

# **Department for Culture, Media & Sport**

## **Resource Accounts 2004–05**

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# **Department for Culture, Media & Sport**

**For the year ended 31 March 2005**

## **Resource Accounts 2004–05**

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## Foreword

### Introduction

The Department for Culture, Media and Sport was formed in April 1992 to bring together in one Department all the diverse activities in Government relating to Culture and Heritage matters. Originally called the Department of National Heritage, the Department's name was changed on 14 July 1997 to the Department for Culture, Media and Sport, following the General Election on 1 May 1997.

Although the structures through which policies are delivered have been subject to change since the Department's formation in 1992, it continues to have lead Government responsibility for the arts, sports, museums and galleries, tourism, media, film, creative industries, broadcasting, heritage, libraries, Historic Royal Palaces, the Royal Parks and the National Lottery. Subsequent to the General Election in June 2001, responsibility for liquor licensing, censorship and video classification, gambling, horseracing, street trader licensing, the Golden Jubilee and the Commonwealth Games was transferred to the Department from the Home Office and the Cabinet Office. The Department has also assumed responsibility for the funding of the London bid to host the 2012 Olympic Games.

### Departmental Aims and Objectives

These are set out in the Department's Public Service Agreement (PSA) for the period of Spending Review 2002, agreed in July 2002.

#### Aim

To improve the quality of life for all through cultural and sporting activities, support the pursuit of excellence, and champion the tourism, and creative and leisure industries.

#### Objectives

The Department, in partnership with others, works to:—

- I increase public participation in culture and sport and to develop our sectors;
- II develop appropriate regulatory frameworks that protect consumers' interests and improve the productivity of our sectors; and
- III modernise delivery to the customer by ensuring the Department and its sponsored bodies improve performance and pursue institutional excellence.

In carrying out these objectives the Department will seek maximum value for money in using its human and financial resources, through applying the principles of efficiency and effectiveness in its sectors and in encouraging partnership with others.

The Department has reviewed its strategic aims for the Spending Review period (SR2002), which started in 2003–04, and identified four key priorities:

- i. children and young people
- ii. building communities
- iii. maximising our economic contribution
- iv. modernising delivery.

These priorities are reflected in the Department's SR2002 PSA, details of which are available on the DCMS website, ([www.culture.gov.uk](http://www.culture.gov.uk)).

The Department is responsible for two items of voted expenditure:

- |                                |   |
|--------------------------------|---|
| Request for Resources 1 (RfR1) | Improving the quality of life through cultural and sporting activities. (Covers the Department's own administration costs and the Grant and Grant-in-Aid allocated to our sponsored bodies).                |
| Request for Resources 2 (RfR2) | Broadening access to a rich and varied cultural and sporting life through home broadcasting. (Covers the funds allocated to the BBC from the licence fee receipts collected by the TV Licensing Authority). |

## Operating and Financial Review 2004–05

### *Financial Review*

The Department underspent its Estimate by £124 million (3%) in terms of its Total Resources (£165 million in 2003–04) and its Net Cash Requirement by £124 million (£143 million underspend in 2003–04). This aggregated underspend on Total Resources consisted of an underspend on the Department's Request for Resources (RfR) 1 of £100 million and an underspend of £24 million on its Request for Resources (RfR) 2 (BBC) programme expenditure. The RfR 1 underspend itself consisted of an underspend of £89 million on DCMS programme costs, and a £11 million underspend on administration costs – (staff and other costs incurred in the running of the Department's administration).

A detailed analysis of the underspend can be found in Note 9 (pages 43–49) of the accounts. The RfR1 underspend is caused primarily by large underspends by Sport England, the British Library, the Arts Council, unspent museums and galleries End Year Flexibility (EYF) and the underspend on the DCMS's Administration costs. Together these account for nearly 80% of the RfR1 underspend.

The underspend on the RfR 2 (BBC) programme was caused by licence fee receipts, (the level of which determines the amount of grant paid to the BBC), being lower than forecast in the Estimate. The amount of licence fee receipts is difficult to predict and owing to the large sums involved, can have a significant impact on the outturn.

The fall in net operating cost of £416 million between 2003–04 and 2004–05 is due largely to one-off payments totalling £514.2 million made in 2003–04 to fund the transfer into the Principal Civil Service Pension Scheme of unfunded, pay-as-you-go pension schemes operated by five of the DCMS's sponsored bodies.

The balance sheet shows net current liabilities of £9.8 million, however, £6.6 million of creditors falling due within one year are represented by amounts due back to the Consolidated Fund for unspent Parliamentary Funding. In the normal course of events these sums will be re-provided in the new financial year as part of that year's net cash requirement. The DCMS nonetheless has sufficient funding in 2005–06 to meet all of its short-term liabilities.

### *Capital Modernisation Fund (CMF) and Invest to Save Budget (ISB)*

The Department received funding and ring fenced End Year Flexibility (EYF) for ongoing projects funded from the Treasury's Capital Modernisation Fund (CMF) and successfully bid for funding from the Invest to Save Budget (ISB). The CMF was set up to support capital investment to improve public services. No further allocations are being made from this fund. The ISB is a joint Treasury/Cabinet Office initiative with an aim to create sustainable improvements in the capacity to deliver public services in a more joined up manner. Further details are available from the ISB website ([www.isb.gov.uk](http://www.isb.gov.uk)).

In 2004–05 the Department claimed £9.3 million of unspent provision for the development of Culture Online (of which £3.2 million was spent), £11.3 million for the Listed Places of Worship Scheme (of which £9.9 million was spent), £409k for the British Museum's History Timeline programme to enhance the facilities on its internet site (of which £200k was spent) and £18.4 million for the Community Club Development Fund (of which £985k was spent). DCMS claimed and spent the remaining balances on the Space for Sport & Art scheme of £27.458 million. It claimed £1.85 million for the Lee Valley Athletes Regional Centre (of which £113k was spent). All remaining unspent balances on CMF funded projects will be carried forward into 2005–06 as ring-fenced EYF.

The Department submitted five bids to Round 7 of the Invest to Save Budget; four of these were invited to submit business cases and were awarded funding. Staffordshire Library and Information Services received £238k for its Round 7 project 'Bridging the Gap', Leicester, Leicestershire & Rutland Sports Partnership received £380k for its project 'Sports partnerships' promoting inclusive communities; Yorkshire Museums Libraries & Archives Council received £41k for its project 'Integration and innovation', and finally, Sporting Equals received £2.025 million for its project 'Sport for Communities'.

#### *Future Financing*

The Department's SR2002 PSA sets out its expenditure limits for the current Spending Review period (2003–04 to 2005–06), details of which are available on the DCMS website, ([www.culture.gov.uk](http://www.culture.gov.uk)).

#### *Investment*

The Departmental Investment Strategy (DIS), published separately as an outcome of the Spending Review process, describes the Department's strategic plans for both new investment and the use of existing assets. The Department's Investment Strategy (2005–08) describes the Department's plans for new investment and the use of existing assets. The DIS is published on the DCMS website, ([www.culture.gov.uk](http://www.culture.gov.uk)).

## **Operating Review**

### *Introduction*

The Department is committed to continuous improvement in the way it delivers the priorities and services for which it is responsible. We want to ensure that there is a clear line of sight from the public funds which we invest in our sectors through to real outcomes on the ground, and that these are delivered in a way which secures maximum value for money for the taxpayer.

In nearly all of the Department's sectors, delivery lies with others – with grant-givers, institutions, local authorities, and private companies. In particular, our 64 sponsored bodies (66 in 2003–04) are responsible for spending approximately 90% of the Department's annual RfR1 gross expenditure. We aim to ensure that the performance of these bodies improves over time, and that our funding is used effectively to deliver the Government's strategic priorities for our sectors, with a particular focus on high quality services to the customer. To that end, we have continued with building on the changes reported in last year's OFR, concentrating on two areas: our internal organisation and ways of working; and the relationship between the Department and our Non Departmental Public Bodies (NDPBs). These are discussed in greater detail later in this Review.

Progress achieved in the year towards meeting the PSA objectives, priorities and targets is covered in the Department's Annual Report. The Annual Report can be viewed on the DCMS website, ([www.culture.gov.uk](http://www.culture.gov.uk)).

### *Strategy*

We have undertaken internal restructuring to create a new Strategy Division, with responsibility for evidence and analysis, strategic capacity, delivery capability, and evaluation work. A key feature of the Division is an Evidence and Analysis Unit which will further embed and integrate the Department's approach to evidence-based policy making.

We have continued to build on our work to improve strategic capacity in the Department. A small strategy group has been set up, chaired by the Permanent Secretary, to advise on the long term strategic challenges facing the Department. In addition, we have undertaken a programme of strategy skills training within the Department and will build on this by developing further training aimed at strengthening the Department's evidence-based policy making skills.

The new Division also includes a new 'Think Tank' to look at key issues that are likely to affect our sectors in the future. The first report from the 'Think Tank' mapped, for the first time, the importance to DCMS of the voluntary and community sector and we are currently working on a 'Strategic Futures' report which will examine issues that are likely to affect the Department and our sectors over the next 10–15 years. The findings will be shared widely across the Department and with stakeholders such as NDPBs. They will influence our research agenda and long-term programmes and policies



*'Touchstone'*

The past year has seen further progress in embedding the changes initiated by the Touchstone change management programme, both in terms of its relations with our NDPBs, and internal working practices within DCMS, as outlined below.

*Developing a more effective relationship with Non-Departmental Public Bodies (NDPBs)*

Closer working with our NDPBs has led to more effective delivery. We have established a project to revise the framework of funding agreements, which will be linked to outcomes and outputs. The new style Funding Agreements will be in place by December 2005. We are encouraging NDPB joint working through the Department's Efficiency Programme and will continue to facilitate the closer working between NDPBs through the coming year.

*Improving the way DCMS operates*

We have reviewed our senior management structure and corporate governance arrangements. The Department's strategic and leadership capacity has been increased with the appointment of three Directors General (DG) with responsibility for achieving our strategic priorities. Under each DG, directorates are now grouped around our strategic priorities:

- PSA1 and 2 – children, young people and communities;
- PSA3 – the economy; and
- PSA4 modernisation and delivery.

The Department's skills database is under review to ensure it continues to support the business needs of the organisation. Training modules continue to be developed to reflect the changing needs of an organisation as staff develop their project skills and knowledge. Examples are the development of Programme Senior Responsible Owners (SRO) workshops, Gateway courses tailored for DCMS audiences and a revised training module for Project Managers. Greater emphasis is being placed on the development of SROs of programmes and projects, and the use of team training events at the outset of projects to ensure common understanding and encourage team building.

Our internal reforms have also helped us to become more effective in delivering our PSAs and other core work. Through the use of the quarterly balanced scorecard reports, the DCMS Board has a clearer understanding of our progress in delivering, and can identify at an early stage the issues that are impeding progress, providing the Board with early opportunity to address these. Our support structures, such as Programme Boards and Delivery Plans are helping to produce clear programmes of work for each of our four strategic priorities; Programme Boards have provided a sharper focus on outputs, outcomes and milestones, and a greater alignment between strategic priorities and PSA targets. The increasing use of Gateway reviews has helped provide quality assurance and competent delivery of projects, big and small, and DCMS now has approaching 10% of its staff formally trained in Gateway methodologies.

The drive to improve internal working practices forms a key element of the Department's Strategic Priority 4 Efficiency Programme. Within it, there are a number of projects assessing how we structure the provision of central services such as human resources, finance and IT to support project based working; how the Department's budgeting system reinforces a project-based approach, how the centralisation of activities such as correspondence handling lead to better delivery and improved efficiencies; and how to ensure Funding Agreements with NDPBs are closely linked to strategic priorities.

We continue to monitor our work against a range of indicators through the Balanced Scorecard presented to the DCMS Board on a quarterly basis, which includes reports on:

- PSA and Efficiency Review Delivery: we use the traffic light model for assessing the progress of projects supporting the delivery of our PSA and Efficiency Review targets. A Strategic Priority Board chaired by a Director General oversees each project;
- Managing Staff: we monitor and present statistics on sick absence, duration of vacancies and diversity;
- Efficiency and Control: resource management accounts and risk registers are analysed, and pressures identified, then presented for discussion and resolution of issues;

- Dealing with the Public: our direct interaction with the public is limited as the responsibility for delivery rests mainly with our NDPBs but we take this contact very seriously. The Board monitors a range of statistics which indicate performance levels, including: the number of letters from the public, MPs and members of the House of Lords answered on time; the number of Parliamentary Questions answered on time; payment of agreed invoices within 30 days of receipt and the percentage of enquiries to the Department's Information Centre that are answered within two days.

The use of the scorecard has enabled the Board to oversee a reduction in the level of sick absence within DCMS and the effective management of our PSAs, where we are on course to meet all our SR2002 targets.

We agreed our Performance Partnership Agreement (PPA) with the Cabinet Office in November 2004. The PPA was reviewed by the Permanent Secretary and Cabinet Secretary in April. We expect to draft a new Agreement in September 2005.

#### *Supporting NDPB Reforms*

As part of Spending Review 2002, we assessed our sponsored bodies against a number of criteria covering general organizational health, quality of performance and delivery, and stakeholder perceptions. Having made the assessment, we prioritised the sponsored bodies by considering the overall strategic importance of each, in terms of size, spend, profile and contribution to the delivery of strategic Government priorities. Reform investment has allowed improvements that will deliver efficiency savings. These are as follows:

- the British Museum has undergone extensive restructuring. Departments have been merged, with 150 posts cut to achieve savings of £7million a year;
- Sport England's reform will re-direct £40 million into front line investment over the 5 year period to 31 March 2009;
- the British Library will save around £3.4 million a year from the reforms currently underway. Together with other savings the efficiencies will exceed £10 million a year;
- the National Museum of Science and Industry made a net saving of 28 posts in 2004–05, saving between £800k–£1 million a year in salaries and associated costs;
- English Heritage is half way through a radical modernisation programme, which will result in savings of over £1 million a year and has enabled English Heritage to bring in new skills including the new outreach teams.
- in addition to savings of some £360k achieved by VisitBritain in 2004–05 from a reorganisation of overseas offices the previous year, savings amounting to £2.5m continued to be made from the merger of the British Tourist Authority and the English Tourism Council.

As well as supporting reform of specific NDPBs, the Department is taking forward a programme of initiatives to encourage continuous improvement across the whole network of sponsored bodies:

- we are introducing new three-year funding agreements that will include each body's contribution to public value and will ensure that we manage performance more effectively;
- we have begun a rolling programme of peer reviews. A successful pilot review of the Museums, Libraries and Archives Council (MLA) has led to a project to develop a new vision and strategy for MLA. A peer review of the Arts Council will take place in 2005–06;
- we plan to create regular opportunities for networking between NDPB Chief Executives – two leadership weekends for senior members of NDPBs were held in October and December. We will also develop a database for sharing good practice between sponsored bodies;
- we are supporting the development of NDPB Boards, for example by providing a handbook for new Board members and by piloting a methodology for self-assessment of Board performance. The aim of this package of measures is to improve Board performance by helping NDPBs assess current performance levels, and by disseminating good practice to help them raise those levels.

#### *DCMS Board*

The Board is committed to high standards of corporate governance and fully supports the new Cabinet Office Code on Corporate Governance in Central Government.

The governance arrangements for the Board have been reviewed following the appointment of the DGs and the issue of the new Cabinet Office Code. The name of the Management Board has changed to the DCMS Board to make clear that its role relates to direction, rather than the day-to-day management of the Department. New terms of reference have been agreed. The DCMS Board meets monthly, and the Permanent Secretary's Strategy Group meets quarterly.

We will have fully implemented the new Cabinet Office Code by December 2005.

#### *Non-Executive Directors*

The non-executive directors provide the DCMS Board, the Audit Committee and the Strategy Group with a range of skills and experience. They bring an independent judgement on issues of strategy, performance and risk, through their contribution at Board and committee meetings. The Board considers that each non-executive director is independent in character and judgement.

#### *PSA Delivery*

Strategy Division uses the Prime Minister's Delivery Unit (PMDU) traffic light assessment framework for monitoring progress and identifying barriers to performance in delivering our PSA targets. The assessment framework provides a structure to help us judge the likelihood of delivering our targets and those projects designed to support delivery of our priorities, and to identify the areas where we can take action to improve prospects for delivery. The latest quarterly assessment of progress against our SR2002 PSA targets was carried out in April 2005 by the Department's Strategy Division and discussed by the DCMS Board on 12 May. The Strategy Division reported that progress against our four PSA targets remained on course to be met by the end of the spending round, in March 2006. Individual projects supporting the delivery of the PSAs were assessed as either being on course or met.

More detailed information on the targets, the projects supporting these and a detailed progress report can be found in the DCMS Autumn Performance Report (Cm6435) published in December 2004 and the Department's 2005 Annual Report. Both documents are available on the DCMS website ([www.culture.gov.uk](http://www.culture.gov.uk)).

