Department for Culture Media & Sport

Annual Report and Accounts

For the year ended 31 March 2014

HC 8

Department for Culture, Media and Sport

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Accounts presented to the House of Commons pursuant to Section 6(4) of the Government Resources and Accounts Act 2000, as amended by the Government Resources and Accounts Act 2000 (Alteration of Timetables for Accounts) Order 2013

Annual Report presented to the House of Commons by Command of Her Majesty

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Phil Shaw
Victoria Linea 2012
from the *Londonesi Subterraneis* portfolio
digital inkjet print
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Government Art Collection

Foreword by the Secretary of State

The Rt Hon Sajid Javid MP
Secretary of State for Culture, Media and Sport

DCMS is a small department that makes a big difference in people's lives and in boosting economic growth. Perhaps the best example is the ongoing rollout of superfast broadband to 95 per cent of the UK. For every £1 we invest in fibre optic infrastructure today, £20 will be returned to the economy in the years to come. So the progress we've made in the past 12 months – which includes all rural projects moving into the delivery phase, the launch of the urban connection voucher scheme, and the announcement of an extra £250 million to bring superfast to even more homes and business – will create long lasting benefits for people right across the country.

Our careful investment is paying off in other areas too. The GREAT campaign is marketing all aspects of British life to audiences around the world, reminding people of everything from our magnificent countryside to our incredible culture. The award-winning adverts are already having a serious impact. In 2013 Britain welcomed more overseas visitors than at any point in history – and foreign tourists are spending more than ever before while they're here.

Many tourists – both foreign and domestic – like to enjoy some world-class sporting action while they're here. That's one of the reasons UK Sport – a DCMS arm's length body – helped to bring a string of top-tier events to Britain last year. 2013-14 saw us play host to elite-level competition in everything from track cycling to taekwondo. And the grass roots are being watered too. The second annual School Games were held in Sheffield, providing another example of how we're determined to see a positive and long-lasting legacy for the 2012 Olympic and Paralympic Games.

This was also the year in which our world-beating creative industries were found to be generating a staggering £8 million every hour of every day. Whether it's in film, fashion, television, music or video game production, Britain punches well above its weight on the global stage – just look at the armfuls of Oscars collected by UK filmmakers in March. We want that success to continue, which is why in April 2013 we introduced new tax relief for high-end TV and animation produced in the UK. According to trade body COBA, these incentives have already led to investment worth almost half a billion pounds, great news for the country and for the 1.68 million people who work in the creative industries.

2013-14 also saw a giant leap forward for equality in this country. In July 2013 the Marriage (Same Sex Couples) Act received Royal Assent, with the first ceremonies taking place in March of this year. The legislation – and, just as importantly, its successful implementation – was delivered by DCMS. It's an era-defining achievement that everyone involved will remember for many years to come.

As this report shows, 2013-14 was a year in which DCMS did so much to promote growth, create a sporting legacy and work towards a fairer, more equal Britain. There's still a lot to do, and 2014-15 will bring with it many challenges.

I particularly want to see a new push to ensure culture really is accessible to everyone in this country. It's at the core of who we are and how we define ourselves, but too many people are culturally disenfranchised, unable to get involved with our shared cultural life or unaware that such opportunities exist. The situation is beginning to improve – in 2013-14, 78 per cent of adults attended or participated in the arts – but there is still more to do.

However, 2014-15 has got off to a great start. We're working to bring superfast broadband to the "final five per cent" of the UK's most difficult-to-reach properties. And August's international events to commemorate the start of the First World War – organised and co-ordinated by the Department – were an outstanding success.

So I've no doubt that when DCMS reviews its achievements again this time next year, the Department will once again have much to look back on with pride.

Foreword by the Permanent Secretary

Sue Owen
Permanent Secretary and Accounting Officer

I am proud to lead a Department delivering some of the Government's most important priorities in sectors that enhance everyone's life. Whether it has been putting in place faster broadband to support growth across the UK, supporting the best this country has to offer in terms of tourism and heritage, implementing landmark legislation to allow same sex marriages, or building on our sporting legacy from London 2012, DCMS has consistently showed its ability to deliver.

Our work has an impact at several levels; on the economy, on social outcomes, and on personal wellbeing. The UK is becoming better connected than ever, with our broadband investments now beginning to bear fruit. The creative and cultural industries are the fastest growing sector in the economy, and we continue to support and promote them. Tourism is strong, and our sectors also represent a large element of what makes Britain a great place to visit – world class museums, incomparable heritage, and some of the best sport in the world. And our work with the Women's Business Council drives growth by realising women's economic potential.

Many of our investments have a big social impact: we know for example that participation in culture and sport can improve health and education outcomes. Through the work of the Government Equalities Office, we continue to build a fairer and more equal society, most notably by the successful passage of legislation to allow same sex marriages in England and Wales.

We also watch out for any harmful social impact. We delivered important Ministerial priorities in the fields of gambling and online safety. Our work on gambling, including the successful passage of the Gambling (Licensing and Advertising) Act, continues to ensure the industry is run responsibly while protecting vulnerable players. On online safety, we took on responsibility for a difficult and sensitive policy area and delivered a number of landmark Prime Ministerial commitments which will help to make the internet a safer place for children.

There are also intrinsic value aspects to our work. Our arts, culture, heritage and sport play a crucial role in our national wellbeing and identity, and the work of DCMS and our arm's length bodies' work to promote this is one of the most important things that we do. As an example, following our successful work last year on London 2012 and the Queen's Diamond Jubilee celebrations, we are leading important national events that unite the country through our planning for commemorations to mark the centenary of the First World War.

2013-14 also saw improvements in the Department's efficiency and effectiveness. We strengthened our senior capability through the appointment of Sarah Healey as Director General and Chris Townsend as Chief Executive of Broadband Delivery UK. We developed a strategic narrative to capture DCMS' values, aims and objectives. We secured efficiencies through our office move and a switch to hot desking, and are exploring new approaches in IT and shared services. We also reviewed our governance structures, and improved the way we allocate resources to meet our Ministers' priorities. And similarly we have worked with our arm's length bodies to ensure they are operating most effectively, exploring new operating structures and funding models and finding administrative efficiencies.

At the heart of these successes is the commitment of DCMS and GEO staff. They have responded brilliantly to the challenges of delivering high profile priorities and successfully taking on new policy responsibilities like online safety. I would like to thank them for their work during 2013-14, and am confident they will maintain their performance over the coming year.

Report from the Lead Non-Executive Board Member

David Verey
Lead Non-Executive Board Member

This year has been another extremely busy and productive one for the Department for Culture, Media and Sport. I was pleased to be reappointed as Lead Non-Executive Board Member in December 2013 and to be part of a Department that has an impact on so much of UK society.

During the course of the year the Department has continued to focus on a number of significant areas designed to support key growth sectors across the UK, particularly by investing in communications infrastructure, capitalising on the value of Britain's arts, culture and creative industries, increasing tourism at home and abroad, improving the competitiveness of the creative economy, commemorating historic events and enabling people to realise their full potential.

This year has seen several changes to the Department's Executive Team with a new Permanent Secretary, Sue Owen, at mid-year point, strengthened capability with the appointment of a Director General, Sarah Healey, and increased commercial and major programme delivery expertise with the appointment of a new Chief Executive for BDUK, Chris Townsend.

The organisation has evolved under the leadership of the new Permanent Secretary with the introduction of additional rigour and accountability, and as a result of her focus on developing the senior leadership capability. I continue to be impressed with the commitment and expertise I have found within DCMS. It is vitally important that the progress made in these areas continues over the next twelve months, as we approach the General Election in 2015.

I recently completed this year's Board effectiveness evaluation. DCMS has been through a period of considerable change, including to the membership of the Departmental Board, with a change of Permanent Secretary, new Ministers and most recently a new Secretary of State. Naturally, this has affected the Departmental Board but provides the opportunity to build a new team and refocus on providing support and challenge to the Department on future direction, change, performance, strategic risk management and succession planning.

Improvements made since the last annual Board effectiveness evaluation have increased the effectiveness of the meetings and the engagement of Board members in the meetings. There is more to do in the coming year to clarify the Board's priorities, build an effective team and further refine the management information and progress reporting against key performance indicators.

The Non-Executive Board Members (NEBMs) have worked in various areas of the Department to share their expertise, including arm's length body governance, risk, women and equality, recruitment of senior staff and public appointees, broadband, arts, and the flexible resourcing model. Systematic engagement of NEBMs across the business outside of formal Board meetings is a priority for 2014-15.

I would like to thank Dame Sue Street (Ministry of Justice NEBM) for the excellent advice and challenge she brought to the Board effectiveness evaluation in her capacity as peer reviewer. I would also like to record my thanks to my fellow NEBMs for their engagement with DCMS and the time they have committed to the Department outside of the Board in offering their support and expertise.

Finally, as we look ahead to the coming year, the Board will continue to focus on effective delivery of Departmental priorities, including increasing connectivity, promoting the UK's creative industries, culture and arts, showcasing Britain's heritage and traditions nationally and internationally, creating an equal opportunity society, becoming the world leader in child internet safety, and securing a lasting legacy from the Olympic and Paralympic Games.

Strategic Report

Who We Are, How We Work and What We Do

Our Ministers

The Rt Hon Sajid Javid MP

Secretary of State for Culture, Media and Sport

Sajid Javid was appointed Secretary of State for Culture, Media and Sport on 9 April 2014. In addition, from 9 April 2014 until 15 July 2014, he was Minister for Equalities*. He is the Conservative MP for Bromsgrove.

Ed Vaizey MP

Minister of State for Culture and Digital Industries (joint with Department for Business, Innovation and Skills)

Ed Vaizey was appointed Minister of State for Culture and Digital Industries on 15 July 2014. He was previously Parliamentary Under Secretary of State for Culture, Communications and Creative Industries from 21 May 2010. He is the Conservative MP for Wantage.

Helen Grant MP

Parliamentary Under Secretary of State for Sport and Tourism

Helen Grant was appointed Parliamentary Under Secretary of State for Sport and Tourism on 7 October 2013. In addition, from 4 September 2012 until 15 July 2014, she was Parliamentary Under Secretary of State for Women and Equalities*; and from 4 September 2012 until 7 October 2013 she was Parliamentary Under Secretary of State, Minister for the Courts and Victims, at the Ministry of Justice. She is the Conservative MP for Maidstone and The Weald.

Our Former Ministers

The Rt Hon Maria Miller MP

Former Secretary of State for Culture, Media and Sport and Minister for Women and Equalities

Maria Miller was Secretary of State for Culture, Media and Sport and Minister for Women and Equalities from 4 September 2012 until 9 April 2014. She is the Conservative MP for Basingstoke.

The Rt Hon Sir Hugh Robertson MP

Former Minister of State for Sport and Tourism

Sir Hugh Robertson was Minister of State for Sport and Tourism from 4 September 2012 until 7 October 2013. He was previously Minister for Sport and the Olympics from 14 May 2010. He left the Department on 7 October 2013 on his appointment as Minister of State at the Foreign and Commonwealth Office. He is the Conservative MP for Faversham and Mid Kent.

The Rt Hon Nicky Morgan MP

*Former Minister for Women (and Financial Secretary to the Treasury)**

Nicky Morgan was Minister for Women from 9 April 2014 until 15 July 2014. On 15 July 2014 she was appointed Secretary of State for Education and Minister for Women and Equalities. She is the Conservative MP for Loughborough.

Jo Swinson MP

*Parliamentary Under Secretary of State for Employment Relations and Consumer Affairs and Parliamentary Under Secretary of State for Women and Equalities**

Jo Swinson was appointed Parliamentary Under Secretary of State for Employment Relations and Consumer Affairs (Department for Business, Innovation and Skills) and Parliamentary Under Secretary of State for Women and Equalities (Department for Culture, Media and Sport) on 4 September 2012. From 20 December 2013 until 30 June 2014, she was on maternity leave, with her portfolio being covered by Jenny Willott. She is the Liberal Democrat MP for East Dunbartonshire.

Jenny Willott MP

Former Parliamentary Under Secretary of State for Employment Relations and Consumer Affairs and Parliamentary Under Secretary of State for Women and Equalities

Jenny Willott was Parliamentary Under Secretary of State for Employment Relations and Consumer Affairs (Department for Business, Innovation and Skills) and Parliamentary Under Secretary of State for Women and Equalities (Department for Culture, Media and Sport) from 18 December 2013 until 30 June 2014, as maternity cover for Jo Swinson. She is the Liberal Democrat MP for Cardiff Central.

*On 15 July 2014, Nicky Morgan was appointed Secretary of State for Education and Minister for Women and Equalities, resulting in Ministerial women and equalities portfolio changes for her, Sajid Javid, Helen Grant and Jo Swinson.

Our Management

Permanent Secretary and Accounting Officer
Sue Owen* (from 1 October 2013)

Executive Team

Samantha Foley* – Finance Director

Rita French – Director

Sarah Healey* – Director General (from 9 December 2013)

Clare Pillman** – Director

Chris Townsend* – Chief Executive, BDUK (from 1 April 2014)

Andrea Young*** – Director (from 7 July 2014)

The following staff also served as members of the Executive Team during 2013-14:
Sir Jonathan Stephens (Permanent Secretary and Accounting Officer until 31 August 2013)*
David Brooker (Director until 5 April 2014)
Rachel Clark (Director until 31 August 2014)
Helen MacNamara (Director until 1 December 2013)*
Jon Zeff (Director until 22 May 2014)*

* Denotes senior staff who are or were members of the Departmental Board
** Clare Pillman was appointed interim Accounting Officer from 1-30 September 2013
*** Andrea Young is also a Director at the Department for Business, Innovation and Skills

Our Non-Executive Board Members

David Verey, Lead Non-Executive Board Member*

Ajay Chowdhury, Non-Executive Board Member

Dr. Tracy Long, Non-Executive Board Member*

Ruby McGregor-Smith, Non-Executive Board Member

*In addition to Dr. Tracy Long (Chair) and David Verey, Michael Higgin and Chris Walton are the two co-opted independent members that complete the Audit and Risk Committee.

Our Policies

DCMS drives growth and enriches lives, aiming to make Britain a great place to live, work and visit. We work to stimulate economic growth, inspire people and improve society.

We aim to establish world-class connectivity across the UK, and make this country the creative and cultural capital of the world. We want to showcase what's great about Britain – its heritage and traditions – nationally and internationally. We work to create an equal opportunity society. We work to protect children from harm online and the young and vulnerable from problem gambling. And we continue to secure a lasting legacy from the London 2012 Olympic and Paralympic Games.

DCMS holds policy responsibility for:

- Arts and culture;
- Broadband, including Broadband Delivery UK;
- Ceremonials, including the annual Remembrance Day parade and the First World War centenary commemorations;
- Creative economy;
- Cultural property;
- Gambling and licensing;
- Heritage;
- Internet, including child online safety;
- Libraries;
- Lottery;
- Media;
- Museums and galleries;
- Sport, including Olympic and Paralympic legacy;
- Telecommunications;
- Tourism; and
- Women and equalities.

DCMS is also responsible for the Government Art Collection, which has for over 100 years collected works of art to display in British Government buildings around the world, promoting British art and culture. Images of works from the Collection have been included in this Report.

Vanessa Bell
Byzantine Lady 1912
oil on board
© 1961 Estate of Vanessa Bell,
courtesy of Henrietta Garnett
Government Art Collection

Our Structure and our Arm's Length Bodies

We work flexibly across our policy and sector teams, providing high quality policy, economic, statistical and legal advice to our Ministers. We work closely with other Government Departments, our sector stakeholders and partner organisations. BDUK in particular work closely with local authorities, the devolved administrations and our private sector suppliers to improve the UK's broadband and telecommunications infrastructure.

A crucial element of our work is our sponsorship of our diverse network of arm's length bodies (ALBs) and broadcasters. Our family of ALBs covers a huge variety of organisations, from world-renowned museums and galleries to regulators and national funding bodies. Our ALBs play a crucial role in delivering our policy priorities.

Our ALBs

Museums and Galleries	British Library	Natural History Museum
	British Museum	Royal Armouries Museum
	Geffrye Museum	Royal Museums Greenwich
	Horniman Public Museum and Public Park Trust	Science Museum Group
	Imperial War Museum	Sir John Soane's Museum
	National Gallery	Tate
	National Museums Liverpool	Victoria and Albert Museum
	National Portrait Gallery	Wallace Collection

Bodies that regulate and license	Gambling Commission	Ofcom
	National Lottery Commission*	Sports Ground Safety Authority

Bodies that distribute grants and promote their sectors	Arts Council England	Olympic Lottery Distributor**
	British Film Institute	Sport England
	Heritage Lottery Fund	UK Sport

Bodies that provide professional and statutory advice	The Reviewing Committee on the Export of Works of Art and Objects of Cultural Interest***	Treasure Valuation Committee***
	The Theatres Trust***	

Bodies that promote British tourism	VisitBritain	VisitEngland

Bodies that manage some of our most prized heritage and cultural assets	Churches Conservation Trust	National Heritage Memorial Fund
	English Heritage	The Royal Parks
	Historic Royal Palaces***	

Bodies providing specialist services	English Institute of Sport***	Olympic Delivery Authority
	Horserace Betting Levy Board	UK Anti-Doping

Bodies that promote equality and non-discrimination	Equality and Human Rights Commission

*The National Lottery Commission merged with the Gambling Commission on 1 Oct 2013
**The Olympic Lottery Distributor was dissolved on 1 April 2013, and its final accounts were laid on 16 July 2014
***The Accounts of the Reviewing Committee on the Export of Works of Art and Objects of Cultural Interest, the Theatres Trust, the Treasure Valuation Committee, Historic Royal Palaces, the English Institute of Sport and Channel 4 are not consolidated in the DCMS Annual Report and Accounts.

Broadcasters

World class public service broadcasters	BBC	S4C
	Channel 4***	

The Government Art Collection

Fulfilling its role of promoting British art and contributing to cultural diplomacy, the Government Art Collection (GAC) curated displays for the G8 summits at Northumberland Avenue in May 2013 and at Lough Erne, Northern Ireland in June 2013. The Prime Minister thanked the GAC, commenting that “from the Beatles at the entrance, to the Queen in the lounge, the art provided a wonderful backdrop for our discussions, and was much commented on and admired by the attendees”. Displays were also installed in many locations, from Ministers’ offices to diplomatic posts, including Hong Kong, Muscat, Mumbai and New York. New acquisitions this year included works by Jim Lambie and Lucy Skaer. Underpinning all the displays is the day to day care of the Collection, including transport, documentation, conservation, research and interpretation. Further information on the GAC and the works presented in this Report can be found at www.gac.culture.gov.uk/index.aspx.

Revealed, the last display in the GAC’s two year series of exhibitions (June 2011 to June 2013), finished at the Ulster Museum, Belfast. The exhibition gave unprecedented public access to the Collection and significantly increased the profile of the GAC through attendance and positive media coverage. GAC works of art continue to be lent to public exhibitions. This year, these included *Lowry* at Tate Britain; *Nancy: The Life and Times of Lady Astor* in Plymouth; and *Hurvin Anderson: Reporting Back* in Birmingham.

A number of other events and activities have been undertaken to further public access to the GAC, including: *Masterpieces in Schools* (the loan of a work to a secondary school); *Britten Centenary Event* (at the Queen Elizabeth Conference Centre); *Art Everywhere* (the loan of works to outdoor poster sites); Open House Weekend; Parliament Week; *Art 14* (new art fair); and regular guided tours and talks.

Our Performance

Our Achievements in 2013-14

April

- ***Inspired by 2012*** brand is launched to bring together the projects inspired by London 2012 and the Queen's Diamond Jubilee
- Tax relief to support **animation and high end TV** comes into force
- VisitBritain's Tourism Strategy is launched, aiming to attract **40 million visitors per year by 2020**

May

- VisitEngland campaign is launched, encouraging Britons to holiday here and **raise domestic tourism spending by £80 million**
- The number of **BDUK rural broadband projects** that have moved from procurement to delivery passes 50%
- John Lennon manuscripts become the first treasures to be donated to the nation under the **Cultural Gifts Scheme**

June

- The Women's Business Council publishes its recommendations on how to **boost the role of women in economic growth**
- New code of practice for deploying broadband infrastructure is published, helping to **speed up deployment across the UK**
- DCMS summit on **tackling illegal images of child abuse** is held, where leading internet service providers pledge £1 million funding

July

- A package of measures is launched to **increase the operational and financial freedoms** for DCMS' sponsored museums
- Our **review of the communications sector**, *Connectivity, Content and Consumers: Britain's digital platform for growth*, is published
- The areas that will benefit from better mobile reception via **the £150 million Mobile Infrastructure Project** are announced
- The Prime Minister announces measures to crack down on online pornography and **make the internet safer for children**

August

- Market testing begins on the **Super-Connected Cities Programme's** connection vouchers scheme
- One year from the Centenary of the First World War, funds are announced to **restore war memorials across the nation**

September

- Inspired by London 2012, the second ever **School Games** take place in Sheffield
- Homes and businesses in North Yorkshire benefit from better coverage as the **first Mobile Infrastructure Project site goes live**
- A Telecoms Consumer Action Plan to **crack down on excessive mobile roaming charges and renewal costs** is announced

October

- As part of DCMS' ongoing commitment to **reduce the cost of its ALBs**, the Gambling Commission and National Lottery Commission are successfully merged
- **New stake and prize limits for gaming machines**, which will support the sector but ensure players are properly protected, are announced

November

- The first **local TV service** goes live, in Grimsby
- The **Women in the Economy Action Plan**, responding to recommendations from the Women's Business Council, is published
- The first DCMS open data forum, bringing together ALBs to **further improve their work on open and shared data**, takes place
- The Prime Minister hosts **a summit at Downing Street** to promote ongoing work to **protect children from harmful online material**

December

- The **Super-Connected Cities Programme voucher scheme** is launched in 10 cities
- **The Secretary of State visits China**, which sees a UK/China cultural agreement and an agreement between the Premier League and the Chinese Super League
- '**Super switch on day**' sees the first superfast broadband cabinets switched on in many of BDUK's rural broadband projects
- An announcement is made to boost **Digital Radio take-up**, including commercial investment to improve DAB coverage

January

- A £10 million fund to find **innovative solutions for providing broadband to the most remote areas of the UK** is launched

February

- Funding allocations for an additional £250 million for broadband, ensuring **95% of UK homes and businesses will have superfast access by 2017**, are announced
- *Moving More, Living More*, **the London 2012 legacy initiative to promote more physical activity**, is launched
- **LGB&T History Month** celebrated the lives and achievements of the LGB&T community in the field of music
- All the **rural broadband projects** complete procurement and move into the delivery phase

March

- The UK Spectrum Strategy, setting out **how we will address increasing demands on spectrum in the future**, is published
- The first **UK same sex marriages** take place
- Budget 2014 announces that **Air Passenger Duty** higher band ratings are to be abolished, thereby boosting the UK tourism sector
- A package of changes to the **Film Tax Relief**, which will further boost the UK film industry, are announced at Budget 2014
- A Nuisance Calls Action Plan, setting out the coordinated efforts by Government and regulators **to tackle nuisance calls**, is launched

Delivering Against our Business Plan Objectives 2013-15

The DCMS Business Plan is structured under five coalition priorities:

- Promote UK growth;
- Facilitate the delivery of universal broadband and improved mobile coverage to promote growth;
- Market Britain across the world to promote growth;
- Create a sporting legacy from the Olympic and Paralympic Games; and
- Create a fair and equal Britain.

The following table shows the status of actions undertaken in our Business Plan for the year to March 2014:

Business Plan Actions	2013-14
Total number of actions due in 2013-14	33
Total number of actions due in 2013-14 and completed on time	24
Total number of actions due in 2013-14 and completed late	7
Total number of actions due in 2013-14 and overdue (as at 1 April 2014)	2

By the end of March 2014, we had completed 94% of actions due, with 73% completed on time.

Four actions were completed early and the actions completed late were as a result of the need to address new issues raised during the policy process.

The two incomplete actions involved:

- completing the complicated final details of the Museums, Libraries and Archives Council liquidation; and
- implementing the online infringement of copyright provisions within the Digital Economy Act 2010 via secondary legislation, delayed due to a combination of factors, including judicial review, and ensuring compliance with internal rules on managing public money. The Government remains committed to a process that enables a mass-information campaign directed at preventing unlawful peer-to-peer file-sharing, and will continue to work with industry and others to deliver this through either legislation or industry-led initiatives.

For further information, progress against our Business Plan is reported monthly on the Number 10 Downing Street website: http://transparency.number10.gov.uk/business-plan/17

Delivering Against our Strategic Objectives

In addition to delivering against our specific Business Plan objectives, our work is driven and prioritised by six overall objectives that set out what we aim to achieve.

1. *Establish world-class connectivity throughout the UK*

We are the lead Government Department for broadband, mobile, telecommunications and the internet economy. Our five broadband and mobile delivery projects are stimulating private sector investment in our networks, and we have made a number of policy interventions to support the delivery of communications infrastructure. We have successfully cleared UK spectrum to foster UK growth, and have set out measures to support telecoms consumers and tackle nuisance calls.

Of the five largest European economies, the UK is top when it comes to broadband and mobile coverage, take-up, use, choice and price. As of June 2014, over three quarters of UK properties are able to receive superfast broadband, and the average UK broadband speed and percentage of superfast take-up continue to rise significantly. 4G mobile services are now available to 60% of the UK population.

What we have done

- Pledged £530 million to ensure superfast broadband is available to **90% of UK premises by 2015**
- Pledged a further £250 million to make superfast broadband available to **95% of UK premises by 2017**
- Launched the £150 million **Super-Connected Cities Programme** to bring fast broadband and wireless connectivity to businesses across 22 cities
- Pledged £150 million to improve mobile coverage in the hardest-to-reach areas through the **Mobile Infrastructure Project**
- Put plans in place to ensure that all **Enterprise Zones** have access to superfast broadband
- Introduced measures to **streamline the planning procedures** for fixed broadband infrastructure, new overhead lines and mobile infrastructure
- Announced plans for a **Digital Communications Infrastructure Strategy** to continue to support innovation, productivity and economic growth in the UK
- Cleared spectrum in the 800MHz and 2.6GHz bands for the provision of **4G mobile broadband services**, and worked with Ofcom to support the launch of 4G to mobile customers
- Published the **UK Spectrum Strategy**, setting out our vision to double the contribution to the UK economy made by spectrum by 2025
- Published a **Nuisance Calls Action Plan**, setting out plans to tackle nuisance calls
- Announced a **Telecoms Consumer Action Plan** to improve consumers' experiences in the telecoms sector

Broadband

Working with industry, colleagues across Government and local authorities, and drawing on European funding, we are delivering investments in our broadband network that will ensure the UK has the best internet economy in the world. In 2013-14, the UK was top of the five largest European economies for broadband and mobile coverage, take-up, use, choice and price.[1] The UK's average broadband speed has continued to rise, and currently stands at 17.8 megabits per second,[2] while superfast broadband is now available to 78% of UK premises.[3]

Of the five largest European economies, the UK is top for broadband and mobile coverage, take-up, use, and choice, and performs well on price

Source: Ofcom European broadband scorecard

The economic argument for investing in broadband is strong: the UK Broadband Impact Study, published in November 2013, estimated that the Gross Value Added attributable to our current publically funded interventions would rise to around £6.3 billion by 2024, and that every £1 of public investment would return up to £20 of net economic impact.[4]

We have continued to deliver four major broadband programmes via Broadband Delivery UK (BDUK):

- Phase 1 superfast broadband programme – superfast broadband rolled out to 90% of UK premises by 2016 (incorporating £530 million from DCMS plus local government and European funding, with a total investment of £1.2 billion);
- Phase 2 – a further £250 million of DCMS funding to make superfast broadband available to 95% of UK premises by 2017, to be match funded by local government and European funding, representing a total investment of £500 million;
- Phase 3 – exploring options for delivery to the remaining 5% of premises, including the most remote areas of the UK, through a £10 million programme of market testing projects; and
- The £150 million Super-Connected Cities Programme – bringing faster broadband to businesses across 22 UK cities.

During 2013-14, we worked with local authorities and suppliers to ensure that all phase 1 roll-out projects successfully moved from procurement to delivery. The phase 2 projects are now entering the procurement process, and under phase 3 we have awarded contracts to suppliers to undertake eight pilot projects to assess the cost and capability of delivering solutions in the most remote areas of the UK. We will continue to work with to deliver broadband to those parts of the country that would not be served by commercial rollout alone. We will also continue to deliver the Super-Connected Cities Programme, working with the cities to deliver their small business connection voucher projects.

Our broadband interventions are projected to return up to £20 in net economic impact for every £1 of public investment

Source: UK Broadband Impact Study

[1] http://stakeholders.ofcom.org.uk/binaries/research/broadband-research/scorecard/European_Broadband_Scorecard_2014.pdf
[2] http://stakeholders.ofcom.org.uk/market-data-research/other/telecoms-research/broadband-speeds/broadband-speeds-nov2013/
[3] http://media.ofcom.org.uk/facts/
[4] https://www.gov.uk/government/publications/uk-broadband-impact-study--2

We have implemented policy measures to support the commercial and publically funded rollout of broadband. We worked with DCLG to introduce measures to streamline planning procedures for fixed broadband infrastructure and overhead lines, and also for mobile infrastructure. We have also continued to develop proposals in response to the Law Commission's recommendations on the Electronic Communications Code.

Mobile Coverage and Spectrum

Along with better broadband, better mobile coverage is essential to supporting businesses, particularly in rural areas, and helping people stay in touch. We have worked to tackle mobile 'not spots' through BDUK's Mobile Infrastructure Project, a £150 million capital investment to provide coverage in a number of areas where there previously was none. The first mast went live in September 2013 in North Yorkshire, bringing coverage to 200 premises for the first time. We have continued to work with the UK's mobile network operators to explore ways to improve mobile coverage across the whole of the country.

The UK's spectrum is a valuable asset which contributes substantially to economic growth. In March 2014 we published the UK Spectrum Strategy, setting out our vision for doubling the contribution spectrum makes to the UK economy by 2025. We will agree clear principles on the operation of spectrum incentives for public sector users, and will ensure that spectrum is managed well and that opportunities for efficiency and sharing are identified.

Working with Ofcom and other Government Departments, we cleared spectrum in the 800MHz and 2.6GHz bands for the provision of 4G mobile broadband services. 4G has since been launched by all four UK mobile network operators, with 4G available to over 60% of the UK population by the end of 2013.[5] All four mobile operators have committed to covering 98% of the UK population by the end of 2015. We have also supported the 4G/TV Coexistence Oversight Board, which has ensured that disruption to digital terrestrial television services by 800MHz 4G has been substantially less than originally forecast.

We have worked with the Shareholder Executive in the Department for Business, Innovation and Skills towards the Government's target of releasing 500MHz of public sector spectrum below 5GHz for private sector use by 2020. We have worked with Ofcom and industry to assemble evidence on the costs, risks and benefits of clearing the 700MHz band for mobile services and re-planning digital terrestrial services in the remaining UHF spectrum.

Helping Consumers

In summer 2013 we pledged to take action to address the problem of nuisance calls, and in March 2014 we published a Nuisance Calls Action Plan, which sets out actions being taken by Government, regulators, consumer groups and industry to tackle the issue. We are taking forward legislative measures to simplify how Ofcom can share information on nuisance calls with the Information Commissioner's Office (ICO), and we are consulting on measures to make it easier for the ICO to fine companies behind such calls.

We have also pledged to work with industry to improve consumers' experience of the telecommunications sector. In September 2013 we announced that we would develop a Telecommunications Consumer Action Plan, and we have already gained a commitment from major telecommunications providers to improve transparency in contracts. We will continue to work to help consumers avoid unexpectedly high bills, and have secured a commitment from a number of companies to work with us towards the introduction of a liability cap for usage charges associated with a lost or stolen mobile phone.

[5] https://explore.ee.co.uk/our-company/newsroom/ee-4g-goes-live-in-10-more-towns-across-the-uk-with-double-speed-launching-in

2. *Make the UK the creative and cultural capital of the world*

Our creative industries, arts, culture and media sectors are one of the UK's great strengths. They represent a vital part of the UK economy, and are one of the big drivers of growth in this country. We are world leaders in these industries. However, they are also intrinsically valuable to the country: innovative and challenging arts and culture enrich people's lives and bring communities together, while we are rightly proud of the openness and freedoms within our media industry. We work to support these industries and help them foster growth.

What we have done

- Published **new economic estimates for the creative industries sector** based on new methodology, which demonstrated a 9.4% increase in the sector's Gross Value Added from 2011 to 2012[6]
- Worked with the creative sector via the **Creative Industries Council**, co-chaired by our Secretary of State, and helped its industry members develop a sector strategy
- Implemented new **tax reliefs** for animation, high end TV and video games, and announced a new tax relief on theatres
- Signed a landmark **film co-production treaty with China**, which will strengthen ties and drive economic growth through film production
- Provided nearly **£459 million of grant-in-aid** to Arts Council England
- Strengthened philanthropy across the cultural sector by establishing the new **Cultural Gifts Scheme**, and raised the annual cap on donations from £30 million to £40 million
- Published our strategy paper on the media and telecommunications sector, ***Connectivity, Content and Consumers: Britain's digital platform for growth***
- Consulted on **media plurality** following the recommendations of the Leveson Report
- Set out our plans for **the future of digital radio**, including to invest in building out DAB network coverage
- Supported the launch of the first **local TV services** across the UK
- Confirmed our support for **minority language broadcasting** through S4C and BBC ALBA
- Overseen the transition of the **BBC World Service** funding to the Licence Fee

Creative Industries

The creative industries are a great UK economic success story. In 2012, the creative industries accounted for 5.2% of the UK economy and 5.6% of UK jobs – an increase in jobs of 8.6% from 2011. The value of services exported by the sector was £15.5 billion in 2011.

[6] https://www.gov.uk/government/publications/creative-industries-economic-estimates-january-2014

The latest economic estimates for the creative industries sector, published in January 2014, estimated that the sector's Gross Value Added for 2012 was £71.4 billion.[7]

We have worked strategically with the sector through the Creative Industries Council, co-chaired by our Secretary of State, the Secretary of State for Business, Innovation and Skills, and Nicola Mendelsohn, VP EMEA at Facebook. We have encouraged the sector to develop its own sector strategy, which was launched in July 2014. We will continue to work to implement this strategy.

In 2012, the creative industries sector accounted for 5.2% of the UK economy and 5.6% of UK jobs

Source: Creative industries economic estimates, January 2014

We have intervened to remove barriers facing particular parts of the creative industries sector. Building on the success of film tax relief, we introduced reliefs for animation and high end TV in April 2013, and for video games in March 2014. We have also assigned £5 million of capital funding to the National Film and Television School to support skills in the digital and creative industries. We have also continued to support the British Film Institute through £24.3 million in grant-in-aid and £44.9 million in Lottery funding.

Arts and Culture

We have continued to support the arts and culture sector to give access to all, improve wellbeing in the UK and boost the economy. At the last Spending Review, we were able to limit the reduction in arts and museums grant-in-aid funding to 5% – a good settlement, recognising the enormous contribution cultural bodies make to the UK economy. We provided Arts Council England (ACE) with nearly £459 million in funding in 2013-14, with ACE also benefiting from around £232 million of National Lottery income; ACE will invest nearly £3 billion of Government and Lottery money in arts during this Parliament. Our arts and culture funding also generates significant leverage. Music, performing and visual arts contributed over £4.5 billion of Gross Value Added to the UK economy in 2012, accounting for 224,000 jobs,[8] and 78% of adults in 2013-14 had attended or participated in the arts.[9]

In 2013-14, 78% of adults in the UK attended or participated in the arts

Source: Taking Part 2013-14

We have commissioned further research to understand and reflect the full value of culture. Our approach is to take a more holistic view to capture the economic, social and cultural impacts of our sector's investments. These impacts are not mutually exclusive, and the power of culture is its ability to produce a wide range of impacts. We have published work on wellbeing and social impacts including health, civic participation and education. We will consider publishing further work in these areas, as well as work on local economic impacts.

We have taken steps to support specific parts of the arts sector, for example through a new theatres tax relief. We have continued our work to strengthen philanthropy across the cultural sector through the new Cultural Gifts Scheme, which aims to incentivise lifetime giving to our public collection. We have agreed an increase in the annual cap on donations from £30 million to £40 million, which came into effect from April 2014. We have also continued our work on cultural diplomacy, working with the Foreign and Commonwealth Office, the British Council, UK Trade and Investment and other bodies to promote the excellence of our arts and culture to attract overseas visitors.

[7] https://www.gov.uk/government/publications/creative-industries-economic-estimates-january-2014
[8] https://www.gov.uk/government/publications/creative-industries-economic-estimates-january-2014
[9] https://www.gov.uk/government/publications/taking-part-201314-quarter-3-statistical-release

Media

Following a two year review of the media sector, we published our strategy paper, *Connectivity, Content and Consumers: Britain's digital platform for growth* in July 2013. The review had demonstrated a lack of demand for fundamental legislative reform, but instead showed an appetite for Government to set out its vision for the media. We proposed incremental changes to the sector which would allow flexibility and future-proofing. We concluded that there was much Government could do outside of regulation, working in partnership with industry. We have taken forward key strands of work, for example considering how to ensure the regime of prominence for public service broadcasters' content on electronic programming guides remains relevant in a converging media world.

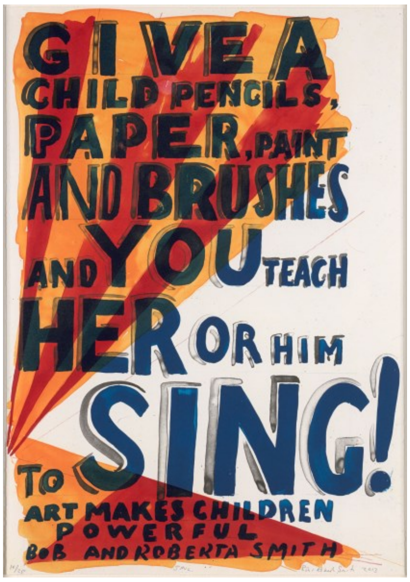
We consulted in July 2013 on media plurality, following the recommendations by Lord Justice Leveson in his report on the culture, practices and ethics of the press, seeking views on the scope of a framework for measuring the plurality of the media in the UK.

We have raised the profile of the lack of black, Asian and minority ethnic diversity in TV, film and performing arts by meeting leading players, championing the issue and challenging the industry to do more.

In December 2013, we set out our future plans for digital radio. We concluded that it was not time to commit to a switchover, but that a package of measures on coverage, content and cars would promote the sector and provide consumers with greater choice. Together with commercial radio and the BBC, we will invest to support the build out of DAB network coverage to almost 90% of homes by 2016. We also consulted on financial rules covering community radio stations, and will consider any changes that could be made to the Community Radio Order.

We have supported the renewal of licences for channels 3, 4 and 5 for a further ten years, which will deliver more localised news in the English regions, a dedicated news service for the Border region, and an all-Wales licence.

In addition, following our work to put in place a supporting framework, the first local TV service launched in Grimsby in November 2013. Further local TV services have since been launched in Norwich, London, Nottingham and Glasgow. We have also committed to supporting minority language broadcasting through BBC and BBC ALBA, provided greater funding certainty for broadcasting in Northern Ireland, and overseen the transition of BBC World Service funding to the Licence Fee.



Bob and Roberta Smith
Sing 2013
screenprint
© Bob and Roberta Smith
Government Art Collection

3. *Showcase what's great about Britain – its heritage and traditions – nationally and internationally*

Britain's tourism, heritage and museums sectors are one of our great national strengths: they promote everything that is great about our country; they underpin the huge numbers of visitors, domestic and international, who come to enjoy what Britain has to offer; and they represent a crucial part of the UK economy. We have worked to support the sectors, plan and deliver commemorations for the centenary of the First World War, protect our heritage assets and demonstrate to potential overseas visitors that Britain is GREAT.

What we have done

- Invested £160 million over five years in the **GREAT Britain** campaign to showcase the best of what our country has to offer
- Worked with our key tourism ALBs, VisitBritain and VisitEngland, to promote **international and domestic tourism** in this country
- Provided £2 million funding to support **tourism businesses affected by the flooding** earlier this year
- Announced £20 million for the **First World War Centenary Cathedral Repairs Fund** to support repairs for our great places of worship
- Promoted the UK's interests at the **UNESCO World Heritage Committee** meeting, and worked with English Heritage to protect our historic buildings and monuments
- Announced £80 million to enable a **new business model for English Heritage** to be established, subject to public consultation and approval of a full business case
- Implemented a package of **financial and operational freedoms for our sponsored museums** to allow them to innovate and manage their finances more flexibly
- Issued **£293 million** in grant-in-aid to our national museums and galleries
- Worked with the **Imperial War Museum** to deliver refurbishment and new galleries
- Planned two major ceremonial events to mark the start of the **centenary of the First World War**, and supported the wider programme of memorial events

Tourism

The tourism sector alone plays a vital and successful role in promoting growth. It directly contributed an estimated £58 billion to the UK economy in 2013, supporting over 1.75 million jobs, with an estimated indirect contribution of £127 billion when indirect impacts of tourism on the wider economy are included.[10] 2013 saw £21 billion of spending by inbound visitors, an increase of 13% on 2012.[11]

DCMS has worked with its tourism ALBs, VisitBritain and VisitEngland, along with the industry, to promote the tourism sector and encourage international visits and domestic stays respectively. VisitBritain's Tourism Strategy, launched in April 2013, aims to attract 40

[10] http://www.deloitte.com/view/en_GB/uk/industries/thl/04dfed0495572410VgnVCM3000003456f70aRCRD.htm
[11] http://www.ons.gov.uk/ons/taxonomy/index.html?nscl=Travel+and+Transport

When the indirect impacts of tourism are included, the tourism sector contributes an estimated £127 billion to the UK economy

Source: Deloitte, 2013

million international visitors to the UK by 2020, and VisitEngland's campaign has supported domestic 'staycations', with the aim to increase domestic tourism spending by £80 million.

Tourism is important to the future of the UK economy, and we have worked hard to promote the UK as a visitor destination around the world, as well as encouraging Britons to holiday at home. The Government is investing £160 million over five years in the GREAT campaign, which is currently active in over 140 countries. The campaign showcases the very best of what this country has to offer, and the long term increases in trade, tourism and inward investment will support our wider growth agenda. We are focusing on key growth markets like China, making it easier for people to visit this country, for example through a smoother visa application process. In his 2014 Budget statement, the Chancellor of the Exchequer announced that the Government was abolishing the Air Passenger Duty higher band ratings, so that from 1 April 2015, all long haul flights will be rated at Band B. We have worked closely with the tourism sector itself, reducing burdens on it and making available funds to support tourism businesses affected by the floods in Spring 2014. We will continue to work closely with the sector, including through the newly formed Tourism Council.

Heritage

We have continued to support the UK heritage sector via our sponsorship of English Heritage (EH) and the Heritage Lottery Fund (HLF). We issued nearly £100 million of grant-in-aid to EH in 2013-14 (which allowed it to leverage a further £60 million), and EH issued £17.8 million of grants. The HLF awarded over £400 million to heritage projects during 2013-14, in addition to significant support for commemorations of the Centenary of the First World War. The heritage sector remains vibrant and popular – our Taking Part survey found that nearly three quarters of adults had visited a heritage site at least once in 2013-14.[12]

In July 2013 we announced our intention to provide special funding of £80 million, subject to public consultation and the approval of a full business plan, to enable the establishment of a new business model for EH. This investment will enable the management of the National Heritage Collection of sites and buildings to become completely self-financing and to benefit from a new level of autonomy while maintaining appropriate safeguards. The new model and the £80 million Government investment will create jobs and opportunities across England, with business able to develop and enhance skills that can be transferred to the wider historic environment. A public consultation on the proposals took place between December 2013 and February 2014, and we published an interim analysis of responses in March 2014.

In 2013-14, nearly three quarters of adults in the UK visited a heritage site

Source: Taking Part 2013-14

We have also continued to fulfil our duty to conserve the UK's historic buildings and ancient monuments by listing buildings, giving scheduled status to ancient monuments and nominating places in the UK for World Heritage Site status. We represented the UK's heritage interests at the UNESCO World Heritage Committee, and have nominated the Forth Bridge for World Heritage Site Status. We have also supported the cultural heritage of our places of worship, through £19 million of grants to the Listed Places of Worship Scheme and £20 million funding for the First World War Centenary Cathedral Repairs Fund.

[12] https://www.gov.uk/government/statistics/taking-part-201314-quarter-4-statistical-release

Museums and Galleries

We sponsor many of the UK's finest museums and galleries, and issued around £293 million of grant-in-aid to them during 2013-14. This funding allowed these organisations to generate an additional £273 million in trading and other business, and obtain over £30 million in donations, resulting in over £596 million of revenue and spending capacity. The overall financing from grant-in-aid to National Museums and Galleries was 103% (i.e. £1.03 of additional income raised for every £1 of grant-in-aid).

Our museums and galleries have continued to increase their visitor numbers. Overall numbers were 48.83 million in 2013-14, up from just under 47 million in 2012-13.[13] Our most recent Taking Part survey found that 53% of adults visited a museum or gallery in 2013-14,[14] a similar figure to 2012-13 and significantly higher than any time during 2005 to 2011. In addition, the proportion of adults visiting a museum or gallery rose across all the English regions during the last year.

We have worked with our museums and galleries to allow them more flexibility in the way they run themselves. We have implemented an important package of measures to increase the financial and operational flexibilities of our museums and galleries, for example allowing them more freedom to access their reserves, the authorisation to invest non-grant income, exceptional powers to borrow from Government, and the removal of the 1% limit on pay awards (which will allow them to attract the best talent and expertise). Our museums and galleries are now also able to retain non-grant income without any offsetting reduction in their grant-in-aid. We will continue to work with our museums and galleries to increase efficiencies, support their contribution to the UK economy, and market them as a reason to visit this country.

Centenary of the First World War

2014 marks the centenary of the start of the First World War, and DCMS has led the Government's plans to commemorate this and events over the next four years. Working closely with colleagues from Government, the Heritage Lottery Fund (HLF), the Imperial War Museum (IWM) and the Commonwealth War Graves Commission, we will ensure that the four year programme of events will be a fitting commemoration for this historic milestone.

We have provided funding to mark the centenary, including £5 million towards the £40 million refurbishment and new First World War galleries at IWM London, £5 million to repair and maintain the UK's war memorials and burial sites, and £20 million to the First World War Centenary Cathedral Repairs Fund. In addition, the HLF has awarded over £57 million of grants to over 800 projects to mark the centenary.

We have planned and delivered two of the major events marking the start of the centenary on 4 August 2014: the Service for the Commonwealth at Glasgow Cathedral, and the Mons Commemoration at St Symphorien Military Cemetery. We have also supported plans for other commemorative events on the same day, including the Solemn Commemoration at Westminster Abbey, the 'Step Short' memorial arch and parade in Folkestone and the 'Lights Out' moment of national reflection. We have established the supporting programme of cultural events and activities – the 14-18 Now programme, which was launched on 27 March 2014. We have also supported the Foreign and Commonwealth Office's international engagement to ensure our commemorations are truly international, for example ensuring that the project to commemorate British Victoria Cross holders was extended to recognise all those awarded the VC, whatever their nationality.

[13] https://www.gov.uk/government/statistical-data-sets/museums-and-galleries-monthly-visits
[14] https://www.gov.uk/government/statistics/taking-part-201314-quarter-4-statistical-release

4. *Create an equal opportunity society*

Through the work of the Government Equalities Office, we have worked to create a fairer and more equal society, remove barriers to equality, promote issues relating to women, sexual orientation and transgender equality, maximise the contribution of women to the UK economy, and support the role of women in DCMS' policy sectors. March 2014 saw the first same sex marriages take place in England and Wales.

What we have done

- Published a report by the independent **Women's Business Council**, aiming to maximise the contribution of women to the economy
- Signed up over 200 major UK employers to **Think, Act, Report**
- Passed and implemented landmark legislation to **allow same sex couples to marry** in England and Wales
- Led the UK's delegation to the **Commission on the Status of Women** and the **Commonwealth Women's Ministers meeting**
- Published the Government's **Body Confidence Campaign Progress Report**

Supporting Growth

Equalising the labour force participation rates of men and women could lead to gains of 10% of GDP by 2030

Source: Women's Business Council

In June 2013, the Women's Business Council published a report and recommendations on how to make the most of women's contribution to the UK economy at all stages of their careers. It found that 2.4 million women who were out of work wanted to get back into work, and that equalising labour market participation rates could increase economic growth by 0.5% per year.[15] In response, in November 2013 we led work across Government to publish an action plan on Women in the Economy. We committed to extend the right to flexible working and introduce a flexible system of shared parental leave (both of which have now come into force), help parents support their children in making well-informed career choices, and support those with caring responsibilities to stay in work where they wish or set up their own business.

We have also worked to increase the number of girls and young women embarking on careers in science, technology, engineering and mathematics (STEM) and to increase the supply of quality, affordable childcare provision to support women in work. We have continued to work with Lord Davies to help increase the number of women on boards, with women now accounting for over 20% of board membership.[16]

We have continued to build on the 2011 Think, Act, Report initiative, which is helping to improve gender equality and transparency in the workplace.

