

Department for Culture, Media and Sport

Resource Accounts 2007-08

(For the year ended 31 March 2008)

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ANNUAL REPORT

MANAGEMENT COMMENTARY 2007-08

DCMS RESPONSIBILITIES

The Department for Culture, Media and Sport (DCMS) was formed in April 1992 to bring together in one Department all the diverse activities in Government relating to culture and heritage matters. Originally called the Department of National Heritage, the Department's name was changed in July 1997 to the Department for Culture, Media and Sport.

We are responsible for Government policy on the arts, sport, the National Lottery, tourism, libraries, museums and galleries, broadcasting, creative industries including film and the music industry, press freedom and regulation, licensing, gambling and the historic environment. We are the Department responsible for the 2012 Olympic Games & Paralympic Games.

We are also 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 for the Royal Parks Agency.

We have responsibility for humanitarian assistance in the event of a disaster such as the London bombings, as well as the organisation of the annual Remembrance Day Ceremony at the Cenotaph.

We now also work jointly with BERR on design issues (including sponsorship of the Design Council) and on relations with the computer games and publishing industries.

Detailed information on all the Department's activities and achievements, as well as expenditure plans to 2010-11 and reports from the Secretary of State and the Permanent Secretary, are available in the Department's 2008 Annual Report. This can be viewed on the DCMS website (www.culture.gov.uk) or purchased from The Stationery Office. The annual report and financial statements of the Department's agency, The Royal Parks, which are consolidated within these accounts may be viewed on its website www.royalparks.gov.uk.

Departmental Aim and Objectives

The Department's aim and objectives are set out in the Department's Public Services Agreement (PSA) for the 2004 Spending Review period (2005-06 to 2007-08) which is also available on the DCMS website.

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.

Objectives

To achieve our aim, our strategic objectives are:

- **Children and Young People**
Further enhance access to culture and sport for children and give them the opportunity to develop their talents to the full and enjoy the benefits of participation
- **Strengthening Communities**
Increase and broaden the impact of culture and sport, to enrich individual lives, strengthen communities and improve the places where people live, now and for future generations
- **Maximising our economic contribution**
Maximise the contribution that the tourism, creative and leisure industries can make to the economy

- **Modernising delivery**
Modernise delivery by ensuring our sponsored bodies are efficient and work with others to meet the cultural and sporting needs of individuals and communities
- **Olympics**
Host an inspirational, safe and inclusive Olympic Games and Paralympic Games and leave a sustainable legacy for London and the UK

The Department is responsible for two items of voted expenditure:

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

FINANCIAL COMMENTARY

The Department under spent its Estimate (funding provided by the Treasury) by £69m (1%) (£90m in 2006-07) and its Net Cash Requirement by £86m (£104m underspend in 2006-07). As a corollary we did not breach our Parliamentary control totals. This variance is made up of underspends of £ 68.7m and £0.3m on DCMS programme costs, and administration costs (staff and other costs incurred in the running of the Department) respectively. A detailed analysis can be found at Note 2 of the accounts.

Much of the overall underspend is attributed to sectors such as Sports, Museums and Galleries and Architecture and Historic Environment where the Department held funds centrally to fund potential overspends which did not materialise in this year.

The Olympic Delivery Authority (ODA) under spent its cash estimate by £40m. However, in resource terms (i.e. including outstanding creditors) as a result of timing differences between when work was carried out and when the actual payments were made, this under spend was virtually eliminated.

The Government Olympic Executive (GOE) successfully re-organised the Olympic Board Secretariat to bring its functions into the GOE resulting in considerable efficiency savings which contributed to its £3m under spend. These funds were held back while agreement was reached with Treasury on the future funding of the GOE. They will be used to fund the Government Olympic Executive in 2008-09. Additional explanatory narrative on the Olympics can be found at page eleven.

The underspend noted above was partially offset by an over spend of £3m in the Sport sector (Note 2 section C). The majority of the over spend was related to the staging of the UK School Games. This is a multi sport event for the UK's elite young athletes of school age. It seeks to create an inspirational and motivational setting to encourage more young people to take part and succeed in sport. This funding had originally been budgeted for in the previous financial year.

The position relating to the National Lottery Commission is reported in Sections J and T in Note 2 to the accounts. The under recovery in section J is offset by the under spend in section T. It is the Department's policy to recover all costs of the Lottery from the National Lottery Distribution Fund and the Olympic Lottery Distribution Fund.

HM Treasury has given approval via the virements process for overspends in certain sectors to be offset by underspends in others.

The DCMS administration costs budget was under spent by £0.3m (less than 1% of the total budget). For 2007/08, the total net administration costs increased by £3m largely as a result of the GOE expanding to its agreed structure as we approach 2012.

The Balance Sheet shows a large increase in taxpayers' equity when compared to last year: (£148m compared with £92m). This is due to the revaluation of an asset held for sale by the Department. This asset had also been reclassified from a fixed asset to a current asset resulting in a decrease of £27m in fixed assets balances and an £85m increase in current assets. Other current asset categories remain broadly in line with last year.

