

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

## **Resource Accounts 2009-10**

**(For the year ended 31 March 2010)**

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**(For the year ended 31 March 2010)**

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## ANNUAL REPORT

### MANAGEMENT COMMENTARY 2009-10

#### DCMS RESPONSIBILITIES

The Department for Culture, Media and Sport (DCMS) is responsible for Government policy on the arts, sport, the National Lottery, tourism, libraries, museums and galleries, broadcasting, creative industries, press freedom and regulation, licensing, gambling and the historic environment. We are also the lead Department for the 2012 Olympic Games and Paralympic Games.

We are responsible for the listing of historic buildings and scheduling of ancient monuments, the export licensing of cultural goods, the management of the Government Art Collection and The Royal Parks. The Department also has a number of ceremonial duties, including co-ordinating aspects of State Visits and the Annual Service of National Remembrance at the Cenotaph.

We are responsible for providing humanitarian assistance to those affected by major emergencies or terrorist attacks.

We work jointly with the Department for Business, Innovation and Skills (BIS) on digital switchover, design issues (including sponsorship of the Design Council) and on relations with the computer games and publishing industries. We share responsibility for policy on children's play with the Department for Children, Schools and Families (DCSF). We also work jointly with the Department for Communities and Local Government (CLG) on Government policy for architecture and together sponsor the Commission for Architecture and the Built Environment (CABE).

DCMS is responsible for over 50 arm's length bodies that help deliver our strategic aims and objectives. In most cases these bodies lead frontline delivery of culture, media and sport or physical activity.

#### *Departmental aim and objectives*

Our mission is to realise the nation's creative and sporting potential and our goals are to offer world class culture, media and sport, to unlock talent and to improve well-being.

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

Each department agreed with HM Treasury a set of Departmental Strategic Objectives to cover its key priorities over the 2008-11 Spending Review period. These applied during the year ended 2009-10 and are reported upon in the Performance table annexed to but not part of these Resource Accounts.

#### BASIS OF PREPARATION OF THE RESOURCE ACCOUNTS

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. This covers the Department's own administration costs and the Grant-in-Aid allocated to our sponsored bodies grants given to other bodies and their associated costs.

##### **Request for Resources 2 (RfR2)**

Broadening access to a rich and varied cultural and sporting life through broadcasting and other services and activities. This covers the funds allocated to the BBC from the licence fee receipts collected by the TV Licensing Authority.

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

These Consolidated Resource Accounts present the results for 2009-10 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.

The annual report and financial statements of the Department's agency, The Royal Parks, which are consolidated within these accounts, are published separately as a House of Commons Paper and copies are available from the Stationery Office or may be viewed at [www.royalparks.gov.uk](http://www.royalparks.gov.uk)

**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 £54.5m (£52.8m 2008-09) on its administration costs, which also support eleven Advisory NDPBs and a Tribunal. DCMS provides £2,595m (£2,623m in 2008-09) of Grant-in-Aid and other funding for The Royal Parks and DCMS's sponsored bodies, which support and implement Government policy in their particular fields. DCMS also supports the BBC through its RfR2 grants.

**Body**

The Royal Parks (TRP)

**Principal activities**

TRP is responsible for managing eight Royal Parks: St James's, Green, Hyde, Regent's (with Primrose Hill), Greenwich, Richmond, Bushy, and Kensington Gardens; and also Brompton Cemetery, Victoria Tower Gardens, and Grosvenor Square Gardens. TRP is also responsible for maintaining nos. 10, 11, and 12 Downing Street gardens, Canning Green, St Margaret's Church Green, Poet's Green and the Longford River (except for the stretch in Hampton Court Park).

***Entities excluded from the Resource Accounts***

The public sector bodies that are outside the departmental accounting boundary, and for which DCMS had lead policy responsibility during the year ended 31 March 2010, are listed below together with their status. These bodies publish their own annual reports and accounts. The majority of them receive grants from the Department and more detail can be found in Note 14 to the Resource Accounts.

***Public Corporations***

Channel 4 Television Corporation

Historic Royal Palaces

Horserace Totalisator Board (Tote)

Office of Communications, Ofcom (shared with the Department for Business, Innovation and Skills)

***Public Broadcasting Authorities***

British Broadcasting Corporation

Sianel Pedwar Cymru

***Executive Non-Departmental Public Bodies (NDPBs)***

NDPBs are grouped in the following way:

**Museums and Galleries**

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

**Libraries**

British Library  
Museums, Libraries & Archives Council  
Public Lending Right

**Arts**

Arts Council of England

**Architecture and the Historic Environment**

Commission for Architecture and the Built Environment  
English Heritage  
National Heritage Memorial Fund (including the Heritage Lottery Fund)

**Tourism**

VisitBritain

**Creative industries**

Design Council (shared with the Department for Business, Innovation and Skills)  
UK Film Council

**Sports**

Football Licensing Authority  
Sport England  
UK Sport  
United Kingdom Anti-Doping Limited

**Olympics**

Olympic Delivery Authority  
Olympic Lottery Distributor

**Gambling and national lottery licensing**

Big Lottery Fund  
Gambling Commission  
Horserace Betting Levy Board  
National Lottery Commission

***Other DCMS bodies***

The following bodies receive a grant from DCMS:

Chatham Historic Dockyard  
Design Museum  
Greenwich Foundation for the Old Royal Naval College  
National Coal Mining Museum  
National Film and Television School  
National Football Museum  
People's History Museum  
Tyne and Wear Museums

The following bodies draw down grant-in-aid, similar to Executive NDPBs:

Churches Conservation Trust  
Royal Household

The Department supports a number of other bodies through grants from its programme budget.

***THE LONDON 2012 OLYMPIC AND PARALYMPIC GAMES*****Olympics**

On 6 July 2005 the International Olympic Committee announced that London would be the host city for the 2012 Olympic Games and Paralympic Games.

Delivery of the permanent venues and infrastructure for the Games is the responsibility of the Olympic Delivery Authority (ODA). The staging of the Games is the responsibility of the London Organising Committee of the Olympic and Paralympic Games (LOCOG). The Government Olympic Executive (GOE) is a directorate of the Department for Culture, Media and Sport, and it acts as client for the Games on behalf of central Government, reporting to the Minister for the Olympics and acting as sponsor to the ODA. The GOE has strategic responsibility for the Games to ensure successful delivery across the whole Games programme and undertake all such work as may be required by Government. This includes areas such as funding, liaison with the Home Office who lead on security matters and, importantly, co-ordination on the legacy for London and the UK, that the Games is planned to deliver.

In addition to the Olympic Delivery Authority and the Olympic Lottery Distributor, the Department also oversees the London Organising Committee of the Olympic Games (LOCOG) – this is a company limited by guarantee set up for the purposes of delivering the Olympic and Paralympic Games. It was established by a joint venture agreement between the Secretary of State for Culture, Media and Sport, the Mayor of London and the British Olympic Association. It is not funded by the Department.

LOCOG's budget of about £2 billion is funded almost entirely from private sources such as domestic sponsorship, contributions from the IOC, ticket receipts and merchandise sales. Under the Host City Contract, the UK Government contributes towards the cost of the Paralympic Games.



Expenditure on land acquisition and remediation by the London Delivery Agency (LDA) is accounted for in their accounts, and is not accounted for as Olympic expenditure. The LDA is accountable to the Mayor of London and the Greater London Authority.

The Government has given guarantees to the International Olympic Committee that it will act as the ultimate financial guarantor should there be a shortfall between Olympic costs and revenues, including any shortfall in LOCOG's budget.

The Olympic Park Legacy Company Limited was incorporated on 8 May 2009 as a not-for-profit company limited by guarantee. Its purpose is to plan, develop and maintain the Olympic Park and those facilities it will own after the London 2012 Games. The Government members of the Board at 31 March 2010 were the Secretary of State for Communities and Local Government and the Minister for the Olympics.

### Lottery

The Department is responsible for the operation of the National Lottery Distribution Fund (NLDF) and the Olympic Lottery Distribution Fund (OLDF), both are separately accounted for and are not consolidated in these accounts.

The DCMS is also accountable for the Lottery Funds given to the Lottery Distributing Bodies, some of which are NDPBs falling within the responsibility of DCMS. For 2009-10 the total amount payable by the Lottery Distributors was £1.69bn, including the transfers to the OLDF of £292m, (2008-09 £1.5bn, including £73m to OLDF). The Olympic Lottery Distributor received £87m, plus the £292m transfer from NLDF, and paid out £379.2m to the Olympic Delivery Authority (received £139m plus £73m from NLDF, and paid out £126m in 2008-09). The annual financial statements of the NLDF and the OLDF are published and available from TSO or via [http://www.culture.gov.uk/reference\\_library/publications/default.aspx](http://www.culture.gov.uk/reference_library/publications/default.aspx)

### FINANCIAL COMMENTARY

The Department underspent its Estimate by £115m (2.3%) in 2009-10. This compares with an £80m underspend in 2008-09. The main reasons for the variance from Estimate were:

- The BBC received £43m less than planned. This is because actual licence fee revenue was lower than estimated at the start of the year.
- The Olympic Delivery Authority spent £116m less than planned, of which £54m was attributable to DCMS and the remainder to other government departments. The variance between forecast and actual spend reflects savings achieved on infrastructure works (such as Structures, Bridges and Highways, and Enabling Works), logistics, transport and security offset by additional spend on the Village (now publicly funded), together with planned changes to the delivery programme. The construction programme remains on time and on budget.
- A net underspend across a range of other bodies made up the remaining £18m variance, which is around 1.0% of the total Estimate; a large proportion of this related to the MLA cash flow issues which are summarised in the Statement on Internal Control.

### Reconciling Treasury control totals

The following table reconciles DCMS expenditure as reported in these accounts to the Estimates presented to Parliament, and the Budgets as agreed with Treasury. With the introduction of the Clear Line of Sight (CLOS) initiative in 2011-12 this reconciliation will not be needed as the three reporting regimes will be more closely aligned. This will then create a more transparent reporting system with a single set of rules and numbers.

**Reconciliation of resource expenditure between Estimates, Accounts and Budgets**

	<b>2009-10</b>	<b>2008-09</b>
	<b>£000</b>	<b>£000</b>
<b>Net Resource Outturn (Estimates)</b>	<b>4,924,817</b>	<b>5,194,213</b>
<i>Adjustments to remove:</i>		
Provision voted for earlier years	–	–
<i>Adjustments to additionally include:</i>		
Non-voted expenditure in the OCS	–	–
Consolidated Fund Extra Receipts in the OCS	(3,021,233)	(3,060,537)
Other adjustments	–	80,227
<b>Net Operating Cost (Accounts)</b>	<b>1,903,584</b>	<b>2,213,903</b>
<i>Adjustments to remove:</i>		
Capital grants to local authorities	(978)	(14,499)
Capital grants financed from the Capital Modernisation Fund	–	–
European Union income and related adjustments	–	–
Voted expenditure outside the budget	(3,021,099)	(2,961,020)
<i>Adjustments to additionally include:</i>		
Other Consolidated Fund Extra Receipts	3,015,419	2,976,151
Resource consumption of non departmental public bodies	2,348,885	2,320,494
Unallocated resource provision	–	–
Other adjustments	844,322	894,743
<b>Resource Budget Outturn (Budget)</b>	<b>5,090,133</b>	<b>5,429,772</b>
<i>of which</i>		
Departmental Expenditure Limits (DEL)	1,224,712	1,626,110
Annually Managed Expenditure (AME)	3,865,421	3,803,662

The analysis of resource budget outturn is based on provisional data from public bodies provided for the Public Expenditure Outturn White Paper.

The Net Operating Cost shown above for 2008-09 is not consistent with the Operating Cost statement in the Resource Account as it has not been restated for the introduction of IFRS.

**Future Financing**

The Department's expenditure limits for the current Spending Review period (2008-09 to 2010-11) are at <http://www.culture.gov.uk>. In June 2010 the 2010-11 budget was reduced by 4% (£88m). We have taken swift actions to reduce costs across all parts of the Department and our NDPBs, and are considering especially how to reduce administrative costs and so minimise any impact on the delivery of frontline services within the new spending limits. More details that contribute in part towards that (and mainly to future year savings) are given in the later section on "Important Events which have occurred after the year end".

The June 2010 Budget gave details of the next Spending Review. The Chancellor explained that, with the exception of just two protected budgets - health and international development, all other departmental spending needed to reduce on average by 25% in real terms (after inflation) over the four years of the Spending Review for 2011-12 to 2014-15. Along with other departments, DCMS will receive confirmation of its individual funding settlement for future years in October 2010. The Government's plans for the Spending Review also call for administrative spending across Government, which includes our own departmental costs, to fall by at least a third over the Spending Review.

Central Government Main Supply Estimates were published in June 2010 and are at: <http://www.hm-treasury.gov.uk>

### ***Investment Management Strategy***

The Department has an Investment Committee which is focused on planning, approving and monitoring the Department's capital spend, excluding that related to the Olympics which has separate procedures embedded in the Government Olympic Executive.

Its specific responsibilities include scrutiny of all programmes where the investment costs exceed £3 million. Individual projects within such programmes (or stand-alone projects) that exceed £3 million require independent DCMS Investment Committee consideration.

It approves the transmission to HM Treasury of all business cases that need their formal approval (projects with a total cost over £5 million) and expresses views on each such business case.

It is chaired by the Director of Finance.

### ***Policy on payment of suppliers***

The Department has signed up to the Prompt 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 2009-10 financial year showed that 99.0% of invoices (not in dispute) were paid within contract terms or 30 days (98.6% in 2008-09).

In October 2008 the Prime Minister set a target that central government departments should pay all commercial invoices within 10 working days. DCMS payment performance for 2009-10 on this basis was 92.8%.

The 2010 March Budget announcement that Government Departments have been set an even more challenging payment processing of paying 80% of bills within 5 working days. Reporting against this target started in May 2010.

### ***Policy on cost allocation***

The Department has complied with the cost allocation and charging requirements set out in HM Treasury and Office of Public Sector Information guidance.

### ***Consultancy, publicity and advertising***

Consultancy spend for 2009-10 was £1.5m against a budget of £1.4m, predominantly linked to the Olympics. The increase in expenditure from 2008-09 (£1.2m) also reflects necessary work being undertaken in connection with the 2012 Olympic Games.

Publicity and advertising spend has fallen from £0.7m in 2008-09 to £0.5m in 2009-10.

### ***Pension liabilities***

Details of pension liabilities are in the Remuneration Report and Note 10 to the accounts.

Statement on the transition to international financial reporting

The Chancellor announced in his 2007 Budget that, from 2008-09, the accounts of central government departments and entities in the wider public sector will be produced using International Financial Reporting Standards (IFRS), as interpreted for the public sector. A letter from the Treasury later postponed this until 2009-10. A subsequent letter in April 2008 set out trigger points for the move to IFRS. Some of the key dates were:

- Restate 31 March 2008 balances on IFRS basis and submit to the NAO by 30 September 2008;

- Complete 2008-09 shadow accounts on IFRS basis by 10 September 2009; and,
- Lay 2009-10 resource accounts before Parliament on an IFRS basis by 20 July 2010.

The Department established a working group to consider the implications of a change to IFRS, including an evaluation of the likely areas of impact on financial statements. Key stakeholders were consulted, including representatives from Internal Audit and The Royal Parks, who sat on the working group. The Audit Committee's opinion was sought on the approach taken and the National Audit Office was separately consulted.

The Department exceeded the requirement set out by the Treasury and completed a full set of resource accounts on an IFRS basis by 30 September 2008. Shadow accounts for 2008-09 were also prepared on an IFRS basis and audited by the NAO.

This is the first set of the DCMS accounts to be published under International Financial Reporting Standards (IFRS). The impact of IFRS accounts is to improve transparency (presentational issues), as well as to introduce some technical accounting changes to assets, liabilities and provisions. They also brought in some cost and income recognition rule amendments.

## GOVERNANCE AND RESOURCES

### Ministers

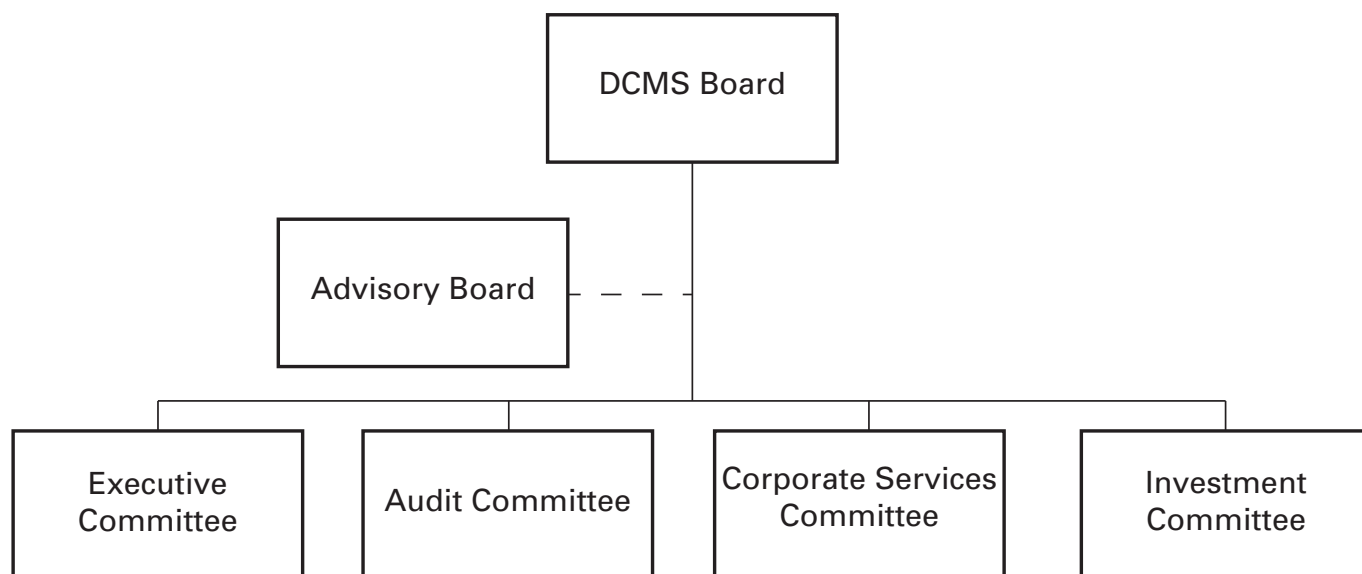
The Ministers who had responsibility for the Department during the year were:

Rt Hon Andy Burnham MP	Secretary of State (to June 2009)
Rt Hon Ben Bradshaw MP	Secretary of State (from June 2009)
Rt Hon Margaret Hodge MBE MP	Minister of State for Culture, Creative Industries and Tourism (from September 2009)
Gerry Sutcliffe MP	Parliamentary Under Secretary of State for Sport
Siôn Simon MP	Parliamentary Under-Secretary of State for Creative Industries (from July 2009 to February 2010)
Barbara Follett MP	Parliamentary Under Secretary of State (to September 2009)
Lord Stephen Carter	Parliamentary Under-Secretary of State (to July 2009)

During the year, the Rt Hon Tessa Jowell MP was the dedicated Minister for the Olympics and Paymaster General, reporting directly to the Prime Minister. The Government Olympic Executive, a directorate of the Department, reported to her in her capacity as the Minister for the Olympics, through the Permanent Secretary.

**DCMS Governance**

The Department's governance structure consists of the Board, and a number of committees:



**1. The DCMS Board** – which supports the Permanent Secretary in his role as Accounting Officer, and in setting the strategic direction for the Department. The Board monitors the delivery of Ministerial priorities and internal performance targets, and ensures that the Department is efficient, effective and provides value for money. The Board meets 10 times a year.

**2. The Executive Committee** – which is responsible for the operational management and scrutiny of the Department's sectors and projects, including Departmental resource allocation. The Executive Committee ('ExCom') comprises the Permanent Secretary (who chairs it), the two Directors General, 11 Directors, the Principal Private Secretary, the Head of HR, Head of Finance and the Chief Executive of The Royal Parks. ExCom meets fortnightly.

**3. The Audit Committee** – which comprises two non-Executive Directors (one of whom chairs it), and five independent non-executive members. It is attended by key members of the Finance team, and external and internal audit representatives. The Audit Committee supports the Board in its responsibilities for risk, control and governance, and reports to the Board after each meeting. The Audit Committee meets quarterly.

**4. The Advisory Board** – which draws on external expertise from NDPB Chief Executives, and advises on the Department's strategic direction and cross-cutting issues. It provides independent input, advice and collective challenge to the Board, and provides a channel for engaging effectively with key strategic NDPBs and other DCMS partners. The Advisory Board normally meets quarterly, but in the run-up to the General Election met fortnightly.

**5. The Corporate Services Committee** – which manages DCMS resources (people, money and information), including the Department's business planning processes, in support of Departmental objectives. The Committee normally meets on a monthly basis and is chaired by the Director for Communications and Change, with membership comprising key Directors from across DCMS (including GOE), GOE's Chief Information Officer and the Principal Private Secretary. It was decided in February to suspend the Committee, pending a review of Departmental governance structures (see below).

**6. The Investment Committee** – role and membership are set out above in the Investment Management Strategy. It meets every six weeks.

## ***Governance Review***

The governance structure in the Department was reviewed in March 2010. The Chief Executive of The Royal Parks conducted extensive research to enable analysis of the governance structure, and to propose steps to strengthen Departmental governance. The results have been reported back to the Board and Executive Committee and further steps on implementation will be taken.

### **The DCMS Board**

At the year end the DCMS Board comprised nine members: six Executive members, and three non-Executive Directors.

#### Executive Members:

**Jonathan Stephens** (Chair)

Permanent Secretary

**Andrew Ramsay**

Director General, Programmes and Partnerships

**Jeremy Beeton**

Director General, Government Olympic Executive

**Anita Charlesworth**

Director, Evidence and Analysis Unit and Chief Scientific Adviser

**Simon Judge**

Director, Finance

**Jane Cooper**

Director, Communications and Change

#### Non-Executive Members:

**Alexis Cleveland**

Non-Executive Director (appointed May 2009)

**Ann Green**

Non-Executive Director (appointed May 2009)

**Tracy Long**

Non-Executive Director (appointed September 2009)

The following members also sat on the DCMS Board during the year:

**David Roe**

Director, Corporate Services (to December 2009)

**Darra Singh OBE**

Non-Executive Director (to August 2009)

**Parminder Vir OBE**

Non-Executive Director (to March 2010)

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

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

**Non-executive members**

Darra Singh OBE and Parminder Vir OBE served as Non-Executive Directors on the Board until August 2009 and March 2010 respectively. Ann Green and Alexis Cleveland joined the Board on 12 May 2009, and Tracy Long joined the Board on 1 September 2009.

The role of the Non-Executives is to add their external skills and expertise, and to bring independent judgement on strategy, performance and risk. The Board considers that each Non-Executive is independent in character and judgement.

**Directorships and other significant interests**

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

**Ministers and Board members' remuneration**

The details of Ministers' and Board Members' remuneration are set out in the Remuneration Report.

**Strategic risks**

The risk management arrangements operating within the Department have been subject to review during the year, with improvements made both to the guidance available to staff in assessing and managing risks and in the way that risks are managed strategically and at a Directorate level. Face to face meetings were held with each Director to ensure that the implications of the revised ways of working were understood and a report made to the Audit Committee on progress since implementation. Alongside this, the Executive Committee has identified the top strategic risks facing the Department and ensured that there are named individuals responsible for managing them and taking mitigating actions. The guidance includes the process by which risks can be escalated and managed at the most appropriate level within the organisation. Further work on embedding this new approach and maintaining the momentum of the initial changes will be carried out during 2010-11.

**Human Capital Management – DCMS core Department**

The Department for Culture, Media and Sport (DCMS) fully endorses the work carried out by the then Department for Trade and Industry's Task Force on Human Capital Management and the ensuing Accounting for People report published in October 2003. The following sections comprise the Department's report on human capital management.

**Workforce size and composition**

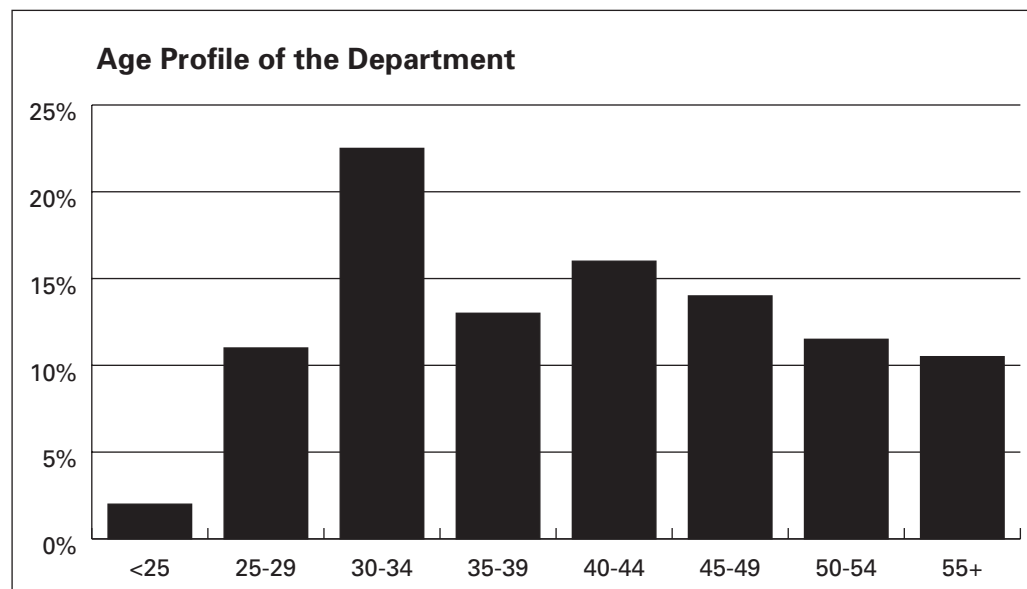
DCMS is a small government department with an almost wholly strategic function, where policy development, industry sponsorship and stewardship of its many sponsored bodies form the core functions, with a small number of staff in support dealing with accommodation, human resources, finance etc. The workforce reflects these tasks in grade structure and qualifications, with almost three quarters of staff (72%; 2008-09: 71%) employed at middle-management level, professional and senior management roles.



**Age profile**

The age profile of the Department is illustrated in the tables below:

Age	<25	25-29	30-34	35-39	40-44	45-49	50-54	55+	Total
%	2.28	10.97	22.36	12.63	16.15	14.08	11.18	10.35	100



The profile has been based on full time equivalent staff in post as at 31 March 2010 and excludes agency staff.

**Grade Structure**

The grading structure for the Department is as follows:

Grade <sup>1</sup>	Average No. Staff based on FTE <sup>2</sup> 2009-10	Average No. Staff based on FTE 2008-09
Permanent Secretary	1.0	1.0
Senior Civil Service pay band 3	2.0	2.5
Senior Civil Service pay band 2	11.2	10.1
Senior Civil Service pay band 1	31.7	25.6
Grade A(Upper) (Grade 6)	21.3	20.6
Grade A (Grade 7)	106.4	94.1
Grade B (HEOD fast stream)	8.9	16.0
Grade B (HEO/SEO)	148.8	154.7
Grade C (EO)	93.7	98.1
Grade D (AO/AA)	29.1	36.5
Total	454.1	459.2

This table excludes Ministers, agency/casual staff and Special Advisers.

<sup>1</sup> [Grades in brackets are former unified grading equivalents]

<sup>2</sup> Full time equivalent



### Senior Civil Servants

48 Senior Civil Servants were in post at 1 April 2010. The table below shows the number of staff paid £50,000 or above, in £5,000 increments, during the financial year 2009-10.

