £10,000	1	-	1	87	60	147
£10,000 - £25,000	3	1	4	106	80	186
£25,000 - £50,000	-	-	-	50	137	187
£50,000 - £100,000	-	-	-	14	144	158
£100,000 - £150,000	-	-	-	1	66	67
£150,000 - £200,000	-	-	-	-	1	1
More than £200,000	-	-	-	-	-	-
Total number of exit packages	4	1	5	258	488	746
Total cost (£'000)	50	23	73	4,977	25,952	30,929

Included above are 333 other departures with a cost of £20,861k relating to the BBC PSB Group.

Exit package cost band	2016-17					
	Core Department & Agency			Departmental Group		
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
Less than £10,000	1	-	1	57	96	153
£10,000 - £25,000	4	-	4	68	128	196
£25,000 - £50,000	-	-	-	39	215	254
£50,000 - £100,000	-	1 ¹⁸⁴	1	13	163	176
£100,000 - £150,000	-	-	-	-	125	125
£150,000 - £200,000	-	-	-	1	1	2
More than £200,000	-	-	-	-	1	1
Total number of exit packages	5	1	6	178	729	907
Total cost (£'000)	70	95	165	3,933	40,013	43,946

Included above are 539 other departures with a cost of £33,089k relating to the BBC PSB Group.

Civil Service Compensation Scheme

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where the group has agreed early retirements, the additional costs are met by the group and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

Other schemes

Some of the ALBs operate other schemes which are not listed in Schedule I to the Superannuation Act 1972 and may therefore apply different statutory compensation schemes. Full details can be obtained from the individual published accounts of the ALBs.

Off-payroll arrangements

Information about off-payroll arrangements in DCMS can be found on page 98.

¹⁸⁴ This is 1 voluntary exit payment which was paid in full by DCMS. The individual applied to the voluntary exit scheme whilst in Cabinet Office and then moved to DCMS through a Machinery of Government change during their voluntary exit application.

Parliamentary accountability and audit report

Statement of Parliamentary Supply

In addition to the Primary Statements prepared under IFRS, the Government Financial Reporting Manual (FRm) requires DCMS to prepare a Statement of Parliamentary Supply (SoPS) and supporting notes to show resource and capital outturn against the Supply Estimate presented to Parliament, in respect of each budgetary control limit. The SoPS and related notes are subject to audit.

Summary of Resource and Capital Outturn 2017-18

	Note							2017-18	2016-17
		Estimate			Outturn			Voted outturn compared with Estimate: saving/(excess) £'000	Outturn
		Voted £'000	Non-Voted £'000	Total £'000	Voted £'000	Non-Voted £'000	Total £'000		
Departmental Expenditure Limit (DEL)									
Resource	SoPS 1.1	1,931,791	(34,000)	1,897,791	1,617,555	(33,299)	1,584,256	314,236	1,549,802
Capital	SoPS 1.2	385,748	-	385,748	350,635	-	350,635	35,113	274,947
Total DEL budget		2,317,539	(34,000)	2,283,539	1,968,190	(33,299)	1,934,891	349,349	1,824,749
Annually Managed Expenditure (AME)									
Resource	SoPS 1.1	3,341,492	1,367,106	4,708,598	3,051,082	1,214,041	4,265,123	290,410	4,433,608
Capital	SoPS 1.2	325,635	427,041	752,676	156,136	448,775	604,911	169,499	644,851
Total AME budget		3,667,127	1,794,147	5,461,274	3,207,218	1,662,816	4,870,034	459,909	5,078,459
Total budget		5,984,666	1,760,147	7,744,813	5,175,408	1,629,517	6,804,925	809,258	6,903,208
Non-budget									
Resource	SoPS 1.1	220,000	-	220,000	220,000	-	220,000	-	(11,963)
Capital	SoPS 1.2	-	-	-	-	-	-	-	(5,955)
Total non-budget		220,000	-	220,000	220,000	-	220,000	-	(17,918)
Total		6,204,666	1,760,147	7,964,813	5,395,408	1,629,517	7,024,925	809,258	6,885,290
Total Resource	SoPS 1.1	5,493,283	1,333,106	6,826,389	4,888,637	1,180,742	6,069,379	604,646	5,971,447
Total Capital	SoPS 1.2	711,383	427,041	1,138,424	506,771	448,775	955,546	204,612	913,843
Total		6,204,666	1,760,147	7,964,813	5,395,408	1,629,517	7,024,925	809,258	6,885,290

Net Cash Requirement 2017-18

	Note	2017-18			2016-17
		Estimate £'000	Outturn £'000	Outturn compared with Estimate: saving/(excess) £'000	Outturn £'000
Net Cash Requirement	SoPS 3	5,417,055	4,926,593	490,462	4,918,573

Administration Costs 2017-18

	Note	2017-18						2016-17	
		Estimate			Outturn			Outturn	
		Voted £'000	Non-Voted £'000	Total £'000	Voted £'000	Non-Voted £'000	Total £'000	Voted outturn compared with Estimate: saving/(excess) £'000	Total £'000
Administration costs	SoPS 1.1	202,662	(31,924)	170,738	190,448	(33,299)	157,149	12,214	142,716

Figures in the areas outlined in bold above are voted totals subject to Parliamentary control. In addition, although not a separate voted limit, any breach of the administration budget will also result in an excess vote.

Prior Period Adjustment

The department has a prior period adjustment (PPA) resulting from a £220m prepayment being included in error in BBC's DCMS consolidation data feed. It is proper for the department to seek parliamentary authority for the provision that should have been sought previously. In 2017-18, the following PPA has been made, which has been included within voted Supply in the Estimate:

	Resource/ Capital	Estimate £'000	Outturn £'000
Prior period adjustment	Resource	220,000	220,000
Prior period adjustment	Capital	-	-

An analysis of variances between the Estimate and the Outturn is given in SoPS Note 1 and explanations are provided in the Statement of Parliamentary Supply Commentary on pages 127-130.

SoPS 1. Net Outturn

SoPS 1.1. Analysis of net resource outturn by section

		2017-18										2016-17			
		Administration							Programme			Outturn	Estimate		Outturn
		Gross £'000	Income £'000	Net £'000	Gross £'000	Income £'000	Net £'000	Total £'000	Net Total £'000	Net total compared to Estimate £'000	Net total compared to Estimate, adjusted for virements £'000	Total £'000			
Spending in Departmental Expenditure Limit (DEL)															
Voted expenditure															
A	Support for the Museums and Galleries sector	-	-	-	24,954	(209)	24,745	24,745	24,883	138	250	16,198			
B	Museums and Galleries sponsored ALBs (net)	-	-	-	363,201	-	363,201	363,201	409,918	46,717	46,300	362,966			
C	Libraries sponsored ALBs (net)	7,928	-	7,928	109,458	-	109,458	117,386	123,134	5,748	5,746	115,172			
D	Support for the Arts sector	367	(677)	(310)	896	(78,152)	(77,256)	(77,566)	(74,271)	3,295	3,665	(76,979)			
E	Arts and culture ALBs (net)	14,255	-	14,255	418,296	-	418,296	432,551	435,102	2,551	2,077	442,231			
F	Support for the Sports sector	-	-	-	19,004	(7,484)	11,520	11,520	11,554	34	34	7,585			
G	Sport sponsored ALBs (net)	12,788	-	12,788	133,889	-	133,889	146,677	147,470	793	1,242	128,683			
H	Ceremonial and support for the Heritage sector	585	(35)	550	85,261	(18,072)	67,189	67,739	64,810	(2,929)	1,721	48,451			
I	Heritage sponsored ALBs (net)	16,378	-	16,378	60,384	-	60,384	76,762	80,964	4,202	4,204	99,814			
	The Royal Parks	-	-	-	-	-	-	-	-	-	-	6,022			
J	Tourism sponsored ALBs (net)	31,077	-	31,077	28,758	-	28,758	59,835	60,042	207	643	57,095			
K	Support for the Broadcasting and Media sector	4,145	(40)	4,105	38,226	(1,231)	36,995	41,100	261,705	220,605	220,871	28,346			
L	Broadcasting and Media sponsored ALBs (net)	40,160	-	40,160	25,170	-	25,170	65,330	78,256	12,926	7,229	82,204			
M	Administration and Research	64,104	(587)	63,517	816	-	816	64,333	69,224	4,891	4,891	57,898			
N	Support for Horseracing and the Gambling sector	-	-	-	-	(3,714)	(3,714)	(3,714)	(3,440)	274	274	(2,539)			

SoPS 1.1 Analysis of net resource outturn by section (continued)

		2017-18										2016-17
		Administration						Outturn			Estimate	
		Administration			Programme			Total £'000	Net Total £'000	Net total compared to Estimate £'000	Net total compared to Estimate, adjusted for virements £'000	Total £'000
		Gross £'000	Income £'000	Net £'000	Gross £'000	Income £'000	Net £'000					
O	Gambling Commission (net)	-	-	-	3,222	-	3,222	3,222	3,907	685	990	1,197
P	Olympics - legacy programmes	-	-	-	437	(463)	(26)	(26)	2,492	2,518	2,518	(30,408)
Q	Office for Civil Society	-	-	-	225,807	(1,347)	224,460	224,460	236,041	11,581	11,581	255,511
	<i>Total voted</i>	<i>191,787</i>	<i>(1,339)</i>	<i>190,448</i>	<i>1,537,779</i>	<i>(110,672)</i>	<i>1,427,107</i>	<i>1,617,555</i>	<i>1,931,791</i>	<i>314,236</i>	<i>314,236</i>	<i>1,599,447</i>
Non-voted expenditure												
R	Spectrum management receipts	(33,299)	-	(33,299)	-	-	-	(33,299)	(34,000)	(701)	(701)	(49,645)
Total spending in DEL		158,488	(1,339)	157,149	1,537,779	(110,672)	1,427,107	1,584,256	1,897,791	313,535	313,535	1,549,802
Spending in Annually Managed Expenditure (AME)												
Voted expenditure												
S	British Broadcasting Corporation	-	-	-	3,028,455	-	3,028,455	3,028,455	3,282,036	253,581	253,581	3,117,377
T	Provisions, Impairments and other AME spend	-	-	-	43,569	-	43,569	43,569	59,456	15,887	15,887	14,024
	Levy bodies	-	-	-	(20,942)	-	(20,942)	(20,942)	-	20,942	20,942	7,490
	<i>Total voted</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>3,051,082</i>	<i>-</i>	<i>3,051,082</i>	<i>3,051,082</i>	<i>3,341,492</i>	<i>290,410</i>	<i>290,410</i>	<i>3,138,891</i>
Non-voted expenditure												
V	Lottery grants	-	-	-	1,214,041	-	1,214,041	1,214,041	1,367,106	153,065	153,065	1,294,717
Total spending in AME		-	-	-	4,265,123	-	4,265,123	4,265,123	4,708,598	443,475	443,475	4,433,608
Non-budget												
W	Prior period adjustments	-	-	-	220,000	-	220,000	220,000	220,000	-	-	(11,963)
Total		158,488	(1,339)	157,149	6,022,902	(110,672)	5,912,230	6,069,379	6,826,389	757,010	757,010	5,971,447

Explanations of the variances between the Outturn and Estimate are included in the Statement of Parliamentary Supply Commentary on pages 127-130.

SoPS 1. 2 Analysis of net capital outturn by section

		2017-18						2016-17
		Outturn			Estimate			Outturn
		Gross £'000	Income £'000	Net £'000	Net Total £'000	Net Total Compared with Estimate £'000	Net total compared to Estimate, adjusted for virements £'000	Total £'000
Spending in Departmental Expenditure Limit (DEL)								
Voted expenditure								
A	Support for the Museums and Galleries sector	10,921	(10,776)	145	12,500	12,355	8,893	3,118
B	Museums and Galleries sponsored ALBs (net)	62,061	-	62,061	70,240	8,179	8,179	65,867
C	Libraries sponsored ALBs (net)	2,126	-	2,126	4,921	2,795	2,795	8,050
D	Support for the Arts sector	323	-	323	305	(18)	-	314
E	Arts and culture ALBs (net)	61,507	-	61,507	60,864	(643)	-	49,316
G	Sport sponsored ALBs (net)	38,800	-	38,800	38,765	(35)	-	37,131
H	Ceremonial and support for the Heritage sector	1,291	-	1,291	2,250	959	959	5,056
I	Heritage sponsored ALBs (net)	23,675	-	23,675	23,184	(491)	-	25,401
	The Royal Parks	-	-	-	-	-	-	5,201
J	Tourism sponsored ALBs (net)	1,208	-	1,208	1,166	(42)	-	1,184
K	Support for the Broadcasting and Media sector	66,326	-	66,326	72,943	6,617	6,617	51,779
L	Broadcasting and Media sponsored ALBs (net)	91,491	-	91,491	91,879	388	388	30,522
M	Administration and Research	2,409	-	2,409	562	(1,847)	-	1,424
O	Gambling Commission (net)	947	-	947	561	(386)	-	724
P	Olympics - legacy programmes	-	-	-	-	-	-	(6,435)
Q	Office for Civil Society	(1,674)	-	(1,674)	5,608	7,282	7,282	(3,705)
Total spending in DEL		361,411	(10,776)	350,635	385,748	35,113	35,113	274,947
Spending in Annually Managed Expenditure (AME)								
Voted expenditure								
S	British Broadcasting Corporation	158,060	-	158,060	305,635	147,575	147,575	143,691
U	Channel Four Television	-	-	-	20,000	20,000	20,000	-
	Levy bodies	(1,924)	-	(1,924)	-	1,924	1,924	(2,737)
	<i>Total voted</i>	<i>156,136</i>	<i>-</i>	<i>156,136</i>	<i>325,635</i>	<i>169,499</i>	<i>169,499</i>	<i>140,954</i>
Non-voted expenditure								
V	Lottery grants	448,775	-	448,775	427,041	(21,734)	(21,734)	503,897
Total spending in AME		604,911	-	604,911	752,676	147,765	147,765	644,851
Non-budget								
W	Prior period adjustments	-	-	-	-	-	-	(5,955)
Total		966,322	(10,776)	955,546	1,138,424	182,878	182,878	913,843

Explanations of the variances between the Outturn and Estimate are included in the Statement of Parliamentary Supply Commentary on pages 127-130.

SoPS 2. Reconciliation of Outturn to Net Operating Expenditure

	Note	2017-18 Outturn £'000	2016-17 Outturn £'000
Total resource outturn in Statement of Parliamentary Supply			
Budget - DEL resource	SoPS 1.1	1,584,256	1,549,802
Budget - AME resource	SoPS 1.1	4,265,123	4,433,608
Non-budget - resource	SoPS 1.1	220,000	(11,963)
Add:			
Capital grants expenditure	4.2	691,875	635,911
Research & Development (capital)		37,471	28,521
Ofcom spectrum management receipts	SoPS 1.1	33,299	49,645
Less:			
Income from National Lottery Distribution Fund (NLDF)	5.2	(1,535,188)	(1,530,928)
BBC broadband income		(80,000)	(150,000)
Charity income (asset donations or cash donations for asset additions)		(61,645)	(154,539)
Capital grants income	5.2	(20,913)	(21,957)
Research & Development income (capital)		(12,096)	
Property sales - East Village (capital)	5.1	-	(6,435)
(Gains)/losses on net asset transfers (non-budget)	4.6	-	(860)
Other:			
Impact of intra-group transactions crossing budget categories		6,613	5,284
Prior year adjustment for BBC prepayment restatement	27	(220,000)	
Prior year adjustment for BBC restatements (prepayments, property plant and equipment and BBC Commercial Holdings)	27	-	86,729
Prior year adjustment for Futurebuilders loan recognition (resource)		-	(2,481)
Prior year adjustment for BBC finance lease (resource)		-	14,444
Net expenditure in Consolidated Statement of Comprehensive Net Expenditure		4,908,795	4,924,781

SoPS 3. Reconciliation of Net Resource Outturn to Net Cash Requirement

	Note	Estimate £'000	Outturn £'000	Net total outturn compared with Estimate: saving/(excess) £'000
Resource outturn	SoPS 1.1	6,826,389	6,069,379	757,010
Capital outturn	SoPS 1.2	1,138,424	955,546	182,878
Accruals to cash adjustments:				
<i>Adjustments to remove non-cash items</i>				
Depreciation and amortisation	4.4	(2,983)	(1,510)	(1,473)
New provisions and adjustments to previous provisions	4.5	-	(60)	60
Prior Period Adjustments	SoPS 1.1	(220,000)	(220,000)	-
Other non-cash items		-	1,135	(1,135)
Museum Loans		-	1,003	(1,003)
Public corporation borrowing		-	1,400	(1,400)
<i>Adjustments for ALBs</i>				
Remove voted resource and capital		(5,278,000)	(4,702,890)	(575,110)
Cash grant-in-aid	4.1.1	4,595,214	4,520,320	74,894
<i>Adjustments to reflect movements in working balances</i>				
Increase/(decrease) in receivables		-	(26,149)	26,149
(Increase)/decrease in payables		118,158	(8,887)	127,045
Utilisation of provisions	19	-	122	(122)
Removal of non-voted budget items:				
Other adjustments - lottery grants		(1,760,147)	(1,662,816)	(97,331)
Net cash requirement		5,417,055	4,926,593	490,462

An analysis of Consolidated Fund Income (SoPS note 4) is included in Annex B to the annual report and accounts, alongside explanatory notes supporting the Statement of Parliamentary Supply.

Statement of Parliamentary Supply commentary 2017-18

DCMS sponsors a large and diverse group of arm's length bodies, working under a variety of different accounting frameworks and with a wide range of budgetary complexities. A large proportion of the Department's funding is ring-fenced or influenced by external factors e.g. philanthropy, which makes financial risk management particularly challenging.

The voted outturn was lower than the Estimate in all categories. The commentary that follows relates to the key features of the outturn position as reported in the Statement of Parliamentary Supply and the supporting analysis in SoPS Notes 1.1 and 1.2.

Resource DEL

The voted resource DEL outturn position as reported in these Accounts is £1,617.6m, which is £314.2m (2016-17: £95.6m) or 16.3% lower than provided in the Estimate. Excluding the exceptional underspend of £213.0m related to litigation costs (see below), the underspend is £101m, or 5.9%, including underspends on ring-fenced budgets. The main reasons for this variance are:

Museums and Galleries sponsored ALBs (Line B) shows a £46.7m underspend of which £12.0m relates to depreciation identified as excess to requirements across a number of ALBs. The remainder relates to budgetary freedoms (under which the Department's more commercial ALBs operate, which allows them to utilise their own reserves by drawing down Estimates cover), including the effect of late donations and pledges, additional income raised from a number of sources, including improved trading, exhibitions, investment income, property sales and unexpected operational slippages.

Libraries sponsored ALBs (Line C) shows a £5.7m underspend of which £2.5m is due to unplanned donations. The remainder is due to slippage on a number of major projects, including St Pancras Transformed.

Support for the Arts sector (Line D) shows an underspend of £3.3m, this is due to £3.0m Hull City of Culture legacy bids which should have been recorded against Estimate Line E (Arts and Culture ALBs).

Heritage sponsored ALBs (Line I) is showing a £4.2m underspend, of which £1.8m relates to excess budget cover for depreciation that was not required. The remainder is due to project slippage.

Support for the Broadcasting and Media sector (Line K) shows a £220.6m underspend. Of this total, £213.0m relates to cover being sought for potential litigation costs that was not required. The remaining £7.6m relates to underspends on the National Cyber Security Programme (£2.6m), 5G and Fibre programmes (£1.9m), Digital Inclusion Team (£1.7m) and Tech Sector Support (£1.4m).

Broadcasting and Media sponsored ALBs (Line L) shows a £12.9m underspend, of which £5.1m relates to admin (see below). The remaining £7.8m is mainly due to Ofcom and arises from income classification changes (between resource and capital) (£5.1m), small

operational slippages to grant programmes (£0.8m) and unbudgeted rental, interest and other income (£0.6m).

Administration and Research (Line M) shows a £4.9m underspend (the admin section below refers).

The Office for Civil Society (Line Q) shows an underspend of £11.6m, which includes underspends of £7.8m on the National Citizen Service due to lower growth in participation numbers than projected and budgeted for. The remainder includes a £2.6m underspend on the Social Outcomes Fund, largely as a result of lower referrals of service users to projects than forecast, plus underspends on various other ring-fenced projects.

Administration expenditure

The voted administration expenditure outturn as reported in these accounts is £190.4m. There was a total underspend of £12.2m (2016-17: £31.1m), 6.0% lower than provided in the Estimate (or 2.6% lower excluding depreciation). The main reasons for this variance are detailed below.

Arts and Culture sponsored ALBs (line E) shows a £3.1m underspend which relates mainly to lower than expected pension costs, income exceeding budgeted amounts due to seconded staff recharges and depreciation in excess to requirements.

Broadcasting and Media sponsored ALBs (Line L) shows a £5.1m underspend arising from depreciation identified as excess to requirements for Ofcom and ICO (£4.2m), with the remainder due to delays to grant awards on Ofcom 700MHz programme.

Administration and Research (Line M) shows a £3.1m underspend, which relates to underspends on the Commonwealth Games bid team and reduced costs for EU Exit and Digital Communications roles due to delayed recruitment campaigns.

Resource AME

The voted Resource AME outturn as reported in these Accounts is £3,051.1m. The Resource AME budget showed a saving of £290.4m (2016-17: £339.3m), 8.7% lower than provided in the Estimate.

BBC (Line S) shows a £253.6m underspend mainly due to a £220.0m prior period pension adjustment with no budgetary impact being included within the Supplementary Estimate due to timing differences. Other positive variances include a budgeted £22.0m impairment not arising in year, £33.3m increased dividends, £13.4m licence fee income from DWP and £37.0m lower than estimated usage of budgets held centrally to manage commercial risks. This was netted off against negative variances relating to: reduced trading income of £30.4m; increased depreciation charges of £22.5m; and loss on revaluations of £19.2m.

The underspend in provisions, impairments and other AME spend (Line T) of £15.9m, was due to a prudent estimate of the budget required that was not needed in full.

The Levy bodies underspend of £20.9m was due to levy yields exceeding expectations in the first year of implementation of the new Horseracing Betting Levy regulations, which included changes to levy charges and targeted remote offshore operations for the first time.

Non-voted resource and capital expenditure (AME)

The non-voted resource AME expenditure and the non-voted capital AME expenditure as reported in these Accounts is £1,214.0m and £448.8m respectively.

Non-voted resource outturn on Lottery grants was £153.1m lower (2016-17: £148.1m lower) than estimated and capital outturn was £21.7m higher (2016-17: £34.3m higher) than estimated. The nature of Lottery grant-making is variable and makes forecasting challenging, which is recognised by its classification within the AME budget.

Non-budget expenditure

Non-budget outturn as reported in these Accounts is £220.0m resource. This reflects a prior period adjustment to remove a £220.0m prepayment included in error in the 2016-17 accounts, a result of an error in the data provided by the BBC. Additional information is included in Note 27.

Capital DEL

The voted capital DEL outturn as reported in these Accounts is £350.6m, which is £35.1m (2016-17: £78.9m) or 9.1% lower than provided in the Estimate.

Support for the Museums and Galleries sector (Line A) shows an underspend of £12.4m. This is largely due to the net effect of intra-group transactions between the Core Department and ALBs totalling £8.9m, which includes adjustments relating to the Blythe House operating lease (see Estimate Line B below and Note 6). The residual £3.5m underspend is due to successful commercial negotiations.

Museums and Galleries sponsored ALBs (Line B) shows an underspend of £8.2m. This is largely the net effect of an underspend of £17.1m on the ALB line offset by intra-group transactions of £8.9m against Estimate Line A, see above. Of the £17.1m, £6.7m related to proceeds from sale of investments at the British Museum (which were subsequently reinvested in the new year), with the remainder due to donations, additional grant income, and slippage on capital expenditure across a number of museums and galleries. The largest of these were: £3.6m at the Science Museum arising from delays to its medicine galleries and special exhibition projects; £3.5m from National Portrait Gallery Inspiring People project, and £1.9m from the National Maritime Museum also a result of donations. This was offset by a reduction in forecast capital receipts across a small number of museums, with the largest relating to £2.6m from the National Gallery.

Libraries sponsored ALBs (Line C) shows a £2.8m underspend due to disposal of investments at the British Library.

Support for the broadcasting and media sector (Line K) shows an underspend of £6.6m, of which £2.9m relates to initiatives on the 5G and Fibre programmes which started later than planned. The remaining underspend falls within Digital Economy Unit, of which some of the

unused capital should have been transferred to Estimate Line M (Administration and Research) at the Supplementary Estimate to cover accommodation works.

The Office for Civil Society (Line Q) shows an underspend of £7.3m, which is due to loan repayments on the Future Builders Grant not anticipated at the time of the Supplementary Estimate.

Capital AME

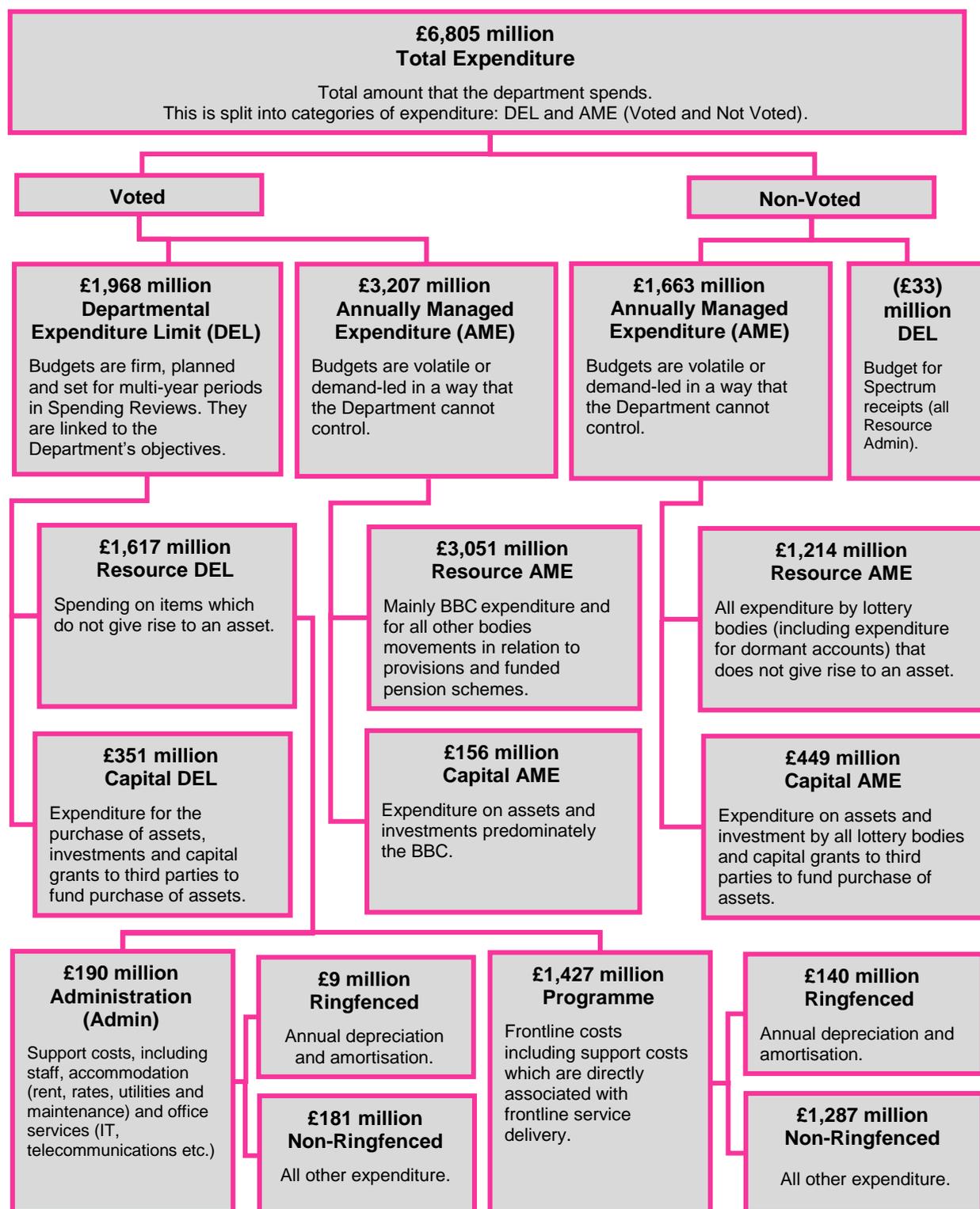
The voted capital AME outturn as reported in these Accounts is £156.1m, which is £169.5m (2016-17: £0.5m), or 52.1% lower than provided in the Estimate.

BBC (Line S) shows a £147.6m underspend mainly a result of budget to cover borrowing requirements not being needed. BBC have the freedom to operate within its net borrowing limit of £350.0m. This limit is in place to provide BBC with the flexibility to operate in the commercial world. The budget cover request was based on the prudent estimate of BBC using the full headroom available (which is the budget up to the borrowing limit), whereas £169.7m of the headroom was not required resulting in an underspend. The other underspends were slippages on a number of capital projects (£20.3m), research and development reclassifications (£7.1m) offset by a £49.5m overspend due to investments in subsidiaries.

Channel Four Television (Line U) shows a £20.0m underspend due to budget cover secured to cover commercial borrowings not being required. As a public corporation Channel 4 have the freedom to borrow up to £200.0m; as part of the borrowing they have a revolving credit facility to support mid month working capital fluctuations. The £20.0m was a risk based estimate of the revolving credit facility drawdown as at 31 March.

Financial Review

Each year Parliament approves the total funds available to the department to spend against specific objectives (within agreed budgetary limits). It is against these limits that the department, as guided by HM Treasury’s spending control framework, is held accountable for its performance and the use of taxpayers’ funds. The diagram below explains the different budgets managed by the department and their purpose:

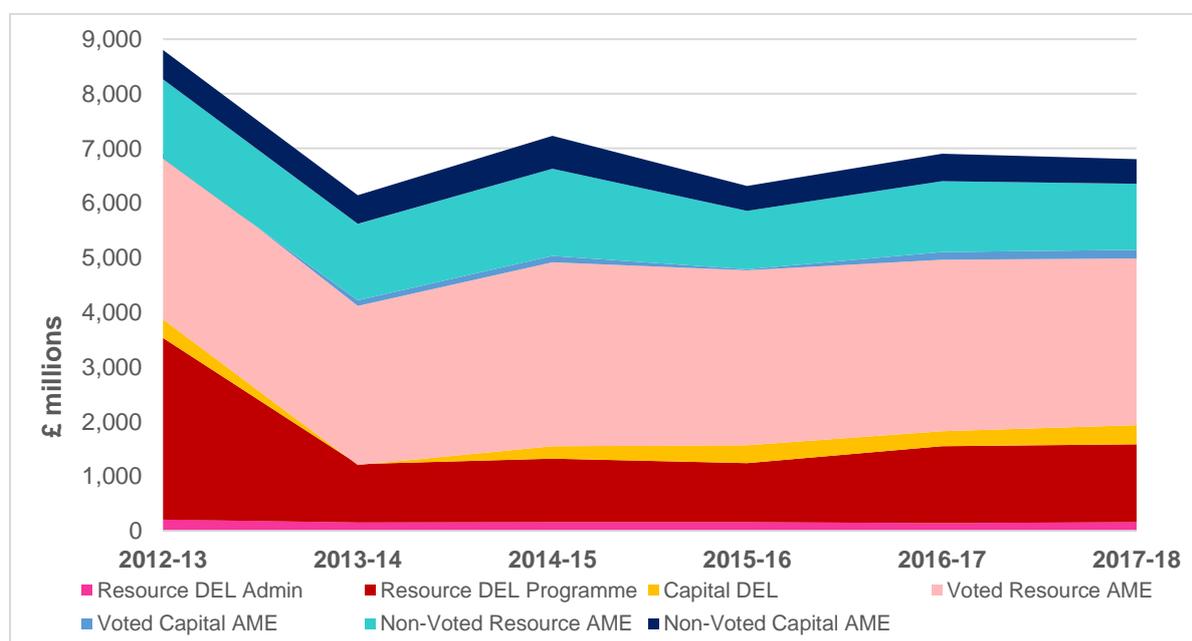


Trends in total expenditure over the last six years

The table below¹⁸⁵ shows the department's outturn by budget type for current and prior years:

Type of spend	2012-13 outturn £m	2013-14 outturn £m	2014-15 outturn £m	2015-16 outturn £m	2016-17 outturn £m	2017-18 outturn £m
Voted DEL						
Resource DEL Admin	269	208	213	211	192	190
Resource DEL Programme	3,322 ¹⁸⁶	1,069	1,163	1,082	1,407 ¹⁸⁷	1,427
Capital DEL	342	(16) ¹⁸⁸	228	328	275	351
Total Voted DEL	3,933	1,261	1,604	1,621	1,874	1,968
Non-Voted Resource DEL	(60)	(55)	(53)	(52)	(50)	(33)
Total Voted and Non-Voted	3,873	1,206	1,551	1,569	1,824	1,935
Voted AME						
Resource AME	3,031	2,911	3,363 ¹⁸⁹	3,201	3,139	3,051
Capital AME	(89)	104	118	20	141	156
Total Voted AME	2,942	3,015	3,481	3,221	3,280	3,207
Non-Voted AME						
Resource AME	1,450	1,399	1,594	1,070	1,295	1,214
Capital AME	537	524	602	454	504	449
Total Non-Voted AME	1,987	1,923	2,196	1,524	1,799	1,663
Total Voted and Non-Voted	4,929	4,938	5,677	4,745	5,079	4,870
Total Expenditure	8,802	6,144	7,228	6,314	6,903	6,805

Total Voted and Non-Voted Expenditure by budget type:



¹⁸⁵ All figures are presented as reported in the Statement of Parliamentary Supply in those years' accounts. They have not been adjusted for any restatements arising from non-budgetary prior period adjustments, Machinery of Government Changes or errors.

¹⁸⁶ Includes £1,575m for London 2012 Olympics (including depreciation) and £502m for Olympic Legacy Programmes.

¹⁸⁷ Includes £256m for Office for Civil Society not included in prior years.

¹⁸⁸ Includes net capital income of £184m relating to Olympic disposals.

¹⁸⁹ Increase to prior year predominately relates to an increase in BBC expenditure.

Statement of Financial Position Commentary

DCMS Group Statement of Financial Position: Assets

The table below shows material asset classes included in the Statement of Financial Position.

Statement of Financial Position	Restated 2015-16 £'000	Restated 2016-17 £'000	2017-18 £'000	Restated 2015-16 % of assets	Restated 2016-17 % of assets	2017-18 % of assets
Assets						
Property, plant and equipment	7,059,279	7,583,882	7,126,583	49%	50%	46%
Heritage assets	1,291,277	1,432,361	1,506,055	9%	9%	10%
Non-current and current receivables	1,271,098	1,226,627	1,483,722	9%	8%	10%
Investment properties	169,905	208,970	196,781	1%	1%	1%
Inventories	307,290	262,169	191,301	2%	2%	1%
Cash and cash equivalents	2,388,669	2,064,512	2,318,248	16%	14%	15%
Other assets	2,016,819	2,496,717	2,706,238	14%	16%	17%
Total assets	14,504,337	15,275,238	15,528,928	100%	100%	100%

Whilst the percentage split across asset classes has been fairly consistent across the years, the year on year increases are a result of a number of different factors for each asset class.

1. Property, plant and equipment

The most significant reasons for the decreasing value of PPE are:-

- Land and buildings downward revaluations of £243m in 2017-18 (2016-17: upward revaluations of £482m) – this is largely due to the British Library which decreased by £443m because a new property advisor applied a zero based approach to the valuation of the St Pancras site and the associated fit out assets, as well as a different RICS approved valuation method this year.
- Plant & machinery downward revaluations of £98m in 2017-18 (2016-17: upward revaluations of £153m) of which £143m relates to the British Library. This was partially offset by a transfer from Assets Under Construction following the completion of the Tate's St Ives development project.