Reconciliation of resource expenditure between Estimates, Accounts and Budgets

	2007-08	2006-07
	£000	£000
Net Resource Outturn (Estimates)	4,706,516	4,392,335
<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	(2,861,937)	(2,739,170)
Other adjustments	-	-
Net Operating Cost (Accounts)	1,844,579	1,653,165
<i>Adjustments to remove:</i>		
Capital grants to local authorities	(8,078)	(10,458)
Capital grants financed from the Capital Modernisation Fund	-	-
European Union income and related adjustments	-	-
Voted expenditure outside the budget	(2,856,110)	(2,739,006)
<i>Adjustments to additionally include:</i>		
Other Consolidated Fund Extra Receipts	2,861,902	2,739,160
Resource consumption of non departmental public bodies	2,535,591	2,592,173
Unallocated resource provision	-	-
Other adjustments	867,878	728,925
Resource Budget Outturn (Budget)	5,245,762	4,963,959
<i>of which</i>		
Departmental Expenditure Limits (DEL)	1,601,137	1,517,329
Annually Managed Expenditure (AME)	3,644,625	3,446,630

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

Future Financing

The Department's expenditure limits for the current Spending Review period (2005-06 to 2007-08) are available on the DCMS website, (www.culture.gov.uk).

Central Government Main supply Estimates were published in May.

Investment

The Department's Asset Management Strategy is published separately as an outcome of the Comprehensive Spending Review 2007 process and describes the Department's strategic plans for both new investment and the use of existing assets. The Asset Management Strategy is published on the DCMS website, (www.culture.gov.uk).

OPERATING COMMENTARY

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

In nearly all of the Department's sectors, delivery lies with others – with public institutions, local authorities, and private companies. We aim to ensure that the performance of these bodies improves over time, and that our funding is used effectively to deliver the Government's strategic priorities for our sectors, with a particular focus on high quality services to the customer. To that end we have concentrated on two areas: our internal organisation and ways of working; and the relationship between the Department and our Non-Departmental Public Bodies (NDPBs). These are discussed in greater detail below.

Progress achieved in the year towards meeting the Department's Public Service Agreement (PSA) targets is covered in the Departmental Annual Report and Autumn Performance Reports. These can be viewed on the DCMS website, (www.culture.gov.uk) .

Change Management

The Capability Review of DCMS was completed in March 2007 and highlighted five areas for action:

1. Define the Department's added value and pursue it relentlessly;
2. Refocus the Board's role, relationships and engagement;
3. Develop a risk-based framework for engagement with sponsored bodies;
4. Redistribute resources and restructure to strengthen the Department, and,
5. Build research capability based on strategic outcomes.

The response to the review has resulted in a transformation programme to take forward these key areas of action:

A new set of Departmental Strategic Objectives (DSOs) have been agreed and a DCMS Corporate Plan was published on 15 April 2008. This includes a new "Arrow" setting out our priorities and a framework has been developed to help assess whether a particular Departmental activity adds value – the 'SNaP' test: is the activity Strategic, Necessary and Proportionate?

The DCMS Board has been modified to include three non-executive directors and four executive directors. A new Advisory Board has also been established, which includes representatives from our NDPBs.

On our relationship with the NDPBs, a panel assessed each NDPB and allocated it a risk rating. This process indicated that most NDPBs are relatively low-risk. This was reflected in the new Funding Agreements that underpin funding over 2008-11.

The Department has been restructured, and the following new teams have been created to allow increased flexibility and focus: a Public Engagement and Recognition Unit (PERU) to cover briefing, correspondence, speeches, Parliamentary Questions and Freedom of Information, and a new programme team to provide flexible resource to the Department's priorities. The programme team includes the setting up of a new scoping unit which will assess ideas and provide evidence-based recommendations on whether to intervene in specific areas.

The Department is improving the evidence for policy and has a programme of events to help staff with the use of good evidence and analysis. All senior staff and some others have already been trained on the use of evidence, with the training being rolled out to all staff in the summer. Further seminars and tools will be available in the next few months to help staff become more capable in this area.

Corporate services are now the main focus for reform, the better to complement the Department's policy teams. A people strategy will be agreed and implemented to ensure our staff have the right skills and to promote continuous staff engagement.

Engagement with sponsored bodies

The DCMS Capability Review concluded that we should strengthen our long-standing commitment to the "arm's-length" relationship with our sponsored bodies, minimising interventions from the Department and allowing bodies the maximum autonomy. The Review recommended that the relationship with each body should be tailored according to risk, and that we should concentrate on strategic engagement that adds real value.

Following consultation with sponsored bodies (both bilaterally and via comprehensive surveys) and with other stakeholders, we have embarked on a project to make the relationship more effective. The main elements of the project are as follows:-

- Setting up the Advisory Board discussed above, which brings together senior DCMS and NDPB representatives.
- Risk assessments of all our executive NDPBs have been carried out, with input from both the DCMS sponsors and the bodies themselves.
- The three-year funding agreements with each body will be tailored according to the risk ratings. The presumption is that the agreements will be shorter and simpler, with fewer numerical targets, unless there are higher-risk aspects of the body's performance requiring closer scrutiny.
- DCMS is working with the Treasury to reach agreement on ways of streamlining the current framework of controls and returns that applies to NDPBs. Some of this liberalisation is likely to apply across the board, whereas some will apply only to bodies with sufficiently robust risk ratings.
- We are engaging more with NDPB Chairs and Boards, given their role in setting the strategic direction of their organisations. We envisage fewer but higher-level meetings, with more Ministerial involvement and a stronger focus on priorities and on longer-term outcomes. This complements our work on developing a more creative, entrepreneurial Department that works in partnership with stakeholders, including NDPBs, to identify and exploit new opportunities to develop and support world-class culture, media and sport.