Salary Band	Number of Staff
£55,000 - £59,999	4
£60,000 - £64,999	16
£65,000 - £69,999	5
£70,000 - £74,999	4
Over £75,000	19

### Recruitment, retention and motivation of employees

Our People Strategy, developed and implemented in 2009, gives an opportunity to create a connection and a clear line of sight with our vision of enriching people's lives.

Our People Strategy is driven by our business needs in order to deliver on ministerial priorities, and sets the framework for building a high performing organisation with highly engaged employees

### Valuing and respecting

Valuing people and respecting individual differences are so important to us that they are not limited to a single line in Our People Strategy. Rather they are embedded in our values and woven throughout every component of Our People Strategy.

### Talent

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.

Further details can be found at: [www.culture.gov.uk/working\\_with\\_us/recruitment](http://www.culture.gov.uk/working_with_us/recruitment)

During 2009-10 the Department recruited 11 new staff through external recruitment competitions, as follows:

Grade	Male	Female	Total	Ethnic minority	Disabled
SCS	–	1	1	–	–
A	1	1	2	–	–
B	2	2	4	2	–
C	2	2	4	–	–

No other new staff were appointed through external recruitment.

### Performance

Our annual performance appraisal system emphasises staff development by including personal development objectives alongside business delivery objectives and objectives concerned with developing staff or otherwise contributing to the learning of others. These objectives are 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.

### Engagement

To promote diversity and subject to business need, there is a wide range of flexible work options available to staff, including support for home working. Currently, we have 150 people who have remote IT access which enables them to work from home on a formal basis.

The DCMS also has an Employee Assistance Programme in place, covering a wide range of issues. It also incorporates a confidential counseling service.

All staff are encouraged to take part in the Department's people surveys. This year we took part in the first cross-government Civil Service People Survey. The results can be found via the following link: [http://webarchive.nationalarchives.gov.uk/20100407120701/http://www.culture.gov.uk/reference\\_library/publications/6799.aspx](http://webarchive.nationalarchives.gov.uk/20100407120701/http://www.culture.gov.uk/reference_library/publications/6799.aspx)

### **Reward**

We seek to attract and retain talent to deliver projects and ministerial priorities within our salary budget. In a challenging environment we need to be creative and flexible with reward.

### **Leadership**

As part of Our People Strategy, DCMS is committed to:

- Design and embed a clear leadership behavioural framework which supports individual difference in line with our values
- Support a culture of leadership at all levels.

### **Development**

Accurate and timely development planning (matching business plans) for team and individuals, in tandem with the performance review process, enabled appropriate learning opportunities to be delivered to staff by a variety of methods.

### **Equal opportunities and diversity**

The Department is an equal opportunities employer. We do not discriminate against staff or eligible applicants for posts on the grounds of gender, marital status, race, colour, nationality, ethnic origin, religion, disability, age or sexual orientation. Every possible step will be taken to ensure that all 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.

The Department has a programme of equal opportunities awareness training for all staff. Our Equality Scheme sets out a range of actions to promote equality and diversity. This is a living document which is reviewed annually. We also undertake Equality Impact Assessments for policies that we develop.

More information on both these and the Equality Scheme can be found by following the link below.

[http://webarchive.nationalarchives.gov.uk/20100407120701/http://www.culture.gov.uk/working\\_with\\_us/equality\\_and\\_diversity/default.aspx](http://webarchive.nationalarchives.gov.uk/20100407120701/http://www.culture.gov.uk/working_with_us/equality_and_diversity/default.aspx)

Having a diverse workforce makes good business sense and we have increased the percentage of women in senior grades. We have developed a Diversity and Equality Strategy covering the period 2008 to 2011. This supports us in recruiting and keeping the best talent and links to Our People Strategy. As part of our preparatory work on the Secretary of State's Report on Disability Equality, we looked across our sectors and involved our new Disability Reference Group (DRG) in reviewing the progress we had made. The report was published in December 2008 and the DRG discussed its assessment of progress with our Board in February 2009. We will continue to work with the DRG to monitor progress.

### **Employment of disabled persons**

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

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

We also work closely with the Employer’s Forum on Disability on all disability issues including recruitment and reasonable adjustments.

### **Sickness absence**

Average day’s sickness absence per full time equivalent employed by DCMS during the year was 4.7 days (last year 4.2 days).

### **Health and safety**

This year the Department launched a new online Display Screen Equipment training and self-assessment package. This has helped ensure the health and safety of staff during the transition to a new hot-desking working environment.

The Health and Safety Committee continues to meet four times a year. It has representation from staff and trade unions. As part of its ongoing work it reviews the Department’s overarching Health and Safety Risk Assessment on a quarterly basis.

### **Sustainability**

Sustainability is a one of the key factors considered in any decisions on managing the DCMS office estate. We work in partnership with our supply chain to identify opportunities to identify potential areas for further reductions in our carbon footprint. We have continued with external reviews of our ISO14001 Environmental Standard and will over the coming year review the system with our new facilities management provider to ensure the continued effectiveness of our Environmental Management System.

### Energy efficiency

We have made a significant investment over the past three years in energy efficiency, measures, such as new boilers and other main plant to improve its performance against the Government’s sustainability targets. We also now weigh and sort all the waste we generate on site, so that we have an accurate picture of how much waste we produce and how much we recycle. This has allowed us to be more proactive in our management in these areas. The outcome of these measures is that, in the Sustainable Development Commission’s 2008-09 report on departmental performance against Government Sustainability targets, the Department (including The Royal Parks) achieved the maximum 5 stars.

### Accommodation strategy

Following a review of the Department’s accommodation strategy in the summer of 2009 a decision was made to move to implement ‘hot desk’ working in the Department’s main building to enable the vacation of two floors. An internal project team, reporting to a Project Board successfully delivered the project at the end of March 2010. The Department is now working to a desk to person ratio of 8:10 and has considerably reduced the floor space per employee. The space that is now vacant is being marketed on the commercial property market and with Government Departments.

### **Procurement Capability Review (PCR)**

The Department took part in the second tranche of the Office of Government Commerce’s (OGC) PCR during this reporting period. The review took into account a selection of the NDPBs from the DCMS community. The progress of our commercial skills and awareness, along with those of community members, was determined in comparison with the first PCR which had benchmarked the Department for the previous year. This review was assessed by the OGC and an independent advisor to OGC, who had taken part in the first review. In eight of nine categories assessed the Department was identified as improving its capability, the final category remaining constant. DCMS was described overall as having achieved ‘strong incremental improvements in procurement capability’, especially considering the small procurement team and limited resources available to it.

### Comprehensive Spending Review Efficiency

The Government's Value for Money programme for the Comprehensive Spending Review 2007<sup>3</sup> (CSR2007) period (2008-09 to 2010-11) is an efficiency and reprioritisation programme.

All NDPBs in receipt of a resource Grant-in-Aid of more than £3m (as at 2007-08) from DCMS have prepared value for money plans, setting out how they expect to make value for money savings of at least 3 per cent a year over the CSR2007 period. These plans are revisited and updated periodically to ensure they remain accurate and realistic.

### Operational Efficiency

DCMS and its arm's length bodies took part in the first Government benchmarking exercise. More work will be done over the next few years to improve the quality of the data collected and the performance within individual functional sections.

Full details on the benchmarking exercise can be found at: [http://webarchive.nationalarchives.gov.uk/+http://www.hm-treasury.gov.uk/vfm\\_operational\\_efficiency.htm](http://webarchive.nationalarchives.gov.uk/+http://www.hm-treasury.gov.uk/vfm_operational_efficiency.htm)

### Reporting of personal data related incidents

In the Cabinet Office's Interim Progress Report on Data Handling Procedures, published on 17 December 2007, Official Report, column 98WS, Government made a commitment that departments will cover information risk management in their annual reporting:

"Government should commit to enhanced transparency with Parliament and the public about action to safeguard information and the results of that action. Departments should cover information assurance issues in their annual reports."

An incident is defined as any of the circumstances (loss, unauthorised disclosure, insecure disposal) set out in Table 2.

Protected personal data is defined as data that meets the definition of the minimum scope of protected personal data or data that departments consider should receive a similar level of protection because it would put those affected at significant risk of harm or distress.

Incidents, the disclosure of which would in itself create an unacceptable risk of harm, may be excluded in accordance with the exemptions contained in the Freedom of Information Act 2000 or may be subject to the limitations of other UK information legislation.

**TABLE 1: SUMMARY OF PROTECTED PERSONAL DATA RELATED INCIDENTS FORMALLY REPORTED TO THE INFORMATION COMMISSIONER'S OFFICE IN 2009-10**

<b>Statement on information risk</b>	In the SIC the Accounting Officer states: "The Department holds very little personal data, and its information risks have been identified and are mitigated in line with Cabinet Office requirements."			
<b>Date of incident (month)</b>	<b>Nature of incident</b>	<b>Nature of data involved</b>	<b>Number of people potentially affected</b>	<b>Notification steps</b>
	NONE			
<b>Further action on information risk</b>	The Department will continue to monitor and assess its information risks in order to identify and address any weaknesses and ensure continuous improvement of its systems.			

<sup>3</sup> [www.hm-treasury.gov.uk/pbr\\_csr07\\_index.htm](http://www.hm-treasury.gov.uk/pbr_csr07_index.htm)

**TABLE 2: SUMMARY OF OTHER PROTECTED PERSONAL DATA RELATED INCIDENTS IN 2009-10**

Incidents deemed by the Data Controller not to fall within the criteria for report to the Information Commissioner's Office but recorded centrally within the Department are set out in the table below. Small, localised incidents are not recorded centrally and are not cited in these figures.

Category	Nature of incident	Total
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured Government premises	None
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured Government premises	2
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	None
IV	Unauthorised disclosure	None
V	Other	17

### 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 £174k, (£172k in 2008-09). This includes £85k for DCMS (£91k in 2008-09) and £41k (£38k in 2008-09) for TRP. There is also a notional charge of £28k (£25k in 2008-09) for the audit of the Whole of Government Accounts. In addition, notional charges of £13k for the DCMS (£13k in 2008-09) and £7k for TRP (£5k in 2008-09) were made to review preparations for the implementation of International Financial Reporting Standards including the shadow 2008-09 accounts as required by the Treasury. No further services were provided.

### Disclosure of relevant audit information

So far as the Accounting Officer is aware, there is no relevant audit information of which the Department's auditors are unaware and the Accounting Officer has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the Department's auditors are aware of that information.

### IMPORTANT EVENTS WHICH HAVE OCCURRED SINCE THE YEAR END

Since 31 March 2010, the following notable events have occurred:

After the General Election of May 2010, the Ministers with responsibility for the Department are:

Rt Hon Jeremy Hunt MP	Secretary of State for Culture, Olympics, Media and Sport
John Penrose MP	Minister for Tourism and Heritage
Hugh Robertson MP	Minister for Sport and the Olympics
Ed Vaizey MP	Minister for Culture, Communications and Creative Industries (joint Minister with Department of Business, Innovation and Skills)

### TV licence fee

As part of the Clear Line of Sight (CLOS) project to align Estimates, Budgets and Accounts, from 1 April 2010 the collection of TV licence fee receipts and their surrender to the Consolidated Fund will be accounted for in a separate Trust Fund Statement. This statement will be prepared by the BBC who are statutorily responsible for TV licence fee collection. These transactions will no longer be included in the DCMS Resource Accounts, which will only include the payment of grant from the Consolidated Fund to the BBC.

**DCMS budget reductions**

On 17 June 2010 savings of around £73 million were announced as part of the Department's further contribution to reducing the fiscal deficit. These savings are in addition to the £88m of in year reductions agreed as the department's contribution to the government £6.2bn savings target.

**Tote**

In the June 2010 Budget the Government announced that it will resolve the future of the Tote in a way that secures value for the taxpayer while recognising the support the Tote currently provides the racing industry.

Signed and Approved

*Jonathan Stephens*  
Accounting Officer

12 July 2010

## REMUNERATION REPORT FOR DCMS CORE DEPARTMENT

### Remuneration Policy

Remuneration of senior civil servants is set by the Prime Minister following independent advice from the Review Body on Senior Salaries. The Review Body also advises the Prime Minister from time to time on:

- pay and pensions of Members of Parliament and their allowances;
- peers' allowances
- pay, pensions and allowances of Ministers and others whose pay is determined by the Ministerial and Other Salaries Act 1975.

In reaching its recommendations, the Review Body will take into account:

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

The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations.

Further information about the work of the Review Body can be found at [www.ome.uk.com](http://www.ome.uk.com) (Office of Manpower Executive).

### **Service Contracts**

Civil Service appointments are made in accordance with the Civil Service Commissioners' Recruitment Code. The Code requires appointment to be on merit on the basis of fair and open competition, but also includes the circumstances when appointments may be made otherwise.

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commissioners can be found at [www.civilservicecommissioners.gov.uk](http://www.civilservicecommissioners.gov.uk)



**SALARY AND PENSION ENTITLEMENTS AS AT 31 MARCH 2010 (AUDITED INFORMATION)**

The following sections provide details of the remuneration and pension interests of Ministers and senior management (i.e. Board members) of the Department. The remuneration of Non-Executive Board members is also disclosed.

**Ministers**

	<b>2009-10</b>		<b>2008-9</b>	
	Salary £	Benefits in kind (to nearest £100)	Salary £	Benefits in kind (to nearest £100)
Rt Hon Ben Bradshaw MP <i>Secretary of State (from 5 June 2009)</i>	61,176 (78,356 full year equivalent)	–	–	–
Rt Hon Margaret Hodge MP <i>Minister of State (from 2 July 2007 to 6 October 2008; also from 22 September 2009)</i>	21,339 (40,646 full year equivalent)	–	21,377 (40,646 full year equivalent)	–
Gerry Sutcliffe MP <i>Parliamentary Under Secretary of State</i>	30,851	–	31,236	–
Rt Hon Andy Burnham MP <i>Secretary of State (to 4 June 2009)</i>	19,589 (78,356 full year equivalent)	–	79,312	–
Barbara Follett MP <i>Parliamentary Under Secretary of State (from 6 October 2008 to 22 September 2009)</i>	15,426 (30,851 full year equivalent)	–	12,855 (30,851 full year equivalent)	–
Stephen Carter CBE <i>Parliamentary Under Secretary of State (from 5 October 2008 to 20 July 2009)</i>	42,330 (79,826 full year equivalent)	–	31,351 (75,242 full time equivalent)	–

Salary details for The Rt Hon Andy Burnham MP for 2008-09 included arrears of basic pay paid in December 2008.

Salary paid to Gerry Sutcliffe MP for 2008-09 included arrears backdated to April 2007.

On 5 June 2009 The Rt Hon Ben Bradshaw MP took over from Andy Burnham as Secretary of State. On 22 September 2009, The Rt Hon Margaret Hodge MP was appointed as Minister of State.

During the year The Rt Hon Tessa Jowell MP was Minister for the Olympics and Paymaster General, working at the Cabinet Office and reporting directly to the Prime Minister. Her remuneration is disclosed in the Cabinet Office Resource Accounts.

Stephen Carter CBE was Minister for Communications, Technology and Broadcasting (jointly with the then Department for Business, Enterprise and Regulatory Reform) up to 20 July 2009.

Siôn Simon assumed the role of Parliamentary Under Secretary of State for Creative Industries from 8 July 2009 to 10 February 2010. He received no remuneration.



**Officials**

The information in the table below relates to the Permanent Secretary and Board members of the Department. Equivalent information relating to The Royal Parks, consolidated into the Department's resource accounts, is given in its separate accounts. The amounts include performance related payments paid during the period of board membership although these relate to performance in the previous year.

	2009-10		2008-9	
	Salary £000	Benefits in kind (to nearest £100)	Salary £000	Benefits in kind (to nearest £100)
Jonathan Stephens <i>Permanent Secretary</i>	155 - 160	–	160-165	–
Andrew Ramsay <i>Director General</i>	140-145	–	140 -145	–
Jeremy Beeton <i>Director General</i>	265-270	–	260-265	–
Anita Charlesworth <i>Director</i> (from 1 October 2008)	80-85 (90-95 full time equivalent)	–	30-35 (65-70 full year equivalent) (85-90 full time equivalent)	–
David Roe <i>Director</i> (from 1 December 2008 to 4 December 2009)	65-70 (90-95 full year equivalent)	–	35-40 (90-95 full year equivalent)	–
Jane Cooper <i>Director</i> (from 1 February 2009)	100-105	–	10-15 (85-90 full year equivalent)	–
Simon Judge <i>Director</i> (from 9 March 2009)	105-110	–	5-10 (95-100 full year equivalent)	–

Permanent Secretaries as a group waived any performance related pay for 2008-09. This payment would have been made in 2009-10.

Anita Charlesworth worked on a part time basis equivalent to 0.81 of a full time employee, which changed to 0.75 from 25 January 2010. The salary disclosed is the part time salary with the full time equivalent shown in brackets. In 2008-09, Anita Charlesworth worked on a part time basis equivalent to 0.6 of a full time employee until 2 September 2008, this changed to 0.7 on 3 September 2009 and to 0.81 on 1 January 2009.

David Roe moved from DCMS to the Department for Business, Innovation and Skills on a secondment from 7 December 2009.

Jeremy Beeton was appointed in 2007 as Director General for the Government Olympic Executive on a fixed term contract ending in October 2012. His remuneration, agreed with HM Treasury and the Cabinet Office, reflects extensive relevant experience and the unique challenge of delivering the Olympics to a fixed deadline. In addition to an annual salary, Jeremy Beeton is eligible for an annual bonus linked to achievement of specific annual performance targets, and a long term bonus scheme linked to achievement of specific, measurable performance targets in 2010, 2011 and 2012, with the first payment potentially arising in 2010-11.

The Finance Director for the Government Olympic Executive, David Goldstone, although not a member of the DCMS Board, was recruited on a similar basis with an annual salary in the range of £185 – £190k with similar annual and long term bonus arrangements.

### Non Executive Directors

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

Name	Remuneration	
	2009-10 £000	2008-09 £000
Parminder Vir (to 31 March 2010)	5-10	5-10
Darra Singh (to 31 August 2009)	–	–
Alexis Cleveland (from 12 May 2009)	–	–
Ann Green CBE (from 12 May 2009)	5-10	–
Tracy Long (from 1 September 2009)	0-5	–

Darra Singh did not receive any remuneration but Ealing Council received a compensation payment for £1,875 for his time under a service level agreement.

Alexis Cleveland did not receive any remuneration as she is already a civil servant.

The remuneration packages of Non Executive Directors do not include any pension entitlement or benefits in kind.

### 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 report 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 (£64,766 from 1 April 2009, £63,291 from 1 April 2008, £61,820 from 1 November 2007) 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 HM Revenue and Customs as a taxable emolument.

**Pension Benefits for Ministers**

Ministers	Accrued pension at age 65 as at 31/3/10	Real increase in pension at age 65	CETV at 31/3/10	CETV at 31/3/09	Real increase in CETV
	£000	£000	£000	£000	£000
Rt Hon Ben Bradshaw MP <i>Secretary of State (from 5 June 2009)</i>	5-10	0-2.5	103	81	10
Rt Hon Margaret Hodge MP <i>Minister of State (from 22 September 2009)</i>	0-5	0-2.5	10	–	7
Gerry Sutcliffe MP <i>Parliamentary Under Secretary of State</i>	5-10	0-2.5	128	102	16
Rt Hon Andy Burnham MP <i>Secretary of State (to 4 June 2009)</i>	0-5	0-2.5	40	37	1
Barbara Follett MP <i>Parliamentary Under Secretary of State (from 6 October 2008 to 22 September 2009)</i>	0-5	0-2.5	33	25	5
Stephen Carter CBE <i>Parliamentary Under Secretary of State (from 5 October 2008 to 20 July 2009)</i>	5-10	0-2.5	16	9	3

During the year The Rt Hon Tessa Jowell MP was Minister for the Olympics and Paymaster General based at the Cabinet Office and reported directly to the Prime Minister. Her remuneration is disclosed in the Cabinet Office Resource Accounts.

The Rt Hon Margaret Hodge MP had a break in her service as a minister for DCMS, following the end of her previous appointment in October 2008. As her next period of service was for less than one year at 31 March 2010, her pension benefits will not be linked to those for her previous ministerial service at DCMS. As a result these accounts only disclose the pension benefits for the period September 2009 to March 2010. The table above is based on this position, however the CETV of The Rt Hon Margaret Hodge MP as at 31 March 2009 was £180k.

Stephen Carter CBE was Minister for Communications, Technology and Broadcasting (jointly with the then Department for Business, Enterprise and Regulatory Reform) up to 20 July 2009.

Siôn Simon assumed the role of Parliamentary Under Secretary of State for Creative Industries from 8 July 2009 to 10 February 2010. He received no remuneration.

**Ministerial pensions**

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

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

Benefits for Ministers are payable at the same time as MPs' benefits become payable under the PCPF or, for those who are not MPs, on retirement from ministerial office from age 65. Pensions are re-valued annually in line with changes in the Retail Prices Index. From 1 April 2009, members pay contributions of 5.9% of their ministerial salary if they have opted for the 1/60th accrual rate, 7.9% of salary if they have opted for the 1/50th accrued rate or 11.9% of salary if they have opted for the 1/40th accrual rate. There is also an employer contribution paid by the Exchequer representing the balance of cost as advised by the Government Actuary. This is currently 28.7% of the ministerial salary.

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

### ***Cash Equivalent Transfer Value (CETV)***

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total ministerial service, not just their current appointment as a Minister. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### ***The real increase in the value of the CETV***

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

**Officials**

	Accrued pension at pension age as at 31/3/10 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/10	CETV at 31/3/09	Real increase in CETV
	£000	£000	£000	£000	£000
Jonathan Stephens <i>Permanent Secretary</i>	50-55 plus lump sum of 160-165	0-5 plus lump sum of 10-15	984	867	53
Andrew Ramsay <i>Director General</i>	60-65 plus lump sum of 190-195	0-5 plus lump sum of 0-5	1,468	1,334	58
Jeremy Beeton <i>Director General</i>	10-15	0-5	214	127	74
Anita Charlesworth <i>Director</i> (from 1 October 2008)	15-20 plus lump sum of 50-55	0-5 plus lump sum of 5-10	260	221	24
David Roe <i>Director</i> (from 1 December 2008 to 4 December 2009)	30 – 35 plus lump sum of 90-95	0-5 plus lump sum of 0-5	588	518	20
Jane Cooper <i>Director</i> (from 1 February 2009)	5-10	0-5	144	111	22
Simon Judge <i>Director</i> (from 9 March 2009)	30-35 plus lump sum of 95-100	0-5 plus lump sum of 10-15	584	479	67

The information above relates to the Permanent Secretary and Board Members of the Department. Equivalent information relating to The Royal Parks, consolidated into the Department's resource accounts, is given in its separate accounts.

There were no employer contributions to partnership pension accounts.

**Civil Service Pensions**

Pension benefits are provided through the Civil Service Pension arrangements. As from 30 July 2007, civil servants may be in one of four defined benefit schemes; – either one of three 'final salary' scheme options (**classic**, **premium** or **classic plus**); or a 'whole career' scheme (**nuvos**). These statutory arrangements are unfunded, with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus** and **nuvos** are increased annually in line with changes in the Retail Prices Index (RPI). Members who joined from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (**partnership** pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for **classic** and 3.5% for **premium**, **classic plus** and **nuvos**. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **Classic plus** is essentially a hybrid, with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on his

pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and, immediately after the scheme year end, the accrued pension is increased in line with the RPI. In all cases members may opt to give up (commute) pension for lump sum up to the limits set by the Finance Act 2004.

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

The accrued pension quoted, is the pension the member is entitled to receive when reaching pension age, or immediately on ceasing to be an active member of the scheme if already at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus** and 65 for members of **nuvos**.

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

### ***Cash Equivalent Transfer Value (CETV)***

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### ***Real increase in CETV***

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

Signed and approved

*Jonathan Stephens*  
Accounting Officer

12 July 2010

## STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

Under the Government Resources and Accounts Act 2000, HM Treasury has directed the Department to prepare for each financial year resource accounts 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 and of its net resource outturn, resources applied to objectives, recognised gains and losses and cash flows for the financial year.

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

- observe the Accounts Direction issued by HM Treasury including 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 Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts; and
- prepare the accounts on a going concern basis.

HM Treasury has appointed the Permanent Head of the Department as Accounting Officer of the Department. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Department's assets, are set out in Managing Public Money published by HM Treasury



## STATEMENT ON INTERNAL CONTROL

### *Scope of responsibility*

1. As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Department for Culture, Media and Sport'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 *Managing Public Money*.

2. I work closely with Ministers, meeting the Secretary of State and other DCMS Ministers on a regular basis, as well as discussing all relevant significant matters with them as appropriate. On policy matters, in addition to general advice, my main focus is to ensure that they understand in advance any potential implications of their decisions that could lead to issues of regularity or propriety, or that are unlikely to provide good value for money. Also, by exception, I alert Ministers at the earliest possible stage to any matters relating to risks, especially DCMS strategic or major policy risks.

3. 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 executive Non-Departmental Public Bodies (NDPBs) sponsored by the Department as NDPB Accounting Officers. Their accounts are not consolidated. Acting within the authority of the Ministers to whom I was responsible during the 2009-10 year and up to the General Election and the Minister to whom I am currently responsible, as Departmental Accounting Officer, I have responsibility for ensuring with regard to TRP and each of the Department's NDPBs that:

- There is an adequate statement, periodically reviewed, of their financial relationship with the Department – set out in a Framework Document (or Management Statement and Financial Memorandum) – plus an Accounts Direction
- They and any of their subsidiaries or organisations sponsored by them, operate effectively and to a high standard of probity
- Conditions attached to their grant-in-aid conform to the terms of the Resource Estimate
- Their internal control systems comply with the requirements for propriety and good financial management
- Their Statements on Internal Control are reviewed as part of the Department's system of internal control.

4. In addition to TRP and our executive NDPBs, the Department is responsible for advisory NDPBs, unclassified bodies that receive Exchequer funding, public corporations, public broadcasting authorities and other bodies that receive DCMS grant funding, as well as having oversight of the National Lottery. Details of these bodies and their funding are set out elsewhere in these Resource Accounts. The majority of them receive relatively small amounts of funding, which is subject to standard risk and control measures in my capacity as Accounting Officer. There are greater levels of independence for the public corporations and public broadcasting authorities. With respect to the National Lottery, both the Department and the National Lottery Commission (the independent regulator) exercise appropriate controls. My scope of responsibility in respect of the latter two categories is as follows:

- The public broadcasting authorities comprise:
  - The Sianel Pedwar Cymru (S4C), which receives a grant-in-aid (GIA) from the Department according to a set formula and whose value for money is overseen by the Welsh Authority – I do not appoint an Accounting Officer but will seek the Chief Executive's confirmation that GIA has been used in accordance with due standards of regularity and propriety
  - The BBC, which is independent (including responsibility for its own value for money), whose work is overseen by the BBC Trust under the terms of its Charter and whose licence fee is set by Government – during 2009-10 DCMS acted as an agent for collection of the licence fee and this is explained in note 1.11 to these Accounts, including that the arrangement has been changed as from 1 April 2010.



- National Lottery income is collected by the operator, Camelot, and overseen by the National Lottery Commission, a DCMS NDPB – it is passed to the National Lottery Distribution Fund (and Olympics equivalent), which note 34 to these Accounts explains are DCMS related parties, and for which I hold a separate Accounting Officer responsibility.

5. In view of the significance of the preparations for the 2012 Olympic and Paralympic Games to the work of the Department, additional arrangements are in place (specified later in this statement) to ensure effective internal control and risk management. They apply differently and separately to the Olympic Delivery Authority (ODA), and the London Organising Committee of the Olympic Games and Paralympic Games (LOCOG), and are set out in more detail in paragraph 18 of this statement.

### ***The purpose of the system of internal control***

6. The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Department for the year ended 31 March 2010 and up to the date of approval of the Resource Accounts, and accords with Treasury guidance.