In the year £143m (2016-17: £204m) was reclassified from Assets Under Construction to other asset groups, including £59m to buildings following a major project completion at the Victoria and Albert Museum.

Additions in the year were £224m (2016-17: £274m) which were more than offset by a depreciation charge in year of £309m (2016-17: £304m). The majority of the additions (£118m) and depreciation charge (£133m) for the year relates to the BBC.

Of the total PPE £4.5 billion (2016-17: £4.4 billion) is held by the Museums and Galleries whilst the BBC holding is £1.4 billion (2016-17: £1.4 billion) and the British Library holding is £0.9 billion (2016-17: 1.5 billion).

2. Heritage assets

The DCMS Group are tasked with preserving the Nation's heritage and are therefore custodians of a large number of heritage assets, which are held for their contribution to knowledge and culture. Many of the heritage assets (notably those held before April 2001) have not been valued, since the costs of doing so are not commensurate with the benefits.

The year on year increase in the value of heritage assets is attributable to additions (often funded by cash donations to fund acquisition), donations and upward revaluations.

The majority of heritage assets are not depreciated as the length of their expected useful economic life is considered close to infinite. As a result the expectation is that the value of DCMS' holding of Heritage Assets will continue to increase year on year. In addition to the museums and galleries holding of £1.2 billion (a £0.1 billion increase on the prior year), Heritage Assets are also held by ACE, the British Library and Historic England.

3. Non-current and current receivables

This is mainly attributable to the BBC and relates to licence fee receivables of £405m, prepayments for programme acquisitions of £291m and sports rights of £138m.

4. Investment properties

The BBC holds £175m of the group's Investment Property (2016-17: £184m).

5. Inventories

The BBC holds the majority of the Group's inventories, this relates to programmes that are either in production or have not yet been aired.

6. Cash

Of the Group cash balance £1.2 billion (2016-17: £1.4 billion) was held by Lottery Distributing Bodies (in the National Lottery Distribution Fund) and as such only available to fund lottery grants (see payables below).

7. Other assets

The BBC holds the majority of the Group's other assets, this primarily relates to the BBC's investments in subsidiaries of £1,524m which increased by £289m during the year.

DCMS Group Statement of Financial Position: Liabilities

The table below shows material liability classes included in the Statement of Financial Position.

Statement of Financial Position	2017-18	Restated 2016-17	Restated 2015-16	2017-18 % of liabilities	Restated 2016-17 % of liabilities	Restated 2015-16 % of liabilities
	£'000	£'000	£'000			
Liabilities						
Non-current payables	(2,560,737)	(2,509,783)	(2,493,541)	38%	35%	39%
Current payables	(2,755,139)	(2,565,256)	(2,651,167)	41%	36%	41%
Provisions	(173,976)	(129,217)	(127,660)	3%	2%	2%
Pensions	(716,840)	(1,363,318)	(1,174,672)	10%	19%	18%
Other liabilities	(520,393)	(525,987)	(3,768)	8%	8%	0%
Total liabilities	(6,727,085)	(7,093,561)	(6,450,808)	100%	100%	100%

8. Non-current and current payables

Of the total current payables, £1.3 billion (2016-17: £1.3 billion) relates to the Lottery Distributing Bodies, whilst these same bodies' share of non-current payables is £1.7 billion (2016-17: £1.6 billion). Current payables are generally covered by cash holdings (see above). Non-current payables reflect the fact that many of the Lottery Distributing Bodies grants payable are used to fund projects that take several years to complete.

9. Pensions

The most significant element of the pension liability relates to the BBC, which has decreased by £631m from the prior year following an actuarial valuation. Further details are set out in Note 21 of the accounts.

10. Other liabilities

The balance relates almost entirely to the BBC. The decrease of £5.6m relates to a downward revaluation of the BBC's derivatives.

Parliamentary accountability disclosures

Regularity of expenditure (this section is subject to audit).

Losses

	2017-18			
	Core Department		Departmental Group	
	Cases	Amount £'000	Cases	Amount £'000
Total	2	238	364	2,847

There were no individual losses over £300k for 2017-18.

	2016-17			
	Core Department & Agency		Departmental Group	
	Cases	Amount £'000	Cases	Amount £'000
Total	6	411	365	4,476

Details of losses over £300k for 2016-17:

- Big Lottery Fund incurred a loss of £372k, being the write off cost incurred as a result of the liquidation of the Barge Inn Community Project.
- A ring from the British Museum's heritage asset collection valued at £750k was declared lost under the British Museum's Procedure for the Reporting of Unlocated and Lost Objects.

Special Payments

	2017-18			
	Core Department		Departmental Group	
	Cases	Amount £'000	Cases	Amount £'000
Total	2	563	43	292

Details of special payments over £300k for 2017-18:

- HM Treasury approved an extra-contractual payment of £498k for work carried out by a contractor, during the term of the contract, but for which they had not claimed payment through the contractual mechanisms.

	2016-17			
	Core Department & Agency		Departmental Group	
	Cases	Amount £'000	Cases	Amount £'000
Total	2	4,370	30	4,545

Details of special payments over £300k for 2016-17:

- HM Treasury approved an ex-gratia payment up to £4.2m for the loss of a painting during a fire in April 2015. The painting was understood to be covered by the Government Indemnity Scheme (GIS) but during 2016-17 the claim was found to be invalid. The financial impact of this loss was recognised in the 2015-16 accounts.

Gifts

There were no gifts made by the group that were in excess of £300k for 2017-18 or 2016-17.

The British Film Institute received a gift in kind of advertising for London Film Festival from the Time Out Publishing Group in 2017-18 with an estimated value of £340k.

Remote contingent liabilities

Remote contingent liabilities arising through financial guarantees, indemnities and letters of comfort – Quantifiable

Details of contingent liabilities as defined by IAS 37 are included in the financial accounts (see Note 23).

In addition, the department has entered into the following quantifiable guarantees or indemnities. None of these are contingent liabilities within the meaning of IAS 37 since the likelihood of a transfer of economic benefit in settlement is too remote.

Managing Public Money requires that the full potential costs of such contracts be reported to Parliament. These costs are reproduced in the table below.

	1 April 2017	Increase/ (Decrease) in year	Liabilities crystallised in year	Obligation expired in year	31 March 2018	Amount reported to Parliament by Departmental Minute
	£m	£m	£m	£m	£m	£m
Guarantees						
Borrowing facility for Historic Royal Palaces	4.0	-	-	-	4.0	4.0
Indemnities						
Government Indemnity Scheme	6,253.5	5,114.7	-	-	11,368.2	11,368.2
Artworks on loan from the Royal Collection	277.8	558.9	-	-	836.7	836.7
Artworks on loan to the Government Art Collection	3.6	(1.1)	-	-	2.5	-
Totals	6,538.9	5,672.5	-	-	12,211.4	12,208.9

Guarantees

Following HM Treasury approval on 15 September 2016 the 'Borrowing facility for Historic Royal Palaces' extended for five years until September 2021.

Indemnities

The Government Indemnity Scheme (GIS) indemnifies lenders to museums, galleries and other institutions in the UK when mounting exhibitions or taking long-term loans for either study or display. It is a statutory liability totalling £11.4bn (31 March 2017: £6.3bn). Most of the change (£5.1bn) is attributable to a net increase in loans to Tate Modern (£3.6bn) and the National Gallery (£1.0bn). The change in contingent liabilities arising from these indemnity schemes is driven by the number and value of the works of art on loan and those on long term loan, which changes from year to year.

There are also non-statutory liabilities for indemnities granted in respect of works of art on loan from the Royal Collection totalling £836.7m (31 March 2017: £277.8m). Most of the

change is attributable to increases in the loans to non-national institutions. In the event of loss or damage occurring to the Royal Collection, the government has given a specific undertaking to Her Majesty that it would seek Parliamentary authority for compensation.

There is also an indemnity scheme amounting to £2.5m for items on loan to the Government Art Collection (31 March 2017: £3.6m). The change in contingent liabilities arising from these indemnity schemes is driven by the number and value of the works of art on loan, which changes from year to year.

The GIS excludes loans to Scottish and Welsh museums, the indemnities for which are issued in the name of the Scottish and Welsh Ministers respectively.

Letters of Comfort

The department does not have any quantifiable letters of comfort.

Unquantifiable remote contingent liabilities

The group has entered into the following unquantifiable contingent liabilities by offering guarantees, indemnities or by giving letters of comfort. None of these are a contingent liability within the meaning of IAS 37, since the likelihood of a transfer of economic benefits in settlement is too remote.

Department

Exiting the European Union

The UK and EU Commission negotiators have signed off the UK financial settlement relating to our departure from the EU. The draft Withdrawal Agreement was welcomed by the EU-27 at the March European Council.

In the event that the Withdrawal Agreement is not formally ratified, the UK Government commitment made in 2016, to guarantee certain EU funded projects after EU exit will be taken forward. This includes the payment of awards where UK organisations successfully bid directly to the European Commission on a competitive basis for funding while we remain in the EU.

As a result, and due to the EU funding commitments described, DCMS may be required to assume responsibility for payment of awards to UK beneficiaries in respect of grants provided from Connecting Europe Facility (Telecoms); Creative Europe; and Europe for Citizens. An unquantifiable contingent liability is disclosed.

BT pension scheme

When BT was privatised in 1984, the government gave a guarantee (contained in the Telecommunications Act 1984) in respect of certain liabilities of the privatised company. Following High Court and Court of Appeal proceedings on the terms and scope of the Crown Guarantee, which would only apply if BT were to enter insolvent winding-up, the contingent liability is approximately the size of the BT pension scheme (BTPS) deficit. The last triennial actuarial valuation of the pension scheme as at 30 June 2017 valued the deficit at £11.3bn. BT has decided to close the BTPS for future accruals of benefit from 1 June 2018, as a result the liabilities covered by the Crown guarantee will be limited to those relating to benefits accrued before that date (together with indexing and any legally-required increments). These liabilities remain with BT plc and so legislation is no longer required on the scope of the guarantee. The contingent liability largely consists of the considerable deficit on the BTPS fund but, providing BT takes steps to reduce that, possible growth in the liability should now be limited.

Underwrite of Commonwealth Games

The UK government was successful in its bid for Commonwealth Games in 2022 which will be hosted in Birmingham. The UK government will fund 75% of the public sector cost of delivering the Games, after commercial income has been taken into account, and Local Government will fund the remaining 25% of the public sector cost. As part of the successful bid to host the Games, the department has taken on a contingent liability by guaranteeing to financially underwrite the organisation and staging of the Games. As such, the department will meet any potential financial shortfall of the Birmingham Organising Committee for the 2022 Commonwealth Games Ltd. At this stage any liability is unquantifiable.

In addition the Commonwealth Games Federation required a series of guarantees from central and local government to support the planning and delivery of the Games. The provision of such guarantees is an integral, common part of bidding to host any major sporting event, and important to the success of hosting the Commonwealth Games in 2022. The underwrite and guarantees were disclosed to Parliament in a departmental minute in October 2017.

Olympic Delivery Authority (ODA)

Upon dissolution of the ODA on 2 December 2014, the following contingent liabilities passed to DCMS:

- In order to facilitate the redevelopment of the Olympic Park, the ODA relocated the railway siding at Thornton's Field to Orient Way. There is a contingent liability of up to £10m for one third of the cost of constructing new railway sidings at Lea Interchange should Eurostar exercise its right from 30 June 2023 to take back the railway sidings at Orient Way which are currently leased to the Secretary of State for Transport. This liability cannot be quantified reliably as it falls so far into the future and there is no certainty repossession will happen.
- The ODA provided an indemnity to the Lee Valley Regional Park Authority (LVRPA) against any costs incurred by LVRPA in connection with pollution or contamination arising from the ODA's construction of the Lee Valley White Water Canoe Centre; this indemnity expires in February 2021 and the likelihood of any such contamination is remote.
- The ODA procured the design, construction and maintenance of the Lee Valley Hockey and Tennis Centre at Eton Manor. The Lawn Tennis Association agreed to provide funding of £0.5m to the ODA as a contribution towards the capital cost of building the facility. LVRPA, the Tennis Foundation and the Lawn Tennis Association have entered into a separate agreement for the operation of the facility by LVRPA. That agreement includes a claw back provision to allow the funders to recover funding in the event that LVRPA were to terminate the agreement, which LVRPA is only permitted to do after a period of 5 years from public opening of the facility. The claw back liability of LVRPA will reduce over time from year 5 to year 10, and it will be extinguished after year 10 in 2024. The ODA agreed to reimburse LVRPA 30% of any claw back liability that may become payable by LVRPA in the unlikely event that LVRPA were to terminate the operation of the facility between year 5 and year 10.

4G mobile signal rollout

The department has a contingent liability in respect of the 4G mobile signal rollout at 800MHz by the four licensees, EE, 3, Telefonica O2 and Vodafone. In March 2013, Ofcom awarded licences to use 800MHz (and 2.6GHz) spectrum following an auction that started in January 2013. A requirement of these four licensees/Mobile Network Operator's was to fund

up to £180m to provide a mitigation assistance scheme to the public whose primary Digital Terrestrial Television (Freeview) services were affected by the 4G rollout in 800MHz. The target date for the rollout to be completed is 31 December 2018 (or sooner). The licence states that any expenditure above the £180m threshold will be met by the government, subject to any overspend not being caused by the mitigation company's decision to exceed its formal remit for mitigation. The mitigation company is called Digital Mobile Spectrum Limited (DMSL) and its public name is at800. It is highly unlikely that the £180m threshold will be breached (current estimates by at800 indicate a total projected spend to 31 December 2018 of around £120m).

Jubilee Gardens

The department has given an indemnity to the Arts Council England and the Southbank Centre Limited with respect to certain liabilities owed by Shirayama Shokusan Company Limited (SSCL), the owners of County Hall. This indemnity covers any costs to be incurred by SSCL in replacing the proposed new Jubilee Gardens should SSCL make use of their sub-soil lease beneath the Garden to build an underground car park. SSCL require an indemnity to cover the cost of reinstating the gardens in their new form. The cost of this is estimated at around £2m and is not time-limited. The risk of the indemnity being called upon is low as there is currently no intention to build such a car park, and the likelihood of obtaining planning permission is low. A Treasury Minute was laid on 26 April 2011 explaining the contingent liabilities in respect of the proposed development. The term of the sub-soil lease is 999 years from 1993 running to 2992 and the parties to the sub-lease could agree to extend it beyond that.

Group

Guarantees to and on behalf of Tate Foundation

On 14 June 2012 a Parliamentary Minute was approved that allowed Tate to provide guarantees to and on behalf of Tate Foundation, an independent charity, so that it could borrow up to £55 million to provide cash-flow support towards Tate's major capital projects and satisfy donor requirements. Tate Foundation had outstanding borrowings of £4m at 31 March 2018 in relation to this matter. The termination date of the outstanding loan is 21 September 2018, and it is anticipated that it will be repaid by Tate Foundation out of donations and existing unrestricted funds. It is considered very unlikely that Tate will be called upon to pay anything under the guarantees.

Fees and Charges

The core department does not provide services for which it charges fees. Details of the ALBs' 'fees and charges' policies can be found in their published accounts.

Signed and approved

Dame Sue Owen DCB
Accounting Officer and Permanent Secretary
12 July 2018

Certificate and Report of the Comptroller and Auditor General

General

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSE OF COMMONS

Opinion on financial statements

I certify that I have audited the financial statements of the Department for Digital, Culture, Media and Sport and of its Departmental Group for the year ended 31 March 2018 under the Government Resources and Accounts Act 2000. The Department comprises the core Department only. The Departmental Group consists of the Department and the bodies designated for inclusion under the Government Resources and Accounts Act 2000 (Estimates and Accounts) (Amendment) Order 2017. The financial statements comprise: the Department's and Departmental Group's Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them.

I have also audited the Statement of Parliamentary Supply and the related notes, and the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the Department's and the Departmental Group's affairs as at 31 March 2018 and of the Department's net expenditure and Departmental Group's net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects:

- the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2018 and shows that those totals have not been exceeded; and
- the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the Department for Digital, Culture, Media and Sport in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Certificate and Report of the Comptroller and Auditor General (continued)

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the Department for Digital, Culture, Media and Sport's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the Department for Digital, Culture, Media and Sport's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Certificate and Report of the Comptroller and Auditor General (continued)

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the group financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I am required to obtain evidence sufficient to give reasonable assurance that the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals and that those totals have not been exceeded. The voted Parliamentary control totals are Departmental Expenditure Limits (Resource and Capital), Annually Managed Expenditure (Resource and Capital), Non-Budget (Resource) and Net Cash Requirement. I am also required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Other Information

The Accounting Officer is responsible for the other information. The other information comprises information included in the annual report, other than the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information 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, 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.

Opinion on other matters

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;
- in the light of the knowledge and understanding of the group and the parent and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; and
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or

Certificate and Report of the Comptroller and Auditor General (continued)

- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

- I have no observations to make on these financial statements.

Sir Amyas C E Morse
Comptroller and Auditor General

Date: 16 July 2018

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Financial statements

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Justine Smith
Money Map Prints
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Primary statements

Consolidated Statement of Comprehensive Net Expenditure for the year ended 31 March 2018

	Note	2017-18		Restated 2016-17	
		Core Department £'000	Departmental Group £'000	Core Department & Agency £'000	Departmental Group £'000
Staff costs	3	54,569	1,882,171	49,158	1,826,976
Grants and subsidies to sponsored bodies	4.1	4,520,320	14,383	4,512,043	14,365
Other grants	4.2	400,167	2,768,337	396,582	2,822,052
Purchase of goods and services	4.3	38,263	488,968	50,016	492,682
Depreciation, amortisation and impairment charges	4.4	(25)	346,301	1,986	343,864
Provisions expense	4.5	60	100,436	(920)	46,051
Other operating expenditure	4.6	57,229	2,835,742	18,148	2,852,268
Total operating expenditure		5,070,583	8,436,338	5,027,013	8,398,258
Income from sale of goods and services	5.1	(7)	(88,009)	(7,886)	(94,007)
Other operating income	5.2	(217,369)	(3,439,534)	(298,822)	(3,379,470)
Total operating income		(217,376)	(3,527,543)	(306,708)	(3,473,477)
Net expenditure for the year		4,853,207	4,908,795	4,720,305	4,924,781
Other comprehensive net expenditure					
Items which will not be reclassified to net operating expenditure:					
Net (gain)/loss on:					
- revaluation of property, plant & equipment, intangible assets and heritage assets		-	318,154	(76)	(671,092)
- pension remeasurements		-	(764,952)	-	292,078
Items which may be reclassified to net operating expenditure:					
Net (gain)/loss on:					
- revaluation of available for sale financial instruments		-	(239,580)	-	46,328
Total other comprehensive net expenditure		-	(686,378)	(76)	(332,686)
Total comprehensive expenditure for the period		4,853,207	4,222,417	4,720,229	4,592,095

All operations relate to continuing activities.

The notes on pages 153 to 231 form part of these accounts.

Prior year comparatives have been restated as explained in note 27.

Consolidated Statement of Financial Position as at 31 March 2018

	Note	31 March 2018		Restated 31 March 2017		Restated 1 April 2016	
		Core department £'000	Departmental group £'000	Core department & agency £'000	Departmental group £'000	Core department & agency £'000	Departmental group £'000
Non-current assets							
Property, plant & equipment	6	28,331	7,126,583	3,924	7,583,882	33,662	7,059,279
Heritage assets	7	14,829	1,506,055	14,506	1,432,361	36,699	1,291,277
Intangible assets	8	261	72,606	182	68,014	166	67,631
Investment properties	9	-	196,781	-	208,970	-	169,905
Trade and other receivables	16	-	32,319	-	24,634	-	37,336
Investments in associates and joint ventures	11	-	13,557	-	13,549	-	54
Other financial assets	12	53,231	2,331,213	49,344	2,106,207	43,726	1,664,186
Total non-current assets		96,652	11,279,114	67,956	11,437,617	114,253	10,289,668
Current assets							
Assets classified as held for sale	14	-	40	-	2,884	-	299
Inventories	15	-	191,301	-	262,169	-	307,290
Trade and other receivables	16	12,234	1,451,403	23,580	1,201,993	15,750	1,233,762
Other financial assets	12	3,872	288,822	3,808	306,063	5,184	284,649
Cash and cash equivalents	17	212,456	2,318,248	104,823	2,064,512	174,006	2,388,669
Total current assets		228,562	4,249,814	132,211	3,837,621	194,940	4,214,669
Total assets		325,214	15,528,928	200,167	15,275,238	309,193	14,504,337
Current liabilities							
Trade and other payables	18	(308,990)	(2,755,139)	(177,624)	(2,565,256)	(276,975)	(2,651,167)
Provisions	19	(20)	(122,615)	(66)	(64,980)	(1,031)	(69,007)
Other financial liabilities	20	-	(3,047)	-	(230)	-	(725)
Total current liabilities		(309,010)	(2,880,801)	(177,690)	(2,630,466)	(278,006)	(2,720,899)
Non-current assets plus/(less) net current assets/liabilities		16,204	12,648,127	22,477	12,644,772	31,187	11,783,438

Consolidated Statement of Financial Position (continued)

	Note	31 March 2018		Restated 31 March 2017		Restated 1 April 2016	
		Core department £'000	Departmental group £'000	Core department & agency £'000	Departmental group £'000	Core department & agency £'000	Departmental group £'000
Non-current liabilities							
Provisions	19	(10)	(51,361)	(26)	(64,237)	(72)	(58,653)
Trade and other payables	18	-	(2,560,737)	(43)	(2,509,783)	-	(2,493,541)
Other financial liabilities	20	-	(517,346)	-	(525,757)	-	(3,043)
Retirement benefit obligations	21	-	(716,840)	-	(1,363,318)	-	(1,174,672)
Total non-current liabilities		(10)	(3,846,284)	(69)	(4,463,095)	(72)	(3,729,909)
Total assets less liabilities		16,194	8,801,843	22,408	8,181,677	31,115	8,053,529
Taxpayers' equity and other reserves							
Taxpayers' funds							
General fund	SoCTE ¹⁹⁰	5,240	3,329,163	20,080	2,472,738	8,667	2,794,674
Revaluation reserve	SoCTE ¹⁹⁰	10,954	1,974,552	2,328	1,696,838	22,448	1,657,766
Total taxpayers' equity		16,194	5,303,715	22,408	4,169,576	31,115	4,452,440
Lottery funds	SoCTE ¹⁹⁰	-	(1,560,017)	-	(1,453,387)	-	(1,212,418)
Charity funds	SoCTE ¹⁹⁰	-	5,058,145	-	5,465,488	-	4,813,507
Total reserves	SoCTE¹⁹⁰	16,194	8,801,843	22,408	8,181,677	31,115	8,053,529

Dame Sue Owen DCB (Accounting Officer)
12 July 2018

The notes on pages 153 to 231 form part of these accounts.

Prior year comparatives have been restated as explained in note 27.

¹⁹⁰ SoCTE - Statement of Taxpayers Equity (pages 151 and 152)

Consolidated Statement of Cash Flows for the year ended 31 March 2018

	Note	2017-18		Restated 2016-17	
		Core department £'000	Departmental group £'000	Core department & agency £'000	Departmental group £'000
Cash flows from operating activities					
Net expenditure	SoCNE ¹⁹¹	(4,853,207)	(4,908,795)	(4,720,305)	(4,924,781)
Adjustments for non-cash expenditure - purchase of goods and services	4.3	400	400	434	434
Adjustments for non-cash expenditure - depreciation, amortisation and impairment charges	4.4	(25)	346,301	1,986	343,864
Adjustments for non-cash expenditure - provisions expense	4.5	60	100,436	(920)	46,051
Adjustments for non-cash expenditure - other operating expenditure	4.6	(1)	115,696	(840)	14,720
Adjustments for non-cash salary costs		-	190	-	191
Adjustments for non-cash other operating income	5.2	-	(24,186)	-	(98,318)
Adjustments for non-cash pension costs		-	78,841	-	(151,369)
Reserves released to net expenditure		-	25	-	-
Adjustment for items shown in other sections of cash flow		(1,542)	(55,036)	(2,293)	(91,119)
(Increase)/decrease in inventories	15	-	70,868	-	45,121
Movements in inventories adjustment	15	-	(40)	-	(58)
(Increase)/decrease in trade and other receivables	16	11,346	(257,095)	(7,830)	44,471
Movements in receivables not passing through the SoCNE		(4,241)	(5,900)	3,390	4,078
Movements in bad debt provision		1	(124)	52	(127)
Increase/(decrease) in trade payables	18	131,323	240,837	(99,308)	(69,669)
Movements in payables not passing through the SoCNE		(122,436)	(53,334)	60,266	142,939
Utilisation of provisions	19	(122)	(55,677)	(91)	(44,494)
Payments for unfunded pensions	21	-	(282)	-	(286)
Net cash outflow from operating activities		(4,838,444)	(4,406,875)	(4,765,459)	(4,738,352)
Cash flows from investing activities					
Purchase of property, plant & equipment		(26,238)	(256,222)	(8,262)	(301,204)
Purchase of investment property		-	-	-	(156)
Purchase of intangible assets		(307)	(4,647)	(276)	(5,919)
Purchase of assets held for sale		-	(157)	-	-
Investment in joint ventures and associates	11	-	-	-	(13,495)
Purchase of financial assets		(12,926)	(218,256)	(7,881)	(137,581)
Proceeds from disposal of property, plant & equipment		226	7,509	-	47,536
Proceeds from disposal of intangible assets		-	124	-	3,930
Proceeds from disposal of assets held for sale		-	1,821	-	258
Repayments and disposals of financial assets		10,510	174,574	5,486	99,775
Interest and dividend income	5.2	1,542	103,418	2,293	141,162
Net cash inflow/(outflow) from investing activities		(27,193)	(191,836)	(8,640)	(165,694)

¹⁹¹ SoCNE - Statement of Comprehensive Net Expenditure (page 146)

Consolidated Statement of Cash Flows (continued)

	Note	2017-18		Restated 2016-17	
		Core Department £'000	Departmental Group £'000	Core department & agency £'000	Departmental group £'000
Cash flows from financing activities					
From the Consolidated Fund (supply) - current year	SoCTE ¹⁹²	5,060,807	5,060,807	4,855,474	4,855,474
Capital element of payments in respect of finance leases		-	(74,100)	-	(74,296)
Interest on finance leases		-	(48,382)	-	(50,043)
Net cash inflow from financing activities		5,060,807	4,938,325	4,855,474	4,731,135
Cash transferred in/(out) of the Group		-	-	(1)	(1)
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		195,170	339,614	81,374	(172,912)
Cash flow from non-financing activities					
Receipts due to the Consolidated Fund which are outside the scope of the Department's activities		247,927	249,586	360,464	359,776
Payments of amounts to the Consolidated Fund		(335,464)	(335,464)	(511,021)	(511,021)
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		107,633	253,736	(69,183)	(324,157)
Cash and cash equivalents at the beginning of the period	17	104,823	2,064,512	174,006	2,388,669
Cash and cash equivalents at the end of the period	17	212,456	2,318,248	104,823	2,064,512

The notes on pages 153 to 231 form part of these accounts.

Prior year comparatives have been restated as explained in note 27.

¹⁹² SoCTE - Statement of Taxpayers Equity (pages 151 and 152)

Statement of Changes in Taxpayers' Equity (Core Department and Agency) for the year ended 31 March 2018

	Note	Core department & agency		
		General fund £'000	Revaluation reserve £'000	Total reserves £'000
Balance at 1 April 2016 before PPAs		(8,667)	(22,448)	(31,115)
Net parliamentary funding - drawn down		(4,855,474)	-	(4,855,474)
Net parliamentary funding - deemed supply		(139,096)	-	(139,096)
Supply payable/(receivable) adjustment	18	75,997	-	75,997
CFERs payable to the Consolidated Fund		150,000	-	150,000
Net expenditure for the year	SoCNE ¹⁹³	4,720,305	-	4,720,305
Non-cash adjustments:				
Auditors' remuneration	4.3	(434)	-	(434)
Movements in reserves:				
Other comprehensive net expenditure	SoCNE ¹⁹³	-	(76)	(76)
Transfers (in)/out of boundary		38,006	19,479	57,485
Transfers between reserves		(717)	717	-
Balance at 31 March 2017		(20,080)	(2,328)	(22,408)
Net parliamentary funding - drawn down		(5,060,807)	-	(5,060,807)
Net parliamentary funding - deemed supply		(75,997)	-	(75,997)
Supply payable/(receivable) adjustment	18	210,211	-	210,211
CFERs payable to the Consolidated Fund	SoPS 4.1 ¹⁹⁴	80,000	-	80,000
Net expenditure for the year	SoCNE ¹⁹³	4,853,207	-	4,853,207
Non-cash adjustments:				
Auditors' remuneration	4.3	(400)	-	(400)
Movements in reserves:				
Transfers between reserves		8,626	(8,626)	-
Balance at 31 March 2018		(5,240)	(10,954)	(16,194)

The notes on pages 153 to 231 form part of these accounts.

¹⁹³ SoCNE - Statement of Comprehensive Net Expenditure (pages 146)

¹⁹⁴ SoPS 4.1 – Analysis of income payable to the Consolidated Fund (Annex B, page 241)

Consolidated Statement of Changes in Taxpayers' Equity (Departmental Group) for the year ended 31 March 2018

	Note	Departmental Group					
		General fund £'000	Revaluation reserve £'000	Total taxpayers' equity £'000	Lottery funds £'000	Charity funds £'000	Total reserves £'000
Balance at 31 March 2016 before PPAs		(2,823,298)	(426,758)	(3,250,056)	1,212,418	(4,813,507)	(6,851,145)
Prior period adjustments	27	28,624	(1,231,008)	(1,202,384)	-	-	(1,202,384)
Restated balance at 1 April 2016		(2,794,674)	(1,657,766)	(4,452,440)	1,212,418	(4,813,507)	(8,053,529)
Net parliamentary funding - drawn down		(4,855,474)	-	(4,855,474)	-	-	(4,855,474)
Net parliamentary funding - deemed supply		(139,096)	-	(139,096)	-	-	(139,096)
Supply payable/(receivable) adjustment	18	75,997	-	75,997	-	-	75,997
CFERs payable to the Consolidated Fund		150,000	-	150,000	-	-	150,000
Net expenditure for the year	SoCNE ¹⁹⁵	4,786,102	-	4,786,102	243,029	(104,350)	4,924,781
Non-cash adjustments:							
Auditors' remuneration	4.3	(434)	-	(434)	-	-	(434)
Movements in reserves:							
Other comprehensive net expenditure	SoCNE ¹⁹⁵	269,412	(60,476)	208,936	5,992	(547,614)	(332,686)
Transfers (in)/out of boundary		38,006	19,479	57,485	-	(17)	57,468
Transfers between reserves		(1,925)	1,925	-	-	-	-
Other movements		(652)	-	(652)	(8,052)	-	(8,704)
Restated balance at 31 March 2017		(2,472,738)	(1,696,838)	(4,169,576)	1,453,387	(5,465,488)	(8,181,677)
Net parliamentary funding - drawn down		(5,060,807)	-	(5,060,807)	-	-	(5,060,807)
Net parliamentary funding - deemed supply		(75,997)	-	(75,997)	-	-	(75,997)
Supply payable/(receivable) adjustment	18	210,211	-	210,211	-	-	210,211
CFERs payable to the Consolidated Fund	SoPS 4.1 ¹⁹⁶	80,000	-	80,000	-	-	80,000
Net expenditure for the year	SoCNE ¹⁹⁵	4,729,822	-	4,729,822	108,215	70,758	4,908,795
Non-cash adjustments:							
Auditors' remuneration	4.3	(400)	-	(400)	-	-	(400)
Movements in reserves:							
Other comprehensive net expenditure	SoCNE ¹⁹⁵	(746,209)	(270,092)	(1,016,301)	(6,687)	336,610	(686,378)
Transfers between reserves		7,622	(7,622)	-	-	-	-
Transfer to SoCNE		-	-	-	-	(25)	(25)
Other movements		(667)	-	(667)	5,102	-	4,435
Balance at 31 March 2018		(3,329,163)	(1,974,552)	(5,303,715)	1,560,017	(5,058,145)	(8,801,843)

The notes on pages 153 to 231 form part of these accounts.

Prior year comparatives have been restated as explained in note 27.

¹⁹⁵ SoCNE – Statement of Comprehensive Net Expenditure (page 146)

¹⁹⁶ SoPS 4.1 – Analysis of income payable to the Consolidated Fund (Annex B page 241).

Notes

1. Statement of accounting policies

1.1 Basis of Preparation

These accounts have been prepared in accordance with the 2017-18 Government Financial Reporting Manual (FReM) and Accounts Direction issued by HM Treasury under section 6(4) of the Government Resources and Accounts Act 2000. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the department, the agency and the arm's length bodies (the group) for the purpose of giving a true and fair view has been selected. The particular policies adopted by the group are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

1.2 Accounting Convention

These accounts have been prepared on an accruals basis under the historical cost convention, as modified to account for the revaluation of non-current assets and, where material, current asset investments, inventories and assets held for sale.

1.3 Basis of Consolidation

The group accounts comprise a consolidation of the core department and the arm's length bodies (ALBs) and their various subsidiaries which fall within the departmental boundary. For 2016-17 only, the consolidation also includes the core departments supply financed Agency, The Royal Parks.

In the preparation of the group accounts, the department is required to adopt consistent and uniform accounting policies across all entities with appropriate adjustments made where any differences have a material impact on the accounts. The group accounting policies allow, where possible, for variations in order to reflect particular circumstances of ALBs and their subsidiaries.

British Broadcasting Corporation (BBC)

The BBC's results consolidated in these accounts sometimes referred to here as BBC Public Service Broadcasting are those that have been classified by the Office of National Statistics as being central government, this includes:-

- the public sector broadcasting elements that are funded by the Exchequer through the grant-in-aid mechanism (where the amount is based on TV Licence Fees collected)
- from 2017-18 BBC Commercial Holdings Limited and its direct subsidiary holding companies.

All significant intra-departmental transactions and balances between entities within the departmental boundary are eliminated.

A list of all the arm's length bodies within the departmental boundary, and included in the group results (along with the department and its agency), is given at note 28. Details of changes to the boundary are included at note 1.32.

1.4 Going concern

In common with other government departments, the group's liabilities are expected to be met by future grants of supply and the application of future income, both to be approved annually by Parliament. There is no reason to believe that future Parliamentary approval will not be forthcoming, and therefore, in accordance with FReM 2.2.3, it has been concluded as appropriate to adopt the going concern basis of preparation for these accounts.

1.5 Grants

Grant-in-aid

Financing to ALBs through grant-in-aid payments is reported on a cash basis in the period in which payments are made.

All grant-in-aid and grants by the department to its ALBs, as well as any intra-group grants between the ALBs, are fully eliminated within the group.

Grants

Grants payable or receivable by the ALBs are accounted for on an accruals basis. Grants receivable include funding from lottery funds. Grants payable include multi-year grants and performance related grants which are classified as either current or non-current provisions (note 1.24) depending on the timing of the payment and the terms of the grant.

1.6 Losses and special payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the department or passed legislation. By their nature they are items that ideally should not arise. These are reported in the parliamentary accountability and audit report section of the annual report and accounts.

1.7 Operating income and revenue recognition

Operating income is income which relates to the operating activities of the group and includes both budgetary and non-budgetary income and is recognised in accordance with the FReM and IAS 18 on revenue recognition. Non-budgetary income is outside the ambit of the group budget and is due to the Consolidated Fund as Consolidated Fund Extra Receipts (CFERs). More details are included in SoPS Note 4 in Annex B to the Annual report and accounts.

Revenue is measured at the fair value of consideration received or receivable and comprises primarily fees and charges for services rendered on a full cost basis. Operating income is stated net of VAT. The major categories of operating income include lottery income, fees for licences and broadcast licences, fees and charges (e.g. admission fees and membership income), trading income (e.g. retail and catering income), donations (in the form of cash or assets), gifts in kind, sponsorship income and non-governmental grants (both revenue and capital).