PSA Delivery

The Department uses the Prime Minister's Delivery Unit (PMDU) traffic light assessment framework for monitoring progress and identifying barriers to performance in delivering our Public Service Agreement (PSA) targets. The assessment framework provides a structure to help us judge the likelihood of delivering our targets and those projects designed to support delivery of our priorities, and to identify the areas where we can take action to improve prospects for delivery.

The latest assessment of progress against our SR2004 PSA targets was carried out in May 2008 as part of the six-monthly self-assessment reports to HMT. Progress against our SR2004 PSA targets was ahead for one target, slippage for two of the targets (one of which uses provisional data) and not yet assessed for the fourth target.

More detailed information on the targets, the projects supporting these and a detailed progress report can be found in the DCMS Autumn Performance Report published in December 2007 and the Department's 2008 Annual Report. Both documents are available on the DCMS website www.culture.gov.uk.

Efficiency Programme

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

Our overall target was to realise total annual efficiency gains of £262m by 2007-08, at least half of which would be cashable. Of the £262m, £116m was to be found from the Department and its delivery agents and £146m from Local Authority cultural and leisure services.

As at 31 March 2008, NDPBs and the Department have made £147m in efficiency gains, exceeding this part of the target. In the same period local authorities delivered efficiency gains of £112.9m in our sectors. Further information on local authorities' confirmed savings is likely to increase this estimate so the overall target of £262m will probably be exceeded.

We also had a target to reduce our headcount by 27 full time equivalents (FTE) by March 2008 and relocate 600 people from our NDPBs out of London and the South East by 2010. As at 31 March 2008 we have reduced headcount by 76 FTE posts and therefore exceeded this target. The relocation project has plans for over 900 posts to be moved from London and the South East by 2010. As at 31 March 2008 we have relocated 586 posts and are therefore on course to meet this target.

Further information on the Department's efficiency programme is included in our Efficiency Technical Note, available on the DCMS website (www.culture.gov.uk).

Value for Money Programme

As part of the Comprehensive Spending Review 2007, the Department will now report on a new Value for Money (VFM) programme. This builds on progress made as part of the efficiency programme in the previous spending period.

The Department will deliver at least 3% annual cash-releasing VFM savings in 2008-11, saving £148m (net) by 2011. Savings will be delivered largely through NDPBs, although DCMS will make annual real-terms reductions of 5% in its administration spending (aside from the Government Olympic Executive, which will be permitted to grow in order to oversee the delivery of the 2012 Olympics to time and budget).

Research and Development activities

The Department's research and analytical function is carried out by an integrated team of social researchers, statisticians, and economists. They work closely with policy colleagues to support a variety of projects and policies across the Department. In the last year the top priorities have been

- Building the department's capacity to improve the use evidence and analysis;
- Creating and implementing tools to access, use and store evidence;
- Developing research priorities for the Creative Economy programme ;
- Managing and reviewing the Taking Part survey of households;
- To establish a joint programme of strategic research with NDPBs, and
- Implementing an economic framework.

Strategic risks

DCMS follows Treasury and best practice guidelines in the management of the risks it faces in the course of achieving its objectives. The Board regularly reviews the strategic risks that have been identified and managed within the Directorates of the Department. Not all risks are within the control of the Department and other factors, besides those listed below, may adversely affect the Department's outcomes.

For example, the ability of the Department to react quickly and effectively to major disasters and other unexpected events is a key risk both in terms of the event itself and consequent impacts. Lessons have been learnt from previous major incidents. Action plans have been put in place, and are regularly reviewed to ensure their continuing effectiveness. Our Humanitarian Assistance Unit has established effective arrangements to manage the impact of major incidents on victims and their families.

We have an established anti-fraud regime and framework agreements with our sponsored bodies ensure that they also have fraud policies and response plans. We encourage our staff to be vigilant against the possibility of fraud and have an established whistle-blowing policy and systems to prevent fraud.

The induction process for new employees now includes an introduction to tendering as a means of generating increased awareness of best practice.

To ensure a successful transition is made from analogue to digital broadcasting by the published timeframes, we have worked with strategic partners to address known concerns and identified new issues. The project is subject to regular gateway reviews at key points in the project in line with best practice. The Whitehaven switchover was a success and new projects have been initiated to manage the transitions at the Selkirk transmitter in November 2008 and the Beacon Hill and Stockland Hill transmitters in April and May 2009 respectively

Transformation Programme

This programme aims to make DCMS more focused, so that it can deliver more added value; be more flexible, so that it can respond quickly to new opportunities and challenges; and more influential both within Government and with other key stakeholders. Phase one of the programme saw the reallocation of staff, the restructuring of many teams and the setting up of new units: all to enable DCMS to become a more effective department. The next phase will involve embedding and reviewing new ways of working, the rolling out of a people strategy and a look at the kind of corporate services function that is needed for the department. The programme continues to report to the Permanent Secretary and top management.