#### *Efficiency Programme*

The Efficiency Review was announced by the Chancellor in his Budget Speech of Spring 2003. The Department's target of at least 2.5% year-on-year efficiency gains on our budget throughout Spending Review 2004 (SR04), (2005–06 to 2007–08), was set out in our SR04 settlement letter. The Department's Efficiency Programme will deliver this target.

Our overall target is to realise total annual efficiency gains of £262m by 2007–08, at least half of which will be cashable. This means that the more savings are made, the more money can be recycled to fund key frontline services. Of the £262m, £116m is from the Department and its delivery agents and £146m is from Local Authority Cultural and Leisure Services. We are also to reduce our workforce numbers by 27 and relocate 600 people from our NDPBs out of London and the South East.

The programme consists of several projects under three broad work strands.

1. **Internal DCMS** – projects on Budget Review, evaluating programme and administration spend, and the Improving Working Practices project, will deliver gains of £3m by 2007–08. A metric is being developed to assess on a quarterly basis the embedding of project working within DCMS.
2. **External NDPBs** – the NDPBs have been split into three work streams; Heritage, Strategic Bodies and Museums and Galleries, and together these will deliver £113m of efficiency gains by 2007–08. In addition a Relocation project will move at least 600 NDPB posts out of London and the South East region. Other projects covering NDPB partnership working and procurement support the effective implementation of this strand. Efficiency Delivery Plans are in place for all but the smallest DCMS NDPBs.
3. **Local Authorities** – whilst recognising the independence of local authorities, we will work with Local Government, ODPM and other stakeholders, through encouraging improved performance in cultural and leisure services. The project will deliver sustainable gains of £146m by 2007–08.

## Human Capital Management

DCMS fully endorses the work carried out by the DTI's Task Force on Human Capital Management and the ensuing Accounting for People report published in October 2003. The following five sections (on workforce size and composition; recruitment, retention and motivation of employees; training and the fit between skills and business needs; remuneration and leadership and succession planning) comprise the Department's first report on human capital management. We aim to develop further indicators in future years to show how we are embedding the Department's human resource strategy to ensure it supports delivery of our strategic objectives.

### *Workforce size and composition*

DCMS is a small, young, and vibrant government department with an almost wholly strategic function, where policy development, industry sponsorship and stewardship of the sponsored bodies form the core function, with a small number of staff in support dealing with accommodation, HR, finance etc. The workforce reflects these tasks in grade structure and qualifications, with over half (53%) of staff employed at middle-management level (grade B/HEO/SEO) or higher. Of the 179 staff who had included their qualifications on the (non-compulsory) departmental skills database, 48% had been educated to degree level and a further 17% to masters degree level or higher. Almost three-quarters (74%) of staff are aged under 45.

### Age profile of the Department:

Age	<25	25–29	30–34	35–39	40–44	45–49	50–54	55+	Total
Percentage	6	19	15	16.5	17	9.5	10	7	100

(The profile has been based on staff in post as at 1 April 2005 and excludes agency staff).

### Grade Structure

Grade	Average No Staff based on Headcount 1 April 2004 to 31 March 2005
Permanent secretary	1
Senior Civil Service 3	2.2
Senior Civil Service 2	4.2
Senior Civil Service 1	18.4
Grade A (upper) (grade 6)	19.2
Grade A (grade 7)	82.4
Grade B (HEO/SEO)	145.3
HEOD (fast stream)	18.6
Grade C (EO)	119.7
Grade D (AO/AA)	98
Total	509

(The table excludes agency/casual staff and Special Advisers)

### *Recruitment, retention and motivation of employees*

The Department has systems in place to ensure that recruitment is carried out on the basis of fair and open competition and selection on merit in accordance with the recruitment code laid down by the Civil Service Commissioners. These systems are subject to regular internal checks.

During 2004–05 the Department appointed nine new staff through external recruitment competitions as follows:

Grade	Male	Female	Total	Ethnic minority	Disabled
SCS	2	0	2	0	0
A	3	2	5	0	0
B	1	1	2	0	0
C	0	0	0	0	0
D	0	0	0	0	0

Our annual performance appraisal system emphasises staff development by including personal development objectives alongside business delivery objectives, agreed with the line manager, as the basis for the assessment of performance for the period ahead. Performance is also assessed against the DCMS core competencies, grade characteristics and Departmental values.

Positive action has been taken to promote diversity and there is a wide range of flexible work options available to all staff subject to business need, including support for home working – currently around 30 people are working at home on a regular basis. DCMS participates in two centrally run schemes designed to develop talented minority ethnic and disabled civil servants and offers a range of targeted development opportunities for under-represented groups. We provide mentors for the City University Mentoring Scheme, which pairs middle managers with minority ethnic undergraduates. The DCMS Annual Report provides further ethnic monitoring information. DCMS offers subsidised places at the Westminster Holiday Playscheme and has recently introduced a Childcare Vouchers salary sacrifice scheme allowing staff to make savings on childcare costs.

All staff are encouraged to take part in the departmental staff opinion surveys which take place every two years, the results of which are reported to the DCMS Board.

A five-year accommodation maintenance programme commenced during the year to ensure the Department's premises are in good repair and provide a comfortable environment in which to work. A range of initiatives have been pursued to promote health and well-being, including an extended fitness centre and improved facilities for cyclists.

#### *Training and the fit between skills and business needs*

In 2003–04 DCMS commissioned consultants to carry out a comprehensive skills audit of its staff. The objective for this piece of work was to produce a snapshot of staff skills, knowledge and experience which could be used to support personal development for individual staff and inform a Department-wide training and development strategy. The skill needs identified were used to plan the Learning Curriculum, a comprehensive range of training courses. The courses are delivered in-house, directly by DCMS trainers or under contract. The essential elements of the Curriculum were put in place during 2004–05. The Curriculum is continually reviewed on the basis of staff feedback and demand, as well as in response to emerging corporate needs. At the beginning of 2005–06 Learning and Development (L&D) plans were commissioned from Divisions to inform the further Curriculum development and to establish areas where internal L&D consultancy would be helpful, i.e. devising and delivering bespoke interventions and facilitating change, work and team development.

The Curriculum as it stands already ranges across project management, policy development, IT and people management. A key element of it is our induction programme, which is delivered routinely in line with the steady traffic of newcomers to the Department. Additionally, all staff joining DCMS receive basic training in project working, to support its adoption more widely across DCMS. In 2004–05, a programme of 360° feedback was successfully rolled out to all grades, with the aim of signalling the importance of good people management, and the results are being used to inform Curriculum development. Also in 2004–05, the Leadership Development Programme for our Senior Civil Service staff was launched, which allows senior staff opportunities from a list of options with help from an executive coach, and this continues to gather momentum.

New courses were added during the year to meet identified training needs and this will continue. Bite-size lunchtime training events were introduced for the first time during the year and this is a format which will be used for an increasing number of topics. More use is being made of e-learning, moving from a programme to support the implementation of Freedom of Information (FoI), to a recently introduced e-resource on people management. We offer accreditation at Certificate level in Management and 2005–06 will see the introduction of Diploma level accreditation. Members of the L&D team facilitated a number of team development days on demand. They are also accredited to use a number of psychometrics and provided feedback sessions to individuals and teams using these. An internal mentoring scheme has recently been revived and improved and this stands alongside the team's continuing personal development coaching service, which we are promoting more actively. Learning activities outside the Curriculum can be funded on consideration of a line-manager supported application, as can personal study for further/higher level qualifications and professional qualifications. The Staff Management Agreement stipulates that staff should undertake at least five days training and development a year.



Sixty nine courses of between one and five days duration were run within the Department in 2004–05, with 474 attendees. Training expenditure in 2004–05, of which £139k was delegated to Directors within the Department to buy in their own training, totalled £592k. Staff evaluation of training is overwhelmingly positive, with training events as a whole rated good or very good by at least 83% of attendees during the year. The Department's L&D Team reports to the DCMS Board on L&D activity and expenditure every 6 months. The last report included the results of a pilot to assess the impact of training on performance three months after the training event had taken place, using an approach developed by the Chartered Institute of Personnel and Development. Results from the two courses examined showed that, based on delegates' self perception, the courses contributed to an overall improvement in performance of 50% in one course and 137% in the second. We intend to roll out this performance evaluation across more of our courses during 2005–06 and gather validating data from line managers.

#### *Remuneration*

We are keen to ensure that our pay system continues to support the business and that the pay that we offer is sufficient to attract, retain and reward the right people.

We formally review the position annually and, whilst priorities can change, in recent years our key priorities have been:

- shortening our pay bands in line with our Equal Pay action plan to reduce our exposure to equal pay issues;
- maintaining a reasonable level of Performance Pay and strengthening the link between performance and pay; and
- keeping an eye on our competitors and getting the balance right so that we can continue to recruit and retain the right staff.

We are not just relying on pay to attract and retain staff and we are developing a total reward strategy, covered in our Pay and Workforce Strategy. Current non-pay initiatives include a new Childcare Salary Sacrifice Scheme and a newly refurbished gym.

#### *Leadership and succession*

The key components of our Leadership Development Programme (LDP) for our Senior Civil Service members are 360° feedback, which contributed to refreshing their personal development plans, and executive coaching, a critical vehicle for their delivery. The programme gives access to a number of National School for Government (NSG) courses and promotes membership of action learning sets. DCMS also nominates to the NSG Top Management and High Potential Programmes. We will be evaluating the LDP during 2005–06 and introducing more structured support for our Grade As (Grade 7 equivalents), which will include leadership development.

#### ***Electronic Records Management***

The Department has set up an Electronic Document and Records Management (EDRM) project to identify the best way to manage the growing volumes of electronic material generated and recorded by our business processes. An initial year long pilot, involving a small group of 40 users, has helped us gain experience in the implementation and operation of an EDRM system and we will be carrying out a full-scale procurement exercise in 2005 to identify a long term solution.

This work will link with the Department's successful Freedom of Information (Fol) Case Management System which has been adopted by a number of other organisations to support their Fol operations. The combination of the EDRM work and the extension of the Fol system will allow us to meet our statutory and corporate governance obligations, ensure effective control of information assets, manage e-mail volumes and support business process improvements such as the centralisation of correspondence handling and collaborative working.

#### ***New accounting system***

During the year, work started on the re-design of the Department's accounting system, the first phase of which is due to be in place in the first half of 2005–06. The project makes use of up-to-date technology, such as a 'Windows' based user interface and paperless procurement, payment and sales systems. Reporting from the system will also be much improved to meet the requirements of central finance and planning

staff, and budget holders throughout the Department. Planning for the re-implementation provided an opportunity to re-engineer a number of internal processes and consequently invoice registration is to be centralised and improvements made to the way complex financial information is gathered from our sponsored bodies.

### **Risk**

A DCMS Internal Audit report in 2004–05 recommended a number of improvements in the way that the Department managed its Strategic Risks. The Department's Strategy Division subsequently undertook a review of the Strategic Risk Register (SRR) and associated process for dealing with risk to better reflect the key high level risks for the Department and to assist the DCMS Board with its discussions on risk.

The new SRR has been streamlined and now has three categories of risk:

- External risks;
- Operational Risks; and
- Self Induced Risks.

These new processes will improve the way that risk is considered at the highest level in the Department and address the concerns raised by the Internal Audit review.

### **Departmental Report**

The Department's Annual Report 2005 covers in detail all the activities of the Department and sets out expenditure plans from 2004–05 to 2007–08. Copies can be obtained from the Stationery Office, or viewed on the Department's website ([www.culture.gov.uk](http://www.culture.gov.uk)).

### Basis of preparation of the resource accounts

#### **Entities included within the Resource Accounts**

These Consolidated Resource Accounts present the results for 2004–05 of:

The Department for Culture, Media and Sport (DCMS)

The Royal Parks (TRP)

The principal activities undertaken by the bodies in pursuit of the aims and objectives of the Department are summarised below, together with details on how to obtain further information on each entity:

#### **Body**

The Department for Culture, Media and Sport (DCMS)

#### **Principal Activities**

The Department's main activity is to set Government policy on a very wide range of cultural and leisure activities. The Department itself is small, spending only some £40.5 million (£39.3 million 2003–04) on its administration costs, which also support seven Advisory NDPBs and Committees. The DCMS provides £1,318 million (£1,735 million in 2003–04) of Grant-in-Aid and other funding for TRP and 64 sponsored bodies, which support and implement Government policy in their particular fields.

The Royal Parks (TRP)

TRP is responsible for managing and policing eight Royal Parks – St James's, Green, Hyde, Regent's (with Primrose Hill), Greenwich, Richmond, Bushy and Kensington Gardens and for Brompton Cemetery, Victoria Tower Gardens, and Grosvenor Square Gardens. Policing is carried out jointly by the Royal Parks Constabulary and an Operational Command Unit of the Metropolitan Police. As well as the Royal Parks, TRP also polices Abingdon Street Gardens, Hampton Court Park and Gardens and Hampton Park Green. TRP is also responsible for maintaining – but not policing – Nos 10, 11, and 12 Downing Street gardens, Canning Green, Poet's Green and the Longford River (except

for the stretch in Hampton Court Park). TRP's own Annual Report and Accounts for 2004–05 are published separately as a House of Commons Paper and copies are available from the Stationery Office.

### Entities Excluded

The public sector bodies which are outside the Departmental Accounting Boundary for which DCMS has lead policy responsibility are listed below together with their status. These bodies publish their own annual reports and accounts during the year.

#### *Public Corporations*

British Broadcasting Corporation	Channel 4	Sianel Pedwar Cymru (S4C)
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#### *Executive Non-Departmental Public Bodies*

### Museums and Galleries

British Museum	National Museums Liverpool	National Portrait Gallery
Natural History Museum	Victoria and Albert Museum	Tate Gallery
Imperial War Museum	National Museum of Science and Industry	Wallace Collection
National Gallery	Museum of Science and Industry in Manchester	Sir John Soane's Museum
National Maritime Museum	Museum of London	Royal Armouries Museum
Geffrye Museum	Horniman Museum and Gardens	

### Libraries

British Library	Public Lending Right
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Museums, Libraries & Archives Council

### Arts

Arts Council of England

### Architecture and the Historic Environment

Royal Household*	Commission for Architecture and the Built Environment	Churches Conservation Trust*
English Heritage	National Heritage Memorial Fund	Historic Royal Palaces

### Tourism

Visit Britain

### Broadcasting & Media

UK Film Council (formerly the Film Council)	The National Film and Television School*
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\* These bodies are not technically classified as DCMS Non Departmental Public Bodies, but nonetheless receive a significant element of their funding from the Department.



**Sports**

Football Licensing Authority	UK Sport	Sport England
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**Gambling and National Lottery Licensing**

Gaming Board of Great Britain	Horserace Betting Levy Board	Horserace Totalisator Board (Tote)
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National Lottery Commission

**Other**

Alcohol Education and Research Council	Eight Regional Cultural Consortia
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During 2004–05 there was a minor change to the above list of bodies sponsored by the Department, in that the eight regional cultural consortia, included under the 'Other' heading, became executive NDPBs. Previous to this their status had been advisory.

In addition to these sponsored bodies, the Department is responsible for the operation of the National Lottery Distribution Fund (NLDF), which is separately accounted for, and also takes responsibility for the Lottery distribution bodies which received £1.5 billion and paid out £1.7 billion from the Fund during 2004–05 (received £1.4 billion and paid out £1.9 billion in 2003–04). The Department also has responsibility for some of the Distributing Bodies that are also NDPBs. The Accounts of the NLDF are published annually and are available from the Stationery Office.

The Department also supports a number of other bodies, which are listed in Note 9 to the Accounts (pages 43–49), with advisory bodies, committees, self financed public corporations, limited companies and lottery funded bodies listed in Note 27 (pages 57–58).

**Ministers**

The Ministers who had responsibility for the Department during the year were:—

Rt Hon Tessa Jowell MP	<i>Secretary of State</i>
Rt Hon Estelle Morris MP	<i>Minister for the Arts</i>
Rt Hon Richard Caborn MP	<i>Minister for Sport and Tourism</i>
Rt Hon Lord McIntosh of Haringey	<i>Minister for Media and Heritage</i>

**Permanent Head of the Department and DCMS Board**

The Permanent Secretary and members of the DCMS Board during 2004–05 were:—

Sue Street	Permanent Secretary
Nicholas Kroll	Deputy to the Permanent Secretary and Chief Operating Officer – left in September 2004
Nicholas Holgate	Chief Operating Officer – from 1 December 2004
Andrew Ramsay	Director General (Economic Impact)
Jeff Jacobs	Director General (Children, Young people and Communities) – from October 2004
Siobhan Kenny	Director (Strategic Communications)
Brian Leonard	Director (Industry)
Alan Davey	Director (Arts and Culture)
Paul Bolt	Director (Olympics and Modernisation)
Nicky Roche	Director (Sport) – from August 2004
Isabel Letwin	Director (Legal)

In the year there were a number of changes to the DCMS Board. Nicky Roche was appointed Director (Sport) in August 2004. Nicholas Kroll resigned in September 2004 to take up a post at the BBC. Jeff Jacobs was appointed Director General (Children, and Young People and Communities) in October 2004. Nicholas Kroll's successor, Nicholas Holgate, was appointed Chief Operating Officer on 1 December 2004. Isabel Letwin, although a member of the DCMS Board, is not a DCMS employee but is employed by Treasury Solicitors, and Treasury Solicitors charge the DCMS a fee for her services.