Grants received by entities within the group

Grants funding, in respect of capital and revenue expenditure, is credited to the Consolidated Statement of Comprehensive Net Expenditure in the year in which the entitlement to the monies arise in accordance with the application of IAS 20 *Accounting for Government grants and Disclosure of Government Assistance* recommended by the FReM.

1.8 Property, plant and equipment

In accordance with the FReM, all tangible non-current assets are to be carried at current value in existing use at the reporting period, except where noted below.

Freehold land and buildings are revalued to fair value every five years on a rolling basis, and valuations are carried out by professional valuers. In the intervening periods, the value of land and buildings are updated annually using appropriate indices, or in the case of the BBC the key variables underpinning the valuations (i.e. yields, rents and other assumptions) are reviewed, and where there are material changes, the valuations are adjusted accordingly. The valuation approach adopted follows the Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Standards.

Information regarding the date of the last valuation undertaken and valuers engaged by ALBs within the group to carry out the valuation can be found in either the group accounts or the published annual accounts of the ALBs. All other tangible assets (non-property) are carried at fair value using appropriate indices, where material. Some ALBs have used depreciated historic cost as a proxy for fair value on short life/low value assets where they deem the fair value adjustment is not materially different from the depreciated historic cost. As such these tangible non-current assets are not revalued.

Assets under construction

Assets under construction are held at cost until they are physically complete. On completion they are revalued and measured at fair value. Any impairment arising on revaluation will be charged to the Consolidated Statement of Comprehensive Net Expenditure, whilst any uplift in value will be credited to the revaluation reserve.

The policy on heritage assets is disclosed at note 1.10.

Capitalisation thresholds

The thresholds across the group range from £1,000 to £10,000 (including irrecoverable VAT). The core department's capitalisation threshold is £2,000 whilst that of The Royal Parks Agency was £5,000.

1.9 Depreciation and amortisation

Depreciation is provided to write off the cost of each class of asset, less its estimated residual value, over its estimated useful life. The depreciation method used is that which provides a realistic reflection of the consumption of that asset.

The major categories of non-current assets are depreciated as follows:

- | | |
|--|---|
| • Freehold and long leasehold land | Not depreciated |
| • Freehold buildings | Up to 100 years |
| • Short leasehold improvements/buildings | Term of the lease |
| • Long leasehold improvements/buildings | 10-50 years |
| • Information technology | 3-5 years |
| • Plant and machinery | 3-30 years |
| • Furniture and fittings | 3-20 years |
| • Antiques, works of art and collections | Not depreciated |
| • Assets under construction | Not depreciated until the asset is brought into use |
| • Intangible assets | 2-5 years |

Depreciation methods, estimated useful lives and residual values are reviewed at each reporting date.

1.10 Heritage assets

Heritage assets are assets held to preserve the nation's heritage and are maintained for their contribution to knowledge and culture. Heritage assets held by the group consist of historic artefacts and archives, works of art, collection items, historic land and buildings.

Operational heritage assets (mainly comprising buildings) are used by the group to generate revenue or to provide other services. Operational heritage assets are valued and depreciated in the same way as other assets of that type.

Non-operational heritage assets are assets held primarily in pursuit of the group's overall objectives in relation to the maintenance of heritage. Non-operational heritage assets are included at cost or at valuation depending on the availability of information. The assets being reported at cost and those being reported at valuation are presented separately in note 7.1. Valuation changes in heritage assets reported at valuation are recognised in the Other Comprehensive Expenditure section of the Consolidated Statement of Comprehensive Net Expenditure except for impairment losses.

The majority of heritage assets (works of art and collections) are not depreciated as the length of their expected useful economic life is regarded to be close to infinite.

For the collections that existed at March 2001, the group is of the opinion that valuation information cannot be obtained at a cost commensurate with the benefits to users of the accounts. Therefore valuation is not practicable and the group has adopted a non-recognition approach. Assets acquired since March 2001 have been capitalised.

1.11 Donated assets

Donated assets are capitalised at fair value on receipt, and this value is credited to the Consolidated Statement of Comprehensive Net Expenditure. Donated assets are revalued, depreciated and subject to impairment as appropriate in the same manner as heritage assets or other non-current assets. Donated services or facilities, including gifts in kind, are included in the Consolidated Statement of Comprehensive Net Expenditure at the value to the group where this can be quantified.

1.12 Intangible non-current assets

In accordance with the FReM, all intangible assets are carried at current value in existing use. Intangible assets held by the group mainly relate to software licences. Depreciated historical cost is used as a proxy for fair value on short life or low value assets, which is considered not to be materially different from fair value.

Income generating intangibles are capitalised based on the associated expected income streams.

Intangible assets are amortised using the straight-line method over their expected useful life which ranges between 2-5 years for internally generated assets; the licence period for purchased licences; or the period of expected income streams for income generating assets.

1.13 Revaluation and impairment of non-current assets

Assets are revalued to current value in existing use and increases in value are credited to the revaluation reserve, unless it is a reversal of a previous impairment. Reversals are credited to the Consolidated Statement of Comprehensive Net Expenditure to the extent of the previous impairment and any excess is credited to the revaluation reserve, in accordance with IAS 36 *Impairment of Assets*.

Impairments of revalued assets that do not result from a clear consumption of economic benefits are debited to the revaluation reserve up to the level of depreciated historical cost.

Any excess downward revaluation is charged to the Consolidated Statement of Comprehensive Net Expenditure. Each year, the realised element of the reserve (i.e. an amount equal to the excess of the actual depreciation over depreciation based on historical cost) is transferred from the reserve to the general fund.

Impairment losses that result from a clear consumption of economic benefit are taken directly to the Consolidated Statement of Comprehensive Net Expenditure. Where the impairment relates to a revalued asset, the balance on the revaluation reserve to which the impairment would have been charged is transferred to the general fund to ensure consistency with IAS 36.

On disposal of a revalued asset, the balance on the Revaluation Reserve in respect of that asset becomes fully realised and is transferred to the General Fund. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Net Expenditure.

All non-current assets are reviewed for impairment if circumstances indicate that the carrying amount may not be recoverable. In addition, intangible assets with an indefinite useful life are not subject to amortisation and are instead tested annually for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

1.14 Investment properties

The group holds a number of properties which have been classified as investment properties and are not depreciated in accordance with IAS 40 *Investment Property*, but may be impaired or revalued to provide a carrying value at their estimated fair value. Fair value is based on active market prices subject to the nature, location or condition of the specific asset. Full valuations are undertaken every five years with desk top reviews carried out in intervening periods. Gains or losses arising in fair value of investment property are recognised in the Consolidated Statement of Comprehensive Net Expenditure.

If an investment property is leased out under an operating lease, the leased asset remains within investment property in the Consolidated Statement of Financial Position. The lease revenue is recognised over the term of the lease on a straight-line basis in the Consolidated Statement of Comprehensive Net Expenditure.

1.15 Investments in subsidiaries

Investments in subsidiaries that have been (or are expected to be) classified by the Office for National Statistics as public corporations, are stated at fair value in accordance with the FReM. Where the fair value is not available, an appropriate proxy is used e.g. net assets of the subsidiary or a discounted cashflow valuation.

Valuation of BBC Commercial Holdings' public corporations

The fair value placed on those subsidiaries of BBC Commercial Holdings classified as public corporations, are based on a discounted cash flow model which relies on estimated cash flow projections and judgements about long term growth and the discount rate used. Further details on the methodology used can be found in note 10.

1.16 Research and development

Development expenditure is capitalised as per IAS 38 *Intangible Assets* if the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;

- The group intends to complete the software product and use it;
- There is an ability to use the software product;
- It can be demonstrated how the software product will generate future service potential;
- Adequate technical, financial and other resources to complete the development and to use the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Other development expenditure that does not meet these criteria is recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent year.

Expenditure on research activities is recognised in the Consolidated Statement of Comprehensive Net Expenditure in the period in which it is incurred.

1.17 Assets held for sale

In accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* where an asset is actively being marketed for sale, the carrying amount of an asset is to be recovered by sale rather than continuing use and a sale is expected to be completed within one year of the reporting date, the asset is reclassified as an asset held for sale. Such assets are disclosed separately in the Consolidated Statement of Financial Position and are measured at the lower of carrying amount and fair value less costs to sell. Once classified as assets held for sale, depreciation is no longer applied.

1.18 Inventories

Inventories are valued at the lower of cost or net realisable value. Inventories of finished goods and goods for resale are valued at cost, or where materially different, current replacement cost. A net realisable valuation is used only when inventories cannot or will not be used. Work in progress is valued at the lower of cost and net realisable value.

Inventories across the group consist of raw materials, work in progress, finished goods and consumable stores.

The Public Broadcasting Authorities' inventories will include amounts for public service programmes that are in production, completed programmes that are ready for broadcast, but not yet aired, and rights secured to broadcast programmes produced by independent companies. Originated programmes are stated at the lower of cost and net realisable value, and the full value is written off on first transmission. The costs of acquired programmes and films are also written off on first transmission, except to the extent that the numbers of further showings are contractually agreed when it is written off according to its expected transmission profile.

Direct costs incurred in the commissioning or purchase of public service programmes as yet untransmitted are carried forward as inventory, after providing for expenditure on material which is unlikely to be transmitted. For a series of programmes, the allocation of inventory between programmes completed but not yet transmitted and programmes in the course of production is based on total costs to date and the contractual cost per completed episode.

Direct cost is defined as payments made or due to production companies or programme suppliers.

1.19 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and other short term highly liquid investments which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

1.20 Financial instruments

Financial instruments include all contractual arrangements to deliver or receive cash. Therefore they include trade receivables and payables and loans as well as more complex instruments such as derivatives. Forward exchange contracts allow the buying or selling of currency at a fixed exchange rate with delivery made on a given date or dates in the future.

The group hold various derivative and non-derivative financial instruments (including assets such as trade investments and liabilities such as borrowings). The accounting policy for major categories of financial instruments is set out below.

Impairment of financial assets

An assessment of whether there is objective evidence of impairment is carried out for material financial assets or groups of financial assets at the Statement of Financial Position date. Objective evidence includes significant financial difficulty of the issuer or debtor, disappearance of an active market for the financial asset because of financial difficulties, or data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the official recognition.

Where objective evidence exists that a financial instrument is impaired, for example, through a significant or prolonged decline in fair value of the asset below its cost, its loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted where material. The impairment loss is recognised in the Consolidated Statement of Comprehensive Net Expenditure.

Available for sale financial assets

These include all investment funds and equities - unless they are classed as assets held for trading – and also include Investments in Subsidiaries (see also note 1.15). They are included in non-current assets unless the group intends to dispose of, or realise, the investment within 12 months of the Statement of Financial Position date. They are stated at their fair value with gains and losses recognised in Other Comprehensive Net Expenditure, except for impairment losses, which are recognised in the Consolidated Statement of Comprehensive Net Expenditure.

On disposal, the cumulative gain or loss previously recognised in Other Comprehensive Net Expenditure is reclassified from equity to the Consolidated Statement of Comprehensive Net Expenditure.

Loans and receivables

Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost. An allowance for estimated impairment is based on objective evidence that the group will not be able to recover all amounts due. Changes in the carrying amount of the allowance are recognised in the Consolidated Statement of Comprehensive Net Expenditure.

Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, where it is significant long term.

1.21 Employee Benefits

In accordance with IAS 19 *Employee Benefits*, the group is required to recognise short term employee benefits when an employee has rendered service in exchange for those benefits. Included in the accounts is an accrual for the outstanding employee paid holiday entitlement at the period end date.

1.22 Leases

A distinction is made between finance leases and operating leases in accordance with IAS 17 *Leases*.

Finance leases

Where the group substantially retains all the risks and rewards incidental to ownership of an asset, leases are classified as finance leases. At inception of the lease term, the finance lease assets and liabilities are capitalised at the lower of the fair value of the leased asset and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges with the corresponding rental obligations, net of finance charges included in either current or non-current payables depending on the dates the group is contractually obliged to make rental payments. The interest element of the finance cost is charged to the Consolidated Statement of Comprehensive Net Expenditure over the lease period, so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The assets acquired under finance leases are classed as property, plant and equipment and depreciated over the shorter of the useful economic life of the asset and the lease term.

Operating leases

Leases other than finance leases are classified as operating leases. Rental payments made under operating leases are charged to the Consolidated Statement of Comprehensive Net Expenditure over the period of the lease. Benefits received or receivable as an incentive to enter into an operating lease are also spread over the lease term.

1.23 Retirement benefit obligations

1.23.1 Funded pension schemes

A number of ALBs participate in defined benefit pension schemes as described in note 21. A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The net obligation in respect of these defined benefit pensions plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value, and the fair values of plan assets are deducted. Actuarial gains and losses that arise are recognised in the period they occur through Other Comprehensive Net Expenditure. The most significant funded defined benefit scheme in the group is operated by the BBC.

BBC pension scheme

The BBC operates a number of defined benefit plans for employees (closed to new employees from 1 January 2012), which provide benefits based on pensionable pay. The assets of the BBC's pension scheme are held in a separate fund, and on retirement, members of the BBC's main pension scheme are paid their pensions from this fund. The BBC makes cash contributions to that fund in advance of members' retirement.

1.23.2 Unfunded pension schemes

A number of the employees of the department and the ALBs are covered by the provisions of the Principal Civil Service Pension Schemes (PCSPS) as described in the staff report section of the annual report.

The PCSPS defined benefit schemes are unfunded. The participating bodies within the group recognise the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution elements of the schemes, the group recognises the contributions payable for one year. Contributions to the defined benefit pension scheme are charged to the Consolidated Statement of Comprehensive Net Expenditure in accordance with actuarial recommendations so as to spread the cost of the pensions over the employees' expected working lives.

1.23.3 Other unfunded defined benefit pension schemes

The employees of some ALBs are members of other unfunded defined benefit pension schemes. Employer contributions to the defined benefit schemes are charged to the Consolidated Statement of Comprehensive Net Expenditure in the period to which they relate.

1.23.4 Early departure costs

For past early departure schemes, the group meets the additional costs of benefits beyond the normal PCSPS benefits, in respect of employees who retired early, by paying the required amounts annually to the PCSPS over the period between early departure and normal retirement date. The total cost was provided for in full when the early departure programme was announced and remains binding on the group.

1.24 Provisions

In accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle that obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). The discount rates applicable in the 2017-18 accounts are: short-term rate: between 0 and up to and including 5 years, -2.42% per annum; medium-term rate: after 5 and up to and including 10 years, -1.85% per annum; and long-term rate: exceeding 10 years, -1.56% per annum.

Each year the financing charges in the Consolidated Statement of Comprehensive Net Expenditure include the adjustments to unwind one year's discount so that liabilities are shown at current price level.

1.25 Taxation

Value Added Tax (VAT)

VAT is paid or received in accordance with the prevalent tax rules. In general, most of the activities of the group are outside the scope of VAT and output tax does not normally apply. Some ALBs have trading activities where VAT is charged at the prevailing rate and where related input VAT costs are deemed recoverable. Input tax is also recoverable on certain contracted-out services.

Irrecoverable VAT is charged to the relevant expenditure category or, if appropriate, capitalised with additions to non-current assets.

Corporation Tax

In accordance with IAS 12 *Income Taxes*, corporation tax is liable on the taxable activities of the group that fall within the scope of corporation tax. The tax charge represents the sum of currently payable and deferred tax which is recognised in the Consolidated Statement of Comprehensive Net Expenditure except where they relate to items recognised directly in taxpayers' equity, in which case they are recognised in the Consolidated Statement of Taxpayers' Equity.

Current tax is the expected tax payable for the year by the group, using tax rates that are enacted or substantively enacted at the accounting date, and any adjustment to tax payable in respect of previous years.

1.26 Reserves

The Consolidated Statement of Taxpayers' Equity comprises the reserves for the core department, core department and agency, and the group.

These reserves include:

- The general fund reserve represents the group's total taxpayers' equity not including the charitable and lottery funds. These reserves are made up of total assets less liabilities, to the extent that the total is not represented by other reserves and financing items;
- The revaluation reserve reflects the unrealised balance of the cumulative indexation and revaluation adjustments to assets (other than donated assets, assets funded by grants, and assets held in charity or lottery funds);
- The lottery funds are the total reserves of the lottery distributors within the group. As these are presented after elimination they will not agree back to the individual ALB accounts. The lottery funds comprise the general fund, and revaluation reserve held by the lottery distributor. These reserves are shown in the accounts as a combined figure as they are reserves only for use by the lottery distributors; and
- The charity funds are the total reserves of the charitable ALBs within the group. As these are presented after elimination they will not agree back to the individual ALB accounts. These comprise the charity general funds, restricted reserves, unrestricted reserves, and any pension or revaluation reserve held by the charity ALBs. These reserves are shown in the departmental consolidated accounts as a combined figure as they are reserves only for use by the charitable ALBs.

1.27 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the DCMS Executive Board.

The segmental analysis at note 2 presents the financial information based on the structure reported to the Board. The segments reflect the operational structure within the department.

1.28 Third party assets

The group holds, as custodian or trustee, certain assets belonging to third parties. These are not recognised in the accounts, since the group does not have a direct beneficial interest in them.

Any third party monies held at the Government Banking Service (GBS) at the end of the reporting period are recognised as cash and cash equivalents (note 17) and trade and other

payables (note 18), and therefore have no net impact on the Consolidated Statement of Financial Position.

1.29 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group.

A contingent liability can also include an amount where a present obligation arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability. Where the time value of money is material, contingent liabilities are stated at discounted amounts.

1.30 Contingent assets

A contingent asset is a possible asset whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group. Where the time value of money is material, the contingent assets are stated at discounted amounts.

1.31 Accounting estimates and judgements

Critical accounting estimates and judgements

The preparation of the group's accounts requires management of the core department, the agency and the ALB's to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenditure. The resulting accounting estimates will, by definition, seldom equal the related actual results. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Valuation of non-current assets

The value of the group's property, plant and equipment and intangibles are estimated based on the period over which the assets are expected to be available for use. Such estimation is based on experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence or legal or other limits on the use of an asset.

The valuation of the BBC's property assets are based on future rental income. Inherent in this valuation are estimates of future rental income which is subject to movements in the rental market. Specialist adaptations (e.g. studios) have been valued on depreciated current replacement cost.

The group has a number of buildings and works of art that are classed as heritage assets. These specialised non-current assets have a restricted use and cannot be sold on the open market. Consequently they are, where possible, valued using the depreciated current replacement cost of a modern equivalent rather than the replacement cost of the original.

Valuation of BBC Commercial Holdings' public corporations

The fair value placed on the public corporation subsidiaries of BBC Commercial Holdings are based on a discounted cash flow model which relies on estimated cash flow projections and judgements about long term growth and the discount rate used. Further details on the methodology used can be found in note 10.

Provisions for liabilities and charges

The provisions for liabilities and charges reported in note 19 reflect judgements about the likelihood that a future transfer of economic benefits will arise as a result of past events. A provision is recognised where the likelihood of a liability crystallising is deemed probable and where it is possible to quantify the effect with reasonable certainty. Where the likelihood of potential liabilities crystallising is judged to be possible, a contingent liability is disclosed.

Retirement benefit obligations

The present value of the net pension liability detailed in note 21 depends on a number of actuarially derived assumptions about inflation, salary and pension trends, discount factors, mortality rates, and long term rate of return on the assets (equities, bonds and property) underlying the relevant pension funds. The estimated liability is subject to fluctuation and uncertainty due to changes in these assumptions over time and differences between assumptions and actual events. A small change in assumptions can have a significant impact on the valuation of the liabilities. Further analysis on the sensitivity of the BBC pension assumptions is given in note 21.2.1.

1.32 Changes in the group boundary

BBC Commercial Holdings and its direct subsidiary holding companies have been included in the 2017-18 Designation Order. Further information is in note 1.3 Basis of Consolidation.

In 2017-18, Tech Nation Group Limited also became part of the group. We are accounting for this body on a grant-paid basis, as it is not material and we anticipate it will be taken out of the group in 2018-19.

1.33 Changes to accounting standards not yet effective

The department has assessed the following standards, amendments and interpretations that have been issued but are not yet effective and determined not to adopt them before the effective date when adoption would be required. The potential impact of these standards is currently being assessed.

1.34 Key changes to accounting policies and impacts for 2018-19 annual report and accounts

Key requirements or changes in accounting policy	Implementation progress and expected impact
IFRS 9 Financial Instruments	
<p><i>Classification and measurement</i> Financial assets will now be classified based on the entity's business model and an assessment on the contractual cash flows associated with each financial asset. This assessment will determine whether the financial assets will be measured at amortised cost, fair value through other comprehensive income or fair value through profit and loss.</p> <p><i>Impairment</i> A new forward looking 'expected loss' impairment model will be used for calculating impairment on</p>	<p><i>Implementation Plan</i> During 2018-19, the group will prepare for the new requirements in IFRS 9. Entities operating under the Charities SORP will be adopting this change from April 2022, as such alignment adjustments may be required for them in the group accounts. All other entities in the group will adopt the change in their 2018-19 annual report and accounts.</p> <p>Other than new disclosure requirements, the changes are not expected to have a material impact on any ALBs, or the group.</p>

<p>financial assets. This new impairment model applies to:</p> <ul style="list-style-type: none"> • Financial assets measured at amortised cost • Debt investments measured at fair value through other comprehensive income, and • Certain loan commitments and financial guaranteed contracts <p><i>Hedge accounting</i> If certain eligibility and qualification criteria are met, hedge accounting allows an entity to reflect risk management activities by matching gains or losses on financial hedging instruments with losses or gains on the risk exposures they hedge.</p>	<p><i>Classification and measurement</i> Based on current knowledge, the impact to the group accounts is not expected to be material. There may be new disclosure requirements.</p> <p><i>Impairment</i> The likely impact of applying the new expected loss impairment model will be immaterial.</p> <p>Most notably, BBC have trade receivables of £1.1bn (group: £1.5bn) which will be assessed for impairment through the new model. However, no material changes to impairment are expected.</p> <p><i>Hedge accounting</i> The likely impact on hedge accounting will be immaterial.</p>
<p>IFRS 15 – Revenue Recognition</p>	
<p>Introduces a five-step approach to the timing of revenue recognition based on performance obligations in customer contracts. The consideration receivable from customers must then be allocated between the performance obligations identified.</p>	<p>The impact on the group accounts is expected to be immaterial for the adoption of IFRS 15. There may be new disclosure requirements for the ALBs and the group.</p> <p>BBC has revenue of £1.1bn (group: £3.5bn). BBC are expecting revenue recognition to be consistent with current practice, with the exception of certain programme production contracts and commercial licencing agreements where the timing of revenue recognition will change. These changes are not expected to be material.</p> <p>British Tourist Authority holds certain arrangements which establish an agency relationship in accordance with IFRS 15, which is considered principal under existing standards. In 2017-18, income of £27.6m and expenditure of £24.8m are recorded separately under IFRS 15, some of the revenue from these arrangements will be recognised on a net basis from the date the new accounting policy is adopted.</p>

1.35 Key changes to accounting policies and impacts for 2019-20 annual report and accounts

Key requirements or changes in accounting policy	Implementation progress and expected impact
<p>IFRS 16 Leases</p>	
<p>Effective date: financial periods on or after 1 January 2019, however, adoption by the Financial Reporting Manual is still subject to consultation. The proposed changes simplify the classification and measurement of leases by introducing a single lessee accounting model, removing the distinction between recognising an operating lease (off balance sheet financing) and a finance lease (on balance sheet financing). The new standard requires recognition of all leases which last over 12 months to be recognised as a finance lease.</p>	<p>This will result in the recognition of a right-to-use assets, measured at present value of future lease payments, with matching liabilities, depreciation of the right-to-use asset and an associated finance cost being recognised.</p> <p>We are awaiting further HMT guidance to understand the quantum of the effect that this will have on the group but anticipate that this will be material.</p>

2. Statement of Operating Expenditure by Operating Segment

2.1 Statement of Comprehensive Net Expenditure by Operating Segment

	Note	2017-18						Restated 2016-17					
		Core department £'000	BBC PSB group £'000	Lottery distributing bodies £'000	Other £'000	Amounts eliminated on consolidation £'000	Total as per group SoCNE £'000	Core department and agency £'000	BBC PSB group £'000	Lottery distributing bodies £'000	Other £'000	Amounts eliminated on consolidation £'000	Total as per group SoCNE £'000
Grant and subsidies to sponsored bodies	4.1	4,520,320	-	-	14,383	(4,520,320)	14,383	4,525,128	-	-	14,365	(4,525,128)	14,365
Other grants	4.2	400,167	-	1,566,171	843,731	(41,732)	2,768,337	396,582	-	1,703,046	757,790	(35,366)	2,822,052
Broadcasting and media expenditure	4.6	-	2,429,047	5	71,553	(168,782)	2,331,823	-	2,541,095	4	70,381	(233,862)	2,377,618
Depreciation and amortisation	4.4	1,510	152,506	3,443	178,169	-	335,628	1,120	151,413	3,088	172,883	-	328,504
Impairments	4.4	(1,535)	-	12,550	(342)	-	10,673	(1,847)	-	16,540	667	-	15,360
Interest expense	4.6	-	96,380	-	1,108	(195)	97,293	-	143,351	-	1,133	(156)	144,328
Income tax expense		333	7,519	41	(490)	-	7,403	-	6,255	14	169	-	6,438
Research & Development (capital)	4.6	-	6,904	-	6,250	-	13,154	-	14,000	-	14,521	-	28,521
Other expenditure		149,788	1,425,032	232,549	1,057,011	(6,728)	2,857,652	87,301	1,374,221	162,645	1,041,896	(4,991)	2,661,072
Profit or loss of associates and joint ventures		-	(8)	-	-	-	(8)	-	-	-	-	-	-
Total expenditure	SoCNE	5,070,583	4,117,380	1,814,759	2,171,373	(4,737,757)	8,436,338	5,008,284	4,230,335	1,885,337	2,073,805	(4,799,503)	8,398,258
Grant income (excluding grant-in-aid)	5.2	(113,619)	(85,870)	(822)	(120,248)	113,459	(207,100)	(116,323)	(4,722)	(827)	(137,353)	103,677	(155,548)
Broadcast licence		(80,000)	(654,436)	-	-	80,000	(654,436)	(150,000)	(629,438)	-	(3)	150,000	(629,441)
Property sale - East Village	5.1	-	-	-	-	-	-	(6,435)	-	-	-	-	(6,435)
Interest revenue	5.2	(1,542)	(29,177)	(205)	(704)	195	(31,433)	(2,293)	(46,726)	(140)	(859)	156	(49,862)
Other income		(22,215)	(302,087)	(1,705,517)	(628,538)	23,783	(2,634,574)	(4,184)	(331,343)	(1,641,341)	(675,865)	20,542	(2,632,191)
Total income	SoCNE	(217,376)	(1,071,570)	(1,706,544)	(749,490)	217,437	(3,527,543)	(279,235)	(1,012,229)	(1,642,308)	(814,080)	274,375	(3,473,477)
Net expenditure for the year ended 31 March		4,853,207	3,045,810	108,215	1,421,883	(4,520,320)	4,908,795	4,729,049	3,218,106	243,029	1,259,725	(4,525,128)	4,924,781

2.2 Statement of Financial Position by Operating Segment

	Note	2017-18						Restated 2016-17					
		Core department £'000	BBC PSB group £'000	Lottery distributing bodies £'000	Other £'000	Amounts eliminated on consolidation £'000	Total as per group SoFP £'000	Core department and agency £'000	BBC PSB group £'000	Lottery distributing bodies £'000	Other £'000	Amounts eliminated on consolidation £'000	Total as per group SoFP £'000
Current assets		228,562	1,926,328	1,533,110	589,743	(27,929)	4,249,814	132,274	1,685,757	1,500,582	538,573	(19,565)	3,837,621
Investment in associates and joint ventures		-	13,557	-	-	-	13,557	-	13,549	-	-	-	13,549
Other non-current assets		96,652	3,596,789	10,154	7,577,559	(15,597)	11,265,557	67,956	3,390,985	12,435	7,972,507	(19,815)	11,424,068
Total assets	SoFP	325,214	5,536,674	1,543,264	8,167,302	(43,526)	15,528,928	200,230	5,090,291	1,513,017	8,511,080	(39,380)	15,275,238
Current liabilities		(309,010)	(779,594)	(1,394,215)	(426,151)	28,169	(2,880,801)	(177,753)	(774,635)	(1,329,450)	(373,651)	25,023	(2,630,466)
Non-current liabilities		(10)	(1,929,094)	(1,709,066)	(223,471)	15,357	(3,846,284)	(69)	(2,620,882)	(1,636,954)	(219,547)	14,357	(4,463,095)
Total liabilities	SoFP	(309,020)	(2,708,688)	(3,103,281)	(649,622)	43,526	(6,727,085)	(177,822)	(3,395,517)	(2,966,404)	(593,198)	39,380	(7,093,561)
Total assets less liabilities	SoFP	16,194	2,827,986	(1,560,017)	7,517,680	-	8,801,843	22,408	1,694,774	(1,453,387)	7,917,882	-	8,181,677

The department reports its expenditure by operating segment in accordance with IFRS 8 *Operating Segments*. The group's operations are organised and managed by body. This includes the department, its agency and ALBs. The group operating segments reflect the major bodies by expenditure within the group. All other bodies within the group are included under 'Other'. Each reportable segment represents a business or corporate unit. The operating segments included above are those used for reporting to the department's board.

The BBC is governed by Royal Charter and an associated agreement with government. The Charter and agreement set out the BBC's accountability to Parliament for use of the public money it receives whilst at the same time preserving the BBC's independence on editorial policy and programming.

3. Staff costs

Staff costs comprise:	2017-18						Restated 2016-17
	Permanently employed staff £'000	Contract and agency staff £'000	Others £'000	Ministers £'000	Special Advisors £'000	Total £'000	Total £'000
Total net costs	1,840,460	35,647	5,742	244	78	1,882,171	1,826,976

Staff costs comprise:	Restated 2016-17						Restated 2015-16
	Permanently employed staff £'000	Contract and agency staff £'000	Others £'000	Ministers £'000	Special Advisors £'000	Total £'000	Total £'000
Total net costs	1,789,413	32,135	5,144	157	127	1,826,976	1,799,968

Details of staff numbers and related costs (and relevant disclosures) are in the Staff Report in the Accountability section of the Annual Report (page 114).

4. Expenditure

4.1 Grants and subsidies to sponsored bodies

	2017-18		Restated 2016-17	
	Core department £'000	Departmental group £'000	Core department & agency £'000	Departmental group £'000
Grant-in-aid to ALBs	4,520,320	-	4,512,043	-
Subsidies to the public sector	-	14,383	-	14,365
Total: Grants and subsidies to sponsored bodies	4,520,320	14,383	4,512,043	14,365

Subsidies include an operating subsidy of £14.4m (2016-17: £14.4m) from Historic England to the English Heritage Trust for management of the National Collection of buildings, monuments and sites.

4.1.1 Grant-in-aid and funding

	2017-18 Estimate £'000	2017-18 Outturn £'000	2016-17 Outturn £'000
Arts Council England	494,183	462,442	460,526
BBC	3,185,400	3,173,508	3,156,700
British Film Institute	23,587	23,587	23,965
British Library (Includes Public Lending Right)	93,893	93,443	93,911
British Museum	53,473	53,573	53,569
Historic England	87,912	89,122	87,806
Gambling Commission (for regulation of the National Lottery)	4,001	3,714	2,539
Geffrye Museum Trust Limited	1,786	1,696	1,696
Horniman Public Museum and Public Park Trust	4,320	4,320	4,549
Imperial War Museum	25,347	25,497	32,136
Information Commissioner's Office	5,740	5,195	3,790
National Gallery	24,092	24,092	24,092
National Heritage Memorial Fund	5,489	12,458	35,250
National Maritime Museum	16,019	16,020	16,020
National Museums Liverpool	19,761	19,761	20,050
National Portrait Gallery	9,734	7,134	6,637
Natural History Museum	41,815	41,815	49,115
Office of Communications (Ofcom)	123,039	118,462	72,295
Royal Armouries Museum	7,788	7,788	7,088
S4C	6,956	6,956	6,762
Science Museum Group	46,903	45,209	43,343
Sir John Soane's Museum	1,012	1,012	1,983
Sport England	101,787	81,343	105,649
Tate Gallery	38,066	38,066	40,251
UK Sport	60,890	61,957	53,536
Victoria and Albert Museum	37,726	37,806	40,257
British Tourist Authority (Visit Britain)	60,458	60,633	56,972
Wallace Collection	3,711	3,711	2,711
Grant-in-Aid as reported in 2017-18 note 4.1	4,584,888	4,520,320	4,503,198
Churches Conservation Trust	2,738	2,738	2,749
UK Anti-Doping	6,046	5,996	6,096
Grant-in-Aid as reported in 2016-17 note 4.1			4,512,043
Sports Grounds Safety Authority	1,542	1,542	1,370
Grant-in-Aid per Supply Estimate	4,595,214	4,530,596	4,513,413

Grant-in-aid and funding paid to ALBs within the group is eliminated upon consolidation.

In 2016-17, funding of £13.085m was also provided to The Royal Parks executive agency which was also eliminated upon consolidation.

Five public bodies - classified or expected to be classified by ONS to central government and sponsored by DCMS - have not been consolidated in the 2017-18 DCMS group accounts on a line-by-line basis on the grounds of materiality. These are the Phone-paid Services Authority (PSA), Tech Nation Group Ltd (Tech Nation), the Churches Conservation Trust (CCT), Sports Ground Safety Authority (SGSA) and UK Anti-Doping (UKAD).

PSA is levy-funded, whilst Tech Nation is funded by a grant from DCMS rather than Grant-in-Aid. For CCT, SGSA and UKAD, operational spend equal to the Grant-in-Aid paid has been reported under the 'Sports' and 'Historical and heritage' lines in note 4.6 Other Operating Expenditure. In 2016-17, only SGSA was not consolidated and its Grant-in-Aid was reported as a current grant (note 4.2).

4.2 Other grants

	2017-18		Restated 2016-17	
	Core department £'000	Departmental group £'000	Core department & agency £'000	Departmental group £'000
Capital grants	77,030	691,875	60,013	635,911
Current grants	323,137	2,076,462	336,569	2,186,141
Total: Other grants	400,167	2,768,337	396,582	2,822,052

Group capital grants have increased by £56.0m predominately a result of an increase in Ofcom funding the 700MHz spectrum clearance programme. Increases across other ALBs were offset by decreases of £23.7m for Sport England Lottery and £23.3m for Heritage Lottery Fund.

Group current grants decreased by £109.7m as a result of a number of factors, including decreases in 2017-18 for some lottery bodies, most notably Big Lottery Fund of £287.9m, Sport England Lottery of £38.3m and National Heritage Memorial Fund of £22.7m. These were partly offset by an increase of £265.5m for Arts Council England Lottery which began a new three year investment round.

Current grants for the core department include grant payments to National Citizen Service of £177.4m (2016-17: £191.3m).