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 London 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 2007-08 DCMS paid £235.9m grant-in-aid to the ODA. This was funded by transfer of the same amount from the Department for Communities and Local Government (DCLG).

In addition to this grant-in-aid, the ODA also received £175.9m of funding from the Olympic Lottery Distributor. This payment is not recorded in the accounts but is shown separately in the accounts of the ODA and the Olympic Lottery Distribution Fund.

The Greater London Authority (GLA) funding of ODA amounted to £60.1m for 2007-08.

Expenditure on land acquisition and remediation by the London Development Agency (LDA) is accounted for in the accounts of the LDA, and is not accounted for as Olympic expenditure. The LDA will recover its expenditure from the receipts from land sales after the Games. The LDA is controlled by the Mayor of London and the Greater London Authority.

By the end of March 2008 substantial progress had been made in all areas of the programme:

- Site clearance was 66% complete and demolition of 222 buildings (82%) complete. October 2007 saw the demolition of the two tallest buildings on the site, the former University of East London towers

- Work to clean more than 1.3m tonnes of soil, from petrol, oil, tar and contamination from heavy metals, such as arsenic and lead was well under way with four soil washing machines on the site and a fifth awaiting commissioning. These machines have been treating some 750 tonnes of soil each day;
- The two 6km-long power line tunnels were completed in June 2007 and laying of the underground cables was well under way;
- The ODA announced in March 2008 that construction of the main Olympic stadium would start three months ahead of schedule;
- The Aquatics Centre is on track for construction to start by 8 August 2008;
- The second phase of work on the ODA's £119m Stratford Regional Station upgrade was completed on time during the 2007-08 Christmas period and by March 2008 the Orient Way replacement rail depot was nearing completion;
- The first new rail cars that will help to boost capacity on the Docklands Light Railway network have been delivered. ODA is co-funding 22 of an additional 55 carriages which will help to lengthen DLR trains from two to three carriages across the network by 2010;
- Contracts had been placed for the Olympic Stadium, Aquatics Centre, 70% of structures, bridges and highways, the primary sewer and pumping stations, the energy centre and the sailing facilities at Weymouth and Portsmouth;
- A preferred bidder had been determined for the International Broadcast Centre and Media and Press Centre; and
- Preparatory work on the Weymouth and Portland sailing facility started in January 2008 with construction planned to start in May 2008.

Health and safety is the Authority's top priority and in January 2008 the ODA reported one million safe working hours without a reportable incident.

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. This will include any shortfall in the budget of LOCOG.

In January 2008 GOE published the first annual report on the preparations for the Games. This included details of the ODA's funding, as announced by the Minister for the Olympics on 15 March 2007. It comprises:

Costs and provisions ^(a)	£m	Public funding	£m
Olympic Delivery Authority Olympic (ODA) costs		Exchequer	5,975
Olympic Delivery Authority Core Olympic costs	3,081	National Lottery	2,175
Infrastructure and regeneration costs associated with the Olympic Park	1,673	Greater London Authority	925
Olympic programme contingency (excluding tax) ^(c)	500	London Development Agency	250
Total (net of tax)	5,254		
Other (Non ODA) Olympic costs^(b)	388		
Other Provisions			
Policing and wider security	600		
Tax (on ODA costs)	836		
General programme contingency (including tax) ^(c)	2,247		
GRAND TOTAL	9,325		9,325

Notes:

- a) The costs are net of £161m of private sector funding.
- b) Other (Non ODA) Olympic costs to be met from public funding.
- c) The total contingency is £2.835 billion comprising:
 - £500m Olympic programme contingency
 - £88m of VAT on the £500m Olympic programme contingency (which is included within the £836m provision for tax), and;
 - £2,247m general programme contingency.

During 2007-08 the ODA programme was funded by a combination of Grant-in-Aid from DCMS, lottery monies from the Olympic Lottery Distributor and grant from the GLA. From 2008-09 funding for the ODA has been secured as part of the Comprehensive Spending Review 2007. This includes contributions from DCLG and DfT. This funding will be augmented by funding from OLD, GLA, LDA, Sport England and, from 2009-10, the National Lottery.

LOCOG

With a budget of £2 billion, funded almost entirely from private sources except for a contribution of £66m from Government towards the running of the Paralympic Games, LOCOG is a private company set up for the purpose of staging the London 2012 Olympic Games and Paralympic Games. LOCOG acts as the liaison point for the International Olympic Committee on preparations for the Games.