[15] http://womensbusinesscouncil.dcms.gov.uk/
[16] https://www.gov.uk/government/publications/women-on-boards-2014-third-annual-review

Promoting Equality and Women's Engagement

We passed and implemented landmark legislation to allow same sex couples to marry in England and Wales, with the first marriages taking place on 29 March 2014. Overseas marriages of same sex couples are now also recognised as marriages in England and Wales, and same sex unions in 34 other countries are now recognised as equivalent to UK civil partnerships.

The UK is ranked No1 in Europe for LGB&T rights

Source: ILGA Europe

We have continued to tackle homophobia, biphobia and transphobia across UK society. We launched a project to help schools tackle these issues, and brought the LGB&T community to a series of roundtables and conferences to speak directly to Ministers about their priorities. The UK has been recognised by the International Lesbian and Gay Association for the fourth year in a row as the number one country in Europe for LGB&T rights.[17]

We brought the voice of women to Government through our women's engagement programme, holding a series of conferences, roundtables and meetings to debate current issues of relevance to women and their families.

We published the Government's Body Confidence Campaign Progress Report and undertook an evidence review of body image confidence.

We also extended support to aspiring disabled politicians by extending the Access to Elected Office fund, funding Parliamentary interns, and partnering with the Local Government Association's *Be a Councillor* campaign to help develop the pipeline.

Promoting Women and Equality Internationally

We explained to the United Nations Committee on Elimination of Discrimination Against Women how we are fulfilling our obligations and reporting requirements, and continue to engage with non-governmental organisations to respond to the Committee's recommendations. We also led the UK delegation to the Commission on the Status of Women and the Commonwealth Women's Ministers meeting in Bangladesh, where we highlighted our work to encourage more women and girls into STEM careers.

[17] http://www.ilga-europe.org/home/publications/reports_and_other_materials/rainbow_europe

5. *Protect children from harm online and the young and vulnerable from problem gambling*

A vital element of our work is ensuring that children are safe online, and that young and vulnerable gamblers enjoy appropriate protections. Making the internet safer for children is a priority for the Government, championed by the Prime Minister, and DCMS has led the work to do this. We have made significant progress on parental controls, family-friendly public Wi-Fi and proactive blocking of illegal online images. On gambling, we work to ensure that the gambling industry is run responsibly, providing a safe and enjoyable leisure activity while protecting children and vulnerable adults from the dangers of problem gambling.

What we have done

- Drafted secondary legislation to tighten restrictions on **R18 content**
- Reached agreement with the leading internet service providers (ISPs), search engines, social media companies and mobile operators that **illegal online images of child abuse should be proactively sought out and blocked** by the Internet Watch Foundation and the Child Exploitation and Online Protection Centre
- Secured **£1 million of funding** from the UK's leading ISPs to support this proactive approach
- Prompted parents to switch on **parental internet controls** to protect their children from harmful material online
- Continued to deliver **deregulatory packages on entertainment licensing and community film**
- Successfully guided the **Gambling (Licensing and Advertising) Bill** to Royal Assent, and completed a review of gaming machine stakes and prizes
- Successfully **merged the Gambling Commission and National Lottery Commission** as part of our ongoing work to increase the efficiency of our ALBs

Child Internet Safety

In his speech on internet safety in July 2013, and the summit that followed in November, the Prime Minister made clear his aim to make the internet safer for children. Since then we have made excellent progress, working with industry and other Government Departments, in meeting the Prime Minister's commitment. We have achieved considerable success in prompting parents to switch on parental internet controls and promoting family-friendly public Wi-Fi. The UK is now recognised as a world leader in child internet safety.

> **"There is no question that the UK is well ahead of the rest of the world on this complex, difficult issue"**
>
> Ernie Allen, President and CEO of the International Centre for Missing and Exploited Children, on the UK's work to protect children online

We are continuing our efforts this year to build on our work to become a world leader in child internet safety. We are ensuring that video-on-demand material that would be rated R18 by the British Board of Film Classification (BBFC) is put behind access controls. We are also legislating to ban the provision of video-on-demand material that would not receive any classification by the BBFC.

Following our online protection summit, the UK's ISPs have answered our call to do more to protect children online. The four largest UK ISPs (BT, Sky, TalkTalk and Virgin Media) have delivered on their commitment to provide unavoidable choice on family friendly network level filters to new customers, and are rolling out filters to existing customers during 2014. The smaller ISPs like EE and Kingston Communications are following suit.

> **"We have a zero tolerance approach to the presence of child sexual abuse material on the internet. We will continue to work closely with Government and other parties to prevent access to this illegal content"**
>
> Zero tolerance statement, signed by all industry representatives at our child protection online summit

We have worked with mobile operators and Wi-Fi providers to ensure that public Wi-Fi is safe for children. The six largest providers all now provide family-friendly public Wi-Fi in places wherever children are likely to be. The four leading mobile operators (EE, O2 Vodafone and Three) have introduced adult content filters for mobile content.

We have also raised awareness of this issue to ensure that parents have the facts they need to help protect their children online. *Internet Matters*, the parental awareness campaign, reached up to 20 million people on its first day alone.

Gambling and Licensing

We guided the Gambling (Licensing and Advertising) Bill through Parliament to Royal Assent in March 2014, ensuring that all remote gambling operators will need a Gambling Commission licence to offer their services to British customers, regardless of the country in which the operator is based, thus increasing protection for remote gambling consumers based in the UK.

We completed a review of gaming machine stakes and prizes in October 2013, with new regulations coming into effect in January 2014 which amended stake and prize limits for certain categories of gaming machines.

We have continued our work to cut red tape by deregulating some licensing regimes. We partially deregulated licensing requirements for plays, dance and indoor sport in June 2013, consulted in July 2013 on deregulating community film exhibition, and consulted in December 2013 on creating licensing exemptions for schools, hospitals, community venues, local government premises and circuses. We also consulted on reducing regulatory burdens around small community-based raffles. We will implement relevant measures via legislation later this year.

As part of our ongoing work to increase the efficiency of our family of ALBs, we successfully merged the Gambling Commission and the National Lottery Commission in October 2013.

6. *Secure a lasting legacy from the Olympic and Paralympic Games*

Following the success of the London 2012 Olympic and Paralympic Games, we have continued to work hard to secure a lasting legacy for the UK. Legacy is a long term project, but we have already begun to see legacy benefits only two years after the Games ended. We and our ALBs have taken a number of important steps to secure the legacy for the UK, and have made substantial progress on implementing our ten point sports legacy action plan. Supporting elite sports, increasing participation and physical activity, ensuring the legacy of the Queen Elizabeth Olympic Park and confirming future major sporting events for the UK all play their part in securing a lasting legacy from London 2012.

What we have done

- Increased funding for **elite sports** by 13%
- Ensured **1,600 local sports facilities** are being upgraded through Sport England's Inspired Facilities Fund
- Announced a further £8 million of National Lottery funding **to give disabled people more opportunities to get into sport**
- Worked with the Olympic Delivery Authority to deliver the **conversion of the Athletes' Village** to residential accommodation, providing over 2,800 homes, including affordable homes, and securing a return of over £500m to the taxpayer
- Launched ***Moving More, Living More***, a joint statement of intent by Government and the Mayor of London to tackle physical activity
- Secured future **major sporting events**, like the 2015 Rugby Union World Cup and the 2017 World Athletics Championships

We have worked on legacy in close conjunction with the Olympic and Paralympic Legacy Unit, based in the Cabinet Office until its move back to DCMS on 1 April 2014.

Sporting Legacy

We have provided £88.6 million of grant-in-aid to Sport England, whose four year strategy aims to deliver a consistent year on year increase in the number of people playing sport, through investment of over £1 billion of Lottery and DCMS funding. The Sport England Inspired Facilities Programme has already invested £91 million to upgrade and modernise facilities at 1,600 local sports clubs, breathing new life into tired sporting facilities, with a further £20 million announced in March 2014.

> **Over 15.6 million people over the age of sixteen play sport once a week, every week**
>
> Source: Sport England

Sport England also continues to run individual legacy projects like Sportivate (which gives more young people from 11-25 the chance to discover a sport that they love) and the Improvement Fund, which will make sports facilities more efficient and environmentally sustainable. Sport England has continued to fund satellite clubs across the UK, and launched a £15 million university sport action fund to support universities in enhancing their sport offer to higher education students. We also made available £5 million of National Lottery funding in March 2014 to make emergency repairs to pitches and facilities that had been damaged by flooding.

We have provided £43 million of grant-in-aid to UK Sport, which is used to support our world class athletes, enhance the UK's sporting profile and promote the value of sport through mutually beneficial partnerships. UK Sport announced the results of its annual investment reviews of summer Olympic and Paralympic sports, resulting in significant funding for 37 sports for the 2016 Rio de Janeiro Games cycle; this investment will protect Team GB's medal potential within these sports.

We are also working with Sport England and UK Sport to support closer working and strategic partnerships. The two bodies are working towards co-location and continuing to make back office efficiencies.

Queen Elizabeth Olympic Park

We have continued to work closely with the London Legacy Development Corporation to secure the legacy of the former Olympic Park. All of the iconic sporting venues on the Queen Elizabeth Olympic Park, with the exception of the Olympic Stadium, have now reopened for elite and community sport use. The Copper Box Arena reopened in summer 2013, followed by the London Aquatics Centre on 1 March 2014, the Lee Valley VeloPark on 31 March 2014, the south end of the Park in April 2014, and the Lee Valley Hockey and Tennis Centre in June 2014.

Major Sporting Events

Bringing more major sporting events to the UK was always at the heart of our legacy ambitions, and we have worked with our ALBs and other sports bodies to achieve this. Major events bring a lasting positive change in sport and are a key economic driver to the UK. UK Sport's National Lottery funded Gold Event Series aims to bring over 100 of the world's most prestigious sporting events to the UK over the next decade, which would bring over £400 million of direct economic benefits. We have already secured the 2015 Rugby Union World Cup and the 2017 World Athletics Championship, and we will continue to bid for major events over the coming years – for example supporting bids from England, Wales and Scotland to stage matches in the 2020 European Football Championships.

More than one million people have visited the Queen Elizabeth Olympic Park since it reopened in July 2013

Source: London Legacy Development Corporation

Women's Sport and Disability Sport

We are continuing to work with Sport England to support and promote participation in sport by women and disabled people. Women's participation has increased by over half a million people since 2005, but we will continue to do more. Sport England are working with national governing bodies to make sport more accessible for women, are delivering specific projects aimed at women and girls, and have supported the Women's Sport and Fitness Foundation, which helps sports bodies to better understand how to increase women's participation. We have also established a Ministerial Advisory Group of experts in sport, business and broadcasting, with the aim of increasing participation, raising the profile of women's sport in the media, and increasing the number of women on sports boards. Sport England is also investing £171 million in disability sport, and provides advice, support and funding to external partners to increase participation by disabled people.

Our Corporate Challenges and Successes

Along with our work to deliver our major policy priorities, we have continued to improve our corporate performance and efficiency and build DCMS' capabilities.

ALBs and Appointments

We are a relatively small central Department, with (as of 31 March 2014) just under 400 staff, but our ALBs employ over 34,000 people. We have continued our work to increase the efficiency of our ALBs (for example merging the Gambling Commission and National Lottery Commission in October 2013), and have worked with them to explore new ways of working and identify savings and synergies. Our engagement with our ALBs is strategic and risk-based, which is reflected in our internal governance reforms.

DCMS appointed 81 Board Chairs and Trustees to its ALBs during 2013-14

Source: DCMS

The work of our ALBs requires oversight by a non-executive Board of Trustees and a Board Chair. DCMS Ministers appoint, or make recommendations to the Prime Minister to appoint, the Chairs and Trustees of almost all DCMS' ALBs. In total, Ministers have responsibility for appointing approximately 320 Board Chairs and Trustees to ALBs sponsored by DCMS. 2013-14 saw 81 appointments successfully made, including Sir Laurie Magnus as Chair of English Heritage, Sir Charles Dunstone as Chair of the Royal Museums Greenwich, and Lady Penny Cobham as Chair of VisitEngland.

We are encouraging new faces and fresh thinking on ALB Boards, and are aiming for half of all new appointments to be women by 2015. 42% of our new appointments in 2013-14 were women, up from 37% the year before.

Machinery of Government Changes

During 2013-14, DCMS was subject to two inter-Departmental transfers of functions in 2013-14. On 1 April 2014, responsibility for the Olympic and Paralympic Legacy was transferred from Cabinet Office to DCMS. On 12 February 2014, responsibility for child internet safety policy was transferred to DCMS from the Department for Education.

Efficiencies

We have continued to improve the efficiency of DCMS and our ALBs, reducing our administrative costs, finding new ways of working and delivering our policies in new and innovative ways. Our detailed work is set out in the DCMS Departmental Improvement Plan, published April 2014.[18]

We remain on track to meet our 2010 Spending Review commitments, including a reduction in our administration costs of 50% from our May 2010 base.

In April 2013, we successfully moved offices from Cockspur Street to 100 Parliament Street, bringing us closer to the heart of Whitehall, with expected savings of £3.5 million. We are continuing to explore ways to improve our office environment and make the best of our estate, and to resolve ongoing challenges around desk space and cross-team collaboration. We will ensure that we harness the potential benefits of our flexible working environment.

[18] https://www.gov.uk/government/publications/department-for-culture-media-and-sport-improvement-plan-march-2014

We have continued to explore potential efficiencies around shared services. In addition to areas where we already share services, like legal and internal audit, we have committed to joining the Independent Shared Service Centre, which will include HR, payroll, finance and procurement functions. We have also worked with the Government Digital Service to plan for a new set of disaggregated IT services, and are working with Cabinet Office to deliver the new technology. Our new services should help to deliver significant cost savings and increase our flexibility and efficiency in the future. We have also taken steps to modernise our employment offer to staff by seeking to harmonise terms and conditions across our workforce and putting all our people on the same pay structure.

Departmental Reforms

In line with the rest of Government, we publish our unqualified Group Annual Report and Accounts. Given the number and diversity of our ALBs, bringing together over forty sets of accounts is challenging, and we continue to work to improve our alignment work.

In order to ensure our resources are deployed strategically and to our Ministers' priority areas, we operate a flexible resourcing model. As a result of the system not working as effectively as it could (for example because of unexpected pressures or changes to project end dates), we have worked to address these issues and take a more strategic approach to resource planning. We are continuing to implement these improvements to the system. We have developed changes to our governance structures, which help us to better manage strategic risk and improve our performance monitoring, corporate discipline and decision making authority. We continue to embed these improvements into our everyday working.

We have taken action to improve our internal handling of correspondence, Parliamentary Questions and Freedom of Information requests, resulting in improved response rates and better internal performance monitoring.

Lucy Skaer
Me IX 2012
resin and celluloid wall sculpture
© Lucy Skaer
Government Art Collection

Performance Indicators

We use several indicators to measure our performance. These are split into input and impact indicators. The indicators published here are based on the most up to date data available[19]. Indicators may be published some time after the end of the financial period to which they apply – in some cases this can be up to twelve months later. An historical series of these performance indicators can be found at:

https://www.gov.uk/government/publications/performance-indicators

Input indicators show what is being ‘bought’ with public money, i.e. the resources being invested into delivering the results that we and our partners are aiming to achieve:

- **Number of premises covered per £ million of broadband delivery expenditure**
  By June 2014, there had been £72.4 million of funding for Broadband Delivery UK (BDUK) with 888,113 premises with superfast broadband made available through that funding.[20] This is equivalent to 12,260 premises covered per £ million spent on broadband delivery. In March 2014 this was 8,685 premises per £ million spent (£58.6m funding; 508,801 premises).[21]

- **Public funding per eligible student at schools participating in the School Games (£ per student)**
  By 1 August 2013 there were 5.41 million eligible students in schools participating in the School Games. In 2012-13 there was £51 million of public funding announced for the School Games. This equates to an average public sector cost of £9.43 per eligible student at schools participating in the School Games in 2012-13. The equivalent figure for the previous year was £13.20 (£50.8 million funding; 3.85 million eligible students).[22]

- **Ratio of charitable giving (donations and sponsorship) to grant-in-aid for cultural institutions funded by DCMS (Arts Council England, English Heritage, national museums and galleries)**
  For every £1 of grant-in-aid received by DCMS-funded cultural institutions in 2012-13, around 34 pence was received in fundraising / contributed income by these institutions. In 2011-12, this was around 36 pence for every £1 of grant-in-aid received.[23]

Impact indicators give information on the outcomes of our work. They reflect the quality and effectiveness of the programmes and priorities set out in our Business Plan and the impact they have on society. They provide a broad picture of performance, with a particular focus on whether fairness is being improved.

- **Proportion of children participating in competitive sport**
  In 2013-14, 77.7% of 5-15 year olds had participated in competitive sport in the last 12 months; 74.4% had taken part in competitive sport in school, whilst 34.4% took part outside school. In 2012-13, 82.7% of 5-15 year olds had participated in competitive sport in the last 12 months; 78.6% had taken part in competitive sport in school, whilst 37.1% took part outside school.[24]

[19] As at 6 August 2014
[20] https://www.gov.uk/government/statistics/broadband-performance-indicator-june-2014
[21] https://www.gov.uk/government/publications/broadband-performance-indicator-march-2014
[22] https://www.gov.uk/government/organisations/department-for-culture-media-sport/series/school-sport-indicators
[23] https://www.gov.uk/government/collections/charitable-giving-indicators
[24] https://www.gov.uk/government/publications/taking-part-201314-annual-child-release

- **Total amount of charitable giving to cultural institutions funded by DCMS**
  In 2012-13 DCMS-funded cultural institutions raised around £348 million in contributed income (£55 million of this was from donated objects). In 2011-12, £357 million was raised in contributed income (£83 million of this was from donated objects).[25]

- **Proportion of people directly employed in tourism**
  The ONS Tourism Satellite Account estimated that there were 1,666,900 jobs directly supported by tourism expenditure in the UK in 2011. This equates to around 1,310,600 Full Time Equivalent (FTEs) in direct tourism employment. The ONS Tourism Satellite Account estimated 1,549,100 jobs were directly supported by tourism expenditure in the UK in 2010. This equates to around 1,222,100 FTEs in direct tourism employment.[26]

- **Ofcom European Broadband Scorecard (measuring coverage, speed, price and choice of broadband service)**
  The latest scorecard shows European comparable indicators. Of the five largest European economies (France, Germany, Italy, Spain, UK), the UK is top for broadband and mobile coverage, take-up, use and choice, and performs well on price. [27]

- **Number of overseas visitors to the UK**
  The number of overseas visitors to the UK, as measured by the International Passenger Survey, was 32.8 million in 2013. This was higher than in 2012, when the figure was 31.1 million.[28]

- **Total number of people employed in the creative economy in the UK**
  There were 2.62 million jobs in the creative economy in 2013, which was an increase from 2.55 million in 2012.[29]

- **Total number of visits to DCMS-sponsored museums and galleries**
  Between April 2012 and March 2013 there were 46.9 million visits to DCMS-sponsored museums and galleries. There were 45.9 million visits to the same institutions in the previous year.[30]

- **Percentage of employees within medium and large organisations (over 150 employees) recognised as supporting Think, Act, Report on gender equality**
  By March 2013, 12% of employees were within medium or large organisations supporting Think, Act, Report, an increase from 8% in July 2012. (Source: Management Information)

[25] https://www.gov.uk/government/collections/charitable-giving-indicators
[26] http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcm%3A77-318475
[27] http://stakeholders.ofcom.org.uk/binaries/research/broadband-research/scorecard/European_Broadband_Scorecard_2014.pdf
[28] http://www.ons.gov.uk/ons/rel/ott/overseas-travel-and-tourism---quarterly-release/index.html
[29] https://www.gov.uk/government/publications/creative-industries-focus-on-employment
[30] https://www.gov.uk/government/collections/sponsored-museums-annual-performance-indicators

Management Commentary 2013-14

The Environment

From 2011-12, all central Government bodies that fall within the scope of the Greening Government Commitments and which produce Annual Reports and Accounts in accordance with HM Treasury's Government Financial Reporting Manual FReM are required to produce a Sustainability Report. This is included at Appendix C to the Annual Report and Accounts, and comprises progress of the core Department, its supply financed Agency (the Royal Parks), and the ALBs that fall within the scope of the Greening Government Commitments.

Spending Review

The 2013 Spending Review was completed in mid-2013, with DCMS agreeing its planned spending for 2015-16 with HM Treasury. As the core Department is relatively small, the Spending Review has the most impact on our ALBs. The Department notified its ALBs in July 2013 of the outcome of the Spending Review, and these letters can be found at:

https://www.gov.uk/government/publications/dcms-bodies-settlement-letters-spending-review-2013

Departmental Reporting Cycle

The Department also lays before Parliament an annual Main Estimate, along with a Supplementary Estimate later in the year. Copies of the Main and Supplementary Estimates can be found at:

https://www.gov.uk/government/publications/main-supply-estimates-2013-14 and

https://www.gov.uk/government/publications/supplementary-estimates-and-new-estimates-2013-14

Boundary and Classification Changes

A list of the ALBs included in the DCMS Group accounting boundary is at Note 30 to the Accounts. There have been minimal changes to the accounting boundary between 2012-13 and 2013-14.

Basis of Preparation of the Resource Accounts

The Department's responsibilities are based on their voted and non-voted expenditure in accordance with the Main and Supplementary Estimates. As such, the Accounts have been prepared on this basis.

Voted Expenditure

This covers the Department's own administration costs, the grant-in-aid funding to our sponsored bodies, the allocation of the TV Licence Fee income to the BBC, and grants given to other bodies and their associated costs.

Non-Voted Expenditure

This covers the grants provided by the Lottery distributors through the Olympic Lottery Distribution Fund and the National Lottery Distribution Fund to support local and grassroots projects.

Financial Commentary

Summary

There were a number of notable financial successes for DCMS during the year, as described throughout the annual report. Highlights included the Spectrum Clearance and Award Programme where we continued to deliver on time and under budget, making significant savings thanks to the careful management of the programme; and recognition of significant sale receipts related to the Olympic Athletes Village. The sale was concluded in August 2014, with nearly 3000 new residential units being made available to the London housing market. The Department and its Arm's Length Bodies (ALBs) also continued to meet their savings targets, reducing the costs of back-office functions and protecting front-line services, with the Department itself and a number of its ALBs on-target to reduce administration costs by 50% over the lifetime of this Parliament. This has been achieved through measures such as sharing services and office accommodation, introducing hot-desking and flexible working and a range of other efficiency measures.

The Department continued with its programme of ALB reform, with the successful closure of the Olympic Lottery Distributor and the transfer of the functions of the Public Lending Right to the British Library. The Department, in conjunction with the Treasury, was also able to introduce new operational freedoms for museums as part of a four year pilot, which will enable museums to operate more commercially and empowers them to take greater control over their own affairs.

DCMS manages the financial arrangements for 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. The Department also manages a small number of very large programmes (eg the 2012 Olympics, Broadband Delivery) and includes in its budgets the affairs of the BBC, although the BBC itself continues to operate fully independently from the Department, with oversight and scrutiny provided by the BBC Trust. As a smaller department, the DCMS therefore needs to manage the disproportionately high impact that these programmes and organisations can have on the overall position, while ensuring that more routine funding of our 44 Arms Length Bodies can be maintained.

In preparing its Estimate for Parliament, the Department, in discussion and agreement with the Treasury, took a number of decisions about its budgets to manage specific and known risks to the position. In doing so, DCMS sought to ensure that Parliament was aware of the level of financial risk being managed and to ensure that the DCMS Accounting officer had sufficient budgetary cover.

Museum Freedoms

As mentioned above, one notable change in this financial year was the four year pilot to provide national museums with new operational freedoms, which was announced by the Chancellor as part of the 2013 Spending Round and started in December 2013. This pilot includes a set of budgetary freedoms designed to provide museums with sufficient flexibility to manage commercial revenues, philanthropic donations, expenditure and the effect of depreciation on its immutable physical assets due to changes in property prices and other market forces. To put those freedoms into effect, it has been agreed with the Treasury to include in DCMS's Estimates for the upper end of the range of likely scenarios around spending and certain other accounting entries. In some cases, where the range of possibilities is broad and the actual outcome this year is towards the lower end of the range, significant underspends have resulted. This is commented on in the appropriate section below, and was an anticipated outcome of this pilot. This was the first year of the pilot and lessons learnt from the 2013-14 outturn will inform the Department's and HM Treasury's approach to the creation of Estimates in future years, although this is likely to remain challenging.

Detailed commentary

The commentary that follows relates to the key features of the outturn position as reported in the Statement of Parliamentary Supply.

Resource DEL

The voted resource DEL outturn position, as reported in these Accounts, was £195m lower than provided in the Estimate. This is principally due to the operational freedoms granted to museums, and efficiencies or forecast variances in the construction and sale arrangements for the Athletes village on the Olympic Park.

Museums and Galleries (Line B) shows a £75m underspend of which £44m is due to underspends against depreciation budgets and the inclusion of potential impairments due to revaluations which did not ultimately arise. A range of factors contribute to the remainder of the underspend, with some specific themes across the group of museums. There was a higher level of self-generated income across the group than budgeted, including the receipt of a larger amount of philanthropic donations, which was an excellent but unanticipated result in times of financial austerity for the country. The timing of philanthropic donations due around the year-end is always the source of forecasting uncertainty, with donations inevitably arriving at the convenience of the donor but having the capacity to significantly affect the outturn for a museum. One specific effect of the freedoms pilot, which allows museums to budget for the lower of the likely range of income assumptions, was that a number of museums assumed in the Estimate that less income would be received this year than was actually received contributing to the underspend. Other museums chose to increase their reserves during 2013-14 to pay for capital and other expenditure in subsequent years, also contributing to an underspend in 2013/14. While some of this was planned and captured in forecasts and the Estimate, others took such decisions in the latter part of the year - again within the spirit of the new freedoms announced by the Chancellor - and these also contributed to the underspend. Other significant contributory factors include realised gains from the sale of investment portfolios and delays in expenditure on specific projects and activities that will now be incurred in 2014-15.

The London 2012 (Line T) underspend of £42m was related to expenditure by the Olympic Delivery Authority (ODA) on the sale of the Olympic Village. The gross expenditure included depreciation cover of £28m, none of which was ultimately required in year and the remaining element was due to efficiencies or forecast variances at the ODA throughout the year.

Other variances of note include Libraries (Line C) with a £13m underspend, which was related to profit from the sale of the British Library's Colindale site as it relocated activities to its Boston spa site near Leeds. Broadcasting and media (Lines M and N) also have underspends of £10m and £17m respectively due to the successful downward management of the costs of the Spectrum Clearance and Awards Programme and the evolving profile of expenditure of broadband projects over the year.

Administration expenditure

There was a total underspend of £51m against the Administration budget this year for the Group, which was primarily due to the careful management of the costs of running major capital projects. It also represents savings across a range of organisations, including DCMS itself, in preparation for further reductions in budget during 2014-15 and 2015-16 and a continuing squeeze on back office functions across the group.

Resource AME

Two particular elements of the Resource AME budget combined this year to create a £670m underspend.

Museums and Galleries (Line AA) has a £333m underspend. This is primarily due to impairments following the quinquennial revaluation of two large London museums, for which a total estimate of £300m was agreed with HM Treasury and included in the Estimate, compared to actual impairment charges of £16m. For museums, whose buildings are an integral part of their collection and their offer to the public, quinquennial revaluations can create significant variances to budget. This is because the revaluations involve a major survey by a member of the RICS and is a substantive piece of work that is carried out every five years with an outcome that is very difficult to predict, being affected by property market prices in that specific locale and any deterioration or improvement in the buildings being surveyed. Past experience, particularly with large central London museums, has shown that revaluations can significantly change the book value, as reflected in the forecasts included in the Estimates. In this year, the changes in value were not as large as estimated, creating a large underspend.

The BBC Outturn is £295m less than the Estimate. This is made up of underspends due to savings in centrally controlled costs, delays of some programme activity until future years and some Salford migration costs being re-phased; additionally there were higher dividends from commercial subsidiaries to support investment in production. The BBC operates independently from the Department, with oversight and scrutiny provided by the BBC Trust.

Non-voted resource and capital expenditure (AME)

Non-voted expenditure resource outturn was £72m higher than estimated on Lottery grants and capital was £122m higher. The nature of Lottery grant-making is variable and makes forecasting difficult, which is recognised by its classification within the AME budget. The variance here is relatively small in percentage terms.

Non-budget resource expenditure voted (AME)

Non budget expenditure shows an underspend of £52m as cover had been provided in the Supplementary estimate for potential prior period adjustments which may have a budgetary effect. In the event, whilst there were prior period adjustments, none of these had budgetary implications.

Capital DEL

The voted capital DEL outturn position, as reported in these Accounts, was £164m lower than provided in the Estimate. This is primarily due to the familiar themes of the effects of the museums' freedoms pilot and variances in the costs of preparing the Olympic Village for sale. There were also some large variances on broadband programmes, which reflect the evolving nature of the different capital projects and the difficulties of forecasting multi-year programmes on an annual basis, where the primary focus is to secure value for money.

Museums and Galleries (Line B) shows capital expenditure £51m lower than provided for in the Estimate, which was due to lower capital expenditure across a range of projects before the cut-off point for reporting of the 31st March and the variable effect of the sale and reinvestment of financial assets during the year.

Broadcasting and media (Line M) shows a £43m underspend. Most of this was related to Broadband Delivery UK projects, specifically on the Mobile Infrastructure Programme where the expenditure profile was reviewed and revised during the course of the year. There was also a lower than forecast initial take up of the Super Connected Cities Voucher Scheme in the first part of the year. The Spectrum Clearance and Awards Programme generated underspends as a result of savings made on expenditure on Radar Remediation and Fire Services equipment as well as the general success of project management in driving down costs throughout the year. The project is managed jointly by DCMS and Ofcom and the related underspends are reflected in lines M and N.

London 2012 (net) shows an underspend of £55m reflecting the recognised element in 2013-14 of the income and additions to complete the sale of the Olympic Village to Triathlon Homes LLP and QDD AVUK. At the time the Supplementary Estimates were compiled, there was significant uncertainty about how many plots would be completed (and, therefore, how much income would be recognised) before the 31st March. The uncertainty was the pre-eminent contributing factor to the variance to budget in the outturn position and the approach to forecasting this for the Estimates was discussed and agreed in advance with HM Treasury.

Capital AME

The BBC are showing an underspend of £25m due to lower expenditure on assets under the course of construction and due to asset write-off adjustments.

Contingencies Fund Advance

During the year, DCMS received a Contingencies Fund advance of £40m in anticipation of an additional £262m for existing services through the Supplementary Estimate. The cash advanced was duly repaid upon Royal Assent of the Supply and Appropriation Bill.

Sue Owen

Principal Accounting Officer and Permanent Secretary

21 October 2014

Directors' Report

Our Resources

Workforce size and composition

The grading structure of the Department based on full time equivalent staff in post:

Grade	FTE payroll staff at 31 March 2014	FTE payroll staff at 31 March 2013
Permanent Secretary	1.0	1.0
Senior Civil Service pay band 3	1.0	0.0
Senior Civil Service pay band 2	5.8	8.0
Senior Civil Service pay band 1	27.5	28.0
Grade A(Upper) (Grade 6)	16.0	18.0
Grade A (Grade 7)	112.6	106.5
Grade B (HEOD fast stream)	6.0	5.0
Grade B (HEO/SEO)	126.8	136.0
Grade C (EO)	50.6	52.0
Grade D (AO/AA)	33.9	22.0
Total	**381.2**	**376.5**

The number of senior civil servants by £5,000 paybands at 31 March 2014:

Salary Band	Number of Staff
£60,000-£64,999	13
£65,000-£69,999	5
£70,000-£74,999	4
£75,000-£79,999	4
£80,000-£84,999	1
£85,000-£89,999	1
£90,000-£94,999	5
£95,000-£99,999	1
£100,000-£104,999	1
£105,000-£109,999	0
£110,000-£114,999	0
£115,000-£119,999	0
£120,000-£124,999	0
£125,000-£129,999	0
£130,000-£134,999	0
£140,000-£144,999	0
£145,000-£149,999	0
£150,000-£154,999	1

The number of staff (expressed as both headcount and full time equivalent) split between male and female as at 31 March 2014:

	Headcount			FTE		
Grade	**Female**	**Male**	**Total**	**Female**	**Male**	**Total**
Exec. Team	6	2	8	5.8	2.0	7.8
Other SCS	14	14	28	13.5	14.0	27.5
A(U)	7	9	16	7.0	9.0	16.0
A	57	60	117	53.3	59.3	112.6
B	66	66	132	60.8	66.0	126.8
HEOD	3	3	6	3.0	3.0	6.0
C	30	22	52	28.6	22.0	50.6
D	19	16	35	17.9	16.0	33.9
Total	**202**	**192**	**394**	**189.9**	**191.3**	**381.2**

Sickness Absence Data

Average days' sickness absence per full time equivalent employed by DCMS during the year was 5.3 days (2012-13: 3.8 days), below the Government average.

Health and Safety Reporting

DCMS has online training and a self-assessment package for using computers. This has helped to ensure the health and safety of staff in a hot-desking environment. DCMS is represented on the building health and safety group.

Equal Opportunities and Diversity

The Department is an equal opportunities employer. 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. All staff are treated equally and fairly and decisions on recruitment, selection, training, promotion and career management are based solely on objective and job-related criteria. DCMS encourages arrangements for flexible working patterns and is committed to creating a culture where individual differences are valued and respected. The Department does not tolerate any form of discrimination, 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. These activities include but are not limited to training in the following areas:

- Unconscious bias
- Diversity & Equality
- Lesbian, Gay, Bi-Sexual &Transgender Awareness
- Disability awareness
- Supporting vulnerable people

Employment of Disabled Persons

The Department does not discriminate against staff or eligible applicants for posts on any grounds, including disability. Job application forms and other documents are available in alternative formats. The Department has been re-accredited with the “Positive About Disabled People Two Ticks Symbol”, which 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 on all disability issues including recruitment.

Employee Engagement

In the 2013 People Survey, DCMS’ participation rate increased from 41% (in 2012) to 66%, while the overall engagement of staff rose from 45% (in 2012) to 51%. DCMS staff are regularly updated by senior management on developments within the Department via weekly team cascades, regular all staff sessions with the Permanent Secretary, blogs from the Director General, all-staff away days and Q&A sessions on important subjects like the internal resourcing system. The DCMS internal strategic narrative, which sets out the vision, aims and objectives of the Department, was also developed with extensive input from staff.

Regulation and Other Public Interest

Reporting on Better Regulation

DCMS has important regulatory responsibilities, and is a positive contributor to the Government’s reducing regulation agenda. We regulate in line with the principles set out in the better regulation framework. This means that we regulate to achieve policy objectives only:

- Having demonstrated that satisfactory outcomes cannot be achieved by alternative, self-regulatory, or non-regulatory approaches;
- Where analysis of costs and benefits demonstrates that the regulatory approach is superior by a clear margin to alternative, self-regulatory, or non-regulatory approaches; and
- Where the regulation and enforcement framework can be implemented in a fashion which is demonstrably proportionate, accountable, consistent, transparent and targeted.

The DCMS Business Plan 2013-15 contains a specific better regulation objective, to “take forward proposals to reduce and reform the stock of statutory instruments and regulations for which the Department has overall responsibility”. This includes commitments to deregulate plays, dance and indoor sport, introduce entertainment licensing exemptions, and repeal unnecessary equalities legislation. The Business Plan also includes a range of better regulation commitments across DCMS policy areas including the UK communications and content industry and gambling sectors.

One-In, Two-Out

Since January 2011, Whitehall Departments have been expected, under one-in, one-out rules, to offset any increases in the cost of regulation by finding deregulatory measures of at least an equivalent value. This rule was later doubled to one-in, two-out, and for measures introduced since January 2013, Departments are expected to offset any increase in the cost of regulation by finding deregulatory measures of at least twice the value.

The latest published one-in, two-out balance for DCMS is -£40.78 million. This is listed in the Eighth Statement of New Regulation, published in July 2014. The credit balance recognises that we have done more to reduce the stock of regulation on business than to increase it. DCMS is the fourth best performing Department from January 2013 to June 2014.

From January 2013 to June 2014, DCMS was the fourth best performing Whitehall Department on one-in, two-out

Source: Eighth Statement of New Regulation

The major contributor to this was the triennial review of gaming machine stake and prize limits, announced in January 2014, which is an 'out' of £34 million. This changes the stake and prize limits of gaming machines, which will help to encourage growth, while complying with consumer protection objectives under the Gambling Act 2005.

More details about the Government's performance against the reducing regulation agenda can be found in the Eighth Statement of New Regulation.[31]

Regulatory Policy Committee

The Regulatory Policy Committee provides an opinion on the quality of evidence put forward in impact assessments that support policy proposals in scope of the better regulation framework, at both the consultation and final stage of the policy making process. The following table sets out the performance of the Department in each year since 2010.

	2011	2012	2013[32]
Number of impact assessments	34	17	15
Fit for purpose first time	76%	82%	67%

The Department's performance on impact assessments has been relatively consistent across this period. We are committed to evidence based policy making, and have established 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 impact assessments are subject to an internal analytical peer review process and are signed off by the Chief Economist. We publicise better regulation guidance on our intranet, and we are looking to build further capability through increased training.

Red Tape Challenge

The Red Tape Challenge (RTC) was launched by the Prime Minister on 7 April 2011, and encourages all Government Departments to prioritise tackling unnecessary regulation and have a conversation with the public on the regulations that affect their everyday lives. The default for the RTC is that regulation should be removed unless a strong case can be made for its retention.

31 https://www.gov.uk/government/publications/bis-eighth-statement-of-new-regulation-regulations-covering-july-to-december-2014

32 Consultation stage includes Regulatory Triage Assessments. Final stage includes validation statements

We are responsible for the sports and recreation and equalities themes of the RTC, and we have a shared responsibility for the hospitality, food and drink theme.

Sports and Recreation

We announced a package of measures in December 2013 to reduce the stock of sports and recreation regulations. The theme covers sports, gambling, the National Lottery, and cultural regulations. 32 regulations will be scrapped, either because they are redundant or because they create unnecessary burdens, and 104 regulations are in scope to be improved. The first measure to be implemented was the triennial review of gaming machine stake and prize limits, announced in January 2014. Other reforms include simplifying sports ground safety regulation through consolidation, scrapping a number of lapsed or redundant Lottery regulations, and simplifying Royal Parks regulations through consolidation to make them more accessible to the public.

Equalities

The Equalities theme, led by GEO, balances the need to provide important legal protection from discrimination with identifying which measures in the Equality Act 2010 are placing unnecessary or disproportionate burdens on business. Eight regulations have been or will be scrapped, either because they are redundant or because they create unnecessary burdens, and eight regulations will be improved. A major reform included scrapping legislation that made employers liable for harassment of staff by a third party, which was implemented in October 2013. GEO has also launched a voluntary initiative to improve gender equality transparency as an alternative to implementing legislation, requiring companies to report on their gender pay gap. Think, Act, Report targets private and voluntary sector employers with over 150 employees to make things fairer for women at work, for example through greater transparency on pay.

Regulated Entertainment

We also have a shared responsibility for the hospitality, food and drink theme, including the licensing of entertainment activities. We are reducing the licensing burden for entertainment activities that pose a lower risk to the objectives under the Licensing Act 2003, but retaining controls for activities and events that pose a greater threat.

Although this only accounts for one regulation as part of the RTC, it is a wide ranging piece of work. The final set of measures was included in a Legislative Reform Order laid before Parliament on 8 July 2014. This included measures for local authorities, schools, hospitals, live and recorded music, and circuses. Subject to Parliamentary approval, this will be commenced by April 2015.

Prior to this, reforms for live music in small venues came into force in October 2012, and deregulatory measures covering dance, plays and indoor sport came into force in June 2013. The Deregulation Bill, currently before Parliament, includes a draft clause on the deregulation of films screened in community premises.

Public Accounts Committee Recommendations

There were two Public Accounts Committee hearings on the rural broadband programme during 2013-14, on 17 July 2013 and 27 January 2014. The Committee's report following the second hearing, published on 1 April 2014, made recommendations on the provision of information on implementation plans, sharing data on deployment costs, and identifying opportunities to promote completion and value for money. We agree with these recommendations and we are following them in the course of implementing the broadband programme with local authorities and the devolved administrations.

Transparency at DCMS

DCMS remains committed to provide information on the Department and the impact of our policies on society, in support of the Government's vision for democratic accountability.

The transparency section of our website provides the data, and was linked this year to data.gov.uk (http://data.gov.uk/publisher/department-for-culture-media-and-sport) to help the public have access alongside comparable datasets from other Government Departments. Our data this year includes:

- Administrative spend and operational data for DCMS and our ALBs;
- Information on the delivery and outcomes of major programmes and the impact of our policies on society;
- Information on overseas travel, hospitality, gifts and meetings with external organisations for Ministers, special advisers and the Permanent Secretary;
- Individual procurement card expenditure above £500; and
- Participation in the real time energy consumption and contracts finder,

In 2013-14, DMCS initiated regular open data forums where our ALBs gather to share experiences and find new and novel ways of openly publishing more data held by Government for wider economic and social benefit.

Complaints to the Parliamentary Ombudsman

There have been no complaints against DCMS that have been accepted by the Parliamentary Ombudsman for investigation in 2013-14.

Correspondence Performance

In 2013-14, DCMS received just over 6,600 items of Ministerial correspondence (letters from Parliamentarians and others which require a response from Ministers). Our target is to reply to 90% of Ministerial correspondence within twenty working days and in 2013-14 we replied to 68% within our target.

This performance shortfall reflects a higher than expected turnover of staff in the central correspondence team during the first part of the year, resulting in significant short-staffing over a number of months. Performance is now fully back on track, with performance reaching 92% during the first three months of 2014. Our aim is to ensure that our future performance puts us once more amongst the top-performing departments in Government in this key area of work.

Policy on Payment of Suppliers

The Department paid 93.4% (2012-13: 95.2%) of valid invoices within 10 days of receipt and 99.6% within 30 days (2012-13: 99.7%). Following Budget 2010, the Government announced a new target for central Government Departments to pay 80% of valid invoices within five working days. DCMS's (Department only) performance against the target in 2013-

14 was 77.2% (2012-13: 82.3%). The Department does not currently operate a Procure to Pay (P2P) system, which would allow automatic invoice matching and increase performance against the five day target. A P2P system will be introduced as part of the move to shared services that is currently in train across Whitehall. In the meantime, DCMS will continue to monitor and work to improve its performance against the five day target through training of and regular communication with authorising officers in the Department.

Reporting of Personal Data Related Incidents

In the Cabinet Office's interim progress report on data handling procedures, published on 17 December 2007, the Government made a commitment that Departments will cover information risk management in their annual reporting. It stated that "Government should commit to enhanced transparency with Parliament and the public about action to safeguard information and the results of that action. Departments should cover information assurance issues in their annual reports."

An incident is defined as any of the circumstances (loss, unauthorised disclosure, insecure disposal) set out in the Cabinet Office report. Incidents, the disclosure of which would in itself create an unacceptable risk of harm, may be excluded in accordance with the exemptions contained in the Freedom of Information Act 2000 or may be subject to the limitations of other UK information legislation. Protected personal data is defined as data that meets the definition of the minimum scope of protected personal data or data that Departments consider should receive a similar level of protection because it would put those affected at significant risk of harm or distress.

In 2013-14, DCMS did not report any personal data related incidents to the Information Commissioner's Office.

Auditor 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 78. The external audit cost of the Departmental Group was £2,935,000 comprising £451,000 notional and £2,484,000 cash. Further information is provided in Notes 4 and 5 of the Notes to the Accounts.

Disclosure of Relevant Audit Information

As Accounting Officer, as far as I am aware there is no relevant audit information of which the Department's auditors are unaware. I have taken all of 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.

Sue Owen

Principal Accounting Officer and Permanent Secretary

21 October 2014

Statement of Accounting Officer's Responsibilities

Under the Government Resources and Accounts Act 2000 (the GRAA), HM Treasury has directed the Department for Culture, Media and Sport to prepare, for each financial year, consolidated resource accounts detailing 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 designated by order made under the GRAA by Statutory Instrument 2013 no 488, as amended by Statutory Instrument 2013 no 3187 (together known as the 'Departmental group', consisting of the Department and sponsored bodies listed at note 30 to the accounts). The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Department and the Departmental group and of the net resource outturn, application of resources, changes in taxpayers' equity, and cash flows of the Departmental group 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 judgments and estimates on a reasonable basis, including those judgments 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 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 Accounting Officer of the Department is responsible for ensuring that appropriate systems and controls are in place to ensure that any grants that the Department makes to its sponsored bodies are applied for the purposes intended and that such expenditure and the other income and expenditure of the sponsored bodies are properly accounted for, for the purposes of consolidation within the resource accounts. 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.

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 bodies for which the Accounting Officer is responsible, are set out in *Managing Public Money*, published by HM 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 2013-14 and accords with HM Treasury guidance. It also integrates material information about the Department's ALBs included in the Department's Consolidated Accounts for 2013-14.

How we have managed DCMS

In order to manage the Department efficiently, I am supported by formal governance structures with agreed remits. These governance structures comprise the Departmental and Executive Boards, Committees and a Programme Board for the significant Broadband programme, designed to maintain clarity and accountability, delegate authority to the relevant level and to allow me and other Board and Committee members to make decisions, monitor performance and manage resources and risk. Details of ministers, senior staff and Non-Executive Board Members (NEBMs) are listed in the Strategic Report.

Governance Structure

The governance structure set out below applies to the core Department, also referred to as DCMS in this Statement.

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 as part of the process of preparing the Group Accounts). The Department completes a formal six monthly risk assessment of ALBs which is discussed at the Departmental Board and the Audit and Risk Committee, supported by regular engagement throughout the year. The ALB risks are also reviewed at each bi-monthly meeting of the ALB Governance Board.

The Department is responsible for the oversight of the National Lottery regime. The activities of the National Lottery licence holder are regulated by the Gambling Commission (formerly the National Lottery Commission, which merged on 1 October 2013 with the Gambling Commission). The Gambling Commission is the independent regulator, responsible for, among other things, monitoring and reporting on the performance of the licence holder and enforcing the terms of its Section 5 licence. The Department exercises its oversight of the National Lottery regime through controls on the Gambling Commission.

The amounts raised through the National Lottery for Good Causes are paid into the National Lottery Distribution Fund (NLDF) which, together with the residual Olympic Lottery Distribution Fund (OLDF), is managed and run by staff employed by DCMS. I hold separate Accounting Officer responsibility for these Funds. However, their management follows the normal processes for DCMS, and consequently the governance policies of DCMS operate in the same way with regard to both the NLDF and OLDF. 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 also conducts annually an assurance review of the existence within, and satisfactory application by, Lottery Distributors of key systems of internal control.

The BBC is established by Royal Charter, with the current Charter expiring on 31 December 2016. It is funded through the TV licence fee, and a dividend from BBC Worldwide. In 2010, as part of the wider Spending Review, the Government froze the licence fee at £145.50 until March 2017. Under the Charter, Ministers appoint the Chair and other members of the BBC Trust who are responsible for holding the BBC Executive to account for the use of licence fee monies, on behalf of licence fee payers. 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 Trust and executive, under the Charter and Agreement**.**

DCMS enhanced its Departmental Board in May 2013, with the introduction of a Performance Review Group, comprising Non-Executive Board Members, the Permanent Secretary and Directors, which scrutinised performance and delivery challenges, reporting the key issues to the Departmental Board, until November 2013. In December 2013, the Executive Board took over responsibility for performance monitoring and reporting to the Board. The Departmental Board provides advice and challenge to the Department and its Ministers on strategic and operational issues. The Departmental Board is chaired by the Secretary of State and is composed of Ministers, Senior Executives and Non-Executive Board Members (NEBMs). Committees of the Departmental Board include:

- **Audit and Risk Committee**: reports to and advises the Departmental Board on governance, risk management and control; comprises a NEBM as chair, plus one other NEBM and two other independent members;

- **Pay Committee**: advises on decisions on senior remuneration and reward; and

- **Departmental Sub-Board**: supports the Departmental Board through performance scrutiny, and advice and challenge on operational and delivery issues (established September 2014)

The Board was also supported by the:

- **Executive Board**: provides corporate leadership to the Department and ensures delivery of the business plan in support of Ministers' objectives. The Executive Board regularly reviews budgets and management internally and across the group. In addition, the sub-committees of the Executive Board are:

  – **Corporate Committee**: manages DCMS resources and infrastructure;

  – **Delivery and Resourcing Committee**: provides project/programme assurance and allocates the flexible resourcing pool;

  – **Investment Committee**: approves and monitors major capital projects (for the Department and its ALBs);

  – **BDUK Programme Board**: supports BDUK to deliver its objectives; and

  – **Senior People Development Committee**: manages performance and talent of Senior Civil Servants.

In response to an internal audit report on governance in autumn 2013, the Department introduced an additional sub-committee to strengthen ALB governance and accountability arrangements and to take account of new museum freedoms:

  – **ALB Governance Board**: provides assurance that risks are being effectively managed across the Department's ALBs and has strategic oversight of the Department's relationship with them (established 3 March 2014).