### ***Capacity to handle risk***

7. 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.

8. The Department's risk management policy has been agreed by the DCMS Audit Committee, which reports to the Board, and was reviewed during the year. Improvements have been made both to the guidance available to staff in assessing and managing risks and in the way that risks are managed strategically and at a Directorate level, to reflect best practice. Both the policy and the guidance are available to all staff via the Department's intranet.

9. The Department has a Risk Improvement Manager (RIM), who ensures that risk management guidance is fit for purpose and fully implemented across the Department. The RIM introduces best practice to the Department's risk policy as a result of attending the Risk Improvement Group coordinated by HM Treasury and identifying good practice from Internal Audit contacts in other bodies, results of internal audit reports and discussions with our NDPBs. Risk management features in departmental training courses and one-to-one training sessions on risk for Risk Champions, who promote best practice across the business areas where they work.

### ***The risk and control framework***

10. During the year the DCMS Audit Committee approved the revised DCMS Risk Management Policy Statement and Guidance. It defines what "risk" and "risk management" mean and outlines the key principles underpinning our approach to risk management, the hierarchy for managing risks, the risk identification and management process, the roles and responsibilities of staff etc.

11. The Department faces four main types of risk;

- a. **Strategic risks:** mainly external, these are the responsibility of the DCMS Board because they are the risks to the overall delivery of DCMS's objectives, for instance risk of failure of relationships with NDPBs, which is mainly managed through relationship managers in the sponsorships teams. These risks are managed within a Strategic Risk Register (SRR), which was introduced during the year. The SRR will be updated quarterly by reviewing its content, identifying any emerging external risks and escalating those that cannot be effectively managed within Directorate risk registers.

- b. **Business risks:** named Directors are responsible for managing and updating these risks to the effective operation of the Department, for instance risk of loss of staff and their knowledge, which are set out in risk registers within Directorate Business Plans.
- c. **Programme and project risks:** these risks to individual programmes and projects are often specific to the programme / project but may include risk of failure of programme or project management. They are the responsibility of Senior Responsible Officers (usually Directors or Deputy Directors) and are contained in risk registers that are updated on an ongoing basis as the programme / project progresses. They are also included in Directorate Risk Registers if material to achieving Directorate Business Plans.
- d. **Joint with delivery partner(s):** these risks are managed by the delivery partner but, as the Department may be affected by risks that our delivery partners are exposed to (e.g. top NDPB risks, such as risk of exposure to financial losses through investment strategies), it is important to work closely with them in monitoring the top risks. Directors report quarterly on these risks to the Audit Committee. The next review of the DCMS risk management guidance will strengthen the arrangements for managing risks shared with delivery partners.

12. The Board sets the Department's risk appetite (i.e. the level of risk considered tolerable in the absence of controls) through a grid showing a range of possible impacts and probabilities, and that is used as a guide to help formulate actions to be taken in response to individual risks. In view of the very large proportion of DCMS funding that is spent via our NDPBs, we instituted a risk-based approach to NDPB oversight, which balances the amount of sponsorship intervention by DCMS and information required from each NDPB in the light of an overall risk assessment based on returns by the NDPB and the DCMS sector team. Generally, this risk assessment approach, coupled with guidance given to and oversight of our NDPBs, has been successful – any significant exceptions are referred to in paragraphs 25 and 26 of this statement.

13. Delivery plans and risk registers have been maintained for the Department's Olympics-related Departmental Strategic Objective (DSO4), which is the same as the only Public Service Agreement (PSA22) target for which DCMS has lead responsibility. Otherwise, risk registers are in place for individual projects that contribute to each DSO. To ensure effective monitoring and intervention, Programme Boards for DSOs 1 and 2 are provided with quarterly progress reports for their DSO, including systematic tracking of risks, early warning of potential problems and appropriate recommendations for early action. If necessary, risks that materialise or cannot be adequately mitigated are escalated to the DCMS Board. (Our DSO3 work comprises two distinct programmes with their own programme apparatus, so no extra forum is considered necessary.) Progress both against DSOs and all PSAs to which the Department contributes has also been reported publicly in the 2009 Autumn Performance Report, as well as being set out in the performance data tables annexed to, but not part of, these Resource Accounts. During 2009-10, the NAO completed a review of the systems underpinning the data that the Department reports and I will consider how best to respond to their recommendations in the light of the performance reporting requirements of the new Government.

14. Within the Department, risks are self-assessed as part of the business or project planning process, and in line with the published guidance. Risk Owners ensure each risk is addressed and clear responsibility to manage it is allocated to a specific individual – including regular review of the relevant risk register. The Department made enhancements to its risk management framework and policy during 2009-10 but, before we can say that risk management is fully embedded in all our procedures, I recognise that further improvement is required, such as regularising updates to senior management and improving the culture of the Department with regard to risk management by increased training, risk register reviews and Audit Committee challenge.

15. On 24 April 2009 I issued each Director with formal financial delegations for 2009-10, the application of which reinforces the importance of complying with delegated limits and the effective systems of internal control within the Assurance process in providing me with confidence when signing this statement.

16. In line with the scope of my responsibility, the Department has agreements with the TRP and all its directly funded NDPBs setting out the Department's expectations, or the agreed strategy they 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. Upon taking up that role, I make Accounting Officers of all these bodies aware in discussion and/or via their designation letter of the continual importance of managing risks proportionately, maintaining a sound internal control system and ensuring propriety, regularity and value for money in all aspects of governance, decision-making and financial management. To provide me with assurance of this at the year end, they are required to incorporate in their accounts and sign a Statement on Internal Control (SIC), which gives assurance that *Managing Public Money* and the agreements with the Department have been complied with.

17. I also ensure that all these individual SICs are reviewed annually as part of the review of our sponsored bodies' Annual Reports and Accounts, with follow up action taken if necessary – including disclosure of any matters of sufficient significance in this statement. However, not all of the SICs are necessarily received and reviewed prior to the date this statement is signed. Accordingly, especially in those cases, I rely heavily on any notifications made in respect of internal control weaknesses or issues arising that have been made to me during the financial year (or after the year end) by those Accounting Officers. I ensure that all such notifications are followed up promptly and considered as to whether they merit inclusion in this statement.

18. For the Olympics bodies, my interests are protected by the Government Olympic Executive (GOE), which is part of DCMS:

- Like many other NDPBs, the ODA operates under a Management Statement and Financial Memorandum, approved by HM Treasury, and has full and proper Internal Audit arrangements. GOE is represented at meetings of the ODA's Audit Committee, as is the ODA's Head of Risk, and at ODA Board meetings. ODA projects or variations to projects above a delegated limit only proceed with prior approval from the Olympic Project Review Group, which includes members from relevant Government Departments, including DCMS (through the GOE) and HM Treasury, and undertakes detailed scrutiny of Olympic projects prior to sign off by the Minister with overall responsibility for the Olympics. These arrangements have proved highly effective in managing risks and contributing to the good progress across the ODA's programme, helping it to progress to timetable and deliver savings of over £600m against budget to date.
- LOCOG is subject to separate arrangements. It is a company limited by guarantee and established by a joint venture agreement signed by members of the Olympic Board, including the Secretary of State for DCMS, who is a stakeholder in the company and manages the Government's role as ultimate financial guarantor of the Games. LOCOG has been working closely with GOE to refine its lifetime budget, including identifying and quantifying risks and opportunities which would have an impact on its programme, should they materialise. I have asked this to include provision for a contingency fund. The then Minister for the Olympics met with the Chair of LOCOG monthly throughout 2009-10 and agreed its annual business plan – I meet with the Chief Executive quarterly. The Minister nominates a member of the LOCOG Board, who also sits on LOCOG's Audit Committee. During the year, to augment the existing monitoring arrangements, I established a protocol for action required, should the risk of a call on the Government's guarantee materialise (with the aim of avoiding any such call). In addition, the GOE has worked to achieve greater integration across the programme, which has helped to manage risks by identifying and resolving scope and responsibility issues that would impact on LOCOG's programme.
- GOE is also responsible for oversight and assurance of the arrangements for delivery of the whole Olympic and Paralympic games programmes and therefore has programme and risk management arrangements that cover an extensive range of other bodies, including other Government departments.

19. An Assurance reporting process supplements the risk management process. Senior managers and Directors must report six-monthly on whether they have complied with the Department's internal control procedures and must identify the work undertaken to keep them under review, up to date and appropriate. This is reported to the Audit Committee. Any areas of concern that are identified from this Assurance process are addressed, in line with the risk they pose. The process has worked well during the year and is now better embedded within the organisation. No major concerns have been identified but the Department is putting greater emphasis on addressing both new actions and a backlog of outstanding actions identified by Internal Audit Services, especially where they will improve controls and the assurance framework.

20. 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 continuing to improve our project management capability and the establishment of a separate Programmes Team has enhanced our capacity to scope projects effectively and then to efficiently plan and manage those that are selected to go ahead. Training in project working to a basic level is strongly encouraged for all appropriate staff and, as required, others undertake more advanced training. Appropriate people have also received OGC Gateway training during the year. Risk management will increasingly be embedded as an essential part of programme and project management.

21. The following external reviews have been carried out on the Department, with their results published and no significant outstanding recommendations requiring specific mention in this statement:

- The **Office of Government Commerce** (OGC) undertook its second Procurement Capability Review of the Department, which also covered a selection of the NDPBs, and noted 'strong incremental improvements' against the results of the previous review.
- Two NAO reports were published or carried out during the year:
  - *Promoting Participation with the Historic Environment* (published 22 July 2009): the NAO found that the level of participation with the historic environment was high but that the Department did not have the direct levers for driving the further participation it had targeted amongst priority groups and the priorities and activities of English Heritage were not clearly aligned with this goal. Working with English Heritage and others, DCMS had put in place a programme of work to broaden participation and seen increased participation in two out of the three priority groups over the 2005-2008 period for which its targets were in place, though had only met one of the targets. DCMS has since responded to a PAC report *Promoting Participation with the Historic Environment*.
  - *Increasing Participation in Sport* (published 27 May 2010): the NAO's report found the Department lacked adequate oversight of progress towards its targets between 2005-06 and 2007-08, and Sport England lacked a focus on increasing participation among priority groups by the targeted amount. However, it noted marked improvements in the Department's monitoring and Sport England's strategy and processes for funding individual sports since then, which offer the prospect of improved value for money.
- Following a NAO report in February 2010, the PAC published a report *Preparations for the London 2012 Olympic and Paralympic Games* on 31 March 2010, which made eight recommendations including about ODA and LOCOG budgets, ticket sales, employment and training targets and legacy plans for the publicly funded assets in the Olympic Park – the Government's response is due to be published on 15 July.
- At the end of the financial year four PAC reports, including the one referred to above, had a total of eighteen outstanding recommendations; these are reported in an annex to (but are not part of) these Resource Accounts and are in the process of being implemented.

22. The Department holds very little personal data, and its information risks have been identified and are mitigated in line with Cabinet Office requirements. Over the last 12 months DCMS has embarked on a programme of work to improve our management of information risk. This includes the following measures:



- a. Staff
  - All staff have completed their annual training on information security
  - A security cultural change programme is underway, including how to work with hot-desking (and an associated switch to 100% laptops) and a clear desk policy
  - Guidance has been provided on handling Protectively Marked material and conducting Privacy Impact Assessments
- b. Systems
  - All laptops and removable media have been encrypted
  - IT systems are independently audited for security compliance and penetration testing
- c. Processes
  - Our information governance and reporting structure has been strengthened
  - A comprehensive Information Asset Register has been developed, with Information Asset Owners identified and trained
  - Our personnel vetting procedures have been reviewed and improved
- d. Sponsored Bodies
  - Guidance and an online collaboration site have been provided to our sponsored bodies
  - Those bodies who are major delivery partners in terms of their potential information risk have received an on-site information compliance assessment; most of those bodies had good compliance with mandatory measures and those which needed to make improvements are doing so.

23. In June 2010 our Information Assurance maturity was independently assessed by CESG (the Government's National Technical Authority on such matters) – DCMS is now 100% compliant with the requirements of the Data Handling Review and achieved the highest rating against the relevant mandatory requirements of the Security Policy Framework. During the remainder of 2010-11, DCMS will continue with the programme of work set out above, taking into account the results of that assessment and focusing on further embedding good information risk management into our business processes, and taking steps to further support our sponsored bodies in managing their own information risks.

### ***Review of effectiveness***

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

- Key elements of the Department's governance structure (as described in the Management Commentary to these Resource Accounts): the DCMS Board, the Executive Committee and the Audit Committee (which supports the Board in its responsibilities for risk, control and governance)
- The work of the internal auditors and all executive managers within the Department who have responsibility for the development and maintenance of the internal control framework
- Comments made by the external auditors in their management letter and other reports.

25. Despite all the systems, processes and controls that I have put in place (as outlined above), and which should similarly have been put in place by Accounting Officers appointed for the Department's sponsored bodies, exceptions do occur from time to time. I have emphasised the need to be promptly alerted to them, when that is deemed appropriate, by the respective Accounting Officer and/or by the relevant DCMS sector team. All such control issues are considered on their own merits for potential inclusion in this statement. When I conclude that they relate to events that occurred at the sponsored body but which are not within DCMS's direct control, nor likely to be identified when following normal Departmental monitoring and oversight procedures, then I do not consider that they need to be included in this statement – unless their significance is so great as to potentially affect the interpretation of these Resource Accounts. Otherwise, I am made aware of their nature and whether they are being reported in the NDPBs' accounts – and I consider whether a general communication on the nature of such control issues is appropriate to inform all the Department's sponsored bodies, with a view to improving their overall controls and minimising the likelihood of similar issues arising elsewhere.

26. One control issue relating to DCMS sponsored bodies does merit specific mention in this statement, as it relates to a weakness in DCMS oversight of an NDPB – it occurred in the previous financial year but only came to the Department's attention during 2009-10:

- During the audit of its 2008-09 accounts, the NAO revealed that the Museums, Libraries and Archives Council (MLA) had drawn down grant in advance of need, contrary to both Treasury guidelines and the Financial Memorandum in place between DCMS and the MLA. By October 2009, when the Department was first made aware, £27m had been accumulated, mainly to cover pension liabilities accrued from closing its regional agencies and for Renaissance in the Regions grants owed to Regional Hubs but not yet paid. Grant payments were suspended and were only resumed in February 2010 once the MLA had returned the balance of funds held. The Department has instituted tighter controls of the drawdown of funds by the MLA as an interim measure and reinforced the importance of drawing down according to need with other NDPBs.

27. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Audit Committee, and am putting in place a plan to address weaknesses and ensure continuous improvement of the system. In particular, in the course of the year the Department took action to improve the planning and control of the programme of capital projects by Arm's Length Bodies, including the setting up of an Investment Committee. Together with other actions, this ensured a forecast overspend was successfully brought into line.

28. Internal Audit Services (IAS) operates to Government Internal Audit Standards, and is provided by Communities and Local Government. The IAS programme of work is discussed with the Department in order to focus it most efficiently – this year it was aligned with the new strategic priorities and risks associated with the Department. IAS submits regular reports, which include the Head of Internal Audit's (HIA) independent opinion on the adequacy and effectiveness of the arrangements for risk management, control and governance, together with actions for improvement, as agreed with management. Internal Audit agreed actions are monitored by IAS, but management take responsibility for implementation within the agreed timescales published in final audit reports. Effective reporting and monitoring of the implementation of agreed actions declined during the first three quarters of the year; however, by May 2010, IAS noted some improvement. For the year ended 31 March 2010 (and covering the period up to the date of this statement), the HIA's opinion concluded that there were no significant control issues that required disclosure in the Department's Statement on Internal Control.

29. I continue to attach importance to developing and embedding our risk management framework, to ensuring that the assurance process is fully understood, to increasing awareness of the importance of robust and internal controls that are monitored throughout the year – and so to increasing the overall reliability that I can place upon the overall system of internal control.

Signed and approved

*Jonathan Stephens*  
Accounting Officer

12 July 2010

## THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSE OF COMMONS

I certify that I have audited the financial statements of the Department for Culture, Media and Sport for the year ended 31 March 2010 under the Government Resources and Accounts Act 2000. These comprise the Statement of Parliamentary Supply, the Consolidated Operating Cost Statement, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Taxpayer's Equity, the Consolidated Statement of Operating Costs by Departmental Strategic Objectives and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

### ***Respective responsibilities of the Accounting Officer and auditor***

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### ***Scope of the audit of the financial statements***

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Department's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Department; and the overall presentation of the financial statements.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

### ***Opinion on Regularity***

In my opinion, 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.

### ***Opinion on Financial Statements***

In my opinion:

- the financial statements give a true and fair view of the state of the Department's affairs as at 31 March 2010 and of its net cash requirement, net resource outturn, net operating cost, net operating costs applied to departmental strategic objects, changes in taxpayers' equity and cash flows for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

***Opinion on other matters***

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

***Matters on which I report by exception***

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

***Report***

I have no observations to make on these financial statements.

Amyas C E Morse  
16 July 2010  
Comptroller and Auditor General  
National Audit Office  
157-197 Buckingham Palace Road  
Victoria, London, SW1W 9SP



## CONSOLIDATED RESOURCE ACCOUNTS

### Statement of Parliamentary Supply

#### (i) Summary of Resource Outturn 2009-10

Request for resources	Note	2009-10 Estimate			2009-10 Outturn			2009-10 Net total outturn compared with Estimate Saving/ (excess)	2008-09 Outturn
		Gross Expenditure	A-in-A	Net Total	Gross Expenditure	A-in-A	Net Total		
		£000	£000	£000	£000	£000	£000		
1: DCMS Administration & Programme	3	2,788,989	(813,600)	1,975,389	2,652,426	(748,708)	1,903,718	71,671	2,233,193
2: BBC Home Broadcasting	3	3,064,000	–	3,064,000	3,021,099	–	3,021,099	42,901	2,961,020
<b>Total Resources</b>		<b>5,852,989</b>	<b>(813,600)</b>	<b>5,039,389</b>	<b>5,673,525</b>	<b>(748,708)</b>	<b>4,924,817</b>	<b>114,572</b>	<b>5,194,213</b>
Non-operating cost A-in-A	5	–	–	–	–	–	–	–	4,850

#### (ii) Net cash requirement 2009-10

	Note	Estimate	Outturn	2009-10 Net total outturn compared with Estimate Saving/ (excess)	2008-09 Outturn
		£000	£000	£000	£000
Net Cash Requirement	5	5,034,210	4,951,906	82,304	5,176,229

#### (iii) 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*).

Total	Note	Forecast 2009-10		Outturn 2009-10	
		£000		£000	
		Income	<i>Receipts</i>	Income	<i>Receipts</i>
	6	3,062,950	3,062,950	3,021,233	3,015,419

Variances between Estimate and outturn are given in Note 3 and significant variances are explained in the Management Commentary.

The notes on pages 45 to 83 form part of these accounts.

**Consolidated Operating Cost Statement***for the year ended 31 March 2010*

				2009-10 £000 Consolidated Income	2008-09 £000 Consolidated
	Note	Staff Costs	Other Costs		
<b>Administration Costs:</b>					
Staff costs	10	29,862			27,305
Other administration costs	11		27,079		26,379
Operating income	13			(2,399)	(1,601)
<b>Programme Costs</b>					
<b>Request for resources 1</b>					
Staff costs	10	4,894			4,592
Programme costs	12		2,590,591		2,618,877
Income	13			(746,367)	(463,782)
<b>Request for Resources 2</b>					
Programme costs	12		3,021,099		2,961,020
Income	13			(3,021,175)	(2,959,496)
<b>Totals</b>		<b>34,756</b>	<b>5,638,769</b>	<b>(3,769,941)</b>	<b>2,213,294</b>
<b>Net Operating Cost</b>				<b>1,903,584</b>	<b>2,213,294</b>

The notes on pages 45 to 83 form part of these accounts.

**Consolidated Statement of Financial Position***as at 31 March 2010*

		31 March 2010 £000 Consolidated	31 March 2009 £000 Consolidated	1 April 2008 £000 Consolidated
	Note			
<b>Non-current assets:</b>				
Property, plant and equipment	15	63,120	67,778	68,745
Intangible assets	16	734	89	70
Other non-current assets	20	80	—	2,000
<b>Total non-current assets</b>		<b>63,934</b>	<b>67,867</b>	<b>70,815</b>
<b>Current assets:</b>				
Assets classified as held for sale	20.4	—	—	85,000
Inventories	19	—	—	27
Trade and other receivables	20	51,338	74,625	12,148
Cash and cash equivalents	21	20,645	23,867	34,022
<b>Total current assets</b>		<b>71,983</b>	<b>98,492</b>	<b>131,197</b>
<b>Total assets</b>		<b>135,917</b>	<b>166,359</b>	<b>202,012</b>
<b>Current liabilities</b>				
Trade and other payables	22	(59,024)	(106,676)	(53,298)
<b>Total current liabilities</b>		<b>(59,024)</b>	<b>(106,676)</b>	<b>(53,298)</b>
<b>Non-current assets plus/less net current assets/liabilities</b>		<b>76,893</b>	<b>59,683</b>	<b>148,714</b>
<b>Non-current liabilities</b>				
Provisions	23	(1,180)	(1,457)	(2,215)
<b>Total non-current liabilities</b>		<b>(1,180)</b>	<b>(1,457)</b>	<b>(2,215)</b>
<b>Assets less liabilities</b>		<b>75,713</b>	<b>58,226</b>	<b>146,499</b>
<b>Taxpayers' equity:</b>				
General fund		49,327	32,846	37,427
Revaluation reserve		17,387	17,156	102,471
Donated asset reserve		8,999	8,224	6,601
<b>Total taxpayers' equity</b>		<b>75,713</b>	<b>58,226</b>	<b>146,499</b>

(Signed)

Jonathan Stephens  
(Accounting Officer)

12 July 2010

The notes on pages 45 to 83 form part of these accounts.

## Consolidated Statement of Cash Flows

for the year ended 31 March 2010

	Note	2009-10 £000	2008-09 £000
<b>Cash flows from operating activities</b>			
Net operating cost		(1,903,584)	(2,213,294)
Adjustments for non-cash transactions	11,12	7,976	9,896
(Increase)/Decrease in trade and other receivables over one year		(80)	2,000
(Increase)/Decrease in asset held for sale		–	–
(Increase)/Decrease in trade and other receivables		23,287	(62,477)
<i>less movements in receivables relating to items not passing through the OCS</i>		(61,129)	60,912
(Increase)/Decrease in Inventories		–	27
Increase/(Decrease) in trade payables		(47,652)	53,378
<i>less movements in payables relating to items not passing through the OCS</i>		49,849	(49,116)
Movement in provisions	23	(277)	(758)
<b>Net cash outflow from operating activities</b>		<b>(1,931,610)</b>	<b>(2,199,432)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	15	(4,586)	(5,469)
Donated assets		432	–
Purchase of intangible assets	16	(721)	(27)
Proceeds of disposal of property, plant and equipment		–	85,077
<b>Net cash outflow from investing activities</b>		<b>(4,875)</b>	<b>79,581</b>
<b>Cash flows from financing activities</b>			
From the Consolidated Fund (Supply) – current year		4,970,000	5,118,000
From the Consolidated Fund (Supply) – prior year		61,129	217
From the Consolidated Fund (non-Supply)		–	–
<b>Net financing</b>		<b>5,031,129</b>	<b>5,118,217</b>
<b>Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund</b>		<b>3,094,644</b>	<b>2,998,366</b>
Receipts due to the Consolidated Fund which are outside the scope of the Department's activities		–	–
Payments of amounts due to the Consolidated Fund		(3,097,866)	(3,008,521)
<b>Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund</b>		<b>(3,222)</b>	<b>(10,155)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	21	<b>23,867</b>	<b>34,022</b>
<b>Cash and cash equivalents at the end of the period</b>	21	<b>20,645</b>	<b>23,867</b>

The notes on pages 45 to 83 form part of these accounts.

## Consolidated Statement of Changes in Taxpayers' Equity

for the year ended 31 March 2010

	Note	General Fund £000	Revaluation Reserve £000	Donated Asset Reserve £000	Total Reserves £000
<b>2008-09</b>					
Balance at 31 March 2008		38,769	102,471	6,601	147,841
Changes in accounting policy		(1,342)	–	–	(1,342)
<b>Restated Balance at 1 April 2008</b>		<b>37,427</b>	<b>102,471</b>	<b>6,601</b>	<b>146,499</b>
<b>Changes in taxpayers' equity for 2008-09</b>					
Net gain/(loss) on revaluation of property, plant and equipment			(383)		(383)
Receipt of donated assets				1,691	1,691
Release of reserves to the operating cost statement				(68)	(68)
Non-cash charges – cost of capital	11, 12	2,117			2,117
Non-cash charges – auditor's remuneration	11, 12	172			172
Transfer from revaluation reserve on sale of land		83,500	(83,500)		–
Transfers between reserves		1,432	(1,432)		–
Net operating cost for the year		(2,213,294)			(2,213,294)
<b>Total recognised income and expense for 2008-09</b>		<b>(2,126,073)</b>	<b>(85,315)</b>	<b>1,623</b>	<b>(2,209,765)</b>
Net Parliamentary Funding – drawn down		5,118,000			5,118,000
Net Parliamentary Funding – deemed		–			–
Supply payable/(receivable) adjustment		61,129			61,129
CFERs payable to the Consolidated Fund		(3,057,637)			(3,057,637)
<b>Balance at 31 March 2009</b>		<b>32,846</b>	<b>17,156</b>	<b>8,224</b>	<b>58,226</b>
<b>2009-10</b>					
<b>Changes in taxpayers' equity for 2009-10</b>					
Net gain/(loss) on revaluation of property, plant and equipment			(2,804)		(2,804)
Receipt of donated assets	15			432	432
Release of reserves to the operating cost statement	12			(107)	(107)
Non-cash charges – cost of capital	11, 12	1,395			1,395
Non-cash charges – auditor's remuneration	11, 12	174			174
Transfers between reserves		(3,485)	3,035	450	–
Net operating cost for the year		(1,903,584)			(1,903,584)
<b>Total recognised income and expense for 2009-10</b>		<b>(1,905,500)</b>	<b>231</b>	<b>775</b>	<b>(1,904,494)</b>
Net Parliamentary Funding – drawn down		4,970,000			4,970,000
Net Parliamentary Funding – deemed		–			–
Supply payable/(receivable) adjustment		(26,786)			(26,786)
CFERs payable to the Consolidated Fund		(3,021,233)			(3,021,233)
<b>Balance at 31 March 2010</b>		<b>49,327</b>	<b>17,387</b>	<b>8,999</b>	<b>75,713</b>

The notes on pages 45 to 83 form part of these accounts.

## Consolidated Statement of Operating Costs by Departmental Strategic Objectives

for the year ended 31 March 2010

	2009-10			2008-09		
	Gross	Income	Net	Gross	Income	Net
	£000	£000	£000	£000	£000	£000
DSO 1	756,553	(43,070)	713,483	778,860	(22,374)	756,486
DSO 2	685,524	(2,886)	682,638	741,019	(1,738)	739,281
DSO 3	144,831	(5,629)	139,202	166,969	(7,825)	159,144
DSO 4	1,065,518	(697,181)	368,337	990,305	(433,446)	556,859
BBC	3,021,099	(3,021,175)	(76)	2,961,020	(2,959,496)	1,524
<b>Net Operating Costs</b>	<b>5,673,525</b>	<b>(3,769,941)</b>	<b>1,903,584</b>	<b>5,638,173</b>	<b>(3,424,879)</b>	<b>2,213,294</b>

DCMS Strategic Objectives were as follows: -

### DSO1 Opportunity

Encourage more widespread enjoyment of culture, media and sport

### DSO2 Excellence

Support talent and excellence in culture, media and sport

### DSO3 Economic Impact

Realise the economic benefits of the department's sectors

### DSO4 Olympics and sport for young people

Deliver a successful and inspirational Olympic and Paralympic Games that provide for a sustainable legacy and get more children and young people taking part in high quality PE and sport.