With 2008 an Olympic and Paralympic Year, LOCOG has made significant progress in the financial year to set itself up for the challenges that lie ahead. Highlights include: the domestic sponsorship programme, with five Tier One partners signed up by 31 March 2008 (the first time a majority of Top Tier partners have been signed up before the previous Games) and the first Tier Two partner also announced; the launch of the 2012 Games Emblems with a unique 2012 shape in vibrant colours (the first time that the emblems for the Olympic Games and Paralympic Games have been integrated); the National Roadshow visited 27 towns and cities across the UK and every London borough in the first four months of 2008, continuing the focus on engaging local communities; a Business Network was launched together with an online brokerage 'dating agency' to engage the business community and promote business opportunities for UK firms. Sporting facilities across the UK were assessed and announced to be included in the planned London 2012 Pre-Games Training Camp Guide to be presented during the Beijing Games; The London 2012 Transport and Sustainability Plans were launched; and the programme for the Cultural Olympiad was opened for applications from cultural stakeholders and event organisers across the country.

Sustainability was at the heart of London's bid for the Games and the aim is to make London 2012 the most sustainable Games in modern times. The London 2012 Sustainability Policy and Plan was published in Autumn 2007, other progress in the year has been:

- the sustainability promises in both Public Service Agreement 22 and the Games' Legacy Action Plan;
- the establishment of a programme-wide Sustainability Group, with the Secretariat provided by the GOE, who have led the work within this Group on monitoring and reporting progress on sustainability, ensuring that the commitment outlined above is achieved by means of clear, deliverable programmes of work;
- these programmes are outlined in the Olympic Board's 'Towards a One Planet 2012, the London 2012 Sustainability Plan', which was published in November 2007 and will be updated annually.

In addition the ODA has set sustainability targets for companies working with it; continued to beat its own targets for reusing or recycling over 90 percent of demolition materials; committed to using only sustainable timber in the construction work; and has worked hard to maintain natural habitats on the site, relocating many species such as newts, toads, sand martins and fish.

Further information is given in the London 2012 Olympic and Paralympic games Annual Report, produced by the GOE.

DCMS BOARD

The Board is committed to high standards of corporate governance and fully supports the Code on Corporate Governance in Central Government. Information on the Department's governance arrangements is included in the Statement on Internal Control.

At the start of the 2007-08 Financial Year the Board's membership comprised the Permanent Secretary as chair, three Directors General, six Directors and two Non-Executive Members.

Governance arrangements for the Board were reviewed as part of the Department's Capability Review. In June 2007 the membership of the Board was changed. The new Board is smaller and now comprises the Permanent Secretary as Chair, three Directors General and three non-executive members. The Board is focussed on priorities, strategic direction, regular performance monitoring, strategic risk and the DCMS transformation agenda.

To support the Board, an Executive Leadership Team, chaired by the Permanent Secretary and comprising all Directors and Directors General was established to handle short – to medium-term risks and issues, as well as a Resources Committee, chaired by the Chief Operating Officer, comprising four Directors and the Heads of Human & Business Resources, Finance & Planning, and Information Services, with delegated authority for operational issues. A new Advisory Board was created, chaired by the Permanent Secretary and comprising two Director Generals and eleven external representatives from key strategic partners, to provide independent input, challenge and advice to the Board on strategic issues.

Non-Executive Members

Throughout 2007-08 Parminder Vir served as a non-executive Member on the Board.

To bring additional external challenge and perspectives to the Board two new non-executives, Dame Liz Forgan and Darra Singh, were appointed in September 2007 and will serve two years. Clive Elphick's term as a non-executive came to a close on 31 December 2007; he has not been replaced, leaving three non-executive members from January 2008 onwards.

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

Board Evaluation

The capability review provided an instructive assessment of our corporate governance. The Department's Board evaluation procedures are currently being reviewed to align with the new corporate governance structures put in place since the review.

The performance of individual executive Board members is appraised using the Department's appraisal and development review process. The Permanent Secretary discusses performance with the non-executive members bi-annually.

HUMAN CAPITAL MANAGEMENT – DCMS CORE DEPARTMENT

DCMS fully endorses the work carried out by the DTI's Task Force on Human Capital Management and the ensuing Accounting for People report published in October 2003. The following five sections (on workforce size and composition; recruitment, retention and motivation of employees; training and the fit between skills and business needs; remuneration and leadership and succession planning) comprise the Department's second 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 the sponsored bodies form the core functions, with a small number of staff in support dealing with accommodation, HR, finance etc. The workforce

reflects these tasks in grade structure and qualifications, with well over half (66%, compared with 63% in 2006-07) of staff employed at middle-management level (grade B/HEO/SEO) or higher. Almost two thirds (65%), of staff are aged under 45, which shows a fall from three quarters of staff last year.

Age profile of the Department:

Age	<25	25-29	30-34	35-39	40-44	45-49	50-54	55+	Total
Percentage	2	18	15	11	19	14	11	10	100

(The profile has been based on staff in post as at 1 April 2008 and excludes agency staff).