Departmental Board and Committee attendance for financial year 1 April 2013 to 31 March 2014				
	Board/Committee members	**Departmental Board**	**Audit & Risk Committee**	**Pay Committee**
Ministers	The Rt Hon Maria Miller MP	6/6		
	The Rt Hon Sir Hugh Robertson MP	3/3		
	Ed Vaizey MP	6/6		
	Jo Swinson MP	2/4		
	Helen Grant MP	4/6		
	Jenny Willott MP	2/2		
Non-Executive Board members/ independent members	David Verey	5/6	4/5	1/1
	Dr. Tracy Long	5/6	4/5	1/1
	Ajay Chowdhury	6/6		
	Ruby McGregor-Smith	3/6		
	Michael Higgin		5/5	
	Chris Walton		5/5	
Executive	Sir Jonathan Stephens	2/2	2/2	1/1
	Sue Owen	3/3	3/3	
	Sarah Healey	2/2	2/2	
	Helen MacNamara	4/4		
	Samantha Foley	6/6	5/5	
	Jon Zeff	4/5		

Note: late but unavoidable changes to some meeting dates meant that some members were unable to attend meetings due to previous commitments.

During 2013-14, the Boards and Committees have been effective in delivering policy, projects and programmes, and operational priorities. An internal audit review of DCMS governance arrangements in August and September 2013 found that they provided reasonable assurance that the Department's operating environment was effective, but lacked formal process and some corporate discipline and administrative rigour. The Department is currently strengthening its governance arrangements, and implementing the internal audit recommendations.

The Departmental Board met six times in 2013-14 and provided advice and challenge to the Department and its Ministers on strategic and operational issues. It focused its attention on growth, the value of culture, soft power, broadband, equality, First World War centenary commemorations, ALB risk assessment, prioritisation of work and resources, capability and capacity, as well as Departmental performance and finance.

David Verey, the Lead NEBM, carried out the annual review of the Board's effectiveness in April and May 2014, with independent input from Dame Sue Street. It noted that DCMS has been through a period of considerable change, including to the membership of the Departmental Board with a change of Permanent Secretary, new Ministers and most recently a new Secretary of State. This has provided the opportunity to build a new team and refocus on providing support and challenge to the Department on future direction, change, performance, strategic risk management and succession planning.

Notable improvements have been made to take forward issues from the last annual Board effectiveness evaluation; including content of the meetings; quality of information provided to the Board, and strengthened secretariat support. All of this has improved the effectiveness of the meetings and the engagement of Board members in the meetings. There is more to do in the coming year to clarify the Board's priorities, and further refine the management information and progress reporting against key performance indicators. With over 50% of the Board membership having changed over the course of the last year, another priority will be making time for Board members to spend time together to build an effective team and agree an operating framework with clear priorities.

The NEBMs have worked in various areas of the Department to share their expertise, including ALB governance, risk, women and equality, recruitment of senior staff and public appointees, broadband, arts, DCMS's property portfolio, and the flexible resourcing model. Systematic engagement of NEBMs across the business outside of formal Board meetings is a priority for 2014-15.

The Departmental Board has been supported in its work by the Audit and Risk Committee, the Senior Pay Committee, and, from September 2014, by the new Departmental Sub-Board.

The Audit and Risk Committee (ARC) met five times during the year. In line with its terms of reference to support the Accounting Officer and the DCMS Board in their responsibilities for governance, risk management and control, the ARC focused its attention primarily on high risk and high profile items, especially the Olympics, the broadband programmes including the urban voucher scheme, liabilities that DCMS will inherit from Olympic Delivery Authority, National Lottery assurance review, ALB risk review and identification of potential future risks, and preparedness for ceremonial events.

Additionally, the ARC provided substantial advice and challenge to the Department in the preparation of the DCMS consolidated Annual Report and Accounts, the OLDF and the NLDF Annual Reports & Accounts for 2012-13, as well as considering external and internal audit findings and opinions for 2012-13 and 2013-14, NAO's management letters, and internal and external audit strategy and plans. The ARC also provided regular oversight of corporate resilience including the improvement programme, people resourcing, compliance with Government management information requirements, information assurance and system security, and fraud, error and debt.

In discharging her responsibility, the ARC Chair meets regularly with the Accounting Officer, Finance Director, members of the Executive Board, internal audit and the NAO, and holds strategic risk workshops with senior management.

Appointment of Head of the Department and the DCMS Board

The head of the Department (the Permanent Secretary) and other executive members of the DCMS Board are appointed on terms and conditions set out in the Civil Service Management Code. These members of staff have individual contracts of employment which specify the length of their appointment (if appropriate) and termination procedures (where appropriate).

Disclosure of senior staff salaries and production of organisation charts

As part of the Government's Transparency agenda, DCMS and its executive NDPBs have published data on the remuneration of senior staff within their organisations as at 31 March

2014, as well as organisation charts which give senior staff structure and summary information for staff at junior levels. The DCMS Organogram can be found at: http://data.gov.uk/organogram/department-for-culture-media-and-sport, with the supporting data tables found at: https://www.gov.uk/government/publications/dcms-disclosure-of-senior-and-junior-salaries-and-production-of-organogram-march-2014. Each executive NDPB entry includes a link to where its own data can be accessed.

Directorships and other Significant Interests

Board members completed their annual declarations of interest. Board members are asked to declare any relevant interests in agenda items at the start of each Board meeting and absent themselves from those discussions. No directorships or other significant interests were held by Executive Board members, which may have conflicted with their management responsibilities.

Ministers' and Board Members' Remuneration

The details of ministers' and board members' remuneration are set out in the remuneration report.

Compliance with the Code of Corporate Governance

DCMS fully complies with the Code of Corporate Governance with the following variations:

- The Pay Committee, which comprises the Permanent Secretary and two NEBMs, fulfils the role of the Nominations and Governance Committee, focusing primarily so far 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. The Chair of the Audit and Risk Committee regularly reports to the Board on key issues and the work of the Committee.

Quality of Data received by the Board

The Departmental Board received regular updates on Departmental performance, in addition to corporate information covering finance, human resources and correspondence. The information provided to the Board was sourced from the Departmental performance plan and the Integra and Oracle databases. Work continues to ensure that data going to the Board are quality assured by the relevant Committee or member of the Executive Board. DCMS receives a considerable number of data requests from the Cabinet Office and HM Treasury as well as other Government Departments, and following a comprehensive data audit is focusing on improving the quality and coverage of critical returns, in particular the Quarterly Departmental Summary (QDS), and on providing proportionate responses to other requests of a more peripheral nature to the DCMS business.

Key Governance Issues

Machinery of Government Changes

During 2013-14, DCMS was subject to two inter-Departmental transfers of functions. On 1 April 2014, responsibility for the Olympic and Paralympic Legacy was transferred from Cabinet Office to DCMS. On 12 February 2014, responsibility for child internet safety policy was transferred to DCMS from the Department for Education.

Tax Policy for Off-Payroll Appointees

The Government's review of the tax arrangements of public sector appointees highlighted the possibility of artificial arrangements to enable tax avoidance, such as by the use of personal service companies. The results and recommendations of the review were published on 23 May 2012, including measures for Departments to implement by 23 August 2012.

In response, we have promulgated the central guidance across the DCMS family. All new contracts and contract renewals have been amended to include a clause which allows us to gain assurance that individuals are paying the correct amount of tax.

Tax assurance evidence has been sought and is requested annually to ensure compliance, the expectation is that where this is not the case contracts will be terminated. Our partner organisations 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 passed to HMRC for further investigation.

A summary of the DCMS tax assurance data is available at

https://www.gov.uk/government/publications/dcms-tax-data-for-off-payroll-workers-april-2013-to-march-2014

Internal Controls, Risk Management and Assurance

Scope of Responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of DCMS' policies, aims and objectives, whilst safeguarding the public funds and Departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in *Managing Public Money.* That also applies across the DCMS Group, within the context of the governance arrangements applicable to each body within the Group.

The Department completed an extremely ambitious four year change programme in summer 2013 to meet public sector spending challenges and best manage other changes in the sectors for which we have responsibility. The Departmental Improvement Programme will improve DCMS' strategic focus, with existing resource rebalanced and flexibly deployed in accordance with priorities and supported by more effective governance and performance reporting arrangements. When considering the Department's control systems and risk management, I have taken into account the impact of these major changes.

I work closely with Ministers, meeting them to discuss significant matters individually or at the Board. I alert them promptly to risks, especially those strategic to DCMS or its major policies and to potential regularity, propriety or value for money implications of their decisions.

I have designated the Chief Operating Officer of the Olympic Delivery Authority, and the Chief Executives of the Royal Parks and DCMS's executive NDPBs as Accounting Officers for their respective bodies, responsible for signing their own Governance Statements and Annual Accounts – now consolidated with the Department's Accounts; fulfilling the terms of their Management Agreement or other control document; and promptly reporting any significant internal control systems breakdowns to me. The Department regularly monitors these, alongside taking a risk based approach to engagement with the bodies.

The Department is also responsible for some advisory NDPBs; public corporations and public broadcasting bodies, which have greater levels of independence; and other ALBs that receive DCMS grant funding. In addition, the Department has oversight of the National Lottery and exercises appropriate controls, working with the Gambling Commission which now carries out these functions, following the merger of the National Lottery Commission (the independent regulator) with the Gambling Commission on 1 October 2013.

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

- The BBC: under the terms of its Charter, responsibility for governance of the BBC is vested in the BBC Trust, which holds the Executive to account for how the licence fee is spent, on behalf of licence fee payers, to ensure value for money. The BBC is funded through the TV licence fee (and a dividend from BBC Worldwide), which is set and received by Government and paid to the BBC via grant-in-aid in accordance with the licence fee settlement made for 2010-2017. The BBC has responsibility for the collection of the licence fee, and the Trust must ensure that the collection of the licence fee is efficient, appropriate and proportionate (as set out in the Charter).

- National Lottery: income is collected by the operator, Camelot, and overseen by the Gambling Commission, a DCMS ALB; it is passed to the National Lottery Distribution Fund (and in the case of the Olympics to the Olympic Lottery Distribution Fund), which are DCMS related parties, and for which I hold a separate Accounting Officer responsibility.

- The Olympic Delivery Authority: the ODA was established in 2006 to deliver the venues and infrastructure for the London 2012 Olympic and Paralympic Games, and the conversion for residential use and sale of the Olympic Village following the Games. It is funded currently from grant-in-aid from DCMS and its remaining grant from the former Olympic Lottery Distributor. The sale of the Olympic Village in August 2014 yielded capital receipts of £557.5 million (£497 million net of repayment of purchaser's security deposit). This is in addition to the £268 million received from earlier sale of the affordable housing element to Triathlon. The ODA is governed by a Chairman and Board appointed by the Secretary of State. DCMS attends all ODA Board meetings as an observer and also attends the ODA Committee. The ODA is on track to dissolve before the end of 2014.

- A four year-long pilot to provide national museums with new operational freedoms, was announced by the Chancellor as part of the 2013 Spending Round. This pilot includes a set of budgetary freedoms designed to provide museums with sufficient flexibility to manage commercial revenues, philanthropic donations, expenditure and the effect of depreciation on its immutable physical assets due to changes in property prices and other market forces. To put those freedoms into effect, HM Treasury has agreed with DCMS that it will provide for the upper end of the range of likely scenarios around spending and certain other accounting entries in its Estimates while maintaining proper scrutiny of forecasts. The outturn was lower than anticipated as a result of more favourable valuations to a number of museum estates. This was the first year of the pilot and lessons learnt from the 2013-14 outturn will inform the Department's and HM Treasury's approach to the creation of Estimates in future years.

During the current Spending Review period, the Department is undertaking a major programme of reform to its ALBs, including abolitions, mergers and transfers to other public bodies. In 2013-14, the Department abolished the Registrar of Public Lending Rights and transferred functions to the British Library, merged the Gambling Commission and the National Lottery Commission, significantly reformed the Equality and Human Rights Commission, is on track to deliver 50% savings in the administrative budget of Arts Council England. We are piloting a package of financial and operational freedoms for national museums and galleries and reforming English Heritage. We have agreed an ambitious programme of triennial reviews, which will be examining whether some ALBs in their current form remain fit for purpose, and will have an overarching focus in delivering greater efficiencies. The ALB risk assessment methodology has been strengthened and the risk assessments are reviewed on a bi-monthly basis at the ALB Governance Board. All associated risks are being identified and managed within the sector teams and report into the ALB Governance Board. This programme is expected to deliver increased accountability, greater transparency, and increased value for money.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Department for the year ended 31 March 2014 and up to the date of approval of the Accounts, and accords with Treasury guidance. Similarly, individual Accounting Officers and Boards are responsible for maintaining adequate systems of internal control within their own organisations.

Managing the Risk of Fraud in DCMS

The Department's policy towards fraud, malpractice and corruption is one of zero tolerance, whether by the Department itself or the ALBs for which it is responsible. The Department's fraud policy, which sets out the policy in more detail, and the Department's fraud response plan, which sets out the arrangements for reporting and responding to fraud, have both been updated as part of a new action plan, which the Department has developed to address fraud. The main emphasis of the action plan is keeping staff alert to risks. To facilitate this, DCMS has a fraud, error and debt champion, supported by an alerts system coordinator. They keep up with and disseminate good practice across DCMS, including lessons arising from fraud investigations, and inform the National Fraud Intelligence Bureau of frauds.

There were no instances of reported fraud in 2013-14 in the core Department. Seven instances of fraud were reported by its ALBs. These included: fraudulent change of bank details (the amount taken was recovered); various forms of ticketing fraud; theft from museum shop tills; the theft of an item on loan to another Museum; and re-direction of a cheque to a private account.

Capacity to Handle Risk

As Accounting Officer, my responsibility for high standards of corporate governance includes effective management of risk throughout the Department.

Within the core Department, risk is managed actively and risk management is embedded into all Departmental processes. The Department's risk framework identifies risk management as a key role of the Board, the Executive Board and its sub-committees. Policy and guidance are available to staff on the intranet, and risk management masterclasses have been provided. The Corporate Committee has overall responsibility for the risk management framework.

The risk management framework consists of three management levels at which risks are managed: local/project, Committee, and Board levels.

- At the local level, risk is managed and risk registers maintained by policy and operational teams and by project and programme teams across the Department.

- At the Committee level, risk is managed by the Corporate Committee. The Corporate Committee maintains its own risk register and manages red rated operational risks within the corporate area. The Investment Committee considers the financial implications of and risks inherent in individual large DCMS and ALB capital projects. Senior Responsible Owners and project/programme boards monitor major programmes such as and broadband delivery, as well as ALB risk.

- Risks escalated by the Corporate Committee, Investment Committee, ALB Governance Board and Department-wide operational, delivery and strategic risks are managed by the Executive Board, which also considers risk at workshops facilitated by the Chair of the Audit and Risk Committee.

In addition, while responsibility for managing risk remains with ALBs, the Department has a system of regularly reviewing known ALB risks. The outputs of these reviews were approved by the ALB Governance Board and discussed by the Audit and Risk Committee and the Departmental Board, and are used to set the level and intensity of Departmental engagement with individual ALBs.

An Internal Audit review of the Department's risk management systems carried out in March 2013 found that they provided reasonable assurance. It concluded that the Department understood and was managing key business risks for business as usual and programme activities. However, differing approaches to risk management methodology showed there is not universal compliance with the agreed risk management framework or single risk severity scoring method, and that it needed to develop a more structured and consistent approach to monitoring and comparing risks in these areas.

To address the issues identified by Internal Audit, the escalation process from local level or Committee to the Executive Board was formalised, providing greater clarity on the type of risks to escalate and when. This escalation process will complement the existing risk management framework and link with the ALB risk management process, providing consistent risk management across the Department. A further audit of risk management systems is planned for early in 2015 to assess improvements.

The Risk and Control Framework

The Department's risk management policy statement and guidance defines what 'risk' and 'risk management' mean, and outlines the key principles underpinning our approach to risk management, the hierarchy for managing risks, the risk identification and management process and the roles and responsibilities of staff.

The Department aims to be an organisation that assesses and manages risk effectively. The combined impact and likelihood scores provide a risk rating scale of green, amber-green, amber and red. Risk tolerance is amber-green, above which all risks must be actively monitored.

In line with the scope of my responsibility, the Department has agreements with the Royal Parks and all directly funded ALBs, setting out the Departments' 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.

I make Accounting Officers of all ALBs 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), they are required to notify me of significant internal control weaknesses or issues arising. To provide me with assurance at the year end, they must incorporate a Governance Statement in their Accounts. I take prompt follow up action as necessary on any matters identified from these Governance Statements or notifications. Matters of sufficient significance are considered for disclosure in this Statement. In addition, the Department's ALBs have their own Audit Committees.

Following the wind-up of the Government Olympic Executive (GOE) on 31 October 2012, the Accounting Officer's interests have been protected by a small team of former GOE staff within DCMS focused on enabling the successful management of risks to the retrofit of the Olympic Village and the completion of its sale and the delivery of the legacy programme.

The Olympic Lottery Distributor (OLD) was dissolved on 1 April 2013 and its final accounts were laid on 16 July 2014. On the sale of the Olympic Village in August 2014 a £69.2 million share of the sale receipts was passed to the Olympic Lottery Distribution Fund (OLDF) and from there to the Lottery distributors, via the National Lottery Distribution Fund, in the usual good case proportions. The £69.2 million is the repayment to the Lottery of a supplemental grant made previously by the OLD to support the construction of the Olympic Village. The Olympic Delivery Authority (ODA) and the OLDF will be wound up later in the year on conclusion of the ODA's business and subject to Parliamentary approval.

Assurance reporting exercises supplement the Department's risk management process. Senior managers and Directors are requested to report six-monthly 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. Internal Audit's end of year report was able to give moderate assurance. They are content that the process was conducted effectively (including the receipt of all required returns from Senior Managers and ALBs) and recommended some improvements to the process for future years. The Department will take account of these recommendations in its processes for 2014-15.

The end of year assurance exercise did not identify any significant exceptions that needed to be drawn to the attention of the Audit and Risk Committee and Permanent Secretary in respect of the 2013-14 financial year.

National Audit Office Reports

In addition to the annual Departmental Overview, the National Audit Office produced two reports in 2013-14 relating to the Department's work:

- *Rural Broadband Programme*

  The Department has made good progress in implementing the five recommendations made by the NAO for the rural broadband programme.

  The first of these related to the programme timescales. The Department has worked very closely with suppliers and local project partners to make sure individual procurements were not unnecessarily delayed. All 44 local procurements have now successfully been completed and implementation is on track to meet the contractual commitments.

  The second and third recommendations related to ensuring value for money in the procurement and implementation stages. The Department has multiple safeguards in place, recognising that assurance over bid costs would never be sufficient as a value for money control alone. The contractor is only paid for incurred eligible expenditure, evidenced by invoices and linked to key deliverables set out in contracts. We have implemented our in-life contract controls, and are providing dedicated support to each of the local projects that will last throughout the implementation of the projects.

  The fourth recommendation related to take-up. The Department is actively monitoring take-up rates, and providing support to Local Bodies on increasing take-up to generate clawback which can be reinvested in further superfast broadband infrastructure.

  The fifth recommendation related to future programmes. The potential market capacity and interest are key considerations which the Department and Local Bodies are taking into account for future broadband projects. For the phase 1 superfast broadband projects BT is providing a high degree of visibility of costs to Local Bodies and to the Department and is only paid for eligible capital expenditure which is evidenced as being required to support delivery. The Department will use the same process for projects under phase 2 of the programme. The Department will also use the results of independent cost benchmarking to inform future broadband procurements. The Department will apply the lessons from the broadband programme as appropriate to other major procurements.

- *Data systems underpinning input and impact indicators*

  For data systems underpinning input and impact indicators, the NAO reviewed three performance indicators. Two were rated adequate and one, which was still in development, was reviewed as having some weaknesses, which DCMS was addressing:

  – *Number of people directly employed in tourism* was rated adequate with a recommendation to include additional more timely data, as this indicator is derived from the ONS National Accounts and has considerable lag. We have now implemented this recommendation and included numbers of overseas visitors to the UK as a more timely performance indicator for tourism.

  – *The Best in Europe Scorecard (measuring coverage, speed, price and choice of broadband service)* was also rated adequate, and was in development by

Ofcom at the time of assessment. It has now been published. DCMS is currently formalising the relationship with Ofcom on production of the scorecard.

– *Number of premises covered per £ million of broadband delivery programme expenditure* was in development at the time of assessment and identified as having some weaknesses, which DCMS was addressing. This indicator was published for the first time as an official statistic in December 2013, and we are now addressing the recommendation that, as the reporting system matures, an assessment is made of the risks to data quality in information provided by broadband suppliers.

In our Business Plan, whilst maintaining consistency with existing performance indicators, we have addressed the recommendation to broaden the coverage by including a new indicator on *total visits to DCMS sponsored museums and galleries.*

The final recommendation related to an information strategy. The Department is currently planning to review its IT and security policies in the Autumn as part of the project to procure a new IT service. This covers information management and systems and associated risks, and will consider a formal information strategy as part of this review.

The Department holds very little personal data; its information risks have been identified and are mitigated in line with Cabinet Office requirements. The Department completed the information assurance maturity matrix in March 2014 and has raised awareness of information management within the Department through presentations and the issue of a security guide. This was timed to support the rollout of the new Government security classifications.

Models Statement of Assurance

I am satisfied that quality assurance of the models which are business critical to DCMS is of appropriate design and has been conducted according to professional standards. All models are professionally managed under adequate systems of supervision and control and, over the past year, have been used only for purposes related to those for which they were designed. As a consequence, I conclude that the Department's business critical models pose low business risks.

Review of Effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control, key elements of which are set out above. My review is informed by:

- Key elements of the Department's governance structure: the DCMS Departmental Board, the Executive Board and the Audit and Risk Committee;

- The work of the internal auditors and all executive managers within the Department who have responsibility for the development and maintenance of the internal control framework;

- Comments made by the external auditors in their management letter and other reports; and

- Relationships with DCMS's ALBs, including reviews of their own individual accounts, and any information passed to me via the ALB Audit Committees.

Despite all the systems, processes and controls that I have put in place, exceptions do occur, and I have emphasised that I need to be promptly alerted to any significant ones. I consider all such control issues for potential inclusion in this Statement and for wider dissemination to minimise the likelihood of similar occurrences.

Big Lottery Fund's Financial Management System

Issues in relation to the roll out of the Big Lottery Fund's financial management system (which is detailed by Big Lottery Fund in its 2013-14 Annual Report and Accounts) have been reported to me by both the Big Lottery Fund's Accounting Officer and the Cabinet Office sponsoring team. I and my senior team have received regular updates on progress. I am satisfied that appropriate action has been and continues to be taken to address the issues arising.

The Gambling Commission's Pre-Employment Checks

The Gambling Commission undertook remedial action to address a fundamental control weakness in its pre-employment checks identified by its internal auditors (which is detailed by the Gambling Commission in its 2013-14 Annual report and Accounts). This related to 'right to work' checks not being carried out on two individuals before they joined the Commission. No risk or reputational damage resulted and I am satisfied that this issue is now resolved.

UK Sport's Personal Data Incidents

UK Sport's accounting Officer reported six protected data incidents in 2013-14, one of which met the criteria for reporting to the Information Commissioner's Office, who investigated the incident. I am satisfied that appropriate action has been taken to review UK Sport's information security policy and staff training.

National Portrait Gallery's Data Incident

The National Portrait Gallery reported one protected data incident. I am satisfied that this incident was fully investigated and no further action is required.

No other significant control issues relating to ALBs over which the Department has control merit mention in this statement. I do not report on any governance issues for the BBC as it is independent of Government and publishes its own Annual Report and Accounts (available at: http://www.bbc.co.uk/annualreport/2014/home/?source_url=/annualreport/2014/home).

Internal Audit Annual Report

The cross-departmental internal audit services (XDIAS) operate to Government internal audit standards. XDIAS discusses its programme of assurance work with the Department to focus most efficiently on key Departmental risks. XDIAS submits regular reports, which include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of arrangements for risk management, control and governance, plus actions for improvement agreed with management. Implementation within agreed timescales of these actions is monitored by XDIAS but is a management responsibility. For the year ended 31 March 2014, as a consequence of their work, XDIAS gave substantial assurance on the adequacy and effectiveness of the system of internal control over the course of the year. The XDIAS also undertook an audit of the NLDF and provided assurance that appropriate governance arrangements, risk management and control processes are in place.

Production of Financial Statements

2012-13 was the second year that DCMS, alongside other central Government Departments, was required to produce financial statements for both its core Departmental activities (similar to previous Resource Accounts) and for its wider group. This year, we brought forward the speed of production of the Group Annual Report and Accounts, we plan to advance it further in 14-15. And, for the second consecutive year, the Annual Report and Accounts for all the ALBs required to be laid before Parliament for which the Department has control were laid before Summer Recess.

Accounting Officer Changes

Sir Jonathan Stephens was Permanent Secretary and Accounting Officer until 31 August 2013. I was appointed Permanent Secretary and Accounting Office on 1 October 2013. Clare Pillman, Director, was appointed interim Accounting Officer during the intervening period, from 1 to 30 September 2013. As part of comprehensive hand over procedures I have received appropriate assurance that controls were in place throughout the financial year 2013-14.

Sue Owen

Principal Accounting Officer and Permanent Secretary

21 October 2014

Remuneration Report: Core DCMS Only

Equivalent information relating to The Royal Parks is given in its separate accounts. Other ALBs provide equivalent information in their own accounts where required to do so.

This annual remuneration report is prepared with reference to guidance contained in the annual Employer Pension Notice (EPN 380) issued by the Cabinet Office on 1 April 2014.

Remuneration Policy

The remuneration arrangements for Senior Civil Servants are set by the Prime Minister following independent advice from the Senior Salaries Review Body.

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 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 www.ome.uk.com

Service Contracts

The Constitutional Reform and Governance Act 2010 requires 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, 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 – audited)

Single total figure of remuneration								
Ministers	Salary (£)		Benefits in kind (£, to nearest £100)		Pension benefits (£, to nearest £1,000)[33]		Total (£, to nearest £1,000)	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
The Rt Hon Maria Miller MP Secretary of State	68,169	39,575 (FYE* 68,827)	-	-	25,000	18,000	94,000	58,000
Ed Vaizey MP Parliamentary Under Secretary of State	23,039	23,697	-	-	8,000	9,000	31,000	32,000
The Rt Hon Sir Hugh Robertson MP Minister of State *To 7 October 2013*	16,694 (FYE* 32,344)	29,022	-	-	5,000[34]	8,000	22,000	37,000
Helen Grant MP Parliamentary Under Secretary of State *From 7 October 2013*	11,148 (FYE* 23,039)	-	-	-	3,000[35]	-	14,000	-

[33] 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.
[34] Pension benefits from 31 March 2013 to 7 October 2013.
[35] Pension benefits from 7 October 2013 to 31 March 2014.

Single total figure of remuneration								
Ministers	Salary (£)		Benefits in kind (£, to nearest £100)		Pension benefits (£, to nearest £1,000)[36]		Total (£, to nearest £1,000)	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
The Rt Hon Jeremy Hunt MP[37] Secretary of State *Until 3 September 2012*	-	34,414 (FYE* 68,827)	-	-	-	-	-	-
John Penrose MP[38] Parliamentary Under Secretary of State *Until 3 September 2012*	-	11,849 (FYE* 23,697)	-	-	-	-	-	-

*FYE – Full Year Equivalent.

These figures relate to the salary Ministers receive in addition to their MP salary. There were no benefits in kind paid to Ministers.

The Rt Hon Maria Miller MP resigned as Secretary of State effective 9 April 2014. The Rt Hon Sajid Javid MP was appointed as Secretary of State on 9 April 2014. Ministers who leave office and have not attained the age of 65, and are not appointed to a Ministerial or other paid office within three weeks, are eligible for a severance payment of one quarter of their claimed annual Ministerial salary. As Maria Miller met these requirements, she was paid £16,876 shortly after leaving office in April 2014. This payment represented a quarter of Maria Miller's claimed annual Ministerial salary of £67,505. DCMS was obliged to make this payment under statute and was acting in accordance with the Ministerial and Other Pensions and Salaries Act 1991.

The Rt Hon Nicky Morgan MP was appointed as Financial Secretary to the Treasury and Minister for Women on 9 April 2014. Her remuneration details are disclosed in HM Treasury's Accounts. Jo Swinson MP is Parliamentary Under Secretary of State for Employment Relations and Consumer Affairs and Parliamentary Under Secretary of State for Women and Equalities. While on maternity leave during 2013-14, her roles were covered by Jenny Willlott MP. The remuneration details for both are disclosed in the annual Accounts of the Department for Business, Innovation and Skills.

[36] 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.
[37] Pension benefits for 2012-13 were not required to be collected at this time and have been calculated retrospectively. Where Ministers and / or Officials have left the department during 2012-13, the Department cannot retrospectively collect the data.
[38] Pension benefits for 2012-13 were not required to be collected at this time and have been calculated retrospectively. Where Ministers and / or Officials have left the department during 2012-13, the Department cannot retrospectively collect the data.

Single total figure of remuneration										
Officials	**Salary (£'000)**		**Bonus payments (£'000)**		**Benefits in kind (to nearest £100)**		**Pension benefits (£, to nearest 1,000)[39]**		**Total (£'000)**	
	2013-14	**2012-13**	**2013-14**	**2012-13**	**2013-14**	**2012-13**	**2013-14**	**2012-13**	**2013-14**	**2012-13**
Sue Owen Permanent Secretary & Accounting Officer*** *From 1 October 2013*	75-80 (FYE* 150-155)	-	-	-	-	-	98,000[40]	-	175-180	-
Sir Jonathan Stephens Permanent Secretary & Accounting Officer*** *To 31 August 2013*	65-70 (FYE* 155-160)	155-160	-	-	-	-	(16,000)[41]	12,000	45-60	165-170
Sarah Healey Director General** *From 9 December 2013*	30-35 (FYE* 100-105)	-	-	-	-	-	17,000[42]	-	45-50	-
Clare Pillman Director *** *Interim Accounting Officer from 1 September to 30 September 2013*	90-95	85-90	5-10	-	-	-	11,000	10,000	105-110	100-105

[39] 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.
[40] Pension benefits from 1 October 2013 to 31 March 2014.
[41] Pension benefits from 31 March 2013 to 31 August 2013.
[42] Pension benefits from 9 December 2013 to 31 March 2014.

Single total figure of remuneration										
Officials	**Salary (£'000)**		**Bonus payments (£'000)**		**Benefits in kind (to nearest £100)**		**Pension benefits (£, to nearest 1,000)[43]**		**Total (£'000)**	
	2013-14	**2012-13**	**2013-14**	**2012-13**	**2013-14**	**2012-13**	**2013-14**	**2012-13**	**2013-14**	**2012-13**
Jon Zeff Director**	90-95	90-95	10-15	-	-	-	5,000	12,000	105-110	100-105
Helen MacNamara Director** *To 30 November 2013*	70-75 (FYE* 90-95)	85-90	10-15	5-10	-	-	7,000[44]	1,000	85-90	90-95
David Brooker Director^	95-100	95-100	-	-	-	-	(6,000)	2,000	85-90	95-100
Rita French Director^^	70-75 (FYE* 90-95)	85-90	-	5-10	-	-	11,000	79,000	80-85	175-180
Samantha Foley Finance Director**	90-95	45-50 (FYE* 85-90)	-	-	-	-	44,000	41,000	135-140	85-90
Rachel Clark Director	90-95	15-20 (FYE* 85-90)	-	-	-	-	148,000	25,000	235-240	35-40
Simon Judge[45] Finance Director *Until 31 July 2012*	-	30-35 (FYE* 95-100)	-	-	-	-	-	-	-	-
Jeremy Beeton[46] Director General *Until 3 November 2012*	-	135-140 (FYE* 225-230)	-	-	-	-	-	-	-	-

[43] 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.
[44] Pension benefits from 31 March 2013 to 30 November 2013
[45] Pension benefits for 2012-13 were not required to be collected at this time and have been calculated retrospectively. Where Ministers and / or Officials have left the department during 2012-13, the Department cannot retrospectively collect the data.
[46] Pension benefits for 2012-13 were not required to be collected at this time and have been calculated retrospectively. Where Ministers and / or Officials have left the department during 2012-13, the Department cannot retrospectively collect the data.

*FYE – Full Year Equivalent.

****Sir Jonathan Stephens**, **Sue Owen**, **Sarah Healey**, **Jon Zeff**, **Helen MacNamara** and **Samantha Foley** were also members of the Departmental Board in 2013-14.

*****Sir Jonathan Stephens** ceased to be Permanent Secretary and Accounting Officer effective 31 August 2013.

*****Sue Owen** commenced as Permanent Secretary and Accounting Officer effective 1 October 2013.

*****Clare Pillman** was appointed as Interim Accounting Officer from 1 September to 30 September 2013. She was paid an additional pensionable allowance to reflect the assumption of duties at a higher grade.

^**David Brooker** retired from DCMS and the Civil Service effective 31 March 2014.

^^**Rita French** was on maternity leave from 17 September 2012 to 24 November 2013 inclusive, and reduced her FTE from 1.0 to 0.8 effective 1 February 2014.

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 (£65,738 from 1 April 2010, £66,396 from 1 April 2013) 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 Senior Civil Service performance management and reward principles include explanations of how non-consolidated performance awards are determined.[47]

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 2013-14 figures in the above table relates to awards made in respect of the 2012-13 performance year but paid in financial year 2013-14. Similarly the comparable bonuses reported for 2012-13 relate to performance in

[47] http://www.civilservice.gov.uk/recruitment/working/pay-and-reward/scs-pay

2011-12. Non-consolidated performance pay for 2012-13 was paid to the top 25% performers. The awards were differentiated by grade.

Benefits in Kind

There were no benefits in kind paid to the Permanent Secretary, or any member of the DCMS Senior Management Team.

Pay Multiples

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 2013-14 was £155-160,000 (2012-13: £420-425,000). This was 4.14 times (2012-13: 12.13) the median remuneration of the workforce, which was £38,002 (2012-13: £34,845). In 2013-14, 0 (2012-13: 0) employees received remuneration in excess of the highest paid Director. Remuneration ranged from £15,000 to £160,000 (2012-13: £20,000-£425,000).

Total remuneration includes salary, non-consolidated performance-related pay which relates solely to 2013-14, and benefits in kind. It does not include severance payments, employer pension contributions, and the cash equivalent transfer value of pensions.

	2013-14	2012-13
Band of highest paid Director's total remuneration (£'000)	155-160	420-425
Median total actual remuneration (FTE) (£)	38,002	34,845
Ratio	4.14	12.13

The reduction in ratio is explained by the departure of Jeremy Beeton on 3 November 2012. Jeremy Beeton was appointed in 2007, following an external competition supervised by the Civil Service Commissioners, on a fixed term contract that ran for a continuous period of five years. His remuneration, agreed with HM Treasury and the Cabinet Office, reflected his extensive experience in the construction industry and the unique challenge of delivering the London 2012 Programme to a fixed deadline. His annual salary was in the range of £225,000-£230,000, and he was additionally eligible for both an annual bonus linked to achievement of specific annual performance targets, and a long term bonus linked to achievement of specific measurable performance targets in 2010, 2011 and 2012. The 9% increase in the median total actual remuneration from 2012-13 to 2013-14 can be explained by inclusion of employees from the Government Equalities Office (GEO), who officially transferred to DCMS as part of a Machinery of Government change in June 2013. GEO employees enjoy pay ranges that are significantly higher than DCMS employees and are entitled to contractual pay progression. In addition, there has been an increase in the number of agency and interim appointments, particularly to BDUK, where remuneration offered is generally higher than that offered to DCMS employees engaged on typical civil service employment contracts.

Non-Executive Board Members

Remuneration and Full Year Equivalent (£'000)		
Non-Executive Board Member	**2013-14**	**2012-13**
David Verey	20-25	20-25
Dr. Tracy Long	15-20	15-20
Ajay Chowdhury	15-20	-
Ruby McGregor-Smith	15-20	-
Sir Peter Bazalgette *To 31 January 2013*	-	15-20 (FYE 20-25)
Lord Coe *To 18 October 2012*	-	Nil

Pension Benefits – Ministers

Minister	Accrued pension at age 65 as at 31 March 2014 (£'000)	Real increase in pension at age 65 (£'000)	CETV at 31 March 2014 (£'000)	CETV at 31 March 2013 (£'000)	Real increase in CETV (£'000)
The Rt Hon Maria Miller MP Secretary of State	0-5	0-2.5	54	27	13
Ed Vaizey MP Parliamentary Under Secretary of State	0-5	0-2.5	29	18	3
The Rt Hon Sir Hugh Robertson MP Minister of State *To 7 October 2013*	0-5	0-2.5	23[48]	16	3
Helen Grant MP Parliamentary Under Secretary of State *From 7 October 2013*	0-5	0-2.5	8	-	2

[48] CETV as at 7 October 2013

Ministerial Pensions

Pension benefits for Ministers are provided by the Parliamentary Contributory Pension Fund (PCPF). The scheme is made under statute (the regulations are set out in Statutory Instrument SI 1993 No 3253, as amended).

Those Ministers who are Members of Parliament may also accrue an MP's pension under the PCPF (details of which are not included in this report). The accrual rate has been 1/40th since 15 July 2002 (or 5 July 2001 for those that chose to backdate the change) but Ministers, in common with all other members of the PCPF, can opt for a 1/50th accrual rate and a lower rate of member contribution. An additional 1/60th accrual rate option (backdated to 1 April 2008) was introduced from 1 January 2010.

Benefits for Ministers are payable at the same time as MPs' benefits become payable under the PCPF or, for those who are not MPs, on retirement from Ministerial office from age 65. Pensions are revalued annually in line with Pensions Increase legislation. From 1 April 2013, members paid contributions between 7.9% and 16.7% depending on their level of seniority and chosen accrual rate. The contribution rates increased from April 2014.

The accrued pension quoted is the pension the Minister is entitled to receive when they reach 65, or immediately on ceasing to be an active member of the scheme if they are already 65.

In line with reforms to other public service pension schemes, it is intended to reform the Ministerial Pension Scheme in 2015.

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 is the element of the increase in accrued pension funded by the Exchequer. It excludes increases due to inflation and contributions paid by the Minister. It is worked out using common market valuation factors for the start and end of the period.

Pension Benefits – Officials

Official	Accrued pension at pension age as at 31 March 2014 and related lump sum (£'000)	Real increase in pension and related lump sum at pension age (£'000)	CETV at 31 March 2014 (£'000)	CETV at 31 March 2013 (£'000)	Real increase in CETV (£'000)	Employer contribution to partnership pension account (£'000)
Sue Owen Permanent Secretary *From 1 October 2013*	60-65 plus a lump sum of 180-185	2.5-5.0 plus a lump sum of 10-15	1,312	1,199	92	-
Sir Jonathan Stephens Permanent Secretary *To 31 August 2013*	60-65 plus a lump sum of 185-190	0-2.5 plus a lump sum of 0-2.5	1,178[49]	1,154	4	-
Sarah Healey Director General *From 9 December 2013*	10-15 No lump sum	0-2.5 No lump sum	147	135	8	-
Clare Pillman Director *Interim Accounting Officer from 1 Sept to 30 Sept*	25-30 plus a lump sum of 80-85	0-2.5 plus a lump sum of 0-2.5	448	414	6	-
Jon Zeff Director	25-30 plus a lump sum of 80-85	0-2.5 plus a lump sum of 0-2.5	425	395	2	-

[49] CETV as at 31 August 2013

Official	Accrued pension at pension age as at 31 March 2014 and related lump sum (£'000)	Real increase in pension and related lump sum at pension age (£'000)	CETV at 31 March 2014 (£'000)	CETV at 31 March 2013 (£'000)	Real increase in CETV (£'000)	Employer contribution to partnership pension account (£'000)
Helen MacNamara Director *To 30 November 2013*	10-15 plus a lump sum of 35-40	0-2.5 plus a lump sum of 0-2.5	147[50]	138[51]	3	-
David Brooker Director	45-50 plus a lump sum of 135-140	(0-2.5) plus a lump sum of (0-2.5)*	1,046	1,036[52]	(7)*	-
Rita French Director	15-20 plus a lump sum of 50-55	0-2.5 plus a lump sum of 0-2.5	209	189	3	-
Samantha Foley Finance Director	30-35 plus a lump sum of 90-95	0-2.5 plus a lump sum of 5-10	492	432	30	-
Rachel Clark Director	25-30 plus a lump sum of 75-80	5-10 plus a lump sum of 15-20	382	270	91	-

* Taking account of inflation, the CETV funded by the employer has decreased in real terms.

Civil Service Pensions

Pension benefits are provided through the civil service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes: either a final salary scheme (classic, premium or classic plus), or a whole career scheme (nuvos). 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 and nuvos are increased annually in line with Pensions Increase legislation. Members joining from October

[50] CETV as at 30 November 2013
[51] CETV as at 31 March 2013 has been restated due to the changes in Helen's reckonable service as a result of changes made to her service history to reflect her period of maternity leave.
[52] CETV restated as at 31 March 2013 as David's pensionable pay was slightly higher when the figures were run for the previous year. Last year's pensionable pay showed an allowance of £287 which in turn impacted pension and lump sum figures and the CETV when produced.

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 1.5% and 6.25% of pensionable earnings for classic and 3.5% and 8.25% for premium, classic plus and nuvos. Increases to employee contributions applied from 1 April 2014. 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 or her 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. 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% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three 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 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 and 65 for members of nuvos.

Further details about the Civil Service pension arrangements can be found at: http://www.civilservice.gov.uk/pensions

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 2013-14.

Signed and approved

Sue Owen
Principal Accounting Officer and Permanent Secretary

21 October 2014

The Certificate and Report of the Comptroller and Auditor General

I certify that I have audited the financial statements of the Department for Culture, Media & Sport and of its Departmental Group for the year ended 31 March 2014 under the Government Resources and Accounts Act 2000. The Department consists of the core Department and its agency. The Departmental Group consists of the Department and the bodies designated for inclusion under the Government Resources and Accounts Act 2000 (Estimates and Accounts) Order 2013. 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. I have also audited the Statement of Parliamentary Supply and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

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. My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Department's and the Departmental Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accounting Officer; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Strategic and Directors' Reports to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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.

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 2014 and shows that those totals have not been exceeded; and
- 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.

Opinion on financial statements

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 2014 and of the Department's net operating cost and Departmental Group's net operating cost 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 other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- the information given in the Strategic and Directors' 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
- the financial statements and the part of the Remuneration 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 Morse KCB
Comptroller and Auditor General

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

24 October 2014

Primary Statements

Statement of Parliamentary Supply

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

Summary of Resource and Capital Outturn 2013-14

								2013-14	2012-13
				Estimate			Outturn	Voted outturn compared with Estimate: saving/(excess)	Outturn
	Note	Voted £'000	Non-Voted £'000	Total £'000	Voted £'000	Non-Voted £'000	Total £'000	£'000	Total £'000
Departmental Expenditure Limit (DEL)									
Resource	SOPS 2.1	1,471,474	(62,300)	1,409,174	1,276,776	(54,535)	1,222,241	194,698	3,531,020
Capital	SOPS 2.2	148,503	-	148,503	(15,984)	-	(15,984)	164,487	341,877
Total DEL budget		**1,619,977**	**(62,300)**	**1,557,677**	**1,260,792**	**(54,535)**	**1,206,257**	**359,185**	**3,872,897**
Annually Managed Expenditure (AME)									
Resource	SOPS 2.1	3,580,652	1,327,668	4,908,320	2,910,840	1,399,564	4,310,404	669,812	4,480,939
Capital	SOPS 2.2	138,706	401,332	540,038	103,856	523,705	627,561	34,850	448,163
Total AME budget		**3,719,358**	**1,729,000**	**5,448,358**	**3,014,696**	**1,923,269**	**4,937,965**	**704,662**	**4,929,102**
Non-budget									
Resource	SOPS 2.1	51,721	-	51,721	-	-	-	51,721	(358,047)
Capital	SOPS 2.2	-	-	-	-	-	-	-	-
Total non-budget		**51,721**	**-**	**51,721**	**-**	**-**	**-**	**51,721**	**(358,047)**
Total		**5,391,056**	**1,666,700**	**7,057,756**	**4,275,488**	**1,868,734**	**6,144,222**	**1,115,568**	**8,443,952**
Total resource	SOPS 2.1	5,103,847	1,265,368	6,369,215	4,187,616	1,345,029	5,532,645	916,231	7,653,912
Total capital	SOPS 2.2	287,209	401,332	688,541	87,872	523,705	611,577	199,337	790,040
Total		**5,391,056**	**1,666,700**	**7,057,756**	**4,275,488**	**1,868,734**	**6,144,222**	**1,115,568**	**8,443,952**

Net Cash Requirement 2013-14

		2013-14			2012-13
	Note	Estimate £'000	Outturn £'000	Outturn compared with Estimate: saving/(excess) £'000	Outturn £'000
Net Cash Requirement	SOPS 4	5,140,237	4,648,516	491,721	5,502,155

Administration Costs 2013-14

		2013-14							2012-13
		Estimate			Outturn			Voted outturn compared with Estimate: saving/(excess) £'000	Outturn
	Note	Voted £'000	Non-Voted £'000	Total £'000	Voted £'000	Non-Voted £'000	Total £'000		Total £'000
Administration costs	SOPS 2.1	259,483	(62,300)	197,183	208,218	(54,535)	153,683	51,265	209,119

An analysis of variances between the Estimate and the Outturn is given in SoPS Note 2 and explanations are provided in the Financial Commentary pages 39 to 42.

Statement of Parliamentary Supply Notes

SOPS 1. Statement of accounting policies

The Statement of Parliamentary Supply (SoPS) and supporting notes have been prepared in accordance with the 2013-14 Government Financial Reporting Manual (FReM) issued by HM Treasury. The Statement of Parliamentary Supply accounting policies contained in the FReM are consistent with the requirements set out in the 2013-14 Consolidated Budgeting Guidance and Supply Estimates Guidance Manual.

SOPS 1.1 Accounting convention

The Statement of Parliamentary Supply and related notes are presented consistently with Treasury budget control and Supply Estimates. The aggregates across government are measured using National Accounts, prepared in accordance with the internationally agreed framework 'European System of Accounts' (ESA95). ESA95 is in turn consistent with the System of National Accounts (SNA93), which is prepared under the auspices of the United Nations.

The budgeting system and the consequential presentation of Supply Estimates and the Statement of Parliamentary Supply and related notes, have different objectives to IFRS-based accounts. The system supports the achievement of macro-economic stability by ensuring that public expenditure is controlled, with relevant Parliamentary authority, in support of the Government's fiscal framework. The system provides incentives to departments to manage spending well so as to provide high quality public services that offer value for money to the taxpayer.

The Government’s objectives for fiscal policy are set out in the Charter for Budget Responsibility. These are to:

- ensure sustainable public finances that support confidence in the economy, promote intergenerational fairness, and ensure the effectiveness of wider government policy; and
- support and improve the effectiveness of monetary policy in stabilising economic fluctuations.

SOPS 1.2 Comparison with IFRS-based accounts

Many transactions are treated in the same way in National Accounts and IFRS-based accounts, but there are a number of differences as detailed below. A reconciliation of the department’s outturn as recorded in the SoPS compared to the IFRS-based SoCNE is provided in SoPS Note 3.1 and 3.2.

SOPS 1.2.1 Capital Grants

Grant expenditure used for capital purposes are treated as capital items in the Statement of Parliamentary Supply. Under IFRS, as applied by the FReM, there is no distinction between capital grants and other grants, and they score as an item of expenditure in the Consolidated Statement of Comprehensive Net Expenditure.

SOPS 1.2.2 Lottery income

With HM Treasury agreement and in line with the Supplementary Estimate, the Statement of Parliamentary Supply does not include lottery income. The rationale for this is that lottery income is not payable to Parliament and as such is not included in budgets. As a consequence Lottery expenditure is stated gross of lottery income.

SOPS 1.2.3 Spectrum Management Receipts
With HM Treasury's agreement and in line with the Supplementary Estimate, the Statement of Parliamentary Supply includes an adjustment (negative non-voted administration expenditure) to match those costs borne by Ofcom in administering the strategic development of Spectrum.

SOPS 1.2.4 BBC Broadband Receipts
The BBC paid the Core Department £150m towards Broadband costs and this expenditure is included in the Statement of Parliamentary Supply (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 Statement of Comprehensive Net Expenditure (see SoPS Note 3.1). This approach is as advised by HM Treasury.

SOPS 1.2.5 Prior Period Adjustments (PPAs)
PPAs resulting from an error in previous recording, or from an accounting policy change initiated by the department, need to be voted by Parliament in the current year, whereas in IFRS-based accounts (IAS 8) they are treated as adjustments to previous years. PPAs resulting from a change in accounting policy brought in by a new or modified accounting standard are not included in Estimates, so there is no misalignment.