4.3 Purchase of goods and services

	2017-18		2016-17	
	Core department £'000	Departmental group £'000	Core department & agency £'000	Departmental group £'000
Professional services	21,827	91,829	16,944	84,014
Human resources	1,605	18,186	1,085	15,521
Marketing and media	387	26,740	514	28,359
Premises expenses	1,184	109,265	19,035	130,476
Business rates	1,029	16,394	1,150	12,822
Utilities	156	21,602	781	20,766
Rentals under operating leases (non PFI)	7,582	124,498	6,139	117,867
PFI service charges	-	-	-	543
IT maintenance and support	2,474	52,755	2,537	55,900
Travel and subsistence	1,619	24,908	1,397	23,551
Audit fees (statutory accounts) - cash	-	2,391	-	2,429
Sub-total: cash items	37,863	488,568	49,582	492,248
Non-cash items				
Auditors' remuneration	400	400	434	434
Sub-total: non-cash items	400	400	434	434
Total: Purchase of goods and services	38,263	488,968	50,016	492,682

Auditors' remuneration

Audit fees (cash) remuneration of £2,455k (2016-17: £2,429k) relates to the statutory audit of the ALBs. Of this amount, £64k relates to the audit of a number of bodies which have not been consolidated in the 2017-18 DCMS group accounts on a line-by-line basis on the grounds of materiality; this includes The Churches Conservation Trust (CCT), Phone-paid Services Authority (PSA), Sports Ground Safety Authority (SGSA) and UK Anti-Doping (UKAD). The remaining £2,391k relates to bodies which have been consolidated in the 2017-18 DCMS group accounts on a line-by-line basis.

Of the cash fees relating to bodies which have been consolidated in the 2017-18 DCMS group accounts on a line-by-line basis, £2,317k was payable to the National Audit Office (NAO) on behalf of the C&AG and £74k was payable to other auditors. Of the cash fees relating to the audit of bodies which have not been consolidated in the 2017-18 DCMS group accounts on a line-by-line basis, £44k was payable to the NAO on behalf of the C&AG and £20k was payable to other auditors.

Notional auditors' remuneration for the cost of the audit of the group's accounts was £400k (2016-17: £434k), consisting of the core department £400k (2016-17: £393k). The auditors' remuneration for the Agency, which ceased to exist in March 2017, is £nil in 2017-18 (2016-17 £41k).

In 2017-18 the core department did not purchase any non-audit services from its auditor, the Comptroller and Auditor General (C&AG) (2016-17: £nil). The ALBs purchased non-audit services from auditors other than the NAO for £4k (2016-17: £303k). Further details can be obtained from the accounts of the ALBs.

Professional services

Included within professional services is £18.3m of consultancy costs (2016-17: £22.9m).

In 2017-18 the core department increased its expenditure on professional services to £21.8m from £13.3m in 2016-17 largely as a result of increased investment on the cyber schools programme and preparation costs for exit from the EU.

Premises expenses

Premises expenses have fallen during the year largely due to The Royal Parks no longer being consolidated within the DCMS accounts. In 2016-17 The Royal Parks premises expenses were £17.1m and in 2017-18 this figure is £nil.

4.4 Depreciation, amortisation and impairment charge

	2017-18		Restated 2016-17	
	Core Department £'000	Departmental Group £'000	Core Department & Agency £'000	Departmental Group £'000
Depreciation	1,282	309,282	3,720	305,015
Amortisation	228	26,346	113	23,489
Impairments/(write backs)	(1,535)	10,673	(1,847)	15,360
Depreciation, amortisation and impairment charges - non-cash total	(25)	346,301	1,986	343,864

The year on year increase in the group's depreciation and amortisation is driven by the completion of a number of capital projects including the Tate Modern Project (first full year) and the Victoria and Albert Museum's Exhibition Road Quarter. The decrease in impairments was mainly attributable to film rights held by the British Film Institute (Lottery).

4.5 Provisions expense

	2017-18		Restated 2016-17	
	Core Department £'000	Departmental Group £'000	Core Department & Agency £'000	Departmental Group £'000
Provisions:				
Unwinding of discount	-	-	-	5
Provided for/(released)	60	100,436	(920)	46,046
Provisions expense - non-cash total	60	100,436	(920)	46,051

The Big Lottery Fund have recognised a provision of £60.9m of which £59.7m relates to dormant account income that will be paid to Scotland and Wales (see note 19).

British Film Institute Lottery incurred £26.8m (2016-17: £13.2m) of grant commitments.

The BBC incurred £10.5m (2016-17: £36.7m) of provision expenses which largely relate to the restructuring programme (see note 19).

4.6 Other operating expenditure

	2017-18		Restated 2016-17	
	Core department £'000	Departmental group £'000	Core department & agency £'000	Departmental group £'000
Broadcasting and media	-	2,331,823	-	2,377,618
Sport	12,707	26,957	12	27,478
Tourism	-	61,569	-	62,499
Ceremonial and cultural events	4,025	6,861	6,593	8,856
Historical and heritage	33,322	35,275	10,288	12,730
Museums, galleries, art & exhibits	304	65,232	249	64,689
Libraries	-	6,091	-	6,162
Interest payable	-	97,293	-	144,328
Finance costs	15	3,340	85	896
Early departure costs	36	21,549	166	56,929
Research & Development (capital)	-	13,154	-	28,521
Other expenditure	6,821	50,902	1,595	46,842
Sub-total: cash items	57,230	2,720,046	18,988	2,837,548
Non-cash items				
Interest on pension liabilities	-	40,383	-	48,695
(Profit)/loss on disposal of property, plant & equipment	-	752	-	1,959
(Profit)/loss on disposal of intangibles	-	29	-	-
Revaluations	-	74,416	72	(35,203)
Share of (profits)/losses on joint ventures and associates	-	(8)	-	-
(Gains)/losses on net asset transfers	-	-	(860)	(860)
Write offs/(write backs)	(1)	124	(52)	127
Unrealised foreign exchange rate (gains)/losses	-	-	-	2
Sub-total: Non-cash items	(1)	115,696	(840)	14,720
Total: Other operating expenditure	57,229	2,835,742	18,148	2,852,268

Significant movements in expenditure

The majority of the increase in historical and heritage expenses was due to 2017-18 being the first full year of the management contract with The Royal Parks Limited for functions previously operated by The Royal Parks Agency.

The interest payable decrease was driven by £23.7m fair value movements in cash flow swaps connected to the BBC's finance lease on Broadcasting House, and a £23.3m exchange loss on borrowings in the prior year.

The reduction in early departure costs was due to significant redundancies in the prior year associated with efficiency programmes at the BBC.

Revaluations increased by £109.6m to £74.4m in the year ended 31 March 2018. The movement related to £65.5m revaluation of various BBC swap instruments, £26.0m to revaluation of BBC investment properties and £9.9m to British Museum investment properties.

5. Income

5.1 Income from sale of goods and services

	2017-18		2016-17	
	Core department £'000	Departmental group £'000	Core department & agency £'000	Departmental group £'000
Goods and services	7	58,426	16	57,557
Property sales – East Village	-	-	6,435	6,435
Rental income	-	29,583	1,435	30,015
Total: Income from sale of goods and services	7	88,009	7,886	94,007

The £6.4m of Property sales – East Village in 2016-17 relates to income from Stratford Village Development and was the first overage payment on the sale of Olympic Village properties. When each of the development plots on the village is sold, DCMS has an entitlement to an overage from the owners, Qatari Diar Delancey, up to March 2024. Any sums payable to DCMS in respect of overage on the village development plots are subject to a 5% levy in favour of London Borough of Newham.

5.2 Other operating income

	2017-18		Restated 2016-17	
	Core department £'000	Departmental group £'000	Core department & agency £'000	Departmental group £'000
Lottery income	-	1,535,188	-	1,530,928
Current grant income	88,123	186,187	115,776	133,591
Capital grant income	25,496	20,913	1,599	21,957
Recoveries	4,134	43,238	3,277	21,541
Fees and charges	-	84,307	19,223	102,149
Levies	-	94,975	-	49,896
Fees for licences and broadcast licences	97,258	683,835	153,881	646,698
Royalties	-	32,657	-	34,415
Charity income - donations	-	124,679	-	138,499
Charity income - other	-	121,490	-	113,302
Interest	1,542	31,433	2,293	49,862
Dividends	-	71,985	-	91,300
Other operating income	816	384,461	2,773	347,014
Sub-total: cash items	217,369	3,415,348	298,822	3,281,152
Non-cash items				
Profit/(loss) on disposal of assets:				
Assets held for sale	-	1,420	-	-
Financial assets	-	3,747	-	3,448
Revaluation of financial assets/liabilities	-	(399)	-	-
Charity income - asset donations	-	19,418	-	94,870
Sub-total: Non-cash items	-	24,186	-	98,318
Total: Other operating income	217,369	3,439,534	298,822	3,379,470

The core department collected £80.0m from the BBC (2016-17: £150.0m) for contributions for Broadband as per the 2010 BBC Licence Fee Settlement. This was eliminated in the group accounts. This money was paid over to the Consolidated Fund, see SoPS Note 4.1 in Annex B to the accounts.

Significant movements in income

Current grant income - has increased during the year by £52.6m. Income from the Foreign and Commonwealth Office for the BBC World Service was classified this year to grant income rather than other income resulting in an £81.1m increase. This was offset by a £28.3m fall in the Core Department as the final London2012 precept payments were received from the Greater London Authority in 2016-17.

Recoveries – during the year the Digital Economy Act 2017 introduced legislative amendments which permitted Ofcom to retain sums received in connection with its functions under the Wireless Telegraphy Act. This subsequently led to an increase in income of £21.7m.

Fees and charges – income from fees and charges has fallen by £17.8m mainly due to The Royal Parks Agency ceasing to exist and its successor being outside of the DCMS group.

Levies – during the year the Horserace Betting Levy Board generated additional Levy income of £45.1m as a result of new regulations coming in to affect from 25 April 2017.

Dividend income – has fallen by £19.3m from the prior year which is mainly due to BBC Worldwide declaring a smaller dividend to the BBC parent.

Other operating income includes an increase in Big Lottery Fund income from dormant accounts of £58.3m, from £94.5m to £152.8m.

Charity income (asset donations) – has fallen from the prior year since there were no large asset donations during the year, in the prior year the Ministry of Defence donated works of art to the National Maritime Museum with a value of £73.5m.

6. Property, plant and equipment

	2017-18								
	Land £'000	Buildings £'000	Dwellings £'000	Information technology £'000	Plant & machinery £'000	Furniture & fittings £'000	Antiques, works of art & collections £'000	Assets under construction £'000	Total £'000
Cost or valuation									
At 1 April 2017	1,276,093	4,670,928	11,575	98,412	2,251,881	427,485	827	246,410	8,983,611
Additions	-	23,779	880	6,169	19,884	8,935	-	164,251	223,898
Donations	-	-	-	-	-	-	-	240	240
Disposals	(391)	(12,597)	(1)	(3,637)	(53,231)	(17,168)	-	(275)	(87,300)
Revaluations	(58,832)	(264,640)	304	(524)	(127,942)	133	-	23	(451,478)
Impairments	(2)	508	-	(255)	(37)	(6)	-	-	208
Reclassifications	264,000	(298,011)	(9,357)	1,475	173,826	10,666	-	(142,599)	-
Transfers (to)/from assets held for sale/intangibles/investment properties/heritage assets	-	74,151	-	2,016	10,610	(3,369)	-	(107,323)	(23,915)
Transfers in/(out) of group	-	-	-	-	-	-	-	-	-
At 31 March 2018	1,480,868	4,194,118	3,401	103,656	2,274,991	426,676	827	160,727	8,645,264
Depreciation									
At 1 April 2017	186	121,808	5,195	79,816	899,952	292,772	-	-	1,399,729
Charged in year	8	117,840	1,002	7,788	157,730	24,774	-	-	309,142
Disposals	-	(10,389)	(1)	(3,551)	(48,925)	(16,523)	-	-	(79,389)
Revaluations	12	(79,918)	50	(223)	(29,975)	(747)	-	-	(110,801)
Reclassifications	-	5,686	(5,552)	(2)	(132)	-	-	-	-
Transfers (to)/from assets held for sale/intangibles/investment properties/heritage assets	-	149	-	217	(116)	(250)	-	-	-
At 31 March 2018	206	155,176	694	84,045	978,534	300,026	-	-	1,518,681
Carrying amount:									
31 March 2018	1,480,662	4,038,942	2,707	19,611	1,296,457	126,650	827	160,727	7,126,583
31 March 2017	1,275,907	4,549,120	6,380	18,596	1,351,929	134,713	827	246,410	7,583,882
Asset financing:									
Owned	1,470,686	2,968,159	2,707	19,611	1,291,310	122,907	827	160,727	6,036,934
Finance leased	9,976	1,070,783	-	-	5,147	3,743	-	-	1,089,649
Carrying amount at 31 March 2018	1,480,662	4,038,942	2,707	19,611	1,296,457	126,650	827	160,727	7,126,583
Of which:									
Core department	8,971	14,567	-	2,389	1,077	1,327	-	-	28,331
Arm's length bodies	1,471,691	4,024,375	2,707	17,222	1,295,380	125,323	827	160,727	7,098,252
Carrying amount at 31 March 2018	1,480,662	4,038,942	2,707	19,611	1,296,457	126,650	827	160,727	7,126,583

6. Property, plant and equipment (continued)

	Restated 2016-17								
	Land £'000	Buildings £'000	Dwellings £'000	Information technology £'000	Plant & machinery £'000	Furniture & fittings £'000	Antiques, works of art & collections £'000	Assets under construction £'000	Total £'000
Cost or valuation									
At 1 April 2016	1,239,649	4,274,506	13,775	113,055	1,959,918	421,911	827	418,471	8,442,112
Additions	390	25,442	1,366	7,445	20,448	13,550	-	204,867	273,508
Disposals	(16)	(9,087)	(443)	(23,205)	(36,104)	(15,045)	-	(87)	(83,987)
Revaluations	44,340	350,208	130	827	64,417	431	-	31	460,384
Impairments	(34)	210	-	-	(82)	-	-	-	94
Reclassifications	205	81,739	449	857	249,898	8,705	-	(341,853)	-
Transfers (to)/from assets held for sale/intangibles/investment properties/heritage assets	(8,418)	(4,098)	-	-	(679)	2,934	-	(30,543)	(40,804)
Transfers in/(out) of group	(23)	(47,992)	(3,702)	(567)	(5,935)	(5,001)	-	(4,476)	(67,696)
Restated at 31 March 2017	1,276,093	4,670,928	11,575	98,412	2,251,881	427,485	827	246,410	8,983,611
Depreciation									
At 1 April 2016	-	129,667	6,056	93,272	868,928	284,910	-	-	1,382,833
Charged in year	8	114,965	723	9,555	153,751	25,467	-	-	304,469
Disposals	-	(8,688)	(5)	(23,071)	(31,937)	(14,398)	-	-	(78,099)
Revaluations	178	(87,929)	(8)	291	(89,033)	248	-	-	(176,253)
Reclassifications	-	(341)	-	(2)	(11)	354	-	-	-
Transfers (to)/from assets held for sale/intangibles/investment properties/heritage assets	-	-	-	-	(275)	-	-	-	(275)
Transfers in/(out) of group	-	(25,866)	(1,571)	(229)	(1,471)	(3,809)	-	-	(32,946)
Restated at 31 March 2017	186	121,808	5,195	79,816	899,952	292,772	-	-	1,399,729
Carrying amount:									
31 March 2017	1,275,907	4,549,120	6,380	18,596	1,351,929	134,713	827	246,410	7,583,882
31 March 2016	1,239,649	4,144,839	7,719	19,783	1,090,990	137,001	827	418,471	7,059,279
Asset financing:									
Owned	1,266,029	3,078,323	2,614	18,596	1,350,616	131,610	827	246,397	6,095,012
Finance leased	9,878	1,470,797	3,766	-	1,313	3,103	-	13	1,488,870
Carrying amount at 31 March 2017	1,275,907	4,549,120	6,380	18,596	1,351,929	134,713	827	246,410	7,583,882
Of which:									
Core department	1,140	-	-	2,417	-	367	-	-	3,924
Agency	-	-	-	-	-	-	-	-	-
Arm's length bodies	1,274,767	4,549,120	6,380	16,179	1,351,929	134,346	827	246,410	7,579,958
Carrying amount at 31 March 2017	1,275,907	4,549,120	6,380	18,596	1,351,929	134,713	827	246,410	7,583,882

Land & buildings valuation

The professional valuations of land and buildings undertaken within the group were prepared in accordance with the Royal Institute of Chartered Surveyors (RICS) Valuation Standards (6th Edition); the 'Red Book'. Land and buildings are revalued every five years, and where appropriate, in the intervening periods relevant indices are used. Further information can be found in the individual financial statements of the ALBs.

Some ALBs have valued their land and buildings at modified historical cost as a proxy for fair value, as it is considered not to be materially different to fair value.

Details of the valuation method applied by the BBC are included in the accounting policies note 1.8.

During 2017-18, the British Library engaged a new property advisor who applied a zero based approach to the valuation of the St Pancras site and the associated fit out assets, as well as a different RICS approved valuation method this year. As a result, there has been a significant decrease in value.

During 2017-18 an operating lease was issued to three museums and galleries, a result of which Blythe House land and buildings transferred from the relevant museums to the core department.

Land

Land includes the Tate Gallery with a carrying value of £443.1m (31 March 2017: £189.5m); the British Library of £247.0m (31 March 2017: £318.7m); the Natural History Museum of £180.9m (31 March 2017: £179.4m); and the British Museum of £151.7m (31 March 2017: £151.5m).

The major components of the £204.8m increase are: £264.0m increase at the Tate Modern due to the reclassification (from buildings) arising from the buyout of a finance lease and a £71.6m decrease relating to the British Library (predominately driven by the revaluation mentioned above).

Buildings

Buildings includes the BBC with a carrying value of £999.4m (31 March 2017 restated: £993.1m); the British Library of £429.8m (31 March 2017: £813.1m); the British Museum of £409.8m (31 March 2017: £369.3m); the Victoria and Albert Museum of £338.3m (31 March 2017: £293.9m); the Natural History Museum of £296.0m (31 March 2017: £259.0m); and the Tate Gallery of £261.2m (31 March 2017: £612.7m).

The major components of the £510.2m decrease are: £383.2m decrease relating to the British Library (predominately driven by the revaluation mentioned above), £369.0m decrease which relates to the Tate Modern reclassification (also mentioned above), offset by upward revaluations at a number of ALBs.

Plant & machinery

Plant & machinery includes the Tate Gallery with a carrying value of £427.5m (31 March 2017: £328.9m); the BBC of £268.5m (31 March 2017: £263.8m); and the British Library of £192.8m (31 March 2017: £355.1m). The major components of the £55.5m decrease are: £162.4m decrease relating to the British Library (predominately driven by the revaluation mentioned above) offset by an increase of £105.0m relating to the Tate Modern reclassification also mentioned above.

Assets under construction

Assets Under construction includes a large number of projects at the BBC with a carrying value of £101.1m (31 March 2017: £128.7m). The decrease of £85.7m is mainly due to the completion of the Victoria and Albert Museum's Exhibition Road Quarter and a number of projects at the BBC.

7. Heritage assets

The heritage assets owned by the group are split between land, buildings and other (which includes antiques and works of art) as shown in the table below, and reconciles to the heritage assets table in note 7.1.

	2017-18			
	Land £'000	Buildings £'000	Other £'000	Total £'000
Cost or valuation				
At 1 April 2017	2,400	54,469	1,376,038	1,432,907
Additions	-	1,631	30,682	32,313
Donations	-	-	19,178	19,178
Disposals	-	-	(290)	(290)
Revaluations	-	8,232	14,278	22,510
Impairments	-	183	-	183
Reclassifications	-	(100)	100	-
At 31 March 2018	2,400	64,415	1,439,986	1,506,801
Depreciation				
At 1 April 2017	-	521	25	546
Charged in year	-	79	61	140
Disposals	-	60	-	60
At 31 March 2018	-	660	86	746
Carrying amount:				
31 March 2018	2,400	63,755	1,439,900	1,506,055
31 March 2017	2,400	53,948	1,376,013	1,432,361
Asset financing:				
Owned	2,400	63,755	1,439,900	1,506,055
Carrying amount at 31 March 2018	2,400	63,755	1,439,900	1,506,055
Of which:				
Core department	-	-	14,829	14,829
Arm's length bodies	2,400	63,755	1,425,071	1,491,226
Carrying amount at 31 March 2018	2,400	63,755	1,439,900	1,506,055

	2016-17			
	Land £'000	Buildings £'000	Other £'000	Total £'000
Cost or valuation				
At 1 April 2016	2,400	76,772	1,230,763	1,309,935
Additions	-	1,822	25,542	27,364
Donations	-	-	94,869	94,869
Revaluations	-	16,535	29,653	46,188
Impairments	-	-	(750)	(750)
Disposals	-	-	(605)	(605)
Reclassifications	-	(160)	160	-
Transfers (to)/from property, plant & equipment/assets held for sale/intangibles	-	510	12	522
Transfers in/(out) of group	-	(41,010)	(3,606)	(44,616)
At 31 March 2017	2,400	54,469	1,376,038	1,432,907
Depreciation				
At 1 April 2016	-	17,039	1,619	18,658
Charged in year	-	275	271	546
Revaluations	-	1,700	2,573	4,273
Transfers in/(out) of group	-	(18,493)	(4,438)	(22,931)
At 31 March 2017	-	521	25	546
Carrying amount:				
31 March 2017	2,400	53,948	1,376,013	1,432,361
31 March 2016	2,400	59,733	1,229,144	1,291,277
Asset financing:				
Owned	2,400	53,948	1,376,013	1,432,361
Carrying amount at 31 March 2017	2,400	53,948	1,376,013	1,432,361
Of which:				
Core Department	-	100	14,406	14,506
Agency	-	-	-	-
Arm's Length Bodies	2,400	53,848	1,361,607	1,417,855
Carrying amount at 31 March 2017	2,400	53,948	1,376,013	1,432,361

7.1 Heritage assets

	Non-operational		Operational		Total Heritage Assets £'000
	At Cost £'000	At Valuation £'000	At Cost £'000	At Valuation £'000	
Cost or valuation					
Balance at 1 April 2017	358,453	1,017,513	15,765	41,176	1,432,907
Additions	30,324	358	1,631	-	32,313
Donations	368	18,810	-	-	19,178
Disposals	(32)	(258)	-	-	(290)
Impairments	-	-	-	183	183
Revaluations	-	14,278	-	8,232	22,510
Balance at 31 March 2018	389,113	1,050,701	17,396	49,591	1,506,801
Depreciation					
Balance at 1 April 2017	-	-	546	-	546
Depreciation charge for the year	-	-	140	-	140
Disposals	-	-	60	-	60
Balance at 31 March 2018	-	-	746	-	746
Net book value at 31 March 2018	389,113	1,050,701	16,650	49,591	1,506,055

	Non Operational		Operational		Total heritage assets £'000
	At Cost £'000	At Valuation £'000	At Cost £'000	At Valuation £'000	
Cost or valuation					
Balance at 31 March 2016	333,320	896,946	14,002	65,667	1,309,935
Additions	24,654	722	1,988	-	27,364
Donations	479	94,390	-	-	94,869
Disposals	-	(605)	-	-	(605)
Impairments	-	(750)	-	-	(750)
Transfers (to)/from property, plant & equipment/assets held for sale/intangibles	-	-	522	-	522
Revaluations	-	28,268	3,102	14,818	46,188
Transfers in/(out) of group	-	(1,458)	(3,849)	(39,309)	(44,616)
Balance at 31 March 2017	358,453	1,017,513	15,765	41,176	1,432,907
Depreciation					
Balance at 31 March 2016	-	1,558	433	16,667	18,658
Depreciation charge for the year	-	-	546	-	546
Revaluations	-	-	4,273	-	4,273
Transfers in/(out) of group	-	(1,558)	(4,706)	(16,667)	(22,931)
Balance at 31 March 2017	-	-	546	-	546
Net book value at 31 March 2017	358,453	1,017,513	15,219	41,176	1,432,361

Summary of heritage asset transactions	2017-18 £'000	2016-17 £'000	2015-16 £'000	2014-15 £'000	2013-14 £'000
Purchased assets	32,313	27,364	23,021	33,881	61,231
Donated assets	19,178	94,869	16,961	90,435	12,009
Disposals	(230)	(605)	-	(2,460)	(227)
Impairments	183	(750)	(412)	-	(449)

Classification

Heritage assets are classified under the FReM as either:

- Non-operational heritage assets, which are held for the maintenance of the country's heritage.
- Operational heritage assets, which are held for the maintenance of the country's heritage and are also used for other activities, or to provide other services.

Non-operational and operational heritage assets within the Consolidated Statement of Financial Position are split between heritage assets held at cost and held at valuation. For more detailed information on heritage assets please refer to the financial statements of the individual ALBs listed at note 28.

7.1.1 Non-operational heritage assets

Non-operational heritage assets acquired by the group prior to 1 April 2001 have not been valued, and are not therefore included in the Consolidated Statement of Financial Position. The cost of valuing these assets is considered to be prohibitive and is not commensurate to the benefits, due to the size of the collections and/or the assets' uniqueness.

Department

The department's non-operational heritage assets include the Government Art Collection, other arts and antiques collections, land, buildings and monuments.

The majority of non-operational heritage assets held are valued at nil, because valuation information cannot be obtained at a cost commensurate with the benefits to users of the

accounts; the market value would not be a true reflection of the value of the asset to the nation's heritage; the asset, if lost, could not be replaced or reconstructed.

Government Art Collection (GAC)

The GAC's major works include paintings by Van Dyck, L. S. Lowry, Edward Lear, William Hogarth, Thomas Gainsborough, Lucian Freud, W.R. Sickert and sculptures by Henry Moore, Jacob Epstein and Barbara Hepworth. Purchased additions to the GAC have been included at cost in the Consolidated Statement of Financial Position from 1 April 2000. Assets acquired prior to 1 April 2000 and donations to the GAC are valued at nil as the cost of obtaining valuations for these assets is not commensurate to the benefits.

Other arts and antiques collections

The department's non-operational heritage assets include the Heveningham Hall chattels at valuation. The most important items among the chattels are a suite of furniture designed by James Wyatt originally for Heveningham Hall, Suffolk, a Grade I listed building.

Land, buildings, and monuments

The Secretary of State has responsibility for Royal Estate properties in England governed by the Crown Lands Act 1851 and subsequent legislation. This responsibility is discharged through a series of management agreements:

- During 2016-17 The Secretary of State entered into a contract with The Royal Parks Limited for the provision of maintenance and management of the Royal Parks; prior to this the Royal Parks were managed by The Royal Parks Agency. As a result, 114 heritage assets transferred from The Royal Parks Agency to the core department. These assets consist of monuments, statues, fountains, bridges, walls, band stands, historic gates and monuments such as Albert Memorial in Kensington Gardens and the 7 July Memorial in Hyde Park. Four of these had been subject to major capital enhancements and transferred at cost/valuation of £6m.
- The occupied royal palaces in England (Buckingham Palace, St James' Palace, Windsor Castle and some other smaller properties) are managed by the Royal Household to whom the Secretary of State paid grant-in-aid. From 1 April 2012, although the Secretary of State retains legal responsibility for these properties, this funding has been aggregated with the Civil List into the Sovereign Grant paid by HM Treasury under the Sovereign Grant Act 2011.
- Marlborough House, used as the home of the Commonwealth Secretariat, is maintained by the Royal Household under an ongoing grant agreement.
- The Historic Royal Palaces in England (Hampton Court Palace, Kew Palace, the Tower of London, the Whitehall Banqueting House and most of Kensington Palace) are managed by the Historic Royal Palaces Trust, which has a contract to manage the palaces and provide education and visitor services in return for the rights to retain admission charges to these sites.

The Secretary of State is also the owner of land, buildings, monuments and sites of heritage interest acquired by the Office of Works and its successors using exchequer funding or as a result of specific statutes such as the Wellington Museum Act 1947 and other Crown Lands Acts.

Under Section 34 of the National Heritage Act 1983, management responsibility is vested in the Historic Buildings and Monuments Commission for England (Historic England). There are close to 100 such properties, plus some 250 properties under the Secretary of State's guardianship (for which the freehold remains with private owners). The department also

owns freeholds adjacent to some sites under guardianship, used for purposes ancillary to public access such as car parks.

The following (based on visitor numbers) are of particular importance:

- Stonehenge
- Dover Castle
- Hadrian's Wall
- Osborne House
- Tintagel Castle
- Kenwood House
- Audley End House
- Whitby Abbey
- Carisbrooke Castle
- Kenilworth Castle

Arm's length bodies

The group owns a wide range of non-operational heritage assets. Further details are recorded in the respective ALBs' annual report and accounts (see note 28), the following illustrate the scope of these.

The Arts Council England Exchequer held non-operational heritage assets at valuation of £169.1m (31 March 2017: £163.4m). The works of art collection has been built up since 1946 and consisted of 7,890 items at 31 March 2018. Works of exceptionally high value are valued every year; as are items that are on long term loan. All items are valued when loans are agreed as this provides the value for which the lender has to insure the item.

The British Library held non-operational heritage assets at cost of £40.5m (31 March 2017: £39.2m) and at valuation of £29.0m (31 March 2017: £29.0m). The British Library is the national library of the UK and one of the world's greatest research libraries. The British Library is one of the six legal deposit libraries of the UK and it receives copies of all publications produced in the UK and the Republic of Ireland. The assets held at valuation reflect valuations made as part of the acquisition process.

The British Museum held non-operational heritage assets at cost of £33.0m (31 March 2017: £32.0m) and at valuation of £58.2m (31 March 2017: £57.1m). The British Museum collection is a global one, and its great strength is the way it records the interrelated histories of humanity as a whole. The collection is estimated to contain about eight million objects.

Historic England has responsibility for the National Collection of buildings, monuments and sites. Since 1 April 2015 they are managed by Historic England's charitable subsidiary, The English Heritage Trust, using a mixture of grant-in-aid funding and self-generated income.

The National Gallery held non-operational heritage assets at a cost of £42.1m (31 March 2017: £28.3m) and at valuation of £273.1m (31 March 2017: £268.2m). The National Gallery houses one of the greatest collections of Western European paintings in the world. The collection contains over 2,300 works, including many iconic masterpieces and the work of some of the greatest painters.

The National Portrait Gallery held non-operational heritage assets at cost of £23.1m (31 March 2017: £23.1m) and at valuation of £8.6m (31 March 2017: £8.4m). The National Portrait Gallery holds two collections: a primary collection consisting mainly of paintings and sculpture and a reference collection containing more than 85,000 portraits.

Tate Gallery held non-operational heritage assets at cost of £153.5m (31 March 2017: £147.0m) and at valuation of £313.7m (31 March 2017: £297.6m). Tate Gallery holds the National Collection of British Art from the 1500s and international modern and contemporary art from the 1900s. The collection embraces all media from painting, drawing, sculpture and prints, to photography, video and film, installation and performance. The collection currently consists of 74,287 works of art. Tate Gallery also houses the National Archive of British Art from 1900. The Tate Gallery Archive contains manuscripts, notebooks, sketches, prints, documentation and supporting material.

The Victoria and Albert Museum held non-operational heritage assets at cost of £42.1m (31 March 2017: £35.3m) and at valuation of £62.0m (31 March 2017: £61.2m). The Victoria and Albert Museum is the leading international museum of art and design, with 2.3 million objects, library items and archives in its collections.

7.1.2 Operational heritage assets

Where operational heritage assets have not been included in the Consolidated Statement of Financial Position, it is due to the prohibitive cost of valuing these assets which is a reflection of the size of the collections and/or the assets uniqueness.

Department

The department holds the freehold to Somerset House, an operational heritage asset held at nil value.

The Somerset House Trust, a private company limited by guarantee and a registered charity, was established in 1997 to conserve and develop Somerset House and the open spaces around it to the public. The department manages the government's freehold interest in Somerset House and ensures the Somerset House Trust fulfils the terms of its lease, which it holds until 2125.

During 2016-17 operational heritage assets with a net book value of £21.7m held by The Agency were transferred outside of the DCMS group to The Royal Parks Limited. These assets comprised of buildings previously in use by The Royal Parks Agency, tenants and concessionaires, which in addition to being held for heritage purposes, were also used for revenue generating or other non-heritage purposes. Information on these assets can be found within the individual accounts of The Royal Parks Limited (as and when published).

Arm's length bodies

Historic England held 106 operational heritage assets of £47.1m at valuation (31 March 2017: £38.8m).

7.1.3 Acquisition, preservation, management and disposal policies

Department

The government is committed to setting an example in the conservation of its historic estate, emphasising the importance of preventative maintenance as part of an integrated approach to the historic environment. The requirement for quadrennial condition surveys and a planned programme of repairs and maintenance for historic buildings is set out in the 'Protocol for the Care of the Government Historic Estate'. This 'protocol' requires departments and Agencies to nominate a Departmental Conservation Officer to monitor conservation activity and liaise with the Government Historic Estates Unit (GHEU). GHEU is a team in Historic England providing advice and guidance at a national level to government departments and agencies, as well as other public bodies.

With the exception of Somerset House, Historic England (via its charitable subsidiary, The English Heritage Trust) manages all the sites on behalf of the department. Historic England

is obliged by the National Heritage Act 1983 “to secure the preservation of ancient monuments and historic buildings in England (including UK territorial waters adjacent to England)”. In addition, the department agrees with Historic England a strategy for the conservation and maintenance of the sites. Historic England has a published asset management plan, ‘Asset Management Plan for the Maintenance of the Historic Estate 2011-15’, which sets out the policy for maintaining the National Collection of Historic Properties in their care: <https://www.english-heritage.org.uk/content/imported-docs/a-e/eh-amp-nov2011.pdf>

The Government Art Collection (GAC) is part of the department which funds collection maintenance and management. Other departments provide additional funding for major site-specific commissions for new or refurbished buildings. Works of art are displayed in approximately 400 Government buildings in the UK and abroad. This includes 10 Downing Street, Lancaster House, main Whitehall departments, diplomatic posts abroad, embassies, residences, high commissions and consulates-general in most countries.

More details of the asset management undertaken by Government Art Collection can be found on their website: <http://www.gac.culture.gov.uk/resources/reports/>

Information regarding operational heritage assets which transferred to The Royal Parks Limited (as mentioned above) can be found within the individual accounts of The Royal Parks Limited (as and when published).

Arm’s length bodies

The ALBs have detailed documented procedures in relation to acquisitions and disposals. These acquisitions and disposals take into account relevant guidelines and require the approval of the ALBs’ board. There are restrictions placed on ALBs in relation to the disposal of heritage assets, a significant exception is where an item has deteriorated beyond usefulness for the purpose of the relevant collection. The relevant ALBs have established standards of care which generally follow codes of practice for the preservation of collections. These policies and procedures are regularly reviewed. Conservation work includes assessment of the collection, preventive conservation (through environmental and light control), preventive maintenance and minor treatment. For further details of their acquisition, preservation, management and disposal policies please refer to the individual financial statements of the ALBs (see note 28).

7.1.4 Heritage assets: records maintained and access

Department

The GAC maintains a physical and online database of its collection. The GAC places works of art in major government buildings in the UK and around the world to promote British art, culture and history, and as a result the public’s access is limited.

The heritage assets transferred from The Royal Parks Agency to the core department in 2016-17 are managed via a contract for services between The Royal Parks Limited and the core department.

Arm’s length bodies

Collection databases are maintained physically or online by the relevant ALBs. Most of these ALBs have a major part of their collections on public display, free of charge. For further details of the records maintained and the extent to which heritage assets can be accessed please refer to the individual financial statements of the ALBs.

7.1.5 Nature and extent of significant donations of heritage assets

Donated assets of £19.2m were received in 2017-18 (2016-17: £94.9m), the most significant of these are:

The Tate Gallery received donations of heritage assets with a value of £12.9m (2016-17: £13.4m) including a painting by Pierre Soulages valued at £3.1m and a painting by Susan Rothenberg valued at £1.9m.

The National Gallery received donations of heritage assets with a value of £3.4m (2016-17: £0.5m). The most significant is Adriaen Coorte's Still Life with a Bowl of Strawberries, a Spray of Gooseberries, Asparagus and a Plum, valued at £1.5m.