Grade Structure

Grade	Average No. Staff based on Headcount	
	2007-08	2006-07
Permanent secretary	1.0	1.0
Senior Civil Service payband 3	3.0	3.0
Senior Civil Service payband 2	8.5	7.1
Senior Civil Service payband 1	22.3	23.6
Grade A (upper) (grade 6)	18.9	19.4
Grade A (grade 7)	89.9	93.8
Grade B (HEO/SEO)	162.7	172.5
HEOD (fast stream)	16.3	16.4
Grade C (EO)	117.7	128.1
Grade D (AO/AA)	51.3	73.1
Total	491.6	538.0

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

As the table shows, the Department's grade structure has continued to change. This has arisen partly from the award of the 2012 Olympics to London and from a conscious decision to enrich the grade mix of the department following the Capability Review last year. The team members of the Government Olympic Executive within DCMS already reflect a richer grade mix than the rest of the Department. The staffing and grading of the Government Olympic Executive was settled in the light of a review by the Office of Government Commerce and in consultation with the Treasury.

Recruitment, retention and motivation of employees

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

During 2007-08 the Department appointed 5 new staff through external recruitment competitions as follows:

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

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.

To promote diversity, there is a wide range of flexible work options available to staff subject to business need, including support for home working: currently 29 people are working at home on a regular basis. DCMS participates in two centrally run schemes designed to develop talented minority ethnic and disabled civil servants and offers a range of targeted development opportunities for under-represented groups. The DCMS Equality Scheme, which is on the website, provides further ethnic monitoring information. DCMS offers subsidised places at the Westminster Holiday Playscheme and also has a Childcare Vouchers salary sacrifice scheme allowing staff to make savings on childcare costs. DCMS also has an Employee Assistance Programme in place which incorporates a confidential counselling service.

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

A major refurbishment project of the Department's main premises has now been completed along with upgrades to the showers and dining areas. This is supported with a three year ongoing accommodation maintenance programme throughout the year to ensure the Department's premises are in good repair and provide a comfortable environment in which to work. A range of initiatives have been pursued to promote health and well-being, including ongoing improvements to the fitness centre and improved facilities for cyclists.

Training and the fit between skills and business needs

In 2007-08 DCMS started a process leading to a transformation in structure to enable it to meet the challenges highlighted by the Capability Review. This is now being built on by a review of the learning and development proposition so as to fully realise the behavioural and skills change required to complete the transformation and sustain it in the future.

DCMS provides a comprehensive learning and development curriculum to its staff that supports corporate effectiveness, legal compliance and personal and team effectiveness in the range of businesses. The curriculum offers learning and development activities in a range of forms including e-learning and classroom based. These are delivered in-house by DCMS trainers or under contract. It supports the DCMS priorities identified during 2007-08 which encompass the Professional Skills for Government core skills.

DCMS provides an induction programme which is delivered regularly as part of the entry arrangements for staff whether on loan, secondment or permanently appointed. This programme incorporates an integrated e-learning package that supports key knowledge requirements and which is highly accessible.

Directorates across DCMS are encouraged annually to draw up learning and development plans matched to their short, medium and longer term business needs and the requirements of their staff in addressing areas of deficit. These plans also help the learning and development team to plan the content and provision of the curriculum and to advise on and deliver customised interventions for directorate teams.

In 2007-08 DCMS staged 89 curriculum courses which were between one and five days duration and accommodated 536 staff. The central learning and development budget for 2007-08 stood at £525,000. This was exceeded due to exceptional organisation conditions such as an increase in SCS learning and development spend, much greater fast stream activity and an in year commissioned programme on analysis.

The learning and development team based in HR also offer bespoke team development workshops and a range of one-with-one support, such as interview preparation, psychometric feedback and personal and management development coaching. The DCMS internal mentoring scheme also continued through 2007-08. The majority of the development activity for our most senior staff took the form of executive coaching.

Learning activities outside the core curriculum, personal study for further/higher level qualifications, and professional qualifications may also be funded with line-manager support. The Staff Management Agreement stipulates that staff should undertake at least 5 days training and development a year.

DCMS first achieved Investors in People (IiP) accreditation in October 1999, with successful re-assessment in 2003 and 2006. It is intended to reapply for accreditation in 2009.

Remuneration

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

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

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

We are not just relying on pay to attract and retain staff and we have developed a total reward strategy which has been communicated to all staff. Current initiatives include a Childcare Salary Sacrifice Scheme and a refurbished gym. We have also recently subscribed to Employee Assistance Programme which an employee counselling service backed up by a nationwide 24 hours telephone service designed to provide information and support for all employees with care responsibilities.

Leadership and succession

Senior Civil Service members in DCMS benefit from access to the Leadership Development Programme (LDP) which offers a number of National School for Government (NSG) courses, to executive coaching and action learning sets. DCMS also nominates to the National School for Government Top Management and High Potential Programmes, which is aimed at high potential Senior Civil Service staff; and also to the Preparing for Top Management Programme for Grade A and A(U) staff with potential to join the Senior Civil Service.

Preparation began in 2007-08 for a leadership programme aimed at all Senior Civil Service staff and aspiring leaders in relevant roles that would support the transformation agenda.

Sustainable Development

The Department’s long term commitment to sustainable development is set out in its Five Year Plan under our commitment to local neighbourhoods. Departmental year on year progress is recorded in annual reports on the Department’s Sustainable Development Action Plans (SDAPs). The first Sustainable Development Action Plan, published on 1 March 2006, was followed by SDAP07, published electronically on 30 June 2007. SDAP08 will follow in 2008. The Department continues to encourage all our sponsored bodies to give sustainable development a high priority by issuing guidance and giving constructive feedback on their activities. (All documents referred to are available at www.culture.gov.uk).