During the year, the DCMS Board included two Non-Executive members, Clive Elphick (who chaired the Audit Committee) and Sonita Alleyne. In addition to Clive Elphick, the Audit Committee has an independent external member, Stephen Park.

### **Appointment of Head of the Department and the DCMS Board**

The permanent head of the Department and members of the DCMS Board are appointed in line with Chapter 5 of the Civil Service Management Code. These members of staff have individual contracts of employment which specify the length of the appointment (if appropriate) and termination procedures.

### **Ministers and Board Members Remuneration**

The details of Ministers and Board Members remuneration are set out in Note 2 on pages 33–38. Board Members remuneration falls under the Senior Civil Service pay bands. Each Non-Executive Board Member is paid an annual remuneration of £7,500. Isabel Letwin is not included in Note 2 as her fees are not treated as staff costs.

### **Pension Liabilities**

Present and past employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS), which is an unfunded multi-employer defined benefit scheme. The Department, agencies and other bodies covered by the PCSPS meet the cost of pension cover provided for the staff they employ, by payment of charges calculated on an accruing basis. There is a separate scheme statement for the PCSPS as a whole. For new entrants from 1 October 2002 the pension options include a money purchase stakeholder scheme.

### **Investors in People (IiP)**

Having first achieved IiP accreditation in October 1999, the Department was assessed in July 2003 as fully meeting all the requirements of the IiP Standard and retained IiP recognition. DCMS has opted for re-assessment in July 2005 as a continuous improvement measure and in preparation a pre-assessment diagnostic has been carried out by our external advisor. Work continues on the resulting action plan.

### **Employment of Disabled Persons**

The Department does not discriminate against staff or eligible applicants for posts on any grounds, including disability. Job application forms etc are available in alternative formats, e.g. pdf, large print and audiotape.

The Department has been accredited with the Positive About Disabled People Two Ticks Symbol which re-affirms our commitment to ensuring equal opportunities for all.

DCMS had a full disability access audit carried out in 2004 to review whether the Department's buildings are accessible. Overall DCMS complies with the regulations under the Disability Discrimination Act 1995. There were a number of areas where DCMS could improve and these are now being addressed. New signage is now being rolled out across the estate and we are currently reviewing and updating plans for the evacuation of disabled staff and visitors.

DCMS is currently taking part in the Employers' Forum Disability Standard. This will be a useful management tool that will help us towards ensuring disabled people are valued as employees and customers.

**Equal Opportunities Policy**

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. Every possible step will be taken to ensure that staff are treated equally and fairly and that decisions on recruitment, selection, training, promotion and career management are based solely on objective and job related criteria. We will actively pursue arrangements for flexible working patterns and are committed to creating a culture where individual differences are valued and respected. The Department does not tolerate any form of discrimination, harassment or victimisation. We are committed to providing a working environment where no one is disadvantaged.

The Department has a programme of equal opportunities awareness training for all staff, which includes a session on the disability legislation.

**Provision of information and consultation with employees**

The Department recognises the importance of fully involving employees in delivering its aims and objectives. The Department undertakes a bi-annual staff opinion survey, in which staff are asked for feedback on their thoughts and feelings about working for the Department. The survey is undertaken to provide a health check of employee views across the Department and measure progress since the last survey. Focus groups are used to decide and implement actions based on the survey results in order to increase employee satisfaction and organisational performance. We also have a Staff Management Agreement in place which pulls together in one document the mutual responsibilities of staff and managers and the commitment to regular meetings at every level. We have had an internal communication strategy in place since May 2003 and we consult and engage staff in a number of ways including open meetings, Ginger Group meetings with the Permanent Secretary, staff newsletter, email bulletins, intranet articles, and divisional meetings.

**Policy on Payment of Suppliers**

The Department has signed up to the Better Payment Practice Code, and is committed to adhering to the Late Payment of Commercial Debts (Interest) Act 1998, by paying all invoices not in dispute within agreed contractual provisions or within 30 days of the presentation of a valid invoice (or delivery, if later). An analysis of payment performance during the 2004–05 financial year showed that 98.8% of invoices (not in dispute) were paid within contract terms or 30 days (99.3% in 2003–04).

**Introduction of the Euro**

In order to be ready for the possibility of a UK decision to join the single currency, the Department has drawn up a strategy for potential conversion of internal systems and business processes during changeover. As part of this work, we have considered a range of issues including programme management, conversion of IT systems, and interdependencies with other organisations. This strategy dovetails with the outline changeover plan produced at the end of 1999. The Treasury published criteria in its Report on euro preparations, April 2004, for completion of the planning phase of operations, which the Department met. The next phase of preparations is to keep these plans under review.

**Auditor**

The Comptroller and Auditor General has been appointed under the Government Resources and Accounts Act 2000 to be the Auditor for the Department, and bodies within the Accounting Boundary.

The notional charge for these audit services was £102k, (£100k in 2003–04). This includes £66k for the DCMS and £36k for TRP. No services, subject to notional charge, were provided outside those required as part of the statutory audit.

**Directorships and other significant interests**

No directorships or other significant interests were held by Board members which may have conflicted with their management responsibilities.

**Important Events which have occurred since the financial year end***Changes to the DCMS Ministerial Team*

Subsequent to the General Election in May 2005, there was a change in the Ministerial Team within the Department. The Rt Hon Estelle Morris MP, (*Minister for the Arts*) and the Rt Hon Lord McIntosh of Haringey (*Minister for Media and Heritage*) left the Department and in their place David Lammy MP and James Purnell MP were appointed, David Lammy became Minister for Culture and James Purnell became Minister for Creative Industries and Tourism.

*Machinery of Government changes*

There have been a number of minor Machinery of Government changes following the May General Election, some of which affect the DCMS. As a result of these changes, DCMS has now assumed responsibility for fashion design and the arts market, previously the responsibility of the DTI. New arrangements are also being made for the DCMS to sponsor jointly with the DTI the Design Council, advertising, computer games and publishing.

*Olympic Bid*

The International Olympic Committee announced the winner of the bids to host the 2012 Olympic and Paralympic Games on 6 July 2005. Bids had been submitted from Paris, Madrid, New York, Moscow and London. The bid to host the 2012 Games was awarded to London. Following the International Olympic Committee's decision to award the Games to London, work is now underway to put the necessary structures for delivering the Games in place. The London Olympics Bill was introduced in the House of Commons on 14 July 2005 and contains provisions for the establishment of the Olympic Delivery Authority. Work is also proceeding on the establishment of the Olympic Lottery Distributor. The London Organising Committee of the Olympic Games (LOCOG) has been established. The bid company, London 2012 Ltd, will now be wound up.

*Commencement of Spending Review 2004 (SR04)*

Spending Review 2004 (SR04) commenced on 1 April 2005, for the period 2005–06 to 2007–08. The Department's objectives and priorities for SR04 are explained in the SR04 Departmental Investment Strategy, which can be viewed on the DCMS website, ([www.culture.gov.uk](http://www.culture.gov.uk)).

Signed and Approved

*Sue Street*

Accounting Officer for the Department for Culture, Media & Sport

13 October 2005

## STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

Under the Government Resources and Accounts Act 2000 the Department is required to prepare resource accounts for each financial year, in conformity with a Treasury direction, detailing the resources acquired, held, or disposed of during the year and the use of resources by the Department during the year.

The resource accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Department, the net resource outturn, resources applied to objectives, recognised gains and losses and cash flows for the financial year.

The Treasury has appointed the Permanent Head of the Department as Accounting Officer of the Department with responsibility for preparing the Department's accounts and for transmitting them to the Comptroller and Auditor General.

In preparing the accounts the Accounting Officer is required to comply with the *Resource Accounting Manual* prepared by the Treasury, and in particular to:

- observe the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards, as set out in the *Resource Accounting Manual*, have been followed, and disclose and explain any material departures in the accounts; and
- prepare the accounts on a going-concern basis.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which an Accounting Officer is answerable, for keeping proper records and for safeguarding the Department's assets, are set out in the Accounting Officers' Memorandum, issued by the Treasury and published in *Government Accounting*.

## STATEMENT ON INTERNAL CONTROL

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Department's 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 *Government Accounting*.

I have designated the Chief Executive of The Royal Parks (TRP) as Accounting Officer for TRP. He is responsible for signing both TRP's own Annual Accounts, which are consolidated within the Department's Resource Accounts, and the associated Statement on Internal Control. I have also designated the Chief Executives of the NDPBs sponsored by the Department as NDPB Accounting Officers. As Departmental Accounting Officer I have responsibility for ensuring that: NDPBs' internal control systems comply with the requirement for propriety and good financial management; conditions attached to grant-in-aid conform to the terms of the Resource Estimate; and that there is an adequate statement of the financial relationship between the Department and each NDPB which is regularly reviewed.

The Minister for Sport is the lead Minister on risk. The Department's Risk Management guidance covers the need for risk assessments in submissions to make it easier for the Minister or the Board to make a judgement about the risk associated with a particular course of action.

### *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 provide only 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 within the Department for the year ended 31 March 2005 and accords with Treasury guidance.

### *Capacity to handle risk*

As Accounting Officer I acknowledge my overall responsibility for ensuring the Department is committed to high standards of corporate governance, including the effective management of risk throughout the Department.

The Department's risk management policy has been agreed by the DCMS Board and is subject to regular review and revision to ensure it reflects best risk management practice. It defines what is meant by risk and risk management, outlines the key principles underpinning the Department's approach to risk management, the risk management process and the roles and responsibilities of staff. Risk Management Guidance is available to all staff. The last revision in February 2005 included the DCMS Board's agreed statement of the Department's risk appetite. Both the Policy and the Guidance are available on the Department's intranet.

The Department has a Risk Improvement Manager and seeks to learn from good practice via the Risk Improvement Manager network and Internal Audit contacts in other bodies, results of internal audit reports and discussions with our many NDPBs.

Risk Management features in departmental training courses as appropriate and was covered in the event to launch the 2005–06 business planning round. Facilitated risk workshops are also available. One-to-one training sessions on risk and Assurance were provided to new senior members of staff prior to the year-end Assurance and risk reporting process.

### *The risk and control framework*

Delivery plans and risk registers are in place for each of the Department's Public Service Agreement (PSA) targets. The DCMS Board is provided with quarterly reports to ensure effective monitoring of PSAs, including the systematic tracking of progress and risks, and early warning of potential problems, with appropriate recommendations for early action. During the year a major review of the strategic risk register was undertaken.



Formal financial delegations for 2004–05 were issued to each Director by me, reinforcing the importance of the Assurance process in providing me with confidence when signing the Statement on Internal Control.

The Department has agreements with all its directly funded NDPBs setting out the Department's expectations, or the agreed strategy the NDPB will follow, in return for the public funds supplied. Detailed financial arrangements or accountability lines are also included. Bodies which distribute Lottery money have similar agreements relating to the framework within which they receive and distribute Lottery funds. NDPB Accounting Officers are required to incorporate a Statement on Internal Control with their accounts which gives an assurance that *Government Accounting* and the agreements with the Department have been complied with.

The process to embed risk management within the Department's processes began with business planning in 2001–02 and continues to develop throughout the Department, although further improvement is required before we can say it is fully embedded in all our processes. The Department uses a self-assessment approach to risk identification. As part of the business planning process we encourage Divisions to hold facilitated workshops to identify the risks to divisional objectives, to evaluate these and to identify the necessary controls. Guidance is available to staff on the main types of risk that the Department could face. In 2004–05 the Audit Committee and DCMS Board agreed a statement of the Department's risk appetite for seven primary groups of risk to be used as a guide to help calibrate the action we need to take in response to the risk. Each significant risk has a contingency plan which identifies the risk "trigger points" which give early warning of the risk materialising. All risks are assigned Risk Owners i.e. someone with sufficient authority to ensure the risk is addressed and that clear responsibility to manage the risk is allocated to specific officers. Identified risks, and the agreed management of them, are recorded in a formal risk register, which is then kept under review.

The Department has used the Risk Management Assessment Framework to assess its standard of risk management. This is a tool developed by Treasury to help collect and assess evidence to support the production of this statement. Our latest assessment provided evidence that capacity continues to improve, although there is still more to be done to achieve the necessary culture change and fully embed risk management within all the Department's processes. It also found satisfactory evidence of the effectiveness of risk handling and outcome performance.

An Assurance reporting process supplements the risk management process. It requires senior managers and Directors to report six-monthly on whether they had complied with the Department's risk and internal control procedures and identify the work undertaken to keep risk and internal control under review, up to date and appropriate. Assurance reports were produced during the year as required and a summary of performance has been reported to the Audit Committee. In June 2004, the Committee requested a more rigorous challenge process to be established to improve the reporting of actions taken to manage risk and in the identification of internal control exceptions. This has resulted in significant improvements in 2004–05. Internal Audit carried out their annual audit of the Assurance process at the mid-year stage and agreed recommendations from the report are being implemented. The process continues to evolve and any areas for concern addressed.

The Head of Internal Audit has reported that management has responded positively to recommendations for change made in his audits and implementation rates are good, though a small number of action points remain to be implemented outside the original agreed target date.

The Department has established a strong, strategic relationship with the Office of Government Commerce (OGC) and an increasing number of high profile programmes and projects have been subject to Gateway reviews. We are improving our project management capability. All staff have received appropriate training in project working.

#### *Review of effectiveness*

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the Department who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the DCMS Board and the Audit Committee. The Audit Committee's view of the 2004–05 process and recommendations for further improvement has been issued to senior managers.

The key elements of the system of internal control are set out above and contribute to my review of the system's effectiveness. The following bodies also inform my view:

DCMS Board and Strategy Group – the DCMS Board (comprising me, the Department's Directors General (DG) and Directors and two non-executive members) meets regularly to review the Department's priorities, oversee their delivery and the strategic framework within which detailed business planning takes place, and to review the strategic risks and the effectiveness of the risk management process.

The governance arrangements for the Board were reviewed during the year following the appointment of three DGs and the issue of the draft Cabinet Office Code on Corporate Governance. A small Strategy Group has been set up, chaired by me, for horizon scanning and to advise on the long term strategic challenges facing the Department. New terms of reference for both the DCMS Board and Strategy Group have been agreed.

Audit Committee – the Committee comprises the Chairman (a non-executive Board member), an independent external member, the Chief Operating Officer, one other Director General and one divisional head. The Committee meets four times a year and advises me on the adequacy and effectiveness of risk management and internal control, including the strategic risk register processes. The Committee also assesses: the internal and external audit activity plans and the results of that activity; the adequacy of management responses to audits and the adequacy of internal audit arrangements in DCMS's NDPBs.

Internal Audit – the Department has an Internal Audit Unit, which operates to Government Internal Audit Standards. The Unit submits regular reports, which include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the arrangements for risk management, control and governance, together with recommendations for improvement.

Signed by

*Sue Street*  
Accounting Officer

13 October 2005



## The Certificate and report of the Comptroller and Auditor General to the House of Commons

I certify that I have audited the financial statements on pages 24 to 61 under the Government Resources and Accounts Act 2000. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 30 to 32.

### Respective responsibilities of the Accounting Officer and Auditor

As described on page 18, the Accounting Officer is responsible for the preparation of the financial statements in accordance with the Government Resources and Accounts Act 2000 and Treasury directions made thereunder and for ensuring the regularity of financial transactions. The Accounting Officer is also responsible for the preparation of the other contents of the Accounts. My responsibilities, as independent auditor, are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Government Resources and Accounts Act 2000 and Treasury directions made thereunder, and whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the Foreword is not consistent with the financial statements, if the Department has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I read the other information contained in the Accounts, and consider whether it is consistent with the audited financial statements. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

I review whether the statement on pages 19–21 reflects the Department's compliance with Treasury's guidance on the Statement on Internal Control. I report if it does not meet the requirements specified by Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered whether the Accounting Officer's Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Department's corporate governance procedures or its risk and control procedures.

### Basis of audit opinion

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Department in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Department's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In my opinion:

- the financial statements give a true and fair view of the state of affairs of the Department for Culture, Media and Sport at 31 March 2005 and of the net resource outturn, resources applied to objectives, recognised gains and losses and cash flows for the year then ended, and have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and directions made thereunder by Treasury; and
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.