SOPS 1.2.6 Receipts in excess of HM Treasury agreement
This applies where HM Treasury has agreed a limit to income retainable by the department, with any excess income scoring outside of budgets, and consequently outside of the Statement of Parliamentary Supply. IFRS-based accounts will record all of the income, regardless of the budgetary limit. This situation may arise in the following areas: (i) profit on disposal of assets; (ii) income generation above department Spending Review settlements; and (iii) income received above netting-off agreements.

SOPS 1.2.7 Eliminations
Transactions between bodies within the consolidation boundary are eliminated on consolidation in the Statement of Parliamentary Supply and the IFRS based accounts. But where transactions which would otherwise be eliminated are within separate budget categories (e.g. resource DEL and resource AME) the amounts are shown gross in the Statement of Parliamentary Supply and not eliminated.

SOPS 1.2.8 Provisions - Administration and Programme expenditure
Provisions recognised in IFRS-based accounts are not recognised as expenditure for national accounts purposes until the actual payment of cash (or accrual liability) is recognised. To meet the requirements of both resource accounting and national accounts, additional data entries are made in the Statement of Parliamentary Supply across AME and DEL control totals, which do not affect the Statement of Comprehensive Net Expenditure. As the Administration control total is a sub-category of DEL, Administration and Programme expenditure reported in the Statement of Parliamentary Supply will differ from that reported in the IFRS-based accounts.

SOPS 1.2.9 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 6), but treated as capital income in the Statement of Parliamentary Supply.

SOPS 2. Net Outturn
SOPS 2.1 Analysis of net resource outturn by section

											2013-14	2012-13
								Outturn		Estimate	Net total compared to Estimate, adjusted for virements	Outturn
		Administration			Programme							
		Gross £'000	Income £'000	Net £'000	Gross £'000	Income £'000	Net £'000	Total £'000	Net Total £'000	Net total compared to Estimate £'000	£'000	Total £'000
Spending in Departmental Expenditure Limit (DEL)												
Voted												
A	Support for the museums and galleries sector	-	-	-	16,267	-	16,267	16,267	16,621	354	366	12,664
B	Museums and Galleries sponsored ALBs (net)	-	-	-	354,959	-	354,959	354,959	430,316	75,357	61,691	359,754
C	Libraries sponsored ALBs (net)	8,297	-	8,297	93,077	-	93,077	101,374	114,109	12,735	12,735	110,753
§	Museums, libraries and archives council	-	-	-	-	-	-	-	-	-	-	8,632
D	Support for the arts sector	371	(607)	(236)	610	(67,593)	(66,983)	(67,219)	(66,720)	499	499	(53,218)
E	Arts and culture ALBs (net)	20,909	-	20,909	421,929	-	421,929	442,838	446,650	3,812	3,965	446,545
F	Support for the sports sector	-	-	-	23,897	(2,750)	21,147	21,147	19,174	(1,973)	-	6,847
G	Sport sponsored ALBs (net)	14,543	-	14,543	100,424	-	100,424	114,967	118,176	3,209	3,572	144,942
H	Ceremonial and support for the heritage sector	22	-	22	17,694	(1,026)	16,668	16,690	25,146	8,456	8,456	22,161
I	Heritage sponsored ALBs (net)	14,194	-	14,194	78,781	-	78,781	92,975	92,901	(74)	3,946	97,567
J	The Royal Parks	3,427	(1,089)	2,338	32,042	(20,743)	11,299	13,637	14,725	1,088	1,088	16,955
K	Support for the tourism sector	-	-	-	10	-	10	10	210	200	200	70
L	Tourism sponsored ALBs (net)	30,537	-	30,537	17,663	-	17,663	48,200	46,150	(2,050)	836	47,824
M	Support for the broadcasting and media sector	7,858	(42)	7,816	4,401	(154)	4,247	12,063	22,540	10,477	10,477	15,161
N	Broadcasting and Media sponsored ALBs (net)	53,410	-	53,410	40,133	-	40,133	93,543	110,618	17,075	18,797	183,593
O	Administration and research	36,593	(1,724)	34,869	131	(137)	(6)	34,863	40,843	5,980	5,980	51,679

SOPS 2.1 Analysis of net resource outturn by section (continued)

											2013-14	2012-13
								Outturn		Estimate	Net total compared to Estimate, adjusted for virements	Outturn
		Administration			Programme							
		Gross £'000	Income £'000	Net £'000	Gross £'000	Income £'000	Net £'000	Total £'000	Net Total £'000	Net total compared to Estimate £'000	£'000	Total £'000
P	Support for Horseracing and the Gambling sector	-	-	-	994	(2,597)	(1,603)	(1,603)	(495)	1,108	1,108	(1,560)
Q	Grant to the National Lottery Commission (net)	-	-	-	1,477	-	1,477	1,477	3,266	1,789	1,789	1,714
R	Gambling Commission (net)	-	-	-	1,620	-	1,620	1,620	1,175	(445)	213	245
S	Olympics - legacy programmes	-	-	-	2,031	(20,114)	(18,083)	(18,083)	(18,608)	(525)	-	501,628
T	London 2012 (net)	-	-	-	(29,477)	-	(29,477)	(29,477)	12,776	42,253	42,253	1,575,240
U	Government Equalities Office	4,683	-	4,683	2,615	-	2,615	7,298	16,375	9,077	9,077	15,283
V	Equality and Human Rights Commission (net)	16,836	-	16,836	2,394	-	2,394	19,230	25,526	6,296	7,650	26,683
	Total voted	*211,680*	*(3,462)*	*208,218*	*1,183,672*	*(115,114)*	*1,068,558*	*1,276,776*	*1,471,474*	*194,698*	*194,698*	*3,591,162*
Non-voted												
W	Spectrum management receipts	(54,535)	-	(54,535)	-	-	-	(54,535)	(62,300)	(7,765)	(7,765)	(60,142)
Total spending in DEL		**157,145**	**(3,462)**	**153,683**	**1,183,672**	**(115,114)**	**1,068,558**	**1,222,241**	**1,409,174**	**186,933**	**186,933**	**3,531,020**
Annually Managed Expenditure (AME)												
Voted expenditure												
X	British Broadcasting Corporation	-	-	-	2,794,569	-	2,794,569	2,794,569	3,089,875	295,306	295,306	3,053,802
Y	New and adjustments to existing provisions and impairments	-	-	-	11,565	-	11,565	11,565	19,989	8,424	8,424	(12,437)
Z	Release of provisions	-	-	-	(25,912)	-	(25,912)	(25,912)	(17,271)	8,641	8,641	(39,548)
AA	Museums and Galleries sponsored ALBs (net)	-	-	-	19,069	-	19,069	19,069	351,690	332,621	320,392	25,325
AB	Libraries sponsored ALBs (net)	-	-	-	(3,302)	-	(3,302)	(3,302)	30,023	33,325	24,066	3
AC	Arts and culture sponsored ALBs (net)	-	-	-	(56)	-	(56)	(56)	10,013	10,069	10,069	-

SOPS 2.1 Analysis of net resource outturn by section (continued)

											2013-14	2012-13
								Outturn		Estimate		Outturn
		Administration			Programme							
		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
AD	Sport sponsored ALBs (net)	-	-	-	4,367	-	4,367	4,367	643	(3,724)	-	4,061
AE	Heritage sponsored ALBs (net)	-	-	-	2,638	-	2,638	2,638	1,843	(795)	15	-
AF	The Royal Parks	-	-	-	273	-	273	273	165	(108)	4	702
AG	Tourism sponsored ALBs (net)	-	-	-	3,181	-	3,181	3,181	150	(3,031)	100	1,937
AH	Horseracing and the gambling bodies	-	-	-	17	-	17	17	50	33	73	472
AI	London 2012 (net)	-	-	-	101,340	-	101,340	101,340	93,482	(7,858)	1	(142)
AJ	Gambling levy bodies	-	-	-	(2,721)	-	(2,721)	(2,721)	-	2,721	2,721	(10,268)
AM	Broadcasting and Media sponsored ALBs (net)	-	-	-	5,754	-	5,754	5,754	-	(5,754)	-	7,343
AN	Equality and Human Rights Commission (net)	-	-	-	58	-	58	58	-	(58)	-	68
AO	DCMS Core (incl. Government Equalities Office)	-	-	-	-	-	-	-	-	-		-
	Total voted	-	-	-	*2,910,840*	-	*2,910,840*	*2,910,840*	*3,580,652*	*669,812*	*669,812*	*3,031,318*
Non-voted expenditure												
AK	Lottery grants	-	-	-	1,399,564	-	1,399,564	1,399,564	1,327,668	(71,896)	(71,896)	1,449,621
Total spending in AME		**-**	**-**	**-**	**4,310,404**	**-**	**4,310,404**	**4,310,404**	**4,908,320**	**597,916**	**597,916**	**4,480,939**
Non-budget												
Voted (AME)												
AL	Prior period adjustments					-	-	-	51,721	51,721	51,721	(358,047)
Total		**157,145**	**(3,462)**	**153,683**	**5,494,076**	**(115,114)**	**5,378,962**	**5,532,645**	**6,369,215**	**836,570**	**836,570**	**7,653,912**

Explanations of the variances between the Outturn and Estimate are included in the Financial Commentary on pages 39 to 42.

SOPS 2.2 Analysis of net capital outturn by section

							2013-14	2012-13
				Outturn		Estimate	Net total compared to Estimate, adjusted for virements	Outturn
		Gross £'000	Income £'000	Net £'000	Net Total £'000	Net Total Compared with Estimate £'000	virements £'000	Total £'000
Spending in Departmental Expenditure Limit (DEL)								
Voted:								
A	Support for the museums and galleries sector	100	-	100	100	-	-	2,100
B	Museums and Galleries sponsored ALBs (net)	15,987	-	15,987	67,354	51,367	51,367	76,284
C	Libraries sponsored ALBs (net)	7,173	-	7,173	(1,693)	(8,866)	-	17,167
D	Support for the arts sector	117	-	117	114	(3)	-	-
E	Arts and culture ALBs (net)	18,679	-	18,679	19,766	1,087	1,087	18,222
F	Support for the sports sector	250	-	250	-	(250)	-	-
G	Sport sponsored ALBs (net)	27,920	-	27,920	28,212	292	292	31,698
H	Ceremonial and support for the heritage sector	6,882	-	6,882	1,364	(5,518)	-	7,581
I	Heritage sponsored ALBs (net)	16,805	-	16,805	26,012	9,207	9,207	29,079
J	The Royal Parks	2,620	-	2,620	1,857	(763)	-	1,583
L	Tourism sponsored ALBs (net)	357	-	357	492	135	135	189
M	Support for the broadcasting and media sector	55,198	-	55,198	97,937	42,739	42,739	9,136
N	Broadcasting and Media sponsored ALBs (net)	5,896	-	5,896	24,714	18,818	3,315	40,667
O	Administration and research	373	-	373	1,164	791	791	1,830
P	Support for Horseracing and the Gambling sector	9,000	-	9,000	9,000	-	-	9,000
Q	Grant to the National Lottery Commission (net)	(1)	-	(1)	-	1	1	427
R	Gambling Commission (net)	303	-	303	200	(103)	-	310
S	Olympics - legacy programmes	-	-	-	-	-	-	42,053
T	London 2012 (net)	(184,059)	-	(184,059)	(129,090)	54,969	54,969	54,056
V	Equality and Human Rights Commission (net)	416	-	416	1,000	584	584	495
Total spending in DEL		**(15,984)**	**-**	**(15,984)**	**148,503**	**164,487**	**164,487**	**341,877**
Annually Managed Expenditure (AME)								
Voted								
X	British Broadcasting Corporation	105,619	-	105,619	130,817	25,198	25,198	(80,380)
Y	New and adjustments to existing provisions and impairments	-	-	-	-	-	-	7,400
Z	Release of provisions	-	-	-	-	-	-	(7,400)
AI	London 2012 (net)	-	-	-	-	-	-	-
AJ	Gambling levy bodies	(1,763)	-	(1,763)	7,889	9,652	9,652	(8,411)
	Total voted	*103,856*	-	*103,856*	*138,706*	*34,850*	*34,850*	*(88,791)*
Non-voted expenditure								
AK	Lottery grants	523,705	-	523,705	401,332	(122,373)	(122,373)	536,954
Total spending in AME		**627,561**	**-**	**627,561**	**540,038**	**(87,523)**	**(87,523)**	**448,163**
Total		**611,577**	**-**	**611,577**	**688,541**	**76,964**	**76,964**	**790,040**

Explanations of the variances between the Outturn and Estimate are included in the Financial Commentary on pages 39 to 42.

SOPS 3. Reconciliation of outturn to net operating cost and against Administration Budget

SOPS 3.1 Reconciliation of net outturn to net operating cost

	Note	2013-14 Outturn £'000	Restated 2012-13 Outturn £'000
Total resource outturn in Statement of Parliamentary Supply			
Budget	SOPS 2.1	5,532,645	8,011,959
Non-budget	SOPS 2.1	-	(358,047)
Add:			
Capital grants		513,786	1,966,570
Income from National/Olympic Lottery Distribution Fund (NLDF/OLDF)		(1,585,035)	(1,957,234)
Ofcom spectrum clearance & awards (capital grants elements)		2,312	36,458
Ofcom spectrum management receipts	SOPS 2.1	54,535	60,142
BBC broadband receipts		(150,000)	-
Capital movement in provisions		-	7,400
Charity income (asset donations or cash donations for asset additions)		(166,103)	(131,093)
Income payable to the Consolidated Fund	SOPS 5	-	19,863
Impact of intra-group transactions crossing budget categories		7,670	(121,570)
Prior year adjustment for Digital Switchover (DSO)		-	358,047
Prior year adjustment for IAS19		-	172,291
Prior year adjustment for Olympic Lottery Distributor (OLD)		-	75,513
Net operating costs in Consolidated Statement of Comprehensive Net Expenditure		**4,209,810**	**8,140,299**

SOPS 3.2 Outturn against final Administration Budget and Administration net operating costs

	Note	2013-14 £'000	2012-13 £'000
Estimate - administration costs - voted		259,483	296,175
Estimate - administration costs - non-voted		(62,300)	(66,800)
Estimate - administration costs		**197,183**	**229,375**
Outturn - gross administration costs		157,145	217,820
Outturn - gross income relating to administration costs		(3,462)	(8,701)
Outturn - net administration costs	SOPS 2.1	**153,683**	**209,119**
Reconciliation to operating costs:			
Plus: Impact of intra-group transactions crossing budget categories		18,505	21,831
Plus: Ofcom spectrum management receipts	SOPS 2.1	54,535	60,142
Less: Utilisation of provisions classified as administration		(1,897)	(8,494)
Administration net operating costs	SoCNE	**224,826**	**282,598**

SOPS 4. 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	SOPS2.1	6,369,215	5,532,645	836,570
Capital outturn	SOPS2.2	688,541	611,577	76,964
		7,057,756	6,144,222	913,534
Accruals to cash adjustments:				
Adjustments to remove non-cash items				
Depreciation and amortisation	4, 5	(7,267)	(3,236)	(4,031)
New provisions and adjustments to previous provisions	5		841	(841)
Prior Period Adjustments		(51,721)	-	(51,721)
Other non-cash items	4, 5		(640)	640
Adjustments for NDPBs				
Remove voted resource and capital		(5,149,944)	(6,035,798)	885,854
Cash grant-in-aid	5.1	4,585,988	4,525,562	60,426
Less: Agency funding (The Royal Parks)			(13,251)	13,251
Adjustments to reflect movements in working balances				
Increase/(decrease) in receivables			(75,184)	75,184
Movement on bad debts provision			(21)	21
(Increase)/decrease in payables		372,115	105,447	266,668
Utilisation of provisions	20	10	574	(564)
Removal of non-voted budget items				
Other adjustments		(1,666,700)	-	(1,666,700)
Net Cash Requirement		**5,140,237**	**4,648,516**	**491,721**

SOPS 5. Income payable to the Consolidated Fund

SOPS 5.1 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 sale of the Tote to BetFred Limited and for the collection of BBC contributions to Broadband.

During 2013-14, the final balance receivable of £82.9m was settled and £150.0m was received for BBC contributions to Broadband.

	Outturn 2013-14		Outturn 2012-13	
	Income	Receipts	Income	Receipts
	£'000	£'000	£'000	£'000
Amounts to be collected on behalf of consolidated fund				
- 2011-12 income written back	-	-	(26,243)	-
- 2012-13 income	-	-	6,380	-
- 2013-14 income	150,000	232,889	-	-
Total	**150,000**	**232,889**	**(19,863)**	**-**

SOPS 5.2 Consolidated Fund Income

	2013-14 £'000	2012-13 £'000
Taxes and licence fees		
Wireless Telegraphy Act	274,309	249,940
Sports Ground Safety Authority	9	10
4G Spectrum	-	2,370,565
Total Received in Year	**274,318**	**2,620,515**
Balance held at start of year	948	90,558
Adjustment to opening balance due to amount not being consolidated fund receipt	-	(8,743)
Payments to the Consolidated Fund	(272,178)	(2,701,382)
Balance held on trust at end of year	**3,088**	**948**

The amounts collected as agent for the Consolidated Fund (which are otherwise excluded from the Accounts) are included within Note 5.2 and relate to the Wireless Telegraphy Act (WTA) fees of £274,318k, of which £271,178k were receipts remitted by Ofcom to the Department for transfer to the Consolidated Fund and £3.1m were additional funds due to the Consolidated Fund that have been collected by OFCOM (Section 400) but not yet paid to DCMS.

The balance held on trust at the end of 2013-14 represents Sports Ground Safety Authority receipts of £9k not paid over to the Consolidated Fund and £3,079k for funds due to the Consolidated Fund that have been collected by OFCOM (Section 400) but not yet paid to DCMS.

Consolidated Statement of Comprehensive Net Expenditure for the year ended 31 March 2014

	Note	2013-14			Restated 2012-13		
		Core Department £'000	Core Department & Agency £'000	Departmental Group £'000	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000
Administration costs							
Staff costs	3	26,830	28,672	149,373	35,765	37,514	166,423
Other costs	4	22,008	23,593	156,813	40,618	42,147	192,565
Income	6	(1,904)	(2,993)	(81,360)	(7,166)	(8,144)	(76,390)
Programme costs							
Staff costs	3	66	3,474	1,453,346	158	4,319	1,463,494
Other costs	5	100,306	128,835	6,311,336	110,968	141,651	9,701,564
Income	6	(244,371)	(264,711)	(3,818,142)	(48,000)	(67,839)	(3,830,333)
Grant and subsidies to sponsored bodies	5	4,564,006	4,550,755	38,444	5,429,845	5,415,433	522,976
Net operating costs for the year ended 31 March		**4,466,941**	**4,467,625**	**4,209,810**	**5,562,188**	**5,565,081**	**8,140,299**
Total expenditure		4,713,216	4,735,329	8,109,312	5,617,354	5,641,064	12,047,022
Total income		(246,275)	(267,704)	(3,899,502)	(55,166)	(75,983)	(3,906,723)
Net operating costs for the year ended 31 March		**4,466,941**	**4,467,625**	**4,209,810**	**5,562,188**	**5,565,081**	**8,140,299**
Other comprehensive net expenditure							
Net (gain)/loss on:							
- revaluation of property, plant & equipment and intangible assets		(425)	(702)	(516,491)	-	(1,288)	(68,170)
- impairments		-	-	1,219	-	-	-
- revaluation of available for sale financial assets		-	-	(4,477)	-	-	(28,803)
- remeasurements		-	-	(105,508)	-	-	518,883
Total other comprehensive net expenditure		**(425)**	**(702)**	**(625,257)**	**-**	**(1,288)**	**421,910**
Total comprehensive expenditure for the period		**4,466,516**	**4,466,923**	**3,584,553**	**5,562,188**	**5,563,793**	**8,562,209**

The Notes on pages 100 to 192 form part of these Accounts.

Consolidated Statement of Financial Position as at 31 March 2014

		31 March 2014			Restated 31 March 2013			Restated 31 March 2012		
	Note	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000
Non-current assets										
Property, plant & equipment	7	2,582	27,392	5,735,833	3,144	27,094	5,233,114	3,091	27,302	8,352,186
Heritage assets	8	6,613	32,789	1,087,027	6,496	32,670	991,349	6,496	31,597	905,206
Intangible assets	10	5	170	82,741	15	221	45,565	33	273	87,648
Investments in associates and joint ventures	12	-	-	200	-	-	231	-	-	100,300
Investment properties	9	-	-	3,260	-	-	2,886	-	-	3,263
Trade and other receivables	16	-	-	23,302	82,918	82,918	167,591	161,512	161,512	191,779
Other financial assets	13	-	-	292,462	-	-	299,392	-	-	193,883
Total non-current assets		**9,200**	**60,351**	**7,224,825**	**92,573**	**142,903**	**6,740,128**	**171,132**	**220,684**	**9,834,265**
Current assets										
Assets classified as held for sale	17	-	-	494	-	-	1,454	-	-	161,410
Inventories	15	-	-	603,820	-	-	822,984	-	-	608,835
Trade and other receivables	16	11,857	14,021	1,664,518	4,140	6,287	1,136,977	91,826	94,439	1,018,122
Other financial assets	13	-	-	54,705	-	-	56,452	-	-	57,541
Cash and cash equivalents	18	72,429	72,940	2,339,424	20,571	22,921	2,355,131	6,580	6,264	2,248,278
Total current assets		**84,286**	**86,961**	**4,662,961**	**24,711**	**29,208**	**4,372,998**	**98,406**	**100,703**	**4,094,186**
Total assets		**93,486**	**147,312**	**11,887,786**	**117,284**	**172,111**	**11,113,126**	**269,538**	**321,387**	**13,928,451**
Current liabilities										
Trade and other payables	19	(117,981)	(131,286)	(2,101,960)	(87,993)	(103,797)	(2,595,349)	(175,220)	(183,986)	(2,828,827)
Provisions	20	(87)	(442)	(623,586)	(1,579)	(1,899)	(466,554)	(3,661)	(4,111)	(609,837)
Other financial liabilities	22	-	-	(62,569)	-	-	(352)	-	-	(1,827)
Total current liabilities		**(118,068)**	**(131,728)**	**(2,788,115)**	**(89,572)**	**(105,696)**	**(3,062,255)**	**(178,881)**	**(188,097)**	**(3,440,491)**
Non-current assets plus/(less) net current assets/liabilities		**(24,582)**	**15,584**	**9,099,671**	**27,712**	**66,415**	**8,050,871**	**90,657**	**133,290**	**10,487,960**

Consolidated Statement of Financial Position (continued)

		31 March 2014			Restated 31 March 2013			Restated 31 March 2012		
	Note	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000
Non-current liabilities										
Provisions	20	(258)	(380)	(700,040)	(206)	(338)	(617,036)	(385)	(533)	(815,775)
Trade and other payables	19	-	-	(1,642,097)	(82,918)	(82,918)	(1,370,485)	(102,780)	(102,780)	(1,149,142)
Other financial liabilities	22	-	-	(1,354)	-	-	(59,885)	-	-	(57,337)
Pension liabilities	21	-	-	(1,625,348)	-	-	(1,703,911)	-	-	(1,167,448)
Deferred tax liability		-	-	-	-	-	-	-	-	(7,959)
Total non-current liabilities		**(258)**	**(380)**	**(3,968,839)**	**(83,124)**	**(83,256)**	**(3,751,317)**	**(103,165)**	**(103,313)**	**(3,197,661)**
Total assets less liabilities		**(24,840)**	**15,204**	**5,130,832**	**(55,412)**	**(16,841)**	**4,299,554**	**(12,508)**	**29,977**	**7,290,299**
Taxpayers' equity and other reserves										
Taxpayers' funds										
General fund	SoCTE	(25,424)	(748)	2,828,643	(58,112)	(35,206)	2,254,352	(15,208)	13,269	5,288,668
Revaluation reserve	SoCTE	584	15,952	270,462	2,700	18,365	219,427	2,700	16,708	262,831
Total taxpayers' equity		**(24,840)**	**15,204**	**3,099,105**	**(55,412)**	**(16,841)**	**2,473,779**	**(12,508)**	**29,977**	**5,551,499**
Lottery funds	SoCTE	-	-	(1,196,910)	-	-	(787,314)	-	-	(761,951)
Charitable funds	SoCTE	-	-	3,228,637	-	-	2,613,089	-	-	2,500,751
Total reserves	**SoCTE**	**(24,840)**	**15,204**	**5,130,832**	**(55,412)**	**(16,841)**	**4,299,554**	**(12,508)**	**29,977**	**7,290,299**

Sue Owen (Accounting Officer)
21 October 2014

The Notes on pages 100 to 192 form part of these Accounts.

Consolidated Statement of Cash Flows
for the year ended 31 March 2014

		2013-14		Restated 2012-13	
	Note	Core Department & Agency £'000	Departmental Group £'000	Core Department & Agency £'000	Departmental Group £'000
Cash flows from operating activities					
Net operating cost	SoCNE	(4,467,625)	(4,209,810)	(5,565,081)	(8,140,299)
Adjustments for non-cash admin expenditure	4	1,962	14,354	2,439	18,140
Adjustments for non-cash programme expenditure	5	1,073	1,327,496	883	2,343,257
Adjustments for non-cash programme income	6	-	7,125	25,414	(24,777)
Adjustments for non-cash pension costs		-	(58,492)	-	(45,852)
Reserves released to net operating costs		-	(309)	-	(2,069)
Adjustment for items shown in other sections of cash flow		-	2,823	(5,650)	12,985
(Increase)/decrease in inventories	15	-	219,164	-	(214,149)
Movements in inventories adjustment	15	-	(101,341)	-	693,567
(Increase)/decrease in trade and other receivables	16	75,184	(383,252)	166,746	(94,667)
Movements in receivables not passing through the SoCNE		3,078	(95,629)	(81,079)	(29,118)
Movements in bad debt provision		21	(42)	(173)	(474)
Increase/(decrease) in trade payables	19	(55,429)	(221,777)	(100,051)	(12,135)
Movements in payables not passing through the SoCNE		29,792	126,779	53,058	222,881
Utilisation of provisions	20	(574)	(630,401)	(739)	(949,721)
Payments for unfunded pensions	21	-	(375)	-	(114)
Net cash outflow from operating activities		**(4,412,518)**	**(4,003,687)**	**(5,504,233)**	**(6,222,545)**
Cash flows from investing activities					
Purchase of property, plant & equipment		(3,163)	(355,537)	(3,560)	(541,497)
Purchase of intangible assets		-	(50,250)	(33)	(17,206)
Investments in financial assets		-	(121,533)	-	(120,257)
Proceeds from disposal of property, plant & equipment		53	35,035	21	1,284,562
Proceeds from disposal of intangible assets		-	788	-	-
Proceeds from disposal of assets held for sale		-	1,451	-	104,427
Repayments and disposals of financial assets		-	113,602	-	128,566
Interest and dividend income		-	78,604	5,650	69,383
Net cash inflow/(outflow) from investing activities		**(3,110)**	**(297,840)**	**2,078**	**907,978**

Consolidated Statement of Cash Flows (continued)

	Note	2013-14		Restated 2012-13	
		Core Department & Agency £'000	Departmental Group £'000	Core Department & Agency £'000	Departmental Group £'000
Cash flows from financing activities					
From the Consolidated Fund (supply) - current year	SoCTE	4,699,474	4,699,474	5,518,600	5,518,600
From the Consolidated Fund (supply) - prior year		-	-	81,079	81,079
Advances from the contingencies fund		40,000	40,000	-	-
Repayments to the contingencies fund		(40,000)	(40,000)	-	-
Capital element of payments in respect of finance leases		-	(98,400)	-	(16,455)
Increase in financial liabilities		-	-	-	1,814
Interest on finance leases		-	(81,427)	-	(82,368)
Net cash inflow from financing activities		**4,699,474**	**4,519,647**	**5,599,679**	**5,502,670**
Cash transferred in/(out) of the group		-	-	-	(383)
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		**283,846**	**218,120**	**97,524**	**187,720**
Cash flow from non-financing activities					
Receipts due to the Consolidated Fund which are outside the scope of the department's activities		271,239	271,239	2,620,515	2,620,515
Payments of amounts to the Consolidated Fund	SOPS 5.1 & 5.2	(505,066)	(505,066)	(2,701,382)	(2,701,382)
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		**50,019**	**(15,707)**	**16,657**	**106,853**
Cash and cash equivalents at the beginning of the period	**18**	**22,921**	**2,355,131**	**6,264**	**2,248,278**
Cash and cash equivalents at the end of the period	**18**	**72,940**	**2,339,424**	**22,921**	**2,355,131**

The Notes on pages100 to 192 form part of these Accounts.

Statement of Changes in Taxpayers' Equity (Core Department and Agency) for the year ended 31 March 2014

		Core Department			Core Department & Agency		
	Note	General Fund £'000	Revaluation Reserve £'000	Total Reserves £'000	General Fund £'000	Revaluation Reserve £'000	Total Reserves £'000
Balance at 1 April 2012		**15,208**	**(2,700)**	**12,508**	**(13,269)**	**(16,708)**	**(29,977)**
Net parliamentary funding - drawn down		(5,518,600)	-	**(5,518,600)**	(5,518,600)	-	**(5,518,600)**
Net parliamentary funding - deemed supply		-	-	**-**	-	-	**-**
Supply payable/(receivable) adjustment	19	19,624	-	**19,624**	21,974	-	**21,974**
CFERs payable to the Consolidated Fund	SOPS 5.1	(19,863)	-	**(19,863)**	(19,863)	-	**(19,863)**
Net operating costs for the year	SoCNE	5,562,188	-	**5,562,188**	5,565,081	-	**5,565,081**
Non-cash adjustments:							
Auditors' remuneration	4, 5	(445)	-	**(445)**	(486)	-	**(486)**
Movements in reserves:							
Other comprehensive net expenditure	SoCNE	-	-	**-**	-	(1,288)	**(1,288)**
Transfers between reserves		-	-	**-**	369	(369)	**-**
Other movements		-	-	**-**	-	-	**-**
Balance at 31 March 2013		**58,112**	**(2,700)**	**55,412**	**35,206**	**(18,365)**	**16,841**
Net parliamentary funding - drawn down		(4,699,474)	-	**(4,699,474)**	(4,699,474)	-	**(4,699,474)**
Net parliamentary funding - deemed supply		(19,623)	-	**(19,623)**	(21,973)	-	**(21,973)**
Supply payable/(receivable) adjustment	19	72,419	-	**72,419**	72,930	-	**72,930**
CFERs payable to the Consolidated Fund	SOPS 5.1	150,000	-	**150,000**	150,000	-	**150,000**
Net operating costs for the year	SoCNE	4,466,941	-	**4,466,941**	4,467,625	-	**4,467,625**
Non-cash adjustments:							
Auditors' remuneration	4, 5	(410)	-	**(410)**	(451)	-	**(451)**
Movements in reserves:							
Other comprehensive net expenditure	SoCNE	-	(425)	**(425)**	-	(702)	**(702)**
Transfers between reserves		(2,541)	2,541	**-**	(3,115)	3,115	**-**
Transfer to SoCNE		-	-	**-**	-	-	**-**
Other movements		-	-	**-**	-	-	**-**
Balance at 31 March 2014		**25,424**	**(584)**	**24,840**	**748**	**(15,952)**	**(15,204)**

The Notes on pages 100 to 192 form part of these Accounts.

Consolidated Statement of Changes in Taxpayers' Equity (Departmental Group) for the year ended 31 March 2014

		Departmental Group					
	Note	General Fund £'000	Revaluation Reserve £'000	Total Taxpayers' Equity £'000	Lottery Funds £'000	Charitable Funds £'000	Total Reserves £'000
Balance at 31 March 2012 before PPAs		(5,188,668)	(262,831)	**(5,451,499)**	761,951	(2,505,975)	**(7,195,523)**
Prior period adjustments		(100,000)	-	**(100,000)**	-	5,224	**(94,776)**
Restated balance at 1 April 2012		**(5,288,668)**	**(262,831)**	**(5,551,499)**	**761,951**	**(2,500,751)**	**(7,290,299)**
Net parliamentary funding - drawn down		(5,518,600)	-	**(5,518,600)**	-	-	**(5,518,600)**
Net parliamentary funding - deemed supply		-	-	**-**	-	-	**-**
Supply payable/(receivable) adjustment	19	21,974	-	**21,974**	-	-	**21,974**
CFERs payable to the Consolidated Fund	SOPS 5.1	(19,863)	-	**(19,863)**	-	-	**(19,863)**
Net operating costs for the year	SoCNE	8,122,242	-	**8,122,242**	81,262	(63,205)	**8,140,299**
Non-cash adjustments:							
Auditors' remuneration	4, 5	(486)	-	**(486)**	-	-	**(486)**
Movements in reserves:							
Other comprehensive net expenditure	SoCNE	518,215	(45,363)	**472,852**	686	(51,628)	**421,910**
Transfers in/out of boundary		(2)	-	**(2)**	-	236	**234**
Transfers between reserves		(88,761)	88,767	**6**	-	(6)	**-**
Transfer to SoCNE		-	-	**-**	(190)	2,259	**2,069**
Other movements		(403)	-	**(403)**	(56,395)	6	**(56,792)**
Restated balance at 31 March 2013		**(2,254,352)**	**(219,427)**	**(2,473,779)**	**787,314**	**(2,613,089)**	**(4,299,554)**
Net parliamentary funding - drawn down		(4,699,474)	-	**(4,699,474)**	-	-	**(4,699,474)**
Net parliamentary funding - deemed supply		(21,973)	-	**(21,973)**	-	-	**(21,973)**
Supply payable/(receivable) adjustment	19	72,930	-	**72,930**	-	-	**72,930**
CFERs payable to the Consolidated Fund	SOPS 5.1	150,000	-	**150,000**	-	-	**150,000**
Net operating costs for the year	SoCNE	4,052,808	-	**4,052,808**	306,588	(149,586)	**4,209,810**
Non-cash adjustments:							
Auditors' remuneration	4, 5	(451)	-	**(451)**	-	-	**(451)**
Movements in reserves:							
Other comprehensive net expenditure	SoCNE	(109,374)	(54,006)	**(163,380)**	3,822	(465,699)	**(625,257)**
Transfers in/out of boundary		3,800	-	**3,800**	99,223	-	**103,023**
Transfers between reserves		(2,971)	2,971	**-**	-	-	**-**
Transfer to SoCNE		-	-	**-**	-	309	**309**
Other movements		(19,586)	-	**(19,586)**	(37)	(572)	**(20,195)**
Balance at 31 March 2014		**(2,828,643)**	**(270,462)**	**(3,099,105)**	**1,196,910**	**(3,228,637)**	**(5,130,832)**

The Notes on pages 100 to 192 form part of these Accounts

Notes

1. Statement of accounting policies

1.1 Basis of Preparation

These Accounts have been prepared in accordance with the 2013-14 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. The use of IFRS includes International Accounting Standards (IAS) and Interpretations of IAS and IFRS issued by the Standards Interpretations Committee (SIC) or the International Financial Reporting Interpretations Committee (IFRIC).

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 Arms 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.

In addition to the primary statements prepared under IFRS, the FReM also requires the Department to prepare an additional primary statement. The Statement of Parliamentary Supply and supporting notes show Outturn against Estimate in terms of the Resource and Capital budgets and non-budget expenditure and the Net Cash Requirement.

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 Presentational Currency

The Accounts are presented in pounds sterling, the functional currency of the Group, and all values are rounded to the nearest thousand pound (£'000).

1.4 Basis of Consolidation

The Group Accounts comprise a consolidation of the Core Department, its supply financed Agency, The Royal Parks (TRP) and the Arms Length Bodies (ALBs) and their various subsidiaries which fall within the Departmental boundary.

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 Public Services Broadcasting Group (BBC PSB Group)
The BBC PSB Group results consolidated within these Accounts are based on that part of the wider BBC funded by the Exchequer through the grant-in-aid mechanism (where the amount is based on TV Licence Fees collected). For the purposes of these Accounts the Exchequer funded part of the BBC is taken to be the BBC PSB Group which is responsible for all the services provided by the BBC for the purpose of promoting its public purposes, except any which:

(a) are commercial services,
(b) form part of the World Service,
(c) are services provided at the request of, and funded by, Other Government Departments (OGDs) and included in their Consolidated Accounts, or
(d) are aimed primarily at users outside the UK.

All significant intra-departmental transactions and balances between entities within the Departmental boundary are eliminated.

A list of all the Arms Length Bodies within the Departmental boundary, and included in the Group results (along with the Department and its Agency), is given at Note 30.

1.5 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 2.2.15, it has been concluded as appropriate to adopt the going concern basis of preparation for these Accounts.

1.6 Change of Accounting Policy and Restatement

The comparative results for the Statement of Comprehensive Net Expenditure have been restated in order to reflect the revised IAS 19 Employee Benefits International Accounting Standard. The revised IAS 19 is effective for all financial years beginning on or after 1 January 2013. The revised standard affects the Statement of Comprehensive Net Expenditure and the Statement of Financial Position.

Previously, Arts Council England accounted for the West Yorkshire Pension Fund as a defined contribution scheme but as the actuary is now able to identify their share of assets and liabilities in respect of the fund it has now been accounted for as a defined benefit scheme. In accordance with IAS 8 the change has been treated as a Prior Period Adjustment (PPA).

Disclosure of the effect of these changes and the impact on all primary statements is shown in note 29 to the financial statements.

1.7 Administration and Programme Expenditure and Income

The Consolidated Statement of Comprehensive Net Expenditure is analysed between administration and programme income and expenditure. 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.

Administration expenditure reflects the costs of running the Department, and those of its ALBs allocated an administration budget in the Spending Round. Some categories of ALBs did not have an administration budget allocation, and therefore they report only programme costs. Programme costs reflect non administration expenditure, and include payments of grants and expenditure on ALBs objectives.

1.8 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 1.29) depending on the timing of the payment and the terms of the grant.

Grants payable by Lottery Distributor Bodies

In accordance with the Accounts Directions issued by HM Treasury the lottery distributors follow commitment accounting. The reporting of grants by these bodies has been aligned with the FReM. Where they meet the recognition criteria, commitments are reflected in the Consolidated Statement of Financial Position as a liability (either an accrual or a provision) and where they do not meet the criteria are carried as other financial commitments in the notes.

1.9 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.

1.10 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. 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 5.

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 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 recommended by the FReM.

1.11 Deferred Income
Deferred income relates to payments received in advance of the accounting period to which they relate or where grant conditions have not yet been met and the contract includes provisions for the return of funds. The deferred income is released to the Consolidated Statement of Comprehensive Net Expenditure in the period to which it relates.

1.12 Property, Plant and Equipment
In accordance with the FReM, all tangible non-current assets are to be carried at fair value 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 when 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.

Specialised Assets
Some ALBs have assets classified as specialised. As allowed under the FReM, IAS 16 *Property, Plant and Equipment* has been applied to specialised assets. Olympic Venues and Villages were classed as a group of specialised assets at 1 April 2012. These were reclassified as inventories during 2012-13 and have been separately disclosed in note 7.

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. When these assets are brought into use, they may be held by that ALB, transferred to another ALB or sold. Where the asset is transferred to another ALB, it may be transferred at nil consideration if appropriate and subject to Departmental approval. Where an asset is transferred to another ALB or sold a disposal is recorded in the Accounts.

The policy on heritage assets is disclosed at Note 1.14.

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 Agency is £5,000.

1.13 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
• Leasehold improvements/buildings	Term of the lease
• 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	2-3 years

Depreciation methods, estimated useful lives and residual values are reviewed at each reporting date.

Olympic venues and villages
Assets are depreciated at rates calculated to write them down to estimated residual value on a straight-line basis over their estimated useful life to the Group. For permanent venues, temporary venues and infrastructure, the useful life was the period of the Games.

1.14 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 comprise of 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 such as buildings.

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 stated at cost or value depending on the availability of information. The assets being reported at cost and those being reported at valuation are presented separately in Note 8.1. 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.

1.15 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. Cash donations are recorded on a cash received basis.

1.16 Intangible Non-current Assets

In accordance with the FReM, all intangible assets are carried at fair value. Intangible assets held by the Group mainly relate to software licenses. 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 license period for purchased licenses; or the period of expected income streams for income generating assets.

1.17 Revaluation and Impairment of Non-Current Assets

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 devaluation 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.

1.18 Investments in Associates and Interests in Joint Ventures

The Group has investments in associates that are entities in which it has significant influence but are neither a subsidiary nor an interest in joint venture. Significant influence gives the Group power to participate in the financial and operating policy decisions of the investee but not to control or have joint control over policies.

The Group has interests in joint ventures that are contractual arrangements in which the group and other parties undertake economic activity that is subject to control (i.e. when the strategic, financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control).

The results and assets and liabilities of associates and interests in joint ventures where material and deemed to have a significant impact to the Group Accounts are incorporated into the Accounts using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

The equity method means the Group presents its interest in the joint venture or associate as a single line in the Consolidated Statement of Financial Position, measured at cost of investment plus share of net surplus or deficit, less dividends received. The equity accounted surplus or deficit for the year is presented as a single line item in the Consolidated Statement of Comprehensive Net Expenditure.

1.19 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 Properties*, 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 review 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.

1.20 Investments in Subsidiaries

Investments in subsidiaries which have been classified as public sector are stated at fair value in accordance with the FReM. Where the fair value is not available, the net assets of the subsidiary have been used as a proxy.

1.21 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 do not meet these criteria are 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.

1.22 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.

1.23 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. Inventories used by the Public Broadcasting Authorities 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 stock 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.

1.24 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 which are subject to insignificant risk of changes in value and have an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

1.25 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 you to buy or sell a currency at a fixed exchange rate with delivery made on a given date or dates in the future.

The Department and 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.

Derivative financial instruments
The Group do not enter into speculative derivative contracts. However some derivative financial instruments are used to manage exposure to fluctuations in interest rates (interest rate swaps, caps and collars) and foreign currency exchange rates (foreign currency forwards and currency options).

Derivative financial instruments, excluding derivatives held as qualifying hedges are initially recognised at fair value and are subsequently re-measured to fair value annually with movements recorded in the Consolidated Statement of Comprehensive Net Expenditure.

The fair value of interest rate swaps, caps and collars is the estimated amount that the Group would receive or pay to terminate the swap, cap or collar at the balance sheet date, taking into account current interest rates and the current creditworthiness of swap, cap or collar counterparties.

The fair value of foreign currency forward contract rates is determined by using forward exchange rates at the balance sheet date.

Hedge accounting
Where a financial instrument is designated as a hedging instrument that is determined to be an effective hedge of a foreign operation or a cash flow hedge of purchases or sales in a foreign currency, any exchange differences arising on the retranslation of the financial instrument will be recognised directly in the other comprehensive net expenditure. Any ineffective portion is recognised immediately in the statement of comprehensive net expenditure. Interest rate caps protect against interest rates rising, by setting an upper limit (cap) on the floating interest rate, while still allowing the benefit of falling interest rates. Interest rate collars are the same as interest rate caps except that there is also a lower limit set to the floating interest rate. Interest rate swaps effectively swap a floating rate loan into a fixed rate loan, or vice versa.

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 exits that a financial instrument is impaired, or 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.

Investments in equity securities (traded and non-traded)
Investments in equity securities held by the Group are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognised in the Consolidated Statement of Comprehensive Net Expenditure, except for impairment losses. When these investments are derecognised the cumulative gain or loss is recognised in the Consolidated Statement of Comprehensive Net Expenditure.

Investment Funds
Investment Funds are classed as assets held for sale. They are included in non-current assets unless the Group intends to dispose of, or realise, the investment within 12 months of balance date.

These investments are measured 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 derecognition, the cumulative gain or loss previously recognised in Other Comprehensive Net Expenditure is reclassified from equity to the Consolidated Statement of Comprehensive Net Expenditure.

Embedded derivatives
Derivatives which are embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts, and the host contracts are not carried at fair value. Embedded derivatives are carried on the Consolidated Statement of Financial Position at fair value from inception of the host contract. Unrealised changes in fair value are recognised as gains/losses within the Consolidated Statement of Comprehensive Net Expenditure during the period in which they arise.

Trade and other receivables
Trade and other receivables are recognised initially at fair value and subsequently measured at the fair value of directly attributable transaction costs less an allowance for estimated impairment. The allowance 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.

1.26 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.

1.27 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.

1.28 Pensions

1.28.1 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 the Consolidated Statement of Other Comprehensive Expenditure. The most significant funded defined benefit scheme in the Group is operated by the BBC.

BBC Pension Scheme
The BBC operates a defined benefit plan, of which the majority of BBC staff are members; this provides 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.

1.28.2 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 Note 3.

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.

1.28.3 Other unfunded defined benefit pension schemes
The employees of some ALBs are members of other unfunded defined benefit pension schemes, but the participating employers are unable to identify their share of the underlying liability. Employer contributions to the defined benefit schemes are charged to the Consolidated Statement of Comprehensive Net Expenditure in the period to which they relate.

1.28.4 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 retire early, by paying the required amounts annually to the PCSPS over the period between early departure and normal retirement date. The total cost is provided for in full when the early departure programme has been announced and is binding on the Group.

1.29 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 vale of money is material). 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 levels.

1.30 Taxation

Value Added Tax
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
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 taxpayer's 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.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Accounts and the corresponding bases used in the computation of the taxable surplus.

The carrying amount of deferred tax assets is reviewed at each Statement of Financial Position date and reduced to the extent that it is no longer probable that sufficient taxable surplus will be available to allow all or part of the asset to be recovered.

1.31 Reserves

The Consolidated Statement of Taxpayers' Equity comprises the reserves for the Department, 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 Charitable 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.
- 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.

1.32 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 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.

1.33 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 Department does not have a direct beneficial interest in them.

Any third party monies held at the Government Banking Service (GBS) or Office of HM Paymaster General at the end of the reporting period are recognised as both cash and cash equivalents (Note 18) and trade and other payables (Note 19), and therefore have no net impact on the Consolidated Statement of Financial Position.

1.34 Contingent Liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, the Department discloses for parliamentary reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to Parliament in accordance with the requirements of *Managing Public Money*.

These comprise:

- Items over £300k (or lower where required by statute) that do not arise in the normal course of business and which are reported to parliament by Departmental Minute prior to the Department entering into the arrangement;
- All items (where they arise in the normal course of business) over £300k (or lower where required by specific statute or where material in the context of the Accounts) which are required by the FReM to be noted in the Accounts.

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to Parliament separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to Parliament.

1.35 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 is 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 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 to a modern equivalent basis.

The valuation of the BBC PSB Group's property assets are based on future rental income. Inherent in this valuation are estimates of future rental which is subject to movements in the rental market. Specialist adaptations (e.g. studios) have been valued on depreciated current replacement cost.

The Olympic Development Authority's inventories valuation was estimated on a market (sales) basis by reference to the sales agreements with QDD Athletes Village UK Limited (QDD AVUK), Triathlon Homes Limited and NHS Newham, and the consideration of the future costs required to complete the asset to the specification required by these sales agreements.

Pension costs
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.

Provisions for liabilities and charges
The provisions for liabilities and charges reported in Note 20 reflect judgements about the likelihood that a future transfer of economic benefits will arise as a result of past events. Where the likelihood of a liability crystallising is deemed probable and where it is possible to quantify the effect with reasonable certainty, a provision is recognised. Where the likelihood of potential liabilities crystallising is judged to be possible, a contingent liability is disclosed.

1.36 Machinery of Government Changes
The only Machinery of Government change in the current financial year was an immaterial transfer from the Department for Education.

1.37 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, on the grounds that the changes would have no, or an immaterial, effect on these accounts and would not provide additional information that would aid the reader.

IFRS 9 Financial Instruments – effective date: financial periods beginning on or after 1 January 2015, however, adoption by the Financial Reporting Manual is subject to consultation. This change simplifies the classification and measurement of financial assets.

IFRS 10 Consolidated Financial Statements - effective date: financial periods beginning on or after 1 January 2013, with adoption by the Financial Reporting Manual from1 April 2014. This change amends the definition of control which could result in new consolidations, however the boundary used in these accounts is determined with reference to the Office for National Statistics classifications.

IFRS 11 Joint Arrangements - effective date: financial periods beginning on or after 1 January 2013, adoption by the Financial Reporting Manual is effective 1 April 2014. This change provides a principles-based definition of joint arrangements based on rights and obligations. Proportional consolidation accounting for joint ventures is no longer permitted.

IFRS 12 Disclosures of Interests in Other Entities - effective date: financial periods beginning on or after 1 January 2013, adoption by the Financial Reporting Manual is effective 1 April 2014. This change requires more disclosure of the financial affects on, and risks to, consolidating entities.

IFRS 13 - Fair Value Measurement – effective date: this standard was effective from 1 January 2013 for the private sector. The likely effective date for adoption in the public sector is expected to be 1 April 2015, early adoption is not permitted. The proposed change provides consistent guidance on fair value measurement.

IAS 12 Income taxes - this standard has not been endorsed by the EU and adoption by the Financial Reporting Manual is subject to consultation. The proposed change provides guidance on the measurement of deferred tax liabilities arising on the revaluation of investment properties.

IAS 27 Separate Financial Statements – effective date: financial periods beginning on or after 1 January 2013, adoption by the Financial Reporting Manual is effective 1 April 2014. This change is in respect of Consolidated Statements and disclosure of interests in other entities.