8. Intangible assets

	2017-18			
	Licences £'000	Websites £'000	Development Expenditure £'000	Total £'000
Cost or valuation				
At 1 April 2017	212,475	3,958	27,295	243,728
Additions	2,522	298	1,743	4,563
Disposals	(49,843)	(41)	(17)	(49,901)
Revaluations	29	-	213	242
Transfers (to)/from property, plant & equipment	26,814	48	(347)	26,515
At 31 March 2018	191,997	4,263	28,887	225,147
Amortisation				
At 1 April 2017	155,841	1,813	18,060	175,714
Charged in year	22,906	680	2,760	26,346
Disposals	(49,703)	(41)	(4)	(49,748)
Revaluations	30	-	199	229
At 31 March 2018	129,074	2,452	21,015	152,541
Carrying amount:				
31 March 2018	62,923	1,811	7,872	72,606
31 March 2017	56,634	2,145	9,235	68,014
Asset financing:				
Owned	62,923	1,811	7,872	72,606
Carrying amount at 31 March 2018	62,923	1,811	7,872	72,606
Of Which:				
Core department	261	-	-	261
Arm's length bodies	62,662	1,811	7,872	72,345
Carrying amount at 31 March 2018	62,923	1,811	7,872	72,606

Intangible assets (continued)

	2016-17			
	Licences £'000	Websites £'000	Development Expenditure £'000	Total £'000
Cost or valuation				
At 1 April 2016	202,674	2,221	29,556	234,451
Additions	3,095	1,358	1,461	5,914
Disposals	(15,620)	-	(46)	(15,666)
Revaluations	68	-	545	613
Impairments	-	-	(3,188)	(3,188)
Reclassifications	524	-	(524)	-
Transfers (to)/from property, plant & equipment	21,845	409	13	22,267
Transfers in/(out) of group	(111)	(30)	(522)	(663)
At 31 March 2017	212,475	3,958	27,295	243,728
Amortisation				
At 1 April 2016	147,171	1,083	18,566	166,820
Charged in year	20,105	701	2,683	23,489
Disposals	(11,690)	-	(46)	(11,736)
Revaluations	65	-	480	545
Impairments	-	-	(3,188)	(3,188)
Transfers (to)/from property, plant & equipment	233	37	5	275
Transfers in/(out) of group	(43)	(8)	(440)	(491)
At 31 March 2017	155,841	1,813	18,060	175,714
Carrying amount:				
31 March 2017	56,634	2,145	9,235	68,014
31 March 2016	55,503	1,138	10,990	67,631
Asset financing:				
Owned	56,634	2,145	9,235	68,014
Carrying amount at 31 March 2017	56,634	2,145	9,235	68,014
Of which:				
Core department	182	-	-	182
Agency	-	-	-	-
Arm's length bodies	56,452	2,145	9,235	67,832
Carrying amount at 31 March 2017	56,634	2,145	9,235	68,014

The BBC held £55.2m of intangible software licences as at 31 March 2018 (31 March 2017: £48.1m).

9. Investment properties

	Core department £'000	Departmental group £'000
Balance at 31 March 2016	-	169,905
Additions	-	156
Revaluations	-	23,738
Transfers	-	15,171
Balance at 31 March 2017	-	208,970
Revaluations	-	(12,189)
Balance at 31 March 2018	-	196,781

The BBC holds investment properties as at 31 March 2018 valued at £174.6m (31 March 2017: £184.2m). The valuation of these investment properties was carried out by Lambert Smith Hampton, independent valuers not connected with the group, in accordance with the RICS Valuations – Professional Standards and International Valuation Standards. The year-end revaluation of these investment properties resulted in a decrease of £9.6m (31 March 2017: increase of £16.4m).

The property rental income earned by the BBC from its investment properties, which are leased out under operating leases, amounted to £19.3m (2016-17: £19.0m). Direct operating expenses incurred on the investment properties, which generated rental income during the year, amounted to £16.5m (2016-17: £3.1m). There were no direct operating expenses incurred on the investment properties, which did not generate rental income during the year (2016-17: £0.1m).

The British Museum holds investment properties valued at £22.2m as at 31 March 2018 (31 March 2017: £24.8m). The valuation of the investment properties at open market value as at 31 March 2018 was carried out by chartered surveyors Montagu Evans LLP. The valuation is in accordance with the RICS Appraisal and Valuation Manual. The year end revaluation of these investment properties resulted in a decrease of £2.6m (2016-17: increase of £7.3m).

The group has adopted the fair value model in accordance with the FReM.

10. Financial instruments

	Note	31 March 2018		Restated 31 March 2017	
		Core department £'000	Departmental group £'000	Core department and agency £'000	Departmental group £'000
Financial assets					
Loans and receivables					
Cash and cash equivalents	17	212,456	2,318,248	104,823	2,064,512
Trade and other receivables	16	1,486	808,649	4,282	628,325
Loans	12, 16	48,880	263,421	53,369	293,062
Deposits	12	-	28,576	-	18,798
		262,822	3,418,894	162,474	3,004,697
Available for sale					
Shares & equity type investments (listed and unlisted)	12	-	23,476	-	23,163
Investment in subsidiaries	12	8,342	1,633,993	-	1,337,309
Investment funds	12	-	233,189	-	235,940
Other financial assets	12	-	12,430	-	12,627
		8,342	1,903,088	-	1,609,039
Fair value through profit or loss					
Derivative financial instrument assets	12	-	428,478	-	495,778
Financial liabilities					
Fair value through profit or loss					
Derivative financial instrument liabilities	20	-	(520,393)	-	(525,987)
Financial liabilities at amortised cost					
Payables	18	(11,397)	(4,612,469)	(10,628)	(4,482,347)
Total		259,767	617,598	151,846	101,180

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The amounts disclosed above as payables and receivables therefore exclude any assets or liabilities which do not result from a contractual arrangement.

The group's financial instruments, other than those used for risk management purposes, comprise cash and cash equivalents and other financial assets and liabilities including trade receivables and payables, that arise directly from operations, or to partially fund future operations. The group finances part of its operations from these financial instruments. The group does not undertake speculative financial transactions. There is a risk averse approach to the management of foreign currency trading.

10.1 Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk largely arises from cash and cash equivalents, derivative financial instruments, available for sale financial assets and trade and other receivables. The group's maximum exposure to credit risk is limited to the value of these assets. The credit risk management policy in relation to trade receivables involves regularly assessing the financial reliability of customers, taking into account their financial position and historical credit risk.

The BBC collects the licence fee revenue on behalf of the Consolidated Fund. The licence fee receivable of £405.3m as at 31 March 2018 (31 March 2017: £396.0m) is the most significant credit risk facing the group. The BBC mitigates this risk through a third party contractor who collects the licence fee on BBC's behalf. The risk is mitigated by actively monitoring receivables and chasing payment from those at risk of missing payments. If

payments are missed, customers may have their licences revoked, thereby becoming unlicensed.

Lottery Bodies' term deposits and cash holdings are held by the National Lottery Distribution Fund, Government Banking Service or approved UK banks and are spread across institutions.

Transactions involving derivative financial instruments are entered into only with reputable banks, the credit ratings of which are taken into account to minimise credit risk.

10.2 Market risk (currency and other price risks)

The department, its agency and the group are principally domestic organisations with the majority of transactions, assets and liabilities arising in the UK and being sterling based. However, the group undertake some transactions in currencies other than sterling. Due to movements in exchange rates over time, the amount the group expects to receive or pay when it enters into a transaction may differ from the amount that it actually receives or pays when it settles the transaction. The most significant currency exposure by total value of transactions is US dollars, mainly relating to the BBC. However, due to the relative size of this exposure in comparison to the group's sterling dominated business, this is not considered to be significant for the group. The group does, however, generally enter into forward currency contracts to manage or hedge, this currency risk, which allows the group to settle transactions at known exchange rates, reducing further any uncertainty. The overall income or expenditure to be recognised in relation to contracts denominated in foreign currency and the related hedges is therefore relatively fixed.

10.3 Interest rate risk

The group's main exposure to interest rate fluctuations arises on external borrowings. BBC Commercial Holdings' 2013 private placement included a tranche of fixed rate US dollar debt, with the latter swapped to fixed rate sterling throughout the period of the instrument.

10.4 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. As the cash requirements of the group are largely met through the Parliamentary Estimates process, there is minimal liquidity risk. The BBC is subject to ceilings on its borrowings set by the Secretary of State in accordance with the agreement between the BBC and DCMS. In order to comply with these ceilings, together with the terms of any individual debt instruments, the BBC's treasury function manages the BBC's borrowings by regularly monitoring the BBC's cash flow forecasts. The BBC holds its surplus liquidity in term deposit accounts with highly rated financial institutions.

The bank loans of the BBC's commercial operations are subject to debt covenants based on the group's earnings before interest and taxation. The covenants are in respect of net borrowings and net interest coverage. The group is active in the monitoring of its debt covenants which have been met at 31 March 2018.

The vast majority of funding for Arts Council England Lottery, British Film Institute Lottery, Big Lottery Fund, Heritage Lottery Fund, Sport England Lottery and UK Sport Lottery comes from the National Lottery. Their liquidity risk is minimised by holding significant amounts of liquid assets and through cash-flow forecasting. Forward projections of lottery income are provided to these ALBs by the department.

The Horserace Betting Levy Board and the Gambling Commission are largely funded by means of a levy and licence fees respectively, rather than through parliamentary funding. They mitigate this risk by monitoring cash requirements and holding sufficient amounts of cash and cash equivalents to meet their requirements.

10.5 Financial instruments – fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 – uses quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – uses inputs for the assets or liabilities other than quoted prices that are observable either directly or indirectly.
- Level 3 – uses inputs for the assets or liabilities that are not based on observable market data, such as internal models or other valuation method.

The following table presents the departmental group's financial assets and liabilities that are measured at fair value at 31 March 2018 and 31 March 2017:

	31 March 2018				Restated 31 March 2017			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets								
Available for sale								
Shares & equity type investments (listed and unlisted)	23,476	-	-	23,476	23,163	-	-	23,163
Investment in subsidiaries	-	-	1,633,993	1,633,993	-	-	1,337,309	1,337,309
Investment funds	232,997	192	-	233,189	235,772	168	-	235,940
Other financial assets	-	-	12,430	12,430	-	-	12,627	12,627
Total available for sale financial assets	256,473	192	1,646,423	1,903,088	258,935	168	1,349,936	1,609,039
Fair value through profit or loss								
Derivative financial instrument assets	3,294	425,184	-	428,478	9,526	486,252	-	495,778
Total financial assets: fair value through profit or loss	3,294	425,184	-	428,478	9,526	486,252	-	495,778
Total financial assets	259,767	425,376	1,646,423	2,331,566	268,461	486,420	1,349,936	2,104,817
Of which:								
Core Department	-	-	8,342	8,342	-	-	-	-
Arm's Length Bodies	259,767	425,376	1,638,081	2,323,224	268,461	486,420	1,349,936	2,104,817
Total financial assets	259,767	425,376	1,646,423	2,331,566	268,461	486,420	1,349,936	2,104,817
Financial liabilities								
Fair value through profit or loss								
Derivative financial instrument liabilities	(4,458)	(515,935)	-	(520,393)	(756)	(525,231)	-	(525,987)
Total financial liabilities	(4,458)	(515,935)	-	(520,393)	(756)	(525,231)	-	(525,987)
Of which:								
Core Department	-	-	-	-	-	-	-	-
Arm's Length Bodies	(4,458)	(515,935)	-	(520,393)	(756)	(525,231)	-	(525,987)
Total financial liabilities	(4,458)	(515,935)	-	(520,393)	(756)	(525,231)	-	(525,987)

There were no transfers between level 1 and 2 during the year.

Specific valuation techniques used to value financial instruments include:

- quoted market prices or dealer quotes for similar instruments;
- the fair value of interest rate swaps, calculated as the present value of the estimated future cash flows based on observable yield curves;
- the fair value of forward foreign exchange contracts is determined using forward exchange rate at the reporting date, with the resulting value discounted back to present value;

- other techniques, such as discounted cash flow analysis or for non-quoted ordinary shares that are not actively traded the net assets of the company, or historic cost, are used. These are classified as level 3.

The following table presents the changes in level 3 instruments for the year ended 31 March 2018:

	Investment in subsidiaries £'000	Other financial assets £'000	Total financial assets £'000
Balance at 31 March 2016	1,407,225	10,970	1,418,195
Additions	(5,449)	22,835	17,386
Repayments/disposals	-	(5,186)	(5,186)
Reclassifications to non-current assets held for sale	31	-	31
Gains and losses recognised in the CSocNE	(64,498)	(15,992)	(80,490)
Balance at 31 March 2017	1,337,309	12,627	1,349,936
Additions	84,621	18,309	102,930
Repayments/disposals	-	(5,532)	(5,532)
Reclassifications to non-current assets held for sale	(127)	-	(127)
Gains and losses recognised in the CSocNE	212,190	(12,974)	199,216
Balance at 31 March 2018	1,633,993	12,430	1,646,423
Of which:			
Core Department	8,342	-	8,342
Arm's Length Bodies	1,625,651	12,430	1,638,081
Balance at 31 March 2018	1,633,993	12,430	1,646,423

The most significant individual valuation using level 3 inputs in the DCMS group are the investment in subsidiaries of the BBC.

10.5.1. BBC's public corporations

BBC Commercial Holdings and its subsidiaries (including BBC Worldwide Limited, BBC Studios Limited and BBC Global News Limited) are the commercial operations of the BBC which exist to exploit licence fee funded content to deliver benefit to BBC licence fee payers.

BBC Commercial Holdings and its direct subsidiary holding companies have been consolidated in these accounts. BBC Commercial Holdings' other subsidiaries have been (or we believe would be) classified by the Office for National Statistics as public corporations and in accordance with the FReM must be accounted for as financial assets under IAS 39.

As the valuation of the BBC public corporations does not meet the IAS 39 definition for (a) loans and receivables; (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss, we have had to classify the assets as Available for sale financial assets (AFS) as it is the residual category. These assets are not being sold, this is only an accounting classification mandated under IAS 39.

Available for sale assets are financial instruments to be measured at fair value in the balance sheet.

10.5.2 Fair value hierarchy

We have classified the valuation of the BBC's public corporations as level 3 of the fair value model (see note 10.5). The fair value is the estimated future cash flows that will be generated in perpetuity, discounted at the cost of capital. Cash flow projections, long term growth rates and the cost of capital at which cash flows are discounted are the key unobservable inputs in the valuation. The full market cost of capital has been determined by the BBC following comparisons to similar competitors and discussions with the individual commercial subsidiaries classified as public corporations.

10.5.3 Significant unobservable inputs

Assets	31 March 2018 £m	31 March 2017 £m	Valuation technique	Unobservable inputs
BBC's public corporations	1,524	1,235	Discounted cash flow model	Long term growth rate 1.75%
				Discount Rate
				Cash flows

Below is a table showing the fair values for a selection of key input changes.

31 March 2018		
Change in input	Impact on fair value £m	Adjusted total value £m
Growth rate increase by 100 bps	257	1,781
Growth rate decrease by 100 bps	(187)	1,337
Discount rate increase by 100 bps	(231)	1,293
Discount rate decrease by 100 bps	317	1,841
Increase in cash flows* by 5%	123	1,647
Decrease in cash flows* by 5%	(124)	1,400

As at 31 March 2017		
Change in input	Impact on fair value £m	Adjusted total value £m
Growth rate increase by 100 bps	221	1,456
Growth rate decrease by 100 bps	(160)	1,075
Discount rate increase by 100 bps	(196)	1,039
Discount rate decrease by 100 bps	272	1,507
Increase in cash flows* by 5%	102	1,337
Decrease in cash flows* by 5%	(101)	1,134

*change in earnings before interest, depreciation and amortisation.

A 100 basis point (bps) rise or fall in growth rates or discount rates represents management's assessment of a large but realistic movement which can easily be multiplied

to give sensitivities (it is also consistent with sensitivity analysis that other companies use when looking at these rates).

A 5% increase or decrease in cash flows is considered reasonable by management based on variations seen in the financial assets historically compared to budgeted information.

10.5.4 Measurement

These financial assets are recognised at fair value. Since these subsidiaries are not traded on an active market and the fair value cannot be derived from the quoted prices of similar assets, fair value is determined using an internal model (i.e. level 3 of the fair value hierarchy). This model uses discounted future cash flow projections to arrive at a net present value.

The cash flow projections initially use internal five year forecasts provided by the four commercial subsidiaries (BBC Worldwide Limited, BBC Studios Limited, BBC Global News Limited and BBC Studioworks Limited). The detailed business plans supporting the cash flow projections are compiled by the management teams of each individual subsidiary based on the extrapolation of historical trends in each business area and external information on expected future trends in the entertainment and communications industry in each territory.

The first three years of the forecast are reviewed by the BBC Board as part of the BBC budget process. The final two years are extrapolated out by the subsidiary management teams at a higher level. The historical accounts for each commercial subsidiary are publicly available but do not contain any forward-looking information that would link to the cash flow projections. Cash flow projections are considered commercially sensitive by the BBC and are not publicly available.

Corporate tax rate projections are set by reference to the latest future guidance from HMRC with an uplift applied to reflect the impact on the BBC's commercial subsidiaries of exposure to higher tax rates outside the UK. This uplift has been set by reference to the historic difference between effective and statutory tax rates owing to global tax rate differentials.

The valuation assumes that the financial assets have perpetual access to BBC content distribution rights as this is the basis on which the financial assets business plans are based.

After the five year forecast period, the cash flow projections have a perpetual growth rate of 1.75% applied. The growth rate used is consistent with the long-term average growth rates for both the industry and the countries in which the assets are located and is appropriate because the assets are long-term businesses. It is referenced against the Bank of England's long-term inflation target and incorporates the considered view of BBC management about growth prospects for the BBC's commercial subsidiaries and the risk they are exposed to.

In determining the applicable discount rate, the BBC applied judgement in respect of several factors, which included, inter alia: assessing the risk attached to future cash flows and making reference to the capital asset pricing model. The BBC gave consideration to the selection of appropriate inputs to the capital asset pricing model, which included the latest market assumptions for:

1. Long-term country equity risk premium – using an assumption for mature markets;
2. Levered beta – from analysing a group of peers that the BBC has selected and their predicted beta when compared against their local indices;
3. Risk-free rate – with reference to UK Government 30-year Treasury Bond yields and making an adjustment for the flattering impact of Quantitative Easing;

4. A debt spread – reflecting the risk premium attached to the BBC's commercial subsidiaries. Applies a credit rating assumption to get a benchmark spread when referencing long-term debt on non-financial companies;
5. Corporate tax rate – as per guidance from HMRC with the BBC's uplift applied to reflect exposure to higher tax rates outside the UK; and
6. A blend of debt and equity cost based on the levels of leverage that are achieved by the peer set looked at for the beta analysis (when analysing their net debt in comparison to their market values).

The peer group used for the analysis above includes a broad selection of listed cable networks, global media conglomerates, UK media companies, production companies, news media companies and studio operators (reflecting the full range of activities of the BBC's commercial subsidiaries).

The calculation gives a fair value of £1,524m (31 March 2017: £1,235m).

The £289m upwards revaluation is driven by a change in cashflow forecasts. This follows a year of transition for BBC Worldwide Limited and BBC Studios Limited in particular;

- BBC Worldwide Limited in driving content sales, cost efficiencies and overhead savings.
- BBC Studios Limited in becoming a wholly owned commercial subsidiary of the BBC, winning commissions from third parties (Discovery, Channel 4 and Channel 5), delivering efficiency savings and introducing a new flexible operating model.

Further detail on the performance of the BBC's commercial subsidiaries will be available in the Annual Reports and Consolidated Financial Statements for BBC Commercial Holdings Limited.

The growth and discount rates are highly subjective inputs to the valuation. This results in considerable, but unavoidable, uncertainties in the resulting fair value amount. The valuation is therefore a single estimate from a wide spread of possible values, as highlighted in the sensitivity analysis above.

10.5.5 Initial valuation

The valuation method for initially recognising the valuation of the public corporations of the BBC is different to the discounted cash flow model explained above. When these public corporations were created, there was no underlying business so the discounted cash flow model is not an appropriate valuation method and the face value of the initial capital injection is more appropriate. An exception to this was BBC Studios (where an existing business was transferred into BBC Studios prior to the significant injection of capital), as such its initial valuation has been determined by the discounted cash flow model.

10.5.6. Risks on the financial assets

The table below summarises the risks facing these BBC public corporations and is based on disclosures within BBC Commercial Holdings annual report.

Risk	Strategic impacts	Mitigation
<p>Brand, reputation and standards Audiences lose confidence in the integrity of the business or its content and editorial values. Failure to represent the values of the BBC to global audiences, or improve workforce diversity, representation and gender pay balance.</p>	<p>Harm to our reputation, our relationship with audiences and to the credibility of the BBC brand.</p>	<p>Leadership, managers and staff embody behaviours consistent with BBC values, supported by internal communications, leadership briefings, and HR processes. Editorial Policy framework supported by specialists, with experienced genre heads and deal approval frameworks. Executive sponsored programme for increasing ethnic and gender diversity. External review of disclosure and transparency.</p>
<p>Joint venture and associate relationships Failure to achieve the full potential from an independent production company, joint venture (JV) and associate relationships.</p>	<p>Lower commercial returns for independents and the UK licence fee payer. Curtailing of ambitions and strategy for each invested service or entity.</p>	<p>Defined accountabilities for indie and joint venture relationships with executive committee oversight. Business expertise with representation on indie and joint venture boards. Approvals framework incorporates appropriate safeguards over BBC editorial values and control.</p>
<p>Information and content security Risk that information security controls could be compromised and systems disrupted. Significant commercial and reputational damage from any uncontrolled release of content. Sales and margin erosion from piracy.</p>	<p>Loss of confidence in our role as a global distributor. Reduced editorial or commercial value from disclosed assets.</p>	<p>Robust information security infrastructure and controls. Careful supplier management and risk assessment with appropriate contracting. Technical controls include forensic watermarking and content attribution.</p>

<p>Economic climate and trading performance Uncertainty in UK and international economic conditions. Advertising sales revenues are the most vulnerable and risk third-party commissioning budgets and UKTV returns. Risk from diverse exchange rate movements.</p>	<p>Adverse impact on cash flows and reported financial results.</p>	<p>Business is diversified as a producer and distributor, and across regions, titles and revenue streams. Central management of budgets, cash flow forecasting and prudent debtor management. Debt headroom with much improved cash conversion and balance sheet strength. Comprehensive quarterly performance review of every region and business.</p>
<p>Business continuity, safety and security Disruption to operations, infrastructure and loss of revenue following a major incident. Global terrorism and the continued risk of physical threats.</p>	<p>Potential for injury, death and loss of infrastructure and services with disruption to business operations. Reputational risk if we fail to protect our staff and all others in our care.</p>	<p>Security and safety management arrangements supported by specialists, policy frameworks, forums, communications and risk assessments. Offices and business operations with business continuity leads and up-to-date continuity plans. Travel safety training, terrorism awareness training and a global emergency notification system.</p>

<p>Global competitors and customer risk Risk that we do not reshape our business and sales strategy to remain global distributor of choice for Independent production companies, secure new programme commissions from third parties, and win competitive tenders for returning series. Risk we are not transforming our business fast enough to keep pace with extraordinary content inflation, ongoing consolidation in the creative sector, and competitors with increasing financial strength.</p>	<p>Lower visibility for BBC content internationally. Fewer commissions and failure to secure tenders for returning series. Overdependence on key customers, lower commercial returns for indies and the UK licence fee payer.</p>	<p>Expertise inherent in the business and in-depth local knowledge of international markets. Sales strategy, sales infrastructure, people skills and business relationships in the best place to respond to challenges and offer a competitive return to the licence fee payer and indies. Business development teams focused on new opportunities. Growing experience responding to programme tenders. Internal transformation to support margins and growth.</p>
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<p>Regulatory and compliance Potential for non-compliance with UK and international laws, especially regulatory changes and legislation with extra-territorial reach.</p>	<p>Civil or criminal challenge. Financial penalties. Reputational damage.</p>	<p>Robust, enforced framework including Executive committee sponsorship, mandatory training programmes, policies, regular reporting and specialist committees. Group wide Code of Conduct. Commercial Holdings board oversight, Executive Committee and new Compliance and Risk Committee. Embedded regional expertise and local compliance champions. Fair trading framework for compliance with Ofcom trading and separation rules. NAO Value for Money reviews providing transparency.</p>
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11. Investments in associates and joint ventures

	2017-18		2016-17	
	Core department £'000	Departmental group £'000	Core department & agency £'000	Departmental group £'000
Balance at 1 April	-	13,549	-	54
Acquisitions	-	-	-	13,495
Share of profit or loss	-	8	-	-
Balance at 31 March	-	13,557	-	13,549

The 2016-17 acquisition relates to the BBC increasing its shareholdings in Daunus Limited as part of the refinancing of Broadcasting House.

12. Other Financial Assets

	Deposits £'000	Derivatives £'000	Investment funds £'000	Shares & equity type investments £'000	Investment in subsidiaries (other than BBC public corporations) £'000	Investment in BBC public corporations £'000	Museum loans £'000	Other loans £'000	Other financial assets £'000	Total £'000
Restated balance at 1 April 2016	35,391	12,702	207,386	16,383	108,295	1,299,000	-	258,708	10,970	1,948,835
Additions	4,009	463,985	72,268	3,553	-	-	-	34,917	22,834	601,566
Disposals	(20,602)	-	(63,553)	(192)	-	-	-	-	-	(84,347)
Revaluations	-	19,091	19,791	3,419	(5,986)	(64,000)	-	-	548	(27,137)
Impairments	-	-	48	-	-	-	-	1,847	(16,540)	(14,645)
Repayments	-	-	-	-	-	-	-	(6,864)	(5,185)	(12,049)
Discounting	-	-	-	-	-	-	-	47	-	47
Restated balance at 31 March 2017	18,798	495,778	235,940	23,163	102,309	1,235,000	-	288,655	12,627	2,412,270
Additions	11,865	-	127,229	2,770	8,393	49,540	-	150	18,309	218,256
Disposals	(2,087)	-	(130,800)	(1,896)	(52)	-	-	-	-	(134,835)
Revaluations	-	(67,300)	824	(556)	(657)	239,460	-	-	(424)	171,347
Impairments	-	-	(4)	(5)	-	-	-	1,535	(12,550)	(11,024)
Repayments	-	-	-	-	-	-	-	(30,476)	(5,532)	(36,008)
Discounting	-	-	-	-	-	-	-	29	-	29
Balance at 31 March 2018	28,576	428,478	233,189	23,476	109,993	1,524,000	-	259,893	12,430	2,620,035
Of which:										
Core department	-	-	-	-	8,342	-	17,834	30,927	-	57,103
Arm's length bodies	28,576	428,478	233,189	23,476	101,651	1,524,000	(17,834)	228,966	12,430	2,562,932
Carrying amount at 31 March 2018	28,576	428,478	233,189	23,476	109,993	1,524,000	-	259,893	12,430	2,620,035
Within 12 Months	28,323	764	17,555	1,692	-	-	-	228,058	12,430	288,822
Over 12 Months	253	427,714	215,634	21,784	109,993	1,524,000	-	31,835	-	2,331,213
Carrying amount at 31 March 2018	28,576	428,478	233,189	23,476	109,993	1,524,000	-	259,893	12,430	2,620,035
Within 12 Months	18,027	6,076	18,326	1,524	-	-	-	249,483	12,627	306,063
Over 12 Months	771	489,702	217,614	21,639	102,309	1,235,000	-	39,172	-	2,106,207
Carrying amount at 31 March 2017	18,798	495,778	235,940	23,163	102,309	1,235,000	-	288,655	12,627	2,412,270

Deposits

The British Library held deposits of £18.0m (31 March 2017: £16.5m) which have a maturity date of greater than three months. The Horserace Betting Levy Board held deposits of £10.0m (31 March 2017: £nil).

Derivatives

The derivative balance relates to the BBC, in particular their refinancing of Broadcasting House.

Investment Funds

The British Museum held investment funds with a fair value of £79.6m (31 March 2017: £88.1m). These investments consist of investment funds, fixed income and unlisted equities.

The National Heritage Memorial Fund held investment funds with a fair value of £43.9m (31 March 2017: £43.9m). The funds are invested in a wide variety of investment trusts, unit trusts, hedge funds and cash.

The Victoria and Albert Museum held investment funds with a fair value of £29.6m (31 March 2017: £28.9m) which mainly consist of government stocks, corporate bonds and investment funds managed by Partners Capital LLP.

The British Library held investment funds with a fair value of £24.2m (31 March 2017: £24.3m) which are shares and equity type investments held with Baillie Gifford and Investec.

Investments in subsidiaries (other than BBC public corporations)

ALBs' subsidiaries are included in the accounts at their fair value with the net assets used as a proxy for fair value.

The significant investments in subsidiaries are as follows:

During the year the core department purchased Royal Armouries (International) Plc for £8.3m, with the intention of transferring it to the Royal Armouries Museum during 2018-19.

The English Heritage Trust is a 100% controlled subsidiary of Historic England. The Trust looks after the National Heritage Collection of more than 400 state-owned historic sites and monuments across England under licence from Historic England. The fair value of the Trust was £68.1m (31 March 2017: £66.8m).

S4C holds four subsidiaries with a fair value of £16.8m (31 March 2017: £22.3m).

Investment in BBC public corporations

The valuation of BBC's public corporations is calculated using a discounted cashflow valuation. See note 10 for further information.

The £289.0m upwards revaluation is driven by a change in cashflow forecasts. This follows a year of transition for BBC Worldwide Limited and BBC Studios Limited in particular:

- BBC Worldwide Limited in driving content sales, cost efficiencies and overhead savings.
- BBC Studios Limited in becoming a wholly owned commercial subsidiary of the BBC, winning commissions from third parties (Discovery, Channel 4 and Channel 5), delivering efficiency savings and introducing a new flexible operating model.

Further detail on the performance of the BBC's commercial subsidiaries will be available in the Annual Reports and Consolidated Financial Statements for BBC Commercial Holdings Limited.

Museum Loans

The core department issues loans to museums within the group. The following ALB's held outstanding loan amounts:

	2017-18 Museum Loan £'000	2016-17 Museum Loan £'000
Arm's Length Body		
Science Museum Group	5,421	4,733
Imperial War Museum	1,430	2,861
National Maritime Museum	5,948	6,155
Natural History Museum	2,191	2,736
Geffrye Museum	243	151
National Portrait Gallery	2,601	-
Total museum loans issued	17,834	16,636

These loans are eliminated upon consolidation and therefore no assets or liabilities are reported for the group.

Other loans

The BBC had loans outstanding to its trading subsidiaries as at 31 March 2018 of £225.7m (31 March 2017: £246.9m)

The core department includes within other loans, the loan book of Futurebuilders England Limited (FBE). FBE is a social investment business funded by DCMS to make loans to third sector organisations delivering public services. Applications for new loans are closed. The outstanding loan amount as at 31 March 2018 was £29.3m (31 March 2017: £34.9m).

13. Impairments

	Note	31 March 2018		Restated 31 March 2017	
		Core department £'000	Departmental group £'000	Core department & agency £'000	Departmental group £'000
Property, plant & equipment	6	-	208	-	94
Heritage assets	7	-	183	-	(750)
Other financial assets	12	1,535	(11,024)	1,847	(14,645)
Assets classified as held for sale	14	-	-	-	(1)
Inventories	15	-	(40)	-	(58)
Total impairments		1,535	(10,673)	1,847	(15,360)

Of the impairment charge in 2017-18, £12.6m (2016-17: £16.5m) relates to film rights held by the British Film Institute (Lottery). This is offset by the reversal of some previous impairments.

14. Assets classified as held for sale

	2017-18		2016-17	
	Core department £'000	Departmental group £'000	Core department & agency £'000	Departmental group £'000
Balance at 1 April	-	2,884	-	299
Additions	-	157	-	-
Transfers (to)/from property, plant & equipment	-	(2,600)	-	2,844
Disposals	-	(401)	-	(258)
Impairments	-	-	-	(1)
Balance at 31 March	-	40	-	2,884
Of which:				
Property, plant & equipment	-	40	-	2,884
Total assets held for sale	-	40	-	2,884

A £2.6m transfer was made to property, plant and equipment to reflect appropriate disclosure requirements for property held by National Gallery due to be sold to National Portrait Gallery in 2018-19.

15. Inventories

	2017-18		2016-17	
	Core department £'000	Departmental group £'000	Core department & agency £'000	Departmental group £'000
Balance at 1 April	-	262,169	-	307,290
Additions	-	2,217,318	-	2,129,349
Disposals	-	(2,288,146)	-	(2,174,412)
Impairments (note 13)	-	(40)	-	(58)
Carrying amount at 31 March	-	191,301	-	262,169
Work in intermediate stages of completion	-	70,002	-	138,958
Raw materials and consumables	-	162	-	159
Goods for resale and finished inventories	-	121,137	-	123,052
Total inventories and work in progress	-	191,301	-	262,169

As at 31 March 2018 the BBC held £170.1m (31 March 2017: £242.4m) and S4C held £10.8m (31 March 2017: £10.6m) in inventories in respect of programmes which were either in the course of production or ready for broadcast but not yet aired.

The BBC's balance has fallen by £72.3m in the year. This is a result of BBC Studios becoming a newly created commercial entity in the year, and now being treated as a financial asset within BBC's accounts, and also normal business. Additions relate to programmes which have been completed, whilst disposals relate to those broadcast during the year.

16. Trade and other receivables

	31 March 2018		Restated 31 March 2017	
	Core department £'000	Departmental group £'000	Core department & agency £'000	Departmental group £'000
Amounts falling due within one year:				
Trade receivables	87	44,696	3,994	48,380
VAT receivables	5,213	48,398	2,150	54,093
Other receivables	1,399	746,894	288	565,317
Prepayments	85	518,649	7,349	425,147
Accrued income	459	85,721	469	96,319
Interest receivable	-	23	-	8
Staff loans and advances	119	3,528	217	4,407
Taxation and duties due	-	1,555	-	283
Government grants receivable	-	5	-	205
Consolidated Fund receivables	4,872	1,934	9,113	7,834
	12,234	1,451,403	23,580	1,201,993
Amounts falling due after more than one year:				
Taxation and duties due	-	77	-	-
Other receivables	-	17,031	-	14,415
Prepayments	-	2,426	-	3,144
Accrued income	-	12,785	-	7,075
	-	32,319	-	24,634
Total	12,234	1,483,722	23,580	1,226,627

Amounts falling due within one year:

Included in other receivables at 31 March 2018 is a balance due to the BBC of £491.2m (31 March 2017 restated: £521.8m), of which £405.3m (31 March 2017: £396.0m) relates to licence fee receivables.

Included also in other receivables at 31 March 2018 is a balance due to Big Lottery Fund of £203.3m (31 March 2017: £15.1m), of which £152.8m represents accrued income for dormant accounts which is due from Reclaim Fund Ltd.

The BBC had prepayments of £482.3m at 31 March 2018 (31 March 2017 restated: £381.45m). The increase was mainly due to an additional £56.0m of costs incurred before the year-end for major sporting events; and a £50.0m increase due to the BBC Studios carve out.

Amounts falling due after more than one year:

The other receivables balance of £17.0m (31 March 2017: £14.4m) relates mainly to the BBC.

17. Cash and cash equivalents

	2017-18		Restated 2016-17	
	Core department £'000	Departmental group £'000	Core department & agency £'000	Departmental group £'000
Balance at 1 April	104,823	2,064,512	174,006	2,388,669
Net change in cash and cash equivalent balances	107,633	253,736	(69,183)	(324,157)
Balance at 31 March	212,456	2,318,248	104,823	2,064,512
The following balances at 31 March were held with:				
Government Banking Service	210,808	223,879	84,131	107,342
Commercial banks and cash in hand	-	820,002	-	501,784
Liquid deposits	1,648	35,685	20,692	48,880
Sub-total	212,456	1,079,566	104,823	658,006
Balance held by NLDF	-	1,238,682	-	1,406,506
Balance at 31 March	212,456	2,318,248	104,823	2,064,512

Of the £820.0m of balances held with commercial banks and cash in hand, £476.0m relates to the BBC (31 March 2017: £192.2m); £49.9m relates to Arts Council England Exchequer (31 March 2017: £50.0m); £45.6m relates to the Big Lottery Fund (31 March 2017: £40.5m); £36.9m relates to the Horserace Betting Levy Board (31 March 2017: £25.9m); £32.0m relates to the British Library (31 March 2017: £27.5m) and £25.2m relates to Ofcom (31 March 2017: £10.1m). Cash and cash equivalents also include £0.1m (31 March 2017: £1.3m) for funds held on behalf of third parties (see note 26).