*John Bourn*  
Comptroller and Auditor General

Date: 14 October 2005

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

## Schedule 1

## Summary of Resources Outturn 2004–05

	Note	2004–05 Estimate		2004–05 Outturn		2003–04 Outturn		Net total outturn compared with Estimate Saving/ (excess)	Prior year outturn
		Gross expenditure	A in A	Gross expenditure	A in A	Net Total	Prior year outturn		
		£000	£000	£000	£000	£000	£000		
<b>Request for Resources 1 DCMS Administration and Programme</b>	6, 9	1,475,697	(16,094)	1,459,603	1,376,111	(16,094)	1,360,017	99,586	1,777,433
<b>Request for Resources 2 BBC</b>	6, 9	2,525,937	—	2,525,937	2,501,970	—	2,501,970	23,976	2,372,527
<b>Total Resources</b>		<b>4,001,634</b>	<b>(16,094)</b>	<b>3,985,540</b>	<b>3,878,081</b>	<b>(16,094)</b>	<b>3,861,987</b>	<b>123,553</b>	<b>4,149,960</b>
<b>Non-operating cost A-in-A</b>	6	—	—	388	—	—	129	259	262
<b>Net cash requirement</b>		—	—	<b>3,996,561</b>	—	—	<b>3,872,509</b>	<b>124,052</b>	<b>4,150,738</b>

## Summary of income payable to the Consolidated Fund

In addition to Appropriations in Aid the following income relates to the Department and is payable to the Consolidated Fund (cash receipts being shown in italics).

	Note	Forecast 2004–05		Outturn 2004–05	
		Income	Receipts	Income	Receipts
		£000	£000	£000	£000
Total	5	<b>2,526,967</b>	<b>2,526,967</b>	<b>2,503,517</b>	<b>2,503,517</b>

## Explanation of the variation between Estimate and outturn (net total resources)

Note 9 provides an analysis of the variance of £123,553k.

## Explanation of the variation between Estimate net cash requirement and outturn (net cash requirement)

- (i) Changes in Working Capital, which are mainly due to the movements in the year-end balance due to/from the BBC, which is difficult to predict.
- (ii) A large underspend on purchases of fixed assets, due primarily to an underspend by Culture Online.
- (iii) A small number of significant underspends on the individual outturns of some of the DCMS's sponsored bodies and in the DCMS's Administration budget, as shown in Note 9 to the accounts.

## Reconciliation of resources to cash requirement

		Estimate	Outturn	<i>Net total outturn compared with estimate: saving/(excess)</i>	2003–04 Outturn
	Note	£000	£000	£000	£000
<b>Net total resources</b>		<b>3,985,540</b>	<b>3,861,987</b>	<b>123,553</b>	<b>4,149,960</b>
<b>Capital:</b>					
Acquisition of fixed assets Investments	10,11&12	18,782	8,607	10,175	7,211
<b>Non-operating A-in-A:</b>					
Proceeds of fixed asset disposals		(388)	(129)	(259)	(262)
<b>Accruals adjustments</b>					
Non-cash items	3&4	(7,377)	(4,541)	(2,836)	(4,779)
Changes in working capital other than cash	14	—	6,949	(6,949)	(1,397)
Changes in creditors falling due after more than one year		—	—	—	—
Use of provision – early retirement costs		4	—	4	—
Adjustment for Contingencies Fund advance		—	(368)	368	—
<b>Consolidation adjustment</b>		—	4	(4)	5
<b>Net cash requirement</b> (Schedule 4)		<b>3,996,561</b>	<b>3,872,509</b>	<b>124,052</b>	<b>4,150,738</b>

## Schedule 2

## Operating Cost Statement for the Year Ended 31 March 2005

	Note	2004–05		2003–04	
		£000	£000	£000	£000
<b>Administration costs</b>					
Staff costs	2	19,814		18,657	
Non-staff administration costs	3	22,789		22,909	
<b>Gross administration costs</b>	9		<b>42,603</b>		<b>41,566</b>
Operating income	6		(2,151)		(2,231)
<b>Net administration costs</b>			<b>40,452</b>		<b>39,335</b>
<b>Programme costs</b>					
<b>Request for Resources 1</b>					
Expenditure	9	1,333,508		1,749,807	
Less: income	6	(15,349)		(15,246)	
			1,318,159		1,734,561
<b>Request for Resources 2</b>					
Expenditure	9	2,501,970		2,372,527	
Less: income	6	(2,502,111)		(2,372,686)	
			(141)		(159)
<b>Net Programme Costs</b>	4		<b>1,318,018</b>		<b>1,734,402</b>
<b>Net Operating Costs</b>	8&9		<b>1,358,470</b>		<b>1,773,737</b>
<b>Net Resource Outturn</b>	8&9		<b>3,861,987</b>		<b>4,149,960</b>

All income and expenditure are derived from continuing operations.

The income relating to Request for Resources 2 (Home Broadcasting) is higher than the amount paid over to the BBC due to the deduction of expenses incurred by the Department (charged to Request for Resources 1) in administering the Licence fee.

## Statement of Recognised Gains and Losses for year ended 31 March 2005

	2004–05	2003–04
	£000	£000
Net gain/(loss) on revaluation of Tangible Fixed Assets	(5,614)	6,433
Non cash additions	—	363
Receipt of donated assets	1,997	—
<b>Total</b>	<b>(3,617)</b>	<b>6,796</b>

## Schedule 3

## Balance Sheet as at 31 March 2005

	Note	31 March 2005		31 March 2004	
		£000	£000	£000	£000
<b>Fixed assets</b>					
Intangible Assets	11	279		158	
Tangible assets	12	69,447		67,402	
			69,726		67,560
<b>Current assets</b>					
Stocks		—		—	
Debtors	15	8,002		9,287	
Cash at bank and in hand	16	33,937		50,076	
		41,939		59,363	
<b>Creditors (amounts falling due within one year)</b>	17	(51,764)		(75,773)	
<b>Net Current (Liabilities)</b>			(9,825)		(16,410)
<b>Total assets less current liabilities</b>			59,901		51,150
<b>Provision for liabilities and charges</b>			—		—
			<b>59,901</b>		<b>51,150</b>
<b>Taxpayers' Equity</b>					
General Fund	25		31,371		18,634
Revaluation Reserve	18		26,050		32,022
Donated Asset Reserve	19		2,480		494
			<b>59,901</b>		<b>51,150</b>

Signed and Approved

13 October 2005

*Sue Street*

Accounting Officer for the Department for Culture, Media &amp; Sport

## Schedule 4

## Cash Flow Statement for Year Ended 31 March 2005

		<u>2004–05</u>	<u>2003–04</u>
	Note	£000	£000
<b>Net cash outflow from operating activities</b>		(1,360,878)	(1,755,586)
<b>Capital expenditure and financial investment</b>		(8,478)	(6,830)
<b>Receipts due to the Consolidated Fund which are outside the scope of the Department's activities</b>		—	—
<b>Payments of amounts due to the Consolidated Fund</b>		(2,515,451)	(2,378,463)
<b>Financing</b>		3,868,668	4,131,800
<b>(Decrease)/Increase in cash in the period</b>	16	<u>(16,139)</u>	<u>(9,079)</u>
<b>Reconciliation of operating cost to operating cash flows</b>			
Net operating cost		1,358,470	1,773,737
Adjustments for non-cash transactions	3&4	(4,624)	(4,714)
Adjustments for movements in working capital other than cash	14	6,949	(13,372)
Profit/(Loss) on Disposal of Fixed Assets		83	(65)
<b>Net cash flow from operating activities</b>		<u>1,360,878</u>	<u>1,755,586</u>
<b>Analysis of capital expenditure and financial investment</b>			
Intangible fixed-asset additions	11	270	172
Tangible fixed-asset additions	12	10,334	7,039
Proceeds of disposal of fixed assets	10	(129)	(381)
Income from donated asset	10	(1,997)	—
<b>Net cash outflow from investing activities</b>	10	<u>8,478</u>	<u>6,830</u>
<b>Analysis of financing and reconciliation to the net cash requirement</b>			
From Consolidated Fund (Supply) – current year		3,868,300	4,131,800
Advances from Contingencies Fund		368	—
<b>Net financing</b>		<u>3,868,668</u>	<u>4,131,800</u>
<b>Decrease/(Increase) in cash</b>		<u>16,139</u>	<u>9,079</u>
<b>Net cash flows other than financing</b>		<u>3,884,807</u>	<u>4,140,879</u>
<b>Adjustments for payments and receipts not related to supply:</b>			
Amounts due to the Consolidated Fund – received in a prior year and paid over		(39,287)	(29,433)
Amounts due to the Consolidated Fund – received and not paid over		27,353	39,287
<b>Adjustment for payments financed from Contingencies Fund advances accounted for in Schedule 1 in a different year</b>			
Current year payments accounted for in Schedule 1 in the following year		(368)	—
Consolidation adjustment		4	5
<b>Net cash requirement (Schedule 1)</b>		<u>3,872,509</u>	<u>4,150,738</u>

## Schedule 5

## Resources by Departmental Aims and Objectives for the year ended 31 March 2005

	2004–05			2003–04		
	Gross £000	Income £000	Net £000	Gross £000	Income £000	Net £000
Objective I	1,170,861	(11,592)	1,159,269	1,511,492	(11,564)	1,499,928
Objective II	33,461	(5,403)	28,058	25,379	(1,145)	24,234
Objective III	171,789	(505)	171,284	254,502	(4,768)	249,734
BBC	2,501,970	(2,502,111)	(141)	2,372,527	(2,372,686)	(159)
<b>Net Operating Costs</b>	<b>3,878,081</b>	<b>(2,519,611)</b>	<b>1,358,470</b>	<b>4,163,900</b>	<b>(2,390,163)</b>	<b>1,773,737</b>

Figures for the BBC grant and associated licence fee income from Request for Resources 2 are shown separately because of their materiality. They relate to the Department's Objective I.

DCMS Objectives for the year were as follows:—

- Objective I** increase public participation in culture and sport and to develop our sectors;
- Objective II** develop appropriate regulatory frameworks that protect consumers' interests and improve the productivity of our sectors; and
- Objective III** modernise delivery to the customer by ensuring that the Department and its sponsored bodies improve performance and pursue institutional excellence.



## Notes to Departmental Resource Accounts

### 1. Statement of Accounting Policies

The financial statements have been prepared in accordance with the 2004–05 *Resource Accounting Manual* (RAM) issued by HM Treasury. The accounting policies contained in the RAM follow UK generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector. Where the RAM permits a choice of accounting policy, the accounting policy which has been judged to be most appropriate to the particular circumstances of the Department for the purpose of giving a true and fair view has been selected. The accounting policies adopted by the Department are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

#### 1.1 Accounting Convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of fixed assets, and stock where material, at their value to the Department by reference to their current costs.

#### 1.2 Basis of Consolidation

These accounts comprise a consolidation of the core Department, its Supply-financed agency – The Royal Parks (TRP) – and advisory NDPBs. The following advisory bodies are included by way of accounting for funds paid through grant expenses: Advisory Committee on Historic Wreck Sites; Treasure Valuation Committee; Spoliation Advisory Panel; Advisory Committee on the Government Art Collection; Reviewing Committee on the Export of Works of Art; Advisory Committee for the Public Lending Right; and Advisory Council on Libraries. Transactions between entities included in the consolidation are eliminated.

#### 1.3 Intangible Fixed Assets

These relate to licences to use software that have been developed by third parties, and are valued at cost. Expenditure on intangible fixed assets of over £2,000 is capitalised, effective from 1 April 1998.

#### 1.4 Tangible Fixed Assets

Title to the freehold land and buildings shown in the accounts is held as follows:

- i. Property on the Departmental estate;
- ii. Property held by the Office of the Deputy Prime Minister in the name of the Secretary of State.

For DCMS as an entity, freehold land has been restated to current value using professional valuations in accordance with FRS 15 every five years, and in the intervening years by the use of indices provided for this purpose by HM Treasury. The freehold land was last valued professionally as at 31 March 2005. Buildings, plant and equipment, fixtures and fittings and computer equipment have not been restated using appropriate indices because the modified historic costs are not materially different to the historic costs, therefore the historic costs have been shown in the Balance Sheet. TRP properties are revalued as part of a five year rolling programme, using a methodology in line with the RAM. Other TRP assets have been restated using suitable indices. The minimum level for capitalisation of a tangible fixed asset is £2,000, effective from 1 April 1998.

The Department and TRP have a number of non-operational heritage assets held for their historic and cultural associations alone. In accordance with the RAM these non-operational Heritage Assets have been valued at Nil.

In accordance with the RAM, additions to the Government Art Collection, as from 1 April 2000, are recognised in the Balance Sheet. The purchase price will normally provide a reliable basis for valuation.

#### 1.5 Depreciation

Freehold land, and Collections are not depreciated, since they have unlimited or very long estimated useful lives.

Depreciation is provided at rates calculated to write off the value of freehold buildings and other tangible fixed assets by equal instalments over their estimated useful lives. Assets in the course of construction are not depreciated until the asset is brought into use.

Asset lives are in the following ranges:

Buildings	up to 100 years
Leasehold Improvements	the term of the lease
Plant	3–10 years
Equipment & Computers	3–10 years
Fixtures and Fittings	3–20 years
Intangible Assets	2 years

### 1.6 Donated Assets

Donated tangible fixed assets are capitalised at their current value on their receipt, and this value is credited to the donated asset reserve. Donated assets are revalued, depreciated and subject to impairment in the same way as other fixed assets. Revaluations will be taken to the donated asset reserve. Each year, an amount equal to the depreciation charge on the asset and any impairment will be released from the donated asset reserve to the Operating Cost Statement.

### 1.7 Research

Expenditure on research is treated as an operating cost in the year in which it is incurred.

### 1.8 Operating Income

Operating income is income which relates to the operating activities of the Department. It comprises fees and charges for services provided to external customers and public sector repayment work. It includes both operating income appropriated-in-aid of the Estimate and income to the Consolidated Fund authorised by HM Treasury to be treated as operating income. Operating income is stated net of VAT.

### 1.9 Administration and Programme Expenditure

The Operating Cost Statement is analysed between administration and programme costs. Administration costs reflect the costs of running the Department. These include both administrative costs and associated operating income. Income is analysed in the notes between that which, under the administrative cost-control regime, is allowed to be offset against gross administrative costs in determining the outturn against the administrative cost limit, and that operating income which is not.

Programme costs reflect non-administration costs, including payments of grants and other disbursements by the Department. The classification of expenditure and income as administration or programme follows the definition of administration costs set by HM Treasury.

### 1.10 Grants Payable

Government Grant-in-Aid paid or payable is recorded as expenditure on an annual basis in relation to the grant drawn down by the grantee from DCMS.

Government Grants paid or payable are recorded as expenditure on an annual basis in relation to the grant payable to the grantee from DCMS.

### 1.11 BBC Licence Fee Income

The Department has an Agreement with the BBC which provides the basis for the payment of TV licence fee revenue to the BBC. The Agreement states that the Department shall pay over in grant a sum or sums equal to the Licence Revenue received by the Department less any refunds and expenses incurred by the Department in the administration of the licensing system. The grant paid to the BBC is therefore the lower of:

- The value of licence fee income received by the Department less a management charge, and
- The amount voted by Parliament.

### **1.12 Capital Charge**

A charge, reflecting the cost of capital utilised by the Department, is included in operating costs. The charge is calculated at the real rate set by HM Treasury (currently 3.5 per cent) on the average carrying value of all assets less liabilities, except for donated assets, additions to Collections, cash balances with the Office of the Paymaster General (OPG) and the amount due to the Consolidated Fund, where the charge is nil.

### **1.13 Foreign Exchange**

Revenue and expenditure incurred in foreign currencies which are not covered by a forward contract are translated at the rate of exchange ruling on the date of the transaction.

### **1.14 Taxation**

VAT is accounted for in accordance with SSAP 5.

### **1.15 Pensions**

Present and past employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) which are described at Note 2a. The defined benefit elements of the scheme are unfunded and non-contributory except in respect of dependants' benefits. The Department recognises 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 schemes, the Department recognises the contributions payable for the year.

### **1.16 Early Departure Costs**

The Department is required to meet the cost of benefits beyond the normal PCSPS benefits in respect of employees who retire early. The Department provides in full for this cost when the early retirement programme has been announced and is binding on the Department. The Department may, in certain circumstances, settle some or all of its liability in advance by making a payment to the Paymaster General's account at the Bank of England for the credit of the Civil Superannuation Vote. The amount provided is shown net of any such payments.

### **1.17 Operating Leases**

Operating lease rentals are charged to the operating cost statement in equal amounts over the lease term.

### **1.18 Contingent Liabilities**

In addition to contingent liabilities disclosed in accordance with FRS 12, the Department discloses for parliamentary reporting and accountability purposes certain contingent liabilities where the likelihood of a transfer of economic benefit is remote. These comprise:

- items over £100k (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 (whether they arise in the normal course of business) over £100k (or lower where required by specific statute or where material in the context of the resource accounts) which are required by the RAM to be noted in the resource accounts.