Electronic Records Management

The Department has procured an Electronic Document and Records Management (EDRM) solution which is intended to provide a unified way of managing the growing volumes of electronic material generated and recorded by our business processes. Implementation of the chosen system began in the autumn of 2006 with a limited pilot. Full scale implementation began in 2007-08 and will complete in 2008-9.

This system will be integrated with the Department's successful Freedom of Information (Fol) Case Management System to ensure that we can ensure consistent information lifecycle management and support effective audit and governance processes.

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, below. 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 2007-08				
Date of incident (month)	Nature of incident	Nature of data involved	Number of people potentially affected	Notification steps
	NONE			
Further action on information risk	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.			

TABLE 2: SUMMARY OF OTHER PROTECTED PERSONAL DATA RELATED INCIDENTS IN 2007-08		
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	2
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured Government premises	10
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	–
IV	Unauthorised disclosure	–
V	Other	–

**TABLE 3: YEAR-ON-YEAR TOTAL NUMBERS OF PROTECTED PERSONAL DATA RELATED INCIDENTS
PRIOR TO 2007-08**

Total number of protected personal data related incidents formally reported to the Information Commissioner's Office, by category number						
	I	II	III	IV	V	Total
2006-07	–	–	–	–	–	NONE
2005-06	–	–	–	–	–	NONE
2004-05	–	–	–	–	–	NONE
Total number of other protected personal data related incidents, by category number						
	I	II	III	IV	V	Total
2006-07	3	4	–	–	–	7
2005-06	1	–	–	–	–	1
2004-05	–	5	–	–	–	5

BASIS OF PREPARATION OF THE RESOURCE ACCOUNTS

Entities included within the Resource Accounts

These Consolidated Resource Accounts present the results for 2007-08 of:

The Department for Culture, Media and Sport (DCMS)

The Royal Parks (TRP)

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

Body	Principal Activities
The Department for Culture, Media and Sport (DCMS)	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 £56m (£53m 2006-07) on its administration costs, which also support ten Advisory NDPBs, a Tribunal and Committees. DCMS provides £1,822m (£1,626m in 2006-07) 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 finances the BBC through its RfR2 grants.
The Royal Parks (TRP)	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 for 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). TRP's own Annual Report and Accounts for 2007-08 are published separately as a House of Commons Paper and copies are available from the Stationery Office.

Entities Excluded

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

Public Corporations

Channel 4 Television Corporation
Historic Royal Palaces
Horserace Totalisator Board (Tote) **
Office of Communications, Ofcom (shared with the Department for Business, Enterprise and Regulatory Reform)

Public Broadcasting Authorities

British Broadcasting Corporation (BBC)
Sianel Pedwar Cymru (S4C)

Executive Non-Departmental Public BodiesMuseums and Galleries

British Museum
Geffrye Museum
Horniman Public Museum and Public Park Trust
Imperial War Museum
Museum of London (transferred to GLA in April 2008)
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 Gallery
Victoria and Albert Museum
Wallace Collection

Libraries

British Library
Museums, Libraries & Archives Council (MLAC)
Public Lending Right

Arts

Arts Council of England

Architecture and the Historic Environment

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

Tourism

VisitBritain

Creative Industries

Design Council (shared with the Department for Business, Enterprise and Regulatory Reform)
National Endowment for Science, Technology and the Arts (NESTA – transferred to the Department for Innovation, Universities and Skills in June 2007)
UK Film Council

Sports

Football Licensing Authority
Sport England
UK Sport

Olympics

Olympic Delivery Authority*

Olympic Lottery Distributor

Gambling and National Lottery Licensing

Big Lottery Fund

Gambling Commission

Horserace Betting Levy Board

National Lottery Commission

Regional Cultural Consortiums

Culture East Midlands

Culture North East

Culture Northwest

Culture South East

Culture South West

Culture West Midlands

Living East

Yorkshire Culture

Tribunal NDPB

Horserace Betting Levy Appeal Tribunal for England & Wales

Unclassified DCMS bodies

The following bodies receive a grant from DCMS:

Chatham Historic Dockyard

Design Museum

Greenwich Foundation for the Old Naval Hospital

National Coal Mining Museum

National Film and Television School

National Football Museum

Tyne and Wear Museums

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

Churches Conservation Trust (declassified in Feb 2008 from an Executive NDPB)

Royal Household

* 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 and a body within the central government sector, 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.

** The sale of the Horserace Totalisator Board (Tote) remains outstanding. The Government, having exhausted all the practicable sale options, has decided to draw to a close the period of exclusive negotiation with racing. The Government now intends to prepare for an open market sale.