The cash balance held by the National Lottery Distribution Fund (NLDF) is under the stewardship of the Secretary of State for Digital, Culture, Media and Sport. This fund is managed by the Commissioners for the Reduction of the National Debt, who invest the funds as call notice deposits with the Debt Management Office.

18. Trade and other payables

	31 March 2018		Restated 31 March 2017	
	Core department £'000	Departmental group £'000	Core department & agency £'000	Departmental group £'000
Amounts falling due within one year:				
Taxation and social security	1,158	27,441	366	41,753
Trade payables	3,994	189,068	1,559	164,094
Other payables	7,403	449,180	9,069	440,051
Accruals & deferred income	80,755	440,269	73,386	451,824
Grants payable	-	1,402,084	-	1,344,743
Obligations under finance leases: amounts payable within 1 year	-	19,167	-	15,714
Supply payable	210,211	210,211	75,997	75,997
Loans and borrowings: amounts payable within 1 year	-	12,250	-	13,833
Consolidated Fund payables	5,469	5,469	17,247	17,247
	308,990	2,755,139	177,624	2,565,256
Amounts falling due after more than one year:				
Deferred corporation tax	-	-	-	-
Trade payables	-	(105)	-	-
Other payables	-	9,708	-	12,398
Accruals & deferred income	-	20,017	43	5,871
Grants payable	-	1,672,215	-	1,592,975
Bank and other borrowings	-	181,281	-	201,230
Obligations under finance leases: amounts payable after more than 1 year	-	677,621	-	697,309
	-	2,560,737	43	2,509,783
Total	308,990	5,315,876	177,667	5,075,039

Trade payables include £111.2m (31 March 2017: £92.6m) in respect of the BBC.

Other payables falling due within one year include £375.4m (31 March 2017 restated: £367.6m) in respect of the BBC.

As at 31 March 2018 £1,276.4m (31 March 2017: £1,269.1m) of current grants payable and £1,672.2m (31 March 2017: £1,592.9m) of non-current grants payable were attributable to lottery bodies.

The core department supply payable of £210.6m (31 March 2017: £76.0m) is a result of Parliamentary funding drawn down which has not been spent within the year.

Obligations under finance leases payable of more than one year include £656.1m (31 March 2017 restated: £675.4m) in respect of the BBC.

19. Provision for liabilities and charges

Total provisions by type	Grant commitments £'000	Legal claims £'000	Early departures and redundancies £'000	Other £'000	Total £'000
Balance at 1 April 2017	13,202	24	1,490	114,501	129,217
Provided in the year	86,577	-	1,440	45,665	133,682
Provisions utilised in year	(29,466)	(10)	(714)	(25,487)	(55,677)
Provisions not required written back	(31)	(12)	(313)	(32,890)	(33,246)
Balance at 31 March 2018	70,282	2	1,903	101,789	173,976
Comprising:					
<u>Current liabilities</u>					
Not later than one year	70,282	2	1,551	50,780	122,615
<u>Non-current liabilities</u>					
Later than one year and not later than five years	-	-	235	13,576	13,811
Later than five years	-	-	117	37,433	37,550
Balance at 31 March 2018	70,282	2	1,903	101,789	173,976
Of the total:					
Core department	-	-	30	-	30
Arm's length bodies	70,282	2	1,873	101,789	173,946
Balance at 31 March 2018	70,282	2	1,903	101,789	173,976

Total provisions by type	Grant commitments £'000	Legal claims £'000	Early departures and redundancies £'000	Other £'000	Total £'000
Balance at 31 March 2016	5,275	238	2,548	119,599	127,660
Provided in the year	13,202	10	383	62,873	76,468
Provisions utilised in year	(5,275)	(29)	(1,435)	(37,755)	(44,494)
Provisions not required written back	-	(195)	(11)	(30,216)	(30,422)
Unwinding of discounts	-	-	5	-	5
Balance at 31 March 2017 (restated)	13,202	24	1,490	114,501	129,217
Comprising:					
<u>Current liabilities</u>					
Not later than one year	13,202	24	939	50,815	64,980
<u>Non-current liabilities</u>					
Later than one year and not later than five years	-	-	429	20,746	21,175
Later than five years	-	-	122	42,940	43,062
Balance at 31 March 2017 (restated)	13,202	24	1,490	114,501	129,217
Of the total:					
Core department	-	-	92	-	92
Agency	-	-	-	-	-
Arm's length bodies	13,202	24	1,398	114,501	129,125
Balance at 31 March 2017 (restated)	13,202	24	1,490	114,501	129,217

19. Provision for liabilities and charges (continued)

Total provisions	31 March 2018		Restated 31 March 2017	
	Core department £'000	Departmental group £'000	Core department & agency £'000	Departmental group £'000
Balance at 1 April	92	129,217	1,103	127,660
Provided in the year	60	133,682	19	76,468
Provisions utilised in year	(122)	(55,677)	(91)	(44,494)
Provisions not required written back	-	(33,246)	(939)	(30,422)
Unwinding of discounts	-	-	-	5
Balance at reporting date	30	173,976	92	129,217
Comprising:				
<u>Current liabilities:</u>				
Not later than one year	20	122,615	66	64,980
<u>Non-current liabilities</u>				
Later than one year and not later than five years	10	13,811	26	21,175
Later than five years	-	37,550	-	43,062
Subtotal: non-current liabilities	10	51,361	26	64,237
Balance at reporting date	30	173,976	92	129,217

19.1 Grant commitments*Big Lottery Fund*

£59.7m of the provision was created this year and relates to distributions to be made by the Big Lottery Fund. This relates to dormant accounts monies due from the Reclaim Fund Ltd.

British Film Institute

In 2017-18 British Film Institute Lottery has a provision of £10.5m (31 March 2017: £13.2m) for non-film rights awards which have been made, but where at the reporting date, either contracts have not been signed and/or the conditions precedent on have not been met. As a result these transactions are recognised as an award commitment and hence provided for rather than being included in awards payable.

19.2 Early departures and redundancies

The group meets the additional costs of benefits beyond the normal PCSPS benefits in respect of employees who retire early by paying the required amounts annually to the relevant pension fund over the period between early departure and normal retirement date.

The liabilities extend for up to ten years. The group provides for this when the early retirement programme becomes binding, by creating a provision for the estimated payments discounted using HM Treasury's post-employment benefit discount rate.

19.3 Other provisions*BBC restructuring and property provisions*

This relates to various restructuring, decommissioning and dilapidation provisions within the BBC. The value of this provision as at 31 March 2018 was £76.6m (31 March 2017: £88.8m).

BBC litigation and insurance

The BBC litigation and insurance provisions as at 31 March 2018 were £16.8m (31 March 2017: £17.5m).

20. Other financial liabilities

	Total derivatives £'000
Balance at 31 March 2016	3,768
Additions	506,987
Disposals	(69)
Revaluations	15,301
Balance at 31 March 2017	525,987
Additions	-
Disposals	(16)
Repayments	-
Revaluations	(5,578)
Balance at 31 March 2018	520,393
Of the total:	
Core Department	-
Arm's Length Bodies	520,393
Balance at 31 March 2018	520,393
Due within 12 months	3,047
Due after 12 months	517,346
Balance at 31 March 2018	520,393
Due within 12 months	230
Due after 12 months	525,757
Balance at 31 March 2017	525,987

The BBC held financial derivatives of £520.4m (31 March 2017: £526.0m). The largest element of these derivatives relate to the refinancing of Broadcasting House in 2016-17 £515.9m (31 March 2017: £525.2m).

21. Retirement benefit obligations

	2017-18			2016-17		
	Funded £'000	Unfunded £'000	Total £'000	Funded £'000	Unfunded £'000	Total £'000
Analysis of movement in scheme liabilities						
Balance at 1 April	17,892,775	12,456	17,905,231	14,655,156	11,149	14,666,305
Current service cost	245,493	158	245,651	198,146	158	198,304
Past service cost	418	-	418	(2,720)	-	(2,720)
Interest cost on pension scheme liabilities	434,218	157	434,375	491,863	247	492,110
Administration cost	9,050	-	9,050	9,550	-	9,550
Benefits paid	(533,854)	(282)	(534,136)	(490,219)	(286)	(490,505)
Contributions by members	4,013	-	4,013	4,196	-	4,196
Contributions by employer	-	(558)	(558)	-	(558)	(558)
(Gains)/losses on settlements and curtailments	480	-	480	-	-	-
Remeasurements						
Experience (gains)/losses on defined benefit obligation	113,626	24	113,650	(150,437)	1,300	(149,137)
Change in demographic assumptions	(946)	(24)	(970)	(693,238)	335	(692,903)
Change in financial assumptions	(176,798)	(17)	(176,815)	3,870,478	111	3,870,589
Transfers in/(out) - group transfers (to)/from other schemes	1,783	-	1,783	-	-	-
Pension liabilities at 31 March	17,990,258	11,914	18,002,172	17,892,775	12,456	17,905,231
Analysis of movement in scheme assets						
Balance at 1 April	(16,541,913)	-	(16,541,913)	(13,491,633)	-	(13,491,633)
Interest on assets	(404,044)	-	(404,044)	(454,116)	-	(454,116)
Administration cost	1,002	-	1,002	1,151	-	1,151
Benefits paid	532,254	-	532,254	490,402	-	490,402
Contributions by members	(4,106)	-	(4,106)	(4,293)	-	(4,293)
Contributions by employer	(167,708)	-	(167,708)	(346,953)	-	(346,953)
Remeasurements	-	-	-	-	-	-
Change in actuarial assumptions	-	-	-	(5,440)	-	(5,440)
Return on assets	(700,817)	-	(700,817)	(2,731,031)	-	(2,731,031)
Pension assets at 31 March	(17,285,332)	-	(17,285,332)	(16,541,913)	-	(16,541,913)
Net pension liability/(asset) at 31 March	704,926	11,914	716,840	1,350,862	12,456	1,363,318
Of the total:						
Core department	-	-	-	-	-	-
Agency	-	-	-	-	-	-
Arm's length bodies	704,926	11,914	716,840	1,350,862	12,456	1,363,318
Balance at 31 March	704,926	11,914	716,840	1,350,862	12,456	1,363,318
Comprising:						
BBC	510,200	8,100	518,300	1,140,700	8,400	1,149,100
BFI	63,302	2,343	65,645	68,376	2,456	70,832
Sport England	47,839	-	47,839	55,344	-	55,344
BTA	30,932	168	31,100	26,143	177	26,320
UK Sport	50,516	(75)	50,441	53,356	(50)	53,306
Ofcom	(18,169)	1,142	(17,027)	(17,030)	1,214	(15,816)
Other ALBs	20,306	236	20,542	23,973	259	24,232
Total	704,926	11,914	716,840	1,350,862	12,456	1,363,318

21.1 Analysis of total pension cost recognised in the Consolidated Statement of Comprehensive Net Expenditure

	2017-18 £'000	2016-17 £'000
Pension cost recognised in Net Operating Cost		
Current service cost	245,769	198,304
Past service cost	300	(2,720)
Enhancements and (gains)/losses on settlements and curtailments	480	-
Net interest cost on Pension Scheme	30,331	37,994
Administration Cost	10,052	10,701
Total	286,932	244,279

	2017-18 £'000	2016-17 £'000
Remeasurements recognised in Other Comprehensive Net Expenditure		
Pension Liabilities:		
Experience (gains)/losses on defined benefit obligation	113,650	(149,137)
Change in demographic assumptions	(970)	(692,903)
Change in financial assumptions	(176,815)	3,870,589
Pension Assets:		
Change in actuarial assumptions	-	(5,440)
Return on assets	(700,817)	(2,731,031)
Total	(764,952)	292,078

21.2 Funded pension schemes

A number of the ALBs operate funded pension schemes, details of the most significant schemes are included below. Further information in relation to these funded pension schemes are set out in the published accounts of the ALBs.

21.2.1 BBC pension scheme

Whilst these accounts include only the elements of the BBC classified as central government, it is not possible to allocate the Scheme's deficit shown below across individual divisions of the BBC. Accordingly, the DCMS group accounts include the entire BBC pension scheme in accordance with IAS 19 *Employee Benefits*. However, no guarantee has been given by either the department or HM Government in respect of this scheme. Pension contributions are paid into a trust fund (BBC Pension Trust Limited) and these contributions are invested by the Trustees to produce income from which benefits are paid. The fund is separate from the finances of the BBC and participating employers. It is used to provide benefits for the Scheme's members and their dependants.

The scheme, a defined benefit scheme, is now closed to new entrants. The Scheme provides pensionable salary related benefits on a defined benefit basis funded from assets held in separate trustee-administered funds. The scheme trustees manage the plan in the short, medium and long term. They make funding decisions based on valuations which take a longer-term view of the assets required to fund the scheme's liabilities. Valuations of the Scheme are performed by Willis Towers Watson, consulting actuaries. Formal valuations are undertaken at least every three years. The scheme's net pension liability represents the majority of the BBC's net pension liability, with details below:

BBC pension scheme financial position as at:			
	2018	2017	2016
	£m	£m	£m
Scheme assets	16,476.3	15,745.2	12,821.4
Scheme liabilities	(16,986.5)	(16,885.9)	(13,824.8)
(Deficit)/ Surplus	(510.2)	(1,140.7)	(1,003.4)
Percentage by which scheme assets cover liabilities	97%	93%	93%

Funding the scheme

The most recent actuarial valuation of the pension scheme completed in 2016 by Willis Towers Watson showed a funding shortfall of £1,769m. Consequently, a recovery plan was agreed between the BBC and the pension scheme trustees which detailed the contribution amounts to be paid by the BBC over an 11 year period starting in 2017.

	Projection 2019	2018	2017	2016
	%	%	%	%
Employer	31.4	16.7	16.7	16.7
Employee (old and new benefits)	7.5	7.5	7.5	7.5
Employee (career average benefits 2006)	4.0	4.0	4.0	4.0
Employee (career average benefits 2011)	6.0	6.0	6.0	6.0

Principal actuarial assumptions

The calculation of the scheme liabilities and pension charges, for IAS 19 purposes, requires a number of financial and demographic assumptions to be made. The principal assumptions used by the actuaries, were:

	2018	2017	2016
Principal financial assumptions	%	%	%
Rate of increase in salaries	1.0	1.0	1.0
Rate of increase in pension payments:			
Old Benefits	3.1	3.2	3.0
New Benefits	2.9	3.0	2.8
Career Average Benefits (2006)	2.4	2.4	2.4
Career Average Benefits (2011)	2.0	2.1	1.9
Inflation assumption (RPI)	3.1	3.2	3.0
Inflation assumption (CPI)	2.1	2.2	2.0
Discount rate	2.4	2.5	3.4

The average life expectancy assumptions, for members after retirement at 60 years of age, are as follows:

	2018	2017	2016
Principal demographic assumptions	Number of years	Number of years	Number of years
Retiring today:			
Male	27.1	27.0	27.6
Female	28.6	29.3	30.0
Retiring in 20 years:			
Male	29.4	28.5	29.5
Female	31.0	31.0	32.0

The sensitivities of the Scheme's liabilities to changes in the principal assumptions are set out below:

	Assumption used %	Movement	Impact on Scheme liabilities %	Impact on Scheme liabilities £m
Discount rate	2.4	Increase/decrease 0.1%	1.7/2.3	289/(391)
Retail price inflation rate	3.1	Increase/decrease 0.1%	1.9/1.8	(316)/309
Mortality rate	1.3 ¹⁹⁷	Increase/decrease 1 year	4.0/3.9	(684)/659

21.2.2 British Film Institute (BFI) pension schemes

BFI is a member of the Local Government Pension Scheme (LGPS), with over 250 member bodies, operated by the London Pension Fund Authority (LPFA).

The LGPS is a funded defined benefit scheme, benefits are based on final salary and the scheme remains open to existing members for ongoing accrual of benefits.

BFI's share of the net pension deficit was £63.3m (31 March 2017: £68.4m). The deficit is being funded over 14 years from the last valuation date of 31 March 2016, under a deficit recovery plan of £850k per year, increasing with CPI, as agreed with the pension trustees.

The scheme is subject to triennial valuations by the consulting actuaries to the LPFA and the latest valuation was at 31 March 2016. With the next formal valuation due on the 31 March 2019.

From 1 January 2014 the BFI also operates a defined contribution pension scheme which is available to all employees not already in the defined benefit scheme.

21.2.3 Sport England pension schemes

Sport England is a member of the LPFA Superannuation Scheme and is one of a large number of employers whose staff participate in the scheme.

It is a funded defined benefit scheme which was closed to new members on 30 September 2005. Benefits are based on final salary until 31 March 2014, and on a career average salary basis from 1 April 2014.

The last triennial valuation was at 31 March 2016, with the next formal valuation due at 31 March 2019.

Additional employer contributions are paid into the scheme to reduce the scheme's deficit as advised by the scheme's actuaries based on the triennial valuation. In addition, Sport England makes voluntary contributions that are dependent on available funds.

Sport England also operates a Group Personal Pension Plan defined contribution scheme run by Aviva. This is available to employees who commenced service on or after 1 October 2005.

¹⁹⁷ A long term trend of 1.3% for both males and females has been applied to the life expectancy reported above.

21.2.4 British Tourist Authority (BTA) pension schemes

BTA is a member of the British Tourist Boards' Pension Scheme (BTBP). The BTBP Scheme is a multi-employer scheme which includes other Tourist Boards. It is a defined benefit final salary pension scheme, which is closed to new entrants from 1 April 2017.

In accordance with IAS 19, BTA's share of the deficit of the funded scheme as at 31 March 2018 is £30.9m (31 March 2017: £26.1m).

A valuation was received in 2015 however the results of this valuation have not all been agreed by the BTA. Based on the funding shortfall and agreed contribution levels it is expected that the shortfall will be eliminated by 2033.

BTA also operates defined contribution schemes in other parts of the world, outside of the USA.

21.2.5 UK Sport pension schemes

UK Sport operates the following pension schemes:

UK Sport:

The majority of staff of UK Sport (both Exchequer and Lottery funded) are members of the LPFA Superannuation Scheme. UK Sport is one of several employers whose staff are scheme participants.

The pension scheme is a funded defined benefit scheme open to all staff. The scheme is based on average salary throughout membership.

UK Sport's share of the pension scheme liability as at the year-end is £19.8m (31 March 2017: £21.2m). As a result of the most recent triennial valuation (31 March 2016), it was agreed that in order to reduce the deficit on the scheme, UK Sport is to make secondary contributions into the LPFA fund covering the period to 31 March 2020. An additional pension contribution of £167k has been made in the year and the payments to be made are as follows: 2018-19: £175k and 2019-20: £179k.

The pension scheme was subject to a triennial valuation as at 31 March 2016 with the next valuation due on 31 March 2019.

The English Institute of Sport:

The English Institute of Sport (EIS) is a subsidiary of UK Sport. The company participates in the LPFA superannuation scheme. It is one of several employers whose staff are scheme participants.

The Pension Scheme is a funded defined benefit scheme which is open to all staff.

The last formal valuation was at 31 March 2016.

EIS's share of the pension scheme liability as at the year-end is £30.7m (31 March 2017: £32.2m).

21.2.6 Ofcom pension schemes

Ofcom operates the following pension schemes:

Defined Benefit Schemes:

- The Ofcom Defined Benefit Pension Plan.
- The Ofcom (Former ITC) Pension Plan which Ofcom jointly participates in with S4C, S4C Masnachol and the Advertising Standards Authority.

Both of these plans are closed to new entrants and benefits accruals ceased on 31 May 2011. From this time all existing members were provided with access to the Ofcom stakeholder plan, which is a defined contribution scheme (see below).

As at 31 March 2018 these schemes had a net pension surplus of £18.2m (31 March 2017: £17.0m). These schemes had an additional net pension asset of £8.3m (31 March 2017: £8.8m) for reasons set out below this has not been recognised. IAS19 *Employee Benefits (revised)* only allows the pension asset to be recognised if an economic benefit is available to the body as a result of the surplus. Per the Ofcom (Former ITC) Plan's Trust Deed and Rules a refund of any surplus is not available to Ofcom, and therefore a reduction of the pension asset is required, as such only £18.2m is included in the accounts.

Defined contribution scheme:

Ofcom also operates a defined contribution plan which is the stakeholder pension plan. This is now the primary means of providing pension benefits to staff.

21.2.7 Local Government Pension Scheme

Other ALBs participating in the Local Government Pension Scheme are:

- Geffrye Museum
- Horniman Public Museum and Public Park Trust; and
- UK Anti-Doping.

The Local Government Pension Scheme is administered for these bodies by the LPFA. The above entities have defined benefit obligations funded by employees and employers at actuarially determined rates. The scheme was last valued by the consulting actuaries of the LPFA as at 31 March 2016.

21.3 Unfunded pension schemes

The BBC, British Film Institute, British Tourist Authority, UK Sport, Ofcom and Gambling Commission have unfunded pension schemes. For more details on these schemes refer to the published accounts of the individual ALBs (see Note 28).

22. Capital and other commitments

22.1 Capital commitments

	31 March 2018		31 March 2017	
	Core department £'000	Departmental group £'000	Core department & agency £'000	Departmental group £'000
Contracted capital commitments not otherwise included in these financial statements:				
Property, plant & equipment	-	74,707	-	75,067
Intangible assets	-	522	-	572
Total	-	75,229	-	75,639

The property, plant and equipment commitments as at 31 March 2018 include the following significant commitments:

- BBC had commitments of £39.7m (31 March 2017: £34.5m).
- Science Museum Group had commitments of £13.5m (31 March 2017: £1.9m).
- Tate Gallery had commitments of £5.5m (31 March 2017: £7.3m).

22.2 Commitments under leases

22.2.1. Operating leases

	31 March 2018		Restated 31 March 2017	
	Core department £'000	Departmental group £'000	Core department & agency £'000	Departmental group £'000
Land				
Not later than one year	-	7,384	-	400
Later than one year and not later than five years	-	45,062	-	2,328
Later than five years	-	83,958	-	332
	-	136,404	-	3,060
Buildings				
Not later than one year	13,868	70,356	9,709	74,157
Later than one year and not later than five years	40,574	227,488	38,536	259,103
Later than five years	31,770	297,134	39,975	465,872
	86,212	594,978	88,220	799,132
Other				
Not later than one year	-	39,982	-	40,403
Later than one year and not later than five years	-	75,652	-	98,090
Later than five years	-	81,270	-	89,710
	-	196,904	-	228,203
Total obligations under operating leases	86,212	928,286	88,220	1,030,395

Total future minimum payments under operating leases are given in the table above. The most significant operating leases are as follows:

Land

The BBC has lease obligations under operating lease agreements of £136.0m (31 March 2017 restated: £100.1m) in respect of the land elements within the BBC's key property contracts.

Buildings

The core department leases various buildings under non-cancellable operating lease agreements of £86.2m (31 March 2017: £88.2m), the most significant is the lease of accommodation at 100 Parliament Street, for which the department has a lease until 2028. During the year, the core department has increased the area leased at 100 Parliament Street. These operating leases do not have purchase options, although some have escalation clauses and terms of renewal. Renewals are negotiated with the lessor in accordance with the provisions of the individual lease agreements.

The BBC lease buildings of £308.5m (31 March 2017: £518.1m). The buildings are operated under non-cancellable lease agreements. Certain agreements include renewal options, periodic rent reviews, stepped rents or annual Retail Price Index uplifts. The BBC has for the first time, been able to split out the elements of land and buildings from within these contracts. The additional time and expense that would be required to restate prior year have meant building commitments have not been restated.

Ofcom lease buildings of £74.3m (31 March 2017: £81.0m), the most notable being the lease for their main premises at Riverside House. In May 2016 this lease was extended to September 2030.

Other

The BBC leases IT equipment of £192.7m (31 March 2017: £223.2m). Certain agreements include renewal options, periodic rent reviews, stepped rents or annual Retail Price Index uplifts.

22.2.2 Finance leases

Total future minimum lease payments under finance leases are given in the table below for each of the following periods.

Obligations under finance leases for the following periods comprise:	31 March 2018		Restated 31 March 2017	
	Core department £'000	Departmental group £'000	Core department & agency £'000	Departmental group £'000
Land				
Not later than one year	-	492	-	492
Later than one year and not later than five years	-	1,966	-	1,966
Later than five years	-	670,424	-	670,916
	-	672,882	-	673,374
Less interest element	-	(662,592)	-	(663,174)
Present value of obligations	-	10,290	-	10,200
Buildings				
Not later than one year	-	62,226	-	61,729
Later than one year and not later than five years	-	276,407	-	275,091
Later than five years	-	805,828	-	876,220
	-	1,144,461	-	1,213,040
Less interest element	-	(468,572)	-	(516,815)
Present value of obligations	-	675,889	-	696,225
Other				
Not later than one year	-	2,836	-	1,083
Later than one year and not later than five years	-	5,822	-	3,158
Later than five years	-	4,816	-	5,255
	-	13,474	-	9,496
Less interest element	-	(2,865)	-	(2,898)
Present value of obligations	-	10,609	-	6,598
Total present value of obligations	-	696,788	-	713,023

The Royal Armouries Museum holds a finance lease obligation of £672.9m (31 March 2017: £673.4m). The interest element for this finance lease is £662.6m (31 March 2017: £663.2m).

Present value of obligations under finance lease comprise:	31 March 2018		Restated 31 March 2017	
	Core department £'000	Departmental group £'000	Core department & agency £'000	Departmental group £'000
Land				
Not later than one year	-	492	-	492
Later than one year and not later than five years	-	1,703	-	1,703
Later than five years	-	8,095	-	8,005
Present value of obligations	-	10,290	-	10,200
Buildings				
Not later than one year	-	16,408	-	14,494
Later than one year and not later than five years	-	109,618	-	101,258
Later than five years	-	549,863	-	580,473
Present value of obligations	-	675,889	-	696,225

Other				
Not later than one year	-	2,267	-	686
Later than one year and not later than five years	-	4,558	-	1,934
Later than five years	-	3,784	-	3,978
Present value of obligations	-	10,609	-	6,598
Total present value of obligations	-	696,788	-	713,023

Finance lease commitments are held by the BBC of £673.9m (31 March 2017: £689.9m). This consists of £668.6m of buildings (31 March 2017 restated: £688.5m) and other finance leases of £5.3m (31 March 2017: £1.4m).

Under the terms of the leasing agreements, the BBC has the right to share in the residual value of its key finance lease properties (Broadcasting House, Pacific Quay and White City). This share will be passed to the BBC as either a cash flow at the end of the leasing arrangement, or a reduction in rentals if the lease agreement is extended for a further term. In addition, the BBC has the right to repurchase each property at the end of the respective lease agreement.

The BBC leases with a contingent element included within their contract have a total carrying value of £668.6m (31 March 2017: £688.5m) resulting in contingent rents of £29.0m (31 March 2017: £27.4m) being reflected in operating costs.

22.3 Commitments under PFI contracts and other service concession arrangements off-balance sheet (Consolidated Statement of Financial Position)

The values recorded below are also charged to the Consolidated Statement of Comprehensive Net Expenditure and future commitments.

Obligations for off-balance sheet (SoFP) PFI and other service concession arrangements for the following periods comprise:	31 March 2018		31 March 2017	
	Core department £'000	Departmental group £'000	Core department & agency £'000	Departmental group £'000
Not later than one year	-	575	-	557
Later than one year and not later than five years	-	2,446	-	2,371
Later than five years	-	2,700	-	3,312
Total	-	5,721	-	6,240

The National Museums Liverpool (NML) in 2010 entered into a 17 year standard form of PFI contractual arrangement for the provision of energy services and is making quarterly unitary payments over this period for a Combined Heat Power plant that came into use in October 2010. Further details can be found in NML's accounts.

22.4 Other financial commitments

The group entered into non-cancellable contracts which are not leases, PFI contracts or other service concession arrangements. The payments to which the Group are committed as at 2017-18, analysed by the period during which the commitments expire, are as follows:

	31 March 2018		Restated 31 March 2017	
	Core department £'000	Departmental group £'000	Core department & agency £'000	Departmental group £'000
Not later than one year	-	946,494	-	748,894
Later than one year and not later than five years	-	2,197,373	-	1,723,673
Later than five years	-	935,031	-	1,117,382
Total	-	4,078,898	-	3,589,949

The BBC as at 31 March 2018 had commitments of £3,873.4m (31 March 2017: £3,401.7m) relating to long term outsourcing contracts of IT support, content distribution and transmission, facilities management and elements of finance support.

Sport England Exchequer as at 31 March 2018 had commitments of £120.4m (31 March 2017 restated £98.5m) relating to grants awarded in respect to approved programmes.

The UK Sport Exchequer as at 31 March 2018 had commitments of £49.4m (31 March 2017: £58.3m) relating to grant commitments which are subject to an annual review process.

Historic England as at 31 March 2018 had commitments of £20.3m (31 March 2017: £21.8m) relating to grants in respect to approved programmes.

23. Contingent assets and liabilities

23.1 Contingent liabilities disclosed under IAS 37

23.1.1 Quantifiable Core Department

Sale of Olympic Village

A contingent liability remains in connection with the East Village sale to Qatari Diar Delancey (QDD) for any communal areas service charge shortfall, capped at £3m. This contingent liability passed to the core department following the dissolution of the Olympic Delivery Authority (ODA) on 2 December 2014 and the initial 2 year period ended in August 2016.

Broadband Delivery UK (BDUK)

There is a contingent liability for a potential clawback in relation to European Regional Development Fund (ERDF) funding for two broadband projects which were procured through change requests to existing contracts with BT. The contracts were agreed under the 2012 State Aid National Broadband Scheme (NBS) which expired in June 2015. However, the England ERDF Operational Programme for the 2014-2020 period was not agreed until later in 2015 and therefore the funding was added to the contracts in 2016.

The department believes the funding meets the ERDF criteria given that the contracts had state aid clearance and provision for the extra ERDF funding was included. However, it is possible that the ERDF auditors decide that the additional funding was not in compliance with ERDF criteria as it was added to the contracts after the expiration of the NBS. Advice from the Ministry of Housing, Communities and Local Government (MHCLG) is that the maximum level of possible fines or penalties would be £2.5m. The outcome will not be known until the relevant audits have taken place, which is likely to be in 2019.

Underwrite of UK Sport

The department has agreed to underwrite UK Sport up to £25m each year for the next 3 years, from its available funds, in the event there is a shortfall in lottery income. This will cover the years 2017-18, 2018-19 and 2019-20 in the lead up to the 2020 Tokyo Olympic and Paralympic Games. This constitutes a contingent liability for the core department only, as the agreement is with another department body, resulting in an intra-group arrangement and therefore no contingent liability for the group. For the 2017-18 financial year, UK Sport drew down £13.8m of the £25m that was potentially available for that year of the Tokyo funding cycle. Full details of UK Sport's accounts is available in their Annual Report for 2017-18.

UCI Road World Championships 2019

To help secure the bid for the 2019 Union Cycliste Internationale (UCI) Road World Championships in Yorkshire, the department has agreed to underwrite any shortfall in revenue. The arrangement was set out in a departmental minute to Parliament in September 2016. The maximum contingent liability for the department is estimated at £2m.

Group

Lottery Distribution Bodies (LDBs)

In 2017-18, the LDBs have contingent liabilities relating to future grant payments. The estimated value is £739m (2016-17: £1,031m) of which £495m (2016-17: £661m) relates to the Heritage Lottery Fund. The LDBs include British Film Institute, Big Lottery Fund, Heritage Lottery Fund, Sport England, and UK Sport.

The contingent liabilities as at 31 March 2018 relate to awards offered that have been approved in principle but are yet to be accepted by the recipient. For more detailed information on contingent liabilities, please refer to the financial statements of the individual LDBs.

Guarantee of British Horseracing Authority (BHA) Scheme

On 30 July 2007, the Horserace Betting Levy Board (HBLB) agreed with the (BHA), the Jockey Club, and Trustees of the Jockey Club Pension Fund and Life Assurance Scheme, now known as the BHA Scheme (the 'Scheme'), to guarantee the payments by the BHA of certain contributions to this scheme. The most recent triennial valuation of the Scheme as at 31 December 2014 showed a total deficit of £10.6m. Accordingly, the HBLB has a contingent liability in the event of the BHA becoming unable to meet its obligations and has agreed if such circumstances arise to:

- a. Meet the entire annual deficit contributions of £1.2m during the period ending 31 December 2019, and £0.6m per annum for the period from 1 January 2020 and ending on 30 September 2024.
- b. Guarantee until the earlier of (i) 31 December 2024 and (ii) the date a future actuarial valuation of the BHA Scheme discloses that there is no longer a past deficit on the basis of the December 2006 actuarial assumptions. The guarantee applies to the full scheme wind-up liabilities; up to a maximum of £30.3m in total, payable in five equal annual instalments, only in the event that the scheme is wound up by its trustees as a result of the BHA becoming unable to maintain contributions, or terminates its participation in the scheme, without substituting an alternative Principal Employer (Rule 66 of the Scheme). This guarantee does not apply if the Scheme is wound up for any other reason. The Board no longer has a contingent liability in respect of the BHA's future service contributions to the Scheme.

The British Museum

The British Museum is currently contesting a case relating to the withdrawal of charitable relief against business rates on elements of the Bloomsbury site. The possible obligation is estimated at circa £1.1m. The hearing of the contested issues is expected within the 2018-19 financial year. The same liability was reported as at 31 March 2017 with an estimated obligation of circa £1.6m. This liability has reduced following an agreement during the year that elements of the Bloomsbury site will retain charitable relief.

The result of the hearing could set a precedent for other museums and galleries with commercial areas. However, as at 31 March 2018, the department does not consider any other bodies in the group to have a contingent liability related to business rates.

Sport England

In 1979, the Football Association (FA) contributed £0.5m towards the construction of a hostel at Lilleshall National Sports and Conferencing Centre. A management agreement with the FA was entered into by Sport England which enabled the FA to run the Vauxhall School at the Centre which closed in July 1999. The Management Agreement continues to remain in place and at the present time the accommodation is used by the FA's Medical and Education Units. If Sport England were to terminate the agreement at any time before 2039, then a proportion of the £0.5m would fall due to be paid to the FA calculated by the reference to time. It is considered unlikely that the agreement will be terminated by Sport England.

23.1.2 Unquantifiable Core Department

Sale of Olympic Village

The ODA had, under the various sale or lease agreements with QDD, Triathlon Homes LLP and East Village Management Ltd (EVML), a liability for the rectification of defects in the buildings constructed by Stratford Village Development Partnership, provided that the legacy owner/operator has first exhausted all alternative contractual rights and remedies. The liability expires on 15 July 2026, being 12 years after the date of practical completion under the relevant contracts. For the first 2 years after practical completion the ODA was responsible for rectifying those defects. An estimate of the financial impact of the contingent liability is not practicable.

Hague Convention and Cultural Property (Armed Conflicts) Act 2017

The government has ratified the 1954 Hague Convention for the Protection of Cultural Property in the Event of Armed Conflict and accede to its two Protocols. The Cultural Property (Armed Conflicts) Act 2017 created a number of new criminal offences in domestic law to enable the UK to ratify the Convention and accede to the Protocols. The offences include a serious breach of the Second Protocol, unauthorised use of the Cultural Emblem and the offence of dealing in unlawfully exported cultural property. The department has an unquantifiable contingent liability for the additional costs related to imprisonment and legal costs incurred by the Ministry of Justice for prosecutions brought solely under this new legislation. The department also has an unquantifiable contingent liability for any costs it may be required to cover relating to compensation which may be payable to buyers of 'good faith' that forfeit any cultural property.