## 2. Staff Number and Costs

a) Staff costs consist of:

	2004–05				2003–04	
	Total	Permanently – employed staff	Others	Ministers	Special Advisers	Total
	£000	£000	£000	£000	£000	£000
Wages and Salaries	16,240	15,498	375	212	150	15,338
Social Security Costs	1,316	1,252	24	23	17	1,230
Other pension costs	2,258	2,196	37	—	25	2,089
<b>Total</b>	<b>19,814</b>	<b>18,946</b>	<b>436</b>	<b>240</b>	<b>192</b>	<b>18,657</b>

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but the DCMS is not able to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2003. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)).

For 2004–05, employers' contributions of £2,139,160 (£1,995,634 in 2003–04) were payable to the PCSPS at one of four rates in the range of 12–18.5% (12–18.5% in 2003–04) of pensionable pay, based on salary bands. The Scheme Actuary reviews employer contributions every four years following a full scheme valuation. From 2005–06, the salary bands will be revised and the rates will be in the range between 16.2% and 24.6%. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme. There is an additional £119k (£93k in 2003–04) of Early Retirement costs included within Other Pension Costs.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £42k (£30k in 2003–04) were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3 to 12.5% of pensionable pay. Employers also match employee partnership contributions up to 3% of pensionable pay. In addition, employer contributions of £2.7k, 0.8% (£1.6k, 0.8% in 2003–04) of pensionable pay, were paid to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. Contributions due to the partnership pension providers at the balance sheet date were nil. Contributions prepaid at that date were nil.

There were no early retirements in 2004–05 (one retirement in 2003–04, on ill-health grounds); and no additional accrued pension liabilities in the year (£3k in 2003–04).

b) The average number of whole-time equivalent persons employed (including senior management) during the year was as follows:

Objective	2004–05					2003–04		
	Total	Ministers	Special Advisers (DCMS & TRP)	Senior Managers	Officials (includes TRP Staff)	Inward Secondees	Agency Staff	
Objective I	609 <sup>2</sup> / <sub>3</sub>	1 <sup>1</sup> / <sub>2</sub>	<sup>2</sup> / <sub>3</sub>	13 <sup>1</sup> / <sub>2</sub>	568	11	15	667 <sup>2</sup> / <sub>3</sub>
Objective II	15 <sup>2</sup> / <sub>3</sub>	1	<sup>2</sup> / <sub>3</sub>	<sup>1</sup> / <sub>2</sub>	12	<sup>1</sup> / <sub>2</sub>	1	10 <sup>2</sup> / <sub>3</sub>
Objective III	67 <sup>2</sup> / <sub>3</sub>	1 <sup>1</sup> / <sub>2</sub>	<sup>2</sup> / <sub>3</sub>	1	61	1 <sup>1</sup> / <sub>2</sub>	2	74 <sup>2</sup> / <sub>3</sub>
<b>Total</b>	<b>693</b>	<b>4</b>	<b>2</b>	<b>15</b>	<b>641</b>	<b>13</b>	<b>18</b>	<b>753</b>

The total average number of staff includes 160 staff employed by The Royal Parks (237 in 2003–04), of which 8 are senior managers, who have all been allocated to Objective I. During 2004–05 a total of 103 Royal Parks Constabulary (RPC) officers and civilians transferred to the Metropolitan Police Service (MPS), which has been co-policing the Royal Parks since 1 April 2004. The transfer was included within the provisions of the Serious Organised Crime and Policing (SOCAP) Act 2005, in order to facilitate the formal transfer of policing the Parks to MPS and to facilitate the abolition of the RPC. The figure of 160 TRP staff is the average number of staff employed in the year. The figures for Officials also include 11 staff employed by Culture Online (COL). TRP and COL staff costs are treated as programme expenditure and therefore costs relating to them are not included in Note 2(a).

The following sections provide details of the remuneration and pension interests of DCMS Ministers and members of the DCMS Board.

c) Remuneration:

<b>Ministers</b>	Salary	<b>2004–05</b>		<b>2003–04</b>	
		Benefits in kind (to nearest £100)	Salary	Benefits in kind (to nearest £100)	
Rt Hon Tessa Jowell MP <i>Secretary of State</i>	80,615	—	71,433	—	
Rt Hon Richard Caborn MP <i>Minister of State</i>	41,061	—	37,055	—	
Rt Hon Estelle Morris MP <i>Minister of State</i>	41,061	—	29,541	—	
Rt Hon Lord McIntosh of Haringey <i>Minister of State</i>	77,076	—	50,239	—	
<b>Officials</b>	Salary £000	<b>2004–05</b>		<b>2003–04</b>	
		Benefits in kind (to nearest £100)	Salary £000	Benefits in kind (to nearest £100)	
Sue Street Permanent Secretary	145–150	10,600	140–145	10,100	
Nicholas Holgate <i>Chief Operating Officer</i> (from 1 December 2004)	30–35 (90–95 full year equivalent)	—	—	—	
Nicholas Kroll <i>Chief Operating Officer</i> (to 30 September 2004)	65–70 (120–125 full year equivalent)	—	115–120	—	
Andrew Ramsay <i>Director General</i>	110–115	—	105–110	—	
Jeff Jacobs <i>Director General</i> (from 1 October 2004)	60–65 (120–125 full year equivalent)	—	—	—	
Siobhan Kenny <i>Director</i>	95–100	—	90–95	2,700	
Brian Leonard <i>Director</i>	95–100	—	90–95	—	
Paul Bolt <i>Director</i>	85–90	—	35–40 (75–80 full year equivalent)	—	
Alan Davey <i>Director</i>	90–95	—	45–50 (80–85 full year equivalent)	—	
Nicky Roche <i>Director</i> (from 9 August)	40–45 (75–80 full year equivalent)	—	—	—	

The information above relates to the Permanent Secretary and Directors of the Department. Equivalent information relating to the TRP, consolidated into the Department's resource account, is given in its separate accounts.

*Salary*

'Salary' includes gross salary; performance pay or bonuses; 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 presentation is based on 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 (£57,485, in 2003–04 £56,358) 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.

*Benefits in kind*

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HMRC as a taxable emolument. Sue Street received benefits in kind amounting to £10,628 for private use of an allocated car in the circumstances permitted by the Civil Service Management Code, (£10,086 in 2003–04). These figures are provisional, however, as certain elements of the computation have yet to be confirmed with HMRC. A benefit in kind for Sue Street's use of an allocated car was only identified during 2004–05, following guidance from HMT to Government departments. The benefit in kind accruing to Siobhan Kenny relates to a loan she received at the end of 2003–04, and which she had repaid fully in 2004–05.

No Ministers or other senior managers received benefits in kind.

## d) Pension benefits:

<b>Ministers</b>	Accrued pension at age 65 as at 31/3/05	Real increase in pension at age 65	CETV at 31/3/05	CETV at 31/3/04	Real increase in CETV
	£000	£000	£000	£000	£000
Rt Hon Tessa Jowell MP <i>Secretary of State</i>	5–10	0–2.5	95	81	7
Rt Hon Richard Caborn MP <i>Minister of State</i>	5–10	0–2.5	86	70	7
Rt Hon Estelle Morris MP <i>Minister of State</i>	5–10	0–2.5	68	56	5
Rt Hon Lord McIntosh of Haringey <i>Minister of State</i>	10–15	0–2.5	161	135	15

(The figures for CETV as at 31 March 2004 for Tessa Jowell and Estelle Morris have been re-stated following corrective calculations by the pension administrators since last year. In the 2003–04 resource accounts the figures were £88k and £54k respectively).

*Ministerial pensions*

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

Those Ministers who are Members of Parliament are also entitled to an MP's pension under the PCPF. The arrangements for Ministers provide benefits on an 'average salary' basis with either a 1/50th or 1/40th accrual rate, taking account of all service as a Minister. (The accrual rate has been 1/40th since 15 July 2002 but Ministers, in common with all other members of the PCPF, can opt to increase their accrual rate from 5 July 2001, or retain the former 1/50th accrual rate and the lower rate of employee contribution.)

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 on or after age 65. Pensions are increased annually in line with changes in the Retail Prices Index. Members pay contributions of 6% of their ministerial salary if they have opted for the 1/50th accrual rate. Those members who have opted for the 1/40th accrual rate are required to pay an increased contribution. The rate was increased from 9% to 10% from 1 April 2004.

There is also an employer contribution paid by the Exchequer representing the balance of cost. This is currently 24% of the ministerial salary.

*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. It 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 within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

*The real increase in the value of the CETV*

This takes account of the increase in accrued pension due to inflation, and contributions paid by the Minister, and is calculated using common market valuation factors for the start and end of the period.



Officials	Accrued pension at age 60 as at 31/3/05 and related lump sum	Real increase in pension and related lump sum at age 60	CETV at 31/3/05	CETV at 31/3/04	Real increase in CETV funded by employer	Employer contribution to partnership pension account
	£000	£000	£000	£000	£000	Nearest £100
Sue Street <i>Permanent Secretary</i>	50–55 plus 150–155 lump sum	0–2.5 plus 5–7.5 lump sum	903	814	24	—
Nicholas Holgate <i>Chief Operating Officer</i> (from 1 December 2004)	20–25 plus 65–70 lump sum	0–2.5 plus 2.5–5 lump sum	275	253 <sup>1</sup>	12	—
Nicholas Kroll <i>Chief Operating Officer</i> (to 30 September 2004)	35–40 plus 110–115 lump sum	0–2.5 plus 2.5–5 lump sum	595 <sup>2</sup>	552	16	—
Andrew Ramsay <i>Director General</i>	45–50 plus 140–145 lump sum	5–7.5 plus 15–17.5 lump sum	790	653	91	—
Jeff Jacobs <i>Director General</i> (from 1 October 2004)	0–5	0–2.5	12	0	10	—
Siobhan Kenny <i>Director</i>	0–5 plus 10–15 lump sum	0–2.5 plus 2.5–5 lump sum	60	41	15	—
Brian Leonard <i>Director</i>	35–40 plus 105–110 lump sum	0–2.5 plus 2.5–5 lump sum	618	570	20	—
Paul Bolt <i>Director</i>	25–30 plus 85–90 lump sum	0–2.5 plus 2.5–5 lump sum	472	429	15	—
Alan Davey <i>Director</i>	20–25 plus 60–65 lump sum	2.5–5 plus 7.5–10 lump sum	265	217	34	—
Nicky Roche <i>Director</i> (from 9 August)	20–25 plus 70–75 lump sum	0–2.5 plus 0–2.5 lump sum	351	319 <sup>3</sup>	11	—

(The figures for CETV as at 31 March 2004 for Sue Street and Paul Bolt have been re-stated following corrective calculations by the pension administrators since last year. In the 2003–04 resource accounts the figures were £766k and £416k respectively).

<sup>1</sup> CETV as at 27 October 2004

<sup>2</sup> CETV as at 30 September 2004

<sup>3</sup> CETV as at 9 August 2004



*Civil Service Pensions*

Pension benefits are provided through the CSP arrangements. From 1 October 2002, civil servants may be in one of three statutory based 'final salary' defined benefit schemes (classic, premium, and classic plus). The Schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Retail Prices Index. New entrants after 1 October 2002 may choose between membership of premium or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium and classic plus. Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' 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 (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic.

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. 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).

Further details about the CSP arrangements can be found at the website [www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk).

*Cash Equivalent Transfer Values*

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 CETV figures, and from 2003–04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the CSP arrangements and for which the CS Vote has received a transfer payment commensurate to the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

*Real increase in CETV*

This reflects the increase in CETV effectively funded by the employer. It takes account of 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.

e) The remuneration of Non-Executive Board Members was as follows:

Name	Remuneration	
	2004–05	2003–04
	£000	£000
Sonita Alleyne	5–7.5	5–7.5
Clive Elphick	5–7.5	5–7.5

Until 1 January 2003, Non-Executive Board Members were not remunerated. As from that date, however, each Non-Executive member received an annual salary of £7,500, paid quarterly in arrears. The remuneration package did not include any pension entitlement or benefits in kind.

**3. Non-staff Administration Costs**

	<u>2004–05</u>	<u>2003–04</u>
	£000	£000
Rentals under operating leases and associated costs	6,956	6,568
Non cash items:		
Depreciation & Amortisation	1,376	1,452
Auditors remuneration and expenses	66	64
Cost of Capital Charge	470	738
Provisions provided in year	—	8
(Profit)/Loss on disposal of fixed assets	(88)	—
Other Expenditure:		
Building services	2,272	2,837
IT maintenance and support	1,529	2,467
Professional services	3,069	3,153
Other	7,139	5,622
	<u>22,789</u>	<u>22,909</u>

No payment was made in respect of non-audit costs.

**4. Net programme costs**

	<u>2004–05</u>	<u>2003–04</u>
	£000	£000
Current grants and other current expenditure	3,808,053	4,045,704
Capital grants and other capital expenditure	24,708	74,113
Non-Cash Items – DCMS programme depreciation and cost of capital		
Depreciation	28	39
Cost of Capital Charge	65	—
Non-Cash Items – TRP:		
Depreciation & Amortisation	1,374	1,314
Auditors remuneration and expenses	36	36
Cost of Capital Charge	1,206	1,059
Other	3	4
(Profit)/Loss on disposal of TRP fixed assets	5	65
	<u>3,835,478</u>	<u>4,122,334</u>
Less Programme Income (Note 6):		
RfR 1 Programme Income	(15,349)	(15,246)
RfR 2 Programme Income	(2,502,111)	(2,372,686)
	<u>1,318,018</u>	<u>1,734,402</u>

The total of non-cash transactions included in the 'Reconciliation of Resources to Net Cash Requirement' in Schedule 1 and in the 'Reconciliation of Operating Costs to Operating Cashflows' in Schedule 4 comprises:

	<u>2004–05</u>	<u>2003–04</u>
	£000	£000
Other Administration costs – non-cash items (from Note 3)	1,912	2,262
Programme non cash items: (from Note 4):		
DCMS Programme non-cash items	93	39
TRP non-cash items	2,619	2,413
<b>Schedule 4 – 'Adjustments for non-cash items'</b>	<u>4,624</u>	<u>4,714</u>
(Profit)/Loss on Disposal of Fixed Assets	(83)	65
<b>Schedule 1 – 'Non-cash items'</b>	<u>4,541</u>	<u>4,779</u>

**5. Analysis of income payable to the Consolidated Fund**

In addition to the appropriations in aid, the following income relates to the Department and is payable to the Consolidated Fund, (cash receipts being shown in italics).

	Note	Forecast 2004–05		Outturn 2004–05	
		Income	<i>Receipts</i>	Income	<i>Receipts</i>
		£000	£000	£000	£000
Operating Income not classified as A-in-A	6	2,526,967	<i>2,526,967</i>	2,502,977	<i>2,502,977</i>
Excess A-in-A	6	—	—	540	<i>540</i>
Non-operating income and receipts		—	—	—	—
<b>Total</b>		<b>2,526,967</b>	<b><i>2,526,967</i></b>	<b>2,503,517</b>	<b><i>2,503,517</i></b>

**6. Income and appropriations in aid**

	Appropriated in Aid	2004–05 Payable to Consolidated Fund	Total
	£000	£000	£000
<b>Operating Income analysed by classification and activity, is as follows:</b>			
<b>RfR1 Administrative income:</b>			
EC Refunds	9	—	9
Rental income from external tenants	1,907	—	1,907
NLDF – recovery of the Department’s costs in administering the fund	235	—	235
Miscellaneous	—	—	—
<b>Total RfR1 Administrative Income</b>	<b>2,151</b>	<b>—</b>	<b>2,151</b>
<b>RfR1 Programme income:</b>			
NLDF – Reimbursement of the Department’s Grant-in-Aid to the National Lottery Commission for regulation on the Lottery	4,401	—	4,401
Receipts by the Government Art Collection from sale of prints, hire of transparencies, copyright fees etc.	2	—	2
Amounts repayable relating to hotel industry and tourist projects	—	—	—
The Royal Parks: fees and charges for licences, rents, sports charges, unclaimed lost property, sponsorship, receipts from concessionaires and for the private use of telephones.	7,405	—	7,405
The Royal Parks services	91	—	91
Payments by the BBC, ITC and Radio Authority to meet costs of the Broadcasting Standards Commission, and fees for self help TV transmission licences	—	—	—
Receipts from the Gaming Board of Great Britain	2,310	—	2,310
Fees for licences issued by Football Licensing Authority	9	—	9
National Lottery operator licence fees	265	—	265
Rent from English Heritage for Fortress House	—	863	863
Miscellaneous	—	3	3
<b>Total RfR1 Programme Income (Schedule 2)</b>	<b>14,483</b>	<b>866</b>	<b>15,349</b>
<b>Total RfR1 Administrative and Programme Income</b>	<b>16,634</b>	<b>866</b>	<b>17,500</b>
Excess A-in-A	(540)	—	(540)
<b>Total RfR1 Administrative and Programme Income</b>	<b>16,094</b>	<b>866</b>	<b>16,960</b>
RfR2 – BBC Licence fees receivable: Not Appropriated-in-Aid (Schedule 2)	—	2,502,111	2,502,111
<b>Total Income</b>	<b>16,094</b>	<b>2,502,977</b>	<b>2,519,071</b>

	Appropriated in Aid	2003–04 Payable to Consolidated Fund	Total
	£000	£000	£000
<b>Operating Income analysed by classification and activity, is as follows:</b>			
<b>RfR1 Administrative income:</b>			
EC Refunds	—	—	
Rental income from external tenants	1,917	—	1,917
NLDF – recovery of the Department’s costs in administering the fund	243	—	243
Miscellaneous	71	—	71
<b>Total RfR1 Administrative Income</b>	<b>2,231</b>	<b>—</b>	<b>2,231</b>
<b>RfR1 Programme income:</b>			
NLDF – Reimbursement of the Department’s Grant-in-Aid to the National Lottery Commission for regulation on the Lottery	3,765	—	3,765
Receipts by the Government Art Collection from sale of prints, hire of transparencies, copyright fees etc.	3	—	3
Amounts repayable relating to hotel industry and tourist projects	29	—	29
The Royal Parks: fees and charges for licences, rents, sports charges, unclaimed lost property, sponsorship, receipts from concessionaires and for the private use of telephones.	6,940	—	6,940
The Royal Parks services	80	—	80
Payments by the BBC, ITC and Radio Authority to meet costs of the Broadcasting Standards Commission, and fees for self help TV transmission licences	867	—	867
Receipts from the Gaming Board of Great Britain	2065	—	2065
Fees for licences issued by Football Licensing Authority	9	—	9
National Lottery operator licence fees	548	—	548
Rent from English Heritage for Fortress House	—	863	863
Miscellaneous	—	77	77
<b>Total RfR1 Programme Income (Schedule 2)</b>	<b>14,306</b>	<b>940</b>	<b>15,246</b>
<b>Total RfR1 Administrative and Programme Income</b>	<b>16,537</b>	<b>940</b>	<b>17,477</b>
Excess A-in-A	(2,597)	—	(2,597)
<b>Total RfR1 Administrative and Programme Income</b>	<b>13,940</b>	<b>940</b>	<b>14,880</b>
RfR2 – BBC Licence fees receivable: Not Appropriated-in-Aid	—	2,372,686	2,372,686
<b>Total Income</b>	<b>13,940</b>	<b>2,373,626</b>	<b>2,387,566</b>

Total Request for Resources 1 Income of £16,960k (£14,880k in 2003–04) consists of £2,151k (£2,231k in 2003–04) of Operating Income and £14,809k (£12,649k in 2003–04) of Programme Income.