Further details are in note 24.

The notes on pages 45 to 83 form part of these accounts.

## NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS

### 1. Statement of Accounting Policies

These financial statements have been prepared in accordance with the *2009-10 Government Financial Reporting Manual (FReM)* issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. These accounts have been prepared under IFRS for the first time and the necessary adjustments are shown in note 2.

Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Department for the purpose of giving a true and fair view has been selected. The particular policies adopted by Department are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

In addition to the primary statements prepared under IFRS, the FReM also requires the Department to prepare two additional primary statements. The *Statement of Parliamentary Supply* and supporting notes show outturn against Estimate in terms of the net resource requirement and the net cash requirement. The *Consolidated Statement of Operating Cost by Departmental Strategic Objectives* and supporting notes analyse the Department's income and expenditure by the objectives agreed with Ministers.

#### 1.1 Accounting Convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets and inventories where material.

#### 1.2 Basis of Consolidation

These accounts comprise a consolidation of the core department, its supply-financed agency The Royal Parks (TRP), the advisory NDPBs and one tribunal NDPB funded through grant expenses. These entities fall within the departmental boundary as defined in the FReM. Transactions between entities included in the consolidation are eliminated.

The following are the bodies included by accounting for funds paid through grant expenses:

- Advisory Committee on Historic Wreck Sites
- Advisory Committee on National Historic Ships
- Advisory Committee on the Government Art Collection
- Advisory Council on Libraries
- Legal Deposit Advisory Council
- VisitEngland (expenses met by VisitBritain's financial resources)
- Public Lending Right Advisory Committee (funded by Public Lending Right);
- Reviewing Committee on the Export of Works of Art
- Spoliation Advisory Panel
- Theatres Trust (funded by English Heritage)
- Treasure Valuation Committee

Separate core and consolidated financial statements are not presented on the grounds that the differences between them are not material, except in the case of Property, Plant and Equipment and intangible assets where separate information is provided in Notes 15 and 16.

#### 1.3 Intangible Assets

These relate to licences to use software that have been developed by third parties, and are valued at cost less amortisation. Expenditure on intangible assets with a cost exceeding £2,000 is capitalised for the core Department. Expenditure exceeding £5,000 is capitalised by TRP.

## 1.4 Property, plant and equipment

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 Department of Communities and Local Government in the name of the Secretary of State.

Property, plant and equipment is carried at valuation in existing use. Depreciated historic cost is used as a proxy for current value where the difference is not material.

For DCMS as an entity, freehold land is restated to current value every five years using professional valuations in accordance with the Government Financial Reporting Manual. The freehold land was last valued professionally as at 31st March 2006. Assets 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 statement of financial position. A comparison of net book value to fair value was carried out, and no material differences were found.

TRP properties are revalued as part of a five year rolling programme, using a methodology in line with the FReM. From 1st April 2007 The Royal Parks changed its policy on government index revaluations. The Royal Parks considers that these revaluations do not have a material effect and as allowed under IAS 16 has discontinued government index revaluations for assets that are not physically revalued. These assets are shown at their 31st March 2007 current cost less depreciation.

Expenditure on property, plant and equipment assets with a cost exceeding £2,000 is capitalised for the core Department. Expenditure exceeding £5,000 is capitalised by TRP.

Amounts capitalised include staff costs incurred to bring assets into being for the future benefit of the department.

Collections include works of art held by GAC for display in government buildings in the UK and across the world, where they are accessible to the public. The primary purpose being to look after and display works of art to promote the UK.

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

In accordance with the FReM, additions to the Government Art Collection, as from 1 April 2000, are recognised in the statement of financial position. The purchase price will normally provide a reliable basis for valuation.

## 1.5 Depreciation and amortisation

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 and intangible 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
Dwellings	up to 100 years
Information technology	3-10 years
Plant & machinery	3-10 years
Furniture & Fittings	3-20 years
Intangible Assets	2-5 years



## 1.6 Donated Assets

Donated 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.

Monies receivable from other government departments as contributions towards grants made by DCMS are recorded as accruals within these accounts, even where the grant relationship with the grantee is as recorded in Note 1.10 below.

## 1.9 Administration and Programme Expenditure

The Operating Cost Statement is analysed between administration and programme income and expenditure. 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.

The classification of expenditure and income as administration or programme follows the definitions in Consolidated Budgeting Guidance issued by HM Treasury.

Programme costs are those resource costs outside the Administration Cost controls relating to DCMS core department.

Spending in the Other Current column of Note 3 includes programme staff costs; depreciation and cost of capital on assets used for programme expenditure purposes and other disbursements by the Department to third parties for the delivery of projects and the management of grant programmes.

Spending included in the column headed Grants in Note 3 includes payments of Grant-in-Aid to NDPBs and other regularly funded bodies (which funds both resource and capital DEL spending by those bodies), and specific grants to other bodies.

All of the Royal Parks income and costs are classified as programme income and expenditure.

## 1.10 Grants Payable

Government Grant-in-Aid 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 that provides for the payment of grant funding to the BBC. The Agreement states that the Secretary of State shall pay to the BBC sums equal to the net Licence Fee Revenue. The grant paid is therefore the lower of:

- Licence fee income paid to the Consolidated Fund, less the DCMS management charge; or
- The amount voted by Parliament.

Licence Fee Revenue is due from licence fee payers to the BBC, which is then payable by the BBC to the consolidated Fund. DCMS acts as an agent of the Consolidated Fund in collecting Licence Revenue from the BBC's collecting agents and remitting it to the Fund. In recognition of the Department's cash management responsibilities, a debtor is raised in these accounts for cash collected by the BBC's agents and not yet paid to DCMS.

It has been agreed with the BBC that, as from 1 April 2010, the BBC will pay the Licence Fee Revenue directly to the Consolidated Fund, and prepare a Trust Statement covering this income. Licence Fee Revenue will therefore no longer be reflected in the DCMS accounts.

### 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 amount of all assets less liabilities, except for:

- a property, plant and equipment and intangible assets where the cost of capital charge is based on opening values, adjusted pro rata for in-year:
  - additions at cost
  - disposals as valued in the opening statement of financial position (plus any subsequent capital expenditure prior to disposal)
  - impairments at the amount of the reduction of the opening statement of financial position value (plus any subsequent capital expenditure)
  - depreciation of property, plant and equipment and amortisation of intangible assets;
- b donated assets, cash balances with the Office of the Paymaster General, and the Consolidated Fund where the charge is nil;
- c additions to heritage collections.

### 1.13 Foreign Exchange

Revenue and expenditure incurred in foreign currencies are translated at the rate of exchange ruling on the date of the transaction.

### 1.14 Value added tax

Most of the activities of the Department are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input tax is recoverable, the amounts are stated net of VAT.

### 1.15 Pensions

Present and past employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) which are described in the Remuneration Report and at note 10. 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 any 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 IAS 37, the Department discloses for parliamentary reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to Parliament in accordance with the requirements of Managing Public Money.

These comprise:

- items over £250k (or lower where required by statute) that do not arise in the normal course of business and which are reported to Parliament by Departmental Minute prior to the Department entering into the arrangement;
- all items (where they arise in the normal course of business) over £250k (or lower where required by specific statute or where material in the context of the resource accounts) which are required by the FReM to be noted in the resource accounts.

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

### **1.19 Financial Instruments**

The Department accounts for financial instruments in accordance with IAS 32 Financial Instruments: Presentation, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7: Financial Instruments: Disclosures.

A financial instrument is any contract that gives rise to a financial asset in one entity, and a financial liability in another. Financial assets, liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. IAS 39 requires financial instruments to be measured in a way that reflects the fair value of the asset or liability.

Trade receivables are recognised at carrying value, reduced by appropriate allowances for estimated irrecoverable assets. Trade payables are short term and are stated at carrying value in recognition that these liabilities fall due within one year.

### **1.20 Impact of new International Financial Reporting Standards and Financial Reporting Manual Amendments**

The following new, revised or amended IFRS and FReM amendments will become effective for future reporting periods, and have not been adopted early in these financial statements:

- IAS 24 – Related Party Disclosures (effective from 1 January 2011). This revision simplifies and clarifies the definition of a related party, and provides government-related entities with partial exemption from the disclosure requirements.
- IAS 27 – Consolidated and Separate Financial Statements (effective 1 July 2009). The most significant changes are that changes in a parent entity's ownership interest in a subsidiary that do not result in the loss of control should be accounted for as equity transactions; that total comprehensive income (including losses) should be attributed to the non-controlling interests even if this results in the non-controlling interests having a negative balance; and that where an entity loses control of a subsidiary any gains or loss should be recognised in profit or loss.
- FReM Chapter 6 – Implementation of FRS 30 Accounting for Heritage Assets (effective 1 April 2010). FRS 30 introduces new disclosure requirements for the reporting of heritage assets, which apply even where such assets are not reported in the Statement of Financial Position.
- H.M Treasury have also amended the FReM for 2010-11 to remove the charge for cost of capital from the Operating Cost Statement.

There are no other standards and interpretations in issue but not yet adopted that the Department anticipates will have a material effect on future reporting periods.

### 1.21 Losses and special payments

Losses and special payments relating to DCMS sponsored bodies are included where they relate to a breach of the delegated limits of those bodies.

## 2. First-time adoption of IFRS

	General Fund £000	Revaluation reserve £000	Donated asset reserve £000
Taxpayers' equity at 31 March 2009 under UK GAAP	33,579	17,156	8,224
Adjustments for:			
IAS 19 Employee benefits – accrued leave	(733)		
Taxpayers' equity at 1 April 2009 under IFRS	32,846	17,156	8,224
			£000
Net operating cost for 2008-09 under UK GAAP			2,213,903
Adjustments for:			
IAS 19 Employee benefits – accrued leave and bonuses reversal			(1,342)
IAS 19 Employee benefits – accrued leave			733
Net operating cost for 2008-09 under IFRS			2,213,294

In line with HM Treasury advice, Prior Period Adjustments (PPAs) arising from the adoption of IFRS were not included in spring Supplementary Estimates for 2009-10 on the basis that the Prior Period Adjustment numbers could have been misleading, particularly where transactions may well have pre-dated the 2001-02 cut off point for reporting Prior Period Adjustments, as only part of an obligation would have been included. Prior Period Adjustments arising from a change in accounting policy related to other than IFRS were included in the Estimates in line with conventional arrangements.

IAS 19 Employee benefits covers all forms of consideration in exchange for service rendered to an organisation. The Standard states: When an employee has rendered service to an entity during an accounting period, the entity shall recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

1. As a liability (after deducting any amount already paid)

2. As an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset (e.g. capitalisation under IAS 16)

Sick pay is not captured by this requirement, but accruals do need to be recognised (where material) for accumulating benefits such as annual leave and flexi leave that has been earned by the year end, but has not yet been taken.

### 3. Analysis of net resource outturn by section

	Admin	Other Current	Grants	A-in-A	Net Total Outturn	Estimate	Net Total Outturn v Estimate	2008-09 Prior year outturn
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Request for Resources 1:</b>								
<b>A. Museums Galleries &amp; Libraries</b>	–	427	9,177	(1,530)	8,074	7,948	(126)	7,590
<b>B. Arts</b>	–	571	2,597	(6,929)	(3,761)	(3,485)	276	(1,138)
<b>C. Sports</b>	–	539	43,782	(35,853)	8,468	5,268	(3,200)	12,218
<b>D. Architecture &amp; Historic Environment</b>	–	1,484	2,711	(18)	4,177	5,382	1,205	5,070
<b>E. Listed Places of Worship</b>	–	234	14,696	–	14,930	15,250	320	16,347
<b>F. The Royal Parks</b>	–	33,557	–	(14,051)	19,506	20,324	818	22,404
<b>G. Tourism</b>	–	–	127	–	127	100	(27)	2,230
<b>H. Broadcasting and Media</b>	–	2,791	4,770	(5,131)	2,430	2,663	233	1,244
<b>I. Creative Economy</b>	–	737	–	–	737	1,500	763	1,683
<b>J. Administration, research and other surveys</b>	56,941	3,744	250	(2,944)	57,991	58,910	919	57,561
<b>K. National Lottery Commission</b>	–	–	–	(4,061)	(4,061)	(5,594)	(1,533)	(6,342)
<b>L. Olympics (incl. OGD receipts)</b>	–	–	800	(678,191)	(667,391)	(739,389)	(61,998)	(412,094)
<b>M. Museums Galleries &amp; Libraries</b>	–	–	518,865	–	518,865	547,973	29,108	556,154
<b>N. Arts</b>	–	–	452,532	–	452,532	444,516	(8,016)	436,603
<b>O. Sports</b>	–	–	201,059	–	201,059	200,940	(119)	203,595
<b>P. Architecture &amp; Historic Environment</b>	–	–	183,833	–	183,833	179,462	(4,371)	180,832
<b>Q. Tourism</b>	–	–	49,227	–	49,227	50,627	1,400	53,412
<b>R. Broadcasting and Media</b>	–	–	138,403	–	138,403	137,141	(1,262)	128,504
<b>S. National Lottery Commission</b>	–	–	4,061	–	4,061	5,664	1,603	6,342

	Admin	Other Current	Grants	A-in-A	Net Total Outturn	Estimate	Net Total Outturn v Estimate	2008-09 Prior year outturn
	£000	£000	£000	£000	£000	£000	£000	£000
T. Gambling Licensing & Horse Racing	–	–	545	–	545	500	(45)	666
U. London 2012 (ODA GIA)	–	–	923,974	–	923,974	1,039,689	115,715	957,900
Regional Cultural Consortia	–	–	(8)	–	(8)	–	8	2,412
<b>Request for Resources 1 Total</b>	<b>56,941</b>	<b>44,084</b>	<b>2,551,401</b>	<b>(748,708)</b>	<b>1,903,718</b>	<b>1,975,389</b>	<b>71,671</b>	<b>2,233,193</b>
<b>Request for Resources 2</b>								
A. Home Broadcasting	–	–	3,021,099	–	3,021,099	3,064,000	42,901	2,961,020
<b>Resources Outturn</b>	<b>56,941</b>	<b>44,084</b>	<b>5,572,500</b>	<b>(748,708)</b>	<b>4,924,817</b>	<b>5,039,389</b>	<b>114,572</b>	<b>5,194,213</b>

The gross resource outturn on Request for Resources 1 of £2,652,426k (£2,677,762k in 2008-09), as shown in the Statement of Parliamentary Supply, comprises the total of administration costs, other current costs and grants.

Programme expenditure on Request for Resources 1 of £2,595,485k (£2,623,336k in 2008-09) includes programme staff costs, which are shown in the Operating Cost Statement as separate items. This represents the "Other Current" and "Grants" columns in the estimates.

Explanations of major variances are given in the Financial Commentary.

### Key to Request for Resources and Sections

The different types of expenditure within Note 3 are shown in the vertical columns of the table and correspond to the estimate. All voted resource expenditure is shown on an accruals basis.

The 'Admin' and 'Other current' columns show direct expenditure by the Department and its agency, and other bodies within the resource accounting boundary.

The 'Grants' column shows grants and transfers to bodies outside the Department's accounting boundary.

These three columns include amounts in respect of the current consumption of assets, but do not include the amounts associated with the acquisition of capital items by the Core Department.

The Sections represented by letters A to U represent the analysis of each Request for Resources for HM Treasury control purposes and Parliamentary approval, and therefore do not correspond to the analysis by departmental objectives. Following the Resource Estimates analysis:

- Sections A to L of Request for Resources 1 are classed as Spending In Departmental Expenditure Limits (DEL) and as Central Government Spending
- Sections M to U of Request for Resources 1 and Section A of Request for Resources 2 are classed as Non-Budget – other spending outside Departmental Expenditure Limits (DEL).

Public expenditure data for the public bodies listed in these sections is recorded from their own gross income and expenditure rather than the Grant-in-Aid shown here.

**4 Reconciliation of outturn to net operating cost and against administration budget****4.1 Reconciliation of net resource outturn to net operating cost**

		Supply Estimate	Outturn	2009-10 Outturn compared with Estimate saving/ (excess)	2008-09 Outturn
	Note	£000	£000	£000	£000
Net Resource Outturn	3	5,039,389	4,924,817	114,572	5,194,213
Prior period adjustments		–	–	–	(609)
Non-supply income (CFERs)	6	(3,062,950)	(3,021,233)	(41,717)	(2,980,310)
<b>Net operating cost</b>		<b>1,976,439</b>	<b>1,903,584</b>	<b>72,855</b>	<b>2,213,294</b>

**4.2 Outturn against final Administration Budget**

	Budget	2009-10 Outturn	2008-09 Outturn
	£000	£000	£000
Gross Administration Budget	57,546	56,941	54,226
Income allowable against the Administration Budget	(2,413)	(2,399)	(1,601)
<b>Net outturn against final Administration Budget</b>	<b>55,133</b>	<b>54,542</b>	<b>52,825</b>

The 2008-09 outturn figures have not been restated and so differ from the restated IFRS figures on the consolidated operating cost statement.

An explanation of significant variances between Estimates and outturn and more information can be found in the Financial Commentary.



**5 Reconciliation of net resource outturn to net cash requirement**

		Estimate	Outturn	Net total outturn compared with estimate: saving/ (excess)
	Note	£000	£000	£000
<b>Resource Outturn</b>	3	5,039,389	4,924,817	114,572
<i>Capital:</i>				
Acquisition of property, plant and equipment and intangible assets		4,200	4,875	(675)
Investments				
<i>Non-operating A-in-A:</i>				
Proceeds of asset disposals		–	–	–
<i>Accruals adjustments:</i>				
Non-cash items	11,12	(9,379)	(7,976)	(1,403)
Changes in working capital other than cash			29,833	(29,833)
Changes in receivables falling due after more than one year			80	(80)
Use of provision	22		277	(277)
<b>Net cash requirement</b>		<b>5,034,210</b>	<b>4,951,906</b>	<b>82,304</b>

An explanation of variances between Estimate and outturn and more information can be found in the Management Commentary.

**6 Analysis of income payable to the Consolidated Fund**

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

		Forecast 2009-10		Outturn 2009-10	
	Note	£000	£000	£000	£000
		Income	Receipts	Income	Receipts
Operating income and receipts – excess A-in-A		–	–	–	–
Other operating income and receipts not classified as A-in-A:		–	–	–	–
		–	–	–	–
Non- operating income and receipts – excess A-in-A	8	–	–	–	–
Other non-operating income and receipts not classified as A-in-A	9	4,650	4,650	58	9
Other amounts collectable on behalf of the Consolidated Fund		3,058,300	3,058,300	3,021,175	3,015,410
Excess cash surrenderable to the Consolidated Fund		–	–	–	–
<b>Total income payable to the Consolidated Fund</b>		<b>3,062,950</b>	<b>3,062,950</b>	<b>3,021,233</b>	<b>3,015,419</b>



## 7 Reconciliation of income recorded within the Operating Cost Statement to operating income payable to the Consolidated Fund

		2009-10	2008-09
	Note	£000	£000
Operating income		3,769,941	3,424,879
Adjustments for transactions between RfRs		–	–
Gross income	13	3,769,941	3,424,879
Income authorised to be appropriated-in-aid		(748,708)	(444,569)
<b>Net operating income payable to the Consolidated Fund</b>	<b>6</b>	<b>3,021,233</b>	<b>2,980,310</b>

## 8 Non operating income – Excess A in A

		2009-10	2008-09
	Note	£000	£000
Proceeds on disposal of property, plant and equipment		–	85,077
AinA		–	(4,850)
<b>Non operating income payable to the Consolidated Fund</b>	<b>6</b>	<b>–</b>	<b>80,227</b>

## 9 Non-operating income not classified as appropriations in aid

	Income	Receipts
	£000	£000
Licence income from the Football Licensing Authority	9	9
Income released from suspense accounts	49	46
	<b>58</b>	<b>55</b>

The Football Licensing Authority (FLA) enforces the Government's policy that all clubs in the FA Premier League and Football League Championship must have all-seated stadia and that any standing accommodation in Leagues 1 and 2 is of the prescribed standard.

The FLA charges for the issue of licences to admit spectators to watch designated football matches. In the year ended 31 March 2010 94 licences were issued to clubs/stadia for a fee of £100 each. These licences were paid to DCMS in order for them to be surrendered to the Consolidated Fund.

**10. Staff numbers and related costs**

Staff costs comprise:

					2009-10 £000	2008-09 £000
	Total	Permanently- employed staff	Others	Ministers	Special Advisers	Total
<b>Wages and Salaries</b>	28,294	23,661	4,284	191	158	25,579
<b>Social Security Costs</b>	1,999	1,950	15	17	17	1,879
<b>Other pension costs</b>	4,463	4,398	32	–	33	4,439
<b>Total net costs</b>	<b>34,756</b>	<b>30,009</b>	<b>4,331</b>	<b>208</b>	<b>208</b>	<b>31,897</b>
<b>Of which:</b>						
<b>Core department – administration</b>	29,863	25,116	4,331	208	208	27,305
<b>Core department – programme</b>	8	8	–	–	–	–
<b>Core department – total</b>	<b>29,871</b>	<b>25,124</b>	<b>4,331</b>	<b>208</b>	<b>208</b>	<b>27,305</b>

This consolidated note includes DCMS staff costs of £29,862k (2008-09 £27,305k) shown in administration costs, £8k shown in programme costs and TRP staff costs of £4,886k (2008-09 £4,592k) shown in Programme Costs.

In addition £49k of staff costs relating to the implementation of a human resources management system has been charged to capital.

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but the Department is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2007. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)) .

For 2009-10, employers' contributions of £3,970k were payable to the PCSPS (£5,033k in 2008-09) at one of four rates in the range 16.7 per cent to 24.3 per cent of pensionable pay, based on salary bands (the rates in 2008-09 were between 17.1 per cent to 25.5 per cent). The scheme actuary reviews employer contributions usually every four years following a full scheme valuation. From 2010-11 the rates will be in the range 16.7 per cent to 24.3 per cent. The contribution rates are set to meet the cost of the benefits accruing during 2009-10 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £13k (£18k in 2008-09) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3 per cent to 12.5 per cent of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay.

In addition, employer contributions of £966k, 0.8 per cent (£1,538k, 0.8 per cent in 2008-09) of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the partnership pension providers as at 31 March 2010 were £4,598 (£4,175 in 2008-09) by the Core Department and £nil (2008-09 £nil) by TRP. Contributions prepaid at that date were £nil (2008-09 nil).

No individuals retired early on ill-health grounds (no early retirements on ill-health grounds in 2008-09); the total additional annual pension granted to them amounted to £nil.

**Average number of persons employed**

The allocation of staff to objectives has been estimated on the basis of allocating staff in proportion to gross costs for RfR1. In practice, staff may be working on multiple objectives at any one time and staff will not be assigned purely in proportion to cost. In this period, the GOE which is responsible for most of DSO4 consisted of 85 staff.

The average number of whole-time equivalent persons employed during the year was as follows. These figures include those working in the department and in The Royal Parks agency.

Objective	2009-10					2008-09
	Total	Permanently-employed staff	Others	Ministers	Special Advisers	Total
DSO 1	231	188	39	2	2	240
DSO 2	148	117	31	–	–	150
DSO 3	39	32	7	–	–	43
DSO 4	201	157	43	1	–	185
Staff engaged on capital projects	1	–	1	–	–	–
<b>Total</b>	<b>620</b>	<b>494</b>	<b>121</b>	<b>3</b>	<b>2</b>	<b>618</b>
<b>Of which:</b>						
<b>Core Department</b>	<b>495</b>	<b>383</b>	<b>107</b>	<b>3</b>	<b>2</b>	<b>500</b>

The total average number of staff includes 125 staff employed by TRP (128 in 2008-09), of which 6 are senior managers. The figure of 125 TRP staff is the average number of staff employed in the year.

Staff employed by TRP have been allocated to objectives in the same proportion as its expenditure.

The DSOs and Objectives are described in the consolidated statement of the net operating costs by departmental strategic objectives.

**11. Other Administration Costs**

		2009-10 £000	2008-09 £000
	Note	Consolidated	Consolidated
Rentals under operating leases		6,824	6,295
Non-cash items			
Depreciation and amortisation		4,634	3,875
(Profit)/Loss on disposal of property, plant and equipment		307	(13)
Cost of Capital charges		272	732
Auditors' remuneration and expenses		85	91
Auditors' remuneration and expenses – whole of government accounts		28	25
Other audit services		13	13
Provision (utilised) provided for in year	23	–	(218)
Early retirement costs		181	–
Other expenditure:			
Building services		4,247	4,514
IT maintenance and support		3,522	3,389
Consultancy		1,467	1,220
Professional services		2,111	2,574
Publicity and advertising		539	708
Other		2,849	3,174
<b>Total</b>		<b>27,079</b>	<b>26,379</b>

The audit fee of £85 k (2009: £91k) is notional; no payment is made in respect of audit costs. There is an additional fee of £28 k (2009:£25k) in respect of Whole of Government Accounts and £12.5k (2009: £13k) in respect of the audit of the IFRS Trigger point 4. No payment is made to the auditors for non-audit work. This audit fee is for the core department only

All expenditure of The Royal Parks Agency, including administration expenditure, and their audit fee, is part of the consolidated programme costs (note 12).

The prior year has been re-analysed in order to separately disclose payments for Publicity and Advertising.

**12. Programme Costs**

	2009-10 £000 Consolidated	2008-09 £000 Consolidated
<b>RfR 1 Programme costs</b>		
Current grants	2,572,184	2,574,819
Other current expenditure	10,465	10,645
Capital grants and other capital expenditure	5,064	27,887
Provision for pension contributions	83	194
Rentals under operating leases - TRP	177	
Early retirement costs – TRP	(19)	99
Non-cash items – DCMS		
Depreciation	18	–
Profit on disposal of property, plant and equipment	–	(19)
Loss on disposal of property, plant and equipment	–	57
Non-cash items – TRP		
Depreciation	1,462	3,740
Impairment	92	–
Notional income (transfer from donated asset reserve)	(107)	(68)
Loss on disposal of property, plant and equipment	1	95
Cost of Capital Charges	1,123	1,385
Auditors' remuneration and expenses	41	38
Other audit services	7	5
	<b>2,590,591</b>	<b>2,618,877</b>
<b>RfR 2 Programme costs</b>	<b>3,021,099</b>	<b>2,961,020</b>
<b>Total</b>	<b>5,611,690</b>	<b>5,579,897</b>

The audit fee for TRP of £41k and £7k for IFRS trigger point audits (2009: £38k and £5k) is notional; no payment is made in respect of audit costs. No payment is made to the auditors for non-audit work.

**13. Income****13.1 Operating Income analysed by classification and activity, is as follows:**

	2009-10	2008-09
	Consolidated	Consolidated
	Total	Total
	£000	£000
<b>Request for Resources 1</b>		
<b>Administrative income:</b>		
Rental income from external tenants	1,611	1,059
Lottery Distribution Funds – recovery of the Department’s costs in administering the funds	314	257
EU Refunds	8	14
Fast stream conference	–	31
Rate rebates	69	33
Government Olympic Executive – OGD contributions	388	204
Other income	9	3
<b>Total RfR1 Administrative Income</b>	<b>2,399</b>	<b>1,601</b>
<b>RfR1 Programme income:</b>		
Olympic games capital grants	677,915	432,530
Capital Grants for art and the poetry archive - OGD contribution towards purchases	68	–
Recovery of Olympic costs	–	11
The Royal Parks income	14,051	12,943
NLDF – Reimbursement of Grant-in-Aid to the National Lottery Commission for lottery regulation.	3,784	4,625
OLDF – Reimbursement of Grant-in-Aid to the National Lottery Commission for lottery regulation.	277	1,677
Fees for licence issued by National Lottery Commission	–	40
Grant recoveries	276	–
Fee income receivable from the Gambling Commission	4	–
Government Art Collection	3	70
Resource transfers from other government departments	47,952	10,905
Income for digital switchover helpscheme	1,430	–
Income for “taking part” survey	481	680
Ceremonials use & deployment of flags, remembrance day costs	17	18
Joint Research – DCMS contribution to climate change research	50	272
CFER income – Fees for licences issued by the Football Licensing Authority	9	9
Other income	50	2
<b>Total RfR1 Programme Income</b>	<b>746,367</b>	<b>463,782</b>
Excess A-in-A – core department	–	–
<b>Total RfR1 Administrative and Programme Income</b>	<b>748,766</b>	<b>465,383</b>
<b>Request for Resources 2</b>		
RfR2 – BBC Licence fees received	3,013,221	2,957,353
– receivable	7,954	2,143
<b>Total Income</b>	<b>3,769,941</b>	<b>3,424,879</b>

Some of the comparative figures have been reallocated to simplify the comparison with 2009-10.