IAS 28 Investments in Associates and Joint Ventures - effective date: financial periods beginning on or after 1 January 2013, adoption by the Financial Reporting Manual is effective 1 April 2014. This change is in respect of Consolidated Statements and disclosure of interests in other entities.

2. Statement of Operating Costs by Operating Segment
2.1 Statement of Comprehensive Net Income by operating segment

	Note	2013-14						Restated 2012-13					
		Core Department £'000	BBC PSB Group £'000	Olympics £'000	Other £'000	Amounts eliminated on consolidation £'000	Total as per Group SoCNE £'000	Core Department £'000	BBC PSB Group £'000	Olympics £'000	Other £'000	Amounts eliminated on consolidation £'000	Total as per Group SoCNE £'000
Grant and subsidies to sponsored bodies		4,564,006	-	-	-	(4,525,562)	38,444	5,429,845	-	-	-	(4,906,869)	522,976
Other grants		97,164	-	1,820	1,556,740	(45,040)	1,610,684	98,468	-	1,771,444	1,720,950	(18,886)	3,571,976
Broadcasting and media expenditure		-	2,361,825	-	77,279	(231,513)	2,207,591	-	2,734,094	-	111,693	(8,258)	2,837,529
Depreciation and amortisation		1,272	121,989	356	137,022	-	260,639	1,795	139,658	1,335,296	136,280	-	1,613,029
Impairments		98	(3,800)	101,341	45,712	-	143,351	-	51,800	-	22,727	-	74,527
Interest expense		-	81,495	-	421	-	81,916	-	82,863	1,814	426	-	85,103
Income tax expense		-	7,764	(1)	56	-	7,819	-	8,954	(142)	(848)	-	7,964
Other expenditure		50,676	1,208,828	413,545	2,112,330	(26,511)	3,758,868	87,246	1,198,135	197,669	2,118,485	(269,878)	3,331,657
Profit or loss of associates and joint ventures		-	-	-	-	-	-	-	2,261	-	-	-	2,261
Total expenditure	**SoCNE**	**4,713,216**	**3,778,101**	**517,061**	**3,929,560**	**(4,828,626)**	**8,109,312**	**5,617,354**	**4,217,765**	**3,306,081**	**4,109,713**	**(5,203,891)**	**12,047,022**
Grant income (excluding grant-in-aid)		(71,635)	(5,100)	(90,375)	(177,190)	130,346	(213,954)	(65,816)	(4,500)	(350,041)	(51,808)	276,872	(195,293)
Sale of the Tote		-	-	-	-	-	-	(838)	-	-	-	-	(838)
Broadcast licence		(150,000)	(607,800)	-	-	150,000	(607,800)	-	(597,260)	-	-	-	(597,260)
Property sale - East Village		-	-	(372,239)	-	-	(372,239)	-	-	(424,980)	-	-	(424,980)
Unwind of present value discount on sale of the Tote		-	-	-	-	-	-	25,513	-	-	-	-	25,513
Interest revenue		-	(8,239)	(74)	(2,738)	-	(11,051)	(5,650)	(9,146)	(162)	(4,124)	-	(19,082)
Other income		(24,640)	(362,393)	(8,692)	(2,321,453)	22,720	(2,694,458)	(8,375)	(378,504)	205,384	(2,533,417)	20,129	(2,694,783)
Total Income	**SoCNE**	**(246,275)**	**(983,532)**	**(471,380)**	**(2,501,381)**	**303,066**	**(3,899,502)**	**(55,166)**	**(989,410)**	**(569,799)**	**(2,589,349)**	**297,001**	**(3,906,723)**
Net operating costs for the year ended 31 March		**4,466,941**	**2,794,569**	**45,681**	**1,428,179**	**(4,525,560)**	**4,209,810**	**5,562,188**	**3,228,355**	**2,736,282**	**1,520,364**	**(4,906,890)**	**8,140,299**

2.2 Statement of financial position by operating segment

	Note	2013-14						Restated 2012-13					
	Note	Core Department £'000	BBC PSB Group £'000	Olympics £'000	Other £'000	Amounts eliminated on consolidation £'000	Total as per Group SoFP £'000	Core Department £'000	BBC PSB Group £'000	Olympics £'000	Other £'000	Amounts eliminated on consolidation £'000	Total as per Group SoFP £'000
Current assets		84,286	1,968,792	570,824	2,091,446	(52,387)	4,662,961	24,711	1,726,170	624,726	2,123,258	(125,867)	4,372,998
Investment in associates and joint ventures		-	200	-	-	-	200	-	231	-	-	-	231
Other non-current assets		9,200	1,455,189	-	5,760,236	-	7,224,625	92,573	1,510,039	356	5,136,929	-	6,739,897
Total assets	**SoFP**	**93,486**	**3,424,181**	**570,824**	**7,851,682**	**(52,387)**	**11,887,786**	**117,284**	**3,236,440**	**625,082**	**7,260,187**	**(125,867)**	**11,113,126**
Current liabilities		(118,068)	(784,618)	(183,679)	(1,702,208)	458	(2,788,115)	(89,572)	(957,983)	(281,125)	(1,733,600)	25	(3,062,255)
Non-current liabilities		(258)	(2,432,088)	-	(1,588,422)	51,929	(3,968,839)	(83,124)	(2,547,097)	(58,731)	(1,188,207)	125,842	(3,751,317)
Total liabilities	**SoFP**	**(118,326)**	**(3,216,706)**	**(183,679)**	**(3,290,630)**	**52,387**	**(6,756,954)**	**(172,696)**	**(3,505,080)**	**(339,856)**	**(2,921,807)**	**125,867**	**(6,813,572)**
Total assets less liabilities	**SoFP**	**(24,840)**	**207,475**	**387,145**	**4,561,052**	**-**	**5,130,832**	**(55,412)**	**(268,640)**	**285,226**	**4,338,380**	**-**	**4,299,554**

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, with the less significant bodies within the boundary being included within the operating segment '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.

Other income for the Group includes income from Lottery Fund Distributors £1,585,035k (31 March 2013: £1,957,234k), Other Operating income £357,275k (31 March 2013: £299,008k), and Cash Donations for asset additions £154,044k (31 March 2013: £80,482k).

3. Staff numbers and related costs

Staff costs comprise:	2013-14						Restated 2012-13
	Permanently employed staff £'000	Others £'000	Contract and Agency Staff £'000	Ministers £'000	Special Advisors £'000	Total £'000	Total £'000
Wages & salaries	1,200,626	7,672	31,923	120	132	1,240,473	1,287,367
Social security costs	117,662	510	-	11	14	118,197	116,946
Pension costs	245,384	131	-	16	29	245,560	232,956
Total costs	**1,563,672**	**8,313**	**31,923**	**147**	**175**	**1,604,230**	**1,637,269**
Less: Recoveries in respect of outward secondments	(1,511)	-	-	-	-	(1,511)	(7,352)
Total net costs	**1,562,161**	**8,313**	**31,923**	**147**	**175**	**1,602,719**	**1,629,917**
Of which:							
Core Department	20,683	295	5,596	147	175	26,896	35,923
Agency	3,941	913	396	-	-	5,250	5,910
Arms Length Bodies	1,537,537	7,105	25,931	-	-	1,570,573	1,588,084
Total Net Costs	**1,562,161**	**8,313**	**31,923**	**147**	**175**	**1,602,719**	**1,629,917**

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 £10,729k was charged to capital in 2013-14.

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

Principal Civil Service Pension Scheme (PCSPS)
The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme 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 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation: (www.civilservicepensionscheme.org.uk).

For 2013-14, employers' contributions of £3,257k (2012-13: £4,214k) for the Department and £655k (2012-13: £710k) for the Agency were payable to the PCSPS at one of four rates in the range 16.7% to 24.3% of pensionable pay, based on salary bands. Group employers' contributions of £55,667k (2012-13: £50,629k) were payable to the PCSPS at rates in the range of 16.7% to 25.5% (2012-13: 16.7% to 25.8%). 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 2013-14 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 Department were £8k (2012 -13, £nil), and by the Agency were £9k (2012-13: £8k) and by the Group were £1,738k (restated 2012-13: £1,449k). 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 3% to 15.5% (2012-13: 3% to 12.5%) of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay.

In addition, employer contributions of £0.5k (2012-13: £1k) for the Department, £1k (2012-13: £nil) for the Agency and £200k (2012-13: £182k) 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 Department, nil and, the Agency, 1 (2012-13: both nil) individuals retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to nil (2012-13: nil) for both the Department and the Agency. For the Group, 3 (2012-13: 5) individuals retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £19k (2012-13: £4k).

Other Pension Schemes

Employer contributions to other pension schemes by the Group in the year amounted to £237,723k (restated 2012-13: £208,692k) (Note 21). A list of these bodies is provided in Note 30.

Average number of persons employed

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

						2013-14	2012-13
	Permanently employed staff	Others	Contract and Agency Staff	Ministers	Special Advisors	Total	Total
Staff employed	30,567	255	595	3	2	31,422	31,658
Staff engaged on capital projects	195	23	2	-	-	220	229
Total	**30,762**	**278**	**597**	**3**	**2**	**31,642**	**31,887**
Of which:							
Core Department	342	34	53	3	2	434	581
Agency	92	13	10	-	-	115	127
Arms Length Bodies*	30,328	231	534	-	-	31,093	31,179
Total	**30,762**	**278**	**597**	**3**	**2**	**31,642**	**31,887**

*The total number of staff employed at the BBC PSB Group is 16,672 (2012-13: 16,534). The BBC PSB Group is included above within ALBs.

Staff Receivables

As at 31 March 2014, 2,061 employees (31 March 2013: 2,088 employees) of the Group were in receipt of advances of travel, housing or other loans which are repayable to the employer of £2,515k (31 March 2013: £5,213k).

3.1 Reporting of Civil Service and other compensation schemes – exit packages

Exit package cost band	2013-14								
	Core Department			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	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
Less than £10,000	-	-	-	-	-	-	86	51	137
£10,000 - £25,000	-	-	-	-	-	-	89	145	234
£25,000 - £50,000	-	7	7	-	7	7	74	197	271
£50,000 - £100,000	-	5	5	-	5	5	25	181	206
£100,000 - £150,000	-	1	1	-	1	1	6	63	69
£150,000 - £200,000	-	-	-	-	-	-	-	12	12
More than £200,000	-	-	-	-	-	-	-	1	1
Total number of exit packages	**-**	**13**	**13**	**-**	**13**	**13**	**280**	**650**	**930**
Total cost (£'000)	**-**	**764**	**764**	**-**	**764**	**764**	**2,593**	**17,220**	**19,813**

Included above are 413 other departures with a cost of £9,600k relating to the BBC PSB Group.

3.1 Reporting of Civil Service and other compensation schemes – exit packages (continued)

	2012-13								
	Core Department			Core Department & Agency			Departmental Group		
Exit package cost band	**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**	**Number of compulsory redundancies**	**Number of other departures agreed**	**Total number of exit packages by cost band**
Less than £10,000	-	2	2	-	2	2	92	128	220
£10,000 - £25,000	-	9	9	1	10	11	135	278	413
£25,000 - £50,000	-	27	27	-	28	28	62	446	508
£50,000 - £100,000	-	25	25	-	25	25	27	245	272
£100,000 - £150,000	-	4	4	-	4	4	2	52	54
£150,000 - £200,000	-	2	2	-	2	2	-	13	13
More than £200,000	-	1	1	-	1	1	-	13	13
Total number of exit packages	**-**	**70**	**70**	**1**	**72**	**73**	**318**	**1,175**	**1,493**
Total cost (£'000)	**-**	**4,104**	**4,104**	**21**	**4,148**	**4,169**	**6,782**	**50,297**	**57,079**

Included above are 813 other departures with a cost of £38,285k 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.

Provisions for early departures relating to the Group in 2013-14 amounting to £2,850k (2012-13: £1,490k), were made during the year and are included in Note 20 of the Accounts.

4. Other Administration Costs

	2013-14			2012-13		
	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000
Current grants	-	-	(85)	-	-	479
Subsidies to private sector	-	-	148	-	-	11
Audit fees (statutory accounts) - cash	-	-	549	47	47	592
Professional services	9,130	9,224	25,181	12,696	12,918	30,433
Human resources	571	595	4,404	418	443	4,256
Marketing and media	93	206	6,345	764	788	5,970
Premises expenses	521	1,116	8,701	3,540	4,106	10,131
Business rates	689	689	3,041	2,378	2,378	4,841
Utilities	168	221	1,500	226	300	1,520
Rentals under operating leases (non PFI)	3,693	3,719	19,164	6,868	6,879	22,730
Finance costs	7	7	1,758	15	15	763
IT maintenance and support	4,079	4,340	24,030	4,897	5,078	23,774
Early departure costs	78	78	1,183	4,178	4,178	10,979
Travel and subsistence	589	591	6,369	701	703	6,811
Sport	-	-	8	-	-	112
Tourism	-	-	32,613	-	-	35,866
Ceremonial and cultural events	-	-	-	539	539	539
Museums, galleries, art & exhibits	128	128	128	129	129	130
Libraries	-	-	32	-	-	30
Olympic activities	-	-	-	42	42	42
Other expenditure	485	717	7,390	911	1,165	14,416
Sub-total	**20,231**	**21,631**	**142,459**	**38,349**	**39,708**	**174,425**

4. Other Administration Costs (continued)

	2013-14			2012-13		
	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000
Non-cash items						
Depreciation	1,259	1,437	10,696	1,771	1,939	12,770
Amortisation	10	17	2,499	24	26	4,633
Impairments (Note 14)	98	98	692	-	-	17
Revaluations	-	-	-	-	-	(100)
(Profit)/loss on disposal of property, plant & equipment	-	-	261	29	29	428
Losses on disposal of assets:						
Assets held for sale	-	-	-	-	-	43
Financial assets	-	-	45	-	-	3
Auditors' remuneration	410	410	410	445	445	445
Write offs	-	-	(249)	-	-	(106)
Unrealised foreign exchange rate (gains)/losses	-	-	-	-	-	7
Total non-cash items	**1,777**	**1,962**	**14,354**	**2,269**	**2,439**	**18,140**
Total administration expenditure	**22,008**	**23,593**	**156,813**	**40,618**	**42,147**	**192,565**

Auditors' remuneration
Notional auditors' remuneration for the cost of the audit of the DCMS Group's accounts was £410k (2012-13: £445k). DCMS did not purchase any non-audit services from its auditor, the Comptroller and Auditor General (C&AG).

The cash remuneration of £549k (2012-13: £592k) relates to the statutory audit of the ALBs. Of this amount, £534k was payable to the National Audit Office (NAO) on behalf of the C&AG and £15k was payable to other auditors. In 2013-14 no ALBs purchased non-audit services from their auditors. Further details can be obtained from the accounts of the ALBs.

Consultancy Expenditure
Included within professional services is £11.3m of consultancy costs (2012-13: £14.9m).

5. Programme Costs

	2013-14			Restated 2012-13		
	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000
Capital grants	71,430	71,430	573,936	70,010	70,010	2,192,406
Current grants	25,734	25,734	1,036,833	28,458	28,458	1,379,091
Subsidies to private sector	-	-	9	-	-	-
Subsidies to public sector	38,444	38,444	38,444	522,976	522,976	522,976
Grant-in-aid to ALBs	4,525,562	4,512,311	-	4,906,869	4,892,457	-
Audit fees (statutory accounts) - cash	-	-	1,935	-	-	2,003
Professional services	531	2,045	75,552	1,706	2,814	174,510
Human resources	43	365	10,443	25	246	12,242
Marketing and media	138	255	19,288	254	331	15,991
Premises expenses	3	22,673	119,578	1,362	24,953	169,067
Business rates	-	190	8,884	-	161	9,919
Utilities	-	915	29,021	-	980	27,809
Rentals under operating leases (non PFI)	-	95	149,949	-	114	136,313
PFI service charges	-	-	1,549	-	-	1,188
Interest payable	-	-	81,916	-	-	85,103
Finance costs	-	3	1,393	-	22	1,348
IT maintenance and support	-	229	29,195	2	159	29,785
Early departure costs	(167)	(167)	15,461	(34)	23	31,215
Travel and subsistence	5	13	19,209	467	491	19,845
Broadcasting and media	-	-	2,207,591	-	-	2,837,529
Sport	-	7	20,001	-	15	25,085
Tourism	-	-	25,395	-	-	24,377
Ceremonial and cultural events	1,252	1,332	4,647	7,358	7,810	10,782
Historical and heritage	-	-	24,430	-	-	1,402
Museums, galleries, art & exhibits	329	329	47,740	76	76	50,802
Libraries	-	-	6,374	-	-	6,589
Olympic activities	-	-	372,239	631	631	806
Equalities advice and support service	1,898	1,898	1,898	-	-	-
Other expenditure	339	416	99,374	2,078	3,474	113,100
Sub-total	**4,665,541**	**4,678,517**	**5,022,284**	**5,542,238**	**5,556,201**	**7,881,283**

5. Programme Costs (continued)

	2013-14			Restated 2012-13		
	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000
Non-cash items						
Depreciation	3	1,703	239,257	-	1,487	1,568,926
Amortisation	-	79	8,187	-	74	26,700
Impairments (Note 14)	-	-	142,659	-	-	74,510
Revaluations	-	112	3,257	-	531	(7,098)
(Profit)/loss on disposal of property, plant & equipment	-	-	(15,229)	-	60	6,860
(Profit)/loss on disposal of intangibles	-	-	10	-	-	-
Losses on disposal of other assets:						
Assets held for sale	-	-	3	-	-	4,556
Inventories	-	-	30	-	-	-
Financial assets	-	-	(4,397)	-	-	1,849
Share of losses on joint ventures and associates	-	-	-	-	-	2,261
(Gains)/losses on net asset transfers	-	-	-	685	685	-
Auditors' remuneration	-	41	41	-	41	41
Interest on pension liabilities	-	-	82,412	-	-	64,008
Provisions:						
Unwinding of discount	-	-	3	-	-	2
Provided for/(released)	(1,232)	(841)	870,434	(2,110)	(2,168)	599,738
Write offs	-	(21)	291	-	173	580
Unrealised foreign exchange rate (gains)/losses	-	-	538	-	-	(43)
Other non-cash charges	-	-	-	-	-	367
Total non-cash items	**(1,229)**	**1,073**	**1,327,496**	**(1,425)**	**883**	**2,343,257**
Total programme expenditure	**4,664,312**	**4,679,590**	**6,349,780**	**5,540,813**	**5,557,084**	**10,224,540**

Auditors' remuneration

Notional auditors' remuneration for the cost of the audit of the Agency's accounts was £41k (2012-13: £41k). The Agency did not purchase any non-audit services from its auditor, the C&AG.

The cash remuneration of £1,935k (2012-13: £2,003k) relates to the statutory audit of the ALBs. Of this amount, £1,099k was payable to the National Audit Office (NAO) on behalf of the C&AG and £836k was payable to other auditors. In 2013-14 the ALBs purchased non-audit services from auditors other than the NAO for £815k. Further details can be obtained from the accounts of the ALBs.

Consultancy Expenditure

Included within professional services is £28.0m of consultancy costs (2012-13: £109.0m). These costs were higher in 2012-13 due to Olympic related activities.

Significant movements in expenditure
Capital Grants and Depreciation have decreased following the transfer of £1,242m of ODA's assets to the London Legacy Development Corporation in 2012-13.

Subsidies to Public Sector Bodies has reduced £484.5m due the reduced Olympic related commitments to LOCOG and the Home Office, further analysis can be found in Note 5.1.

Factors causing a decrease in Broadcasting and Media expenditure include the BBC's Delivering Quality First plan (a major efficiency programme) and a reduction in activity following the London Olympics.

The Olympic Development Authority (ODA) incurred Olympic Activity costs of £372.2m for the cost of sales of the East Village. A corresponding amount is recognised as property sales revenue in Note 6.

5.1 Grant-in-aid, Subsidies and Funding given by the Department

Grant-in-aid and Funding

	2013-14 Estimate £'000	2013-14 Outturn £'000	2012-13 Outturn £'000
Arts Council England	464,283	458,696	469,968
BBC PSB Group	3,146,357	3,101,143	2,959,064
British Film Institute	24,343	24,301	27,914
British Library	95,703	95,106	103,868
British Museum	43,862	43,862	45,378
Churches Conservation Trust	2,687	2,787	2,828
English Heritage	96,846	99,846	101,437
Equality and Human Rights Commission (EHRC)	32,826	19,158	30,981
Gambling Commission	200	1,420	-
Geffrye Museum Trust Limited	1,689	1,789	1,645
Horniman Public Museum and Public Park Trust	4,158	4,258	4,199
Imperial War Museum	21,093	21,243	31,186
Museums, Libraries and Archives Council (MLAC)	-	-	6,702
National Gallery	25,520	25,520	26,320
National Heritage Memorial Fund	10,000	10,000	5,000
National Lottery Commission	2,495	1,177	1,958
National Maritime Museum	16,382	16,382	16,848
National Museums Liverpool	20,912	20,912	22,061
National Portrait Gallery	7,040	7,040	7,277
Natural History Museum	44,314	44,314	45,760
Office of Communications (Ofcom)	89,742	54,946	107,097
Olympic Delivery Authority	129,400	147,600	423,200
Public Lending Right (PLR)	-	388	7,084
Royal Armouries Museum	7,520	7,620	8,773
S4C	6,795	6,561	83,000
Science Museum Group	42,247	42,247	43,660
Sir John Soane's Museum	1,472	1,572	1,111
Sport England	88,967	88,634	99,814
Sports Ground Safety Authority	1,145	1,112	1,126
Tate Gallery	24,394	24,394	34,912
UK Anti-Doping	6,066	6,031	6,498
UK Sport	42,009	43,020	65,966
Victoria and Albert Museum	39,408	39,408	48,205
British Tourist Authority (Visit Britain)	44,862	46,830	48,672
Wallace Collection	2,894	2,994	2,946
Not allocated at the time of the Estimate	(1,643)		-
Sub-total Grant-in-Aid	**4,585,988**	**4,512,311**	**4,892,458**

The Royal Parks (TRP)	-	13,251	14,411
Sub-total Funding	**-**	**13,251**	**14,411**

Subtotal Grant-in-Aid and Funding	**4,585,988**	**4,525,562**	**4,906,869**

Grant-in-aid given to ALBs within the Group were eliminated upon consolidation.

5.1 Grant-in-aid, Subsidies and Funding given by the Department (continued)

Grants and Subsidies

	2013-14 Estimate £'000	2013-14 Outturn £'000	2012-13 Outturn £'000
Royal Household	509	454	382
LOCOG	-	-	323,037
Home Office	-	-	172,285
Department for Communities and Local Government (DCLG)	29,500	28,888	25,515
Department for Education	7,100	7,000	-
Greater London Assembly (GLA)	1,420	765	-
Other Bodies	522	1,337	1,757
Sub-total Grants	**39,051**	**38,444**	**522,976**
TOTAL	**4,625,039**	**4,564,006**	**5,429,845**

Major grants made were £28.9m to DCLG to subsidise Local Authorities Libraries and Sports Grounds PFI contracts, £7.0m to Department for Education for primary school sports, and £0.8m to the GLA for Olympic Park transformation.

Grants given to the Home Office and LOCOG in 2012-13 were London 2012 Olympic related and therefore not required in 2013-14.

6. Income

	2013-14			Restated 2012-13		
	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000
Administration income						
Current grant income	592	592	744	1,756	1,756	1,062
Goods and services	66	66	24,063	60	60	22,570
Recoveries	941	941	1,061	1,990	1,990	2,001
Rental income	305	305	574	3,335	3,335	3,669
Fees and charges	-	-	39,008	-	-	33,086
Fees for licences and broadcast licences	-	892	14,414	-	729	11,577
Royalties	-	-	121	-	-	7
Charity income	-	-	-	-	-	30
Interest	-	-	318	-	-	506
Dividends	-	-	30	-	-	19
Other income	-	197	1,027	25	274	1,863
Total administration income	**1,904**	**2,993**	**81,360**	**7,166**	**8,144**	**76,390**

Income has been restated for 2012-13 with the expected return on pension scheme assets of £669.7m now reported in Note 5 following the change to IAS19.

6. Income (continued)

	2013-14			Restated 2012-13		
	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000
Programme income						
Lottery income	-	-	1,585,035	-	-	1,957,234
Current grant income	71,043	72,083	153,060	63,920	64,296	157,945
Capital grant income	-	-	60,150	140	210	36,286
Goods and services	-	-	68,642	419	419	51,443
Property sales – East Village	-	-	372,239	-	-	212,490
Recoveries	22,599	22,599	92,285	2,363	2,363	65,453
Rental income - other	50	1,140	10,866	-	957	11,241
Fees and charges	-	13,856	39,018	-	12,160	37,240
Levies	-	-	70,153	-	-	66,855
Fees for licences and broadcast licences	150,000	151,297	609,097	-	1,380	598,643
Royalties	-	-	21,667	-	-	14,725
Charity income - donations	-	-	200,390	-	50	121,886
Charity income - other	-	-	108,161	-	-	108,112
Interest	-	-	10,733	5,650	5,650	18,576
Dividends	-	-	67,523	-	-	50,282
Other operating income	679	3,736	356,248	1,021	5,768	297,145
Sub-total	**244,371**	**264,711**	**3,825,267**	**73,513**	**93,253**	**3,805,556**
Non-cash items						
Profit on disposal of assets:						
Financial assets	-	-	14	-	-	14
Revaluation of financial assets/liabilities	-	-	55	-	-	(4)
Charity income - asset donations	-	-	12,059	-	99	50,611
Other non-cash income	-	-	(19,253)	(25,513)	(25,513)	(25,844)
Total non-cash items	**-**	**-**	**(7,125)**	**(25,513)**	**(25,414)**	**24,777**
Total programme income	**244,371**	**264,711**	**3,818,142**	**48,000**	**67,839**	**3,830,333**

Lottery Income was higher in 2012-13 as a result of an unclaimed prize of £64m and higher sales, driven in part by the Olympic Lottery, a one off Millionaires raffle and two extended Euromillions rollovers.

ODA recognised £372.2m in property sales revenue from the sale of residential property in the East Village to Triathlon Homes LLP, QDD Athletes Village UK Ltd (QDD AVUK) and NHS Property Ltd. A corresponding amount is recognised as cost of sales in Note 5.

Fees for Licences have increased in the Core Department by £150m as DCMS collected £150m from the BBC 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 5.1.

7. Property, Plant and Equipment

										2013-14
	Land £'000	Buildings £'000	Dwellings £'000	Olympic Venues/ Village £'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 2013	801,127	3,565,846	14,838	-	97,316	1,390,236	397,229	960	381,910	6,649,462
Additions	110	40,305	203	-	5,196	26,833	11,063	-	212,014	295,724
Donations	-	-	-	-	50	-	-	-	-	50
Disposals	(2,553)	(11,348)	(202)	-	(4,192)	(75,759)	(10,728)	-	(380)	(105,162)
Revaluations	101,478	235,417	(700)	-	(124)	(4,441)	730	(133)	(364)	331,863
Impairments	-	(18,805)	(3)	-	(11)	(759)	(40)	-	-	(19,618)
Reclassifications	(16,032)	151,998	(564)	-	6,316	105,958	6,979	-	(255,995)	(1,340)
Transfers to inventory	-	-	-	-	-	-	-	-	-	-
Transfers to/from assets held for sale/intangibles	-	(1,095)	-	-	(694)	149	(1)	-	(193)	(1,834)
Transfers in/out of group	-	-	-	-	-	-	-	-	-	-
At 31 March 2014	**884,130**	**3,962,318**	**13,572**	**-**	**103,857**	**1,442,217**	**405,232**	**827**	**336,992**	**7,149,145**
Depreciation										
At 1 April 2013	-	441,874	8,067	-	72,739	643,742	249,926	-	-	1,416,348
Charged in year	-	101,173	536	-	11,324	107,733	28,749	-	-	249,515
Disposals	-	(8,253)	(55)	-	(4,148)	(62,288)	(10,578)	-	-	(85,322)
Revaluations	-	(91,973)	(1,064)		(102)	(74,374)	381	-	-	(167,132)
Impairments	-	881	-	-	(4)	-	-	-	-	877
Reclassifications	-	-	-	-	2	-	(2)	-	-	-
Transfers to inventory	-	-	-	-	-	-	-	-	-	-
Transfers to/from assets held for sale/intangibles	-	(601)	-	-	(373)	40	(40)	-	-	(974)
Transfers in/out of group	-	-	-	-	-	-	-	-	-	-
At 31 March 2014	**-**	**443,101**	**7,484**	**-**	**79,438**	**614,853**	**268,436**	**-**	**-**	**1,413,312**
Carrying amount:										
31-Mar-14	**884,130**	**3,519,217**	**6,088**	**-**	**24,419**	**827,364**	**136,796**	**827**	**336,992**	**5,735,833**
31-Mar-13	**801,127**	**3,123,972**	**6,771**	**-**	**24,577**	**746,494**	**147,303**	**960**	**381,910**	**5,233,114**
Asset financing:										
Owned	882,826	2,348,185	3,591	-	24,419	823,900	133,522	827	336,992	4,554,262
Finance leased	1,304	1,171,032	2,497	-	-	3,464	3,274	-	-	1,181,571
Carrying amount at 31 March 2014	**884,130**	**3,519,217**	**6,088**	**-**	**24,419**	**827,364**	**136,796**	**827**	**336,992**	**5,735,833**
Of which:										
Core Department	627	4	-	-	1,290	22	639	-	-	2,582
Agency	23	18,457	1,630	-	106	2,884	1,232	-	478	24,810
Arms Length Bodies	883,480	3,500,756	4,458	-	23,023	824,458	134,925	827	336,514	5,708,441
Carrying amount at 31 March 2014	**884,130**	**3,519,217**	**6,088**	**-**	**24,419**	**827,364**	**136,796**	**827**	**336,992**	**5,735,833**

7. Property, Plant and Equipment (continued)

										2012-13
	Land £'000	Buildings £'000	Dwellings £'000	Olympic Venues/ Village £'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 2012	798,518	3,596,659	16,094	-	97,769	1,397,793	409,527	960	3,401,861	9,719,181
Additions	48	19,115	82	-	8,733	57,706	10,234	-	326,804	422,722
Donations	-	6	-	-	15	-	45	-	48	114
Disposals	(1)	(30,831)	-	(1,915,140)	(9,477)	(177,855)	(22,372)	-	(986)	(2,156,662)
Revaluations	16,505	(44,905)	474	-	202	14,391	(4,333)	-	-	(17,666)
Impairments	-	(315)	-	-	-	(8,800)	(17)	-	-	(9,132)
Reclassifications	(13,943)	26,549	(1,812)	3,203,700	100	112,602	4,306	-	(3,333,809)	(2,307)
Transfers to inventory	-	-	-	(1,288,560)	-	-	-	-	-	(1,288,560)
Transfers to/from assets held for sale/intangibles	-	-	-	-	-	(5,600)	-	-	(12,008)	(17,608)
Transfers in/out of group	-	(432)	-	-	(26)	(1)	(161)	-	-	(620)
At 31 March 2013	**801,127**	**3,565,846**	**14,838**	**-**	**97,316**	**1,390,236**	**397,229**	**960**	**381,910**	**6,649,462**
Depreciation										
At 1 April 2012	-	409,314	7,378	-	70,844	634,919	244,540	-	-	1,366,995
Charged in year	-	103,139	537	1,267,876	11,526	169,038	29,176	-	-	1,581,292
Disposals	-	(16,788)	-	(672,948)	(9,518)	(146,496)	(19,011)	-	-	(864,761)
Revaluations	-	(53,354)	152	-	41	(12,467)	(3,711)	-	-	(69,339)
Impairments	-	-	-	-	-	-	-	-	-	-
Reclassifications	-	(3)	-	-	(128)	1,149	(1,018)	-	-	-
Transfers to inventory	-	-	-	(594,928)	-	-	-	-	-	(594,928)
Transfers to/from assets held for sale/intangibles	-	-	-	-	-	(2,400)	-	-	-	(2,400)
Transfers in/out of group	-	(434)	-	-	(26)	(1)	(50)	-	-	(511)
At 31 March 2013	**-**	**441,874**	**8,067**	**-**	**72,739**	**643,742**	**249,926**	**-**	**-**	**1,416,348**
Carrying amount:										
31-Mar-13	**801,127**	**3,123,972**	**6,771**	**-**	**24,577**	**746,494**	**147,303**	**960**	**381,910**	**5,233,114**
31-Mar-12	**798,518**	**3,187,345**	**8,716**	**-**	**26,925**	**762,874**	**164,987**	**960**	**3,401,861**	**8,352,186**
Asset financing:										
Owned	799,823	2,007,835	4,125	-	24,577	729,031	143,943	960	381,910	4,092,204
Finance leased	1,304	1,116,137	2,646	-	-	17,463	3,360	-	-	1,140,910
Carrying amount at 31 March 2013	**801,127**	**3,123,972**	**6,771**	**-**	**24,577**	**746,494**	**147,303**	**960**	**381,910**	**5,233,114**
Of which:										
Core Department	-	258	-	-	1,960	160	766	-	-	3,144
Agency	23	18,252	1,408	-	106	1,850	1,095	-	1,216	23,950
Arms Length Bodies	801,104	3,105,462	5,363	-	22,511	744,484	145,442	960	380,694	5,206,020
Carrying amount at 31 March 2013	**801,127**	**3,123,972**	**6,771**	**-**	**24,577**	**746,494**	**147,303**	**960**	**381,910**	**5,233,114**

BBC PSB Group
Included above are buildings for the BBC PSB Group, which had a carrying value as at 31 March 2014 of £938m (31 March 2013: £933m). These buildings provide regional broadcasting facilities for both television and radio.

Land & Building Valuation
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 PSB are included in the accounting policies Note 1.12.

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.

8. 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 Notes 8.1.

				2013-14
	Land £'000	Buildings £'000	Other £'000	Total £'000
Cost or valuation				
At 1 April 2013	2,400	72,096	938,622	1,013,118
Additions	-	946	60,285	61,231
Donations	-	-	12,009	12,009
Disposals	-	(221)	(6)	(227)
Revaluations	-	(2,441)	24,395	21,954
Impairments	-	(449)	-	(449)
Reclassifications	-	410	930	1,340
At 31 March 2014	**2,400**	**70,341**	**1,036,235**	**1,108,976**
Depreciation				
At 1 April 2013	-	21,699	70	21,769
Charged in year	-	438	-	438
Revaluations	-	(1,746)	1,488	(258)
At 31 March 2014	**-**	**20,391**	**1,558**	**21,949**
Carrying amount:				
31-Mar-14	**2,400**	**49,950**	**1,034,677**	**1,087,027**
31-Mar-13	**2,400**	**50,397**	**938,552**	**991,349**
Asset financing:				
Owned	2,400	49,950	1,034,677	1,087,027
Finance leased	-	-	-	-
Carrying amount at 31 March 2014	**2,400**	**49,950**	**1,034,677**	**1,087,027**
Of which:				
Core Department	-	-	6,613	6,613
Agency	-	20,258	5,918	26,176
Arms Length Bodies	2,400	29,692	1,022,146	1,054,238
Carrying amount at 31 March 2014	**2,400**	**49,950**	**1,034,677**	**1,087,027**

8. Heritage Assets (continued)

	2012-13			
	Land £'000	Buildings £'000	Other £'000	Total £'000
Cost or valuation				
At 1 April 2012	4,758	75,437	852,832	933,027
Additions	-	1,836	19,556	21,392
Donations	-	-	50,497	50,497
Revaluations	-	(3,585)	9,480	5,895
Reclassifications	(2,358)	(1,592)	6,257	2,307
At 31 March 2013	**2,400**	**72,096**	**938,622**	**1,013,118**
Depreciation				
At 1 April 2012	-	27,821	-	27,821
Charged in year	-	404	-	404
Revaluations	-	(6,456)	-	(6,456)
Reclassifications	-	(70)	70	-
At 31 March 2013	**-**	**21,699**	**70**	**21,769**
Carrying amount:				
31-Mar-13	**2,400**	**50,397**	**938,552**	**991,349**
31-Mar-12	**4,758**	**47,616**	**852,832**	**905,206**
Asset financing:				
Owned	2,400	50,397	938,552	991,349
Finance leased	-	-	-	-
Carrying amount at 31 March 2013	**2,400**	**50,397**	**938,552**	**991,349**
Of which:				
Core Department	-	-	6,496	6,496
Agency	-	19,986	6,188	26,174
Arms Length Bodies	2,400	30,411	925,868	958,679
Carrying amount at 31 March 2013	**2,400**	**50,397**	**938,552**	**991,349**

8.1 Heritage Assets

	Non Operational		Operational		Total Heritage Assets
	At Cost £'000	At Valuation £'000	At Cost £'000	At Valuation £'000	£'000
Cost or valuation					
Balance at 1 April 2013	220,488	717,690	13,149	61,791	1,013,118
Additions	59,245	476	620	890	61,231
Donations	-	12,009	-	-	12,009
Disposals	(6)	-	-	(221)	(227)
Impairments	-	-	(338)	(111)	(449)
Reclassifications	1,039	696	(1,115)	720	1,340
Revaluations	-	24,395	-	(2,441)	21,954
Balance at 31 March 2014	**280,766**	**755,266**	**12,316**	**60,628**	**1,108,976**
Depreciation					
Balance at 1 April 2013	-	70	161	21,538	21,769
Depreciation charge for the year	-	-	88	350	438
Revaluations	-	1,488	-	(1,746)	(258)
Balance at 31 March 2014	**-**	**1,558**	**249**	**20,142**	**21,949**
Net book value at 31 March 2014	**280,766**	**753,708**	**12,067**	**40,486**	**1,087,027**

	Non Operational		Operational		Total Heritage Assets
	At Cost £'000	At Valuation £'000	At Cost £'000	At Valuation £'000	£'000
Cost or valuation					
Restated balance at 1 April 2012	207,663	651,753	8,616	64,995	933,027
Additions	12,824	5,975	2,211	380	21,390
Donations	-	50,497	-	-	50,497
Reclassifications	-	(15)	2,322	-	2,307
Transfers	1	1	-	1	3
Revaluations	-	9,479	-	(3,585)	5,894
Restated balance at 31 March 2013	**220,488**	**717,690**	**13,149**	**61,791**	**1,013,118**
Depreciation					
Restated balance at 1 April 2012	-	70	74	27,677	27,821
Depreciation charge for the year	-	-	87	317	404
Revaluations	-	-	-	(6,456)	(6,456)
Restated balance at 31 March 2013	**-**	**70**	**161**	**21,538**	**21,769**
Net book value at 31 March 2013	**220,488**	**717,620**	**12,988**	**40,253**	**991,349**

8.1 Heritage Assets (continued)

2013-14 Summary of disposals	Non Operational		Operational		Total Heritage Assets
	At Cost £'000	At Valuation £'000	At Cost £'000	At Valuation £'000	£'000
Carrying value of disposals	6	-	-	221	227
Sale proceeds from disposal	-	-	-	(773)	(773)
Total	6	-	-	(552)	(546)

Summary of Heritage Asset Transactions	2013-14 £000	2012-13 £000
Purchased Assets	61,231	21,390
Donated Assets	12,009	50,497
Disposals	(227)	-
Impairments	(449)	-

Classification
The 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.

In 2013-14 a review of the split of Heritage Assets between Non-operational and Operational was undertaken. As a result, some items were reclassified in order to better align the split with the above definitions. 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 30.

8.1.1 Non-operational heritage assets
Non-operational heritage assets acquired by the Group prior to 1 April 2001 have not been valued, and are therefore not included in the Consolidated Statement of Financial Position. The cost of valuing these assets is considered to be prohibitive, which is a reflection of the size of the collections and/or the assets' uniqueness.

Department
The Department's non-operational heritage assets includes the following assets which 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
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 1st April 2000. The cost of obtaining valuations for assets acquired before April 2000 is not commensurate to the benefits.

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:

- The Royal Parks are managed by the Agency and asset improvements and additions are reported at cost.

- 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 on-going 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 Old Crown Lands Acts. Management responsibility for these properties has been vested by English Heritage. These properties together with the crown lands managed by English Heritage are maintained from grant-in-aid funding. There are close to 100 such properties, plus some 250 properties under guardianship, managed by English Heritage. English Heritage also recognises a number of properties that are ancillary to public access to sites under guardianship, such as car parks. The freehold of these properties lies with the Department.

The following (based on visitor numbers) are of particular importance:

- Apsley House
- Audley End House
- Battle Abbey
- Bolsover Castle
- Brodsworth Hall
- Clifford's Tower
- Marble Arch
- Old Sarum Castle
- Stonehenge
- Waverley Abbey

The Agency

The Agency held non-operational heritage assets at valuation of £5.9m as at 31 March 2014 (31 March 2013: £6.2m). The Agency also had 114 heritage assets which have not been included in the Consolidated Statement of Financial Position. These assets consist of monuments, statues, fountains, bridges, walls, band stands, historic gates and monuments such as the Albert Memorial in Kensington Gardens and the 7 July Memorial in Hyde Park.

Arms 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 31), the following illustrate the scope of these.

Tate Gallery held non-operational heritage assets at cost of £128.5m as at 31 March 2014 (31 March 2013: £99.2m) and at valuation of £197.2m (31 March 2013: £192.9m). 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 forms from painting, drawing, sculpture and prints, to photography, video and film, installation and performance. The collection includes 70,118 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 National Gallery held non-operational heritage assets at a cost of £19.5m as at 31 March 2014 (31 March 2013:£3.9m) and at valuation of £266.6m (31 March 2013: £264.6). The National Gallery houses one of the greatest collections of Western European painting in the world. The collection contains over 2,300 works, including many iconic masterpieces and the work of some of the greatest painters.

The Arts Council England (ACE) held non-operational heritage assets at valuation as at 31 March 2014 of £134.3m (31 March 2013: £118.6m). The Arts Council held a works of art and poetry collection. During 2013-14 the Arts Council also held a film collection which was managed in-house. The works of art collection has been built up since 1946 and consisted of 7,697 items at 31 March 2014. The film and poetry collections are not reflected in the Consolidated Statement of Financial Position. Works of exceptionally high value are valued once every five years 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 Museum held non-operational heritage assets at cost of £26.1m as at 31 March 2014 (31 March 2013: £22.4m) and at valuation of £45.4m (31 March 2013: £38.1m). The British Museum collection is a truly global one, and its great strength is the way it records the interrelated histories of humanity as a whole.

The Victoria and Albert Museum held non-operational heritage assets at cost of £24.3m as at 31 March 2014 (31 March 2013: £22.0m) and at valuation of £37.4m (31 March 2013: £36.5m). The Victoria and Albert Museum is the leading international museum of art and design, with 2.26 million objects, library items and archives in its collections.

The British Library held non-operational heritage assets at cost of £33.7m as at 31 March 2014 (31 March 2013: £30.1m) and at valuation of £27.9m (31 March 2013: £24.6m). 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.

8.1.2 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 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.

The Department also holds the freehold to Blythe House, which is currently occupied by the British Museum, Science Museum and the Victoria and Albert Museum, and included as PPE on the Statement of Financial Position of those museums and in these accounts.

The Agency

The Agency held operational heritage assets at valuation as at 31 March 2014 of £20.3m (31 March 2013: £20.0m), comprising buildings in use by the Agency, tenants or concessionaires which, in addition to being held by the Agency for heritage purposes, are also used for revenue generating or other non-heritage purposes. These assets are subject to revaluation under a rolling five year programme.

Arms Length Bodies

The English Heritage held 80 operational heritage assets of £18.0m at cost or valuation as at 31 March 2014 (31 March 2013: £18.7m).

8.1.3 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 (QIs) 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 English Heritage providing advice and guidance at a national level to government departments and agencies, as well as other bodies.

With the exceptions of Blythe House and Somerset House, English Heritage manages all the sites on behalf of the Department. English Heritage 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 English Heritage a strategy for the conservation and maintenance of the sites. English Heritage 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:

http://www.english-heritage.org.uk/about/who-we-are/corporate-information/plan-maintaining-our-historic-estate/

The Government Art Collection is part of the Department, and receives annual funding directly from the Department. 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 via the link below:

www.gac.culture.gov.uk/reports

Agency
The Royal Parks has detailed documented procedures in relation to acquisitions and disposal of on balance sheet heritage assets.

For non-capitalised heritage assets the Agency has no disposal policy as they are inalienable, nor has it disposed of any heritage assets since it was formed in 1993.

The Agency has a programme of maintenance works undertaken which is informed by the Quadrennial Conservation report of all listed buildings and structures and condition surveys. In line with the Core Department it has adopted the “Protocol for the Care of the Historic Estate” appointed a Conservation Officer and uses specialist consultants and contractors where appropriate. Priorities are assessed each year, and the cost is expensed through the Statement of Comprehensive Net Expenditure. A schedule of backlog maintenance requirements is maintained and this is used to assess priorities. The work undertaken each year will include repair and preventative maintenance. Operational heritage land and buildings, comprising buildings in use by the Agency, tenants or concessionaires, are used for revenue generating or other non-heritage purposes. They are professionally valued and held on the Statement of Financial Position. The valuation method used depends upon the type of the building and its use.

Arms 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 ALB’s 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.

8.1.4 Heritage assets: records maintained and access.
Department
The Government Art Collection maintains a physical and online database of its collection. The Government Art Collection 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 Agency
The Agency maintains a physical database of its collection. Given the Agency's heritage assets location in the Royal Parks and that visiting the Royal Parks is free, the public have significant access to these assets.

Arms 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.

8.1.5 Nature and extent of significant donations of heritage assets

The decrease in donated assets from 2012-13 is due to fluctuations in the size and nature of donations. Significant items are:

The British Museum received donations of heritage assets at a valuation of £4.8m (31 March 2013:£6.9m).

The Tate Gallery received donations of heritage assets at a valuation of £4.3m (31 March 2013: £18.5m).

Donations comprised of several significant artworks, including works by Frank Bowling, Meshac Gaba, Naum Gabo, Alex Katz and Mark Rothko.

The National Gallery received donations of heritage assets at a valuation of £nil (31 March 2013: £19.9m).

9. Investment Properties

	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000
Balance at 1 April 2012	-	-	3,263
Additions	-	-	-
Revaluations	-	-	175
Reclassifications	-	-	(552)
Balance at 31 March 2013	**-**	**-**	**2,886**
Revaluations	-	-	374
Reclassifications	-	-	-
Balance at 31 March 2014	**-**	**-**	**3,260**

The British Museum holds investment properties as at 31 March 2014 valued at £3,260k (31 March 2013: £2,886k). The valuation of these investment properties was carried out by Kinney Green at 31 March 2014 in accordance with the RICS Appraisal and Valuation Manual. The investment properties comprise the freehold of various properties around the museum in Bloomsbury and were acquired in the nineteenth century. They are treated as having a zero historic cost, and are held for capital appreciation. In 2013-14 rental income of £56k (2012-13: £37k) and £12k (2012-13: £42k) of direct operating expenses were recognised in the Consolidated Statement of Comprehensive Net Expenditure.

The Group has adopted the fair value model in accordance with the FReM.

10. Intangible Assets

						2013-14
	Licences £'000	Websites £'000	Development Expenditure £'000	Licences, Trademarks & Artistic Originals £'000	Goodwill £'000	Total £'000
Cost or valuation						
At 1 April 2013	163,182	1,051	36,759	-	78	201,070
Additions	40,138	149	9,963	-	-	50,250
Disposals	(60,000)	-	(160)	-	-	(60,160)
Revaluations	(33)	-	(266)	-	-	(299)
Impairments	(3)	-	-	-	-	(3)
Reclassifications	236	-	(236)	-	-	-
Transfers to/from property, plant & equipment	1,502	-	(763)	-	-	739
Transfers in/out of group	-	-	-	-	-	-
At 31 March 2014	**145,022**	**1,200**	**45,297**	**-**	**78**	**191,597**
Amortisation						
At 1 April 2013	140,623	509	14,373	-	-	155,505
Charged in year	7,403	81	3,202	-	-	10,686
Disposals	(59,202)	-	(160)	-	-	(59,362)
Revaluations	(30)	-	(252)	-	-	(282)
Impairments	-	-	1,936	-	-	1,936
Transfers to/from property, plant & equipment	373	-	-	-	-	373
At 31 March 2014	**89,167**	**590**	**19,099**	**-**	**-**	**108,856**
Carrying amount:						
31-Mar-14	**55,855**	**610**	**26,198**	**-**	**78**	**82,741**
31-Mar-13	**22,559**	**542**	**22,386**	**-**	**78**	**45,565**
Asset financing:						
Owned	55,855	610	26,198	-	78	82,741
Carrying amount at 31 March 2014	**55,855**	**610**	**26,198**	**-**	**78**	**82,741**
Of Which:						
Core Department	5	-	-	-	-	5
Agency	-	22	143	-	-	165
Arms Length Bodies	55,850	588	26,055	-	78	82,571
Carrying amount at 31 March 2014	**55,855**	**610**	**26,198**	**-**	**78**	**82,741**

The BBC PSB Group holds £50.3m of intangible software licences as at 31 March 2014 (31 March 2013: £16.5m). The BIG Lottery Fund had intangible assets, notably Funding System Software, with a value of £22.0m as at 31 March 2014 (31 March 2013: £18.2m).