Operating income not appropriated-in-aid (i.e. transferred to the Consolidated Fund) is analysed for resource budget purposes between that which is included in public expenditure and that which is not (see Note 8, page 42). In 2004–05, all operating income not classified as A in A was within public expenditure.

Under Section 180 and Schedule 18 of the Broadcasting Act 1990, the BBC is responsible for administering the collection of television licence fees, including the enforcement of the licensing system.

In 2004–05 an estimated £155 million of licence fee revenue (compared with £168.1 million for 2003–04) remained uncollected because of licence fee evasion, including hidden evasion, i.e. the use of a colour television when only a monochrome licence has been purchased. Evasion is calculated by estimating the number of households and other premises with a television, and comparing this to the number of licences in force.

Measures are being taken by the BBC to tackle evasion, so far as it considers them practical and cost effective.

*Non operating income not classified as A-in-A*

The Department received sale proceeds of £129k for the sale of fixed assets, (£262k in 2003–04).

## 7. Administration cost limits

The outturn within the administration costs control regime shown against individual administration cost limits is as follows:

	2004–05		2003–04	
	Outturn	Limits	Outturn	Limits
	£000	£000	£000	£000
Request for Resources 1	40,452	51,417	39,335	46,982
Total within administration cost control	—	—	—	—
Administration Expenditure excluded from the administration cost limit	—	—	—	—
Administration Income Allowable within the administration cost limit	—	—	—	—
<b>Total administration outturn</b>	<b>40,452</b>	<b>51,417</b>	<b>39,335</b>	<b>46,982</b>

The Admin Cost Limit for 2004–05 consisted of a gross limit of £53,577k less £2,160k of Appropriations-in-Aid. (The Appropriations-in-Aid consisted of £1,912k of rental income and £248k of other income). The Outturn against the limit included gross Admin expenditure of £42,603k less £2,151k of Appropriations-in-Aid.

## 8. Reconciliation of Net Operating Cost and Net Resource Outturn

	Note	2004–05	2003–04
		£000	£000
<b>Net Operating Cost</b>		<b>1,358,470</b>	<b>1,773,737</b>
Add: Operating income not classified A-in-A but within public expenditure	5&6	2,503,517	2,376,223
		3,861,987	4,149,960
<b>Net Resource Outturn</b>		<b>3,861,987</b>	<b>4,149,960</b>

Net operating cost is the total of expenditure and income appearing in the operating cost statement (Schedule 2). Net resource outturn is the total of those elements of expenditure and income that are subject to Parliamentary approval and included in the Department's Supply Estimate. The outturn against the Estimate is shown in the summary of resource outturn (Schedule 1).

## 9. Analysis of net resource outturn and net operating cost by function and reconciliation to Operating Cost Statement

	2004–05						Net total outturn compared with estimate
	Admin	Other Current	Grants	A-in-A	Net Total	Estimate	
	£000	£000	£000	£000	£000	£000	
<b>Request for Resources 1</b>							
<b>A. Museums, Galleries and Libraries</b>							
Government Indemnity Scheme		5			5	150	145
Annual Library Plans		237			237	250	13
Euclid		77			77	50	(27)
Capital of Culture		170			170	300	130
Museums reserve		11			11	404	393
European Museum Forum		2			2	0	(2)
<b>B. Arts</b>							
Government Art Collection		350			350	353	3
Government Art Collection (Receipts)				(2)	(2)	(2)	—
Other Arts Support		295			295	452	157
<b>C. Sports</b>							
National Playing Fields Association (Children's Play)		499			499	500	1
Other Sport Support		1,391			1,391	740	(651)
British Chess Federation			60		60	60	—
Talented Athletes (TASS)		39			39	200	161
Wembley			10,045		10,045	10,000	(45)
Volunteering (Step into Sport)			419		419	193	(226)
<b>D. Historic Buildings Monuments &amp; Sites</b>							
Public Buildings, Monuments & Statues		1,101			1,101	853	(248)
Chatham Historic Dockyard			300		300	300	—
World Cultural Convention			101		101	130	29
World Heritage Committee		16			16	15	(1)
Other Heritage Support		391			391	653	262
RNC Greenwich			1,500		1,500	1,500	—
<b>E. Listed Places of Worship</b>							
Grants to applicants			9,877		9,877	11,347	1,470
Listed Places of Worship Current		236			236	276	40
<b>F. The Royal Parks</b>							
		34,155		(7,496)	26,659	30,131	3,472
<b>G. Tourism</b>							
Tourism Strategy Fund		28			28	30	2
GLA Grant			1,900		1,900	1,900	—
<b>H. Broadcasting &amp; Media</b>							
Sianel Pedwar Cymru (S4C)		92,217			92,217	92,217	—
Grant to BBC for Met Office							
Weather Services		2,311			2,311	2,311	—
Other Film Support		789			789	821	32
Audio Visual Eureka			150		150	393	243
OFCOM, media Literacy and Community Radio		692			692	1,059	367
<b>I. Administration &amp; Research</b>							
Central Administration	42,603			(2,151)	40,452	51,417	10,965
Research and other services		1,768			1,768	2551	783
<b>J. National Lottery Commission</b>							
				(4,666)	(4,666)	(4,941)	(275)

2004–05 (cont'd)							
	Admin	Other	Grants	A-in-A	Net	Estimate	Net total
	£000	Current	£000	£000	Total	£000	outturn
		£000			£000		compared
							with
							estimate
							£000
<b>K. Gambling, Licensing and horseracing</b>							
Gaming Board for Great Britain				(2,310)	(2,310)	(1,985)	325
<b>L. Queen's Golden Jubilee</b>							
Golden Jubilee Grants		(4)			(4)	1	5
<b>M. Olympics</b>			6,458		6,458	4,700	(1,758)
<b>N. Regional Cultural Consortiums</b>			1,674		1,674	1,600	(74)
<b>O. Museums, Galleries and Libraries</b>							
British Museum			37,893		37,893	38,408	515
Natural History Museum			39,647		39,647	39,647	—
Imperial War Museum			17,491		17,491	17,491	—
National Gallery			21,257		21,257	21,227	(30)
National Maritime Museum			15,731		15,731	15,731	—
National Museums Liverpool			17,333		17,333	17,333	—
National Portrait Gallery			6,108		6,108	6,108	—
National Museum of Science and Industry			33,125		33,125	33,119	(6)
Royal Armouries			6,887		6,887	6,887	—
National Coal Mining Museum of England			2,670		2,670	2,405	(265)
Tate Gallery			29,881		29,881	29,881	—
Victoria and Albert Museum			36,189		36,189	36,170	(19)
Wallace Collection			2,594		2,594	2,574	(20)
Museum of Science and Industry in Manchester			3,509		3,509	3,509	—
Museum of London			6,506		6,506	6,506	—
Sir John Soane's Museum			794		794	984	190
Horniman Museum			3,659		3,659	3,659	—
Geffrye Museum			1,811		1,811	1,811	—
Tyne & Wear Museums			1,200		1,200	1,200	—
Design Museum			568		568	580	12
National Football Museum			100		100	100	—
People's History Museum			150		150	150	—
Strategic Commissioning			2,284		2,284	2,706	422
DCMS/Wolfson Museums & Galleries Improvement Fund			882		882	2,104	1,222
British Library			88,501		88,501	101,323	12,822
Public Lending Right			7,473		7,473	7,525	52
Museums Libraries & Archives Council			13,458		13,458	13,458	—
Libraries Strategy Fund			1,999		1,999	2,000	1
Regional Funds			21,000		21,000	21,000	—
Museums and galleries EYF			—		—	16,319	16,319
<b>P. Arts</b>							
Arts Council of England			369,859		369,859	378,355	8,496
<b>Q. Sports</b>							
Football Licensing Authority			1,125	(9)	1,116	1,380	264
United Kingdom Sports Council			23,500		23,500	28,610	5,110
Sport England			74,456		74,456	104,467	30,011



	2004–05 (cont'd)						Net total outturn compared with estimate
	Admin	Other Current	Grants	A-in-A	Net Total	Estimate	
	£000	£000	£000	£000	£000	£000	
<b>R. Historic Buildings, Monuments and Sites</b>							
Royal Household			15,557		15,557	15,557	—
English Heritage			127,901		127,901	128,906	1,005
Churches Conservation Trust			3,000		3,000	3,000	—
National Heritage Memorial Fund			5,000		5,000	5,000	—
Commission for Architecture and the Built Environment			4,027		4,027	4,030	3
<b>S. Tourism</b>							
VisitBritain			48,400		48,400	48,400	—
Regional Development Agencies			3,600		3,600	3,600	—
Tourism reserve			—		—	1,200	1,200
<b>T. Broadcasting and Media</b>							
The Film Council			24,910		24,910	29,410	4,500
The National Film and Television School			2,800		2,800	2,800	—
<b>U. National Lottery Commission</b>			4,293		4,293	4,942	649
<b>V. Gambling, Licensing and horseracing</b>							
Gaming Board for Great Britain			6,684		6,684	5,634	(1,050)
<b>W. Spaces for Sport &amp; Arts</b>							
Spaces for Sport & Arts			27,470		27,470	27,458	(12)
Pickett's Lock			113		113	1,850	1,737
<b>X. Culture Online</b>		853			853	2,160	1,307
Excess A-in-A				540	540	—	(540)
<b>Total RfR1</b>	<b>42,603</b>	<b>137,629</b>	<b>1,195,879</b>	<b>(16,094)</b>	<b>1,360,017</b>	<b>1,459,603</b>	<b>99,586</b>
<b>Request for Resources 2</b>							
<b>A. BBC — Home Broadcasting</b>	—	—	2,501,970	—	2,501,970	2,525,937	23,967
<b>Total RfR2</b>	<b>—</b>	<b>—</b>	<b>2,501,970</b>	<b>—</b>	<b>2,501,970</b>	<b>2,525,937</b>	<b>23,967</b>
<b>Resource outturn</b>	42,603	137,629	3,697,849	(16,094)	3,861,987	3,985,540	123,553
Non A-in-A operating income	—	—	(2,502,111)	(1,406)	(2,503,517)	(2,526,967)	(23,450)
<b>Net operating cost</b>	<b>42,603</b>	<b>137,629</b>	<b>1,195,738</b>	<b>(17,500)</b>	<b>1,358,470</b>	<b>1,458,573</b>	<b>100,103</b>

Functions (represented by letters A to X) represent the disaggregation of requests for resources for control purposes and parliamentary approval. They may not correspond to Departmental objectives, which in turn reflect a disaggregation of Departmental aims for the management of activities. (For analysis of A-in-A, see Note 6, pages 40–42).

The Resource Estimate groups the following functions:

Functions A to M – Spending in Departmental Expenditure Limits (DEL);

Functions O to W – Other Spending outside Departmental Expenditure Limits (DEL);

Function X – Spending in Departmental Expenditure Limits (DEL);



	2003–04						Net total outturn compared with estimate
	Admin	Other Current	Grants	A-in-A	Net Total	Estimate	
	£000	£000	£000	£000	£000	£000	
<b>Request for Resources 1</b>							
<b>A. Museums, Galleries and Libraries</b>							
Government Indemnity Scheme		84			84	150	66
Public Library Volunteering Scheme			—		—	134	134
Annual Library Plans		117			117	179	62
British Library ASLC		—			—	2,230	2,230
Public Lending Right ASLC		52			52	52	—
<b>B. Arts</b>							
Government Art Collection		316			316	351	35
Government Art Collection (Receipts)				(3)	(3)	—	3
Other Arts Support		330			330	490	160
<b>C. Sports</b>							
National Playing Fields Association (Children's Play)		500		(9)	491	502	11
Other Sport Support			379		379	400	21
British Chess Federation			60		60	60	—
Olympic Games			5,400		5,400	100	(5,300)
Wembley			40		40	150	110
Volunteering (Step into Sport)			3,669		3,669	4,729	1,060
Football Licensing Authority ASLC		—			—	104	104
<b>D. Historic Buildings Monuments &amp; Sites</b>							
Public Buildings, Monuments & Statues		1,787			1,787	1,285	(502)
Chatham Historic Dockyard			300		300	300	—
World Cultural Convention International Council on Monuments and Sites (ICOMOS)		41			41	38	(3)
World Heritage Committee		14			14	15	1
Other Heritage Support			514		514	311	(203)
English Heritage ASLC		—			—	1,327	1,327
<b>E. Listed Places of Worship</b>							
Listed Places of Worship Current			224		224	250	26
<b>F. The Royal Parks</b>		32,441		(7,020)	25,421	26,527	1,106
<b>G. Tourism</b>							
Tourism Strategy Fund and Capital of Culture		56			56	98	42
<b>H. Broadcasting &amp; Media</b>							
Sianel Pedwar Cymru (S4C)		85,217			85,217	85,217	—
Grant to BBC for Met Office							
Weather Services		3,081			3,081	3,081	—
Other Film Support		726			726	156	(570)
Audio Visual Eureka		192			192	393	201
Contributions to the costs of the Broadcasting Standards Commission				(867)	(867)	(1,062)	(195)
<b>I. Administration &amp; Research</b>							
Central Administration	41,566			(2,231)	39,335	46,982	7,647
Research and other services		2,193			2,193	2,526	333

	2003–04 (cont'd)						Net total outturn compared with estimate
	Admin	Other Current	Grants	A-in-A	Net Total	Estimate	
	£000	£000	£000	£000	£000	£000	
<b>J. National Lottery Commission</b>				(4,313)	(4,313)	(4,941)	(628)
<b>K. Culture Online</b>		778			778	2,938	2,160
<b>L. Gambling, Licensing and horseracing</b>							
Gaming Board for Great Britain				(2,065)	(2,065)	(1,835)	230
<b>M. Queen's Golden Jubilee</b>							
Golden Jubilee Grants		—			—	1	1
<b>N. The Royal Parks</b>		—				—	
<b>O. Administration &amp; Research</b>		—				—	
<b>P. Museums, Galleries and Libraries</b>							
British Museum			37,355		37,355	75,326	37,971
Natural History Museum			39,603		39,603	40,355	752
Imperial War Museum			16,541		16,541	16,541	—
National Gallery			20,449		20,449	22,452	2,003
National Maritime Museum			14,012		14,012	14,219	207
National Museums Liverpool			17,332		17,332	17,972	640
National Portrait Gallery			5,712		5,712	5,980	268
National Museum of Science and Industry			34,754		34,754	34,750	(4)
National Coal Mining Museum of England			2,410		2,410	2,408	(2)
Tate Gallery			30,282		30,282	34,405	4,123
Victoria and Albert Museum			34,839		34,839	36,603	1,764
Wallace Collection			3,013		3,013	3,013	—
Museum of Science and Industry in Manchester			3,299		3,299	3,299	—
Museum of London			6,574		6,574	6,574	—
Sir John Soane's Museum			1,049		1,049	1,249	200
Horniman Museum			3,281		3,281	3,281	—
Geffrye Museum			1,256		1,256	1,256	—
Royal Armouries			6,286		6,286	6,346	60
Museums Reserve			50		50	572	522
European Museum Forum			2		2	2	—
National Football Museum			100		100	100	—
People's History Museum			150		150	150	—
Tyne & Wear Museums			1,100		1,100	1,100	—
Design Museum			200		200	200	—
Strategic Commissioning			2,520		2,520	2,776	256
DCMS/Wolfson Museums & Galleries Improvement Fund			896		896	1,952	1,056
British Library			89,263		89,263	93,273	4,010
Public Lending Right			7,255		7,255	7,201	(54)
Museums Libraries & Archives Council			13,408		13,408	13,408	—
Libraries Strategy Fund			2,102		2,102	2,136	34
Regional Funds			12,408		12,408	12,408	—
<b>Q. Arts</b>							
Arts Council of England			325,955		325,955	346,047	20,092