**BBC**

Under section 365 of the Communications Act 2003, the BBC is responsible for receiving television licence fees and for their recovery. In 2009-10 an estimated £195.6 million (2008-09 £195.9 million) of licence fee revenue remained uncollected because of licence fee evasion. The decrease reflects a combination of a decrease in the evasion rate (down from 5.3 per cent as at March 2009 to 5.2 per cent as at March 2010) and a decrease in the rate of growth of households. 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 as at March each year. Measures are being taken by the BBC to tackle evasion, so far as it considers them practical and cost effective.

**13.2 Lease income**

	2009-10 £000 Consolidated	2008-09 £000 Consolidated
<b>Amounts due under non-cancellable lease contracts:</b>		
Buildings:		
Not later than one year	1,908	1,322
Later than one year and not later than five years	4,094	4,178
Later than five years	960	1,457
	<b>6,962</b>	<b>6,957</b>

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

	Estimate £000	2009-10 Outturn £000	2008-09 Outturn £000
<b>Spending body:</b>			
Core Department	95,962	91,386	95,598
The Royal Parks Agency	20,324	19,506	20,862
Non-departmental public bodies	2,480,184	2,348,885	2,399,863
Other central government	(684,537)	(621,137)	(340,862)
Local authorities	40,178	40,079	12,013
Other bodies	23,278	24,938	24,296
Net Operating Cost – RfR 1	1,975,389	1,903,660	2,211,770
BBC – for Home Broadcasting	3,064,000	3,021,099	2,961,020
BBC licence fees received	(3,058,300)	(3,013,221)	(2,957,353)
BBC licence fees receivable	–	(7,954)	(2,143)
Net Operating Cost – RfR 2	5,700	(76)	1,524
<b>Net Operating Cost - DCMS</b>	<b>1,981,089</b>	<b>1,903,584</b>	<b>2,213,294</b>

Some of the comparative figures have been reallocated to improve the comparison with 2009-10.

Detailed analysis of grant in aid and grant by spending body:



	2009-10 Estimate £000	2009-10 Outturn £000	2008-09 Outturn £000
<b>Other central government</b>			
Film Club DCSF	(3,700)	(3,700)	(3,100)
Youth Dance	–	–	(250)
OAS Creative Partners	(2,000)	(2,000)	(2,537)
OAS Find Talent Resource Transfer	(4,750)	(4,750)	(2,306)
Strategic Commissioning Voted	(1,500)	(1,500)	(2,000)
Cross Sector MLA	(25)	(30)	–
DCSF co-funding of Museums, Arts and Media Education Projects			
DCSF co-funding of Sports and Play Projects			
Other Sports	(67)	(67)	–
Talented Athletes	(775)	(775)	–
Olympic Play			
Free Swimming programme			
DH resource contribution	(20,000)	(20,000)	–
DWP resource contribution	(10,000)	(10,000)	–
CLG resource contribution	(5,000)	(5,000)	–
Other central government resource contributions			
GAC OGD programme funding	–	(108)	(4)
Libraries Support OGD Funding	–	–	(25)
Policy Analysis OGD Prog Funding	–	(10)	–
Funding of the Olympic Delivery Authority:			
DfT capital contribution	(219,133)	(224,335)	(75,027)
CLG capital contribution	(521,056)	(453,580)	(357,502)
Other Central government capital contributions			
Poetry Archive OGD Capital Funding	–	(60)	–
GAC Prog OGD Capital Funding	–	(8)	(62)
BIS– funding for tourism activities of the Regional Development Agencies	3,427	3,428	3,513
S4C (Welsh Fourth Channel)	100,042	101,369	98,442
	<b>(684,537)</b>	<b>(621,137)</b>	<b>(340,862)</b>

**NDPBs**

OFCOM	1,083	1,059	1,059
Regional Cultural Consortia	–	–	1,999
Museum Libs & Archives Council	12,764	4,015	17,471
British Museum	48,168	48,348	50,943
Natural History Museum	51,186	51,186	52,887
Imperial War Museum	24,163	24,163	23,888
National Gallery	27,287	27,287	26,369
National Maritime Museum	19,240	19,240	19,570
NM Liverpool	22,965	23,463	22,488
National Portrait Gallery	7,744	7,744	7,693
NM Science & Industry	40,608	40,608	39,158
Tate Gallery	55,120	55,987	61,385
Victoria & Albert Museum	44,761	44,761	44,860
Wallace Collection	4,301	4,301	4,228
Royal Armouries	8,474	8,474	8,264
British Library	109,464	109,464	106,947
Public Lending Right	7,582	7,582	7,388
MSI Manchester	4,987	4,987	4,788
Sir John Soane's Museum	1,181	1,181	1,339
Horniman Museum	4,566	4,566	4,757
Geffrye Museum	1,791	1,791	1,748
Strategic Commissioning	2,240	3,530	4,968
Museums Reserve	–	–	14
Renaissance & Oth Regional Funds	44,646	26,180	46,215
Arts Council England	444,516	451,964	431,880
Sport England	136,003	134,422	130,163
UK Sport	60,210	65,376	72,201
UK Anti-Doping (costs included in UK Sport)	3,466	–	–
Football Licensing Authority	1,261	1,261	1,231
CABE	19,690	13,463	19,790
English Heritage	130,565	131,072	129,358
National Heritage Memorial Fun	10,000	20,000	10,000
VisitBritain	47,200	45,800	49,900
Film Council	37,099	37,034	30,064
National Lottery Commission	5,664	4,061	6,342
Gambling Commission	500	541	608
Olympic Delivery Authority	1,039,689	923,974	957,900
	<b>2,480,181</b>	<b>2,348,885</b>	<b>2,399,863</b>

**15. Property, plant and equipment****15.1 Core department 2010**

	Land & Buildings £000	Information Technology £000	Plant & Machinery £000	Furniture & Fittings £000	Collections £000	Total £000
<b>Cost and valuation</b>						
At 1 April 2009	11,386	13,222	1,592	2,313	6,046	34,559
Additions	–	1,944	56	100	255	2,355
Disposals	(145)	(153)	–	–	–	(298)
Write off/back	(859)	(245)	–	–	1	(1,103)
Reclassification	81	39	289	(371)	1	39
At 31 March 2010	<b>10,463</b>	<b>14,807</b>	<b>1,937</b>	<b>2,042</b>	<b>6,303</b>	<b>35,552</b>
<b>Depreciation</b>						
At 1 April 2009	3,019	8,901	1,023	916	–	13,859
Charged in year	836	2,782	329	382	–	4,329
Disposals	(118)	(153)	–	–	–	(271)
Write off	(545)	–	–	–	–	(545)
Reclassification	–	–	1	–	–	1
At 31 March 2010	<b>3,192</b>	<b>11,530</b>	<b>1,353</b>	<b>1,298</b>	<b>–</b>	<b>17,373</b>
<b>Net Book Value</b>						
At 31 March 2010	<b>7,271</b>	<b>3,277</b>	<b>584</b>	<b>744</b>	<b>6,303</b>	<b>18,179</b>
At 31 March 2009	<b>8,367</b>	<b>4,321</b>	<b>569</b>	<b>1,397</b>	<b>6,046</b>	<b>20,700</b>

£39k of assets were reclassified from intangible assets during the year (Note 16).

**15.2 Core department 2009**

	Land & Buildings £000	Information Technology £000	Plant & Machinery £000	Fixtures & Fittings £000	Collections £000	Total £000
<b>Cost and valuation</b>						
At 1 April 2008	10,656	11,158	1,396	4,455	5,778	33,443
Additions	764	2,130	196	189	268	3,547
Disposals	(34)	(66)	–	(2,331)	–	(2,431)
At 31 March 2009	<b>11,386</b>	<b>13,222</b>	<b>1,592</b>	<b>2,313</b>	<b>6,046</b>	<b>34,559</b>
<b>Depreciation</b>						
At 1 April 2008	2,201	6,636	622	2,862	–	12,321
Charged in year	818	2,331	401	374	–	3,924
Disposals	–	(66)	–	(2,320)	–	(2,386)
At 31 March 2009	<b>3,019</b>	<b>8,901</b>	<b>1,023</b>	<b>916</b>	<b>–</b>	<b>13,859</b>
<b>Net Book Value</b>						
At 31 March 2009	<b>8,367</b>	<b>4,321</b>	<b>569</b>	<b>1,397</b>	<b>6,046</b>	<b>20,700</b>
At 31 March 2008	<b>8,455</b>	<b>4,522</b>	<b>774</b>	<b>1,593</b>	<b>5,778</b>	<b>21,122</b>

## 15.3 Consolidated 2010

	Buildings £000	Dwellings £000	Information Technology £000	Plant & Machinery £000	Furniture & Fittings £000	Collections £000	Assets under Construction £000	Total £000
<b>Cost or valuation</b>								
At 1 April 2009	88,956	12,331	13,920	1,593	6,476	6,046	2,576	131,898
<b>Additions</b>	1,247	410	1,972	56	515	255	131	4,586
Disposals	(145)	–	(241)	–	–	–	–	(386)
Write off	(859)	–	(245)	–	(76)	1	–	(1,179)
Reclassifications	2,656	1	(539)	990	(741)	1	(2,576)	(208)
Revaluations	(36)	1,790	–	–	–	–	–	1,754
<b>At 31 March 2010</b>	<b>91,819</b>	<b>14,532</b>	<b>14,867</b>	<b>2,639</b>	<b>6,174</b>	<b>6,303</b>	<b>131</b>	<b>136,465</b>
<b>Depreciation</b>								
At 1 April 2009	43,573	6,435	9,143	1,023	3,946	–	–	64,120
Charged in year	1,887	129	2,789	391	583	–	–	5,779
Disposals	(118)	–	(241)	–	–	–	–	(359)
Write off	(545)	–	–	–	(72)	–	–	(617)
Reclassifications	–	–	(129)	243	(342)	–	–	(228)
Revaluations	3,198	1,452	–	–	–	–	–	4,650
<b>At 31 March 2010</b>	<b>47,995</b>	<b>8,016</b>	<b>11,562</b>	<b>1,657</b>	<b>4,115</b>	<b>–</b>	<b>–</b>	<b>73,345</b>
<b>Net book value at 31 March 2010</b>	<b>43,824</b>	<b>6,516</b>	<b>3,305</b>	<b>982</b>	<b>2,059</b>	<b>6,303</b>	<b>131</b>	<b>63,120</b>
<b>Net book value at 31 March 2009</b>	<b>45,383</b>	<b>5,896</b>	<b>4,777</b>	<b>570</b>	<b>2,530</b>	<b>6,046</b>	<b>2,576</b>	<b>67,778</b>

£39k of assets were reclassified from intangible assets during the year (Note 16).

## 15.4 Consolidated 2009

	Buildings £000	Dwellings £000	Information Technology £000	Plant & Machinery £000	Furniture & Fittings £000	Collections £000	Assets under Construction £000	Total £000
<b>Cost or valuation</b>								
At 1 April 2008	90,559	5,481	11,858	1,397	8,846	5,778	184	124,103
Additions	1,056	823	2,135	196	188	268	2,494	7,160
Disposals	(206)	–	(73)	–	(2,558)	–	–	(2,837)
Reclassifications	102	–	–	–	–	–	(102)	–
Revaluations	(2,555)	6,027	–	–	–	–	–	3,472
<b>At 31 March 2009</b>	<b>88,956</b>	<b>12,331</b>	<b>13,920</b>	<b>1,593</b>	<b>6,476</b>	<b>6,046</b>	<b>2,576</b>	<b>131,898</b>
<b>Depreciation</b>								
At 1 April 2008	41,746	305	6,821	622	5,864	–	–	55,358
Charged in year	2,904	207	2,393	401	598	–	–	6,503
Disposals	(110)	–	(71)	–	(2,516)	–	–	(2,697)
Revaluations	(967)	5,923	–	–	–	–	–	4,956
<b>At 31 March 2009</b>	<b>43,573</b>	<b>6,435</b>	<b>9,143</b>	<b>1,023</b>	<b>3,946</b>	<b>–</b>	<b>–</b>	<b>64,120</b>
<b>Net book value at 31 March 2009</b>	<b>45,383</b>	<b>5,896</b>	<b>4,777</b>	<b>570</b>	<b>2,530</b>	<b>6,046</b>	<b>2,576</b>	<b>67,778</b>
<b>Net book value at 31 March 2008</b>	<b>48,813</b>	<b>5,176</b>	<b>5,037</b>	<b>775</b>	<b>2,982</b>	<b>5,778</b>	<b>184</b>	<b>68,745</b>

All assets as at 31 March 2010, 2009 and 2008 are owned.

## Analysis of property, plant and equipment

The net book value of property, plant and equipment comprises:

	£000
Core department 2010	18,179
Agency 2010	44,941
Core department 2009	20,700
Agency 2009	47,078
Core department 2008	21,122
Agency 2008	47,623

**Notes****Additions to donated assets**

The Royal Parks Agency received donated assets to the value of £432k in the year. This includes grant income from the Heritage Lottery Fund and other bodies to fund capitalised projects.

**Revaluations**

The figure for revaluations represents a revaluation of TRP assets of £1,754k.

**Land & Buildings**

The net book value of buildings comprises:

	2009-10	2008-09	2007-08
	£000	£000	£000
Freehold	38,008	38,471	46,903
Leasehold – short	5,816	6,912	1,910
	<b>43,824</b>	<b>45,383</b>	<b>48,813</b>

**Classification**

The land and buildings are classified under the FReM as either:

- Pure heritage assets (non-operational heritage assets)
- Operational heritage assets
- Operational (non-heritage) assets

**Core Department**

This includes the Fusiliers Building at HM Tower of London - which is treated as an operational heritage asset and held at the cost of capital works undertaken since 1990 - and the freeholds of three residential properties in Windsor, subject to long leasehold interests, held in the name of the Secretary of State.

**Non-operational Heritage Assets**

The non-operational Heritage Assets held by the Department are valued at nil, because: there is no market for assets of this type; the market value would not be a true reflection of the value of the asset to the nation's heritage; the asset, if lost, could not be replaced or reconstructed.

Purchased additions to the Government Art Collection have been included at cost in the Department's asset register as from 1st April 2000. This is in accordance with the Financial Reporting 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:**

- Two properties at Windsor occupied for the purposes of the Royal Household. These are managed in conjunction with Windsor Castle and its precincts, and to all practical purposes are subject to the same constraints on disposal or leasing as properties at Windsor that are subject to the Crown Lands Act.
- Two statues at Greenwich which have not been the subject of any statutory order to transfer them to English Heritage or the Greenwich Foundation for the Old Royal Naval College.

- The *Heveningham chattels* – suites of furniture designed by James Wyatt originally for Heveningham Hall. These have been on long term loan to Manchester City Council since 1984 for display at Heaton Hall.

The Secretary of State has responsibility for Royal Estate properties in England governed by the Crown Lands Act 1851 and subsequent legislation. This responsibility is now discharged through a series of management agreements:

- The Royal Parks are managed by The Royal Parks Agency and improvements to assets are reported in these accounts as disclosed in Accounting Policy note 1.4;
- The Occupied Royal Palaces in England (Buckingham Palace, St James Palace, Windsor Castle and some other smaller properties) and Marlborough House are managed by the Royal Household to whom the Secretary of State pays Grant-in-Aid;
- The Historic Royal Palaces in England (Hampton Court Palace, Kew Palace, the Tower of London, the Whitehall Banqueting House and most of Kensington Palace) are managed by the Historic Royal Palaces Trust, which has a contract to manage the Palaces and provide education and visitor services in return for the rights to retain admission charges to these sites;
- Some other Old Crown Lands Act properties, predominantly castles and other fortifications, are managed by English Heritage.

The Secretary of State is also the owner of land, buildings, monuments and sites of heritage interest acquired by the Office of Works and its successors using exchequer funding or as a result of specific statutes such as the Osborne Estate Act 1902 and the Wellington Museum Act 1947. Management responsibility for these properties has been vested by English Heritage. These properties together with the crown lands managed by English Heritage are maintained from Grant-in-Aid funding..

### **Blythe House**

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 for the Environment, although ministerial responsibility for all museum estate issues has transferred to the Secretary of State for Culture, Media and Sport. Each of the institutions holds a share in this property. Their shares were separately professionally valued by Knight Frank or Gerald Eve at a combined value of £18.4m as at 31 March 2009. In accordance with International Financial Reporting Standards IAS 16, the share is disclosed in each of the balance sheets of the three occupying museums. The combined valuation of Blythe House in the balance sheets of the three museums, including mechanical and electrical installation for their own fit-out purposes, is £18.4m as at 31 March 2010.

### **Somerset House**

The Somerset House Trust, a private company limited by guarantee and a registered charity, was established in 1997 to conserve and develop Somerset House and the open spaces around it to the public. DCMS is the accountable department for managing the Government's freehold interest in Somerset House and ensuring the Somerset House Trust fulfils the terms of its lease which it holds until 2125.

### **The Royal Parks**

Grant, Mills & Wood, Surveyors and Valuers, a member of the Royal Institute of Chartered Surveyors, undertook the professional valuation of land and buildings for 2009-10, as at 31 March 2010.

Depreciation has not been charged on freehold land, which is stated at its 1999 valuation of £20k plus £3k for land purchased in 1999-2000. During the year TRP carried out a reassessment of the operational lives of buildings, and the lives of heritage assets was extended to 99 years. This re-living was the main reason for the in year reduction of depreciation. Depreciation is not charged on pure heritage non-operational assets which also contributed to the reduced charge.



TRP has a 99-year lease from the Crown Estate Commissioners on Pembroke Lodge in Richmond Park of which 81 years remained unexpired at 31 March 2010. The property is included in land and buildings at a gross current replacement cost of £3,677k (2008-09 £3,677k).

During 2009-10 £0.526m of expenditure was incurred on the Bushy Restoration Project. £0.232m of the expenditure was capitalised and £0.294m was expensed in year. 67% of eligible expenditure is funded by the Heritage Lottery Fund and a proportion of the grant income is taken to the Donated Asset Reserve to be matched against capital expenditure. The Royal Parks also received funding from The London Marathon Trust, Westminster City Council to cover other capitalised projects.

Assets under construction include costs of refurbishment of some residential dwellings. Transfers out include the completion of the Welcome Centre at Bushy Park and the memorial to the victims of the 7 July 2005 London bombings.

Further details of TRP non-current assets can be found in the separate accounts of The Royal Parks.

## 16. Intangible assets

Intangible assets comprise software licences for the department and The Royal Parks Agency.

### 16.1 Intangible assets 2010

	Core Department Software licences £000	Consolidated Software licences £000
<b>Cost or valuation</b>		
At 1 April 2009	1,674	1,674
Additions	440	721
Disposals	(328)	(371)
Write offs	(9)	(9)
Reclassification	(39)	208
<b>At 31 March 2010</b>	<b>1,738</b>	<b>2,223</b>
<b>Amortisation</b>		
At 1 April 2009	1,585	1,585
Charged in year	34	46
Disposals	(328)	(371)
Reclassification	–	229
<b>At 31 March 2010</b>	<b>1,291</b>	<b>1,489</b>
<b>Net book value at 31 March 2010</b>	<b>447</b>	<b>734</b>
Net book value at 31 March 2009	89	89

**16.2 Intangible assets 2009**

	<b>Core Department Software licences £000</b>	<b>Consolidated Software licences £000</b>
<b>Cost or valuation</b>		
At 1 April 2008	1,647	1,647
Additions	27	27
Disposals	–	–
<b>At 31 March 2009</b>	<b>1,674</b>	<b>1,674</b>
<b>Amortisation</b>		
At 1 April 2008	1,577	1,577
Charged in year	8	8
Disposals	–	–
<b>At 31 March 2009</b>	<b>1,585</b>	<b>1,585</b>
<b>Net book value at 31 March 2009</b>	<b>89</b>	<b>89</b>
<b>Net book value at 31 March 2008</b>	<b>70</b>	<b>70</b>
<b>Analysis of intangible assets</b>		
The net book value of intangible assets comprises:		
<b>Core department 2010</b>		<b>447</b>
<b>Agency 2010</b>		<b>287</b>
<b>Core department 2009</b>		<b>89</b>
<b>Agency 2009</b>		<b>–</b>
<b>Core department 2008</b>		<b>70</b>
<b>Agency 2008</b>		<b>–</b>

**17. Financial Instruments**

As the cash requirements of the department are met through the Estimates process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body of a similar size.

The majority of financial instruments relate to contracts for non-financial items in line with the Department's expected purchase and usage requirements and the Department is therefore exposed to little credit, liquidity or market risk.

IAS 32 Financial Instruments: Presentation, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosure have been applied. IFRS 7 requires disclosures that allow users of the accounts to evaluate the significance of financial instruments for the entity's financial position and performance, and the nature and extent of risks arising from financial instruments during the period. Because the department'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 IFRS 7 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.

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

The Department has no finance leases or loans. It holds no cash balances other than balances held in the Government Banking Service, and the MASS account (a commercial bank account operated by TRP as part of its income generating operations). 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.

## 18. Impairments

The impairment charge for the year consists of £92k property, plant and equipment impairments in The Royal Parks accounts.

## 19. Inventories

	2009-10	2008-09	2007-08
	£000	£000	£000
	Consolidated	Consolidated	Consolidated
Good for resale – The Royal Parks	–	–	27
	–	–	27

## 20. Trade receivables and other current assets

### 20.1

	2009-10	2008-09	2007-08
	£000	£000	£000
	Consolidated	Consolidated	Consolidated
<b>Amounts falling due within one year:</b>			
Trade receivables	2,730	5,365	1,992
Deposits and advances	185	210	176
VAT	1,021	972	1,750
BBC licence fees collected	7,954	2,143	2,900
Other receivables	190	440	2,455
Prepayments and accrued income	39,258	4,366	2,658
Amounts due from the Consolidated Fund in respect of supply	–	61,129	217
	<b>51,338</b>	<b>74,625</b>	<b>12,148</b>

## 20.2

	2009-10	2008-09	2007-08
	£000	£000	£000
	Consolidated	Consolidated	Consolidated
<b>Amounts falling due after more than one year:</b>			
Other non current assets	80	–	–
Other receivables - Proceeds due on surrender of lease of Fortress House	–	–	2,000
	<b>80</b>	<b>–</b>	<b>2,000</b>

The other non current assets relate to a grant that will be repaid after more than one year.

In accordance with the Financial Reporting 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.

There is £7,954k due from BBC licence fees collected which are payable to the consolidated fund.

TRP at the year-end had trade receivables of £1,774k, and other current assets of £1,541k. The equivalent figures for 2008-09 were £1,704k and £1,303k, and for 2007-08 were £958k and £1,680k.

## 20.3 Intra-government Balances

	Amounts falling due within one year			Amounts falling due after more than one year		
	2009-10	2008-09	2007-08	2009-10	2008-09	2007-08
	£000	£000	£000	£000	£000	£000
Balances with other central government bodies	36,571	67,611	4,562	–	–	–
Balances with local authorities	937	410	314	–	–	–
Balances with NHS Trusts	–	–	–	–	–	–
Balances with public corporations and trading funds	8,062	2,332	2,900	–	–	–
Subtotal: Intra-government balances	45,570	70,353	7,776	–	–	–
Balances with bodies external to government	5,768	4,272	4,372	80	–	2,000
<b>At 31 March</b>	<b>51,338</b>	<b>74,625</b>	<b>12,148</b>	<b>80</b>	<b>–</b>	<b>2,000</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 material debtor balances between the Department and other Government bodies. Creditor balances are reported in note 22.

## 20.4 Asset classified as held for sale

	2009-10	2008-09	2007-08
	£000	£000	£000
Land to the north of the British Library	–	–	85,000

**21. Cash and cash equivalents**

	2009-10 £000 Consolidated	2008-09 £000 Consolidated	2007-08 £000 Consolidated
Balance at 1 April	23,867	34,022	32,613
Net change in cash and cash equivalent balances	(3,222)	(10,155)	1,409
Balance at 31 March	20,645	23,867	34,022
The following balances at 31 March were held at:			
Government banking service	20,494	23,703	34,039
Overdraft at HM Paymaster General	–	–	(12)
Commercial banks and cash in hand	151	164	(5)
Balance at 31 March	20,645	23,867	34,022

The Royal Parks at 31 March 2010 held a balance of £4,418k at the Government Banking Service (GBS), and £151k in commercial banks. The balance at the commercial banks relates to the operational requirements of The Royal Parks. The equivalent figures for 31 March 2009 were £2,751k and £164k, and for 31 March 2008 £2,905k and £(5)k.

**22 Trade payables and other current liabilities**

	2009-10 £000 Consolidated	2008-09 £000 Consolidated	2007-08 £000 Consolidated
<b>Amounts falling due within one year</b>			
Other taxation and social security	570	558	521
Trade payables	1,146	2,324	2,377
Other payables	7,036	1,793	547
Accruals and deferred income	16,754	18,634	15,602
Amounts issued from the Consolidated fund for supply but not spent at year end	26,786	–	–
Consolidated Fund extra receipts due to be paid to the Consolidated Fund			
Received	–	60,421	31,351
Receivable	6,732	2,143	2,900
Excess operating AinA due to be paid to the Consolidated Fund received	–	15,887	–
receivable	–	4,916	–
	33,518	83,367	34,251
	59,024	106,676	53,298
<b>Amounts falling due after more than one year:</b>			
Other payables, accruals and deferred income	–	–	–

TRP had Trade Payables of £998k and Other Current Liabilities of £8,145k at the year end. For year end 31 March 2009 the equivalent figures were £1,923k and £5,125k. For year end 31 March 2008 the figures were £1,782k and £5,186k.

Included above is an amount of £7,954k (2008-09: £2,143k; 2007-08: £2,900k) relating to BBC licence fees receivable which will be due to the Consolidated Fund when received.

## 22.1 Intra-government Balances

	Creditors amounts falling due within one year			Creditors amounts falling due after more than one year		
	2009-10	2008-09	2007-08	2009-10	2008-09	2007-08
	£000	£000	£000	£000	£000	£000
Balances with other central government bodies	37,098	91,905	36,092	–	–	–
Balances with local authorities	1,150	574	344	–	–	–
Balances with NHS Trusts	–	–	–	–	–	–
Balances with public corporations and trading funds	6,630	–	–	–	–	–
Subtotal: Intra-government balances	44,878	92,479	36,436	–	–	–
Balances with bodies external to government	14,144	14,197	16,862	–	–	–
At 31 March	59,022	106,676	53,298	–	–	–

## 23. Provisions for liabilities and charges

	Consolidated		
	Early departure costs £000	Other £000	Total £000
Balance at 1 April 2008	1,301	914	2,215
Provided in the year	516	–	516
Provisions not required written back	–	(338)	(338)
Provisions utilised in the year	(569)	(367)	(936)
<b>Balance at 31 March 2009</b>	<b>1,248</b>	<b>209</b>	<b>1,457</b>
Provided in the year	199	114	313
Provisions not required written back	–	(38)	(38)
Provisions utilised in the year	(535)	(17)	(552)
<b>Balance at 31 March 2010</b>	<b>912</b>	<b>268</b>	<b>1,180</b>

The Royal Parks had a provision of £198k for early departure costs at 31 March 2010 (2009 – £256k; 2008 – £73k). In addition it had a provision of £268k in respect of outstanding claims, see 23.2.