10. Intangible Assets (continued)

	2012-13					
	Licences £'000	Websites £'000	Development Expenditure £'000	Licences, Trademarks & Artistic Originals £'000	Goodwill £'000	Total £'000
Cost or valuation						
At 1 April 2012	182,118	627	28,402	1,134	78	212,359
Additions	8,620	148	8,017	421	-	17,206
Disposals	(239)	-	(109)	(1,555)	-	(1,903)
Revaluations	150	-	203	-	-	353
Impairments	(43,000)	-	-	-	-	(43,000)
Reclassifications	(507)	261	246	-	-	-
Transfers to/from property, plant & equipment	16,223	15	-	-	-	16,238
Transfers in/out of group	(183)	-	-	-	-	(183)
At 31 March 2013	**163,182**	**1,051**	**36,759**	**-**	**78**	**201,070**
Amortisation						
At 1 April 2012	109,013	347	14,243	1,108	-	124,711
Charged in year	29,763	158	965	447	-	31,333
Disposals	(239)	-	(109)	(1,555)	-	(1,903)
Revaluations	128	-	(981)	-	-	(853)
Reclassifications	(259)	4	255	-	-	-
Transfers to/from property, plant & equipment	2,400	-	-	-	-	2,400
Transfers in/out of group	(183)	-	-	-	-	(183)
At 31 March 2013	**140,623**	**509**	**14,373**	**-**	**-**	**155,505**
Carrying amount:						
31-Mar-13	**22,559**	**542**	**22,386**	**-**	**78**	**45,565**
31-Mar-12	**73,105**	**280**	**14,159**	**26**	**78**	**87,648**
Asset financing:						
Owned	22,559	542	22,386	-	78	45,565
Carrying amount at 31 March 2013	**22,559**	**542**	**22,386**	**-**	**78**	**45,565**
Of which:						
Core Department	15	-	-	-	-	15
Agency	-	28	178	-	-	206
Arms Length Bodies	22,544	514	22,208	-	78	45,344
Carrying amount at 31 March 2013	**22,559**	**542**	**22,386**	**-**	**78**	**45,565**

11. Financial Instruments

	Note	31 March 2014			31 March 2013		
		Core Department £'000	Core Department and Agency £'000	Departmental Group £'000	Core Department £'000	Core Department and Agency £'000	Departmental Group £'000
<u>**Financial assets**</u>							
Loans and receivables							
Cash and cash equivalents	18	72,429	72,940	2,339,424	20,571	22,921	2,355,131
Receivables	16	10,952	12,013	720,540	85,942	87,637	855,103
Loans	13	80	110	13,302	106	139	14,977
Deposits	13	-	-	12,921	-	-	15,216
		83,461	**85,063**	**3,086,187**	**106,619**	**110,697**	**3,240,427**
Available for sale							
Shares & equity type investments (listed and unlisted)	13	-	-	105,616	-	-	117,020
Investment in subsidiaries	13	-	-	36,308	-	-	14,453
Investment funds	13	-	-	166,777	-	-	175,310
Other financial assets	13	-	-	15,358	-	-	16,375
		-	**-**	**324,059**	**-**	**-**	**323,158**
Fair value through profit or loss							
Derivative financial instrument assets	13	-	-	1,822	-	-	7,087
<u>**Financial liabilities**</u>							
Fair value through profit or loss							
Derivative financial instrument liabilities	22	-	-	(3,383)	-	-	(1,506)
Financial liabilities at amortised cost							
Payables	19	(81,236)	(82,493)	(2,566,298)	(113,918)	(117,232)	(2,823,329)
Other financial liabilities	22	-	-	(60,540)	-	-	(58,731)
		(81,236)	**(82,493)**	**(2,626,838)**	**(113,918)**	**(117,232)**	**(2,882,060)**
Total		**2,225**	**2,570**	**781,847**	**(7,299)**	**(6,535)**	**687,106**

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.

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, trade and other receivables. The Group's 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 PSB Group's licence fee debtor of £407.3m as at 31 March 2014 (31 March 2013: £404.9m) is the most significant credit risk facing the Group. The BBC PSB Group mitigates this risk through a third party contractor who collects the licence fee on BBC PSB Group's behalf. The risk is mitigated by actively monitoring debtors, chasing payment defaulters who risk having their licence revoked and potentially facing prosecution.

Lottery Bodies' term deposits and cash holdings are placed with the National Lottery Distribution Fund/Olympic 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.

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 PSB Group. 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, 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.

Interest rate risk
The Group has minimal exposure to interest rate risk.

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 Estimates process, there is minimal liquidity risk. The BBC PSB Group has the most significant liquidity risk, as it is subject to ceilings on its borrowings set by the Secretary of State in accordance with the Agreement between the BBC PSB Group and the Department. In order to comply with these ceilings together with the terms of any individual debt instruments, the BBC PSB Group's Treasury manages their borrowings by regularly monitoring cash flow forecasts. The BBC PSB Group holds its surplus liquidity in term deposit accounts with highly rated financial institutions. These measures mitigate the BBC PSB Group's liquidity risk.

The vast majority of funding for Arts Council of England Lottery, British Film Institute Lottery, BIG Lottery Fund, Heritage Lottery Fund, Sports 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 fee respectively, rather than through the Estimates process. They mitigate this risk by monitoring cash requirements and holding sufficient amounts of cash and cash equivalents to meet their requirements.

12. Investments in Joint Ventures and Associates

	2013-14			2012-13		
	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000
Balance at 1 April	-	-	231	-	-	100,300
Share of profit or loss	-	-	-	-	-	(2,261)
Reclassifications	-	-	-	-	-	(97,808)
Other	-	-	(31)	-	-	-
Balance at 31 March	**-**	**-**	**200**	**-**	**-**	**231**

The BBC PSB Group has investments in associates DTV Limited and YouView Limited whose activities involve digital and multiplatform broadcasting respectively.

13. Other financial assets

	Deposits £'000	Derivatives £'000	Investment funds £'000	Shares & equity type investments £'000	Investment in Subsidiaries £'000	Other Loans £'000	Other financial assets £'000	Total £'000
Balance at 1 April 2012	6,673	1,792	189,309	11,381	-	21,108	21,161	251,424
Additions	12,144	51	81,489	23	1,100	90	25,411	120,308
Disposals	(3,601)	-	(109,757)	-	-	-	-	(113,358)
Revaluations	-	5,244	14,600	16,154	3,720	-	(1,687)	38,031
Impairments	-	-	-	-	(118)	-	(22,277)	(22,395)
Repayments	-	-	-	-	-	(10,813)	(6,233)	(17,046)
Reclassifications	-	-	(203)	89,462	9,101	-	-	98,360
Transfers in/out of group	-	-	(128)	-	650	-	-	522
FX Movements	-	-	-	-	-	8	-	8
Discounting	-	-	-	-	-	(10)	-	(10)
Balance at 31 March 2013	**15,216**	**7,087**	**175,310**	**117,020**	**14,453**	**10,383**	**16,375**	**355,844**
Additions	12,315	-	78,488	562	1	3,011	27,157	121,534
Disposals	(14,610)	-	(86,241)	(98)	-	-	-	(100,949)
Revaluations	-	(5,104)	(1,305)	(15,668)	23,418	-	(1,868)	(527)
Impairments	-	-	-	3,800	(1,564)	(1)	(22,581)	(20,346)
Repayments	-	-	-	-	-	(5,083)	(3,725)	(8,808)
Reclassifications	-	360	-	-	-	-	-	360
FX Movements	-	(521)	525	-	-	-	-	4
Discounting	-	-	-	-	-	55	-	55
Balance at 31 March 2014	**12,921**	**1,822**	**166,777**	**105,616**	**36,308**	**8,365**	**15,358**	**347,167**
Of which:								
Core Department	-	-	-	-	-	-	-	-
Agency	-	-	-	-	-	-	-	-
Arms Length Bodies	12,921	1,822	166,777	105,616	36,308	8,365	15,358	347,167
Carrying amount at 31 March 2014	**12,921**	**1,822**	**166,777**	**105,616**	**36,308**	**8,365**	**15,358**	**347,167**

	Deposits £'000	Derivatives £'000	Investment funds £'000	Shares & equity type investments £'000	Investment in Subsidiaries £'000	Other Loans £'000	Other financial assets £'000	Total £'000
Within 12 Months	12,921	493	20,318	639	-	4,976	15,358	54,705
Over 12 Months	-	1,329	146,459	104,977	36,308	3,389	-	292,462
Carrying amount at 31 March 2014	**12,921**	**1,822**	**166,777**	**105,616**	**36,308**	**8,365**	**15,358**	**347,167**
Within 12 Months	15,216	2,653	16,545	635	-	5,028	16,375	56,452
Over 12 Months	-	4,434	158,765	116,385	14,453	5,355	-	299,392
Carrying amount at 31 March 2013	**15,216**	**7,087**	**175,310**	**117,020**	**14,453**	**10,383**	**16,375**	**355,844**

13. Other financial assets (continued)

Deposits
The Horserace Betting Levy Board had fixed term cash deposits as at 31 March 2014 of £8.3m (31 March 2013: £12.1m) that matures in more than three months.

Derivatives
The BBC PSB Group had derivatives as at 31 March 2014 with a fair value of £1.8m (31 March 2013: £6.9m). The BBC PSB Group does not enter into speculative derivative contracts, however some derivative financial instruments are used to manage foreign currency exchange rates (foreign currency forward contracts and currency options). The BBC PSB Group have not formally designated these contracts as hedges, and have therefore classified these contracts as assets at fair value through profit or loss at initial recognition, in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*.

Investment Funds
The British Museum had investment funds as at 31 March 2014 with a fair value of £49.6m (31 March 2013: £72.3m). These investments consist of investment funds, fixed income and unlisted equities. They are classified as available for sale assets in accordance with IAS 39.

The National Heritage Memorial Fund had investment funds as at 31 March 2014 with a fair value of £37.0m (31 March 2013: £29.8m). The funds are invested in Schroders' Charity Multi-Asset Fund, which invests in a range of over thirty unit and investment trusts across many asset types and geographic markets.

The Victoria and Albert Museum held investment funds at 31 March 2014 with a fair value of £25.5m (31 March 2013: £24.9m) which mainly consist of government stocks, corporate bonds and investment funds. They are classified as available for sale assets in accordance with IAS 39.

Shares & Equity Type Investments
The BBC PSB Group had an investment as at 31 March 2014 with a fair value of £104.5m (31 March 2013: £116.4m) relating to its shareholding in Daunus Limited, the entity that is redeveloping Broadcasting House. The BBC PSB Group holds 10% share of the issued share capital (preferential in nature) of that company which is due to mature in 2033 at which point in time the BBC PSB Group receives certain rights in respect of the new Broadcasting House. The estimated interest rate used (linked to RPI) was 3.1% (2013: 2.6%) and the rate used to discount the future cash flows was 3.4% (2013: 2.7%).

Investments in Subsidiaries
ALB's 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:

S4C have four subsidiaries with a fair value as at 31 March 2014 of £19.9m (31 March 2013: £nil).

The British Museum have three subsidiaries with a fair value as at 31 March 2014 of £6.8m (31 March 2013: £6.4m).

Other Loans
The Horserace Betting Levy Board had loans as at 31 March 2014 with a fair value of £8.3m (31 March 2013: £10.4m). The loans which are provided to race courses are interest free if made prior to 1 April 2012 and when granted subsequently attract an interest rate of 4%. Any loans greater than £0.2m are secured by legal charges against the borrower. In

accordance with IAS 39, loans are classified as Loans and Receivables and are carried at amortised cost. This involves the gross value of the loans issued being discounted to net present value using the effective interest rate prescribed by HM Treasury of 2.2%.

Other Financial Assets
The British Film Institute (Lottery) had film rights as at 31 March 2014 with a fair value of £15.4m (31 March 2013: £16.4m). Film rights represent loans paid and advances paid and payable to filmmakers, which are repayable under certain conditions.

14. Impairments

		31 March 2014			31 March 2013		
	Note	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000
Property, plant & equipment	7	(98)	(98)	(20,495)	-	-	(9,132)
Heritage assets	8	-	-	(449)	-	-	-
Intangible assets	10	-	-	(1,939)	-	-	(43,000)
Inventories	15	-	-	(101,341)	-	-	-
Financial assets	13	-	-	(20,346)	-	-	(22,395)
Total impairments		**(98)**	**(98)**	**(144,570)**	**-**	**-**	**(74,527)**

During 2013-14, the Group impaired assets by a value of £144.5m (2012-13: £74.5m). The total impairment for the year was charged directly to the Consolidated Statement of Comprehensive Net Expenditure. These impairments include:

Property Plant and Equipment:
- The British Museum incurred an impairment of £10.3m as a result of the first professional valuation of the World Conservation and Exhibition Centre.
- The Tate Gallery incurred an impairment of £6.4m following the completion of the construction phase and revaluation of one of Tate's major capital projects.

Intangible assets:
- Following the impairment review undertaken at March 2014, the BIG Lottery Fund incurred an impairment loss of £1.9m on their Funding System intangible assets.

Inventory:
- The ODA inventories have been impaired by £101.3m in 2013-14. The write-down is an estimate, based on the contract sales price and other factors prevailing at the balance sheet date. See Note 15 for further details on the inventory.

Financial Assets:
- The British Film Institute (lottery) incurred impairments of £22.6m (2012-13: £22.3m) in relation to their film rights.
- The Science Museum Group impaired their investment in subsidiaries during the year by £1.5m (2012-13: £nil).

15. Inventories

	2013-14			2012-13		
	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000
Balance at 1 April	-	-	822,984	-	-	608,835
Additions	-	-	1,660,096	-	-	2,065,380
Disposals	-	-	(1,777,919)	-	-	(2,544,798)
Impairments (Note 14)	-	-	(101,341)	-	-	-
Reclassifications from property, plant & equipment	-	-	-	-	-	693,632
Transfers in/out of group	-	-	-	-	-	(65)
Carrying amount at 31 March	**-**	**-**	**603,820**	**-**	**-**	**822,984**
Work in intermediate stages of completion	-	-	449,613	-	-	681,200
Raw materials and consumables	-	-	184	-	-	190
Goods for resale and finished inventories	-	-	154,023	-	-	141,594
Total inventories and work in progress	**-**	**-**	**603,820**	**-**	**-**	**822,984**

The ODA inventory as at 31 March 2014 of £222.7m (31 March 2013: £481.1m) comprised all the physical assets relating to the East Village development that had not been sold or otherwise disposed of. This comprises the residential East Village units, associated public realm and development land that have been agreed to be sold to QDD Athletes Village UK Ltd (QDD AVUK), but which, as of 31 March 2014, have not been certified as complete. Revenue of £372.2m was recognised (see Note 6) and a corresponding amount released from inventory to the Statement of Comprehensive Net Expenditure as a cost of sale (see Note 5).

As at 31 March 2014 the BBC held £363.7m (31 March 2013: £323.3m) and S4C £11.1m (31 March 2013: £13.0m) in inventories in respect of programmes in the course of production and programmes that are ready for broadcast but not yet aired.

16. Trade receivables and other assets

	31 March 2014			31 March 2013		
	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000
Amounts falling due within one year:						
Trade receivables	754	1,419	51,773	1,069	1,939	73,117
VAT receivables	1,770	2,046	66,423	646	1,151	74,285
Other receivables	5,349	5,469	582,934	1,309	1,629	544,864
Prepayments	825	1,898	578,422	1,010	1,429	397,933
Accrued income	-	-	376,524	-	-	40,523
Interest receivable	-	-	114	-	-	191
Staff loans and advances	80	110	4,937	106	139	4,594
Taxation and duties due	-	-	144	-	-	1,331
Government grants receivable	-	-	168	-	-	139
Consolidated Fund receivables	3,079	3,079	3,079	-	-	-
	11,857	**14,021**	**1,664,518**	**4,140**	**6,287**	**1,136,977**
Amounts falling due after more than one year:						
Trade receivables	-	-	227	-	-	309
Other receivables	-	-	15,678	-	-	77,949
Prepayments	-	-	6,430	-	-	6,252
Accrued income	-	-	967	-	-	163
Interest receivable	-	-	-	5,650	5,650	5,650
Consolidated Fund receivables	-	-	-	77,268	77,268	77,268
	-	**-**	**23,302**	**82,918**	**82,918**	**167,591**
Total	**11,857**	**14,021**	**1,687,820**	**87,058**	**89,205**	**1,304,568**

Amounts falling due within one year:
The BBC as at 31 March 2014 had other receivables of £407m (31 March 2013: £405m) relating to BBC licence fee receivables and prepayments of £438m (31 March 2013: £345m).

The ODA had accrued income of £318m as at 31 March 2014, £317m of which was due from QDD AVUK for the sale of the East Village. Income has been accrued as at 31 March 2014 relating to the sections which were independently certified as complete before that date.

Amounts falling due after more than one year:
Ofcom had a deferred tax asset as at 31 March 2014 of £2.5m included in other receivables (31 March 2013: £2.5m). All deferred tax assets relate to brought forward tax losses which have arisen predominantly as a result of onerous lease provisions on properties inherited from predecessor bodies that were in excess of requirements. Utilisation of the deferred tax asset is dependent on future taxable profits arising.

The Core Department include no receivables following the in year receipt of the balance due from the sale of the Tote (£82.9m).

16.1 Trade receivables and other assets - Intra-government balances

	Amounts falling due within one year		Amounts falling due after more than one year	
	2013-14	2012-13	2013-14	2012-13
	£'000	£'000	£'000	£'000
Balances with other central government bodies	31,940	45,416	4,653	2,480
Balances with local authorities	3,464	3,454	-	-
Balances with NHS bodies	19	334	-	-
Balances with public corporations and trading funds	875	3,570	-	-
Subtotal: intra-government balances	**36,298**	**52,774**	**4,653**	**2,480**
Balances with bodies external to government	1,628,220	1,084,203	18,649	165,111
Total receivables at 31 March	**1,664,518**	**1,136,977**	**23,302**	**167,591**

Within amounts falling due within one year, the balances with bodies external to government contained £1,148m held by the BBC as at 31 March 2014 (31 March 2013: £918m).

17. Non-current assets held for sale

	2013-14			2012-13		
	Core Department	Core Department & Agency	Departmental Group	Core Department	Core Department & Agency	Departmental Group
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April	-	-	1,454	-	-	161,410
Reclassifications from property, plant & equipment	-	-	494	-	-	1,370
Disposals	-	-	(1,454)	-	-	(161,326)
Balance at 31 March	**-**	**-**	**494**	**-**	**-**	**1,454**
Of which:						
Property, plant & equipment	-	-	494	-	-	1,454
Total assets held for sale	**-**	**-**	**494**	**-**	**-**	**1,454**

English Heritage disposed of £1.5m of assets held for sale which were surplus to requirements. In the prior year assets consisted of the following land and buildings: Mount Pleasant Cottage at Wroxeter Roman City; properties at Countess Road and Countess Farm East at Stonehenge; and Birdoswald Underheugh Farm. These assets were held at the lower of their carrying amount and fair value less costs to sell.

Assets held for sale as at 31 March 2014 relate to the Dewsbury office of the Arts Council of England.

18. Cash and Cash Equivalents

	2013-14			Restated 2012-13		
	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000
Balance at 1 April	20,571	22,921	2,355,131	6,580	6,264	2,248,278
Net change in cash and cash equivalent balances	51,858	50,019	(15,707)	13,991	16,657	106,853
Balance at 31 March	**72,429**	**72,940**	**2,339,424**	**20,571**	**22,921**	**2,355,131**
The following balances at 31 March were held with:						
Government Banking Service	72,429	72,939	122,312	20,571	22,921	171,146
Commercial banks and cash in hand	-	-	708,882	-	-	748,560
Liquid deposits	-	1	26,370	-	-	24,931
Sub-total	**72,429**	**72,940**	**857,564**	**20,571**	**22,921**	**944,637**
Balance held by NLDF/OLDF	**-**	**-**	**1,481,860**	**-**	**-**	**1,410,494**
Balance at 31 March	**72,429**	**72,940**	**2,339,424**	**20,571**	**22,921**	**2,355,131**

The majority of the cash is held by the National Lottery Distribution Fund and Olympic Lottery Distribution Fund under the stewardship of the Secretary of State for Culture, Media and Sport. These funds are managed by the Commissioners for the Reduction of the National Debt, who invest the funds as call notice deposits with the Debt Management Office (DMO).

Of the £708.8m of balances held with Commercial banks and cash in hand, £454.4m relates to the BBC PSB Group (31 March 2013: £481.4m).

19. Trade payables and other current liabilities

	31 March 2014			31 March 2013		
	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000
Amounts falling due within one year:						
Taxation and social security	453	616	35,999	354	538	39,815
Trade payables	103	686	173,357	1,396	2,176	203,694
Other payables	5,173	5,173	658,876	8,679	8,679	804,702
Accruals & deferred income	36,745	48,793	692,254	56,993	69,483	1,126,540
Grants payable	-	-	457,529	-	-	369,855
Obligations under finance leases: amounts payable within 1 year	-	-	7,919	-	-	27,822
Supply payable	72,419	72,930	72,930	19,624	21,974	21,974
Loans and borrowings: amounts payable within 1 year	-	-	8	-	-	-
Consolidated Fund payables	3,088	3,088	3,088	947	947	947
	117,981	**131,286**	**2,101,960**	**87,993**	**103,797**	**2,595,349**
Amounts falling due after more than one year:						
Other payables	-	-	57,539	-	-	18,909
Accruals & deferred income	-	-	485,505	-	-	15,965
Grants payable	-	-	234,509	-	-	383,908
Bank and other borrowings	-	-	-	-	-	8
Obligations under finance leases: amounts payable after more than 1 year	-	-	864,544	-	-	868,777
Consolidated Fund payables	-	-	-	82,918	82,918	82,918
	-	**-**	**1,642,097**	**82,918**	**82,918**	**1,370,485**
Total	**117,981**	**131,286**	**3,744,057**	**170,911**	**186,715**	**3,965,834**

The BBC held as at 31 March 2014 £852m (31 March 2013: £856m) of finance lease obligations falling due after more than one year.

19.1 Trade payables and other current liabilities - Intra-government balances

	Amounts falling due within one year		Amounts falling due after more than one year	
	2013-14 £'000	2012-13 £'000	2013-14 £'000	2012-13 £'000
Balances with other central government bodies	249,993	182,065	28,112	87,539
Balances with local authorities	200,362	339,316	220,718	24,819
Balances with NHS bodies	99	289	20	70
Balances with public corporations and trading funds	491	769	156	-
Subtotal: intra-government balances	**450,945**	**522,439**	**249,006**	**112,428**
Balances with bodies external to government	1,651,015	2,072,910	1,393,091	1,258,057
Total payables at 31 March	**2,101,960**	**2,595,349**	**1,642,097**	**1,370,485**

The BBC held balances as at 31 March 2014 with bodies external to government of £694m (31 March 2013: £876m) within one year and £866m (31 March 2013: £871m) more than one year.

20. Provision for Liabilities and Charges

Total Provisions	2013-14			2012-13		
	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000
Balance at 1 April	(1,785)	(2,237)	(1,083,590)	(4,046)	(4,644)	(1,425,612)
Provided in the year	(164)	(631)	(887,978)	-	(51)	(657,366)
Provisions utilised in year	208	574	630,401	651	739	949,721
Provisions not required written back	1,396	1,472	17,554	2,110	2,219	49,831
Unwinding of discounts	-	-	(13)	-	-	(164)
Transfers in/out of group	-	-	-	(500)	(500)	-
Balance at 31 March	**(345)**	**(822)**	**(1,323,626)**	**(1,785)**	**(2,237)**	**(1,083,590)**
Comprising:						
Current liabilities:						
Not later than one year	(87)	(442)	(623,586)	(1,579)	(1,899)	(466,554)
Non-current liabilities						
Later than one year and not later than five years	(257)	(276)	(697,482)	(188)	(214)	(315,575)
Later than five years	(1)	(104)	(2,558)	(18)	(124)	(301,461)
Balance at 31 March	**(345)**	**(822)**	**(1,323,626)**	**(1,785)**	**(2,237)**	**(1,083,590)**

20. Provision for Liabilities and Charges (continued)

Total Provisions by type	Grant Commitments £'000	Legal claims £'000	Early Departures and Redundancies £'000	Other £'000	Total £'000
Balance at 1 April 2013	(941,336)	(4,816)	(7,005)	(130,433)	(1,083,590)
Provided in the year	(845,898)	(7,718)	(2,850)	(31,512)	(887,978)
Provisions utilised in year	587,336	3,005	4,287	35,773	630,401
Provisions not required written back	1,993	798	141	14,622	17,554
Unwinding of discounts	-	-	(9)	(4)	(13)
Balance at 31 March 2014	**(1,197,905)**	**(8,731)**	**(5,436)**	**(111,554)**	**(1,323,626)**
Comprising:					
Current liabilities					
Not later than one year	(559,478)	(6,681)	(2,550)	(54,877)	(623,586)
Non-current liabilities					
Later than one year and not later than five years	(638,427)	(2,050)	(2,417)	(54,588)	(697,482)
Later than five years	-	-	(469)	(2,089)	(2,558)
Balance at 31 March 2014	**(1,197,905)**	**(8,731)**	**(5,436)**	**(111,554)**	**(1,323,626)**
Of the total:					
Core Department	-	-	(345)	-	(345)
Agency	-	(345)	(132)	-	(477)
Arms Length Bodies	(1,197,905)	(8,386)	(4,959)	(111,554)	(1,322,804)
Balance at 31 March 2014	**(1,197,905)**	**(8,731)**	**(5,436)**	**(111,554)**	**(1,323,626)**

20. Provision for Liabilities and Charges (continued)

Total Provisions by type	Grant Commitments £'000	Legal claims £'000	Early Departures and Redundancies £'000	Other £'000	Total £'000
Balance at 1 April 2012	(1,212,415)	(22,818)	(11,597)	(178,782)	(1,425,612)
Provided in the year	(602,888)	(434)	(1,490)	(52,554)	(657,366)
Provisions utilised in year	867,473	17,992	4,664	59,592	949,721
Provisions not required written back	6,494	444	1,454	41,439	49,831
Unwinding of discounts	-	-	(36)	(128)	(164)
Balance at 31 March 2013	**(941,336)**	**(4,816)**	**(7,005)**	**(130,433)**	**(1,083,590)**
Comprising:					
Current liabilities					
Not later than one year	(393,325)	(4,816)	(3,599)	(64,814)	(466,554)
Non-current liabilities					
Later than one year and not later than five years	(248,733)	-	(2,928)	(63,914)	(315,575)
Later than five years	(299,278)	-	(478)	(1,705)	(301,461)
Balance at 31 March 2013	**(941,336)**	**(4,816)**	**(7,005)**	**(130,433)**	**(1,083,590)**
Of the total:					
Core Department	-	-	(385)	(1,400)	(1,785)
Agency	-	(303)	(149)	-	(452)
Arms Length Bodies	(941,336)	(4,513)	(6,471)	(129,033)	(1,081,353)
Balance at 31 March 2013	**(941,336)**	**(4,816)**	**(7,005)**	**(130,433)**	**(1,083,590)**

20.1 Grant Commitments

The lottery distributors account for grants on a commitment basis in their statutory accounts, whilst the Group accounting policies require these to be recognised on an accruals basis (Note 1.8). In order to align the lottery grants, lottery distributors have reviewed their grant awards to determine which grants they have a legal or constructive obligation to meet. They have also assessed whether these should be accrued or provided for based on their assessment of the obligation, the probability and the accuracy of the estimate of the value of the obligation. This provision largely relates to the BIG Lottery Fund's unpaid grant commitments as at 31 March 2014 of £1,194.7m (31 March 2013: £940.8m).

20.2 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 a discount rate ranging between 2.35% and 2.8% in real terms.

20.3 Other Provisions

Other Provisions include:

BBC PSB Group Restructuring Provision

This provision relates to the restructuring programmes within the BBC. This predominantly relates to the Delivering Quality First strategy which is due to complete in 2016-17. The value of this provision as at 31 March 2014 was £76.2m (31 March 2013: £95.6m)

BBC PSB Group Litigation and Insurance

The BBC litigation and insurance provisions as at 31 March 2014 was £18.6m (31 March 2013: £17.7m).

21. Retirement Benefit Obligations

	2013-14			Restated 2012-13		
	Funded £'000	Unfunded £'000	Total £'000	Funded £'000	Unfunded £'000	Total £'000
Analysis of movement in scheme liabilities						
Balance at 1 April	(12,532,172)	(12,718)	(12,544,890)	(10,978,193)	(11,953)	(10,990,146)
Current service cost	(176,211)	-	(176,211)	(157,984)	(23)	(158,007)
Past service cost	(2,534)	-	(2,534)	(3,596)	-	(3,596)
Past service cost - enhancements	-	-	-	-	-	-
Interest cost on pension scheme liabilities	(555,381)	(413)	(555,794)	(557,159)	(422)	(557,581)
Administration cost	(8,300)	-	(8,300)	(8,000)	-	(8,000)
Benefits paid	396,376	375	396,751	382,614	114	382,728
Contributions by members	(3,821)	-	(3,821)	(3,314)	(3)	(3,317)
Contributions by employer	-	400	400	-	463	463
Gains/(losses) on settlements and curtailments	(86)	-	(86)	(770)	-	(770)
Remeasurements						
Experience gains/(losses) on defined benefit obligation	57,771	(435)	57,336	(18,375)	(769)	(19,144)
Change in demographic assumptions	(94,503)	(110)	(94,613)	(6,294)	(128)	(6,422)
Change in financial assumptions	(34,006)	-	(34,006)	(1,241,044)	3	(1,241,041)
Transfers in/out of group	29,900	-	29,900	11,373	-	11,373
Transfers out - group transfers to other schemes	-	-	-	48,570	-	48,570
Transfers out - individual to other schemes and refunds for members leaving	-	-	-	-	-	-
Pension liabilities at 31 March	**(12,922,967)**	**(12,901)**	**(12,935,868)**	**(12,532,172)**	**(12,718)**	**(12,544,890)**
Analysis of movement in scheme assets						
Balance at 1 April	10,840,979	-	10,840,979	9,822,698	-	9,822,698
Interest on assets	483,250	-	483,250	503,190	-	503,190
Administration cost	(1,568)	-	(1,568)	(1,619)	-	(1,619)
Pension payments made	(396,376)	-	(396,376)	(382,614)	-	(382,614)
Contributions by members	3,821	-	3,821	3,314	-	3,314
Contributions by employer	237,323	-	237,323	208,229	-	208,229
Settlements from scheme assets	-	-	-	(48,570)	-	(48,570)
Remeasurements						
Change in actuarial assumptions	(894)	-	(894)	34,372	-	34,372
Return on assets	177,685	-	177,685	713,352	-	713,352
Transfers in/out of group	(33,700)	-	(33,700)	(11,373)	-	(11,373)
Pension assets at 31 March	**11,310,520**	**-**	**11,310,520**	**10,840,979**	**-**	**10,840,979**
Net Pension (liability)/asset at 31 March	**(1,612,447)**	**(12,901)**	**(1,625,348)**	**(1,691,193)**	**(12,718)**	**(1,703,911)**
Of the total:						
Core Department	-	-	-	-	-	-
Agency	-	-	-	-	-	-
Arms Length Bodies	(1,612,447)	(12,901)	(1,625,348)	(1,691,193)	(12,718)	(1,703,911)
Balance at 31 March	**(1,612,447)**	**(12,901)**	**(1,625,348)**	**(1,691,193)**	**(12,718)**	**(1,703,911)**

21.1 Analysis of total Pension Cost recognised in the Consolidated Statement of Comprehensive Net Expenditure

	2013-14 £'000	Restated 2012-13 £'000
Pension cost recognised in Net Operating Cost		
Current service costs	176,211	158,007
Past service costs	2,534	3,596
Enhancements and (gains)/losses on settlements and curtailments	86	770
Net interest cost on Pension Scheme	72,544	54,387
Administration Cost	9,868	9,619
Total	**261,243**	**226,379**

	2013-14 £'000	Restated 2012-13 £'000
Remeasurements recognised in Other Comprehensive Net Expenditure		
Pension Liabilities:		
Experience gains/(losses) on defined benefit obligation	(57,336)	19,144
Change in demographic assumptions	94,613	6,422
Change in financial assumptions	34,006	1,241,041
Pension Assets:		
Change in actuarial assumptions	894	(34,372)
Return on assets	(177,685)	(713,352)
Total	**(105,508)**	**518,883**

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 only include the BBC PSB Group, it is not possible to allocate the BBC Pension Scheme's (the Scheme) deficit shown below across individual divisions of the BBC. Accordingly the 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 to 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 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:					
IAS 19 Revised has been adopted for 2014.	**2014**	**Restated 2013**	**Restated 2012**	**Restated 2011**	**Restated 2010**
Excludes Additional Voluntary Contribution (AVC) funds	**£m**	**£m**	**£m**	**£m**	**£m**
Scheme assets	10,684.2	10,201.1	9,198.5	8,835.8	8,154.8
Scheme liabilities	(12,192.7)	(11,809.8)	(10,270.5)	(9,656.3)	(9,695.7)
(Deficit)/Surplus	(1,508.5)	(1,608.7)	(1,072.0)	(820.5)	(1,540.9)
Percentage by which scheme assets cover liabilities	88%	86%	90%	92%	84%

Funding the Scheme

The 2013 actuarial valuation by Towers Watson of the pension scheme showed a funding shortfall of £2,054m. Consequently a recovery plan was agreed between the BBC and the pension scheme Trustees which details the contribution amounts to be paid by the BBC over a 12 year period commencing in 2014. The next formal actuarial valuation is expected to be performed as at 1 April 2016.

	Projections 2015	**2014**	**2013**	**2012**	**2011**
	%	**%**	**%**	**%**	**%**
Employer	16.7	14.5	14.5	14.5/15.5	18.15
Employee (Old and New Benefits)	7.5	7.5	7.5	7.5	7.5
Employee (Career Average Benefits 2006)	4.0	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:

Principal financial assumptions	2014 %	2013 %
Rate of increase in salaries	1.0	1.0
Rate of increase in pension payments:		
Old Benefits	3.4	3.4
New Benefits	3.2	3.2
Career Average Benefits (2006)	2.4	2.4
Career Average Benefits (2011)	2.3	2.3
Inflation assumption (RPI)	3.4	3.4
Inflation assumption (CPI)	2.4	2.4
Discount rate	4.4	4.5

The average life expectancy assumptions, for members after retirement at 60 years of age, are as follows:

Principal demographic assumptions Retiring today:	2014 Number of years	2013 Number of years
Male	27.4	28.0
Female	29.8	28.6
Retiring in 20 years:		
Male	29.3	30.5
Female	31.8	30.3

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	4.4%	Increase/decrease 0.1%	1.6/2.1	195/(258)
Retail price inflation rate	3.4%	Increase/decrease 0.1%	1.8	(220)/215
Mortality rate	See average life expectancy assumptions above	Increase/decrease 0.1%	3.4/3.3	(418)/404

21.2.2 Ofcom Pension Schemes

Ofcom operates the following pension schemes:

a) Stakeholder pension plan - a defined contribution plan. This is now the primary means of providing pension benefits to staff. Nothing has been included in respect of this scheme in note 21.

b) Closed defined benefit pension plans
   - The Ofcom Defined Benefit Pension Plan was established on 9th December 2003.
   - The Ofcom (Former ITC) Pension Plan which Ofcom jointly participates in with S4C, S4C Masnachol and the Advertising Standards Authority.

As at 31 March 2014 these schemes had a net pension asset of £23.1m (31 March 2013: £27.2m). These schemes had an additional net pension asset of £8.6m (31 March 2013: £10.1m). 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.

21.2.3 British Tourist Authority (BTA) Pension Schemes

BTA operates a defined benefit scheme for its employees in the UK and US based on final pensionable pay, the British Tourist Boards' Pension Scheme (BTBP). The scheme is subject to regular actuarial valuations, which are usually carried out every three years. The next actuarial valuation is due to be carried out with an effective date of 31 March 2015. The latest actuarial valuation has been updated as at 31 March 2014 by a qualified independent actuary. The BTBP Scheme is a multi-employer scheme which includes other Tourist Boards. In accordance with IAS 19, BTA's share of the deficit of the scheme as at 31 March 2014 is £19.0m (31 March 2013: £15.6m restated). Following the 2012 full valuation of the scheme, the employers have agreed a deficit recovery plan with the trustees. The plan requires BTA to pay in proportion to its share of the deficit.

BTA also operates defined contribution schemes in other parts of the world, outside of the USA.

21.2.4 Local Government Pension Scheme

A number of the ALBs participate in the Local Government Pension Scheme, administered by the London Pension Fund Authority (LPFA). The scheme is a defined benefit scheme and is 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 2013, with the next formal valuation due to reflect the position as at 31 March 2016. The actuarial method used is market related, based on average yields and market values in the 12 months leading up to the valuation date.

21.3 Unfunded Pension Schemes

The BBC PSB Group, British Film Institute, British Tourist Authority, Ofcom, Equalities and Human Rights Commission, Gambling Commission, and National Lottery Commission have unfunded pension schemes. For more details on these schemes refer to the published accounts of the individual ALBs (see Note 30).

22. Other financial liabilities

	Other financial liabilities £'000	Derivatives £'000	Total £'000
Balance at 1 April 2012	56,917	2,247	59,164
Additions	1,814	-	1,814
Revaluations	-	(741)	(741)
Balance at 31 March 2013	**58,731**	**1,506**	**60,237**
Reclassifications	-	360	360
Revaluations	-	1,517	1,517
Discounting	1,809	-	1,809
Balance at 31 March 2014	**60,540**	**3,383**	**63,923**
Of the total:			
Core Department	-	-	-
Agency	-	-	-
Arms Length Bodies	60,540	3,383	63,923
Balance at 31 March 2014	**60,540**	**3,383**	**63,923**

	Other financial liabilities £'000	Derivatives £'000	Total £'000
Due within 12 months	60,540	2,029	62,569
Due after 12 Months	-	1,354	1,354
Balance at 31 March 2014	**60,540**	**3,383**	**63,923**
Due within 12 months	-	352	352
Due after 12 Months	58,731	1,154	59,885
Balance at 31 March 2013	**58,731**	**1,506**	**60,237**

Other financial liabilities

In accordance with the contractual requirements of the sale of SVDP Ltd to QDD AVUK, a sum of £55.8m was paid by QDD AVUK to the ODA by way of security against QDD AVUK's obligations under the agreement. The amount is repayable upon legal completion of the sale agreement. Subsequent to the 2013-14 year end the sale was completed (see Note 27).

Derivatives

The BBC PSB Group had derivatives as at 31 March 2014 with a fair value of £3.0m (31 March 2013: £1.5m). The BBC PSB Group does not enter into speculative derivative contracts, however the BBC PSB Group uses derivatives to manage exposure to fluctuations in foreign currency exchange rates (foreign currency forwards contracts and currency options). At the reporting date these hedges did not meet the IAS 39 *Financial Instruments: Recognition and Measurement.*

23. Capital and other commitments
23.1 Capital commitments

	31 March 2014			31 March 2013		
	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000
Contracted capital commitments at 31 March not otherwise included in these financial statements:						
Property, plant & equipment	-	376	219,328	-	374	197,347
Intangible assets	-	-	9,709	-	-	3,496
Total	**-**	**376**	**229,037**	**-**	**374**	**200,843**

The property, plant and equipment commitments as at 31 March 2014 include the following significant commitments:

a) The Natural History Museum had commitments of £92.0m (31 March 2014: £0.1m) relating to the continuing work on the Collection Storage Infrastructure Programme (CSIP) Quarantine facilities.

b) Tate Gallery had commitments of £52.4m (31 March 2013: £59.1m), which included Tate Modern assets under construction commitments of £47.3m (31 March 2013: £46.3m).

c) The Victoria and Albert Museum had commitments at 31 March 2014 of £32.7m (31 March 2013: £3.3m) that relate to design & construction of Europe 1600-1800 galleries and the Exhibition Road project.

d) BBC PSB Group had commitments at 31 March 2014 of £16.2m (31 March 2013: £16.0m) in relation to broadcast activities.

e) The British Museum had commitments of £11.2m (31 March 2013: £35.5m). The most significant commitment is for the World Conservation and Exhibition Centre.

The intangible asset commitments as at 31 March 2014 include the following significant commitment:

a) BBC PSB Group had commitments at 31 March 2014 of £8.6m (31 March 2013: £nil) relating to new finance software and W1 technology.

23.2 Commitments under leases
23.2.1 Operating leases

	31 March 2014			31 March 2013		
	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000
Land						
Not later than one year	-	82	504	-	-	67
Later than one year and not later than five years	-	309	1,877	-	-	215
Later than five years	-	-	15,286	-	-	2,312
	-	**391**	**17,667**	**-**	**-**	**2,594**
Buildings						
Not later than one year	7,234	7,234	74,175	4,015	4,015	77,928
Later than one year and not later than five years	32,525	32,525	249,113	14,854	14,854	243,588
Later than five years	50,630	50,630	1,180,326	40,500	40,500	1,208,457
	90,389	**90,389**	**1,503,614**	**59,369**	**59,369**	**1,529,973**
Other						
Not later than one year	-	-	69,161	-	38	48,479
Later than one year and not later than five years	-	-	180,048	-	-	75,090
Later than five years	-	-	162,066	-	-	63,966
	-	**-**	**411,275**	**-**	**38**	**187,535**
Total obligations under operating leases	**90,389**	**90,780**	**1,932,556**	**59,369**	**59,407**	**1,720,102**

Total future minimum operating lease payments under operating leases are given in the table below for each of the following periods. The most significant operating leases are:

The Core Department leases various buildings under non-cancellable operating lease agreements, the most significant is the lease of accommodation at 100 Parliament Street, for which the Department has a lease until 2028. 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 PSB Group leases buildings and IT equipment of £990.0m (31 March 2013: £801.0m). The buildings are mainly used for office/building space under non-cancellable operating lease agreements. Certain agreements include renewal options, stepped rents or annual Retail Price Index uplifts, or periodic rent reviews. All of these leases have been entered into on commercial terms.

The Royal Armouries Museum hold operating leases as at 31 March 2014 of £676.0m (31 March 2013: £676.1m). Most significantly a 999 year lease for the main museum site.

The BIG Lottery Fund had operating leases as at 31 March 2014 of £41.5m (31 March 2013: £47.1m) relating to various buildings throughout the UK.

23.2.2 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 2014			31 March 2013
	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000
Land						
Not later than one year	-	-	5,901	-	-	5,787
Later than one year and not later than five years	-	-	29,967	-	-	29,222
Later than five years	-	-	138,470	-	-	146,253
	-	-	174,338	-	-	181,262
Less interest element	-	-	(102,861)	-	-	(109,796)
Present value of obligations	**-**	**-**	**71,477**	**-**	**-**	**71,466**
Buildings						
Not later than one year	-	-	64,039	-	-	77,261
Later than one year and not later than five years	-	-	312,517	-	-	305,103
Later than five years	-	-	1,480,741	-	-	1,547,386
	-	-	1,857,297	-	-	1,929,750
Less interest element	-	-	(1,069,066)	-	-	(1,140,749)
Present value of obligations	**-**	**-**	**788,231**	**-**	**-**	**789,001**
Other						
Not later than one year	-	-	16,835	-	-	27,451
Later than one year and not later than five years	-	-	4,266	-	-	4,810
Later than five years	-	-	(3,897)	-	-	18,339
	-	-	17,204	-	-	50,600
Less interest element	-	-	(4,449)	-	-	(14,468)
Present value of obligations	**-**	**-**	**12,755**	**-**	**-**	**36,132**
Present value of obligations	**-**	**-**	**872,463**	**-**	**-**	**896,599**

23.2.2. Finance leases (continued)

Present Value of obligations under finance lease comprise:	31 March 2014			31 March 2013		
	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000
Land						
Not later than one year	-	-	(1,046)	-	-	140
Later than one year and not later than five years	-	-	2,346	-	-	1,491
Later than five years	-	-	70,177	-	-	69,835
Present value of obligations	**-**	**-**	**71,477**	**-**	**-**	**71,466**
Buildings						
Not later than one year	-	-	(7,175)	-	-	4,856
Later than one year and not later than five years	-	-	29,972	-	-	21,097
Later than five years	-	-	765,434	-	-	763,048
Present value of obligations	**-**	**-**	**788,231**	**-**	**-**	**789,001**
Other						
Not later than one year	-	-	16,141	-	-	22,826
Later than one year and not later than five years	-	-	2,651	-	-	3,186
Later than five years	-	-	(6,037)	-	-	10,120
Present value of obligations	**-**	**-**	**12,755**	**-**	**-**	**36,132**
Total present value of obligations	**-**	**-**	**872,463**	**-**	**-**	**896,599**

The most significant finance leases are:

The BBC PSB Group had finance lease commitments as at 31 March 2014 of £858.7m (31 March 2013: £882.5m). Under the terms of the leasing agreements, the BBC PSB Group 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 PSB Group 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 PSB Group has the right to repurchase each property at the end of the respective lease agreement.

The BBC PSB Group leases with a carrying value of £851.6m (31 March 2013: £852.1m) have contingent elements included within their contracts and result in contingent rents of £8.2m (31 March 2013: £7.0m) being reflected in operating costs.

23.3 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 2014			31 March 2013		
	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000
Not later than one year	-	-	1,562	-	-	1,547
Later than one year and not later than five years	-	-	6,378	-	-	6,315
Later than five years	-	-	9,530	-	-	11,118
Total	**-**	**-**	**17,470**	**-**	**-**	**18,980**

Neither the Department nor its Agency had any commitments under PFI or other service concession arrangements.

The National Museums Liverpool (NML) entered into a contractual arrangement with Ener-G Limited for the provision of a Combined Heat and Power (CHP) plant.

The Natural History Museum (NHM) entered into a contractual arrangement with Vital Energi Utilities Limited for the provision of energy and energy management at the NHM and the Victoria and Albert Museum. A contract was also signed between the Natural History Museum and Total Gas Contracts Limited for the provision of energy and energy management services at the Museum's sites at South Kensington, Wandsworth and Tring.

Further details can be found in the respective accounts of these ALBs (see Note 30).

23.4 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 during 2013-14, analysed by the period during which the commitments expire, are as follows:

	31 March 2014			31 March 2013		
	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000
Not later than one year	-	-	1,246,397	-	-	875,661
Later than one year and not later than five years	-	-	1,492,474	-	-	1,387,173
Later than five years	-	-	1,244,530	-	-	1,358,753
Total	**-**	**-**	**3,983,401**	**-**	**-**	**3,621,587**

The BBC PSB Group as at 31 March 2014 had commitments of £3,433m (31 March 2013: £3,548m) relating to long term outsourcing contracts of IT support, content distribution and transmission, facilities management and elements of finance support.

24. Contingent assets and liabilities
24.1 Contingent liabilities disclosed under IAS37

24.1.1 Quantifiable
Neither the Department or the Agency have any quantifiable contingent liabilities.

Group
Guarantee of British Horseracing Authority (BHA) Scheme
On 30 July 2007, the Horserace Betting Levy Board (HBLB) agreed with the British Horseracing Authority, the Jockey Club, and Trustees of the Jockey Club Pension Fund and Life Assurance Scheme, (now known as the BHA Scheme), to guarantee the payments by the BHA of certain contributions to this scheme. 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 £1.158m during the period ending 31 December 2019, and £0.624m 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.

Home of Horseracing Trust
In January 2014 HBLB executed a guarantee to Weatherbys Bank to underwrite a £1.5m overdraft facility to be granted in favour of the Home of Horseracing Trust. The Trust has been formed with the objective of raising funds for a National Heritage Centre in Newmarket and specifically the restoration of the historic Palace House and Stables site, built by Charles II. The Board has a contingent liability in the event that the Home of Horseracing Trust becomes unable to repay the sums borrowed through this overdraft facility. The guarantee expires on 31st January 2018.

Sport England
In 1979, the Football Association (FA) contributed £0.5m towards the construction of a hostel at Lilleshall National Sports Centres. 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 effluxion of time. The Board consider it unlikely that the agreement will be terminated by Sport England.

24.1.2 Unquantifiable

Department
GSM Gateways Legal Action
GSM Gateways are devices which enable calls from fixed telephones to mobile telephones to be routed directly into the relevant mobile network. A call made via a GSM Gateway

appears to the mobile network to have originated from a mobile phone registered to that network and so will often attract a cheaper call rate than an ordinary fixed to mobile call.

Six companies brought claims against the Secretary of State on the basis that the UK's licensing requirement for commercial GSM Gateways is incompatible with, and breaches EU law. The High Court dismissed the claims in July 2013 but the claimants appealed the decision and the hearing took place in the first week of October 2014. The Court of Appeal judgment is expected before Christmas. Meanwhile, DCMS will continue to disclose the case as a contingent liability. Two further claimants have made similar claims: those proceedings are stayed pending the outcome of the appeal.

Agency
The Agency does not have any unquantifiable contingent liabilities.