	2003–04 (cont'd)						Net total outturn compared with estimate
	Admin	Other Current	Grants	A-in-A	Net Total	Estimate	
	£000	£000	£000	£000	£000	£000	
<b>R. Sports</b>							
Football Licensing Authority			1,125		1,125	1,125	—
United Kingdom Sports Council			23,175		23,175	27,525	4,350
Sport England			44,572		44,572	62,775	18,203
<b>S. Historic Buildings, Monuments and Sites</b>							
Royal Household			17,157		17,157	16,407	(750)
English Heritage			119,442		119,442	123,115	3,673
Churches Conservation Trust			3,000		3,000	3,000	—
National Heritage Memorial Fund			5,000		5,000	5,000	—
Commission for Architecture and the Built Environment			3,530		3,530	3,530	—
RNC Greenwich			2,700		2,700	3,000	300
<b>T. Listed Places of Worship (grant to applicants)</b>			8,653		8,653	—	(8,653)
<b>U. Tourism</b>							
VisitBritain			51,401	(29)	51,372	56,044	4,672
Regional Development Agencies			3,600		3,600	3,600	—
GLA Grant			1,900		1,900	1,900	—
<b>V. Broadcasting and Media</b>							
The Film Council			24,110		24,110	26,673	2,563
Broadcasting Standards Commission			1,905		1,905	2,046	141
The National Film and Television School			2,800		2,800	2,800	—
<b>W. National Lottery Commission</b>			4,226		4,226	4,942	716
<b>X. Spaces for Sport &amp; Arts</b>							
Spaces for Sport & Arts			40,850		40,850	68,118	27,268
Pickett's Lock			188		188	4,000	3,812
<b>Y. Gambling, Licensing and horseracing</b>			4,402		4,402	5,326	924
<b>Z. Museums, galleries and libraries superannuation.</b> (British Library and Sir John Soane's Museum).			317,300		317,300	317,394	94
<b>AA. Sports superannuation.</b> (Football Licensing Authority)			1,003		1,003	1,015	12
<b>AB. Historic buildings, monuments and sites superannuation.</b> (English Heritage and National Heritage Memorial Fund)			195,677		195,677	195,677	—
Excess A-in-A				2,597	2,597	—	(2,597)
<b>Total RfR1</b>	<b>41,566</b>	<b>127,925</b>	<b>1,621,882</b>	<b>(13,940)</b>	<b>1,777,433</b>	<b>1,915,728</b>	<b>138,295</b>
<b>Request for Resources 2</b>							
<b>A. BBC – Home Broadcasting</b>	—	—	2,372,527	—	2,372,527	2,399,099	26,572
<b>Total RfR2</b>	<b>—</b>	<b>—</b>	<b>2,372,527</b>	<b>—</b>	<b>2,372,527</b>	<b>2,399,099</b>	<b>26,572</b>
<b>Resource outturn</b>	41,566	127,925	3,994,409	(13,940)	4,149,960	4,314,827	164,867
Non A-in-A operating income	—	—	(2,372,686)	(3,537)	(2,376,223)	(2,400,095)	(23,872)
<b>Net operating cost</b>	<b>41,566</b>	<b>127,925</b>	<b>1,621,723</b>	<b>(17,477)</b>	<b>1,773,737</b>	<b>1,914,732</b>	<b>140,995</b>

Programme expenditure on Request for Resources 1 of £1,333,508k (£1,749,807k in 2003–04) comprises the total of Other Current and Grants.

The underspend of £138,295k in 2003–04 was in part incurred as a result of an error in compiling the Department's Estimate. In preparing the 2003–04 Winter Supplementary Estimate there was an increase to the DCMS's non voted Departmental Expenditure Limit (DEL), relating to End Year Flexibility for certain of the Department's sponsored bodies – this is explained in full in the Introduction, (paragraphs xiii–xxii), of the DCMS's Winter Supplementary Estimate (HC 15, dated November 2003). In addition, however, the grant in aid provision for these bodies was erroneously increased in the Supplementary Estimate, which in turn erroneously increased the Department's total net cash requirement. The cash was never in fact claimed. The error in respect of the DCMS's net cash requirement was identified and corrected in the Spring Supplementary Estimate – (see the Introduction to the DCMS's Spring Supplementary Estimate, HC 350 dated February 2004) – and explains the adjusting figure of £52,690k for 'departmental underspending on cash' in the 'Reconciliation of resources to cash requirement' in Schedule 1. The remaining underspend incurred on RfR1 in 2003–04 was therefore about £62 million, as opposed to £138 million.

The apparent overspend of £8.7 million on Listed Places of Worship was also an error in the Estimate, as the budget for this programme was scored as capital expenditure in the Estimate instead of resource expenditure. The Department therefore had provision for this expenditure in its 2003–04 net cash requirement, but not in its total resources.

In 2003–04 the Resource Estimate grouped the following functions:  
 Functions A to O — Spending in Departmental Expenditure Limits (DEL);  
 Functions P to Y — Other Spending outside Departmental Expenditure Limits (DEL);  
 Functions Z, AA & AB — Spending in Annually Managed Expenditure, (AME).

## 10. Analysis of capital expenditure, financial investment and associated A-in-A

	2004–05			
	Capital Expenditure	Loans etc	A-in-A	Net Total
	£000	£000	£000	£000
Request for Resources 1	10,605	(1,997)	(129)	8,497
Request for Resources 2	—	—	—	—
<b>Total</b>	<b>10,605</b>	<b>(1,997)</b>	<b>(129)</b>	<b>8,497</b>
	2003–04			
	Capital Expenditure	Loans etc	A-in-A	Net Total
	£000	£000	£000	£000
Request for Resources 1	7,212	—	(381)	6,831
Request for Resources 2	—	—	—	—
<b>Total</b>	<b>7,212</b>	<b>—</b>	<b>(381)</b>	<b>6,831</b>

There is a £1k rounding difference between the figure in this note for capital expenditure and those disclosed in Schedules 1 and 4 for fixed asset acquisitions/additions.

**11. Intangible Fixed Assets**

	Licences £000	Total £000
<b>Cost and Valuation at 1 April 2004</b>	1,026	1,026
Additions	270	270
Disposals	(1)	(1)
Revaluation	—	—
At 31 March 2005	1,295	1,295
<b>Amortisation</b>		
At 1 April 2004	868	868
Charged in year	148	148
Disposals	—	—
At 31 March 2005	1,106	1,106
NBV		
<b>At 31 March 2005</b>	<b>279</b>	<b>279</b>
<b>At 31 March 2004</b>	<b>158</b>	<b>158</b>

**12. Tangible Fixed Assets**

	Land & Buildings £000	Dwellings £000	Equipment & Computers £000	Fixtures & Fittings £000	Collections £000	Assets under Construction £000	Total £000
<b>Cost and Valuation at 1 April 2004</b>	75,200	4,263	5,188	8,625	715	3,917	97,908
Transfers from assets under construction	2,975	—	661	—	—	(3,636)	—
Additions	1,316	—	5,272	335	287	3,125	10,335
Disposals	(32)	—	(446)	(15)	—	—	(493)
Revaluation	684	402	4	70	—	—	1,160
At 31 March 2005	80,143	4,665	10,679	9,015	1,002	3,406	108,910
<b>Depreciation</b>							
At 1 April 2004	19,825	886	3,860	5,935	—	—	30,506
Charged in year	1,098	104	938	490	—	—	2,630
Disposals	—	—	(432)	(15)	—	—	(447)
Revaluations	6,617	116	3	38	—	—	6,774
At 31 March 2005	27,540	1,106	4,369	6,448	0	0	39,463
NBV							
<b>At 31 March 2005</b>	<b>52,603</b>	<b>3,559</b>	<b>6,310</b>	<b>2,567</b>	<b>1,002</b>	<b>3,406</b>	<b>69,447</b>
<b>At 31 March 2004</b>	<b>55,375</b>	<b>3,377</b>	<b>1,328</b>	<b>2,690</b>	<b>715</b>	<b>3,917</b>	<b>67,402</b>

The land to the north of the British Library St Pancras site was professionally re-valued at £18.98 million as at 31 March 2005 by Atisreal UK, in accordance with the RICS Appraisal and Valuation Manual. The land was valued at its open market value. The land had been valued previously by DTZ Debenham Tie Leung Limited at £18 million, as at 31 March 2002. There were further revaluations of this land carried out in the following years, using indices provided by HM Treasury, which valued the land at £27,669,421 as at 31 March 2004. However, the original DTZ valuation took no account of a planning block which exists on the site, relating to the building of the Channel Tunnel rail link. The planning block is due to expire in 2007–08, but would mean that a developer purchasing the site before 2007–08 would have to wait until the block was lifted before the site could be developed. The most recent valuation takes this delay into consideration, and accounts for the drop in value as at 31 March 2005 as compared with the value as at 31 March 2004. The figure of £1.16 million for revaluations includes £8.69 million for the devaluation of the land to the north of St. Pancras, £103k for the revaluation of Windsor properties and a revaluation of TRP assets of £9.7 million.

**12. Tangible Fixed Assets—continued**

The freeholds of three of the remaining eight properties in Windsor, held in the name of the Secretary of State, were sold during the period. The freeholds of the remaining five were revalued by the DCMS's Procurement and Property Services team, based on the value of the sales achieved during in 2004–05.

The net book value of land and buildings comprises:

	<u>2004–05</u>	<u>2003–04</u>
	£000	£000
Freehold	50,693	53,520
Leasehold – short	1,910	1,855
	<u>52,603</u>	<u>55,375</u>

The non-operational Heritage Assets held by the Department are valued at nil, for the reasons that: there is no market for assets of this type, that the market value would not be a true reflection of the value of the asset to the nation's heritage, or the asset, if lost, could not be replaced or reconstructed. Purchased additions to the Government Art Collection have been included at cost in the Department's asset register as from 1 April 2000. This is in accordance with the Resource Accounting Manual, which requires that where additions are made to collections, when the main collections existing at 31 March 2000 are not capitalised, purchase price information will normally provide a reliable basis for capitalisations.

Other non-operational Heritage Assets are:

**Apsley House:** this is valued at nil because the Department believes that any valuation of the property would not give a true reflection of its value to the nation's heritage, given that it houses the Wellington Museum and many other artefacts and memorabilia associated with the first Duke of Wellington when he lived there. Apsley House and its collection are a "set piece" and to place a value on only part of it would not be appropriate and would not give a true representation of the value of the whole. Maintenance of Apsley House is carried out under the auspices of the Department according to a five-year plan. As at 1 April 2004 the management and maintenance of Apsley House was passed to English Heritage;

**Wellington Arch and Marble Arch:** the management responsibility was transferred to English Heritage on 1 April 1999;

**Osborne House:** the management responsibility for the whole of the estate rests with English Heritage and is funded from English Heritage's grant-in-aid. The Department's interest in Osborne House ended with the closure of the former convalescent home run by the Civil Service Benevolent Fund, in October 2000;

**Trafalgar Square:** where management responsibility was transferred to the Greater London Authority on 1st October 2000;

**58 statues in London:** management responsibility for 47 statues was transferred to English Heritage on 1st April 1999; responsibility for 9 statues in Trafalgar Square was transferred to the Greater London Authority on 1st October 2000, leaving DCMS retaining responsibility for 2 statues.

In addition to the above, the legal title to the buildings at the Natural History Museum, the Science Museum and Imperial College were vested in the name of the Secretary of State for the Environment. Title of these buildings was passed to DCMS when the Civil Estate, managed by Property Holdings, was dispersed in 1996. Legal title to these buildings was passed to the Trustees of these institutions on 10 August 2001.

Blythe House is currently occupied by the British Museum, Science Museum and the Victoria and Albert Museum. The Freehold title is held in the name of the Secretary of State of the Environment, although ministerial responsibility for all museum estate issues has transferred to the Secretary of State for Culture, Media and Sport. Each of these institutions holds a share in this property, which has been professionally valued by Chesterton plc International Property Consultants at £21.8 million as at 31 March 2004. The combined valuation of Blythe House in the balance sheets of the three museums is £22.3 million as at 31 March 2005. In accordance with Financial Reporting Standard (FRS) 5 Reporting the substance of transactions, the share is disclosed in each of the balance sheets of the three occupying museums.

**12. Tangible Fixed Assets—continued**

The Department also has title of a small parcel of land which at one time was part of Kensington Palace Gardens, but is now part of the site occupied by the Royal Garden Hotel. The owners of the hotel are in negotiations with the Department to purchase the small parcel of land.

**13. Investments**

DCMS has Accounting Officer responsibility for the New Millennium Experience Company (NMEC) which is in voluntary solvent liquidation. There are two ordinary shares in NMEC (nominal value £1 each) which are held by Rt Hon Keith Hill MP, a Minister of State in the Office of the Deputy Prime Minister, in a personal capacity. It is expected that dissolution will take place as soon as some outstanding administrative matters have been concluded.

DCMS is a joint venture partner with the Greater London Authority (GLA) and the British Olympic Association (BOA) in London 2012 Ltd. London 2012 Ltd is a company limited by guarantee, incorporated to lead London's bid to host the 2012 Olympic Games. DCMS, the GLA and BOA are equal partners in the venture. London 2012 received grant funding from the DCMS and the London Development Agency (LDA) of up to a limit of £10 million each, with the first tranche of funding from DCMS being paid in 2004–05. London 2012 would be wound up post July 2005, regardless of whether the bid to host the Games is successful or not. In the event of a successful bid, new structures including the London Organising Committee of the Olympic Games will be created with the express purpose of organising the hosting of the Games. More information about London's successful bid to host the 2012 Olympic Games can be found on London 2012 Ltd's website, ([www.london2012.org](http://www.london2012.org)).

The Department and the LDA have a share in any net assets of the company remaining after wind-up. The results of London 2012 Ltd are summarised below, based on their annual report and accounts for the period from inception to 31 December 2004:

Net assets:	Nil
Income:	£17.9 million
Surplus/(deficit) after tax:	Nil

**14. Movements in working capital other than cash**

	2004–05	2003–04
	£000	£000
(Decrease) in debtors	(1,285)	(12,459)
Decrease/(Increase) in non-financing creditors	24,009	20,163
(Decrease) in Stock	—	(24)
	<b>22,724</b>	<b>7,680</b>
Adjustment: movements in amounts due to and from the Consolidated Fund	(16,143)	(21,060)
Adjustment: for Contingencies Fund advance	368	8
<b>Net decrease in working capital other than cash shown in the Cashflow statement (Schedule 4)</b>	<b>6,949</b>	<b>(13,372)</b>
Adjustment: movement within Other debtors that will be due to Consolidated Fund (movements in BBC monies)	—	11,975
<b>Net decrease in working capital other than cash shown in the Reconciliation of resource to cash requirement (Schedule 1)</b>	<b>6,949</b>	<b>(1,397)</b>



**15. Debtors**

	<u>2004–05</u>	<u>2003–04</u>
	£000	£000
Amounts falling due within one year:		
Trade debtors	2,447	2,208
Deposits and advances	119	134
VAT	1,473	2,362
Other debtors	1,495	2,456
Pre-payments and accrued income	2,468	2,127
	<u>8,002</u>	<u>9,287</u>

In accordance with the Resource Accounting Manual, the amount due to HM Customs and Excise for VAT on outputs is netted off the debtor for input VAT recoverable on contracted out services.

Also within Other debtors is an amount of £967k (£5,279k creditor in 2003–04) that relates to the amount that is payable to the Department by the BBC.

**16. Cash at Bank and in Hand**

	<u>2004–05</u>	<u>2003–04</u>
	£000	£000
Balance as at 1 April	50,076	59,155
Net Cash (outflow)/Inflow:	(16,139)	(9,079)
<b>Balance at 31 March</b>	<u>33,937</u>	<u>50,076</u>

The Office of HM Paymaster General (OPG) provides a current account banking service. The following balances are held at 31 March.