The Royal Parks historic liabilities

On 15 March 2017, an agreement was signed between The Royal Parks Limited (a newly created body to manage the Royal Parks) and the Secretary of State setting out the elements transferred from The Royal Parks Agency (TRPA) and additional obligations and arrangements. Under the terms of the agreement, the core department retains responsibility for the cost of historic liabilities of TRPA, above £100k. There is an unquantifiable contingent liability in respect of an incident in one of the Royal Parks. There is insufficient information to assess the value of the liability at this time.

Prohibiting third party bets on non-UK EuroMillions

On 6 April 2018 a measure was introduced to ban bets on EuroMillions games in other countries. The department is defending a claim for a judicial review from three operators. If the claim is successful, the department may be liable for damages.

Group

Ofcom

Ofcom may be subject to an appeal of decisions made in carrying out its functions as regulator of the communications sector. Appeals against Ofcom's decisions could give rise to liabilities for legal costs. Ofcom will make a provision in the financial statements for costs

to the extent they are probable and quantifiable. For the 2017-18 financial year no provision was required.

However, there is a contingent liability in relation to the claim by the mobile operators for restitution of annual licence fees paid by them on the basis of Ofcom's decision of September 2015 which was quashed by the Court of Appeal in November 2017. This had the legal effect that those 2015 regulations were never in force, and the pre-existing licence fees as set out in regulations last made in 2011 continued to be in force throughout, and remain in force today. The mobile operators have issued proceedings to seek repayment of the difference between the amounts paid under the 2015 regulations and the amounts that would have been payable under the 2011 regulations, plus interest. The legal proceedings will determine the basis on which any restitution (repayment) should be calculated, and depending on the outcome further analysis may be required to calculate the quantum, if any, of such restitution. Until the courts have determined the outcome, and any further necessary analysis on quantum has been undertaken, it is not possible to estimate the financial effect nor the likelihood of any repayment.

The British Library

The British Library has undertaken the digitisation of millions of pages of newspaper from the archive using a commercial partner to take on the costs of digitisation in return for being able to exploit the digital archive commercially.

The supplier has warranted in its contract with the Library that use of the digitisations will not infringe copyright, or give rise to any possible action for defamation and has undertaken to cover any liability falling on the library as a result of any such claims (in addition to the cost of defending the action) up to £5m.

DCMS has agreed to underwrite any liability which arises beyond that, for the duration that such claims might arise. It is considered that a claim in excess of £5m would be extremely unlikely but in the event that the liability is called, provision for any payment will be sought through the normal supply procedure.

The National Gallery

The National Gallery is involved in legal action in the United States concerning the rightful ownership of 'Portrait of Greta Moll' by Henri Matisse. In September 2016 the descendants of Greta Moll filed a lawsuit against the National Gallery and Her Majesty's Government (HMG), claiming possession of the painting or at least \$30m as an alternative to the painting being returned. In September 2017, the trial court dismissed the claim on the basis of absence of jurisdiction; the claimants appealed this decision and all filings in the appeal have been made; a decision of the appeal court is awaited. The National Gallery maintains that it has good title to the painting.

UK Sport

An athlete has made a legal claim seeking employment status with UK Sport and /or their National Governing Body. This will be determined at an Employment Tribunal hearing currently scheduled for December 2018. At this early stage, it would be inappropriate to attempt to pre-judge the outcome of the hearing or to attempt to quantify the impact of any adverse judgement if one is made.

BBC

In 2017, the Government introduced new rules relating to the tax accountability for payments to intermediaries in the public sector. Alongside it, HMRC introduced new guidance (the Check Employment Status for Tax - the CEST) which continues to be revised and updated in relation to its application to the production and broadcast industry. These changes have led to a number of new questions and issues arising in relation to the assessment of tax status across the industry, as the new guidance indicates that a larger proportion of on-air presenters should be treated as employees for tax purposes than previously. Concurrently a

number of on-air presenters across the industry are now facing investigations from HMRC about how tax and NI have historically been applied to their engagements via a Personal Service Company. The BBC's discussions with HMRC on these matters continues.

The BBC has announced that it is to establish a fair and independent process under the supervision of the Centre for Effective Dispute Resolution (CEDR) to determine the right approach in cases where on-air presenters believe the BBC bears some liability in relation to demands for Employers' National Insurance Contributions. The terms of this process are intended to be subject to consultation and because the scope and outcome of the process remains uncertain, no provision in relation to this matter has been recognised in these financial statements.

Arts Council England

Due to the merger of the Regional Arts Boards (RAB) in 2002 some staff transferred to the employment of Arts Council England (ACE). At this time the RAB defined benefit pension schemes were in deficit. The Greater Manchester Pension Funds view is that ACE are liable for the funding of this deficit.

In 2015 a claimant sought an export licence from ACE to export a painting to Switzerland from the UK. ACE (in consultation with DCMS) refused to grant the licence as it was not satisfied that the painting was in the UK following "lawful and definitive dispatch from another Member State". The claimant challenged this decision by way of judicial review. The case is currently listed for hearing at the High Court on the 28th June 2018.

A former employee has lodged an Employment Tribunal case against ACE.

23.2 Contingent assets

Department

Sale of Olympic Village

When each of the development plots on the Olympic Village is sold, the core department has an entitlement to an overage from the owners (QDD), up to March 2024. Any sums payable to the department in respect of overage on the Village development plots are subject to a 5% levy in favour of London Borough of Newham. £6.4m was received by the department in 2016-17. Other overages may be payable but the likelihood is considered remote.

Group

Land sales on the Greenwich Peninsula

As successor to the Millennium Commission, the Big Lottery Fund is entitled to a share of the proceeds of land sales on the Greenwich Peninsula made by the Greater London Authority, once certain costs have been covered. Income of £50m (2016-17: £87m) is now forecast to be received between 2016 and 2037, of which £3.8m has been received in 2017-18 (2016-17: £4.0m).

Sale of Olympic Park

The National Lottery Distributors are entitled to receive a share of receipts from the sale of land on Queen Elizabeth Olympic Park in return for their contribution of an additional £675m to the funding of the London 2012 Olympic and Paralympic Games. The arrangements are set out in a legal agreement between the Secretary of State and the Greater London Authority (GLA) dated 29 March 2012 which sets out the distribution of funds between the GLA and the Lottery Distributors (via the core department). Land sales are likely to take place over a lengthy period, estimated to be from 2018-19 to 2036-37. The department estimates the first payments to the Lottery Distributors will be made in 2020-21.

24. Related party transactions

Core department

At 31 March 2018, DCMS was the sponsor of the ALBs listed in note 28. These bodies are regarded as related parties, with which the department has had various material transactions during the year. All of these transactions were conducted in the normal course of business and on an arm's length basis.

The department made a number of material transactions with other government bodies, these are set out below:

Related party	Nature of transaction
Cabinet Office	Provision of Information Technology services under a shared service agreement.
Department for Business, Energy & Industrial Strategy (BEIS)	DCMS provided funding for Digital Economy programmes delivered by BEIS sponsored research councils and Innovate UK.
Department for Education (DfE)	Contributions from DfE for a number of Arts and Culture programmes (Music Hubs, In Harmony and implementing response to the Henley review of cultural education). DCMS Contribution to DfE for the Primary School Sports Premium.
Department of Health (DoH)	DoH contributions to School Games Organisers programme, amounts passed on to Sport England.
Government Legal Department	Government Legal Department provides legal services to DCMS and over 180 central government departments and other publicly funded bodies in England and Wales.
HM Revenue and Customs (HMRC)	Payments from DCMS to HMRC relating to DCMS leasing office space at 100 Parliament Street.
Local Authorities	Payments to 34 councils or their subsidiaries who are responsible for administering and enabling the broadband rollout in their area.
Ministry of Housing, Communities & Local Government (MHCLG)	DCMS contributions to cover local government Libraries and Sports PFI projects that are distributed by MHCLG
Network Rail	Payments to National Rail as part of the local full fibre programme.
The Northern Ireland Executive	Payment to the Northern Ireland Executive for their share of the Wireless and Telegraphic Act licence fee receipts.

The National Lottery Distribution Fund is maintained under the control and management of the Secretary of State. During the year, a number of staff employed by the core department worked on National Lottery Distribution related activities and also used systems owned by the department. These costs were recharged to the fund by the department.

During the year, the core department may have entered into transactions, under normal business terms with organisations in which either a trustee/director or a key senior member of management was regarded as having an interest. The transactions entered into during the year are set out below.

Departmental ministers make specific disclosure of financial interests as required by the Ministerial Code of Conduct. DCMS Non-Executive Board members must declare to the Permanent Secretary any personal or business interest which may, or may be perceived to, influence their judgement as a board member.

The London Organising Committee of the Olympic Games and Paralympic Games Limited (LOCOG) was a related party as the Secretary of State was a member of the company. A sum of £200k was accrued from the liquidators during 2017-18.

Departmental group

Other than those listed below no minister, board member, or other related parties have undertaken any material transactions with the group during the year.

Ministers

Tracey Crouch MP, Parliamentary Under Secretary of State for Sport and Civil Society is a patron of Blenheim Community Drug Project which is owed £88k from Big Lottery Fund.

Lord Ashton of Hyde, Parliamentary Under-Secretary of State's sister-in-law is the Chair of the KM Group which received £12k from the BBC (£5k payable at year end).

Lord Ashton of Hyde's cousin is married to the CEO of News UK. During the year, News UK paid £8k to the BBC (£25k receivable at year end). No transactions were made between News UK and the core department.

Executive board members

Mark Fisher, the former Director of the Office for Civil Society, is a council member of the University of Huddersfield, which paid £32k to the British Library during the year. The Arts Council England Lottery owes the University of Huddersfield £8k at the year end.

Georgia Hutchinson is the Director of Office for Civil Society. Her partner is an Equity Partner in Sheridans, which received £86k from Sport England Lottery (£16k payable at year end), £42k from Sports England Exchequer (£8k payable at year end), £20k from British Film Institute Lottery and £12k from Imperial War Museum.

Debra Lang is the HR Director of DCMS. Her husband is a National Officer at F.D.A Union which received £28k from DCMS core department.

David Rossington CB was the former Director of the Office for Civil Society and former Finance and Commercial Director. His partner is a Manager at the Arts at the Old Fire Station, which received £27k from Arts Council England Lottery (£1k payable at the year end) and £4k from Arts Council England Exchequer.

Non-executive board members

Fields Wicker-Miurin OBE (Non-Executive Board Member and Chair of the Audit and Risk Committee) is also a Non-Executive Director at BNP Paribas, which received £509k from various DCMS entities during the year, notably £362k from Historic England (£4k payable at year end) and £128k from Heritage Lottery Fund. During the year, BNP Paribas paid £23k to Victoria and Albert Museum for corporate membership.

Neil Mendoza (Non-executive board member) is the Chairman of the Board of Trustees of the Landmark Trust, which is owed £1,392k from Heritage Lottery Fund.

Neil Mendoza is a Trustee of Soho Theatre Company Limited, which received £603k from Arts Council England Exchequer and has a payable of £8k from Arts Council England Lottery at the year end.

Neil Mendoza is also a Director of The Lundy Company Limited which received £20k from Historic England.

Neil Mendoza's business partner is a Director of Forward Arts Foundation which received £48k from Arts Council England Exchequer and £30k from Arts Council England Lottery.

Neil Mendoza's business partner is also the Chairman of Forward Thinking, which received £87k from the BBC (£6k payable at year end).

The remuneration report (page 101) contains details of compensation payments made to key personnel.

25. Events after the reporting period

The following events occurred after the reporting period:

Changes to Ministers

On 9 July 2017, Jeremy Wright QC MP was appointed the Secretary of State for the Department for Digital, Culture Media and Sport replacing Matt Hancock MP.

Machinery of government (MoG) changes

DCMS has two MoG changes affecting its accounts and estimates for the year ended 31st March 2019. A MoG is when functions or responsibilities have been merged or transferred within Government and are accounted for using merger accounting, in accordance with the FReM. These changes are effective from 1 April 2018, and were announced and confirmed in a written statement on 29th March 2018. The changes are as follows:

- *Government Digital Service*
The Data Policy and Governance functions of the Government Digital Service (GDS) have been transferred from the Cabinet Office to DCMS. The transfer includes responsibility for data sharing (including coordination of Part 5 of the Digital Economy Act 2017), data ethics, open data and data governance.
- *Digital Signatures and other trust services*
Responsibility for Digital Signatures including the trust services elements of the eIDAS Regulation No 91012014, has transferred to DCMS from BEIS. DCMS and BEIS will have a joint role in shaping the strategic relationship with the Open Data Institute, The Alan Turing Institute and Digital Catapult.

Victoria and Albert Museum (V&A)

On 5 June 2018, the mayor of London, Sadiq Khan set out his £1.1bn vision for East Bank at Queen Elizabeth Olympic Park. New plans and building designs were unveiled, including the V&A's new museum on Stratford Waterfront, by O'Donnell and Tuomey.

Date accounts authorised for issue

The accounts were authorised for issue on the date the Comptroller and Auditor General certified the accounts. The accounts do not reflect events after this date.

26. Third-party assets

The group holds, as custodian or trustee, certain assets belonging to third parties. These are not recognised in the accounts, since the group does not have a direct beneficial interest in them.

The department does not hold third party assets.

As at 31 March 2018 the group held assets of £9.9m (31 March 2017: £13.1m):

Big Lottery Fund (BLF) held third party assets as at 31 March 2018 of £9.8m (31 March 2017: £11.7m). These assets represent third party bank balances for whom BLF manage grant programmes.

27. Restatement of Statement of Financial Position and Statement of Comprehensive Net Expenditure

Prior periods have been restated to include:

Machinery of government (MoG) Changes

During 2017-18 there were no Machinery of Government (MoG) Changes.

Core department restatement

Expenditure under 'subsidiaries to the public sector' (note 4.1) is now included within the more appropriate heading of 'other grants' (see note 4.2).

Group restatements

BBC's figures have been restated, the different elements of this are explained below.

BBC Commercial Holdings Restatement

The Office for National Statistics classified BBC Commercial Holdings as a central government entity in November 2015; these accounts include it for the first time (see note 10, Financial instruments).

BBC Property, plant and equipment restatement

The revaluation of BBC's Property, plant and equipment mistakenly did not adjust accumulated depreciation balances, only cost balances. Cost balances were therefore overstated and as such so was depreciation. This has now been corrected.

BBC prepayment restatement

DCMS group accounts have been restated to remove a £220m prepayment included in error in BBC's DCMS consolidation data feed for 2016-17. Although an isolated event, DCMS and the BBC have taken steps to ensure the mistake is not repeated. The impact on the Consolidated Statement of Comprehensive Net Expenditure in 2016-17 was to increase net expenditure by £120m, the remaining £100m was restated in the prior year and is reflected in the 2015-16 restatement of the Statement of Financial Position

BBC accruals and other payables

BBC's 2016-17 'other payables' figure included £160m of accruals. This has now been split out into 'Accruals & deferred income'. This is a change within trade and other payables, as such is not shown in the tables below.

BBC land finance lease

Note 22.2.2 has been restated to move BBC land finance lease values (£57m present value obligation) to buildings, in order to correct an historic mapping error. This change does not change the primary statements and so is not shown in the tables below.

Comparative details in various notes have also been restated for the above. The financial impact of all prior period adjustments are set out in the following tables:

27. Restatement of Statement of Financial Position and Statement of Comprehensive Net Expenditure (continued)

Consolidated Statement of Comprehensive Net Expenditure as at 31 March 2017	Published 2016-17						Restated 2016-17	
	2016-17: Core department and agency	2016-17: Departmental group	Core department restatement	BBC Commercial Holdings restatement	BBC property, plant and equipment restatement	BBC prepayment restatement	2016-17: Core department and agency	2016-17: Departmental group
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Staff costs	49,158	1,874,776	-	-	-	(47,800)	49,158	1,826,976
Grants and subsidies to sponsored bodies	4,541,382	43,704	(29,339)	-	-	-	4,512,043	14,365
Other grants	367,243	2,792,713	29,339	-	-	-	396,582	2,822,052
Purchase of goods and services	50,016	492,682	-	-	-	-	50,016	492,682
Depreciation, amortisation and impairment charges	1,986	365,883	-	-	(22,019)	-	1,986	343,864
Provisions expense	(920)	44,783	-	1,268	-	-	(920)	46,051
Other operating expenditure	18,148	2,658,018	-	26,450	-	167,800	18,148	2,852,268
Total operating expenditure	5,027,013	8,272,559	-	27,718	(22,019)	120,000	5,027,013	8,398,258
Income from sale of goods and services	(7,886)	(94,007)	-	-	-	-	(7,886)	(94,007)
Other operating income	(298,822)	(3,340,500)	-	(38,970)	-	-	(298,822)	(3,379,470)
Total operating income	(306,708)	(3,434,507)	-	(38,970)	-	-	(306,708)	(3,473,477)
Net expenditure for the year	4,720,305	4,838,052	-	(11,252)	(22,019)	120,000	4,720,305	4,924,781
Other comprehensive net expenditure								
Net (gain)/loss on:								
- revaluation of property, plant & equipment, intangible assets and heritage assets	(76)	(671,092)	-	-	-	-	(76)	(671,092)
- revaluation of available for sale financial instruments	-	(17,672)	-	64,000	-	-	-	46,328
- remeasurements	-	292,078	-	-	-	-	-	292,078
Total other comprehensive net expenditure	(76)	(396,686)	-	64,000	-	-	(76)	(332,686)
Total comprehensive expenditure for the period	4,720,229	4,441,366	-	52,748	(22,019)	120,000	4,720,229	4,592,095

27. Restatement of Statement of Financial Position and Statement of Comprehensive Net Expenditure (continued)

Consolidated Statement of Financial Position as at 31 March 2017	Published 2016-17						Restated 2016-17	
	2016-17: Core department and agency	2016-17: Departmental group	Core department restatement	BBC Commercial Holdings restatement	BBC property, plant and equipment restatement	BBC prepayment restatement	2016-17: Core department and agency	2016-17: Departmental group
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Non-current assets:								
Property, plant & equipment	3,924	7,542,330	-	-	41,552	-	3,924	7,583,882
Heritage assets	14,506	1,432,361	-	-	-	-	14,506	1,432,361
Intangible assets	182	68,014	-	-	-	-	182	68,014
Investment properties	-	208,970	-	-	-	-	-	208,970
Trade and other receivables	-	24,634	-	-	-	-	-	24,634
Investments in associates and joint ventures	-	13,549	-	-	-	-	-	13,549
Other financial assets	49,344	844,416	-	1,261,791	-	-	49,344	2,106,207
Total non-current assets	67,956	10,134,274	-	1,261,791	41,552	-	67,956	11,437,617
Current assets:								
Assets classified as held for sale	-	2,884	-	-	-	-	-	2,884
Inventories	-	262,169	-	-	-	-	-	262,169
Trade and other receivables	23,580	1,500,375	-	(78,382)	-	(220,000)	23,580	1,201,993
Other financial assets	3,808	59,138	-	246,925	-	-	3,808	306,063
Cash and cash equivalents	104,823	2,057,353	-	7,159	-	-	104,823	2,064,512
Total current assets	132,211	3,881,919	-	175,702	-	(220,000)	132,211	3,837,621
Current liabilities:								
Trade and other payables	(177,624)	(2,548,737)	-	(16,519)	-	-	(177,624)	(2,565,256)
Provisions	(66)	(62,326)	-	(2,654)	-	-	(66)	(64,980)
Other financial liabilities	-	(230)	-	-	-	-	-	(230)
Total current liabilities	(177,690)	(2,611,293)	-	(19,173)	-	-	(177,690)	(2,630,466)
Non-current liabilities:								
Provisions	(26)	(64,237)	-	-	-	-	(26)	(64,237)
Trade and other payables	(43)	(2,308,553)	-	(201,230)	-	-	(43)	(2,509,783)
Other financial liabilities	-	(525,757)	-	-	-	-	-	(525,757)
Retirement benefit obligations	-	(1,363,318)	-	-	-	-	-	(1,363,318)
Total non-current liabilities	(69)	(4,261,865)	-	(201,230)	-	-	(69)	(4,463,095)
Assets less liabilities	22,408	7,143,035	-	1,217,090	41,552	(220,000)	22,408	8,181,677
Taxpayers' equity:								
General fund	20,080	2,601,104	-	50,082	41,552	(220,000)	20,080	2,472,738
Revaluation reserve	2,328	529,830	-	1,167,008	-	-	2,328	1,696,838
Total taxpayers' equity	22,408	3,130,934	-	1,217,090	41,552	(220,000)	22,408	4,169,576
Lottery funds	-	(1,453,387)	-	-	-	-	-	(1,453,387)
Charity funds	-	5,465,488	-	-	-	-	-	5,465,488
Total reserves	22,408	7,143,035	-	1,217,090	41,552	(220,000)	22,408	8,181,677

27. Restatement of Statement of Financial Position and Statement of Comprehensive Net Expenditure (continued)

Consolidated Statement of Financial Position as at 1 April 2016	Published 2015-16						Restated 2015-16	
	2015-16: Core Department and Agency	2015-16: Departmental Group	Core Department restatement	BBC Commercial Holdings restatement	BBC property, plant and equipment restatement	BBC prepayment restatement	2015-16: Core Department and Agency	2015-16: Departmental Group
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Non-current assets:								
Property, plant & equipment	33,662	7,039,746	-	-	19,533	-	33,662	7,059,279
Heritage assets	36,699	1,291,277	-	-	-	-	36,699	1,291,277
Intangible assets	166	67,631	-	-	-	-	166	67,631
Investment properties	-	169,905	-	-	-	-	-	169,905
Trade and other receivables	-	37,336	-	-	-	-	-	37,336
Investments in associates and joint ventures	-	54	-	-	-	-	-	54
Other financial assets	43,726	357,486	-	1,306,700	-	-	43,726	1,664,186
Total non-current assets	114,253	8,963,435	-	1,306,700	19,533	-	114,253	10,289,668
Current assets:								
Assets classified as held for sale	-	299	-	-	-	-	-	299
Inventories	-	307,290	-	-	-	-	-	307,290
Trade and other receivables	15,750	1,351,705	-	(17,943)	-	(100,000)	15,750	1,233,762
Other financial assets	5,184	72,400	-	212,249	-	-	5,184	284,649
Cash and cash equivalents	174,006	2,375,458	-	13,211	-	-	174,006	2,388,669
Total current assets	194,940	4,107,152	-	207,517	-	(100,000)	194,940	4,214,669
Current liabilities:								
Trade and other payables	(276,975)	(2,599,093)	-	(52,074)	-	-	(276,975)	(2,651,167)
Provisions	(1,031)	(69,007)	-	-	-	-	(1,031)	(69,007)
Other financial liabilities	-	(725)	-	-	-	-	-	(725)
Total current liabilities	(278,006)	(2,668,825)	-	(52,074)	-	-	(278,006)	(2,720,899)
Non-current liabilities:								
Provisions	(72)	(57,267)	-	(1,386)	-	-	(72)	(58,653)
Trade and other payables	-	(2,315,635)	-	(177,906)	-	-	-	(2,493,541)
Other financial liabilities	-	(3,043)	-	-	-	-	-	(3,043)
Retirement benefit obligations	-	(1,174,672)	-	-	-	-	-	(1,174,672)
Total non-current liabilities	(72)	(3,550,617)	-	(179,292)	-	-	(72)	(3,729,909)
Assets less liabilities	31,115	6,851,145	-	1,282,851	19,533	(100,000)	31,115	8,053,529
Taxpayers' equity:								
General fund	8,667	2,823,298	-	51,843	19,533	(100,000)	8,667	2,794,674
Revaluation reserve	22,448	426,758	-	1,231,008	-	-	22,448	1,657,766
Total taxpayers' equity	31,115	3,250,056	-	1,282,851	19,533	(100,000)	31,115	4,452,440
Lottery funds	-	(1,212,418)	-	-	-	-	-	(1,212,418)
Charity funds	-	4,813,507	-	-	-	-	-	4,813,507
Total reserves	31,115	6,851,145	-	1,282,851	19,533	(100,000)	31,115	8,053,529

The 2015-16 published figures columns are as restated in the published 2016-17 accounts.

28. List of bodies within the group

The entities within the group during 2017-18, listed below, comprised the core department, and those bodies included in the Government Resources and Accounts Act 2000 (Estimates and Accounts) Order 2017 (GRAA), known as the “Designation Order”.

The annual report and accounts for each of these bodies can be found on their own websites, given below.

Body name	Legal status	Website
Heritage		
The Historic Buildings and Monuments Commission for England (Historic England) *	Statutory Body	www.historicengland.org.uk
National Heritage Memorial Fund (NHMF) ¹⁹⁸ *	Statutory Body	www.nhmf.org.uk
Churches Conservation Trust	Charity	www.visitchurches.org.uk
Regulators		
Office of Communications (Ofcom)	Statutory Body	www.ofcom.org.uk
Information Commissioner's Office *	Statutory Body	www.ico.org.uk
Media/Creative Industries		
British Broadcasting Corporation (BBC) ¹⁹⁹	Royal Charter Body	www.bbc.co.uk
S4C (Sianel Pedwar Cymru) ²⁰⁰	Statutory Body	www.s4c.cymru
British Film Institute *	Royal Charter Body and Charity	www.bfi.org.uk
Museums and Galleries		
British Museum *	Exempt Charity	www.britishmuseum.org
Geffrye Museum *	Limited Company and Charity	www.geffrye-museum.org.uk
Horniman Public Museum and Public Park Trust *	Limited Company and Charity	www.horniman.ac.uk
Imperial War Museum *	Exempt Charity	www.iwm.org.uk
National Gallery *	Exempt Charity	www.nationalgallery.org.uk
National Museums Liverpool *	Exempt Charity	www.liverpoolmuseums.org.uk
National Maritime Museum *	Exempt Charity	www.rmg.co.uk
National Portrait Gallery *	Exempt Charity	www.npg.org.uk
Royal Armouries Museum *	Exempt Charity	www.royalarmouries.org
National Maritime Museum (Royal Museums Greenwich) *	Exempt Charity	www.rmg.co.uk
Science Museum Group *	Exempt Charity	www.sciencemuseum.org.uk
Sir John Soane's Museum *	Charity	www.soane.org
Tate Gallery (Tate) *	Exempt Charity	www.tate.org.uk

¹⁹⁸ NHMF includes the Heritage Lottery Fund.

¹⁹⁹ The BBC is governed by Royal Charter and an associated Framework Agreement with Government. The Charter and Agreement set out the BBC's accountability to Parliament for use of the public money it receives whilst at the same time preserving the BBC's independence on editorial policy and programming. The definition of the BBC as consolidated in these accounts is provided in Note 1.3 (Basis of Consolidation).

²⁰⁰ S4C is a statutory corporation, and the Welsh Fourth Channel Authority (Awdurdod Sianel Pedwar Cymru) is responsible for S4C's strategic policy and for ensuring the fulfilment of its statutory functions.

Body name	Legal status	Website
Victoria and Albert Museum *	Exempt Charity	www.vam.ac.uk
Wallace Collection *	Exempt Charity	www.wallacecollection.org
Natural History Museum *	Exempt Charity	www.nhm.ac.uk
Sport		
UK Anti-Doping ²⁰¹ *	Limited Company	www.ukad.org.uk
The English Sports Council (Sport England) *	Royal Charter Body	www.sportengland.org
The United Kingdom Sports Council (UK Sport) *	Royal Charter Body	www.uk sport.gov.uk
Sports Grounds Safety Authority *	Statutory Body	www.safetyatsportsgrounds.org.uk
Tourism		
British Tourist Authority (operating as VisitBritain * and VisitEngland *)	Statutory Body	www.visitbritain.org
Gambling		
Gambling Commission *	Statutory Body	www.gamblingcommission.gov.uk
Horserace Betting Levy Board *	Statutory Body	www.hblb.org.uk
Arts and Libraries		
Arts Council England *	Royal Charter Body and Charity	www.artscouncil.org.uk
British Library *	Exempt Charity	www.bl.uk
Civil Society		
Big Lottery Fund *	Statutory Body	www.biglotteryfund.org.uk
Cultural Property		
Reviewing Committee on the Export of Works of Art and Objects of Cultural Interest †	Committee funded by the department	www.artscouncil.org.uk/collections/reviewing-committee
Treasure Valuation Committee †	Committee funded by the department	www.gov.uk/government/organisations/treasure-valuation-committee
Other		
Phone-paid Services Authority	Limited Company	www.psauthority.org.uk
Tech City ²⁰²	Limited Company	https://Technation.io

* Executive NDPBs per Cabinet Office's [Public Bodies 2017 Report](#)

† Advisory NDPBs per Cabinet Office's [Public Bodies 2017 Report](#)

The responsibilities of The Royal Parks executive agency transferred to a new charity (The Royal Parks Limited) on 15 March 2017. The new charity is expected to be classified as a public corporation by the Office for National Statistics and since DCMS have no financial investment in it, the charity is not recognised as a financial asset in the 2017-18 consolidated accounts. The executive agency is included in the prior year figures, consistent with the 2016-17 accounts.

Five bodies, Churches Conservation Trust, Phone-paid Services Authority, Sports Ground Safety Authority, Tech Nation (as at 31 March 2018), and UK Anti-Doping, have not been consolidated in the 2017-18 DCMS group accounts on a line-by-line basis on the grounds of materiality.

²⁰¹ The sole guarantor of United Kingdom Anti-Doping Limited of £1 is provided by the Secretary of State for Digital, Culture, Media and Sport, who is the owner of the £1 issued share capital.

²⁰² Tech City (UK) Limited changed its name to Tech City Group Limited on 25 April 2018

Bodies excluded from the boundary

The public sector bodies that are outside the departmental accounting boundary, and for which the department had lead policy responsibility during the year, are listed below together with their status. More detail can be found in the Public Bodies Directory.

Non-ministerial government departments

Non-Ministerial government departments are not consolidated within the group accounts.

- The Charity Commission for England and Wales. The Charity Commission's annual report and accounts can be found at www.gov.uk/government/publications/charity-commission-annual-report-and-accounts-2016-to-2017
- The National Archives. The National Archives annual report and accounts can be found at www.nationalarchives.gov.uk/about/our-role/plans-policies-performance-and-projects/our-performance

Public Corporations sponsored by DCMS

Public corporations, as defined by the Office for National Statistics, are market bodies that derive more than 50% of their income from the sale of goods and services. They have substantial day to day operating independence.

- Channel Four Television Corporation*
- Historic Royal Palaces*
- Royal Armouries (International) plc (from 22 January 2018)
- The Royal Parks Limited*

*Since the department has no financial asset in these public corporations, they are not recognised as financial investments in the group accounts.

In addition, a large number of bodies within the departmental accounting boundary have subsidiaries that are trading companies which are, or we expect would be, classified as public corporations

National Lottery Distribution Fund

The department is responsible for the operation of a lottery fund which is separately accounted for and is not consolidated in these accounts.

Annex A – Core tables

These tables present actual expenditure by the department for the years 2013-14 to 2017-18 and planned expenditure for the years 2018-19 to 2019-20 (derived from the Spending Review (SR) 2015 and subsequent fiscal events). The data relates to the department's expenditure on an Estimate and budgeting basis.

The format of the tables is determined by HM Treasury, and the disclosure in Tables 1 and 2 follow that of the Supply Estimate functions.

All years have been restated for the effect of Machinery of Government changes and the change in budgetary treatment of research and development (from resource to capital). Please note that the current year Statement of Parliamentary Supply has not been restated for any other prior period adjustments.

Table 1 Public spending – summarises expenditure on functions administered by the department. Consumption of resources includes Departmental Expenditure Limits (DEL) for administration, programme and capital costs, and Annually Managed Expenditure (AME) both Voted and Non-Voted expenditure. The figures are derived from the OSCAR database and the mappings replicate the lines in SoPS Note 1.

Table 2 Administration budgets – provides a more detailed analysis of the administration costs of the department. It retains the high level functional analysis used in Table 1. The figures are derived from the OSCAR database and the mappings replicate the lines in SoPS Note 1.

Table 1 – Public spending

Resource DEL (£'000s)	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
	Outturn	Outturn	Outturn	Outturn	Outturn	Plans	Plans
Support for the Museums and Galleries sector	16,267	16,003	20,314	16,198	24,745	30,167	26,887
Museums and Galleries sponsored ALBs (net)	351,059	326,032	339,528	362,966	363,201	403,029	409,240
Libraries sponsored ALBs (net)	101,374	98,369	113,571	115,172	117,386	124,209	126,201
Support for the Arts sector ²⁰³	(67,219)	(58,465)	(79,113)	(76,979)	(77,566)	(78,341)	18,583
Arts and culture ALBs (net)	448,788	433,475	439,548	442,231	432,551	447,908	369,211
Support for the Sports sector	21,147	18,075	11,159	7,585	11,520	7,124	7,124
Sport sponsored ALBs (net)	112,767	111,006	106,112	128,683	146,677	133,976	130,452
Ceremonial and support for the Heritage sector ²⁰⁴	16,690	29,456	53,141	48,451	67,739	33,067	30,173
Heritage sponsored ALBs (net) ²⁰⁵	105,685	115,478	84,350	99,814	76,762	83,889	75,691
The Royal Parks ²⁰⁶	13,637	14,600	12,320	6,022	-	-	-
Support for the Tourism sector	10	(200)	-	-	-	-	-
Tourism sponsored ALBs (net) ²⁰⁷	48,200	46,502	66,374	57,095	59,835	57,332	33,732
Support for the Broadcasting and Media sector	15,862	42,315	19,498	28,346	41,100	34,835	19,302
Broadcasting and Media sponsored ALBs (net) ²⁰⁸	101,810	88,099	95,600	82,204	65,330	43,185	42,111
Administration and Research	36,554	41,748	54,081	57,898	64,333	65,243	64,566
Support for Horseracing and the Gambling sector ²⁰⁹	(1,603)	(843)	(2,858)	(2,539)	(3,714)	(2,880)	-
Gambling Commission (net) ²⁰⁹	3,097	1,449	365	1,197	3,222	3,223	310
Olympics - legacy programmes ²¹⁰	(18,083)	(33,823)	(55,210)	(30,408)	(26)	-	-
London 2012 (net) ²¹⁰	(29,477)	55,715	-	-	-	-	-
Office for Civil Society ²¹¹	163,530	219,954	162,582	255,511	224,460	293,999	317,273
Spectrum Management Receipts ²¹²	(54,535)	(52,594)	(52,139)	(49,645)	(33,299)	-	-
Total Resource DEL	1,385,560	1,512,351	1,389,223	1,549,802	1,584,256	1,679,965	1,670,856

²⁰³ Support for the Arts Sector. The income relates to contributions from the Department for Education towards the cost of Music Hubs and other programmes managed by the Arts Council England. The funding profile is agreed on a year by year basis, therefore no income is yet shown in 19-20 plans. The contra expenditure budget in Arts Sponsored Bodies is also not shown in 19-20 plans.

²⁰⁴ Ceremonial and Support for the Heritage sector included funding for World War One commemorations in 2013-14 through to 2017-18 including the Battle of Jutland and the Somme.

²⁰⁵ The Heritage Sponsored Bodies line illustrates a reduction in 2015-16 following the Spending Review 2013. This is partially offset by funding for Church Roof repairs, announced in the 2014 Autumn Statement, via the National Heritage Memorial fund which commenced in 2015-16.

²⁰⁶ On 15 March 2017 The Royal Parks Limited took over the role of managing the parks from The Royal Parks Agency. The charity manages the parks on behalf of the government, however it now receives less exchequer funding than it raises in commercial income, consequently it has been reclassified as outside of central government and removed from the DCMS Supply Estimate. As a result The Royal Parks Agency has no planned expenditure after 2016-17.

²⁰⁷ Tourism sponsored ALBs line shows a drop in expenditure in 2019-20 which reflects the end of the current Discover England funding stream.