*Analysis of expected timing of flows*

	Consolidated		
	Early departure costs	Other	Total
	£000	£000	£000
In the remainder of the spending review period (to 2010-11)	253	268	521
Between years ending in 2012 and 2016	464	–	464
Between years ending 2017 and 2021	99	–	99
Thereafter	96	–	96
<b>Balance at 31 March 2010</b>	<b>912</b>	<b>268</b>	<b>1,180</b>

Included in the amounts not expected to be called until after 2021 are:

	Consolidated		
	Early departure costs	Other	Total
	£000	£000	£000
Amounts not expected to be called until the period beginning 2061	–	–	–
Amounts not expected to be called until the period beginning 2086	–	–	–

**23.1 Early departure costs**

The department and its agency meets the additional costs of benefits beyond the normal Principal Civil Service Pension Scheme (PCSPS) benefits in respect of employees who retire early by paying the required amounts annually to the PCSPS over the period between early departure and normal retirement date. The department and its agency provides for this in full when the early retirement programme becomes binding by establishing a provision for the estimated payments. The provisions have not been discounted as the difference would be immaterial.

**23.2 Other**

There is also a provision in the Royal Parks accounts for injury compensation claims of £268k (2009 – £209k; 2008 – £256k).

**24. Notes to the Consolidated Statement of Operating Costs by Departmental Strategic Objectives**

Programme Grants and Other Current expenditures have been allocated as follows:

	2009-10	2008-09
	£000	£000
DSO 1	741,400	763,628
DSO 2	669,720	725,957
DSO 3	141,722	163,575
DSO 4	1,042,643	970,176
<b>RFR1 Total</b>	<b>2,595,485</b>	<b>2,623,336</b>
<b>RFR2 Total</b>	<b>3,021,099</b>	<b>2,961,020</b>
<b>Total</b>	<b>5,616,584</b>	<b>5,584,356</b>

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.

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.

#### Capital employed by departmental strategic objectives

	2009-10	2008-09
	£000	£000
DSO 1	20,149	39,417
DSO 2	21,015	7,980
DSO 3	4,134	5,120
DSO 4	30,415	5,709
	<b>75,713</b>	<b>58,226</b>

The majority of the DCMS's capital is employed for administration purposes, with the exception of the capital employed by TRP. Capital employed by TRP has therefore been allocated to objectives in the same proportion as its expenditure. The remainder of the consolidated capital employed has been allocated in proportion to gross administration cost.



**25. Key reporting segments**

During the year the Board considered the administration spending by the Department using the following reporting format:

	<b>Net Expenditure</b>
	<b>2009-10</b>
	<b>£000</b>
<b>A CENTRAL COSTS</b>	15,057
<b>B DELEGATED COSTS</b>	
Private Offices	2,447
Corporate Services & Finance	3,455
External Affairs	3,095
<b>Sub-total</b>	8,997
Programmes & Partnerships	12,215
Govt Art Collection	662
<b>Sub-total</b>	12,877
<b>TOTAL</b>	21,874
<b>Government Olympic Executive (GOE)</b>	9,350
<b>C TOTAL NEAR CASH COSTS (incl GOE)</b>	46,281
<b>D Non cash</b>	5,770
<b>E Capital</b>	2,491
<b>TOTAL ADMINISTRATION</b>	54,542

Programme spending is considered by the Board using a structure based on Note 3 of these accounts.

**26. Capital commitments**

	<b>2009-10</b>	<b>2008-09</b>
	<b>£000</b>	<b>£000</b>
	<b>Consolidated</b>	<b>Consolidated</b>
Contracted capital commitments at 31 March 2010 not otherwise included in these financial statements		
DCMS Property, plant and equipment	371	–
TRP Property, plant and equipment	217	554
	588	554

**27. Commitments under leases****27.1 Operating leases**

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

	2009-10	2008-09
	£000	£000
	Consolidated	Consolidated
<b>Obligations under operating leases comprise:</b>		
Buildings:		
Not later than one year	6,817	6,460
Later than one year and not later than five years	21,832	24,582
Later than five years	9,442	16,215
	<b>38,091</b>	<b>47,257</b>
Other:		
Not later than one year	108	477
Later than one year and not later than five years	52	562
Later than five years	–	–
	<b>160</b>	<b>1,039</b>

The land element is not separable from the buildings in these leases.

**27.2 Finance leases**

The department had no material finance leases.

**28. Commitments under PFI contracts**

The Department has no material commitments to report.

**29. Other financial commitments**

The Department has no material commitments to report.

**30. Financial Guarantees, Indemnities and Letters of Comfort**

Contingent liabilities not required to be disclosed under IAS 37 but included for parliamentary reporting and accountability purposes

**(a) Quantifiable**

The Department has entered into the following quantifiable guarantees, indemnities or by giving letters of comfort. None of these is a contingent liability within the meaning of IAS 37 since the likelihood of a transfer of economic benefit in settlement is too remote. They therefore fall to be measured at fair value as per IAS 39.

Managing Public money requires that the full potential costs of such contracts be reported to parliament. These cost are reproduced in the table below.

	01-Apr-09 £m	Increase in year £m	Liabilities crystallised in year £m	Obligation expired in year £m	31-Mar-10 £m	Amount reported to Parliament by Departmental Minute £m
<b>Guarantees</b>						
Borrowing facility for Historic Royal Palaces	4				4	N/A
<b>Indemnities</b>						
Government Indemnity Scheme	4,630.3	6,986.8		6,189.7	5,427.4	5,427.4
Artworks on loan to the Government Art Collection	2.5			0.6	1.9	1.9
Artworks on loan from the Royal Collection	328.5	149.4		220.4	257.5	257.5
<b>Totals</b>	<b>4,965.3</b>	<b>7,136.2</b>		<b>6,410.7</b>	<b>5690.8</b>	<b>5,686.8</b>

The Department reported £5,686.8 million of contingent liabilities as at 31 March 2010 (£4,961.3m at 31 March 2009) in its annual return to HM Treasury relating to the bodies it sponsors. This included: statutory liabilities under the Government Indemnity Scheme of £5,427.4 million (£4,630.3m at 31 March 2009) 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 £257.5 million (£328.5m at 31 March 2009); £1.9 million for items on loan to the Government Art Collection (£2.5m at 31 March 2009). 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.

The Government Indemnity Scheme excludes loans to Scottish and Welsh museums, the indemnities for which are issued in the name of the Scottish and Welsh Ministers respectively.

#### (b) 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 IAS 37, since the likelihood of a transfer of economic benefits in settlement is too remote.

#### Non-statutory

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

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

DCMS and Sport England have each given undertakings to grant an indemnity to the bank acting as Security Trustee for the English National Stadium Project in certain specified circumstances.

There is an indemnity covering any potential claims against former Royal Parks Constabulary staff.

#### Olympic and Paralympic games

The Government has given guarantees to the International Olympic Committee that it will act as the ultimate financial guarantor should there be a shortfall between Olympic costs and revenues. These will

include any shortfall in the budget of LOCOG. The Government has put in place a public sector funding package of £9.3bn, mainly for the Olympic Delivery Authority for the construction of infrastructure and venues necessary for the Olympic and Paralympic Games. The public sector funding package includes contingency provision of over £2bn. The Government has said that it expects to remain within the £9.3bn public sector funding package and publishes regular updates of progress of activity and spend against it. Government also has a PSA target (PSA22) on the Olympics in 2012 that makes it responsible for securing a lasting legacy from the Games across the UK. This is a shared endeavour across government and there is a range of central and local government partners who will contribute to and share the cost associated with successfully realising a positive legacy from the Games.

### **Digital Switchover**

The Digital Switchover Help Scheme was presented to Parliament on 4 May 2007.

Schedule 1, paragraph 1 (2) of the Revised Digital Switchover Help Scheme Agreement (Cm 7523) states: "In the event that there is a cost overrun above £603m, this will not be at the expense of the BBC's programmes, services or other resources." The precise mechanism for achieving this, should the need arise or be anticipated, will be determined at the appropriate time.

### **Rugby Union World Cup**

In July 2009, the International Rugby Board announced that The Rugby Football Union had been successful in its bid to host the 2015 Rugby Union World Cup in England. The Department has agreed to partially underwrite the 2015 Rugby Union World Cup tournament fee of £80 million up to a maximum of £25 million, but only if there is a shortfall in receipts of more than £2 million.

### **British Library Newspaper Digitisation project**

The British Library has undertaken the digitisation of millions of pages from the archive using a commercial partner to take on the costs of digitisation in return for being able to exploit the digitisations commercially.

The supplier has warranted in the contract with the Library that use of the digitisations will not infringe copyright, or give rise to any possible action for defamation and has undertaken to cover any liability falling on the Library as a result of any such claims (in addition to the cost of defending the action) up to £5million.

The Department has agreed to underwrite any liability which arises beyond that, for the duration that such claims might arise. It is considered that a claim in excess of £5m would be extremely unlikely but in the event that the liability is called, provision for any payment will be sought through the normal Supply procedure.

## **31. Contingent liabilities disclosed under IAS 37**

### **DCMS**

DCMS is involved in an outstanding legal case, but no provision has been made as the outcome is uncertain

### **The Royal Parks**

The Royal Parks has a number of outstanding claims for compensation for personal injury. Where management judge that there is likely to be a settlement a provision has been made, but no provision has been made where the outcomes are unlikely or uncertain. Management judge that the claims included in the provision will be settled within the next year.

## **32. Contingent Assets**

At 31 March 2006 a contingent asset was disclosed relating to London 2012 Ltd. which was in liquidation at the year end.

The deed of assignment, to agree the final distribution of London 2012 Ltd's assets, was signed on 11 January 2010, and the money was paid over from LOCOG (London 2012 Ltd's successor body) to the London Development Agency (LDA) on 13 January 2010.

Payment of £269,392 was made in full and final settlement of London 2012 Ltd's final distribution.

After discussion and agreement between DCMS and the LDA the latter was invoiced for £276,224 on 31 March 2010. This sum represents the agreement between DCMS as adjusted by previous recoveries from earlier distributions from the London 2012 Ltd liquidator, KPMG to the LDA.

London 2012 Ltd. was dissolved on 27 April 2010.

### 33. Losses and special payments

#### 33(a) Losses Statement

	2009-10	2008-09
	£000	£000
Total of 9 cases (16 in 2008-09)	1,331	114

There was 1 case over £250,000 in 2009-10 (none in 2008-09).

The Museum of Science and Industry in Manchester (MOSI) deposited £500k of its reserve funds in a fixed term high interest account in the U.K. subsidiary of the Icelandic bank Kaupthing Singer and Friedlander Limited (KSF). The figure rose to £914k in 2008-09. However, the bank collapsed without warning a month before MOSI was due to withdraw its funds. The museum made a partial recovery of £185k, leaving a balance of £729k outstanding. It is likely that more than half of the original investment will be recovered.

#### 33(b) Special Payments

There were a small number of immaterial Special Payments, and these have been included within the losses total in Note 33(a) above.

### 34. Related-party transactions

Both DCMS and The Royal Parks maintain Registers of Interests, which are made available on request.

The Department for Culture, Media and Sport is the parent Department of TRP. In addition it sponsors the institutions set out in the Management Commentary, and is responsible for the following Lottery funded bodies that are regarded as related parties, some of which are also Exchequer funded:

- Arts Council of England
- Big Lottery Fund
- National Heritage Memorial Fund (including Heritage Lottery Fund)
- Olympic Lottery Distributor
- Sport England
- UK Sport
- UK Film Council

These bodies are regarded as related parties with which the Department has had various material transactions during the year.

Ann Green CBE was appointed non-executive director of DCMS in April 2009. She is Chair of the Royal Armouries (an executive NDPB). The Royal Armouries received £8.5m GIA from DCMS in the year.

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 as they receive funds from the Department:

- Advisory Committee on Historic Wreck Sites
- Advisory Committee on National Historic Ships
- Advisory Committee on the Government Art Collection
- Advisory Council on Libraries
- Legal Deposit Advisory Council
- VisitEngland (expenses met by VisitBritain's financial resources)
- Public Lending Right Advisory Committee (funded by Public Lending Right);
- Reviewing Committee on the Export of Works of Art
- Spoliation Advisory Panel
- Theatres Trust (funded by English Heritage)
- Treasure Valuation Committee

The following tribunal is regarded as a related party:

- The Horserace Betting Levy Appeal Tribunal for England and Wales.

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

London 2012 Ltd is a related party since the former Secretary of State was a member of the company. London 2012 Ltd (a company limited by guarantee) was created to organise the UK bid for the Olympic and Paralympic games in 2012. Having successfully achieved that objective it was dissolved on 27 April 2010.

The Olympic Park Legacy Company Limited was incorporated on 8 May 2009 as a not for profit company limited by guarantee. Its purpose is to plan, develop and maintain the Olympic Park and those facilities it will own after the London 2012 Games. The Government members at 31 March 2010 were the Secretary of State for Communities and Local Government and the Minister for the Olympics.

The National Lottery Distribution Fund (NLDF) and the Olympic Lottery Distribution Fund (OLDF) are both maintained under the control and management of the Secretary of State. Both Funds are considered to be a related party. During the year, a number of staff employed by the DCMS worked on NLDF and OLDF related activities and also used a number of the assets owned by DCMS. These costs were recharged to the Funds by DCMS.

DCMS also entered into material related party transactions with other related parties during the year as set out below.

Related party	Nature of transaction	Income 2009-10 £000	Expenditure 2009-10 £000	Relationship
Cabinet Office	Parliamentary Counsel and other related activity		£343k	Central government department
DEFRA	Contribution to joint research	£50k	£9k	Central government department

Alexis Cleveland was appointed a non-executive director in May 2009. She is a Director General at the Cabinet Office and a non-executive director at DEFRA.

No Minister, Board member, key manager or other related parties has undertaken any material transactions with the Department for Culture, Media and Sport during the year.

During the year the Minister for the Cabinet Office, Olympics, London, and Paymaster General was Tessa Jowell. She had responsibility for the overall delivery of the Olympic Programme. She was a member of the Olympic Board and appointed the Board members for the ODA and a Board member for LOCOG.

### 35. Third-party assets

The Department has no third party assets as defined in the Financial Reporting Manual.

### 36. Entities within the departmental boundary

Those entities included in the departmental boundary are listed in Note 1.2. The annual reports and accounts of The Royal Parks are published separately. Advisory NDPBs do not publish separate accounts.

### 37. Events after the reporting period

Up to the date the financial statements were approved for issue to Parliament, which was the date the C&AG signed the audit opinion, the following notable events have occurred:

Following the general election the following ministerial changes have taken place:

Rt Hon Jeremy Hunt MP is the Secretary of State for Culture, Olympics, Media and Sport. He is supported by John Penrose MP, Hugh Robertson MP and Ed Vaizey MP.

### TV licence fee

As part of the Clear Line of Sight (CLOS) project to align Estimates, Budgets and Accounts, from 1 April 2010 the collection of TV licence fee receipts and their surrender to the Consolidated Fund will be accounted for in a separate Trust Fund Statement. This statement will be prepared by the BBC who are statutorily responsible for TV licence fee collection. These transactions will no longer be included in the DCMS Resource Accounts.

### Public Service Pensions

It was announced in the Budget on 22 June 2010 that the Government intends to adopt the Consumer Price Index (CPI) for the indexation of public service pensions from April 2011. This will have an impact upon the future operation of the pension schemes that DCMS provides to employees.

## Annex 1

## Department for Culture, Media and Sport

Table 1 Total Departmental Spending

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
	Outturn	Outturn	Outturn	Outturn	Outturn	Estimated Outturn	Plans	Plans	Plans
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Resource budget</b>									
<i>Resource DEL</i>									
DCMS	1,187,709	1,358,590	1,446,543	1,497,529	1,454,163	1,570,212	1,540,238	–	–
National Lottery	3,967	7,318	11,526	5,092	1,616	1,270	1,205	–	–
<b>Total resource budget DEL</b>	<b>1,191,676</b>	<b>1,365,908</b>	<b>1,458,069</b>	<b>1,502,621</b>	<b>1,455,779</b>	<b>1,571,482</b>	<b>1,541,443</b>	<b>–</b>	<b>–</b>
<i>Resource AME</i>									
DCMS	2,524,181	2,651,920	2,794,161	2,962,798	2,879,780	3,103,770	3,181,500	–	–
National Lottery	663,972	840,587	838,904	879,032	1,010,463	892,777	922,778	–	–
<b>Total resource budget AME</b>	<b>3,188,153</b>	<b>3,492,507</b>	<b>3,633,065</b>	<b>3,841,830</b>	<b>3,890,243</b>	<b>3,996,547</b>	<b>4,104,278</b>	<b>–</b>	<b>–</b>
<b>Total resource budget</b>	<b>4,379,829</b>	<b>4,858,415</b>	<b>5,091,134</b>	<b>5,344,451</b>	<b>5,346,022</b>	<b>5,568,029</b>	<b>5,645,721</b>	<b>–</b>	<b>–</b>
<i>of which: depreciation</i>	67,703	137,052	136,589	141,463	111,445	217,712	221,106	–	–
<b>Capital budget</b>									
<i>Capital DEL</i>									
DCMS	121,733	177,588	282,659	535,039	840,480	558,780	543,866	–	–
National Lottery	–	641	3,858	1,780	1,389	1,099	60	–	–
<b>Total capital budget DEL</b>	<b>121,733</b>	<b>178,229</b>	<b>286,517</b>	<b>536,819</b>	<b>841,869</b>	<b>559,879</b>	<b>543,926</b>	<b>–</b>	<b>–</b>
<i>Capital AME</i>									
DCMS	88,000	107,134	116,870	95,000	35,900	123,000	114,000	–	–
National Lottery	1,039,076	987,967	880,450	713,455	535,632	938,022	876,219	–	–
<b>Total capital budget AME</b>	<b>1,127,076</b>	<b>1,095,101</b>	<b>997,320</b>	<b>808,455</b>	<b>571,532</b>	<b>1,061,022</b>	<b>990,219</b>	<b>–</b>	<b>–</b>
<b>Total capital budget</b>	<b>1,248,809</b>	<b>1,273,330</b>	<b>1,283,837</b>	<b>1,345,274</b>	<b>1,413,401</b>	<b>1,620,901</b>	<b>1,534,145</b>	<b>–</b>	<b>–</b>
<b>Total departmental spending†</b>									
DCMS	3,854,100	4,158,287	4,504,087	4,950,170	5,099,681	5,139,003	5,159,217	–	–
National Lottery	1,706,835	1,836,406	1,734,295	1,598,092	1,548,297	1,832,215	1,799,543	–	–
<b>Total departmental spending†</b>	<b>5,560,935</b>	<b>5,994,693</b>	<b>6,238,382</b>	<b>6,548,262</b>	<b>6,647,978</b>	<b>6,971,218</b>	<b>6,958,760</b>	<b>–</b>	<b>–</b>
<i>of which:</i>									
Total DEL	1,279,706	1,442,085	1,642,997	1,932,977	2,270,990	2,006,649	1,957,263	–	–
Total AME	4,281,229	4,552,608	4,595,385	4,615,285	4,376,988	4,964,569	5,001,497	–	–

† Total departmental spending is the sum of the resource budget and the capital budget less depreciation. Similarly, total DEL is the sum of the resource budget DEL and capital budget DEL less depreciation in DEL, and total AME is the sum of resource budget AME and capital budget AME less depreciation in AME.



**Spending by local authorities on functions relevant to the department**

<b>Current spending</b>	<b>2,099,306</b>	<b>2,228,944</b>	<b>2,335,414</b>	<b>2,428,613</b>	<b>2,524,005</b>	<b>2,480,697</b>
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of which:

financed by grants from budgets above	57,457	72,816	74,188	84,999	193,818	162,898
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<b>Capital spending</b>	<b>511,010</b>	<b>696,230</b>	<b>644,584</b>	<b>669,373</b>	<b>822,067</b>	<b>1,123,402</b>
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of which:

financed by grants from budgets above††	106,285	129,326	77,853	237,218	187,373	68,493
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†† This includes loans written off by mutual consent that score within non-cash Resource Budgets and aren't included in the capital support to local authorities line in Table 3.

This table and tables 2, 3 and 5 are consistent with the Supplementary Budget Information tables printed by HM Treasury alongside the Main Supply Estimate 2010-11, available from The Stationery Office or via <http://www.hm.treasury.gov.uk/d/sbi>

It should be noted that it is not possible to compare the data in these tables with those in previous Departmental Reports, due to the new financial regime put in place in 2010-11. The Alignment project aims to improve current financial processes by bringing together, as far as is reasonably possible, the present Treasury control (Budget), Parliamentary approval (Estimates) and end year reporting (Resource Account). For 2010-11 budgets have been restated across all seven years to exclude the Cost of Capital totally, and move Profit and Loss on asset disposal from Capital to Resource DEL and Provision from DEL to AME.

**Table 2 Resource budget DEL and AME**

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
	Outturn	Outturn	Outturn	Outturn	Outturn	Estimated Outturn	Plans	Plans	Plans
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Resource DEL</b>									
DCMS	1,187,709	1,358,590	1,446,543	1,497,529	1,454,163	1,570,212	1,540,238	–	–
of which:									
<b>Museums, Galleries and Libraries</b>	<b>337,946</b>	<b>448,454</b>	<b>496,891</b>	<b>505,919</b>	<b>450,665</b>	<b>563,534</b>	<b>558,562</b>	–	–
of which:									
Museums and galleries	224,100	302,998	343,161	339,515	284,426	383,511	393,453	–	–
Libraries	100,784	95,804	101,527	99,829	104,401	120,288	105,013	–	–
<b>Museums, libraries and archives council</b>	<b>12,209</b>	<b>47,077</b>	<b>48,525</b>	<b>59,804</b>	<b>61,838</b>	<b>59,735</b>	<b>60,096</b>	–	–
Culture Online	853	2,575	3,678	6,771	–	–	–	–	–
Arts	366,640	393,768	387,318	402,783	404,983	412,900	408,913	–	–
<b>Sport</b>	<b>83,617</b>	<b>120,171</b>	<b>134,717</b>	<b>174,858</b>	<b>160,587</b>	<b>157,353</b>	<b>156,067</b>	–	–
of which:									
Sports and recreation	77,159	116,114	114,314	150,269	163,357	156,629	154,467	–	–
Olympics	6,458	4,057	20,403	24,589	–2,770	724	1,600	–	–
Architecture and the Historic Environment	157,317	145,709	177,893	160,672	171,422	171,382	176,004	–	–
Regional Cultural Consortiums	1,501	1,650	1,865	2,598	2,395	–	–	–	–
The Royal Parks	25,449	26,835	17,851	18,999	20,092	19,328	19,799	–	–
Tourism	50,285	51,137	54,905	55,833	54,116	51,090	44,280	–	–
Broadcasting and Media	123,051	123,491	121,193	122,526	132,264	136,609	130,324	–	–
National Lottery	3,967	7,318	11,526	5,092	1,616	1,270	1,205	–	–

**Department for Culture, Media & Sport**
**Consolidated Resource Accounts 2009-10**

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
	Outturn £'000	Outturn £'000	Outturn £'000	Outturn £'000	Outturn £'000	Estimated Outturn £'000	Plans £'000	Plans £'000	Plans £'000
<i>of which:</i>									
<b>Gambling and the National Lottery</b>	<b>3,967</b>	<b>7,318</b>	<b>11,526</b>	<b>5,092</b>	<b>1,616</b>	<b>1,270</b>	<b>1,205</b>	<b>-</b>	<b>-</b>
<i>of which:</i>									
Other gambling and gaming bodies	3,967	7,318	11,526	5,092	1,616	1,270	1,205	-	-
<b>Total resource budget DEL</b>	<b>1,191,676</b>	<b>1,365,908</b>	<b>1,458,069</b>	<b>1,502,621</b>	<b>1,455,779</b>	<b>1,571,482</b>	<b>1,541,443</b>	<b>-</b>	<b>-</b>
<i>of which:</i>									
Pay	439,988	444,861	508,044	591,534	554,654	522,558	486,839	-	-
Procurement	255,418	309,789	399,512	383,902	383,793	464,927	379,602	-	-
Current grants and subsidies to the private sector and abroad	467,312	487,872	496,655	565,116	572,505	563,604	678,517	-	-
Current grants to local authorities	575	22,001	25,174	41,046	91,378	119,549	39,092	-	-
Depreciation	33,703	102,052	101,589	106,463	26,658	124,712	128,106	-	-
<b>Resource AME</b>									
<b>DCMS</b>	<b>2,524,181</b>	<b>2,651,920</b>	<b>2,794,161</b>	<b>2,962,798</b>	<b>2,879,780</b>	<b>3,103,770</b>	<b>3,181,500</b>	<b>-</b>	<b>-</b>
<i>of which:</i>									
<b>Museums, Galleries and Libraries</b>	<b>2,318</b>	<b>-</b>	<b>-4,692</b>	<b>-528</b>	<b>155</b>	<b>770</b>	<b>-3,650</b>	<b>-</b>	<b>-</b>
<i>of which:</i>									
Museums and galleries	2,318	-	365	-1,376	471	770	-3,650	-	-
Libraries	-	-	-5,057	-872	-740	-	-	-	-
Museums, libraries and archives council	-	-	-	1,720	424	-	-	-	-
<b>Sport</b>	<b>-250</b>	<b>-</b>	<b>-353</b>	<b>327</b>	<b>10,259</b>	<b>83,176</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>of which:</i>									
Sports and recreation	-250	-	-353	834	56	-	-	-	-
Olympics	-	-	-	-507	10,203	83,176	-	-	-
Architecture and the Historic Environment	1,305	2,605	1,159	-1,323	433	-	-	-	-
The Royal Parks	-	2,973	-21	298	79	45	-	-	-
Tourism	256	-	-	-	964	-	-	-	-
Broadcasting and Media	2,520,552	2,643,700	2,797,747	2,962,810	2,868,997	3,020,010	3,185,150	-	-
Administration and Research	-	-	321	1,214	-1,107	-231	-	-	-
Unallocated Provision	-	2,642	-	-	-	-	-	-	-
<b>National Lottery</b>	<b>663,972</b>	<b>840,587</b>	<b>838,904</b>	<b>879,032</b>	<b>1,010,463</b>	<b>892,777</b>	<b>922,778</b>	<b>-</b>	<b>-</b>
<i>of which:</i>									
<b>Gambling and the National Lottery</b>	<b>663,972</b>	<b>840,587</b>	<b>838,904</b>	<b>879,032</b>	<b>1,010,463</b>	<b>892,777</b>	<b>922,778</b>	<b>-</b>	<b>-</b>

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
	Outturn	Outturn	Outturn	Outturn	Outturn	Estimated Outturn	Plans	Plans	Plans
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<i>of which:</i>									
National Lottery	664,920	840,587	784,201	773,625	886,728	762,777	762,778	–	–
Other gambling and gaming bodies	–948	–	1,857	–3,319	–265	–	–	–	–
Olympic Lottery	–	–	52,846	108,726	124,000	130,000	160,000	–	–
<b>Total resource budget AME</b>	<b>3,188,153</b>	<b>3,492,507</b>	<b>3,633,065</b>	<b>3,841,830</b>	<b>3,890,243</b>	<b>3,996,547</b>	<b>4,104,278</b>	<b>–</b>	<b>–</b>
<i>of which:†</i>									
Pay	910,000	931,700	916,000	1,097,800	975,300	1,248,000	1,273,000	–	–
Procurement	2,157,256	2,279,000	2,411,000	2,375,000	2,409,700	2,279,000	2,445,000	–	–
Current grants and subsidies to the private sector and abroad	608,038	789,772	735,187	729,672	784,288	719,428	719,461	–	–
Current grants to local authorities	56,882	50,815	49,014	43,953	102,440	43,349	43,317	–	–
Depreciation	34,000	35,000	35,000	35,000	84,787	93,000	93,000	–	–
<b>Total resource budget</b>	<b>4,379,829</b>	<b>4,858,415</b>	<b>5,091,134</b>	<b>5,344,451</b>	<b>5,346,022</b>	<b>5,568,029</b>	<b>5,645,721</b>	<b>–</b>	<b>–</b>