Arms Length Bodies
British Library Newspaper Digitisation project
The British Library has undertaken the digitisation of millions of pages from the archive using a commercial partner to take on the costs of digitisation in return for being able to exploit the digitisations commercially. The supplier has warranted in the 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 £5.0m. The Department has agreed to permit the British Library 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 £5.0m would be extremely unlikely.

ODA
The ODA has, under the various sale or lease agreements with QDD AVUK, Triathlon Homes LLP and East Village Management Limited (EVML), a liability for the rectification of defects in the buildings constructed by Stratford Village Development Partnership (SVDP), provided that the legacy owner/operator has first exhausted all alternative contractual rights and remedies. The liability expires 12 years after the date of practical completion under the relevant contracts.

Ofcom
A contingent liability has arisen in relation to the appeal by British Sky Broadcasting Limited (Sky) in respect of Ofcom's decision made in March 2010 pursuant to its powers and duty under Section 316 of the Communications Act. In August 2012 the Competition Appeal Tribunal upheld in part Sky's appeal against Ofcom's decision; however this is under appeal to the Court of Appeal. In May 2013 the Tribunal ordered that Ofcom should pay part of Sky's appeal costs. To date, Ofcom has not received from Sky an estimate of such costs and therefore is unable to estimate reliably any potential liability. In June 2013 Ofcom applied for permission to appeal the Tribunal's award of costs to Sky.

Tate Gallery potential claw-back of London Development Agency (LDA) Grant
In March 2006 Tate Gallery was awarded a grant of up to £7m from the LDA to facilitate the surrender by EDF Energy of the western half of the switch station to the south of Tate Modern, following its upgrade and relocation of its transformer equipment. This represented part of the funding for a £215m capital project to develop Tate Modern. The LDA grant will enable Tate Gallery to bring the site of the derelict and unoccupied oil tanks, together with the western end of the switch house, into public use. The grant is being utilised to reimburse EDF Energy for the costs of the works required to free the land for surrender. The grant is payable in instalments, with £6m paid so far and is conditional on Tate Gallery meeting set criteria by certain dates. As part of the agreement, the LDA has taken a charge over part of the Tate Modern site; if the criteria are not met the grant must be repaid or the land subject

to the charge passed over to the LDA. The key criteria are that Tate Gallery must obtain planning consent for the development by 30 June 2009 and the work must be completed by 31 December 2016. Work on the Tate Modern project is progressing well.

24.2 Contingent liabilities arising through financial guarantees, indemnities and letters of comfort

24.2.1 Quantifiable

The Department has entered into the following quantifiable guarantees or indemnities. None of these are a contingent liability 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.

	01-Apr-13	Increase in year	Liabilities crystallised in year	Obligation expired in year	31-Mar-14	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)	4.0	**4.0**
Indemnities						
Government Indemnity Scheme	5,989.3	15,732.8	-	(16,424.1)	5,298.0	**5,995.6**
Artworks on loan from the Royal Collection	199.8	214.7	-	(243.7)	170.8	**199.7**
Artworks on loan to the Government Art Collection	7.5	-	-	(3.2)	4.3	**0.0**
Totals	**6,200.6**	**15,951.5**	**-**	**(16,675.0)**	**5,477.1**	**6,199.3**

Guarantees

The 'Borrowing facility for Historic Royal Palaces' of £4m is included as a contingent liability. This guarantee expired during 2013-14 and was relaid before Parliament in September 2013.

Indemnities

The Government Indemnity Scheme indemnifies lenders to museums, galleries and other institutions when mounting exhibitions or taking long-term loans for either study or display. It is a statutory liability totalling £5,298.0m (31 March 2013: £5,989.3m). There are also non-statutory liabilities for indemnities granted in respect of works of art on loan from the Royal Collection totalling £170.8m (31 March 2013: £199.8m). 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 £4.3m for items on loan to the Government Art Collection (31 March 2013: £7.5m) 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 Government Indemnity Scheme excludes loans to Scottish and Welsh museums, the indemnities for which are issued in the name of the Scottish and Welsh Ministers respectively.

24.2.2 Unquantifiable

The Group has entered into the following unquantifiable contingent liabilities by offering guarantees, indemnities or by giving letters of comfort. None of these is a contingent liability within the meaning of IAS 37, since the likelihood of a transfer of economic benefits in settlement is too remote.

Department

Olympic and Paralympic games

The Government provided guarantees to the International Olympic Committee that it would act as the ultimate financial guarantor should there be a shortfall between the Olympic costs and revenues, including any shortfall in the budget of LOCOG. In the event there was no shortfall and these guarantees were not called. LOCOG was placed into solvent liquidation on 30th May 2013 on completion of its work. There is no remaining exposure against these guarantees.

Following the conclusions of the Government’s Spending Review, announced on 20th October 2010, the Public Sector Funding Package for Games (PSFP) was re-set at £9,298m (previously £9,325m). Details are available on the GOV.UK website at : http://www.culture.gov.uk/publications/9465.aspx. By the end of May 2013, as a result of further savings, the unused balance remaining in the Public Sector Funding Package had increased from £377m to £528m. The Package contains a small amount of funding to enable discharge of the defects management function following completion, in summer 2014, of the project to convert the Village for residential use. With the Village conversion now complete and the PSFP still with a significant unspent margin there is no likelihood of the PSFP being exceeded. That exposure has now passed.

Rugby Union World Cup

In July 2009, the International Rugby Board announced that the Rugby Football Union had been successful in its bid to host the 2015 Rugby Union World Cup in England. The Department has agreed to partially underwrite the 2015 Rugby Union World Cup tournament fee of £80m up to a maximum of £25m, but only if there is a shortfall in receipts of more than £2m.

Jubilee Gardens

The Department has given an indemnity to the Arts Council of England the Southbank Centre Limited with respect to certain liabilities owed by Shirayama Shokusan Company Limited, the owners of County Hall. This indemnity covers any costs to be incurred by Shirayama in replacing the proposed new Jubilee Gardens should Shirayama Shokusan Company Limited make use of their sub-soil lease beneath the Garden to build an underground car park. Shirayama Shokusan Company Limited, 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.

BT pension scheme (BTPS)

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. This contingent liability was transferred to the Department from the Department for Business, Innovation and Skills following a machinery of government change in 2011.

The Trustee of the BTPS has undertaken legal proceedings to clarify the terms and scope of the Crown Guarantee. The guarantee only applies if BT were ever to be wound up. The High Court proceedings are now concluded with the main findings in favour of the Trustee and BT. The Government has appealed some of these findings, and the appeal was heard at the beginning of May 2014. The appeal judgement was handed down on 16 July 2014. The Court of Appeal found in favour of the Trustee and BT in respect of the scope of the guarantee and in favour of the government in respect of another issue.

World Athletics Championship
In order to provide confidence to the International Association of Amateur Athletics Federation, the Greater London Authority and UK Athletics in signing the contracts to stage the Championships, the Department has committed to underwrite the costs of the World Athletics Championship in 2017 to the extent that the costs exceed budget or where there is a shortfall in revenue. The main risk to a call on the Department underwriting would stem from any difficulties in the commercial sponsorship environment leading up to 2017.

HL vs Facebook and Others
The Secretary of State has been named as a defendant in proceedings commenced in Northern Ireland concerning the use of Facebook by a minor which, it is claimed, led to her human rights, fundamental rights and privacy being infringed. There is the potential for this case, should the plaintiffs win, to give rise to a claim for damages against the Crown as well as adverse costs – DCMS is unable to quantify what this cost may be. The case is due to be heard in January 2015.

Group
ODA
In 2008 the ODA entered into an agreement with Westfield Holdings Limited and its wholly owned subsidiary Stratford City Developments Limited (SCDL). Under the terms of the agreement, if the valuation, as at 31 December 2012, of designated non-retail lands within Zone 1 of Stratford City was below a certain threshold, the ODA will be obliged to make up any shortfall. If agreement of the quantum of the shortfall is not agreed, SCDL has recourse to a 'put' option obliging the ODA to purchase the same land at the threshold price less the value of retained land. This agreement was entered into at a time when the financial outlook was highly uncertain, development finance was unobtainable and asset prices were unstable. Given the subsequent improvement in property prices, rental yields and the general economic conditions, and the regeneration of the area, the ODA considers the likelihood of SCDL pursuing the put option as remote, and hence this is no longer disclosed as a contingent liability under IAS 37

In order to facilitate the redevelopment of the Olympic Park, the ODA relocated the railway siding at Thornton's Field to Orient Way. Eurostar, as the lessee of Orient Way, can repossess the site any time between 1 July 2023 and the end of its lease on 30 June 2086. Should this occur, the ODA has agreed to meet 33 per cent of the cost of relocating the siding between 1 July 2023 and 30 June 2038, and 22 per cent of the cost between 1 July 2038 and 30 June 2086. This liability cannot be quantified reliably as it falls so far into the future and repossession is uncertain.

ODA has 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; the likelihood of any such contamination is remote.

The ODA has an obligation to rectify any damage in the UK Power Network (UKPN) tunnel constructed by the ODA through its PLUG project that arises due to a deficiency in design and / or construction within 6 years of completion, but only where UKPN is unable to recover from Warrantor or other third party and it is not an insured risk. This obligation expires in May 2019. The ODA regards the possibility of damage arising now as remote, and even if identified, contractor warranties are in place to mitigate this risk.

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 £500,000 to the ODA as a contribution towards the capital cost of building the facility. Lee Valley Regional Park Authority (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 has 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.

The ODA has guaranteed the liabilities of the Stratford Village Development Partnership to the extent that the developments costs of East Village are not covered by sales proceeds. This guarantee will cease upon the disposal of the ODA's interest in the partnership to QDD AVUK during 2014-15.

National Gallery
In November 2013 the National Gallery launched consultations with employees working in a number of departments within its 'Public Engagement' directorate. The consultations closed in February 2014, following which there was a management review of the counter-proposals. As at 31 March 2014 the National Gallery had announced the details of all posts and the key areas where voluntary redundancy was confirmed. The National Gallery identified that there would be no need for compulsory redundancies, as sufficient expressions of interest in voluntary redundancy under Civil Service terms had already been received. At 31 March 2014, verbal offers of voluntary redundancy, with indicative settlements, had been made to the employees affected by these changes, subject to their acceptance.

As at 31 March 2014 the National Gallery was committed to the restructure and there was a present obligation to incur some voluntary redundancy costs. However, as there had been no formal acceptances received by year end, the value of any potential liability is uncertain and cannot be reliably estimated.

English National Stadium project
The Department and Sport England have each given undertakings to grant an indemnity to the bank acting as Security Trustee for the English National Stadium Project in certain specified circumstances.

Guarantees to and on behalf of Tate Foundation
On 14 June 2012, a Parliamentary Minute was approved that allows the Tate Gallery to provide guarantees to and on behalf of the Tate Foundation, an independent charity, so that it can borrow up to £55m to provide cash flow support towards Tate Gallery's major capital projects and satisfy donor requirements. Tate Foundation is providing the majority of the remaining funding for the major projects and needs to borrow funds, as anticipated dates for receipt of funds from private donors will not exactly match the anticipated dates for payments under the relevant construction and associated contracts. The amount borrowed will be repaid out of donations within six years from September 2012. This period can be extended with the agreement of the lenders and the Tate Foundation. Given the flow of donation income to Tate Foundation, their existing unrestricted funds and the ability to extend the facility if necessary, it is very unlikely that the guarantee will be exercised.

24.3 Contingent Assets

The National Lottery distributors are entitled to a share of the future receipts of the sale of the Olympic Park. This entitlement is in return for the additional funding contribution of £675m for the 2012 Games. It has been made clear to the Lottery distributors that payments would be achieved over the longer term, given the 25 year time scale for the Olympic Park development programme and its dependence on market performance. The current estimate from DCMS is that payment should start in the mid-2020s with the full amount paid back by 2030-31.

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. No payments have become due, but payments of £87m are forecast to be received between 2014 and 2031.

Legal & General are currently holding funds on behalf of the Equalities and Human Rights Commission relating to the winding up of the Commission for Racial Equality Pension and Life Assurance Scheme in 2005, pending the finalisation of a data-cleansing exercise that has the potential to affect the number of people assessed as being members of the scheme. Once this exercise is completed, it is likely that some funds will be returned to the public purse, but the amount and date of this is uncertain.

25. Losses and Special Payments

25.1 Losses Statements

	2013-14					
	Core Department		Core Department & Agency		Departmental Group	
	Cases	Amount £'000	Cases	Amount £'000	Cases	Amount £'000
Total	1	18	1	18	101	2,391

Details of losses over £300k for 2013-14:

- BIG Lottery Fund incurred two losses that exceeded £300k for grants for the Neighbourhood Initiatives Foundation £336k and Ceramica Trust £624k.
- English Heritage incurred one book-keeping write off of £389k due to a change in the methodology used for recognising direct debit income agreed with NAO.

	2012-13					
	Core Department		Core Department & Agency		Departmental Group	
	Cases	Amount £'000	Cases	Amount £'000	Cases	Amount £'000
Total	3	8	3	8	170	3,372

Details of losses over £300k for 2012-13:

- BIG Lottery Fund incurred one write off of grants that exceeded £300k - Weston Spirit £385k.
- A loss of £334k was incurred by the National Museums Liverpool in relation to legal expenses associated with an unsuccessful arbitration of a dispute regarding the construction of the Museum of Liverpool.

25.2 Special Payments

	2013-14					
	Core Department		Core Department & Agency		Departmental Group	
	Cases	Amount £'000	Cases	Amount £'000	Cases	Amount £'000
Total	-	-	-	-	118	3,200

Details of special payments over £300k for 2013-14:

- The Arts Council England made special payments that exceeded £300k in relation to the early termination lease costs for their Exeter office £759k, Nottingham office £678k and London office £1,100k.

	2012-13					
	Core Department		Core Department & Agency		Departmental Group	
	Cases	Amount £'000	Cases	Amount £'000	Cases	Amount £'000
Total	1	3	1	3	99	455

There were no special payments made by the Group that were in excess of £300k for 2012-13.

25.3 Gifts

During the year the Department made one gift of £9m and a further grant of £1m to The Racing Foundation. This was the third payment made as part of an agreement reached on the sale of the Tote. This agreement stated that the Government will pay £10m a year to the Racing industry for 3 years from 2011-12 with future payments to be agreed in the next spending review. The annual payment will be split between the grant scheme and The Racing Foundation. The split will be decided annually by The British Horseracing Authority (BHA) Chairman’s Committee in agreement with the Department.

This gift was notified to Parliament in Supplementary Estimate 2013-14 Part III Note I - Gifts.

There were no other gifts made by the Group that were in excess of £300k.

26. Related Party Transactions

Core Department

At 31 March 2014, DCMS was the parent Department of The Royal Parks agency and was the sponsor of the ALBs listed in Note 30. 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 at full arm's length.

The Department made a number of material transactions with other government departments, central government bodies and local government organisations. These are set out below:

Related Party	Relationship	Nature of transaction
Department for Communities and Local Government (DCLG)	Partner department across government.	DCMS contributions to cover local government Libraries and Sports PFI projects that are distributed by DCLG.
Department for Transport (DFT)	Partner department across government.	Grants made from DCMS to DFT to compensate DFT for costs relating to bandwidth spectrum clearance.
Home Office	Partner department across government.	DCMS repaid the Home Office for various administrative costs for the running of the Government Equalities Office.
Treasury Solicitors	Partner department across government.	Treasury Solicitors provides legal services to over 180 central government departments and other publicly funded bodies in England and Wales.
Department for Education (DfE)	Partner department across government.	Contributions from DfE for a number of Arts and Culture programmes (Harmony, Henley and Music Hubs).
HM Revenue and Customs (HMRC)	Partner department across government.	Payments from DCMS to HMRC relating to DCMS leasing premises from HMRC.
Department of Health (DoH)	Partner department across government.	DoH contributions to School Games Organisers programme
The Northern Ireland Executive	Devolved government within Great Britain and Northern Ireland.	Payment of the Northern Ireland share of the Wireless and Telegraphic Act licence fee receipts.
Cambridgeshire CC Norfolk County Council NYnet Ltd Shropshire Council Somerset County Council Suffolk County Council Surrey County Council	Councils or their subsidiaries that are responsible for administrating and enabling the broadband rollout in their area.	Grant payments from DCMS to support the broadband rollout.

During the year, the Department may enter 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.

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. In accordance with the terms of its grant agreement LOCOG made payments to DCMS in 2013-14 of £20.0m in respect of a surplus income from ticketing and other non-grant sources.

The National Lottery Distribution Fund and the Olympic Lottery Distribution Fund are both maintained under the control and management of the Secretary of State. Both funds are related parties. During the year, a number of staff employed by the Department worked on National Lottery Distribution Fund and Olympic Lottery Distribution Fund related activities and also used systems owned by the Department. These costs were recharged to the funds by the Department.

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. No Minister, Board Member, or other related parties have (other than those mentioned above) undertaken any material transactions with the Department during the year.

Departmental Group

David Verey, Lead Non-Executive Director on the DCMS Management Board, is also the Chairman and a Trustee of The Art Fund, which made a number of donations to ALBs within the DCMS Group totalling £1.45m, the most significant being £0.8m to the Tate Gallery. David's wife Emma is a Trustee of the Watts Gallery which received funding from the Heritage Lottery Fund during the year of £3.0m with an outstanding amount payable of £2.9m at the year end.

None of the other Departments Ministers or other Management Board members has undertaken any material transactions or balances within the DCMS Group during the year.

27. Events after the Reporting Period.
Up to the date the Accounts were approved for issue to Parliament, which was the date the Comptroller and Auditor General signed the audit opinion, the following events occurred.

Ministerial changes
The Rt Hon Maria Miller MP was the Secretary of State for Culture, Media and Sport and Minister for Women and Equalities until 9th April 2014. The Rt Hon Sajid Javid MP was appointed as Secretary of State for Culture, Media and Sport and Minister for Equalities on 9 April 2014.

The Rt Hon Nicky Morgan MP was Minister for Women from 9 April until 15 July 2014. On 15 July 2014 she was appointed as Secretary of State for Education and Minister for Women and Equalities. The appointment resulted in Ministerial women and equalities portfolio changes for her, Sajid Javid, Helen Grant and Jo Swinson.

Other changes
The sale of the East Village by ODA to QDD AVUK was completed on 6 August 2014. On completion of the sale ODA received the contracted price of £557m, including £317m of revenue accrued in 2013-14 (see Note 16).

27.1 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.

28. Third-party assets
Third party assets are held by the Group on behalf of third parties and are not included in the Consolidated Statement of Financial Position. As at 31 March 2014 the group held assets of £10.0m (31 March 2013: £10.7m).

Neither the Department nor the Agency hold third party assets. The significant third party assets of the Group include:

a) BIG Lottery Fund (BIG) had third party assets as at 31 March 2014 of £9.6m (31 March 2013: £9.7m). These assets represent bank balances held on behalf of third parties on whose behalf BIG manage grant programmes, the National Lottery Promotions Unit to meet payments processed by BIG under service level contracts.

b) The Natural History Museum had third party assets as at 31 March 2014 of £0.4m (31 March 2013: £0.9m). These funds arise where the Natural History Museum acts as lead manager on grants, receiving funds from the grantor and distributing them to participants over the life of the funded projects.

29. Restatement of Statement of Financial Position and Statement of Comprehensive Net Expenditure

Prior periods have been restated to include:

Accounting Standard Changes

- One change in accounting standards affected the Group during the reporting period and in accordance with IAS 8 the change has been treated as a Prior Period Adjustment (PPA). Following the implementation of changes to IAS 19, the interest on pension liabilities and the expected return on pension scheme assets were combined to create a new net interest line in the accounts. The impact on 2012-13 was to increase expenditure by £173m offset by a decrease in the actuarial gains and losses. The impact on Taxpayers' equity is £100m. In accordance with IAS 8 the historical investments have been represented with effect from the earliest opening period, which is 1 April 2012.

Accounting Policy Changes

- A change in accounting policy for Arts Council England (ACE) resulted in a PPA in relation to pension liabilities. Previously, Arts Council England accounted for the West Yorkshire Pension Fund as a defined contribution scheme but as the actuary is now able to identify their share of assets and liabilities in respect of the fund it has now been accounted for as a defined benefit scheme. The impact on 2012-13 was to reduce expenditure and income by £0.3m. The impact on Taxpayers' equity is £6.3m. In accordance with IAS 8 the historical investments have been represented with effect from the earliest opening period, which is 1 April 2012.

Reclassification of expenditure

- BBC PSB expenditure has been reclassified between staff costs and programme costs to better reflect the nature of these costs.

Other Adjustments

- The Olympic Lottery Distributor (OLD) was dissolved on 1 April 2013. In the final Annual Report and Accounts of OLD for 2012-13 an investment of £75.5m representing OLD's share of funds held in the Olympic Lottery Distribution Fund (OLDF) was recognised. Following dissolution of OLD, these funds now sit solely in the OLDF, and as the OLDF falls outside the designation order and accounting boundary the investment value is no longer recorded within the DCMS Group Accounts. To better reflect these circumstances, the investment value has been removed from the Financial Statements at 31 March 2013. The OLDF is maintained by the Secretary of State for Culture, Media and Sport and the £75.5m investment will be re-entered into the Group in 2014-15 following the transfer to other lottery distributing bodies as a result of Statutory Instrument 2014 No 1510 which came into force in July 2014.

Comparative details in various notes have also been restated for the above and any omissions discovered.

The financial impact of these prior period adjustments are set out below in the following tables:

29. Restatement of Statement of Financial Position and Statement of Comprehensive Net Expenditure

		Published 2012-13						Restated 2012-13
Consolidated Statement of Comprehensive Net Expenditure as at 31 March 2013	**Published 2012-13: Core Department and Agency**	**Published 2012-13: Departmental Group**	**Accounting Standard Changes**	**Accounting Policy Changes**	**Reclassification of Expenditure**	**Other adjustments**	**2012-13: Core Department and Agency**	**2012-13: Departmental Group**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Administration costs:								
Staff costs	37,514	166,423	-	-	-	-	37,514	166,423
Other costs	42,147	192,565	-	-	-	-	42,147	192,565
Income	(8,144)	(76,390)	-	-	-	-	(8,144)	(76,390)
Net administration costs	***71,517***	***282,598***	**-**	**-**	**-**	**-**	***71,517***	***282,598***
Programme costs:								
Staff costs	4,319	1,431,411	(13)	(24)	32,120	-	4,319	1,463,494
Other costs	141,651	10,155,521	(497,112)	(238)	(32,120)	75,513	141,651	9,701,564
Income	(67,839)	(4,500,011)	669,678	-	-	-	(67,839)	(3,830,333)
Grants and subsidies	5,415,433	522,976	-	-	-	-	5,415,433	522,976
Net programme costs	***5,493,564***	***7,609,897***	***172,553***	**(262)**	**-**	**75,513**	***5,493,564***	***7,857,701***
Net operating cost	**5,565,081**	**7,892,495**	**172,553**	**(262)**	**-**	**75,513**	**5,565,081**	**8,140,299**
Other comprehensive net expenditure								
(Gain)/loss on revaluation of property, plant & equipment and intangible assets	(1,288)	(68,170)	-	-	-	-	(1,288)	(68,170)
Impairments	-	-	-	-	-	-	-	-
Revaluation of available for sale financial assets	-	(28,803)	-	-	-	-	-	(28,803)
Remeasurements	-	690,034	(172,551)	1,400	-	-	-	518,883
Net other comprehensive net expenditure	***(1,288)***	***593,061***	***(172,551)***	***1,400***	**-**	**-**	***(1,288)***	***421,910***
Total comprehensive expenditure	**5,563,793**	**8,485,556**	**2**	**1,138**	**-**	**75,513**	**5,563,793**	**8,562,209**

29. Restatement of Statement of Financial Position and Statement of Comprehensive Net Expenditure (continued)

		Published 2012-13						Restated 2012-13
Consolidated Statement of Financial Position as at 31 March 2013	**Published 2012-13: Core Department and Agency**	**Published 2012-13: Departmental Group**	**Accounting Standard Changes**	**Accounting Policy Changes**	**Reclassification of Expenditure**	**Other adjustments**	**2012-13: Core Department and Agency**	**2012-13: Departmental Group**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Non-current assets:								
Property, plant & equipment	27,094	5,233,114	-	-	-	-	27,094	5,233,114
Heritage assets	32,670	991,349	-	-	-	-	32,670	991,349
Intangible assets	221	45,565	-	-	-	-	221	45,565
Investments in associates and joint ventures	-	231	-	-	-	-	-	231
Investment properties	-	2,886	-	-	-	-	-	2,886
Trade and other receivables	82,918	167,591	-	-	-	-	82,918	167,591
Financial assets	-	299,392	-	-	-	-	-	299,392
Total non-current assets	***142,903***	***6,740,128***	**-**	**-**	**-**	**-**	***142,903***	***6,740,128***
Current assets:								
Assets classified as held for sale	-	1,454	-	-	-	-	-	1,454
Inventories	-	822,984	-	-	-	-	-	822,984
Trade and other receivables	6,287	1,136,977	-	-	-	-	6,287	1,136,977
Financial assets	-	56,452	-	-	-	-	-	56,452
Cash and cash equivalents	22,921	2,430,644	-	-	-	(75,513)	22,921	2,355,131
Total current assets	***29,208***	***4,448,511***	**-**	**-**	**-**	***(75,513)***	***29,208***	***4,372,998***
Current liabilities:								
Trade and other payables	(103,797)	(2,595,349)	-	-	-	-	(103,797)	(2,595,349)
Provisions	(1,899)	(466,554)	-	-	-	-	(1,899)	(466,554)
Financial liabilities	-	(352)	-	-	-	-	-	(352)
Total current liabilities	***(105,696)***	***(3,062,255)***	**-**	**-**	**-**	**-**	***(105,696)***	***(3,062,255)***
Non-current liabilities:								
Provisions	(338)	(617,036)	-	-	-	-	(338)	(617,036)
Trade and other payables	(82,918)	(1,370,485)	-	-	-	-	(82,918)	(1,370,485)
Financial liabilities	-	(59,885)	-	-	-	-	-	(59,885)
Pension liabilities	-	(1,797,549)	100,000	(6,362)	-	-	-	(1,703,911)
Deferred tax liability	-	-	-	-	-	-	-	-
Total non-current liabilities	***(83,256)***	***(3,844,955)***	***100,000***	***(6,362)***	**-**	**-**	***(83,256)***	***(3,751,317)***
Assets less liabilities	**(16,841)**	**4,281,429**	**100,000**	**(6,362)**	**-**	**(75,513)**	**(16,841)**	**4,299,554**

29. Restatement of Statement of Financial Position and Statement of Comprehensive Net Expenditure (continued)

	Published 2012-13		Restated 2012-13					
Consolidated Statement of Financial Position as at 31 March 2013	**Published 2012-13: Core Department and Agency**	**Published 2012-13: Departmental Group**	**Accounting Standard Changes**	**Accounting Policy Changes**	**Reclassification of Expenditure**	**Other adjustments**	**2012-13: Core Department and Agency**	**2012-13: Departmental Group**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Taxpayers' equity:								
General fund	(35,206)	2,154,352	100,000	-	-	-	(35,206)	2,254,352
Pension reserve	-	-	-	-	-	-	-	-
Revaluation reserve	18,365	219,427	-	-	-	-	18,365	219,427
Other reserves	-	-	-	-	-	-	-	-
Total taxpayers' equity	***(16,841)***	***2,373,779***	***100,000***	***-***	***-***	***-***	***(16,841)***	***2,473,779***
Lottery funds	-	(711,801)	-	-	-	(75,513)	**-**	(787,314)
Charitable funds	-	2,619,451	-	(6,362)	-	-	**-**	2,613,089
Total reserves	**(16,841)**	**4,281,429**	**100,000**	**(6,362)**	**-**	**(75,513)**	**(16,841)**	**4,299,554**

29. Restatement of Statement of Financial Position and Statement of Comprehensive Net Expenditure (continued)

	Published 2011-12		Restated 2011-12					
Consolidated Statement of Financial Position as at 1 April 2012	**Published 2011-12: Core Department and Agency**	**Published 2011-12: Departmental Group**	**Accounting Standard Changes**	**Accounting Policy Changes**	**Reclassification of Expenditure**	**Other adjustments**	**2011-12: Core Department and Agency**	**2011-12: Departmental Group**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Non-current assets:								
Property, plant & equipment	27,302	8,352,186	-	-	-	-	27,302	8,352,186
Heritage assets	31,597	905,206					31,597	905,206
Intangible assets	273	87,648	-	-	-	-	273	87,648
Investments in associates and joint ventures		100,300	-	-	-	-	-	100,300
Investment properties		3,263	-	-	-	-	-	3,263
Trade and other receivables	161,512	191,779	-	-	-	-	161,512	191,779
Financial assets		193,883	-	-	-	-	-	193,883
Total non-current assets	***220,684***	***9,834,265***	**-**	**-**	**-**	**-**	***220,684***	***9,834,265***
Current assets:								
Assets classified as held for sale		161,410	-	-	-	-	-	161,410
Inventories		608,835	-	-	-	-	-	608,835
Trade and other receivables	94,439	1,018,122	-	-	-	-	94,439	1,018,122
Financial assets		57,541	-	-	-	-	-	57,541
Cash and cash equivalents	6,264	2,248,278	-	-	-	-	6,264	2,248,278
Total current assets	***100,703***	***4,094,186***	**-**	**-**	**-**	**-**	***100,703***	***4,094,186***
Current liabilities:								
Trade and other payables	(183,986)	(2,828,827)	-	-	-	-	(183,986)	(2,828,827)
Provisions	(4,111)	(609,837)	-	-	-	-	(4,111)	(609,837)
Financial liabilities		(1,827)	-	-	-	-	-	(1,827)
Total current liabilities	***(188,097)***	***(3,440,491)***	**-**	**-**	**-**	**-**	***(188,097)***	***(3,440,491)***
Non-current liabilities:								
Provisions	(533)	(815,775)	-	-	-	-	(533)	(815,775)
Trade and other payables	(102,780)	(1,149,142)	-	-	-	-	(102,780)	(1,149,142)
Financial liabilities		(57,337)	-	-	-	-	-	(57,337)
Pension liabilities		(1,262,224)	100,000	(5,224)	-	-	-	(1,167,448)
Deferred tax liability		(7,959)	-	-	-	-	-	(7,959)
Total non-current liabilities	***(103,313)***	***(3,292,437)***	***100,000***	***(5,224)***	**-**	**-**	***(103,313)***	***(3,197,661)***
Assets less liabilities	**29,977**	**7,195,523**	**100,000**	**(5,224)**	**-**	**-**	**29,977**	**7,290,299**

29. Restatement of Statement of Financial Position and Statement of Comprehensive Net Expenditure (continued)

	Published 2011-12		Restated 2011-12					
Consolidated Statement of Financial Position as at 1 April 2012	**Published 2011-12: Core Department and Agency**	**Published 2011-12: Departmental Group**	**Accounting Standard Changes**	**Accounting Policy Changes**	**Reclassification of Expenditure**	**Other adjustments**	**2011-12: Core Department and Agency**	**2011-12: Departmental Group**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Taxpayers' equity:								
General fund	13,269	5,188,668	100,000	-	-	-	13,269	5,288,668
Pension reserve			-	-	-	-	-	-
Revaluation reserve	16,708	262,831	-	-	-	-	16,708	262,831
Other reserves			-	-	-	-	-	-
Total taxpayers' equity	***29,977***	***5,451,499***	***100,000***	***-***	***-***	***-***	***29,977***	***5,551,499***
Lottery funds		(761,951)	-	-	-	-	-	(761,951)
Charitable funds		2,505,975	-	(5,224)	-	-	-	2,500,751
Total reserves	**29,977**	**7,195,523**	**100,000**	**(5,224)**	**-**	**-**	**29,977**	**7,290,299**

30. List of bodies within the Group

The bodies included in the Government Resources and Accounts Act 2000 (Estimates and Accounts) Order 2013, known as the Designation Order are listed below. The Annual Report and Accounts for each of these bodies can be found on their own websites, given below. Two bodies, Public Lending Right (PLR) and the National Lottery Commission (NLC), ceased operation in the year. Details are included below. No other changes to the Group boundary have arisen since 2012-13.

Bodies consolidated in Departmental Group accounts for 2013-14	Status	Website
The Department for Culture, Media and Sport (DCMS)	Core Department	www.gov.uk/dcms
The Royal Parks (TRP)	Executive Agency	www.royalparks.org.uk
BBC	Public Broadcasting Authority	www.bbc.co.uk
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.		
S4C (Sianel Pedwar Cymru)	Public Broadcasting Authority	www.s4c.co.uk
S4C is a statutory corporation, and the Welsh Fourth Channel Authority is responsible for S4C's strategic policy and for ensuring the fulfilment of its statutory functions.		
Museums and Galleries		
British Museum	Executive NDPB and Charity	www.britishmuseum.org
Geffrye Museum	Executive NDPB and Charity	www.geffrye-museum.org.uk
Horniman Public Museum and Public Park Trust	Executive NDPB and Charity	www.horniman.ac.uk
Imperial War Museum	Executive NDPB and Charity	www.iwm.org.uk
National Gallery	Executive NDPB and Charity	www.nationalgallery.org.uk
National Museums Liverpool	Executive NDPB and Charity	www.liverpoolmuseums.org.uk
National Maritime Museum	Executive NDPB and Charity	www.rmg.co.uk
National Portrait Gallery	Executive NDPB and Charity	www.npg.org.uk
Natural History Museum	Executive NDPB and Charity	www.nhm.ac.uk
Royal Armouries Museum	Executive NDPB and Charity	www.royalarmouries.org
Science Museum Group	Executive NDPB and Charity	www.sciencemuseum.org.uk
Sir John Soane's Museum	Executive NDPB and Charity	www.soane.org
Tate Gallery	Executive NDPB and Charity	www.tate.org.uk
Victoria and Albert Museum	Executive NDPB and Charity	www.vam.ac.uk
Wallace Collection	Executive NDPB and Charity	www.wallacecollection.org
Libraries		
British Library	Executive NDPB and Charity	www.bl.uk

Bodies consolidated in Departmental Group accounts for 2013-14	Status	Website
Public Lending Right (PLR)	Former Executive NDPB	www.plr.uk.com
The PLR was abolished on 1 October 2013 and its functions were transferred to the British Library from that date. The results for the final 6 months of operation are included within these accounts.		
Arts		
Arts Council England	Executive NDPB	www.artscouncil.org.uk
Architecture and the Historic Environment		
The Historic Buildings and Monuments Commission for England (English Heritage)	Executive NDPB	www.english-heritage.org.uk
National Heritage Memorial Fund (NHMF)	Executive NDPB	www.nhmf.org.uk
includes the Heritage Lottery Fund		
Communications		
Office of Communications (Ofcom)	Statutory Competition Authority and Regulator	www.ofcom.org.uk
Tourism		
British Tourist Authority	Executive NDPB	www.visitbritain.org
Creative industries		
British Film Institute	Executive NDPB	www.bfi.org.uk
Sports		
Sports Ground Safety Authority	Executive NDPB	www.safetyatsportsgrounds.org.uk
The English Sports Council (Sport England)	Executive NDPB	www.sportengland.org
UK Sports Council (UK Sport)	Executive NDPB	www.uksport.gov.uk
UK Anti-Doping Limited (UKAD)	Executive NDPB and Company limited by guarantee	www.ukad.org.uk
The sole guarantee of £1 is provided by the Secretary of State for Culture, Media and Sport, who is the owner of the £1 issued share capital.		
Olympics		
Olympic Delivery Authority (ODA)	Executive NDPB	www.gov.uk/oda
The ODA is expected to cease operations towards the end of 2014		
Gambling and National lottery		
Big Lottery Fund		www.biglotteryfund.org.uk
Policy responsibility for Big Lottery Fund rests with the Cabinet Office, however DCMS fulfils the sponsorship function.		
Gambling Commission	Executive NDPB and Regulator	www.gamblingcommission.gov.uk
National Lottery Commission (NLC)	Former Executive NDPB	www.natlotcomm.gov.uk
The NLC and transfer of its functions, property, rights and liabilities to the GC was effective from 1 October 2013. The results for the final 6 months of operation are included within these accounts.		
Horserace Betting Levy Board (HBLB)	Executive NDPB and Statutory Body	www.hblb.org.uk

Bodies consolidated in Departmental Group accounts for 2013-14	Status	Website
Equalities		
Equalities and Human Rights Commission (EHRC)	Executive NDPB	www.equalityhumanrights.com
Other ALBs		
Churches Conservation Trust		www.visitchurches.org.uk
Committees funded by DCMS:		
Reviewing Committee on the Export of Works of Art	Advisory NDPB	
Treasure Valuation Committee	Advisory NDPB	

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.

Public Corporations sponsored by DCMS

Channel 4 Television Corporation

Historic Royal Palaces

Public Corporations 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.

Lottery Funds

The Department is responsible for the operation of two lottery funds which are separately accounted for and are not consolidated in these Accounts:

National Lottery Distribution Fund

Olympic Lottery Distribution Fund

The following bodies receive a grant from DCMS

Chatham Historic Dockyard

Design Museum

Greenwich Foundation for the Old Royal Naval College (ORNC)

National Film and Television School (NFTS)

People's History Museum

Royal Household (RHH)

The Department provides funding for the security and upkeep of Marlborough House, a historic royal palace occupied by the Commonwealth Institute.

Appendix A to the Annual Report – Annual Summary of the 2013-14 QDS

Quarterly Data Summary

The Quarterly Data Summary (QDS) is a Cabinet Office led data collection exercise, to enable comparison across Whitehall on common areas of spending. This data is used for benchmarking Government Departments. The primary purpose of the QDS is to make more of the management information currently held by Government available to members of the public on a regular basis. Results for the 2013-14 financial year for QDS categories are in the table below.

QDS Headline Spend Data	£ million[53]
Total Spend 2013-14	**1,429.37**
(A1) Organisation's own budget (DEL), Sub-Total	1,300.84
(A2) Expenditure managed by the organisation (AME), Sub-Total	128.53
(A3) Other expenditure outside DEL and AME	0.00
(A1 + A2 + A3) Total Spend	**1,429.37**
(B1) Cost of running the estate, Sub-Total	4.11
(B2) Cost of running IT, Sub-Total	4.21
(B3) Cost of corporate services, Sub-Total	5.77
(B4) Policy and policy implementation, Sub-Total	1,415.28
(B5) Other costs	0.00
(B1 + B2 + B3 + B4 + B5) Total Spend	**1,429.37**
(C1) Procurement Costs, Sub-Total	30.09
(C2) People costs, Sub-Total	21.92
(C3) Grants, Sub-Total	135.36
(C4) Other costs	1,242.00
(C1 + C2 + C3 + C4) Total Spend	**1,429.37**

The 2013-14 QDS return is not comparable with the 2012-13 return because in the previous year DCMS reported on the Core Department only. In 2013-14 net expenditure by the ALB's is included in the policy and policy implementation and other costs lines. All other figures refer to core Departmental spend only.

[53] These figures were as per the Quarterly 4 QDS return.

Appendix B to the Annual Report – Core Tables

These Tables present actual expenditure by the Department for the years 2009-10 to 2013-14 and planned expenditure for the years 2014-15 to 2015-16. The data relates to the Department's expenditure on an Estimate and budgeting basis. From 2012-13 there is alignment between Estimates and budgets, and the administration costs of Partner Organisations are shown as such rather than as programme.

The format of the Tables is determined by HM Treasury, and the disclosure in Tables 1 to 3 follow that of the Supply Estimate Functions.

The data in the Tables has been restated to take account of Machinery of Government changes over the period.

Table 1 Total Departmental Spending – summarises expenditure on functions now administered by the Department, covering the period from 2009-10 to 2013-14. Consumption of resources includes programme and administration costs. Total Departmental expenditure is analysed by Departmental Supply Estimates, and any unallocated provision. The table is based on the OSCAR database and the mappings may differ from the lines in SoPS Note 2.

Table 2 Resource Budget – is complementary to Table 1 and shows 2013-14 figures against the original and final budgetary control limits. The table is based on the OSCAR database and the mappings may differ from the lines in SoPS Note 2.

Table 3 Total Capital Employed – shows capital employed by the Department in Statement of Financial Position format as disclosed in the Department's Accounts. It also shows as a separate line the net capital employed by its Partner Organisations to give a total figure for capital employed by the Departmental Group.

Table 4 Administration Costs – provides a more detailed analysis of the administration costs of the Department. It retains the high level functional analysis used in Table 1. One of the classification changes resulting from the SR2010 Settlement was the movement of the administration costs of Partner Organisations from programme funding into administration. Table 4 shows assumed figures for past years other than 2011-12 and 2012-13. The table is based on the OSCAR database and the mappings may differ from the lines in SoPS Note 2.

Table 5 Staff Numbers – shows staff numbers employed by the main Department and its Agencies.

Tables 6, 7, and 8 Country and Regional Analysis Tables – show analyses of the Department's spending by country and region, and by function. The data presented in these tables are consistent with the country and regional analyses (CRA) published by HM Treasury in Chapter 9 of Public Expenditure Statistical Analyses (PESA) 2013. The figures were taken from the HM Treasury in November 2013 as part of the National Statistics release. Therefore the tables may not show the latest position and are not consistent with other tables in the Departmental Report. Please note that totals may not sum due to rounding.

Prior year figures in tables 6, 7 and 8 have been restated as a result of the following:

- The removal of intra departmental transfers for over 75s TV licences previously included;
- The creation of new Olympic segments to accurately reflect areas of expenditure that were previously not included; and
- DCMS boundary now including the Equalities and Human Rights Commission.

The analyses are set within the overall framework of Total Expenditure on Services (TES). TES broadly represents the current and capital expenditure of the public sector, with some differences from the national accounts measure Total Managed Expenditure. The tables show the central Government and public corporation elements of TES. They include current and capital spending by the Department, its executive agencies and its NDPBs, and public corporations' capital expenditure, but do not include capital finance to public corporations. They do not include payments to local authorities or local authorities' own expenditure.

TES is a cash equivalent measure of public spending. The tables do not include depreciation, cost of capital charges, or movements in provisions that are in Departmental budgets. They do include pay, procurement, capital expenditure, and grants and subsidies to individuals and private sector enterprises. Further information on TES can be found in Annex E of PESA 2013.

The data are based on a subset of spending – identifiable expenditure on services – which is capable of being analysed as being for the benefit of individual countries and regions. Expenditure that is incurred for the benefit of the UK as a whole is excluded.

Across government, most expenditure is not planned or allocated on a regional basis. Social security payments, for example, are paid to eligible individuals irrespective of where they live. Expenditure on other programmes is allocated by looking at how all the projects across the Department's area of responsibility, usually England, compare. So the analyses show the regional outcome of spending decisions that on the whole have not been made primarily on a regional basis.

The functional analyses of spending in Table 8 are based on the United Nations Classification of the Functions of Government (COFOG), the international standard. The presentations of spending by function are consistent with those used in tables A and B of the CRA November 2013 release. These are not the same as the strategic priorities shown elsewhere in the report.

Table 6 Expenditure by Country and Region – shows identifiable expenditure on services, i.e. expenditure which can be shown as being for the benefit of specific countries and regions. It also includes, for completeness, a line for non-identifiable expenditure i.e. that which is deemed to be on behalf of the United Kingdom as a whole.

Table 7 Expenditure per Head by Country and Region – analyses the identifiable expenditure underlying Table 6, per head of population.

Table 8 Expenditure by Function/Programme by Country and Region – shows the outturns in Table 6 analysed into functional categories. These categories are the standard COFOG categories.