	<u>2004–05</u>	<u>2003–04</u>
	£000	£000
Balances at OPG	33,583	49,808
Commercial banks and cash in hand	354	268
	<u>33,937</u>	<u>50,076</u>

The balance at 31 March comprises:

	<u>2004–05</u>	<u>2003–04</u>
	£000	£000
Amounts issued from the Consolidation Fund for Supply but not spent at the year end	6,587	10,796
Consolidated Fund Extra Receipts received and due to be paid to the Consolidated Fund	27,353	39,287
Cash due in respect of advances from the Contingencies Fund	—	—
The Royal Parks overdraft	(3)	(7)
	<u>33,937</u>	<u>50,076</u>

The difference of £1k in the 2003–04 figure for 'Amounts issued from the Consolidated Fund for Supply and not spent at the year end' in this note and Note 25 (page 57) is due to a rounding error that would otherwise be introduced in the above table and in Note 16 in the make-up of the cash balance total and the 'Total of amounts due to the Consolidated Fund'.



**17. Creditors amounts falling due within one year**

	<u>2004–05</u>	<u>2003–04</u>
	£000	£000
VAT	—	—
Trade creditors	1,990	1,974
Other creditors	5,819	6,868
Accruals and deferred income	9,616	16,840
Provisions falling due within one year	31	8
Contingencies Fund advance	368	—
Amounts issued from the Consolidated Fund for Supply but not spent at the year end	6,587	10,796
CFERs received and receivable	<u>27,353</u>	<u>39,287</u>
Total of amounts due to the Consolidated Fund	<u>33,940</u>	<u>—</u>
	<b><u>51,764</u></b>	<b><u>75,773</u></b>

**18. Revaluation Reserve**

	<u>2004–05</u>	<u>2003–04</u>
	£000	£000
Balance at 1 April 2004	32,022	25,887
Arising on revaluation during the year	(5,614)	6,433
Transferred to General Reserve	(358)	(298)
<b>Balance at 31 March 2005</b>	<b><u>26,050</u></b>	<b><u>32,022</u></b>

The revaluation reserve reflects the unrealised element of the cumulative balance of indexation and revaluation adjustments.

**19. Donated Asset Reserve**

	<u>2004–05</u>	<u>2003–04</u>
	£000	£000
Balance at 1 April 2004	494	504
Arising on revaluation during the year	—	(10)
Additions in year	1,997	—
Depreciation charged in year	(11)	—
<b>Balance at 31 March 2005</b>	<b><u>2,480</u></b>	<b><u>494</u></b>

The additions in the year related to funding received from donations and from the Lottery towards a new pavilion in Regent's Park: a project which is being undertaken by TRP.

**20. Capital Commitments**

	<u>2004–05</u>	<u>2003–04</u>
	£000	£000
Contracted capital commitments at the balance sheet date for which no provision has been made:		
DCMS	3,388	1,350
TRP	1,048	393
	<b><u>4,436</u></b>	<b><u>1,743</u></b>

**21. Commitments under operating leases**

The Department was committed to making the following payments during the next year in respect of operating leases expiring:

	2004–05		2003–04	
	Land and Buildings £000	Other £000	Land and Buildings £000	Other £000
Within one year	—	—	—	—
Between two and five years	—	56	—	56
After five years	6,533	—	5,952	—
	<b>6,533</b>	<b>56</b>	<b>5,952</b>	<b>56</b>

TRP was committed to making the following payments during the next year in respect of operating leases expiring:

	2004–05		2003–04	
	Land and Buildings £000	Other £000	Land and Buildings £000	Other £000
Within one year	—	42	—	31
Between two and five years	—	37	—	186
After five years	—	—	—	—
	<b>—</b>	<b>79</b>	<b>—</b>	<b>217</b>

**22. Other financial commitments**

The DCMS has no other financial commitments to report.

**23. Contingent liabilities disclosed under FRS 12**

The Royal Parks has a number of outstanding claims for compensation for personal injury, the outcomes of which are uncertain.

## 24. Contingent liabilities not required to be disclosed under FRS 12 but included for Parliamentary reporting and accountability

### 24.1 Quantifiable

The Department has entered into the following quantifiable contingent liabilities by offering guarantees, indemnities or by giving letters of comfort. None of these is a contingent liability within the meaning of FRS 12, since the likelihood of a transfer of economic benefits in settlement is too remote.

	1 April 2004	Increase in year	Liabilities crystallised in year	Obligation expired in year	31 March 2005	Amount reported to Parliament by Departmental Minute
	£million	£million	£million	£million	£million	£million
<b>Guarantees</b>						
Borrowing facility for Historic Royal Palaces	4.0	—	—	—	4.0	4.0
<b>Indemnities</b>						
Government Indemnity Scheme	3,865.0	—	—	376.0	3,489.0	N/A
Artworks on loan to the Government Art Collection	5.0	—	—	0.8	4.2	N/A
Royal Parks sculpture	1.0	—	—	—	1.0	1.0
Artworks on loan from the Royal Collection	171.0	—	—	0.4	170.6	N/A
<b>Letters of comfort</b>						
Assurance of capital funding for the Greenwich Foundation	1.5	—	—	1.5	—	10.5

The Department reported £3,668.8m of contingent liabilities as at 31 March 2005 (£4,047.5m at 31 March 2004) in its annual return to HM Treasury relating to the bodies it sponsors. This included: statutory liabilities under the Government Indemnity Scheme of £3,489m (£3,865m at 31 March 2004) which indemnifies private lenders to museums, galleries and other institutions when mounting exhibitions or taking long-term loans for either study or display; non-statutory liabilities for indemnities granted in respect of works of art on loan from the Royal Collection of £170.6m (£171m at 31 March 2004); £4.2m for items on loan to the Government Art Collection (£5m at 31 March 2004). The rise and fall in liabilities in these indemnity schemes is driven by the number and value of the works of art on loan, which changes from year to year. There is also indemnity cover of £1m for a sculpture in one of the royal parks (£1m at 31 March 2004).

Also included in the above total, the Department reported an assurance to fund: the Greenwich Foundation (Royal Naval College) for the 7 years 1998–99 to 2004–05. The liability expired at the end of 2004–05.

### 24.2 Unquantifiable

The Department 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 FRS 12, since the likelihood of a transfer of economic benefits in settlement is too remote.

#### *Non-statutory*

Unquantifiable level of compensation to be paid in the event that a temporary right of way in Bushy Park is revoked.

Deed of indemnity between Royal Armouries and British Waterways Board relating to the condition of the site of the new Royal Armouries Museum in Leeds.

DCMS with Sport England granted indemnity to the bank acting as Security Trustees for the English National Stadium project.

Liabilities arising out of a successful bid for London to host the 2012 Olympic Games.

**25. Reconciliation of Net Operating Cost to Change in General Fund**

	2004–05	2003–04
	£000	£000
<b>Net Operating Cost for the year (see Schedule 2)</b>	(1,358,470)	(1,773,737)
Income not Appropriated-in-Aid paid and payable to Consolidation Fund – current year	(2,503,518)	(2,376,342)
Income not Appropriated-in-Aid paid and payable to Consolidation Fund – prior year	—	—
	<b>(3,861,988)</b>	<b>(4,150,079)</b>
Net Parliamentary Funding	3,868,300	4,131,800
Deemed Supply	10,797	29,735
Transfers from Revaluation Reserve	358	298
Non cash charges:		
Early Retirement Costs	14	17
Cost of Capital	1,741	1,797
Auditors remuneration	102	100
Non Cash Additions	—	364
Consolidated Fund creditor for cash unspent — current year	(6,587)	(10,797)
<b>Net increase/(decrease) in General Fund</b>	<b>12,737</b>	<b>3,235</b>
General Fund at 1 April 2004	18,634	15,399
<b>General Fund at 31 March 2005</b>	<b>31,371</b>	<b>18,634</b>

**26. Analysis of net operating cost by spending body**

This note analyses funding by the Department to the relevant spending body:

	2004–05		2003–04	
	Budget	Outturn	Budget	Outturn
	£000	£000	£000	£000
Core Department	53,968	42,220	49,508	41,528
The Royal Parks	30,131	26,659	26,527	25,421
NDPBs and other sponsored bodies	1,375,504	1,289,732	1,839,817	1,706,947
BBC	(141)	(141)	(124)	(159)
	<b>1,459,462</b>	<b>1,358,470</b>	<b>1,915,728</b>	<b>1,773,737</b>

Core Department budget and outturn figures include expenditure on 'Central Administration' and 'Research and other services'. The 2003–04 outturn figures have been re-stated to reflect this. The Welsh Channel Four Authority (S4C) has been included within Non-Departmental Public Bodies.

**27. Related Party Transactions**

The Department for Culture, Media and Sport is the parent Department of The Royal Parks. In addition it sponsors the institutions set out in Note 9 (pages 43–49), and is responsible for the following Lottery funded bodies that are regarded as related parties, some of which are also exchequer funded:

- National Heritage Memorial Fund (Heritage Lottery Fund)
- Community Fund (previously the National Lottery Charities Board, and now part of the Big Lottery Fund)
- New Opportunities Fund (amalgamated with the Community Fund to form the Big Lottery Fund)
- The Millennium Commission
- New Millennium Experience Company Ltd
- Sport England
- UK Sport
- Arts Council of England
- National Endowment for Science Technology and the Arts
- Film Council

During the year the Department had no material transactions with the following self financing Public Corporation that is also regarded as a related party because of the Secretary of State's right to appoint board members:

Channel Four Television Corporation

The following non-executive advisory NDPBs and Committees are regarded as related parties:

Advisory Committee on Historic Wreck Sites  
 Treasure Valuation Committee  
 Spoliation Advisory Panel  
 Advisory Committee on the Government Art Collection  
 Reviewing Committee on the Export of Works of Art  
 Advisory Committee for the Public Lending Right  
 Advisory Council on Libraries  
 Theatres Trust

These bodies' activities are wholly funded through the Department's administration costs, except the Theatres trust which is funded by English Heritage.

The Royal Parks Foundation, a registered charity established by The Royal Parks (TRP) to support the work of TRP, is regarded as a related party.

The following limited companies are regarded as related parties:

N4T Ltd (EnglandNet)  
 London 2012 Ltd

None of the board members, key managerial staff or other related parties has undertaken any material transactions with the Department for Culture, Media and Sport during the year.

The Royal Parks maintains a Register of Interests for the Advisory Board and Non-Executive Directors of the Management Board, which is made available on request.

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## 28. Losses and special payments

Losses Statement	£000
Total of 30 cases	1,087
<b>Details of cases over £100k</b>	—
<b>Claims waived or abandoned</b>	
Write-off of bad debt relating to VAT on rental income	361
Theft of works of art in Buenos Aires	240
Write-off of cost of urgent works to Ditherington Flax Mill	195

**29. Notes to Schedule 5**

Programme grants, i.e. other current, capital and current grants, have been allocated as follows:

	<u>2004–05</u>	<u>2003–04</u>
	£000	£000
Objective I	1,134,995	1,476,862
Objective II	31,387	24,212
Objective III	167,126	248,733
	<u>1,333,508</u>	<u>1,749,807</u>

The Department's NDPBs were responsible for attributing the Grant-in-Aid received from the Department by departmental objectives. The Department issued guidance for this purpose. The analysis was subject to review by each body's Internal Auditors, and by the Head of the sponsoring division within DCMS.

In order for many of the NDPBs to apportion the monies fairly it was necessary for them to make certain assumptions on their interpretation of the DCMS objectives. If NDPBs had made different assumptions then a different allocation could have been made. It is possible that there could be inconsistencies in allocations made by different NDPBs. The Department feels that these possible inconsistencies are immaterial.

Sponsor divisions were required to attribute "other programme" expenditure by objective.

Administration costs were allocated to objectives in the same proportions as the allocations to programme expenditure.

Capital employed by Departmental Aims and Objectives

	<u>2004–05</u>	<u>2003–04</u>
	£000	£000
Objective I	57,025	48,288
Objective II	885	482
Objective III	1,991	2,380
	<u>59,901</u>	<u>51,150</u>

The majority of DCMS's capital is employed for administration purposes, with the exception of £3 million of programme capital employed by the Culture Online (COL) programme and the capital employed by The Royal Parks, both of which are used for the delivery of Objective I. Capital employed by The Royal Parks and COL has therefore been allocated to Objective I, and the remainder of the DCMS's capital employed has been allocated in proportion to gross administration cost. The figures for 2003–04 have been re-stated to take account of the COL capital employed.

**30. Financial Instruments**

FRS 13, *Derivatives and Other Financial Instruments*, requires disclosure of the role which financial instruments have had during the period in creating or changing the risks the entity faces in undertaking its activities. Because DCMS's activities are predominantly non-trading, and because of the way in which government departments are financed, DCMS is not exposed to the degree of financial risk faced by business entities. Financial instruments play an extremely limited role in creating or changing the risk than would be typical of the listed companies to which the FRS applies. DCMS has very limited powers to borrow or invest surplus funds, financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the department in undertaking its activities.

As permitted by FRS 13, these accounts include no currency profile as the DCMS and its Agency have no material debtors or creditors maturing or becoming payable twelve months from the balance sheet date.

The Department is financed by resources voted annually by Parliament and it is therefore not exposed to significant liquidity risks.

**30. Financial Instruments—(continued)**

The Department has no finance leases or loans. It holds no cash balances other than balances held in the MASS account (a commercial bank account operated by TRP as part of its income generating operations) and petty cash. Its financial assets and liabilities carry either nil or fixed rates of interest, and DCMS is not therefore exposed to significant interest-rate risk.

The Department has minimal dealings in foreign currency and any debtors or creditors arising from foreign currency transactions are short-term. In this respect the department is not subject to currency fluctuation risk.

**31. Entities within the departmental boundary**

Those entities included in the departmental boundary are listed in Note 1.2 (page 30). The annual reports and accounts of The Royal Parks are published separately.

**32. Intra-government balances**

	Debtors: amounts falling due within one year	Debtors: amounts falling due after more than one year	Creditors: amounts falling due within one year	Creditors: amounts falling due after more than one year
	£000	£000	£000	£000
Balances with other central government bodies	2,846	—	38,505	—
Balances with local authorities	535	—	2,153	—
Balances with NHS Trusts	—	—	—	—
Balances with public corporations and trading funds	967	—	60	—
Balances with bodies external to government	3,654	—	11,046	—
<b>At 31 March 2005</b>	<b>8,002</b>	<b>—</b>	<b>51,764</b>	<b>—</b>
Balances with other central government bodies	4,307	—	55,633	—
Balances with local authorities	23	—	6,119	—
Balances with NHS Trusts	—	—	—	—
Balances with public corporations and trading funds	338	—	5,279	—
Balances with bodies external to government	4,619	—	8,742	—
<b>At 31 March 2004</b>	<b>9,287</b>	<b>—</b>	<b>75,773</b>	<b>—</b>

Intra-government balances are defined as balances between the department and other bodies within the accounting boundary set for the whole of government accounts (WGA). This note provides analysis of debtor and creditor balances between the Department and other government bodies.

### 33. Post balance sheet events

Since 31 March 2005, the following notable events have occurred:

#### *Changes to the DCMS Ministerial Team*

Subsequent to the General Election in May 2005 there was a change in the Ministerial Team within the Department. The Rt Hon Estelle Morris MP, (*Minister for the Arts*) and the Rt Hon Lord McIntosh of Haringey (*Minister for Media and Heritage*) left the Department and in their place David Lammy MP and James Purnell MP were appointed, David Lammy became Minister for Culture and James Purnell became Minister for Creative Industries and Tourism.

#### *Machinery of Government changes*

There have been a number of minor Machinery of Government changes following the May General Election, some of which affect the DCMS. As a result of these changes, DCMS has now assumed responsibility for fashion design and the arts market, previously the responsibility of the DTI. New arrangements are also being made for the DCMS to sponsor jointly with the DTI the Design Council, advertising, computer games and publishing.

#### *Olympic Bid*

The International Olympic Committee announced the winner of the bids to host the 2012 Olympic and Paralympic Games on 6 July 2005. Bids had been submitted from Paris, Madrid, New York, Moscow and London. The bid to host the 2012 Games was awarded to London. Following the International Olympic Committee's decision to award the Games to London, work is now underway to put the necessary structures for delivering the Games in place. The London Olympics Bill was introduced in the House of Commons on 14 July 2005 and contains provisions for the establishment of the Olympic Delivery Authority. Work is also proceeding on the establishment of the Olympic Lottery Distributor. The London Organising Committee of the Olympic Games (LOCOG) has been established. The bid company, London 2012 Ltd, will now be wound up.

#### *Commencement of Spending Review 2004 (SR04)*

Spending Review 2004 (SR04) commenced on 1 April 2005, for the period 2005–06 to 2007–08. The Department's objectives and priorities for SR04 are explained in the SR04 Departmental Investment Strategy, which can be viewed on the DCMS website.











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