† The economic category breakdown of resource budgets only shows the main categories, so may not sum to the total. The breakdown may even exceed the total where further income scores in resource budgets

Table 3 Capital Budget DEL and AME

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
	Outturn	Outturn	Outturn	Outturn	Outturn	Estimated Outturn	Plans	Plans	Plans
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Capital DEL</b>									
<b>DCMS</b>	<b>121,733</b>	<b>177,588</b>	<b>282,659</b>	<b>535,039</b>	<b>840,480</b>	<b>558,780</b>	<b>543,866</b>	<b>–</b>	<b>–</b>
<i>of which:</i>									
Museums, Galleries and Libraries	43,029	110,261	74,543	88,112	122,795	108,048	54,660	–	–
<i>of which:</i>									
Museums and galleries	7,800	99,695	39,083	58,830	130,339	81,854	49,780	–	–
Libraries	7,864	10,513	35,460	29,217	–7,968	26,074	4,880	–	–
Museums, libraries and archives council	24,325	50	–	65	424	120	–	–	–
Culture Online	3,040	3	–	–	–	–	–	–	–
Arts	942	942	36,032	27,501	28,066	38,949	1,750	–	–
<b>Sport</b>	<b>49,448</b>	<b>27,047</b>	<b>139,428</b>	<b>369,496</b>	<b>640,088</b>	<b>370,844</b>	<b>420,594</b>	<b>–</b>	<b>–</b>
<i>of which:</i>									
Sports and recreation	21,865	–10,741	50,081	45,518	63,593	54,901	45,494	–	–
Space for sports and arts	27,583	2,100	–	–	–	–	–	–	–
Olympics	–	35,688	89,347	323,978	576,495	315,943	375,100	–	–
Architecture and the Historic Environment	21,899	28,685	14,575	41,696	40,299	27,945	31,950	–	–

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
	Outturn	Outturn	Outturn	Outturn	Outturn	Estimated Outturn	Plans	Plans	Plans
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Regional Cultural Consortiums	–	–	–	13	–	–	–	–	–
The Royal Parks	2,567	1,463	408	536	1,384	1,817	1,358	–	–
Tourism	764	298	307	395	1,176	300	100	–	–
Broadcasting and Media	739	3,072	4,514	1,894	4,103	8,003	31,704	–	–
Administration and Research	2,345	5,820	12,852	5,396	2,569	2,874	1,750	–	–
<b>National Lottery</b>	<b>–</b>	<b>641</b>	<b>3,858</b>	<b>1,780</b>	<b>1,389</b>	<b>1,099</b>	<b>60</b>	<b>–</b>	<b>–</b>
<i>of which:</i>									
<b>Gambling and the National Lottery</b>	<b>–</b>	<b>641</b>	<b>3,858</b>	<b>1,780</b>	<b>1,389</b>	<b>1,099</b>	<b>60</b>	<b>–</b>	<b>–</b>
<i>of which:</i>									
Other gambling and gaming bodies	–	641	3,858	1,780	1,389	1,099	60	–	–
<b>Total capital budget DEL</b>	<b>121,733</b>	<b>178,229</b>	<b>286,517</b>	<b>536,819</b>	<b>841,869</b>	<b>559,879</b>	<b>543,926</b>	<b>–</b>	<b>–</b>
<i>of which:</i>									
Capital expenditure on fixed assets net of sales†	33,446	118,340	267,741	571,478	1,285,987	1,728,809	1,392,027	–	–
Capital grants to the private sector and abroad	78,152	20,516	84,634	85,530	75,290	90,254	24,349	–	–
Net lending to private sector	–	–	–	–	–	–	–	–	–
Capital support to public corporations	90	–	–	35	–	–	–	–	–
Capital support to local authorities††	10,045	39,373	–4,758	–56,244	–89,646	–220,848	25,000	–	–
<b>Capital AME</b>									
<b>DCMS</b>	<b>88,000</b>	<b>107,134</b>	<b>116,870</b>	<b>95,000</b>	<b>35,900</b>	<b>123,000</b>	<b>114,000</b>	<b>–</b>	<b>–</b>
<i>of which:</i>									
<b>Museums, Galleries and Libraries</b>	<b>10,000</b>	<b>13,134</b>	<b>13,870</b>	<b>10,000</b>	<b>–45,200</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<i>of which:</i>									
Museums and galleries	10,000	13,134	13,870	10,000	–	–	–	–	–
Libraries	–	–	–	–	–45,200	–	–	–	–
Broadcasting and Media	78,000	94,000	103,000	85,000	81,100	123,000	114,000	–	–
National Lottery	1,039,076	987,967	880,450	713,455	535,632	938,022	876,219	–	–
<i>of which:</i>									
<b>Gambling and the National Lottery</b>	<b>1,039,076</b>	<b>987,967</b>	<b>880,450</b>	<b>713,455</b>	<b>535,632</b>	<b>938,022</b>	<b>876,219</b>	<b>–</b>	<b>–</b>
<i>of which:</i>									
National Lottery	1,039,076	987,967	827,728	646,292	534,632	637,220	637,219	–	–
Olympic Lottery	–	–	52,722	67,163	1,000	300,802	239,000	–	–
<b>Total capital budget AME</b>	<b>1,127,076</b>	<b>1,095,101</b>	<b>997,320</b>	<b>808,455</b>	<b>571,532</b>	<b>1,061,022</b>	<b>990,219</b>	<b>–</b>	<b>–</b>
<b>Total capital budget</b>	<b>1,248,809</b>	<b>1,273,330</b>	<b>1,283,837</b>	<b>1,345,274</b>	<b>1,413,401</b>	<b>1,620,901</b>	<b>1,534,145</b>	<b>–</b>	<b>–</b>

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
	Outturn	Outturn	Outturn	Outturn	Outturn	Estimated Outturn	Plans	Plans	Plans
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<i>Of which:</i>									
Capital expenditure on fixed assets net of sales†	121,446	225,474	384,611	666,478	1,321,887	1,851,809	1,506,027	–	–
Less depreciation†††	67,703	137,052	136,589	141,463	111,445	217,712	221,106	–	–
Net capital expenditure on tangible fixed assets	53,743	88,422	248,022	525,015	1,210,442	1,634,097	1,284,921	–	–

† Expenditure by the department and NDPBs on land, buildings and equipment, net of sales. Excludes spending on financial assets and grants, and public corporations' capital expenditure.

†† This does not include loans written off by mutual consent that score within non-cash Resource Budgets.

††† Included in Resource Budget.

**Table 4 Capital Employed**

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
£ millions	Out-turn	Out-turn	Out-turn	Out-turn	Out-turn	Estimated Out-turn	Plans
<b>Assets on balance sheet</b>							
Fixed assets	70	86	96	69	68	64	67
<i>of which:</i>							
Land and buildings	56	70	80	54	51	50	47
Debtors (> 1 year)			6	2			
Current assets	42	35	46	131	98	72	60
Creditor (< 1 year)	-52	-38	-49	-52	-106	-59	-50
Creditor (> 1 year)							
Provisions		-4	-2	-2	-1	-1	-4
<b>Capital employed within main department</b>	<b>60</b>	<b>79</b>	<b>97</b>	<b>148</b>	<b>59</b>	<b>76</b>	<b>73</b>
NDPB net assets	3,260	3,861	4,244	3,884	5,284	4,781	4,962
<b>Total capital employed in departmental group</b>	<b>3,320</b>	<b>3,940</b>	<b>4,341</b>	<b>4,032</b>	<b>5,343</b>	<b>4,857</b>	<b>5,035</b>

**Notes:**

1. Out-turn figures are taken from the published consolidated DCMS resource accounts which include the Royal Parks Agency accounts

2. Figures for 2003-04 include the effects of the quinquennial revaluation of the land and buildings of the museums and galleries sector.

Table 5 Administration Costs

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
	Outturn	Outturn	Outturn	Outturn	Outturn	Estimated Outturn	Plans	Plans	Plans
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Administration Expenditure</b>									
Paybill	19,847	22,191	25,243	26,047	25,327	25,383			
Other	22,291	25,720	26,052	26,441	29,487	31,523			
<b>Total administration expenditure</b>	<b>42,138</b>	<b>47,911</b>	<b>51,295</b>	<b>52,488</b>	<b>54,814</b>	<b>56,906</b>	<b>46,942</b>	–	–
Administration income	–2,151	–2,486	–1,520	–1,447	–1,601	–2,413	–2,654	–	–
<b>Total administration budget</b>	<b>39,987</b>	<b>45,425</b>	<b>49,775</b>	<b>51,041</b>	<b>53,213</b>	<b>54,493</b>	<b>44,288</b>	–	–
Analysis by activity									
DCMS	39,987	45,425	49,775	51,041	53,213	54,493	44,288	–	–
<b>Total administration budget</b>	<b>39,987</b>	<b>45,425</b>	<b>49,775</b>	<b>51,041</b>	<b>53,213</b>	<b>54,493</b>	<b>44,288</b>	–	–

Table 6 Staff in post

	2004-05 Outturn	2005-06 Outturn	2006-07 Outturn	2007-08 Outturn	2008-09 Outturn	2009-10 Outturn
<b>DCMS</b>						
FTEs	510	507	517	464	453	469
Overtime	10	12	11	10	10	8
<b>Total</b>	<b>520</b>	<b>519</b>	<b>528</b>	<b>474</b>	<b>463</b>	<b>477</b>
The Royal Parks (TRP)						
FTEs	127	121	92	99	101	125
Overtime	4	2	2	1	2	2
Casual	3	1	5	0	0	0
<b>Total</b>	<b>134</b>	<b>124</b>	<b>99</b>	<b>100</b>	<b>103</b>	<b>111</b>

**Notes:**

1. These figures represent number of staff in post (FTE) on the last day of the financial year. Agency temps are excluded from these figures.

2. TRP is not subject to administrative cost control.

Table 7 Total identifiable expenditure on services by country and region, 2004-05 to 2010-11

£ million	National Statistics					2009-10 plans	2010-11 plans
	2004-05 outturn	2005-06 outturn	2006-07 outturn	2007-08 outturn	2008-09 outturn		
North East	110	105	118	97	88	90	90
North West	193	194	185	179	168	175	163
Yorkshire and the Humber	182	175	172	145	143	150	144
East Midlands	181	161	131	118	108	112	104
West Midlands	167	194	214	150	139	141	139
East	115	126	120	124	124	122	118
London	615	666	581	562	483	473	483
South East	180	187	213	202	199	198	183
South West	163	197	191	158	147	144	144
<b>Total England</b>	<b>1,908</b>	<b>2,006</b>	<b>1,926</b>	<b>1,735</b>	<b>1,599</b>	<b>1,606</b>	<b>1,569</b>
Scotland	152	189	154	91	103	112	111
Wales	183	187	197	138	152	166	166
Northern Ireland	75	105	99	35	38	50	46
<b>UK identifiable expenditure</b>	<b>2,318</b>	<b>2,487</b>	<b>2,376</b>	<b>1,998</b>	<b>1,893</b>	<b>1,934</b>	<b>1,893</b>
Outside UK	123	175	179	228	244	223	226
<b>Total identifiable expenditure</b>	<b>2,441</b>	<b>2,662</b>	<b>2,555</b>	<b>2,226</b>	<b>2,137</b>	<b>2,157</b>	<b>2,118</b>
Non-identifiable expenditure	3,145	3,305	3,529	3,944	4,610	4,742	4,882
<b>Total expenditure on services</b>	<b>5,586</b>	<b>5,967</b>	<b>6,084</b>	<b>6,170</b>	<b>6,747</b>	<b>6,899</b>	<b>7,000</b>

Table 8 Total identifiable expenditure on services by country and region, per head 2004-05 to 2010-11

£ per head	National Statistics					2009-10 plans	2010-11 plans
	2004-05 outturn	2005-06 outturn	2006-07 outturn	2007-08 outturn	2008-09 outturn		
North East	43	41	46	38	34	35	35
North West	28	28	27	26	24	25	23
Yorkshire and the Humber	36	34	33	28	27	28	27
East Midlands	42	37	30	27	24	25	23
West Midlands	31	36	40	28	26	26	25
East	21	23	21	22	22	21	20
London	83	89	77	74	63	62	62
South East	22	23	26	24	24	24	22
South West	32	39	37	31	28	27	27
<b>England</b>	<b>38</b>	<b>40</b>	<b>38</b>	<b>34</b>	<b>31</b>	<b>31</b>	<b>30</b>
Scotland	30	37	30	18	20	22	21
Wales	62	63	66	46	51	55	55
Northern Ireland	44	61	57	20	22	28	26
<b>UK identifiable expenditure</b>	<b>39</b>	<b>41</b>	<b>39</b>	<b>33</b>	<b>31</b>	<b>31</b>	<b>30</b>

Table 9 Total identifiable expenditure on services by function, country and region, for 2008-09

£ million

**ECONOMIC AFFAIRS**

General economic, commercial and labour affairs

	North East	North West	Yorkshire and The Humber	East Midlands	West Midlands	East	London	South East	South West	England	Scotland	Wales	Northern Ireland	UK identifiable expenditure	OUTSIDE UK	Total identifiable expenditure	Not identifiable	Totals
	0.1	0.1	0.1	0.1	0.1	0.1	0.4	0.2	0.1	1.3	0.0	0.1	0.0	1.4	0.2	1.7	0.0	1.7

Other Industries

	0.7	3.4	2.4	1.8	2.7	3.3	22.0	6.3	3.7	46.3	4.2	1.5	0.4	52.5	0.1	52.6	0.0	52.6
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**Total economic affairs**

	0.8	3.6	2.5	1.9	2.8	3.4	22.3	6.5	3.8	47.6	4.2	1.6	0.4	53.9	0.3	54.3	0.0	54.3
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**ENVIRONMENT PROTECTION**

Environment protection n.e.c

	1.4	3.9	2.6	1.6	2.3	1.7	6.8	2.6	3.1	26.0	6.3	3.9	1.7	37.9	0.0	37.9	0.0	37.9
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**Total environment protection**

	1.4	3.9	2.6	1.6	2.3	1.7	6.8	2.6	3.1	26.0	6.3	3.9	1.7	37.9	0.0	37.9	0.0	37.9
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**HEALTH**

Central and other health services

	1.8	5.2	3.6	2.2	3.0	2.3	9.3	3.6	4.2	35.2	8.7	5.2	2.3	51.4	0.0	51.4	0.0	51.4
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**Total health**

	1.8	5.2	3.6	2.2	3.0	2.3	9.3	3.6	4.2	35.2	8.7	5.2	2.3	51.4	0.0	51.4	0.0	51.4
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**RECREATION, CULTURE AND RELIGION**

Recreational and sporting services

	15.0	47.4	40.8	36.5	42.1	38.0	53.5	46.5	44.5	364.2	17.0	8.8	6.1	396.1	0.5	396.6	1,144.0	1,540.7
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Cultural services

	74.8	119.7	105.7	83.5	107.3	106.4	344.3	177.3	108.7	1,227.8	52.9	25.7	22.6	1,328.9	234.3	1,563.2	0.0	1,563.2
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Broadcasting and publishing services

	0.0	0.1	0.1	0.1	0.1	0.1	0.2	0.1	0.1	0.8	0.0	101.7	0.0	102.5	0.1	102.7	3,466.1	3,568.8
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Religious and other community services

	0.4	1.8	1.1	1.1	1.4	1.9	1.0	2.9	1.6	13.1	1.5	1.0	0.8	16.3	0.0	16.3	0.0	16.3
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R&amp;D recreation, culture and religion

	0.1	0.2	0.2	0.2	0.2	0.2	0.7	0.4	0.2	2.6	0.0	0.2	0.0	2.8	0.4	3.3	0.0	3.3
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Recreation, culture and religion n.e.c

	2.5	4.4	4.4	3.4	4.3	3.9	13.1	6.9	4.2	47.3	0.7	3.9	0.2	52.2	8.1	60.2	0.0	60.2
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**Total recreation, culture and religion**

	93.0	173.6	152.4	124.7	155.4	150.5	412.9	234.1	159.3	1,655.8	72.1	141.2	29.7	1,898.9	243.4	2,142.3	4,610.1	6,752.5
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Education

	2.1	6.2	4.2	2.6	3.5	2.7	10.9	4.2	4.9	41.3	10.2	6.1	2.8	60.4	0.0	60.4	0.0	60.4
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Education n.e.c

	2.1	6.2	4.2	2.6	3.5	2.7	10.9	4.2	4.9	41.3	10.2	6.1	2.8	60.4	0.0	60.4	0.0	60.4
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**Total education**

	2.1	6.2	4.2	2.6	3.5	2.7	10.9	4.2	4.9	41.3	10.2	6.1	2.8	60.4	0.0	60.4	0.0	60.4
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**SOCIAL PROTECTION**

Old age

	-23.2	-59.7	-45.0	-38.8	-48.1	-52.6	-49.0	-75.8	-53.5	-445.8	-44.2	-29.3	-12.8	-532.0	0.0	-532.0	0.0	-532.0
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of which: pensions

	-23.2	-59.7	-45.0	-38.8	-48.1	-52.6	-49.0	-75.8	-53.5	-445.8	-44.2	-29.3	-12.8	-532.0	0.0	-532.0	0.0	-532.0
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Social protection n.e.c.

	12.5	34.9	22.8	13.4	20.2	15.6	70.3	23.5	25.6	238.8	45.6	23.6	14.3	322.3	0.0	322.3	0.0	322.3
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**Total social protection**

	-10.7	-24.8	-22.2	-25.4	-27.9	-37.0	21.3	-52.3	-27.9	-207.0	1.4	-5.7	1.5	-209.7	0.0	-209.7	0.0	-209.7
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**TOTAL DEPARTMENT FOR CULTURE, MEDIA AND SPORT**

	88.4	167.6	143.0	107.6	139.1	123.6	483.5	198.7	147.4	1,599.0	103.0	152.4	38.5	1,892.9	243.7	2,136.6	4,610.1	6,746.7
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Data in this table are National Statistics



## Annex 2

### Public Service Agreements (PSA) and Departmental Strategic Objectives (DSO)

In October 2007, 30 new PSAs were announced as part of the Comprehensive Spending Review 2007 and set out the priority outcomes for the CSR2007 period, 2008-09 to 2010-11. Each department also agreed with HM Treasury a set of DSOs, which are designed to complement and sometimes underpin related PSAs<sup>4</sup>. DCMS leads on one PSA (PSA22), and has four DSOs.

- PSA 22 – The DCMS will deliver a successful and inspirational Olympic and Paralympic Games in 2012 that provide for a sustainable legacy and get more children and young people taking part in high quality PE and sport.
- DSO1: Opportunity – Encourage more widespread enjoyment of culture, media and sport
- DSO2: Excellence – Support talent and excellence in culture, media and sport
- DSO3: Economic Impact – Realise the economic benefits of the Department's sectors
- DSO4: (same as PSA22).

The table below sets out the indicators under PSA22 and the four DSOs with a brief data statement for each of the indicators.

Indicator	Indicator belongs to:	Statement on data	OGDs (where indicator lead different to PSA reporting lead)
Indicator 1: Construction of the Olympic Park and other Olympic venues to time and budget	PSA 22 and DSO4	All 2009-10 milestones are on track to be delivered on time and all key projects remain on schedule.  Progress is assessed by measuring performance of key construction projects against ODA time milestones and the budget allocations for each project.	
Indicator 2: Maximising the regeneration benefits of the 2012 Games	PSA 22 and DSO 4	Access and connectivity projects are progressing on time and to budget although there have been continued delays to certain bridges on the Olympic Park. GOE does not predict this will delay the overall programme.  Progress is measured by monitoring performance on projects contributing to improved access and connectivity for the Park, and against the Legacy Masterplan Framework milestones.	(Shared responsibility with CLG)

<sup>4</sup> DSOs will underpin PSAs where the Department is responsible for delivering outcomes under the PSA e.g. DCMS has lead responsibility for PSA22, whose key indicators are directly reflected in DSO4.

Indicator 3: The Olympic Park and venues are designed and built according to sustainable principles	PSA 22 and DSO 4	<p>Progress is being made against the sub-indicators.</p> <p>Progress is measured by performance against the five sustainability themes:</p> <ul style="list-style-type: none"> <li>• Climate change – Progress to achieve a reduction in overall carbon emissions associated with the built environment in the Olympic Park development of 50 per cent by 2013</li> <li>• Waste – Re-use or recycle 90 per cent (by weight) of the materials arising through demolition works on the Olympic Park site</li> <li>• Biodiversity – Minimum target of 45 hectares of new Site of Biological importance in full Grade 1 equivalent habitat by 2014</li> <li>• Health – The performance rating for this indicator will be based on the ODA target of no fatalities and a rate of one or fewer reportable accidents per million hours worked</li> <li>• Inclusion – Measure, report and track the trends in the changing ODA site workforce for two key groups: black and minority ethnic workers and local workers.</li> </ul>	
Indicator 4: Increasing public participation in cultural, community and sporting activities, both across the UK and internationally	PSA 22 and DSO 4	<p>Participation has increased during 2009-10.</p> <p>Progress is measured as the number of people across the UK and in other countries taking part in Government-supported programmes associated with the 2012 Games.</p>	
Indicator 5: The creation of a world-class system for PE and sport	PSA 22 and DSO 4	The baselines for the measures were established in Autumn 2009 (reporting data from July 2008 to July 2009): a five-hour offer was in place in 92 per cent of school sport partnership areas; and 32.0 per cent of 5–19 year olds are participating in the target hours.	(DCMS and DCSF lead responsibility and overseen by a joint DCMS/DCSF Management Board).

Indicator 1: Increasing the proportion of children and young people participating in culture	DSO 1	Data is collected via the Taking Part Survey. The 2008-09 baseline showed that 45.4 per cent of children aged 5–15 years old were engaging in the desired five hours of culture per week.	
Indicator 2: Increasing the proportion of children and young people participating in high quality PE and sport	DSO 1	This is linked to indicator 5 of PSA 22 and DSO 4. Data is collected via the Taking Part Survey and for those aged 5-10, it is combined with data from the School Sport Survey. The 2008/09 baseline showed that 32.0 per cent of children and young people aged 5-19 years old were achieving the desired number of hours of participation for their age group.	
Indicator 3: Increasing the proportion of adults participating in culture or sport	DSO 1	This is linked to indicator 6 of PSA 21: 'build more cohesive, empowered and active communities'. Data is collected via the Taking Part Survey. The 2008-09 baseline (revised in December 2009) showed that 66.1 per cent of adults participated in at least two out five different culture or sport sectors at the required level. The latest data from the rolling annual estimates for the 12 months to December 2009 shows 67.3 per cent of adults participated in at least two out five different culture or sport sectors.	
Indicator 1: Support talent and excellence in culture, and sport through an excellent experience	DSO 2	Data is collected via the Taking Part Survey. The 2008-09 baseline showed that 88.2 per cent of those surveyed were satisfied with their last culture or sporting experience.	
Indicator 2: Support talent and excellence in culture, and sport through an excellent offer	DSO 2	<p>This directly links to PSA 22 (Indicators 4 &amp; 5)</p> <p>It also explores the standards of available services and is measured through accreditation indicators. There are currently 4,723 Artsmark accredited schools. More than 10,000 clubs and around 35 sports are currently Sport Clubmark accredited or working towards the award.</p>	

Indicator 3: Showcasing Excellence – focuses on the outcomes of having the right conditions to enable talent to flourish by using ‘recognition’ quantitative measures (i.e. medals and awards)	DSO 2	<p>Performance is measured through quantitative measures relating to medals and awards.</p> <ul style="list-style-type: none"> <li>• In 2009, 11,037 Arts awards were issued</li> <li>• In 2009, 43 medals were won in World or European competitions in Olympic disciplines and 149 in Paralympic disciplines.</li> </ul>	
Indicator 1: Reducing administrative burdens on business caused by DCMS regulation	DSO 3	Over the five-year period from May 2005 to May 2010, the DCMS has reduced administrative burdens by 46 per cent from the baseline of £343.3m leaving a total Departmental administrative burden of £185m.	
Indicator 2: Increasing the proportion of households that have converted to digital television	DSO 3	By 7 April 2010, 24.1 per cent (6.23 million) of UK homes had completed TV switchover. Border, West Country, Granada and West TV regions have all switched over and, on 31 March 2010, Wales completed switchover and became the first digital TV nation. (The data referred to comes from Ofcom’s Digital Progress Report on Digital TV, quarter four 2009.)	

### CSR07 efficiency programme

The CSR07 efficiency programme for the Comprehensive Spending Review 2007 set out a commitment to an overall target across Government of £35bn efficiency savings by March 2011. The DCMS share of this is £168m and, at 31 March 2010, DCMS had delivered £130m of savings.

## Annex 3

### Public Accounts Committee recommendations

In line with best practice, the following updates set out in detail further progress the Department and its arm's length bodies have made in response to all current and outstanding PAC recommendations that are still incomplete or outstanding.

### Session 2007–08: Twenty-Eighth Report of 2007–08 – Government Preparations for Digital Switchover (HC416)

#### Recommendations and conclusions

PAC conclusion (4): Take up of the help scheme in Copeland, the first area to switch to digital, suggests that demand for the scheme will be much lower than the Departments' forecasts, which look increasingly out of date. The Departments should review whether the scheme is reaching enough people and achieving its objectives, based on what happens in the Border region, which will be the first full region to switch. In the light of this review, they should amend the design of the scheme and the funds available as necessary before proceeding with switchover in the Granada region from October 2009.

#### Response

Recommendation partially accepted.

The estimate of expenditure on the Help Scheme has been revised in the light of take up rates in the regions which have switched and the significant savings which the BBC secured through a competitive procurement process, and we now think that the under spend is likely to be in the region of £300 million. The Government has outlined its proposal for deploying this money on other initiatives in the Digital Britain Report. In terms of take-up rate, it is clear that many more people than initially expected are making the switch without recourse to the Help Scheme. There is no evidence that eligible people are being left with blank screens, though the Help Scheme's research suggests that there may be about 5-10% of eligible people who do not take up the scheme but who would probably have had a simpler switch had they done so. The Help Scheme is developing a variety of approaches for encouraging take up amongst this group.

#### Recommendations and conclusions

PAC conclusion (7): The Departments' reliance on voluntary labelling and the work of Digital UK to protect consumers from potential miss-selling of analogue televisions in the run-up to switchover has, so far, not worked. The 'Digital Tick' was introduced nearly four years ago, but only half the staff in the two thirds of stores which use the Digital Tick logo understand what it means. Given reliance on the logo to protect consumers, the Departments should set out how, by the end of 2008, they will try to secure take-up of the logo by at least 90% of retailers (by sales), and at least 90% understanding of the Digital Tick among staff selling television equipment in retail stores. This should substantially reduce the risk that consumers will unwittingly purchase televisions with built-in obsolescence.

#### Response

Recommendation accepted.

By December 2009, we believe there were scarcely any new analogue-only televisions available for sale in UK with almost all new televisions (99%) and television recording equipment (96%) sold being digital.

Digital UK has put in place a range of measures to support the retail trade since the beginning of 2008 including appointing a field marketing agency, Gekko, to supply retail support teams to visit stores, encourage sign-up to the 'digital tick' logo scheme, and to provide advice, training and materials.