Table 1 – Public Spending

Resource DEL (£'000s)	2007-08 Outturn	2008-09 Outturn	2009-10 Outturn	2010-11 Outturn	2011-12 Outturn	2012-13 Outturn	2013-14 Outturn	2014-15 Plans	2015-16 Plans
Support for the Museums and Galleries sector	12,619	4,230	4,170	3,831	13,336	12,664	16,267	17,478	17,367
Museums and Galleries sponsored ALBs (net)	334,044	278,988	357,425	361,853	306,816	359,754	354,959	412,336	388,803
Libraries sponsored ALBs (net)	99,452	104,277	103,587	106,243	113,172	110,753	101,374	112,196	109,378
Museums, libraries and archives council (net)	59,804	61,838	58,376	64,474	43,741	8,632	-	-	-
Support for the Arts sector	3,088	(1,273)	(3,821)	(1,737)	2,373	(53,218)	(67,219)	(61,175)	421
Arts and culture ALBs (net)	402,293	413,791	420,612	420,204	380,835	446,545	442,838	434,221	358,336
Support for the Sports sector	8,525	2,203	8,801	1,098	5,394	6,847	21,147	16,874	14,374
Sport sponsored ALBs (net)	141,744	161,154	151,945	148,362	136,077	144,942	114,967	120,269	108,121
Ceremonial and support for the Heritage sector	19,064	20,633	18,555	22,200	13,946	22,161	16,690	30,607	29,281
Heritage sponsored ALBs (net)	141,608	151,149	151,825	144,270	130,737	97,567	92,975	97,311	84,024
The Royal Parks	18,999	20,092	18,487	15,759	17,162	16,955	13,637	14,767	13,730
Support for the Tourism sector	1,985	2,230	127	2,362	16	70	10	-	-
Tourism sponsored ALBs (net)	53,848	52,985	50,450	39,479	45,494	47,824	48,200	27,591	28,006
Support for the Broadcasting and Media sector	4,417	2,722	2,624	1,561	3,218	15,161	12,063	10,190	13,946
Broadcasting and Media sponsored ALBs (net)	118,109	129,542	136,260	138,139	170,893	183,597	93,543	91,042	95,979
Administration and Research	53,309	56,476	56,448	53,406	58,429	51,679	34,863	37,630	39,949
Support for Horseracing and the Gambling sector	(11,518)	(5,121)	(3,732)	(4,020)	2,700	(1,560)	(1,603)	(2,817)	-
Gambling Commission(net)	16,610	7,927	5,801	4,107	4,722	1,959	3,097	3,765	1,234
Olympics - legacy programmes	459	(67)	524	13,022	65,868	501,628	(18,083)	178	-
London 2012(net)	24,130	(2,703)	(35,363)	(18,700)	45,399	1,575,240	(29,477)	100	-
Government Equalities Office	5,969	10,333	13,998	11,611	7,080	15,283	7,298	18,900	11,000
Equalitiy and Human Rights Commission (net)	74,129	59,395	55,700	52,800	42,982	26,683	19,230	24,785	23,317
Spectrum Management Receipts	-	-	-	-	-	(60,142)	(54,535)	(62,600)	(61,800)
Total resource DEL	**1,582,687**	**1,530,801**	**1,572,799**	**1,580,324**	**1,610,390**	**3,531,024**	**1,222,241**	**1,343,648**	**1,275,466**

Resource DEL (£'000s)	2007-08 Outturn	2008-09 Outturn	2009-10 Outturn	2010-11 Outturn	2011-12 Outturn	2012-13 Outturn	2013-14 Outturn	2014-15 Plans	2015-16 Plans
Total resource DEL (brought forward from previous page)	**1,582,687**	**1,530,801**	**1,572,799**	**1,580,324**	**1,610,390**	**3,531,024**	**1,222,241**	**1,343,648**	**1,275,466**
Of which:									
Staff costs	632,674	585,335	604,087	606,177	648,611	593,804	560,591	213,687	219,842
Purchase of goods and services	817,214	852,475	795,638	745,002	931,655	849,574	979,159	571,777	479,095
Income from sales of goods and services	(400,225)	(435,149)	(371,751)	(364,397)	(402,992)	(273,532)	(474,637)	(23,000)	-
Current grants to local government (net)	48,672	91,378	38,415	57,507	(26,931)	10,603	(7,008)	-	-
Current grants to persons and non-profit bodies (net)	575,071	580,437	649,477	606,302	585,540	786,028	502,356	508,414	427,911
Current grants abroad (net)	(12,410)	906	493	823	136	-	(1,528)	-	-
Subsidies to private sector companies	-	-	-	-	-	-	157	-	-
Subsidies to public corporations	-	-	-	82,590	74,880	522,976	10,026	2,689	(10)
Rentals	-	-	-	800	6,346	3,545	33,199	-	-
Depreciation [1]	107,081	28,571	115,617	109,300	114,120	1,443,884	133,696	176,200	179,328
Change in pension scheme liabilities[2]	-	-	-	100	471	12	(44)	-	-
Other resource	(185,390)	(173,152)	(259,177)	(263,880)	(321,446)	(405,870)	(513,726)	(106,119)	(30,700)

Resource AME (£'000s)	2007-08 Outturn	2008-09 Outturn	2009-10 Outturn	2010-11 Outturn	2011-12 Outturn	2012-13 Outturn	2013-14 Outturn	2014-15 Plans	2015-16 Plans
British Broadcasting Corporation(net)	2,962,800	2,868,987	3,020,000	3,121,360	2,608,460	3,224,802	2,794,569	3,471,499	3,305,146
Provisions, Impairments and other AME spend	6,786	(276)	13,027	96,255	35,957	19,449	16,854	62,071	-
Lottery Grants	882,351	1,010,728	1,000,814	994,845	1,334,509	1,450,239	1,399,564	1,401,425	994,222
London 2012(net)	(507)	13,667	26,057	156,592	(155,839)	(30,996)	102,138	-	-
Gambling levy bodies	-	-	-	-	(30,535)	(10,268)	(2,721)	-	-
Total resource AME	**3,851,430**	**3,893,106**	**4,059,898**	**4,369,052**	**3,792,552**	**4,653,226**	**4,310,404**	**4,934,995**	**4,299,368**

Resource AME (£'000s)	2007-08 Outturn	2008-09 Outturn	2009-10 Outturn	2010-11 Outturn	2011-12 Outturn	2012-13 Outturn	2013-14 Outturn	2014-15 Plans	2015-16 Plans
Total resource AME	**3,851,430**	**3,893,106**	**4,059,898**	**4,369,052**	**3,792,552**	**4,653,226**	**4,310,404**	**4,934,995**	**4,299,368**
Of which:									
Staff costs	1,097,800	974,130	1,248,000	1,053,000	1,199,758	921,649	884,993	1,323,577	1,051,440
Purchase of goods and services	2,375,000	2,410,870	2,279,000	2,630,510	1,973,067	2,812,655	2,498,563	3,041,000	2,780,175
Income from sales of goods and services	-	-	-	-	-	(328,808)	-	(392,474)	-
Current grants to local government (net)	43,953	102,440	79,898	73,666	57,497	20,812	34,896	62,530	95,050
Current grants to persons and non-profit bodies (net)	729,672	784,288	784,245	761,179	961,726	557,133	452,521	1,338,895	899,172
Subsidies to public corporations	-	-	-	-	-	-	24	-	-
Rentals	-	-	-	-	-	80,775	104,496	-	-
Depreciation [1]	35,000	84,787	93,000	69,585	124,644	237,372	273,208	221,881	159,146
Take up of provisions	12,911	17,283	41,771	292,898	(96,968)	592,197	870,437	2,850	-
Release of provision	(6,632)	(3,892)	(2,687)	(6,041)	(16,345)	(40,604)	(11,576)	-	-
Change in pension scheme liabilities[2]	-	-	-	-	-	162,422	178,831	-	-
Unwinding of the discount rate on pension scheme liabilities[2]	-	-	-	-	560,222	730,035	82,412	-	-
Release of provisions covering payments of pension benefits	-	-	-	-	-	(234)	(14,336)	-	-
Other resource	(436,274)	(476,800)	(463,329)	(505,745)	(971,049)	(1,092,178)	(1,044,065)	(663,264)	(685,615)

Total resource budget	**5,434,117**	**5,423,907**	**5,632,697**	**5,949,376**	**5,402,942**	**8,184,250**	**5,532,645**	**6,278,643**	**5,574,834**
Of which: Depreciation[1]	142,081	113,358	208,617	178,885	238,764	1,681,256	406,904	398,081	338,474

Capital DEL (£'000s)	2007-08 Outturn	2008-09 Outturn	2009-10 Outturn	2010-11 Outturn	2011-12 Outturn	2012-13 Outturn	2013-14 Outturn	2014-15 Plans	2015-16 Plans
Support for the Museums and Galleries sector	2,734	(1,490)	3,904	4,390	6,050	2,100	100	2,000	1,934
Museums and Galleries sponsored ALBs (net)	56,096	112,562	60,564	52,228	154,781	76,284	15,987	53,819	22,467
Libraries sponsored ALBs (net)	29,217	26,982	30,634	26,543	13,603	17,167	7,173	4,742	3,221
Museums, libraries and archives council (net)	65	424	120	-	-	-	-	-	-
Support for the Arts sector	323	403	314	256	100	-	117	119	115
Arts and culture ALBs (net)	27,191	27,663	32,051	35,931	12,778	18,222	18,679	13,066	12,634
Support for the Sports sector	3,521	10,015	-	-	3,000	-	250	-	-
Sport sponsored ALBs (net)	41,997	53,578	55,306	42,532	32,965	31,698	27,920	26,129	25,265
Ceremonial and support for the Heritage sector	600	1,284	550	2,400	3,797	7,581	6,882	1,400	1,600
Heritage sponsored ALBs (net)	41,096	39,015	28,172	31,379	22,066	29,079	16,805	16,816	12,669
The Royal Parks	536	1,384	2,076	2,785	1,574	1,583	2,620	895	1,865
Tourism sponsored ALBs (net)	395	1,176	304	130	191	189	357	192	186
Support for the Broadcasting and Media sector	323	205	211	157	108	9,136	55,198	479,417	245,225
Broadcasting and Media sponsored ALBs (net)	1,571	3,898	7,265	11,420	51,097	40,667	5,896	25,373	23,307
Administration and Research	5,396	2,569	2,350	1,381	897	1,830	373	1,164	1,125
Support for Horseracing and the Gambling sector	-	-	-	-	-	9,000	9,000	(80)	10,000
Gambling Commission(net)	1,780	1,389	635	262	238	737	302	80	-
Olympics - legacy programmes	-	(432,530)	(644,240)	(654,845)	35,143	42,053	-	-	-
London 2012(net)	323,978	1,009,025	938,487	1,022,684	917,180	54,056	(184,059)	(87,145)	-
Equalitiy and Human Rights Commission (net)	7,175	904	382	268	1,370	495	416	400	387
n/a	-	(34,950)	-	-	-	-	-	-	-
Total capital DEL	**543,994**	**823,506**	**519,085**	**579,901**	**1,256,938**	**341,877**	**(15,984)**	**538,387**	**362,000**
Of which:									
Capital support for local government (net)	(42,778)	(89,646)	(86,871)	(171,004)	75,965	1,245,270	50,452	-	-
Capital grants to persons & non-profit bodies (net)	106,685	76,982	77,072	126,276	121,296	49,103	(103,067)	660,656	327,548
Capital grants to private sector companies (net)	-	-	-	-	(88)	25,976	(13,457)	-	-
Capital grants abroad (net)	(34,621)	-	-	-	791	(216)	(202)	-	-
Capital support for public corporations	35	-	-	-	(47,088)	46,818	-	-	-
Purchase of assets	581,142	1,336,936	1,455,522	1,593,833	1,208,437	374,201	510,302	53,066	34,452
Income from sales of assets	(2,489)	(59,878)	(822)	(73,650)	(6,382)	(1,242,845)	(380,430)	(175,255)	-
Net lending to the private sector and abroad	-	-	-	-	-	(26,761)	(11,437)	-	-
Other capital	(63,980)	(440,888)	(925,816)	(895,554)	(95,993)	(129,669)	(68,145)	(80)	-

Capital AME (£'000s)	**2007-08 Outturn**	**2008-09 Outturn**	**2009-10 Outturn**	**2010-11 Outturn**	**2011-12 Outturn**	**2012-13 Outturn**	**2013-14 Outturn**	**2014-15 Plans**	**2015-16 Plans**
British Broadcasting Corporation(net)	85,000	81,100	123,000	121,600	172,012	(80,380)	105,619	113,079	94,850
Provisions, Impairments and other AME spend	10,000	-	-	-	-	-	-	-	-
Lottery Grants	713,455	535,632	751,532	597,410	379,916	536,954	523,705	498,575	605,778
London 2012(net)	-	-	-	-	-	-	-	-	-
Gambling levy bodies	-	-	-	-	-	(8,411)	(1,763)	-	-
n/a	-	(45,200)	-	-	-	-	-	-	-
Total capital AME	**808,455**	**571,532**	**874,532**	**719,010**	**551,928**	**448,163**	**627,561**	**611,654**	**700,628**
Of which:									
Capital support for local government (net)	293,462	277,019	231,576	149,864	137,333	99,230	132,060	130,736	258,029
Capital grants to persons & non-profit bodies (net)	352,830	257,613	277,427	208,546	242,583	355,026	311,789	367,839	347,749
Capital support for public corporations	-	-	-	-	-	-	18	-	-
Purchase of assets	95,000	81,100	123,000	121,600	172,012	135,451	128,399	113,079	94,850
Income from sales of assets	-	(45,200)	-	-	-	(208,487)	(14,257)	-	-
Net lending to the private sector and abroad	-	-	-	-	-	8,455	21,360	-	-
Other capital	67,163	1,000	242,529	239,000	-	58,488	48,192	-	-
Total capital budget	**1,352,449**	**1,395,038**	**1,393,617**	**1,298,911**	**1,808,866**	**790,040**	**611,577**	**1,150,041**	**1,062,628**
Total departmental spending[3]	**6,644,485**	**6,705,587**	**6,817,697**	**7,069,402**	**6,973,044**	**7,293,034**	**5,737,318**	**7,030,603**	**6,298,988**
Of which:									
Total DEL	2,019,600	2,325,736	1,976,267	2,050,925	2,753,208	2,429,017	1,072,561	1,705,835	1,458,138
Total AME	4,624,885	4,379,851	4,841,430	5,018,477	4,219,836	4,864,017	4,664,757	5,324,768	4,840,850

1 Depreciation includes impairment

2 Pension schemes report under IAS19 Employee Benefits accounting requirements. These figures, therefore, include cash payments made and contributions received, as well as certain non-cash items.

3 Total departmental spending is the sum of the resource budget and the capital budget less depreciation. Similarly, total DEL is the sum of the resource budget DEL and capital budget DEL less depreciation in DEL, and the total AME is the sum of the resource budget AME and capital budget AME less depreciation in AME.

Table 2 - Public Spending Control

Spending in Departmental Expenditure Limits (DEL) £'000s	2013-14 Original Plans		2013-14 Adjusted Plans		2013-14 Final Plans		2013-14 Outturn	
	Resource	Capital	Resource	Capital	Resource	Capital	Resource	Capital
Voted expenditure	**1,596,974**	**154,118**	**1,560,917**	**(216,882)**	**1,471,474**	**148,503**	**1,276,776**	**(15,984)**
Of which:								
Support for the Museums and Galleries sector	16,621	-	16,621	-	16,621	100	16,267	100
Museums and Galleries sponsored bodies	406,016	29,339	406,016	29,339	430,316	67,354	354,959	15,987
Libraries sponsored bodies	114,024	(1,393)	114,024	(1,393)	114,109	(1,693)	101,374	7,173
Support for the Arts sector	(66,107)	114	(66,107)	114	(66,720)	114	(67,219)	117
Arts and culture bodies	447,244	19,729	447,244	19,729	446,650	19,766	442,838	18,679
Support for the Sports sector	6,395	-	6,395	-	19,174	-	21,147	250
Sport sponsored bodies	121,961	26,038	121,961	26,038	118,176	28,212	114,967	27,920
Ceremonial and support for the Heritage sector	14,980	1,364	14,980	1,364	25,146	1,364	16,690	6,882
Heritage sponsored bodies	97,999	24,512	97,999	24,512	92,901	26,012	92,975	16,805
The Royal Parks	15,575	857	15,575	857	14,725	1,857	13,637	2,620
Support for the Tourism sector	-	-	-	-	210	-	10	-
Tourism sponsored bodies	31,381	192	31,381	192	46,150	492	48,200	357
Support for the Broadcasting and Media sector	11,397	207,928	10,697	207,928	22,540	97,937	12,063	55,198
Broadcasting and Media sponsored bodies	98,319	24,364	86,419	(346,636)	110,618	24,714	93,543	5,896
Administration and Research	53,354	1,164	29,897	1,164	40,843	1,164	34,863	373
Support for Horseracing and the Gambling sector	(1,445)	9,000	(1,445)	9,000	(495)	9,000	(1,603)	9,000
Grant to the National Lottery Commission	3,216	-	3,216	-	3,266	-	-	-
Gambling Commission	1,175	-	1,175	-	1,175	200	3,097	302
Olympics - legacy programmes	2,192	-	2,192	-	(18,608)	-	(18,083)	-
London 2012	168,776	(190,090)	168,776	(190,090)	12,776	(129,090)	(29,477)	(184,059)
Government Equalities Office	21,375	-	21,375	-	16,375	-	7,298	-
Equalitiy and Human Rights Commission (EHRC)	32,526	1,000	32,526	1,000	25,526	1,000	19,230	416
Non-voted expenditure	**(62,300)**	**-**	**(62,300)**	**-**	**(62,300)**	**-**	**(54,535)**	**-**
Of which:								
Spectrum management receipts	(62,300)	-	(62,300)	-	(62,300)	-	(54,535)	-
Total spending in DEL	**1,534,674**	**154,118**	**1,498,617**	**(216,882)**	**1,409,174**	**148,503**	**1,222,241**	**(15,984)**

Spending in Annually Managed Expenditure (AME) £'000s	**2013-14 Original Plans**		**2013-14 Adjusted Plans**		**2013-14 Final Plans**		**2013-14 Outturn**	
	Resource	**Capital**	**Resource**	**Capital**	**Resource**	**Capital**	**Resource**	**Capital**
Voted expenditure	**3,213,438**	**138,138**	**3,213,438**	**138,138**	**3,580,652**	**138,716**	**2,910,840**	**103,856**
Of which:								
British Broadcasting Corporation	3,178,306	138,138	3,178,306	138,138	3,088,150	130,817	2,794,569	105,619
Provisions, Impairments and other AME spend	35,132	-	35,132	-	399,020		16,854	-
London 2012(net)	-	-	-	-	93,482	-	102,138	-
Gambling levy bodies	-	-	-	-	-	7,899	(2,721)	(1,763)
Non-voted expenditure	**932,084**	**496,916**	**932,084**	**496,916**	**1,327,668**	**401,332**	**1,399,564**	**523,705**
Of which:								
Lottery Grants	932,084	496,916	932,084	496,916	1,327,668	401,332	1,399,564	523,705
Total spending in AME	**4,145,522**	**635,054**	**4,145,522**	**635,054**	**4,908,320**	**540,048**	**4,310,404**	**627,561**

Total	**5,680,196**	**789,172**	**5,644,139**	**418,172**	**6,317,494**	**688,551**	**5,532,645**	**611,577**
Of which:								
Voted expenditure	4,810,412	292,256	4,774,355	(78,744)	5,052,126	287,219	4,187,616	87,872
Non-voted expenditure	869,784	496,916	869,784	496,916	1,265,368	401,332	1,345,029	523,705

Table 3 – Capital Employed

	2009-10 Outturn £'000	2010-11 Outturn £'000	2011-12 Outturn £'000	2012-13 Outturn £'000	2013-14 Outturn £'000
Assets					
Non-current assets					
Intangible assets	734	489	273	221	170
Property, plant & equipment *of which:*	65,120	63,926	58,899	59,764	60,181
Land and buildings	*26,690*	*24,580*	*19,774*	*18,533*	*19,111*
Dwellings	*1,349*	*1,299*	*1,324*	*1,408*	*1,630*
Information technology	*3,305*	*2,950*	*2,210*	*2,066*	*1,396*
Plant and machinery	*982*	*1,012*	*2,216*	*2,010*	*2,906*
Furniture and fittings	*2,059*	*1,682*	*1,208*	*1,861*	*1,871*
Heritage	*30,604*	*30,722*	*31,597*	*32,670*	*32,789*
Assets under construction	*131*	*1,681*	*570*	*1,216*	*478*
Other non-current assets	80	54	161,512	82,918	-
Current assets	64,029	194,789	100,703	29,208	86,961
	129,963	**259,258**	**321,387**	**172,111**	**147,312**
Liabilities					
Payables (<1 year)	(51,070)	(214,344)	(183,986)	(103,797)	(131,286)
Payables (>1 year)	-	(11,000)	(102,780)	(82,918)	-
Provisions	(1,180)	(3,828)	(4,644)	(2,237)	(822)
	(52,250)	**(229,172)**	**(291,410)**	**(188,952)**	**(132,108)**
Capital employed within Core Department & Agency	77,713	30,086	29,977	(16,841)	15,204
NDPB net assets	4,781,000	5,480,031	7,260,322	4,316,395	5,115,628
Total capital employed in Departmental Group	**4,858,713**	**5,510,117**	**7,290,299**	**4,299,554**	**5,130,832**

Table 4 - Administration Budgets

Resource DEL £'000s	2007-08 Outturn	2008-09 Outturn	2009-10 Outturn	2010-11 Outturn	2011-12 Outturn	2012-13 Outturn	2013-14 Outturn	2014-15 Plans	2015-16 Plans
Libraries sponsored ALBs (net)	-	-	-	-	9,936	10,497	8,297	10,511	10,512
Museums, libraries and archives council (net)	-	-	-	-	6,157	7,808	-	-	-
Support for the Arts sector	-	-	-	-	-	(366)	(236)	(191)	366
Arts and culture ALBs (net)	-	-	-	-	22,783	26,612	20,909	17,268	16,711
Sport sponsored ALBs (net)	-	-	-	-	13,304	15,210	14,543	14,232	14,249
Ceremonial and support for the Heritage sector	-	-	-	-	208	222	22	241	413
Heritage sponsored ALBs (net)	-	-	-	-	18,182	14,931	14,194	14,935	14,926
The Royal Parks	-	-	-	-	2,147	2,318	2,338	2,774	2,774
Tourism sponsored ALBs (net)	-	-	-	-	34,494	31,967	30,537	27,591	28,006
Support for the Broadcasting and Media sector	-	-	-	-	7,714	9,207	7,816	6,239	6,000
Broadcasting and Media sponsored ALBs (net)	-	-	-	-	78,395	67,989	53,410	64,417	70,800
Administration and Research	51,009	53,213	53,612	49,852	56,245	50,926	34,869	34,801	39,949
Government Equalities Office	5,208	7,857	9,396	8,651	6,188	9,346	4,683	8,300	-
Equalitiy and Human Rights Commission (net)	53,514	38,167	38,740	41,040	32,130	22,594	16,836	15,312	15,932
Spectrum Management Receipts	-	-	-	-	-	(60,142)	(54,535)	(62,600)	(61,800)
Total administration budget	**109,731**	**99,237**	**101,748**	**99,543**	**287,883**	**209,119**	**153,683**	**153,830**	**158,838**
Of which:									
Staff costs	68,182	57,208	64,315	63,466	208,113	180,876	150,388	74,154	73,262
Purchase of goods and services	38,912	37,838	33,240	33,206	158,323	168,549	106,033	131,042	126,576
Income from sales of goods and services	(1,284)	(1,601)	(2,399)	(3,023)	(40,233)	(96,429)	(24,386)	-	-
Current grants to persons and non-profit bodies (net)	-	-	-	-	-	543	(86)	-	-
Current grants abroad (net)	(163)	-	-	-	-	-	-	-	-
Subsidies to private sector companies	-	-	-	-	-	-	148	-	-
Rentals	-	-	-	800	5,848	-	18,490	-	-
Depreciation	3,950	5,606	6,100	4,873	20,875	17,243	13,597	11,800	20,800
Change in pension scheme liabilities	-	-	-	100	471	12	-	-	-
Other resource	134	186	492	121	(65,514)	(61,675)	(110,501)	(63,166)	(61,800)

Table 5 – Staff in Post

DCMS Core	2011-12 Outturn	2012-13 Outturn	2013-14 Outturn
Payroll Employees (FTE)	457	376	381
Non-Payroll Employees (FTE)	30	69	51
Total	**487**	**445**	**432**

These figures represent number of staff in post (FTE) on 31 March 2014.

Payroll Employee FTE is calculated using the ONS headcount methodology. This includes all employees who are being paid on the organisation's payroll. Interim managers, specialist contractors and agency staff are excluded. The above figures cannot be directly compared to Note 3 of the Departmental Accounts' figures for permanently employed staff, which is an average across the year and excludes loaned or seconded in staff who have transferred to the Department's payroll. These are captured under the 'others' heading.

Interim managers, specialist contractors and agency staff are included in non-payroll employees. These are shown in this table for the first time this year. The totals for 2011-12 and 2012-13 have been adjusted accordingly.

Table 6 - Total identifiable expenditure on services by country and region, 2008-09 to 2012-13

	National Statistics - £ Million				
	2008-09 Outturn	**2009-10 Outturn**	**2010-11 Outturn**	**2011-12 Outturn**	**2012-13 Outturn**
North East	116	130	122	112	145
North West	243	258	221	224	241
Yorkshire and the Humber	199	199	190	203	217
East Midlands	151	171	142	125	135
West Midlands	196	199	192	203	207
East	181	174	161	152	174
London	1,174	1,324	1,468	1,373	1,255
South East	278	285	275	260	284
South West	221	220	205	205	206
Total England	**2,758**	**2,959**	**2,978**	**2,857**	**2,863**
Scotland	147	148	126	170	180
Wales	174	168	222	222	235
Northern Ireland	53	75	62	80	99
UK identifiable expenditure	**3,132**	**3,349**	**3,388**	**3,329**	**3,376**
Outside UK	216	192	181	200	192
Total identifiable expenditure	**3,348**	**3,541**	**3,569**	**3,529**	**3,568**
Non-identifiable expenditure	4,044	4,339	4,513	4,495	4,038
Total expenditure on services	**7,392**	**7,880**	**8,081**	**8,024**	**7,606**

Table 7 - Total identifiable expenditure on services by country and region, per head 2008-09 to 2012-13

	National Statistics - £ per Head				
	2008-09 Outturn	2009-10 Outturn	2010-11 Outturn	2011-12 Outturn	2012-13 Outturn
North East	45	50	47	43	56
North West	35	37	32	32	34
Yorkshire and the Humber	38	38	36	38	41
East Midlands	34	38	32	28	30
West Midlands	36	36	35	36	37
East	32	30	28	26	30
London	150	167	182	167	151
South East	33	34	32	30	33
South West	43	42	39	39	39
England	53	57	57	54	54
Scotland	28	28	24	32	34
Wales	57	55	73	72	76
Northern Ireland	30	42	35	44	54
UK identifiable expenditure per head	**51**	**54**	**54**	**53**	**53**

Table 8 - Department for Culture, Media and Sport Expenditure on services by sub-function, 2012-13

Data in this table are National Statistics - £ million	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London	South East	South West	England	Scotland	Wales	Northern Ireland	Outside UK	Not Identifiable	Grand Total
Economic affairs																
General economic, commercial and labour affairs	2	5	4	3	4	4	5	5	3	33	3	2	1	0	-	**39**
Fuel and energy	-	-	-	-	-	-	1	-	-	1	-	-	-	-	-	**1**
Transport	-	-	-	-	-	-	130	-	-	130	-	-	-	-	-	**130**
of which: local roads	-	-	-	-	-	-	*131*	-	-	*131*	-	-	-	-	-	***131***
of which: railway	-	-	-	-	-	-	*(1)*	-	-	*(1)*	-	-	-	-	-	***(1)***
Other industries	1	3	2	1	2	2	33	6	3	53	4	1	1	-	-	**59**
Total economic affairs	**3**	**7**	**6**	**4**	**5**	**6**	**169**	**11**	**6**	**216**	**8**	**3**	**1**	**0**	**-**	**228**
Environment protection																
Environment protection n.e.c.	5	12	7	5	8	6	20	6	8	76	15	10	9	-	-	**110**
Total environment protection	**5**	**12**	**7**	**5**	**8**	**6**	**20**	**6**	**8**	**76**	**15**	**10**	**9**	**-**	**-**	**110**
Housing and community amenities																
Housing development	-	-	-	-	-	-	(12)	-	-	(12)	-	-	-	-	-	**(12)**
of which: other social housing	-	-	-	-	-	-	*(12)*	-	-	*(12)*	-	-	-	-	-	***(12)***
Total housing and community amenities	**-**	**-**	**-**	**-**	**-**	**-**	**(12)**	**-**	**-**	**(12)**	**-**	**-**	**-**	**-**	**-**	**(12)**
Health																
Central and other health services	3	7	4	3	5	4	12	3	4	45	9	6	5	-	-	**65**
Total health	**3**	**7**	**4**	**3**	**5**	**4**	**12**	**3**	**4**	**45**	**9**	**6**	**5**	**-**	**-**	**64**

Data in this table are National Statistics - £ million	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London	South East	South West	England	Scotland	Wales	Northern Ireland	Outside UK	Not Identifiable	Grand Total
Recreation, culture and religion																
Recreational and sporting services	55	41	44	35	32	34	381	47	29	698	21	9	11	-	508	**1,247**
Cultural services	49	99	107	54	106	81	522	165	108	1,291	49	30	19	177	0	**1,566**
Broadcasting and publishing services	3	9	5	5	5	8	39	14	7	96	3	126	8	10	3,530	**3,773**
Religious and other community services	1	4	3	3	3	3	5	5	3	30	-	-	-	-	-	**30**
R&D recreation, culture and religion	0	0	0	0	0	0	1	0	0	2	-	-	-	0	-	**3**
Recreation, culture and religion n.e.c.	2	3	3	2	3	3	19	4	4	42	1	3	0	5	-	**52**
Total recreation, culture and religion	**110**	**157**	**163**	**98**	**150**	**129**	**966**	**236**	**150**	**2,159**	**74**	**168**	**39**	**192**	**4,038**	**6,670**
Education																
Education n.e.c.	2	4	2	2	3	2	6	2	2	24	5	3	3	-	-	**35**
Total education	**2**	**4**	**2**	**2**	**3**	**2**	**6**	**2**	**2**	**24**	**5**	**3**	**3**	**-**	**-**	**35**
Social protection																
Social protection n.e.c.	23	54	34	23	36	28	93	27	35	354	69	46	41	-	-	**510**
Total social protection	**23**	**54**	**34**	**23**	**36**	**28**	**93**	**27**	**35**	**354**	**69**	**46**	**41**	**-**	**-**	**510**
TOTAL DEPARTMENT FOR CULTURE, MEDIA AND SPORT EXPENDITURE ON SERVICES	**145**	**241**	**217**	**135**	**207**	**174**	**1,255**	**284**	**206**	**2,863**	**180**	**235**	**99**	**192**	**4,038**	**7,606**

Appendix C to the Annual Report – Sustainability Report

Sustainable Development, Adapting to Climate Change and Rural Proofing

Sustainable Development

Business Planning

We incorporate consideration of sustainable development in both our policy development and how we operate. Responsibility for sustainable policy making is embedded into our work across DCMS. Policy teams have a responsibility to consider the long term social, economic, environmental and financial impacts of their policies, as well as understanding the effects on all communities and businesses.

Sustainable development is embedded in the DCMS Business Plan and our strategic policy objectives:

- Establish world-class connectivity across the UK;
- Make the UK the creative and cultural capital of the world;
- Showcase what's great about Britain – its heritage and traditions – nationally and internationally;
- Create an equal opportunity society;
- Protect children from harm online and the young and vulnerable from problem gambling; and
- Secure a lasting legacy from the Olympic and Paralympic Games.

Social and environmental impacts have been managed and assessed for sustainable development within a project management structure. Projects move through the governance structures via a series of gateways as they progress, with the emphasis on achieving sustainable outputs. We will investigate how to effectively formalise sustainable development into our governance, decision making, policy and assurance processes, alongside strengthening our learning and development.

Broadband

Establishing world-class connectivity throughout the UK by investing in our broadband and mobile networks is an example of a DCMS strategic objective making a significant contribution to sustainable development. As part of our impact assessment procedures, the Government's investment in superfast broadband rollout resulted in the following conclusion in an independent report by consultancy SQW Ltd:

"The availability and use of faster broadband will have significant environmental impacts. We estimate that, by 2024, it will save a total of:

- 2.3 billion km in annual commuting, predominantly in car usage, through enabling increased telework for a proportion of the workforce. This is in the order of 2% of the current total annual UK commuting distance;

- 5.3 billion km in annual business travel, predominantly in car usage, through the increased use of video and online collaboration tools by broadband using firms. This is in the order of 9% of the current total annual UK business travel distance; and

- 1 billion kWh of electricity usage per annum, through broadband-using firms shifting part of their server capacity onto (more energy efficient) public cloud platforms.

Allowing for rebound effects (in particular, teleworkers needing to heat their homes in the winter), we estimate that faster broadband will account for about 1.6 million tonnes of carbon dioxide equivalent (CO2e) savings per annum, by 2024. This is equivalent to about 0.3% of the UK's current greenhouse gas emissions. Of these CO2e savings, publicly funded intervention in faster broadband will account for approximately 0.4 million tonnes per annum by 2024."

Tourism

The European Tourism Indicator System (ETIS) and associated toolkit has been launched and is seen as the leading tool for destinations to use when measuring the local impacts of tourism. This includes economic, social and environmental impacts. The EU working group is currently undertaking round two (of three) destination pilots to refine guidance, indicator suitability and effectiveness of reporting mechanisms. A number of English destinations are involved in round two pilots. VisitEngland is also about to publish introductory guidance on understanding the impacts of tourism in a destination, which complements ETIS.

Four destination case studies (Manchester, Cornwall, County Durham and the New Forest) on the development of sustainable tourism approaches have been published at the Eighth International Conference on Responsible Tourism, held in England for the first time in 2014. A supplementary paper will also be published to capture the key lessons across all destination types by winter 2014.

The International Centre for Responsible Tourism (at Leeds Metropolitan University) and VisitEngland have developed a toolkit for marketers in destination organisations, helping them to understand how to embed messages on sustainability within communications. This has been based on the successful work done on the business to business toolkit (Keep it Real), which has recently been licensed to South Africa as an effective and unique tool.

Procurement

The Department is committed to sustainable procurement. DCMS' policy of using Crown Commercial Service (CCS) frameworks as a default step, plus 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. CCS routinely uses the flexible framework as a platform, and has an active sustainable procurement policy to ensure that Departmental obligations are properly reflected. They have also implemented the DEFRA sustainable procurement prioritisation tool to support decision making and, where appropriate, sustainability obligations are included within contracts both let by CCS and the Department to ensure that goods and services are purchased on whole life costs and enable performance to be monitored throughout the life of the contract.

The use of SMEs for the supply of goods and services across the DCMS family now exceeds both the Government's 25% target and our own stretch target of 35%. During 2013-14, the DCMS family achieved a total of 51.5%. Action continues to be taken to develop SME engagement further through encouraging use of LEAN procurement techniques including use of the OPEN procedure and light touch PQQs, active encouragement of SME participation in procurement activity, and by analysing and recording second and third tier SME involvement in supply chains.

People

DCMS officials attend the cross-Whitehall Sustainable Development Mainstreaming Group to ensure the Department is kept abreast of Government-wide initiatives and able to contribute to future developments.

DCMS is active in supporting staff learning and participation on sustainable development by promoting the range of products on Civil Service Learning. These include:

- Introduction to sustainable development;
- DWP policy evaluation tool on sustainable development;
- NAO best practice criteria on sustainable development;
- Sustainable development in the workplace; and
- Signposting where people can learn more about sustainable development.

As a staff incentive, DCMS provides an interest free advance of salary for the purchase of season tickets for public transport travel between home and the office. The interest free advance of salary is also applicable to staff who wish to purchase a bicycle and standard safety equipment to cycle to work. DCMS promotes the benefits of cycling to work and has a cycle to work scheme, where the Department hires bicycles and equipment to employees through salary sacrifice reductions over a twelve month period. Lockers, shower facilities and a bicycle parking room are available to those who join the scheme.

Our flexible working policy encourages remote working, including working from home and this approach reduces employees' carbon footprint when travelling to and from the office. The Department's travel and subsistence policy highlights the need to consider the environment and encourages employees to use telephone or conferencing in the first instance.

Greening Government

As further demonstration of our commitment to sustainable development, we plan to reduce our use of materials and energy, minimise waste and water use, procure sustainably and minimise our carbon footprint. The progress on the Department's plan to deliver on Greening Government commitments follows:

	2015 Government reduction target	**Reduction position at 31 March 2014 (Core only)**
Greenhouse gas emissions	25%	64%
Waste	25%	71%
Water	6 m^3 per FTE	5.0 m^3 per FTE
Paper	10%	53%
Domestic air flights	20%	31%

Core Department Performance

Area		2013-14 Performance	
		Actual	Target
Greenhouse gas emissions (scope 1,2,3) (tCO_2e)		477	733
Office estate energy	Consumption (kWh)	1,120,473	1,726,400
Office estate waste	Consumption (tonnes)	36	40
Office estate water	Consumption (m3)	2,094	3,516

In April, 2013 DCMS moved into 100 Parliament Street to share accommodation with HMRC. DCMS pays an annual unitary charge and so is not able to provide a breakdown of utility costs.

DCMS is making good progress at meeting its targets and has exceeded the target reductions in its greenhouse gas emissions, waste, water and paper usage. The non-financial performance of DCMS over the last four years against the 2009-10 baselines is represented in the table below:

	Estate Carbon	Domestic flights (# of flights)	Waste[54]	Water[55]	Paper usage (# A4 reams)
2013-14	64% reduction to baseline (2009-10)	221	71% reduction to baseline (2009-10)	5.0 m^3 per FTE	2,723
2012-13	33% reduction to baseline (2009-10)	146	53% reduction to baseline (2009-10)	9.0 m^3 per FTE	2,493
2011-12	28.87% reduction to baseline (2009-10)	241	17.98% reduction to baseline (2009-10)	13.4 m^3 per FTE	4,968
2010-11	21.21% reduction to baseline (2009-10)	169	2.90% reduction to baseline (2009-10)	13.7 m^3 per FTE	4,952

When making travel plans, DCMS looks for the best price between rail and flights, and on occasions it is cheaper for people to fly than travel by rail. There has also been an increase in flights as the team overseeing the rollout of broadband across the country is now fully staffed and, as team members are travelling long distances, it is sometimes easier to fly.

[54] It is not possible to split the waste figures between recycled and landfill waste as it is a combined contract
[55] Water usage is based on actual FTE

Group Performance (Core Department and its ALBs)

Greenhouse Gas Emissions			
		2013-14	2012-13
Non-financial indicators (tCO_2e)	Total gross emissions	131,891	129,669
	Gross emissions Scope 1 (direct)[56]	10,835	9,072
	Gross emissions Scope 2 & 3 (indirect)[57]	45,760	51,048
Related energy consumption (million kWh)	Electricity: non-renewable[58]	238.6	277.3
	Electricity: renewable	8.4	3.6
	Gas	98.3	103.0
	LPG	0.4	0.3
	Other	6.3	7.1
Financial indicators (£'000)	Expenditure on energy	23,631	25,311
	CRC license expenditure	515	417
	Expenditure on accredited offsets	-	-
	Expenditure on official business travel	8,895	7,023

The increase in total gross CO_2 emissions is due to the Olympic Delivery Authority increasing 1,104 tonnes of CO_2 emissions during 2013-14, compared with 2012-13. This was because heating facilities had to be extended in part of their estate. All other ALB's had small movements above or below last year's emissions which offset each other.

Reductions in electricity usage are as a result of the partial closure of the Imperial War Museum London and the fact that that their environment control plant was not switched on until December 2013.

[56] Not all ALBs provided data splitting emissions between Scope 1 and Scope 2 & 3. For these ALBs, only the total gross emissions have been included in this table

[57] Where an ALB did not split between non-renewable and renewable electricity consumption, the entire amount was classified as non-renewable

<table>
<tr><th colspan="5">Waste</th></tr>
<tr><th colspan="3"></th><th>2013-14</th><th>2012-13</th></tr>
<tr><td rowspan="8">Non-financial indicators (tonnes)</td><td colspan="2">Total waste[58]</td><td>10,025</td><td>10,481</td></tr>
<tr><td colspan="2">Hazardous waste</td><td>41</td><td>168</td></tr>
<tr><td rowspan="6">Non-hazardous waste</td><td>Landfill</td><td>499</td><td>1,621</td></tr>
<tr><td>Reused/Recycled</td><td>4,094</td><td>4,042</td></tr>
<tr><td>Composted</td><td>122</td><td>105</td></tr>
<tr><td>Incinerated with energy recovery</td><td>3,607</td><td>1,704</td></tr>
<tr><td>Incinerated without energy recovery</td><td>1</td><td>-</td></tr>
<tr><td colspan="4"></td></tr>
<tr><td rowspan="7">Financial indicators (£'000)</td><td colspan="2">Total disposal cost[59]</td><td>1,442</td><td>1,649</td></tr>
<tr><td colspan="2">Hazardous waste</td><td>2</td><td>10</td></tr>
<tr><td rowspan="5">Non-hazardous waste</td><td>Landfill</td><td>59</td><td>53</td></tr>
<tr><td>Reused/Recycled</td><td>125</td><td>134</td></tr>
<tr><td>Composted</td><td>-</td><td>-</td></tr>
<tr><td>Incinerated with energy recovery</td><td>46</td><td>40</td></tr>
<tr><td>Incinerated without energy recovery</td><td>-</td><td>-</td></tr>
</table>

The Department and its ALBs have again been successful in achieving our aim to reduce the total amount of waste generation across the organisation.

Most of our ALBs have been consistent with last year's waste levels, with the British Library making the biggest contribution to the reduction in total waste this year. The British Library has undertaken a combination of measures to reduce the generation of waste, including the implementation of a managed print contract, targeting high volume producers, and the promotion of recycling and waste reduction issues.

There has been a significant improvement in hazardous waste levels and more non-hazardous waste being incinerated with energy recovery rather than being sent to landfill. Most ALBs are reducing towards zero hazardous waste, with the Royal Parks making the biggest improvement on avoiding sending waste to landfill through a waste management hierarchy which seeks to reduce, reuse, recycle, or recover.

[58] Not all ALBs provided data splitting emissions between total waste or the total disposal costs into the waste categories. For these ALBs, only the total waste or total disposal cost has been included in this table

Finite Resource Consumption				
			2013-14	2012-13
Non-financial indicators (‘000 m^3)	Water consumption (office estate)	Supplied[59]	1,117	1,002
		Abstracted	763	809
		Per FTE	0.137	0.138
	Water consumption (non-office estate)[60]	Supplied	-	-
		Abstracted	-	-
Financial indicators (£’000)	Water supply costs (office estate)		1,771	2,327
	Water supply costs (non-office estate)		-	-

The Royal Parks has reported an increase in consumption this year which has caused this year’s total to increase. All other ALBs have small movements which have offset each other.

The Royal Parks is the main user of water within the group accounting for more than 50% of the group’s total water consumption. The switch to greater use of abstracted water by the Royal Parks has continued during 2013-14. The Department’s and its ALBs’ other major impacts in terms of water consumption are visitor water use at the Department’s cultural and heritage sites and office consumption from toilets and cooling plants. The Department and its ALBs are also continually monitoring and repairing leaks and installing smart meters and water saving devices. Staff awareness programmes continue within the Department and its ALBs to minimise consumption.

Scope and consistency of the Department’s Greening results

Following the reporting requirements of the Greening Government commitments, the Department is required to align the sustainability reporting boundary with the Departmental accounting boundary. However, a number of our ALBs are exempted from this requirement because they fall under a de minimis threshold.

The bodies in the scope of Group performance data above for 2013-14 and prior are:

DCMS (core Department)	Imperial War Museum	Royal Museums Greenwich
Arts Council England	National Gallery	The Royal Parks
British Film Institute	National Museums Liverpool	Science Museum Group
British Library	Natural History Museum	The Tate
British Museum	Ofcom	Victoria and Albert Museum
English Heritage	Olympic Delivery Authority	VisitBritain

Our ALBs are of course very different and undertake very different work. Furthermore, the different nature of each body’s estates mean that comparable information cannot be collected in many cases and some categories are only available on a combined basis. Where possible and appropriate, estimates have been made to supplement the information

[59]The information required to separate the water consumption between Office Estate and non-Office Estate was not available for the majority of ALBs. The department will work with the ALBs to improve the quality of information collected going forward to enable this split to be reported.

collected from our ALBs. The proportion of estimates included in the detailed performance data is included in the notes to the data.

A high level discussion of the detailed performance data has been included, highlighting significant results for the Departmental Group. For a more detailed discussion of the performance of individual ALBs, please refer to that ALB's own Sustainability Report included in their published Annual Report.

The BBC (PSB) Group is within the Departmental accounting boundary but has not been included in the Sustainability Report, as information specific to this component of the BBC Group is not available.

Adapting to Climate Change

Business Planning

A commitment to achieving sustainable solutions that consider long term environmental issues and which are scrutinised by the Department's corporate governance process gives assurance that action has been taken to ensure that those policies with long term implications are robust in the face of changing weather, extreme events and sea level rise from climate change.

DCMS has recognised that climate change will have an impact across many of our sectors of responsibility and our associated Agency (The Royal Parks) and ALBs. Environmental, social and economic impacts from changing weather conditions such as flood damage, severe winters, heat waves and increasingly severe storm conditions will result in damage to our historical and cultural property, public parks and sports pitches, tourist destinations and leisure facilities, and any investments in tangible infrastructure assets resulting from broadband and Olympic Games sporting legacy projects. New ways of harnessing climate change in order to provide new opportunities can be a positive challenge for future decision making.

The National Adaption Programme report was published in July 2013. As protectors and custodians of many of the nation's historic assets, English Heritage and the Church of England are developing voluntary adaptation reports under the Adaptation Reporting Power. Once they have assessed the risks and developed strategies to address these, they will develop a joint action plan alongside other historic asset managers to ensure the nation's historic assets are as resilient to climate change as they can be.

During 2013-14 DCMS has continued addressing the following issues from its previous plans with varying degrees of success due to the longevity of climate change:

- Raising awareness: we have continued to play a positive role in raising awareness and generating debate within our sectors of the likely impacts of climate change and helping understand what can be done in response.

- Adaptation: identifying and dealing with the risks and opportunities of a changing climate. We have continued to provide our sectors with information, evidence and support to help effectively embed adaptation into business processes, capital investments, risk management processes, procurement and policy development. We commit to improving this further during 2014-15.

- Mitigation: we have continued to implement sustainable practices in the management of the Department's operations and continued to monitor our ALBs' long term reduction of carbon emissions and encouraged the adoption of energy efficient measures.

Managing the adverse effects of climate change will continue to be a challenging prospect for all. We are committed to ensuring the impacts of climate change are minimised for all areas within our remit.

Tourism

Hotter, drier summers could be beneficial to the UK tourism industry through increased visitor numbers, but this would need to be carefully managed, especially in popular destinations that are already at capacity at certain times. It may also put increased pressure on the natural environment. There may also be increased health risks for visitors (for example from sunstroke and sunburn, and respiratory illness as a result of worsening air pollution). Extra traffic resulting from more people travelling to destinations because of warmer weather will impact on air pollution and increase road congestion.

Sea level rises and increased winter rainfall, together with more frequent and intense extreme weather events, increases the risk of coastal erosion and flooding, as witnessed this winter. These extreme events will increase costs for the sector. There is also the danger that places are perceived as ‘closed for business’ because of flooding when in fact, for much of the tourism offer in these flood-hit areas, it is ‘business as usual’.

As extreme weather becomes a bigger issue for the UK we are working with the industry to encourage the development of wet weather options, especially in rural and coastal environments.

As a result of the severe weather conditions over the winter period, the Government allocated an additional £2 million to Visit England to support the tourism industry with a series of business support events in affected areas around the country and supporting an advertising campaign to combat negative perceptions.

Visit England delegated some of the additional funding to some 14 local partner destination organisations to run business resilience workshops and provide individual advice sessions to help tourism enterprises recover from, and also be better prepared for, future weather-related economic shocks. Whilst this opportunity was available to all destination organisations nationwide, the take-up was heavily concentrated in the worst flood-affected counties of the South West. Some 755 tourism businesses, ranging from accommodation providers and visitor attractions to cafés and pubs and seaside retail shops were supported by the programme. Topics covered included: finance and insurance; marketing and social media; legal and consumer protection issues; and land and premises. Tools developed as part of this activity are available on the national tourist board’s website both for individual businesses (guidance) and workshop materials for destinations and local partners to tailor and delivery locally. The latter utilised a wide range of tools that UK Climate Prepared have developed.

Rural Proofing

Business Planning (RP)

Many DCMS policies have an impact on rural communities. The Department places a high importance on rural proofing to ensure polices reflect these challenges. When deciding policy objectives, consideration is given, where applicable, to the impacts intended in rural areas prior to any decisions being made. Consultation and stakeholder engagement are important where rural issues are identified.

DCMS Business Plan commitments on RP include:

- a clear project priority to facilitate the introduction of superfast broadband in remote areas at the same time as in more populated areas;
- facilitating the extension of mobile coverage where existing mobile network coverage is poor or non-existent;
- contributing to rural tourism through VisitEngland's marketing investment; and
- promoting and protecting Britain's cultural heritage.

Next year DCMS we will evidence rural proofing into its processes and procedures and actively supporting its peoples continued learning and participation in its application.

The Arts

Arts Council England (ACE) is committed to ensuring that, no matter where people in England live, they benefit from a strong arts and cultural offer.

Rural proofing has been incorporated into ACE funding decisions since 2004 and has continued to evolve. ACE has developed its strategy in consultation with DEFRA and DCMS. ACE is committed to:

- responding positively and proactively to the needs and aspirations of England's rural communities;
- recognising the particular characteristics, needs and strengths of rural communities and rural culture;
- working in partnership with DEFRA to take account of rural proofing, including an ongoing review of the evidence base; and
- sustaining a national dialogue with rural stakeholders.

Public Library Services

Following ACE and the Local Government Association's publication of the "Guiding Principles for Community Libraries" in January 2013, DEFRA indicated they were keen to undertake a more in-depth consideration of the policy's rural issues, and since then DEFRA, together with ACE and DCMS, have been looking at the issue in more detail.

DEFRA and ACE jointly commissioned OPM, an independent research organisation and consultancy, and Locality to undertake a programme of research exploring the rural impacts of changes to library services. The objectives of this research were to understand, add to existing knowledge, learn lessons on:

- the issues, challenges and opportunities for rural areas arising from changes to library services;
- good practice and shared learning on how to shape library services in rural areas to meet local need; and
- the possible future role of statutory and non-statutory libraries in rural areas in the light of the envisioning the library of the future research project undertaken by ACE in 2012-13.

The project commenced in September 2013, and since then the project team has worked with eight local authorities to explore the different challenges, issues and opportunities that rural library services are experiencing, as well as the responses and approaches that can create. The eight areas identified were Buckinghamshire, Cumbria, Devon, North Yorkshire, Suffolk, Surrey, Wakefield and Warwickshire. They were selected in order to provide as wide a coverage as possible in terms of geography, types of rural area and rural issues represented, the approaches being taken around rural library services and stages of implementation.

Rural Growth Network

The five Rural Growth Network pilots are tackling a number of barriers to rural economic growth. These include a lack of suitable premises, poor physical infrastructure, and fragmented business networks and support due to lack of ‘critical mass’ in rural areas. RGNs are delivering locally tailored solutions including enterprise hubs, infrastructure and business support.

£1.6 million has been allocated to projects dedicated to supporting women to overcome the specific problems women face when starting a business in rural areas. It is expected to help create more than 3,000 new jobs and 700 businesses.

The Local Enterprise Partnerships that have received this funding are:

- Swindon and Wiltshire (GEO funding £240,000);
- The North East (GEO funding £200,000);
- Cumbria (GEO funding £491,000);
- Heart of the South West (Devon and Somerset) (GEO funding £387,000); and
- Coventry and Warwickshire (GEO funding 327,726).

Following an initial period of programme set-up, implementation is well underway. Each pilot is now firmly in the delivery phase seeing varying approaches to networking and women-led enterprise development. An interim evaluation is currently taking place.

Rural Tourism

Rural tourism is worth £25 billion per annum in turnover. Tourism-related industries accounted for 10.4% of enterprises, 6.8% of turnover and 13.4% of employment in rural areas in 2012-13.[60] Rural tourism generates economic opportunities particularly suited to small businesses, local environments and communities. The Rural Economy Growth Review launched a £25 million package in 2011, aimed at growing the visitor economy in rural areas. As part of this package, Visit England estimates its promotional activity will create over 6,000 extra jobs and £260 million in additional visitor spend. Visit England's Growing Tourism Locally Programme, which received £19.8 million of funding from the Regional Growth Fund, includes thematic marketing campaigns that specifically market rural areas.

It is estimated that there were 23.1 million overnight domestic visits to the countryside and villages in the UK in 2013, resulting in spend of £4.2 billion. 18.3 million of these visits were in England, along with £3.2 billion of the total spend.[61] Additionally, there were 362 million domestic day visits in 2013 by British residents where the main destination was rural (countryside and villages), 308 million of which were in England. These visits resulted in £9.5 billion of spend across the UK, £8.1 billion of which was in England.[62]

Within Visit England's Strategic Framework, the rural tourism action plan recognises the need to take action, and sets out the challenges and opportunities facing tourism businesses in rural areas. The Strategic Framework will be revised in 2014-15. This will involve taking the main themes from current action plans – including that for rural tourism – and incorporating them in the main Framework.

English Heritage engages with rural tourism in many ways, including through their properties, most of which are in rural locations, through working with Local Economic Partnerships on the development of their Strategic Economic Plans and associated strategies, and through their partnership work with DEFRA, local authorities and other bodies. English Heritage has in place a memorandum of understanding with DEFRA which includes the joint priority to maximise the contribution that heritage can make to economic growth, including tourism and quality of life, in rural areas. English Heritage participates in the National Rural Tourism Partnership convened by the Country Land and Business Association alongside a number of partners, including DEFRA.

[60] Inter-Departmental Business Register (ONS)
[61] Great Britain Tourism Survey 2013
[62] Great Britain Day Visits Tourism Survey 2013

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