²⁰⁸ Broadcasting and Media sponsored ALBs includes the clearance and auction of the 800MHz band, with additional funding in 2014-15 for Superfast Broadband. The reduction in expenditure between 2016-17 and 2017-18 is due to Ofcom becoming self-funding from October 2017 and so does not need funding from the Exchequer from this point.

²⁰⁹ Support for the Horse Racing and Gambling Sector, and the Gambling Commission. The National Lottery Commission and the subsequent income it receives is recorded on a year by year basis.

²¹⁰ Olympics legacy and London 2012 relate to the staging of the Olympic and Paralympic games 2012. This includes income from the sale of the Olympic Village, residual costs and final settlements with the Greater London Authority (GLA) and Olympic Lottery Distribution Fund (OLDF), most of which concluded by 2016-17.

²¹¹ On 15 July 2016 the Office for Civil Society moved from the Cabinet Office to the Department for Digital, Culture Media and Sport via a Machinery of Government transfer. The National Citizens Service participation levels are forecast to increase from 2018-19 onwards.

²¹² Spectrum Management receipts which partially offset Broadcasting Administration expenditure, will, from 2018-19, be treated as income by Ofcom.

Resource DEL (£'000s)	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
	Outturn	Outturn	Outturn	Outturn	Outturn	Plans	Plans
Total Resource DEL (brought forward from previous page)	1,385,560	1,512,351	1,389,223	1,549,802	1,584,256	1,679,965	1,670,856
<i>Of which:</i>							
Staff costs ²¹³	633,746	565,023	550,393	563,808	580,795	*	*
Purchase of goods and services ²¹³	1,151,471	907,001	565,167	599,948	613,806	*	*
Income from sales of goods and services	(491,390)	(106,416)	(55,343)	(57,591)	(58,480)	(19,032)	(19,030)
Current grants to local government (net)	(6,900)	28,150	46,224	69,566	44,881	-	-
Current grants to persons and non-profit (net)	614,324	754,888	630,433	758,716	790,068	827,296	752,575
Current grants abroad (net)	(1,528)	13,269	(1,820)	(3,787)	(785)	-	-
Subsidies to private sector companies	157	-	-	-	-	-	-
Subsidies to public corporations	9,663	51,410	44,951	30,227	14,443	-	-
Net public service pensions	-	-	6,763	-	-	-	-
Rentals	32,444	24,410	24,188	19,699	23,832	-	-
Depreciation ²¹⁴	158,177	105,770	127,561	143,221	149,256	186,293	198,854
Change in pension scheme liabilities ²¹⁵	(44)	-	-	158	-	-	-
Unwinding of discount rate on pension scheme liabilities ²¹⁵	-	-	1,389	813	843	-	-
Other resource	(714,560)	(831,154)	(550,683)	(574,976)	(574,403)	(342,118)	(271,353)

²¹³ Figures for Plans for staff costs and purchase of goods and services are redacted to avoid publishing any assumptions about future price or pay movements.

²¹⁴ Depreciation includes impairments.

²¹⁵ Pension schemes report under IAS 19 Employee Benefits accounting requirements. These figures, therefore, include cash payments made and contributions received, as well as certain non-cash items.

Resource AME (£'000s)	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
	Outturn	Outturn	Outturn	Outturn	Outturn	Plans	Plans
British Broadcasting Corporation (net) ²¹⁶	3,046,611	3,363,160	3,238,249	3,117,377	3,028,455	3,258,566	3,604,113
Provisions, Impairments and other AME spend	18,523	11,157	31,006	14,024	43,569	43,644	-
Levy bodies ²¹⁷	(2,721)	4,021	8,139	7,490	(20,942)	2	-
London 2012 (net)	102,138	(38,195)	-	-	-	-	-
Lottery Grants ²¹⁸	1,352,673	1,594,409	1,070,465	1,294,717	1,214,041	1,050,740	1,189,222
Total Resource AME	4,517,224	4,934,552	4,347,859	4,433,608	4,265,123	4,352,952	4,793,335
<i>Of which:</i>							
Staff costs ²¹⁹	929,732	1,041,637	1,083,741	1,170,477	1,055,940	*	*
Purchase of goods and services ²¹⁹	2,469,733	2,672,561	2,647,535	2,412,420	2,478,429	*	*
Income from sales of goods and services	-	-	-	-	-	(298,729)	(181,815)
Current grants to local government (net)	34,896	32,218	24,145	21,787	25,345	35,623	35,623
Current grants to persons and non-profit (net)	1,245,777	1,470,874	949,267	1,260,754	1,177,008	936,993	1,000,901
Current grants abroad (net)	-	-	37	-	-	-	-
Subsidies to public corporations	24	4,823	7,245	-	1,795	-	-
Rentals	104,496	106,848	51,535	34,284	38,377	-	-
Depreciation	274,590	212,367	212,951	221,081	273,033	189,074	-
Take up of provisions	29,932	21,917	46,670	44,783	100,436	2,252	-
Release of provision	(10,526)	(19,185)	(6,886)	-	-	-	-
Change in pension scheme liabilities ²²⁰	178,831	192,115	165,013	195,426	246,549	-	-
Unwinding of discount rate on pension scheme liabilities ²²⁰	82,412	70,393	43,439	47,882	39,540	15,273	-
Release of provisions covering pension benefits ²²⁰	(14,336)	(9,633)	(6,763)	-	-	-	-
Other resource	(808,337)	(862,383)	(870,070)	(975,286)	(1,171,329)	(526,769)	13,323
Total Resource Budget²²¹	5,902,784	6,446,903	5,737,082	5,983,410	5,849,379	6,032,917	6,464,191
<i>Of which:</i>							
Depreciation ²²²	432,767	318,137	340,512	364,302	422,289	375,367	198,854

²¹⁶ British Broadcasting Corporation: BBC Commercial Holdings and its direct subsidiary holding companies have been consolidated in these accounts, reflected in the outturn from 2017-18.

²¹⁷ Levy Bodies: Levy Expenditure is only recorded at year end via the annual accounts, hence no forward plans data.

²¹⁸ Lottery Grants: The group accounts exclude the Devolved Administrations and records expenditure on an accruals basis since 2014-15.

²¹⁹ Figures for Plans for staff costs and purchase of goods and services are redacted to avoid publishing any assumptions about future price or pay movements.

²²⁰ Pension schemes report under IAS 19 Employee Benefits accounting requirements. These figures, therefore, include cash payments made and contributions received, as well as certain non-cash items.

²²¹ Total Resource Budget is the sum of the Resource DEL budget and the Resource AME budget, including depreciation.

²²² Depreciation includes impairments.

Capital DEL (£'000s)	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
	Outturn	Outturn	Outturn	Outturn	Outturn	Plans	Plans
Support for the Museums and Galleries sector ²²³	100	1,981	1,170	3,118	145	91,749	5,500
Museums and Galleries sponsored ALBs (net) ²²⁴	19,887	42,177	30,031	65,867	62,061	28,815	26,273
Libraries sponsored ALBs (net)	7,173	12,561	3,408	8,050	2,126	3,221	3,221
Support for the Arts sector	3,932	-	723	314	323	3,311	-
Arts and culture ALBs (net) ²²⁵	18,679	14,432	21,413	49,316	61,507	33,334	12,634
Support for the Sports sector	250	-	154	-	-	-	-
Sport sponsored ALBs (net)	30,120	29,019	38,916	37,131	38,800	42,765	43,265
Ceremonial and support for the Heritage sector	6,882	2,182	5,491	5,056	1,291	500	-
Heritage sponsored ALBs (net) ²²⁶	24,095	106,864	17,421	25,401	23,675	22,459	20,359
The Royal Parks ²²⁷	2,620	2,570	3,577	5,201	-	-	-
Tourism sponsored ALBs (net)	357	325	253	1,184	1,208	186	186
Support for the Broadcasting and Media sector ²²⁸	55,198	229,066	213,138	51,779	66,326	252,502	342,080
Broadcasting and Media sponsored ALBs (net) ²²⁹	23,525	4,289	4,720	30,522	91,491	106,057	150,357
Administration and Research	2,215	4,401	1,800	1,424	2,409	125	-
Support for Horseracing and the Gambling sector ²³⁰	9,000	49,896	-	-	-	-	-
Gambling Commission (net)	302	335	633	724	947	-	-
Olympics - legacy programmes ²³¹	-	-	-	(6,435)	-	-	-
London 2012 (net) ²³¹	(184,059)	(256,703)	-	-	-	-	-
Office for Civil Society ²³²	12,553	20,357	6,136	(3,705)	(1,674)	-	-
Total Capital DEL	32,829	263,752	348,984	274,947	350,635	585,024	603,875

²²³ Support for the Museums and Galleries. In the Spending Review 2015 it was announced that the government would invest £150m to support the British Museum, Science Museum and Victoria and Albert Museum to replace out of date museum storage at Blythe House; this programme commenced in 2016-17.

²²⁴ Museums and Galleries Sponsored ALBs funding from 2013-14 to 2015-16 illustrate the efficiency savings made by the Museums and Galleries following spending reviews of 2010 and 2013. Additional Capital funding was allocated for 2016-17 in the Spending Review 2015, with reserves access granted to them as part of the new Museums Freedoms programme. The Museums Freedoms Reserves can only be accessed at the Supplementary Estimate stage and so are not yet incorporated in funding data for 2018-19 and 2019-20.

²²⁵ Arts and culture ALBs includes funding in 2016-17, 2017-18 and 2018-19 for the Factory Manchester as part of the Northern Powerhouse.

²²⁶ Heritage Sponsored ALBs saw an additional £80m allocated in 2014-15 to Historic England (formerly English Heritage) on implementation of the New Model whereby the management of historic bodies was transferred to a charity, the English Heritage Trust.

²²⁷ On 15 March 2017 The Royal Parks Limited took over the role of managing the parks from The Royal Parks Agency. The charity manages the parks on behalf of the government, however it now receives less exchequer funding than it raises in commercial income, consequently it has been reclassified as outside of central government and removed from the DCMS Supply Estimate. As a result, The Royal Parks Agency has no planned expenditure after 2016-17.

²²⁸ Support for Broadcasting and Media sector is related to Broadband Delivery UK (BDUK) programmes. At the Autumn Statement 2016 it was announced that the Government would invest a further £740m targeted at supporting the market to roll out full-fibre connections and future 5G communications

²²⁹ Broadcasting and Media sponsored ALBs. In the 2015 Spending Review it was announced the government would invest up to £550m during this Spending Review period to make the 700 MHz spectrum band available for mobile broadband use. The increase from 2016-17 onwards includes increased funding for clearance and auction of the band.

²³⁰ Support for Horse Racing and Gambling sector. Following the sale of the Tote in 2011-12 it was agreed that the proceeds would be returned to the racing industry over a period of years. Initially, at £9m a year and then with the industry it was agreed that the balance of £49.9m be repaid in 2014-15.

²³¹ Olympics legacy and London 2012 relate to the staging of the Olympic and Paralympic games 2012. This includes income from the sale of the Olympic Village, residual costs and final settlements with the GLA and OLDF.

²³² On 15 July 2016 the Office for Civil Society moved from the Cabinet Office to the Department for Digital, Culture, Media and Sport via a Machinery of Government transfer. Any future year's expenditure will be reflected at the Supplementary Estimate. The change from net income in 2016-17 relates to loan repayments and fewer capital grants issued.

Capital DEL (£'000s)	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
	Outturn	Outturn	Outturn	Outturn	Outturn	Plans	Plans
Total Capital DEL	32,829	263,752	348,984	274,947	350,635	585,024	603,875
<i>Of which:</i>							
Staff costs ²³³	11,332	11,450	10,660	-	8,004	*	*
Purchase of goods and services ²³³	3,900	3,900	3,900	14,521	6,250	*	*
Release of provision	3,815	-	-	-	-	-	-
Income from sales of goods and services	-	-	-	-	(9,982)	-	-
Capital support for local government (net)	50,452	220,067	202,988	82,509	93,785	-	-
Capital grants to persons & non-profit (net)	(103,067)	(100,388)	(81,098)	(76,394)	71,701	444,816	553,936
Capital grants to private sector companies (net)	(1,737)	41,159	43,204	(247)	18,713	-	-
Capital grants abroad (net)	(202)	-	-	-	-	-	-
Capital support for public corporations	-	80,050	-	-	(1,400)	-	-
Current grants to persons & non-profit (net)	-	-	-	-	7,309	-	-
Subsidies to public corporations	-	-	-	-	3,748	-	-
Purchase of assets	531,860	262,825	191,711	276,438	160,704	126,418	36,149
Income from sales of assets	(384,775)	(260,065)	(43,645)	(3,322)	(7,020)	-	-
Net lending to the private sector and abroad	(10,604)	23,628	31,752	8,186	3,715	-	-
Other capital	(68,145)	(18,874)	(10,488)	(26,744)	(4,892)	-	-

²³³ Figures for Plans for staff costs and purchase of goods and services are redacted to avoid publishing any assumptions about future price or pay movements.

Capital AME (£'000s)	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
	Outturn	Outturn	Outturn	Outturn	Outturn	Plans	Plans
British Broadcasting Corporation (net) ²³⁴	127,393	139,462	45,226	143,691	158,060	323,708	170,000
Channel Four Television ²³⁵	-	-	-	-	-	20,000	-
London 2012 (net)	(3,815)	-	-	-	-	-	-
Levy bodies ²³⁶	(1,763)	1,991	(2,079)	(2,737)	(1,924)	-	-
Lottery Grants ²³⁷	523,705	601,444	453,717	503,897	448,775	221,139	447,593
Total Capital AME	645,520	742,897	496,864	644,851	604,911	564,847	617,593
<i>Of which:</i>							
Staff costs ²³⁸	20,324	23,078	23,078	-	12,565	*	*
Purchase of goods and services ²³⁸	-	-	-	14,000	6,904	*	*
Income from sales of goods and services	-	-	-	-	(2,114)	-	-
Release of provision	(3,815)	-	-	-	-	-	-
Capital support for local government (net)	132,060	188,770	21,803	149,469	133,006	-	-
Capital grants to persons & non-profit (net)	311,789	329,681	379,110	280,753	270,423	221,000	407,454
Capital grants to private sector companies (net)	-	-	-	-	3,505	159,000	-
Capital support for public corporations	18	417	-	-	(20,151)	-	-
Purchase of assets	129,856	124,090	153,770	126,206	119,473	169,526	210,139
Income from sales of assets	(14,264)	(6,342)	(107,851)	(8,067)	(6,818)	-	-
Net lending to the private sector and abroad	21,360	17,612	20,554	33,471	65,874	-	-
Other capital	48,192	65,591	6,400	49,019	22,244	-	-
Total Capital Budget²³⁹	678,349	1,006,649	845,848	919,798	955,546	1,149,871	1,221,468
Total Departmental Spending²⁴⁰	6,148,366	7,135,415	6,242,418	6,538,906	6,382,636	6,807,421	7,486,805
<i>Of which:</i>							
Total DEL ²⁴¹	1,260,212	1,670,333	1,610,646	1,681,528	1,785,635	2,078,696	2,075,877
Total AME ²⁴²	4,888,154	5,465,082	4,631,772	4,857,378	4,597,001	4,728,725	5,410,928

²³⁴ BBC Capital expenditure is net of property disposals including the sale of Television Centre in White City in 2015-16. BBC Commercial Holdings and its direct subsidiary holding companies have been consolidated in these accounts, reflected in the outturn from 2017-18.

²³⁵ Channel Four Television includes £20m budget cover secured to cover commercial borrowings. This facility has not previously been required.

²³⁶ Levy Bodies: Levy Expenditure is only recorded at year end via the annual accounts, hence no forward plans data.

²³⁷ Lottery Grants: The group accounts excludes the Devolved Administrations and records expenditure on an accruals basis since 2014-15. The funding profile is agreed on a year by year basis, and refined at the Supplementary Estimate for 2018-19.

²³⁸ Figures for Plans for staff costs and purchase of goods and services are redacted to avoid publishing any assumptions about future price or pay movements.

²³⁹ Total Capital Budget is the sum of the Capital DEL budget and the Capital AME budget.

²⁴⁰ Total Departmental Spending is the sum of the resource budget and the capital budget less depreciation.

²⁴¹ Total DEL is the sum of the resource budget DEL and capital budget DEL less depreciation in DEL.

²⁴² Total AME is the sum of the resource budget AME and the capital budget AME less depreciation in AME.

Table 2 – Administration Budgets

Resource DEL £'000s	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
	Outturn	Outturn	Outturn	Outturn	Outturn	Plans	Plans
Libraries sponsored ALBs (net)	8,297	7,462	7,945	6,754	7,928	8,770	8,770
Support for the Arts sector	(236)	(100)	(340)	(680)	(310)	(680)	-
Arts and culture ALBs (net)	20,909	14,828	13,094	15,634	14,255	17,573	16,365
Sport sponsored ALBs (net)	14,543	12,155	11,355	11,134	12,788	14,909	15,066
Ceremonial and support for the Heritage sector	22	-	769	516	550	355	250
Heritage sponsored ALBs (net)	14,194	15,873	16,704	16,037	16,378	15,751	15,552
The Royal Parks ²⁴³	2,338	2,601	3,431	3,589	-	-	-
Tourism sponsored ALBs (net)	30,537	26,392	44,250	29,375	31,077	42,232	27,232
Support for the Broadcasting and Media sector	7,816	19,881	164	118	4,105	-	-
Broadcasting and Media sponsored ALBs (net) ²⁴⁴	58,489	59,965	61,103	54,389	40,160	12,900	13,000
Administration and Research	36,560	41,294	52,891	55,495	63,517	61,190	60,413
Spectrum Management Receipts ²⁴⁵	(54,535)	(52,594)	(52,139)	(49,645)	(33,299)	-	-
Total Administration Budget	138,934	147,757	159,227	142,716	157,149	173,000	156,648
<i>Of which:</i>							
Staff costs ²⁴⁶	149,456	110,948	127,842	129,583	128,737	*	*
Purchase of goods and services ²⁴⁶	107,813	107,376	105,330	101,145	98,753	*	*
Income from sales of goods and services	(40,161)	(24,662)	(27,214)	(31,806)	(31,158)	-	-
Current grants to local government (net)	-	-	-	-	(25)	-	-
Current grants to persons and non-profit (net)	(1)	634	-	183	177	-	-
Current grants abroad (net)	-	-	3	-	-	-	-
Subsidies to Public corporations	-	-	5,354	-	-	-	-
Subsidies to private sector companies	148	-	-	-	-	-	-
Rentals	17,735	13,415	16,014	15,659	16,962	-	-
Depreciation	14,621	11,875	11,411	10,118	8,883	15,851	14,816
Change in pension scheme liabilities	-	-	-	-	-	-	-
Unwinding of discount rate on pension scheme liabilities	-	-	368	288	317	-	-
Other resource	(110,677)	(71,829)	(79,881)	(82,454)	(65,497)	(716)	-

²⁴³ On 15 March 2017 The Royal Parks Limited took over the role of managing the parks from The Royal Parks Agency. The charity manages the parks on behalf of the government, however it now receives less exchequer funding than it raises in commercial income, consequently it has been reclassified as outside of central government and removed from the DCMS Supply Estimate. As a result, The Royal Parks Agency has no planned expenditure after 2016-17.

²⁴⁴ Broadcasting and Media Sponsored ALBs shows a fall in spend from 2017-18 onwards because from this point Ofcom will retain Spectrum Management Receipts as income.

²⁴⁵ Spectrum Management receipts, which directly offset Broadcasting Administration expenditure, will be shown as income in the Broadcasting and Media Sponsored ALBs line from 2017-18.

²⁴⁶ Figures for Plans for staff costs and purchase of goods and services are redacted to avoid publishing any assumptions about future price or pay movements

Annex B – Statement of Parliamentary Supply Notes

The Statement of Parliamentary Supply (SoPS) and supporting notes show outturn against estimate in terms of the resource and capital budgets and non-budget expenditure and the Net Cash Requirement.

Lottery income

With HM Treasury agreement and in line with the Supplementary Estimate, the Statement of Parliamentary Supply (SoPS) does not include lottery income. The government's hypothecated income from the National Lottery is reported separately in the National Lottery Distribution Fund, and is not included in budgets. As a consequence non-voted lottery expenditure is stated gross of lottery income in the SoPS.

Spectrum management receipts

With HM Treasury agreement and in line with the Supplementary Estimate, the SoPS includes an adjustment (negative non-voted administration expenditure) to match costs borne by Ofcom, and funded from Grant-in-Aid, in administering the strategic development of Spectrum. From December 2017, Ofcom has been able to meet these costs by retaining a portion of Wireless Telegraphy Act licence fees as income.

BBC broadband income

The BBC paid the core department £80m towards broadband costs and this expenditure is included in the SoPS. However, since the core department pays these monies to the Consolidated Fund, this income is not recognised in the SoPS. Consequently a reconciling item arises between the SoPS and the SoCNE (see SoPS Note 2). This approach is as advised by HM Treasury.

Administration and programme expenditure and income

The classification of expenditure and income as administration or as programme follows the definitions set out in the Consolidated Budgeting Guidance issued by HM Treasury; under the HM Treasury *Simplifying and Streamlining Accounts* project, this split is no longer required in the primary statements.

Administration expenditure reflects the costs of running the department, and those ALBs allocated an administration budget in the Spending Round. Some categories of ALBs do not have an administration budget allocation, and they therefore report only programme costs. Programme costs reflect non administration expenditure, and include payments of grants and expenditure on ALBs objectives.

Charity income - donations

In the financial accounts, donations of assets and cash (that has been expressly given to purchase an asset) are recognised as income (Note 5.2), but treated as net capital expenditure in the SoPS.

Alignment of income and expenditure

Timing differences between income and expenditure (and the associated receivable and payable) in the accounts of DCMS Arm's Length Bodies (notably between the Lottery Distributing Bodies and the recipients of lottery grants) can, and do, arise. Where these arise, to avoid income and expenditure being overstated, an adjustment is made to expenditure (and the associated payable) in the DCMS Group accounts.

SoPS 4. Income payable to the Consolidated Fund

SoPS 4.1 Analysis of income payable to the Consolidated Fund

The department acts as principal for any funds payable to the Consolidated Fund in relation to the collection of BBC contributions to broadband.

During 2017-18 £80m was received for BBC contributions to broadband. This has been included as income in the SoCNE.

	Outturn 2017-18		Outturn 2016-17	
	Income	Receipts	Income	Receipts
	£'000	£'000	£'000	£'000
Amounts to be collected on behalf of the Consolidated Fund				
- 2016-17 income	-	-	150,000	150,000
- 2017-18 income	80,000	80,000	-	-
Total	80,000	80,000	150,000	150,000

SoPS 4.2 Consolidated Fund income

The amounts the department collected as agent for the Consolidated Fund (which are otherwise excluded from the accounts) were:

	2017-18 £'000	2016-17 £'000
Taxes and licence fees		
Spectrum Management fees including Wireless Telegraphy Act fees	239,780	362,156
Information Commissioner data protection fees	-	-
Sports Grounds Safety Authority licences	9	9
Sub-total: Taxes and licence fees	239,789	362,165
Fines and penalties		
Information Commissioner civil monetary penalties issued	4,321	3,175
Gambling Commission penalties issued	-	265
Sub-total: Fines and penalties	4,321	3,440
<i>Less:</i>		
Uncollectible debts - Information Commissioner penalties	(424)	(1,751)
Amount payable to the Consolidated Fund	243,686	363,854
Balance held at start of year	17,247	14,414
Payments into the Consolidated Fund	(255,464)	(361,021)
Balance held on trust at end of year	5,469	17,247

The main income streams collected as agent are:

Licence fees

Spectrum Management Fees - these are licences issued by Ofcom under the Wireless Telegraphy Act (WTA) and charges for Crown use of spectrum. The decrease reflects: (i) from 1 December 2017, a portion of Ofcom's operating costs have been deducted from the amounts remitted to the Consolidated Fund rather than met from Grant-in-Aid funding; and (ii) some licence fees have reverted to their pre-2016 level until a legal challenge is resolved. More information on this is provided under Unquantifiable Contingent Liabilities (note 23.1.2).

- Data Protection fees collected by the Information Commissioner's Office (ICO). There are no data protection fees payable to the Consolidated Fund for 2017-18 as ICO's costs of compliance work exceeded fees in the year.
- Sports Grounds Safety Authority (SGSA) annual licence fees.

Penalties

- Civil Monetary Penalties collected by the ICO. Figures for new penalties are shown gross and Civil Monetary penalties written off are shown separately. Write offs are authorised by ICO when the body to which a penalty was issued is confirmed as being in liquidation or when costs of recovery would exceed recoverable amounts.
- Gambling Commission penalties issued under the Gambling Act.

The balance held on trust at the end of 2017-18 comprises:

- £2,514k for WTA and other Spectrum management fees, of which £1,917k is not yet received; and
- £2,955k in respect of ICO civil monetary penalties, of which £2,955k is not yet received.

Annex C – Sustainability

Greening government for the core department

The core department's sustainability report has been prepared in line with the requirements under the Greening Government Commitments. The three tables below demonstrate our continuing commitment to sustainable development. We plan to reduce our use of materials and energy, minimise waste and water use and increase sustainable procurement to minimise our carbon footprint.

Table A – 2017-18 Performance against 2009-10 baseline

	2020 Government target	Position as at 31 March 2018
Greenhouse gas emissions	37% reduction	60% reduction
Waste	Reduce from Baseline	67% reduction
Water	Reduce from Baseline	65% reduction
Paper	50% reduction	14% reduction
Domestic flights	30% reduction	30% increase

Table B – 2017-18 actuals to target

Area		2017-18 Performance	
		Target	Actual
Greenhouse gas emissions	Consumption (tCO ₂ e)	581 ²⁴⁷	534
Paper Purchased	Reams A4 Equivalent	2,551	4,364
Domestic flights	Number of Flights	118	219

Table C – Performance against 2009-10 baseline in prior years

The non-financial performance of the core department over the last eight years against the 2009-10 baseline target is represented in the table below.

	Estate Carbon (Reduction to baseline for 2009-10)	Domestic flights (Number of flights)	Waste (Reduction to baseline for 2009-10)	Water (Usage per FTE)	Paper usage (Number of A4 reams)
2017-18	60%	219	67%	3.1 m ³	4,364
2016-17	64%	260	75%	5.1 m ³	4,071
2015-16	54%	224	63%	5.7 m ³	1,508
2014-15	57%	398	55%	4.0 m ³	2,960
2013-14	64%	221	71%	5.0 m ³	2,723
2012-13	33%	146	53%	9.0 m ³	2,493
2011-12	29%	241	18%	13.4 m ³	4,968
2010-11	21%	169	3%	13.7 m ³	4,952

Commentary relating to the core department's current year performance is provided on the following page.

²⁴⁷ The target is based on the Department's bespoke greenhouse gas emissions target of 57%

Under the terms of occupation of 100 Parliament Street, HMRC are responsible for utilities. The department pays a percentage of the total bill based on their occupation of allocated seating being 418 of 2,250 (2016-17 restated: 418 of 2,250). DCMS electricity, waste and water consumption is extrapolated from the overall building data which covers multiple departments.

The department has exceeded its targets towards greenhouse gas emissions, water consumption and overall waste. The increase in paper usage is predominately driven by an increase in work associated with significant bills and policy papers within the department's EU Exit team.

The amount and type of travel in the department is determined by business needs and is restrained by a robust travel policy that requires all travel to be necessary and cost efficient; thus challenges arise with achieving the 30% reduction target. The department though has been successful in reducing the number of flights in 2017-18, the lowest number in four years.

In recent years water consumption has fluctuated within a range of 3m³ to 6m³ per FTE and is reflective of personnel use of welfare facilities (toilets and showers). Each of these water uses are highly influenced by changes in personnel needs. The significant decrease is due to a temporary vacancy of office space at 100 Parliament Street overall as a result of certain areas of HMRC relocating to other offices.

Sustainability report - group performance

Data has only been included from ALBs that meet the required threshold for sustainability reporting. This sustainability report is not based on the same departmental accounting boundary as the 2017-18 accounts. The ALBs exempt for 2017-18 and prior years are:

Churches Conservation Trust	Sir John Soane's Museum
Geffrye Museum Trust Limited	The English Sports Council
Horniman Public Museum & Public Park Trust	Sports Grounds Safety Authority
Horserace Betting Levy Board	UK Anti-Doping
Phone-paid Services Authority ²⁴⁸	UK Sports Council
Royal Armouries Museum	Wallace Collection
S4C	

Where possible, comparatives have been restated to better align with 2017-18 data.

²⁴⁸ Previously operating as PhoneyPayPlus

Table 1 - Greenhouse gas emissions

	2017-18		Restated 2016-17		Restated 2015-16		Restated 2014-15		Restated 2013-14		Restated 2012-13	
	Core	Group	Core	Group	Core	Group	Core	Group	Core	Group	Core	Group
Non-financial Indicators (1,000 tCO₂e)												
Total gross emissions	0.5	168.2	0.5	198.4	0.6	216.4	0.6	240.1	0.5	254.8	0.9	282.6
Gross emissions Scope 1 (direct) ²⁴⁹ (gas, oil & fuel)	-	47.4	-	54.6	-	56.5	-	62.3	-	66.4	-	76.1
Gross emissions Scope 2 (indirect) ²⁴⁹ (electricity)	0.4	109.3	0.4	132.9	0.5	148.7	0.6	165.4	0.5	174.3	0.9	192.4
Gross emissions Scope 3 (indirect) ²⁴⁹ (domestic business travel)	0.1	11.5	0.1	10.9	0.1	11.2	-	12.4	-	14.1	-	14.1
Related Energy Consumption (million kWh)												
Total energy consumption	1.4	584.5	1.5	604.0	2.1	611.9	1.4	652.0	1.1	723.1	0.4	797.2
Electricity: non-renewable ²⁵⁰	0.8	162.8 ²⁵¹	0.9	333.6	1.5	338.8	1.0	342.4	0.9	394.0	-	444.9
Electricity: renewable	-	179.5 ²⁵¹	-	22.4	-	19.1	-	44.5	-	42.8	-	16.6
Gas	0.6	241.4	0.6	244.3	0.6	250.3	0.4	258.0	0.2	279.1	0.4	327.7
LPG	-	0.2	-	3.1	-	2.7	-	3.7	-	3.5	-	4.0
Other	-	0.6	-	0.6	-	1.0	-	3.4	-	3.7	-	4.0
Financial Indicators (£m)												
Total expenditure	0.6	80.8	0.4	86.6	0.8	85.7	0.6	92.3	0.3	84.3	0.4	84.1
Expenditure on energy	0.2	39.2	0.2	42.6	0.2	42.2	0.1	46.7	0.2	46.2	0.2	47.3
CRC license expenditure (2010 onwards)	-	1.2	-	1.4	-	1.6	-	1.3	-	0.6	-	0.5
Expenditure on accredited offsets	-	-	-	-	-	-	-	0.1	-	0.2	-	0.2
Expenditure on official business travel	0.4	40.4	0.2	42.6	0.6	41.9	0.5	44.2	0.1	37.3	0.2	36.1

²⁴⁹ The core department's prior year gross emission figures have been restated to more accurately report the type of emissions produced.

²⁵⁰ Where an ALB did not split between non-renewable and renewable electricity consumption, the entire amount has been classified as non-renewable.

²⁵¹ Variance as a result of the BBC switching to the purchase of renewable electricity for the majority of its UK sites during 2017-18.

Table 2 - Waste

	2017-18		2016-17		Restated 2015-16		Restated 2014-15		Restated 2013-14		Restated 2012-13	
	Core	Group	Core	Group	Core	Group	Core	Group	Core	Group	Core	Group
Total waste	28.6	11,045.5²⁵²	22.4	17,773.6	32.0	18,295.9	39.0	18,738.0	36.0	18,451.7	66.0	17,038.4
Hazardous waste	-	29.9	-	22.3	-	31.3	-	67.4	-	48.0	-	174.8
Non-hazardous waste:												
Landfill	1.6	737.6	15.5	1,057.3	17.0	1,782.0	18.0	1,925.2	13.0	1,301.0	41.0	2,669.8
Reused/ recycled	27.0	6,030.9	6.9	9,058.3	15.0	8,032.5	21.0	7,861.3	23.0	7,354.7	25.0	8,320.8
Composted	-	496.0	-	2,750.7	-	3,514.2	-	4,740.8	-	4,138.6	-	696.6
Incinerated with energy recovery	-	3,747.1	-	4,868.7	-	4,899.9	-	4,045.3	-	5,605.6	-	3,590.6
Incinerated without energy recovery	-	4.0	-	16.3	-	36.0	-	98.0	-	3.8	-	1,585.8
Total disposal cost²⁵³	3.9	2,118.7	2.1	2,370.2	5.0	2,443.8	5.0	1,944.5	19.0	835.1	11.9	761.2
Hazardous waste	-	30.1	-	344.0	-	295.0	-	8.4	-	8.1	-	12.0
Non-hazardous waste:												
Landfill	-	67.4 ²⁵⁴	-	46.0	-	92.8	-	49.2	-	78.2	-	74.5
Reused/ recycled	-	377.8	-	428.8	-	345.0	-	284.4	-	277.9	-	249.9
Composted	-	42.3	-	41.1	-	50.4	-	28.9	-	26.0	-	14.0
Incinerated with energy recovery	-	516.3 ²⁵⁵	-	300.7	-	332.3	-	267.3	-	233.2	-	208.2
Incinerated without energy recovery	-	4.0	-	-	-	-	-	-	-	-	-	-

²⁵² Decrease seen in total waste and across the relevant categories is attributable to The Royal Parks Agency no longer being part of the DCMS Group from 15 March 2017.

²⁵³ Total disposal costs include some costs that are not in the itemised lines. These were not provided by some ALBs due to limitations in their current service contracts.

²⁵⁴ Increase due to first time reporting by the Heritage Lottery Fund.

²⁵⁵ Increase attributable to the Imperial War Museum adopting a more sustainable (and thus costly) approach to waste.

Table 3 - Finite resource consumption

	2017-18		2016-17		Restated 2015-16		Restated 2014-15		Restated 2013-14		Restated 2012-13	
	Core	Group	Core	Group	Core	Group	Core	Group	Core	Group	Core	Group
	Total water consumption	2.6	1,161.8²⁵⁶	3.2	1,746.1	3.3	1,704.2	2.2	2,112.1	2.1	2,290.3	4.4
Water consumption (office estate):												
Supplied	2.6	796.7	3.2	787.2	3.3	729.2	2.2	1,006.9	2.1	1,193.5	4.4	1,317.2
Abstracted	-	135.8	-	187.9	-	99.8	-	69.0	-	40.4	-	14.7
per FTE	0.003	0.023	0.005	0.029	0.006	0.022	0.004	0.031	0.005	0.037	0.009	0.041
Water consumption (non-office estate):												
Supplied	-	163.5	-	328.6	-	318.8	-	184.9	-	292.9	-	132.1
Abstracted	-	65.8	-	442.4	-	556.4	-	851.3	-	763.5	-	808.7
Total water cost²⁵⁷	-	2,618.8	-	2,067.1	-	2,533.1	1.4	2,484.2	-	2,569.6	-	3,109.9
Water supply costs (office estate)	-	2,176.9 ²⁵⁸	-	1,515.1	-	1,943.7	1.4	2,174.3	-	2,157.1	-	2,731.3
Water supply costs (non-office estate)	-	441.9	-	552.0	-	589.4	-	309.9	-	412.5	-	378.6

²⁵⁶ Decrease seen in total water consumption and across the relevant categories is attributable to The Royal Parks Agency no longer being part of the DCMS Group from 15 March 2017.

²⁵⁷ Total water cost in contrast with total water consumption may not align due to timing differences in relation to the receipt of utility invoices by ALBs.

²⁵⁸ Increase is mostly attributable to the BBC who had released unutilised provisions in the 2016-17 financial year.

CCS0618784748
978-1-5286-0497-0