Through the work of Digital UK, the proportion of televisions, set-top boxes and television recording equipment sold in 2009 through a retailer licensed to use the 'digital tick' logo (online or retail) was 87%. 5663 individuals had qualified as Digital Advisers under the 'digital tick' scheme by the end of February 2010.

**Session 2007–08: Forty-Second Report – Preparing for sporting success at the London 2012 Olympic and Paralympic Games and beyond (HC 477)**

**Recommendations and conclusions**

PAC conclusion (6): The Department is aiming to secure a sustained improvement in sports participation before and after the London 2012 Games, but there is no conclusive evidence that winning Olympic and Paralympic medals influences levels of participation in the community. The Department has a target for two million more people to participate in a sport or physical activity by 2012. It should review existing evidence on how elite sporting success impacts on sports participation and undertake new research where there are gaps in the evidence. In the light of this research, it should work with UK Sport and the home country sports councils to develop an action plan on how it will use sporting success at the London 2012 Games to improve levels of sports participation before, during and after the Games.

**Response**

Recommendation accepted.

Our earlier response referred to DCMS issuing an invitation to tender as part of our Joint Research Programme, the purpose of which is to more generally understand participation across all our sectors.

We also referred to UK Sport conducting its own 'sporting preferences' survey of the general public. At the time the follow-up post Beijing was underway.

**Update**

The current position remains unchanged. The first phase of the Culture and Sport Evidence (CASE) programme is now underway. A consortium of the University of London's EPPI-centre (Evidence for Policy Practice Information) and Matrix Knowledge Group is undertaking a key evidence and data review on the drivers and impacts of public participation in culture and sport, due to report in early 2010.

The results of the Sporting Preferences survey were published on 29 December 2008. The survey was based on the responses of a UK-representative sample of 2,111 adults aged 16 or over. In terms of sports participation, interviewees were asked whether the success of Team GB at the Beijing Olympics or Paralympics had led to any specific changes in their participation, involvement or interest in sport. Eighteen per cent of respondents (362 people) said it had. Of these, 48 per cent said they were simply more interested in sport than before Beijing. However, 14 per cent (about 2 per cent of the UK public) claimed to have taken up a new sport; 7 per cent (1 per cent of the UK public) said they had been to a sports event that they probably would not have attended pre-Beijing; and 7 per cent (again, 1 per cent of the UK public) said they were taking part in sport or physical activity more often than they were before the start of the Olympics.

**Session 2007-08: Forty-Ninth Report – Making Grants efficiently in the culture, media and sport sectors**

**Recommendations and conclusions**

PAC Conclusion (1): The Department does not require grant-makers to report their costs against a common set of measures and has done little to encourage grant-makers to compare the costs of their grant programmes. The Department should take the lead in agreeing with grant-makers ways to measure and report the cost of making grants on a like-for-like basis. Where there is evidence of inefficiency, it should challenge them to identify the main drivers of cost and to find ways to make savings.

**Response**

Recommendation partially accepted.

**Update**

The Minister for Tourism and Heritage (who has responsibility for National Lottery) has written to all England and UK-wide Lottery distributors, copied to the Devolved Administrations, to underline the Government's determination to ensure that the absolute minimum of Lottery income is lost to administrative costs, in line with the Coalition Agreement commitment. Distributors have been asked to develop a common definition of administrative costs to allow transparent comparisons to be made, and to set out ambitious plans to move towards the 5% target, reporting to him annually.

**Recommendations and conclusions**

PAC conclusion (2): In 2006–07, ACE spent 35 pence to award a pound of grant to individual artists on its Grants for the Arts programme, compared to a cost of between 3 and 8 pence for the other grant programmes we examined. The Arts Council commits significant resources to supporting the work of individual artists, but does not know exactly how much this work costs. It should:

- identify separately the cost of the development work it carries out with applicants, and evaluate whether the cost of such work is proportionate to the outcomes delivered; and
- assess whether the purely administrative cost of making these grants is in line with that of other programmes and, if it is not, seek to learn from other grant-makers to see how its processes might be streamlined.

**Response**

Recommendation partially accepted.

**Update**

ACE's organisation review process, delivering savings for GIA targets and Lottery administration from 2010–11, is expected to save £1.5 million from the current direct costs of managing the Grants for the Arts programme, by centralising more of the assessment and monitoring functions, and placing these in their Manchester support centre. Once implemented this will make the direct costs of the scheme much more transparent.

**Update****Recommendations and conclusions**

PAC conclusion (3): On average, English Heritage spent nearly £10,000 to award a grant under its Repair Grants for Places of Worship scheme, and estimates that providing technical support, such as from surveyors and architects, to grant applicants, represents over half of the cost incurred. English Heritage should keep under review the cost of awarding these grants and should identify separately the cost of providing specialist technical support. It should seek ways to reduce this cost, such as introducing a risk-based approach which ensures that the level of specialist support, in particular the input of architects, is commensurate with the demands of each project.

**Response**

Recommendation partially accepted.

**Update**

English Heritage (EH) is continuing to seek ways of reducing the cost of the Repair Grants for Places of Worship (RGPW) scheme, and is in ongoing discussions with the Heritage Lottery Fund, as joint funders, to improve the efficiency of the management of the scheme.



English Heritage has now written to national contacts for faith groups introducing the RGPW scheme, following the setting up of the faith contacts database referred to in the response to the PAC Report.

**Recommendations and conclusions**

PAC conclusion (4): Applying for a grant can be a complex and time-consuming process but grant-makers do not seek to understand what costs their processes are imposing on applicants. For Big Lottery Fund's Reaching Communities programme, applicants took on average 21 days to prepare an application, although the application had a one in five chance of being successful. Grant-makers should routinely monitor how much it costs applicants to complete the forms and provide the information necessary to apply for funding. Wherever possible they should make it easier to apply for grants by simplifying application forms, by improving guidance and access to advice, and by requesting only the information they need to make funding decisions.

**Response**

Recommendation accepted.

**Update**

Big Lottery Fund and other distributors are continuing to share best practice in this area.

**Recommendations and conclusions**

PAC conclusion (5): The Big Lottery Fund has increased the spread of successful applications across the United Kingdom and from different social groups, but more could be done by other grant-makers to raise potential grant applicants' awareness of available funding and to stimulate higher quality applications. Grant-makers should seek to learn from Big Lottery Fund's approach, including its regional outreach operations. They should work together in the regions, and with other partners such as local authorities, to establish one-stop shops and run events to promote grant programmes and offer advice.

**Response**

Recommendation accepted.

**Update**

Lottery distributors are sharing best practice through the Lottery Forum and are continuing to refresh and update the website [www.lotteryfunding.org.uk](http://www.lotteryfunding.org.uk), with the aim of enabling potential applicants to make more successful applications for lottery funding with the minimum burden.

**Recommendations and conclusions**

PAC conclusion (6): There is little effective sharing of information on the costs and processes of grant-making. The Department should facilitate an initiative across the sector to share information about the administrative costs of grant programmes. It should:

- work with the Lottery Forum to develop its role in sharing good practice and compare the costs and effectiveness of the grant-making process; and
- promote the exchange of information and learning about good practice, both within and beyond the sector, for example, by helping grant-makers set up a benchmarking club.

**Response**

Recommendation partially accepted.

**Update**

See update for conclusion 1.



**Recommendations and conclusions**

PAC conclusion (7): Despite recommendations made by this Committee that they should work together, grant-makers have worked independently to rationalise office accommodation and identify efficiency savings. The sector has made little progress in sharing services, systems or accommodation and the Department should be more pro-active in encouraging sharing and co-operation between bodies in areas such as office accommodation. It should require those grant-makers with a regional presence to evaluate the costs and benefits of sharing office accommodation and facilities.

**Response**

Recommendation partially accepted.

**Update**

See update for conclusion 4.

**Recommendations and conclusions**

PAC conclusion (8): Grant-makers have procured and developed independently their own IT systems to manage grants and have done little to share information about each system's strengths and weaknesses. This approach is symptomatic of an apparent unwillingness to work together. The Department should promote closer working between the grant-makers in researching, testing, procuring and developing new systems. Before approving funding for new IT systems, it should require an evaluation of the scope to share or adapt systems already in use by other grant-makers.

**Response**

Recommendation partially accepted.

**Update**

See update for conclusion 4.

**Recommendations and conclusions**

PAC conclusion (9): Only Sport England of the four grant-makers has the ability to process applications online, even though such an approach can reduce the costs of their processes, simplify the grant application process and improve the grant applicants' experience of the process. Grant-makers should work together to explore how to increase the use of online applications in their processes. As a starting point, the development work being carried out by the Big Lottery Fund to introduce online applications should be shared with others.

**Response**

Recommendation accepted.

**Update**

Big Lottery Fund (BIG) and Arts Council of England have now fully implemented an online lottery grants application system.

**Recommendations and conclusions**

PAC conclusion (10): The lottery distributors have established a common website which refers applicants to the distributor most relevant to their circumstances, but grant-makers have yet to establish a one-stop-shop for grant applications, as exists in the United States. In the United States, a common website, which is shared by 26 Federal grant-making organisations, lets applicants know about grant opportunities and enables them to submit applications online. The Department should encourage grant-makers to work together to make better use of technology, such as by developing a shared grant application system similar to that in the USA.

**Response**

Recommendation partially accepted.

**Update**

The Lottery distributors are continuing to refresh and update the website [www.lotteryfunding.org](http://www.lotteryfunding.org) so that potential applicants for lottery funding are clear about the appropriate distributors and programmes to which they can apply.

**Session 2008-09: Twenty-Fourth Report - Maintaining the Occupied Royal Palaces (HC 201)****Recommendations and conclusions**

PAC Conclusion (1): The Royal Household has reported that there is a £32 million backlog of maintenance work but this is not supported by rigorous analysis. In the absence of a consistent approach to assessing the condition of the Estate and calculating the backlog, and without an assessment of the practical consequences of the backlog, the Department and the Household cannot be sure how big the problem is or what to do about it. The Household should define criteria for inspecting the condition of the Estate, agree with the Department the basis for calculating the maintenance backlog and, before the end of 2009, set out a plan for managing it.

**Response**

Recommendation partially accepted.

**Update**

The backlog figure of £32 million reported in the Royal Household's 2007-08 Annual Report is an estimate of how much will be needed in ten year's time if the grant in aid remains at £15 million a year, not at the present. However, it is recognised that the records of condition should be improved. The Household has trialled software developed by Defence Estates, which measures 'target' condition and 'actual' condition based upon specific definitions of condition for each part of a building. Following completion of the pilot, the target condition of each building is being agreed with the Department and the Household will now use the software to record all of the Estate by the end of 2011. A member of the Property Section management team has been transferred to the role of Estates Surveyor to undertake this major task.

**Recommendations and conclusions**

PAC Conclusion (2): Work required to repair the Victoria and Albert Mausoleum, a monument of national importance, has been outstanding for 14 years and its condition is getting worse. Repairing the Mausoleum would cost around £3 million but resource constraints mean the Household has no plans to do the required work. Ultimately, the condition of the Estate is a matter for the Department, which should identify how the restoration of the Mausoleum can be funded without impacting on the Household's resources for maintaining the rest of the Estate.

**Response**

Recommendation partially accepted.

**Update**

The Department agrees that with a project of the complexity of the repair of the Mausoleum, other means of funding may need to be found. Together with English Heritage, the Household is currently assessing the nature of the deterioration and what is necessary to slow or arrest that deterioration. Detailed surveys and monitoring have been instigated over a twelve month period which have enabled the Household to update its estimates for repair and propose a strategy for carrying out the work. This is yet to be discussed with the Department, which will consider it alongside other priorities and in the light of the Household's other resources.

**Recommendations and conclusions**

PAC Conclusion (3): The Department for Culture, Media and Sport is accountable to Parliament for the upkeep of the Occupied Royal Palaces but does not have a firm grip on its responsibilities. The Department has set the Household an objective for the condition of the Estate, but does not measure the Household's performance, and has allowed a maintenance backlog to build up despite our warning that this might happen. The Department should establish performance measures that keep it appraised of the condition of the Estate starting in the 2009-10 financial year.

**Response**

Recommendation not accepted.

**Update**

The Department does not agree with the conclusion that it does not have a firm grip on its responsibilities. The Household's property maintenance work is monitored on an ongoing basis by the Department's specialist consultants, Watts PLC, who report to the Department on a regular basis. The reports are shared with the Household, and any issues are discussed and resolved. It is anticipated that the Household will agree performance indicators with the Department to assess actual condition against target condition for each part of the Estate with the whole Estate completed by December 2011. The software provided by Defence Estates may also help focus expenditure to highlight where the most significant improvements can be made.

**Recommendations and conclusions**

PAC Conclusion (4): In 2007-08, the Royal Collection Trust received over £27 million from visitors to the Occupied Royal Palaces, of which just £1.8 million was passed to the Royal Household to top up the resources available to maintain the Palaces. The arrangement by which money paid by visitors to the Palaces goes to fund the Royal Collection Trust dates from 1850, but times have changed. More Palaces are now open to the public and hundreds of thousands of tourists visit them each year, yet only a fraction of the income generated is used to maintain the Palaces. The amount paid over to the Household is at the discretion of the Royal Collection Trust, but some staff of the Household are also involved with the Trust and have potential conflicts of interest. The Department should:

- a) work with the Household and Royal Collection Trust to revise the arrangements for the collection and distribution of visitor income to reflect the fact that visitors come to see the Palaces, as well as the works of art in them; and
- b) assure itself that the revised arrangements are equitable for the Household.

**Response**

Recommendation partially accepted.

**Update**

The Department and the Royal Household will keep these matters under review. In 2007-08 the Royal Collection Trust (the Trust) produced an operating surplus of £8.9 million from a total turnover of £29.6 million. For the use of Windsor Castle, the Trust paid £1.8 million (20%) of the surplus to the Royal Household towards the maintenance of the Occupied Royal Palaces. Of the balance, £5.6 million was used to pursue the Trust's charitable objectives and £1.5 million was utilised to repay part of the debt incurred in connection with the re-development of The Queen's Galleries. In March 2009, the Royal Collection Trustees agreed to accept a charge from the Household for the use of Buckingham Palace to generate funds for the maintenance of the Occupied Royal Palaces. The charge has been set initially at £250,000 excluding VAT, increasing annually in line with RPI + 1.5%. The charge will be regularly reviewed by the Household and the Royal Collection Trustees and adjusted to reflect increases in the number of days the Palace is open or new income streams. The Household believes that any potential conflicts of interest among its staff are appropriately managed and that involvement in Household and Royal Collection activities leads to greater transparency of transactions between the two entities.

Furthermore, the separate Audit Committees of the Royal Collection and the Household closely scrutinise such transactions to ensure that they are equitable for both parties.

### **Session 2009-10: Fifth Report - Promoting Participation with the Historic Environment (HC 189)**

#### **Recommendations and conclusions**

PAC Conclusion (1): The Department's targets for broadening the audience for heritage were unrealistic and set without clear evidence of how they would be achieved. The proportion of the population visiting historic sites is already high and the most reported reasons why people don't visit these sites is because they are not interested in the historic environment. Before setting targets in future, the Department should:

- (a) use existing knowledge of what works to make a clear action plan that shows how its objectives will be delivered. It should involve key parties, such as English Heritage, in assessing the realism of targets to which they will contribute, and
- (b) undertake a full examination of the costs and benefits of achieving the targets and balance this against other spending priorities.

#### **Response**

The Department partially accepted this recommendation.

#### **Update**

Given that targets were achieved in one category, and nearly reached with a statistically significant increase in another, the Department believes the targets were pitched appropriately at a level that was measurable, deliverable and stretching. The Department and its bodies are driving forward work to enhance our understanding of how the cultural and sporting sectors operate and this increasingly sophisticated understanding will be utilized in future target-setting discussions. The Department accepts the value of involving key parties in this process as much as possible and continues to draw up and agree action plans with its partners to map the delivery of such key objectives. As part of the Treasury's Public Value Programme review of Arm's Length Bodies the Department is examining the ways in which it interacts with NDPBs and Agencies and will keep the manner in which targets are set under consideration as part of this.

#### **Recommendations and conclusions**

PAC Conclusion (3): The Department funded English Heritage for 19 months without setting clear expectations about what it would deliver for the money. Agreeing measures to monitor performance on key policy areas provides essential accountability for taxpayers' money. In future, the Department should agree what its sponsored bodies will deliver before it releases the related funding.

#### **Response**

The Department partially accepted the Committee's conclusion.

#### **Update**

The Department accepts that it took too long to achieve formal ratification through Ministerial sign-off. However, this was in part the result of changes to the Machinery of Government, including the division of a co-signatory – DEFRA – into two separate Departments. The Department agrees it should set clear expectations of what will be delivered before it releases funding to a body as it did in English Heritage's allocation letter, through mechanisms including such allocation letters and funding agreements in the future.

**Recommendations and conclusions**

PAC Conclusion (4): Several government-funded organisations across the cultural sector are seeking to attract new audiences, and there is a risk that they might waste resources through duplication of effort. The Department should collate information about what works in attracting new audiences across sport, culture and the arts, and disseminate it across its sponsored bodies. It should promote cross-fertilisation of knowledge, such as by inviting specialists from other sectors onto the Broadening Access Group which English Heritage chairs.

**Response**

The Department partially accepted the Committee's conclusion.

**Update**

Since the hearing, the programme boards for the Department's strategic objectives have continued to bring together senior figures from all Departmental bodies to assess progress against key departmental objectives and understand how others work together, and experts from other parts of the cultural sector have shared their experience with members of English Heritage's Broadening Access Group. The Department has also established the CASE programme in collaboration with its NDPBs including English Heritage to evaluate the drivers for participation in all our sectors and learn lessons across the piece. Since the hearing initial findings from the CASE programme have been published, and seminars arranged to spread this knowledge widely.

**Recommendations and conclusions**

PAC Conclusion (5): The Department's definition of 'participation' with heritage is obsolete. As well as by visiting historic sites, there are many more opportunities to enjoy our heritage such as by getting involved in local conservation projects, by learning on the internet, and by watching historically-based television programmes. The Department and English Heritage should research how people interact with the historic environment, and use this knowledge to inform their strategies and performance measures for getting more people interested in heritage.

**Response**

The Department partially accepted this recommendation.

**Update**

The Department strongly supports participation that is as wide-ranging as possible. English Heritage has invested significantly in its online resources (4.2 million unique visitors to English Heritage's website and over 88,000 education resources downloaded in 2008-09) and is frequently involved in TV programmes, most recently with Channel Four's Time Team at Dover Castle. The Taking Part survey gathers a wide range of data on engagement and its causes, including digital engagement. This allows the Department to consider the television viewing and digital engagement patterns of those who do, and those who do not, participate in the historic environment sector.

**Recommendations and conclusions**

PAC Conclusion (6): In the last five years free educational visits to English Heritage's sites have fallen by 20%. This concerns us, as positive childhood experiences are crucially important to instilling a long-term interest in heritage. English Heritage should develop an action plan that addresses the obstacles to visiting heritage sites and identifies ways to encourage school visits by children from different backgrounds. It should aim to reverse the decline in educational visits to its own sites, set milestones to measure progress, and report back to this Committee in April 2010 setting out the actions being taken and the progress made.

**Response**

English Heritage partially accepted the Committee's conclusion.

**Update**

Free educational visits to its sites fell by 11% over the six years 2003-04 to 2008-09, not by 20%. It is inaccurate to add English Heritage's Discovery Visits to the total of free educational visits when they are a sub-set of them. English Heritage is committed to reversing the decline in visits and is preparing an education strategy for 2010-15, which will include targeted support to encourage visits by schools in deprived areas. English Heritage wrote to the Committee in April 2010 with further details of this strategy.

**Recommendations and conclusions**

PAC Conclusion (7): English Heritage's workforce is less diverse than other government departments, and does not reflect the general population. This is, in part, because of the specialised nature of some professional roles, but also suggests English Heritage has not placed sufficient importance on achieving a more diverse workforce. English Heritage should develop an action plan to increase the diversity of its workforce, and set milestones for measuring progress and achieving outcomes.

**Response**

The Department and English Heritage agreed with the Committee's conclusion.

**Update**

Work with the Mayor of London's Heritage Diversity Taskforce from 2006-2009 has shown that this is an issue for the cultural and heritage sector as a whole. English Heritage will address this issue in three ways:

Promote actively to staff the value of allowing English Heritage to record anonymous profile data on disability and ethnicity to demonstrate the full diversity of staff already in post and plans to support diversity in the future.

Develop a Workforce Diversity Strategy with a realistic action plan focused on timed and measurable outcomes.

Work within the newly established Cultural and Heritage Sector Workforce Diversity Network, which will bring together bodies from across the sector to share knowledge, skills and resources to deliver effective action on workforce diversity.

This work is ongoing, and English Heritage will participate in the cultural sector's newly establish Race Equality Workforce Network.

**Recommendations and conclusions**

PAC Conclusion (8): English cathedrals represent some of our most important architectural heritage yet many of them charge the public for entry. These buildings are expensive to look after and the Department and English Heritage should work together to find ways to fund their conservation so that they can be less reliant on charging for entry, which could deter people from visiting.

**Response**

The Department partially accepted the Committee's conclusion.

**Update**

Both the Department and English Heritage agree that cathedrals make a very important contribution to the nation's heritage, and continue to provide significant support for their conservation. The Department's Listed Places of Worship scheme continues to support repairs at cathedrals and other places of worship. It has made over £100 million of grants available to places of worship equivalent to the VAT incurred in making repairs since it began in 2001. The Department does not believe that there is necessarily a direct link between maintenance costs and a decision to charge for entry, and any decision to charge those who wish to visit cathedrals as a heritage attraction is rightly one for the Dean



and Chapter to make. Cathedrals also continue to be able to access English Heritage support where needed, through regional funding schemes.

#### **Session 2008-09: Twenty-Fourth Report - Maintaining the Occupied Royal Palaces (HC 201)**

##### **Recommendations and conclusions**

PAC Conclusion (1): The Royal Household has reported that there is a £32 million backlog of maintenance work but this is not supported by rigorous analysis. In the absence of a consistent approach to assessing the condition of the Estate and calculating the backlog, and without an assessment of the practical consequences of the backlog, the Department and the Household cannot be sure how big the problem is or what to do about it. The Household should define criteria for inspecting the condition of the Estate, agree with the Department the basis for calculating the maintenance backlog and, before the end of 2009, set out a plan for managing it.

##### **Response**

Recommendation partially accepted.

##### **Update**

The backlog figure of £32 million reported in the Royal Household's 2007-08 Annual Report is an estimate of how much will be needed in ten year's time if the grant in aid remains at £15 million a year, not at the present. However, it is recognised that the records of condition should be improved. The Household has trialled software developed by Defence Estates, which measures 'target' condition and 'actual' condition based upon specific definitions of condition for each part of a building. Following completion of the pilot, the target condition of each building is being agreed with the Department and the Household will now use the software to record all of the Estate by the end of 2011. A member of the Property Section management team has been transferred to the role of Estates Surveyor to undertake this major task.

##### **Recommendations and conclusions**

PAC Conclusion (2): Work required to repair the Victoria and Albert Mausoleum, a monument of national importance, has been outstanding for 14 years and its condition is getting worse. Repairing the Mausoleum would cost around £3 million but resource constraints mean the Household has no plans to do the required work. Ultimately, the condition of the Estate is a matter for the Department, which should identify how the restoration of the Mausoleum can be funded without impacting on the Household's resources for maintaining the rest of the Estate.

##### **Response**

Recommendation partially accepted.

##### **Update**

The Department agrees that with a project of the complexity of the repair of the Mausoleum, other means of funding may need to be found. Together with English Heritage, the Household is currently assessing the nature of the deterioration and what is necessary to slow or arrest that deterioration. Detailed surveys and monitoring have been instigated over a twelve month period which have enabled the Household to update its estimates for repair and propose a strategy for carrying out the work. This is yet to be discussed with the Department, which will consider it alongside other priorities and in the light of the Household's other resources.

##### **Recommendations and conclusions**

PAC Conclusion (3): The Department for Culture, Media and Sport is accountable to Parliament for the upkeep of the Occupied Royal Palaces but does not have a firm grip on its responsibilities. The Department has set the Household an objective for the condition of the Estate, but does not measure the Household's performance, and has allowed a maintenance backlog to build up despite our warning

that this might happen. The Department should establish performance measures that keep it appraised of the condition of the Estate starting in the 2009-10 financial year.

**Response**

Recommendation not accepted.

**Update**

The Department does not agree with the conclusion that it does not have a firm grip on its responsibilities. The Household's property maintenance work is monitored on an ongoing basis by the Department's specialist consultants, Watts PLC, who report to the Department on a regular basis. The reports are shared with the Household, and any issues are discussed and resolved. It is anticipated that the Household will agree performance indicators with the Department to assess actual condition against target condition for each part of the Estate with the whole Estate completed by December 2011. The software provided by Defence Estates may also help focus expenditure to highlight where the most significant improvements can be made.

**Recommendations and conclusions**

PAC Conclusion (4): In 2007-08, the Royal Collection Trust received over £27 million from visitors to the Occupied Royal Palaces, of which just £1.8 million was passed to the Royal Household to top up the resources available to maintain the Palaces. The arrangement by which money paid by visitors to the Palaces goes to fund the Royal Collection Trust dates from 1850, but times have changed. More Palaces are now open to the public and hundreds of thousands of tourists visit them each year, yet only a fraction of the income generated is used to maintain the Palaces. The amount paid over to the Household is at the discretion of the Royal Collection Trust, but some staff of the Household are also involved with the Trust and have potential conflicts of interest. The Department should:

- a) work with the Household and Royal Collection Trust to revise the arrangements for the collection and distribution of visitor income to reflect the fact that visitors come to see the Palaces, as well as the works of art in them; and
- b) assure itself that the revised arrangements are equitable for the Household.

**Response**

Recommendation partially accepted.

**Update**

The Department and the Royal Household will keep these matters under review. In 2007-08 the Royal Collection Trust (the Trust) produced an operating surplus of £8.9 million from a total turnover of £29.6 million. For the use of Windsor Castle, the Trust paid £1.8 million (20%) of the surplus to the Royal Household towards the maintenance of the Occupied Royal Palaces. Of the balance, £5.6 million was used to pursue the Trust's charitable objectives and £1.5 million was utilised to repay part of the debt incurred in connection with the re-development of The Queen's Galleries. In March 2009, the Royal Collection Trustees agreed to accept a charge from the Household for the use of Buckingham Palace to generate funds for the maintenance of the Occupied Royal Palaces. The charge has been set initially at £250,000 excluding VAT, increasing annually in line with RPI + 1.5%. The charge will be regularly reviewed by the Household and the Royal Collection Trustees and adjusted to reflect increases in the number of days the Palace is open or new income streams. The Household believes that any potential conflicts of interest among its staff are appropriately managed and that involvement in Household and Royal Collection activities leads to greater transparency of transactions between the two entities. Furthermore, the separate Audit Committees of the Royal Collection and the Household closely scrutinise such transactions to ensure that they are equitable for both parties.



**Session 2009-10: Twenty-Eighth Report – Preparations for the London 2012 Olympic and Paralympic Games**

**Recommendations and conclusions**

The PAC made eight recommendations in all, covering a number of areas, including ODA and LOCOG budgets, ticket sales, employment and training targets and legacy plans for the publicly funded assets in the Olympic Park.

**Response**

The Government's response to the report is due to be published on 15 July.

## Annex 4

### Complaints to the Parliamentary Ombudsman 2009-2010

The number of complaints accepted for investigation in the year.		Nil
The number of investigations reported on by the Parliamentary Ombudsman in the year and the percentage of those reports where the compliant was:	Upheld in full	N/A
	Upheld in part	N/A
	Not upheld	N/A
The number of Ombudsman recommendations:	Complied with	N/A
	Not complied with	N/A



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