In addition to these sponsored bodies, 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. DCMS also takes responsibility for the Lottery Distribution Bodies. The National Lottery Distributing Bodies received £1.3 billion and paid out £1.4 billion from the NLDF during 2007-08 (received £1.3 billion and paid out £1.6 billion in 2006-07). The Olympic Lottery Distributor received £151m and paid out £199m (received £116m and paid out £56m in 2006-07). The Department also has responsibility for some of the distributing bodies that are NDPBs. The annual financial statements of the NLDF and the OLDF are published annually and are available from the Stationery Office or www.culture.gov.uk.

The Department supports a number of other bodies, which are listed in Note 2 to the Accounts, with advisory bodies, committees, self financed public corporations, limited companies and lottery funded bodies listed in Note 35.

STATEMENT ON PREPAREDNESS AND THE POTENTIAL IMPACTS OF THE TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

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. This was amended on 12 March 2008 in a letter from HM Treasury stating that the move has been postponed until 2009-10. A later letter from HM Treasury sets out trigger points for the move to IFRS. Some of the key dates are:

- Restate 31 March 2008 balances on IFRS basis and submit to the NAO by 31 October 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 has established a working group to consider the implications of a change to IFRS, including an evaluation of the likely main areas of impact on our financial statements. Key stakeholders have been consulted, encompassing representatives from Internal Audit and the Royal Parks Agency, who sit on the working group. The Audit Committee's opinion has been sought on the approach taken and the National Audit Office has been separately consulted on the work carried out to date.

It is not anticipated that the move to IFRS will have as significant an impact on this Department's financial statements as on other departments due to the small number of Public Finance Initiative (PFI) schemes and infrastructure assets; nevertheless, a significant amount of work remains to fully analyse all of the changes. Heritage assets were a potential area where significant amendment would be needed but this now seems unlikely. IFRS will not itself result in the consolidation of NDPBs. The situation will continue to be monitored. It is anticipated that the Department will be able to meet the key dates in HM Treasury's timetable.

MINISTERS

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

Rt Hon Andy Burnham MP	Secretary of State (from 24 January 2008)
Rt Hon James Purnell MP	Secretary of State (from 28 June 2007 to 24 January 2008)
Rt Hon Tessa Jowell MP	Secretary of State (to 28 June 2007)
David Lammy MP	Minister for Culture (to 28 June 2007)
Shaun Woodward MP	Minister for Creative Industries and Tourism (to 28 June 2007)
Rt Hon Margaret Hodge MBE MP	Minister of State for Culture, Creative Industries and Tourism (from 2 July 2007)
Rt Hon Richard Caborn MP	Minister of State for Sport (to 28 June 2007)
Gerry Sutcliffe MP	Parliamentary Under Secretary of State for Sport (From 2 July 2007)

On 28 June 2007 Rt Hon Tessa Jowell MP became the dedicated Minister for the Olympics and London, in the Cabinet Office, reporting directly to the Prime Minister. The Government Olympic Executive, a directorate of the Department, reports to her.

PERMANENT HEAD OF THE DEPARTMENT AND DCMS BOARD

The Permanent Secretary and members of the DCMS Board during 2007-08 were:

Until 4 June 2007:

Jonathan Stephens	Permanent Secretary
Nicholas Holgate	Chief Operating Officer
Jeff Jacobs	Chief Executive, Government Olympic Executive
Andrew Ramsay	Director General (Culture, Creativity & Economy)
Alan Davey	Director (Culture)
Paddy Feeny	Director (Communications)
Andrew Lean	Director (Olympics)
Brian Leonard	Director (Industry)
Nicky Roche	Director (Sport)
David Roe	Director (Strategy)
Clive Elphick	Non-Executive Member
Parminder Vir	Non-Executive Member

From 4 June 2007 onwards:

Jonathan Stephens	Permanent Secretary
Nicholas Holgate	Chief Operating Officer
Andrew Ramsay	Director General (Culture, Creativity & Economy)
Jeremy Beeton	Director General, Government Olympic Executive (From August 2007)
Parminder Vir	Non-Executive Member
Clive Elphick	Non-Executive Member (appointment expired 31 December 2007)
Liz Forgan	Non-Executive Member (appointed 1 September 2007)
Darra Singh	Non-Executive Member (appointed 1 September 2007)

APPOINTMENT OF HEAD OF THE DEPARTMENT AND THE DCMS BOARD

The permanent head of the Department and 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 the appointment (if appropriate) and termination procedures.

MINISTERS AND BOARD MEMBERS REMUNERATION

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

PENSION LIABILITIES

Details of pension liabilities are in the Remuneration Report and Note 7a to the accounts.

PROVISION OF INFORMATION AND CONSULTATION WITH EMPLOYEES

The Department recognises the importance of fully involving employees in delivering its aims and objectives. In addition to frequent discussion and consultation with the departmental Trades Unions Side, the Department undertakes a staff opinion survey every other year, in which staff are asked to feedback their thoughts and feelings about working for the Department. The survey is undertaken to check employee views across the Department and measure progress since the last survey. Focus groups are used to decide and implement actions based on the survey results in order to increase employee satisfaction and organisational performance.

We also have a Staff Management Agreement in place which pulls together in one document the mutual responsibilities of staff and managers and the commitment to regular meetings at every level. We have an internal communication strategy in place and we consult and engage staff in a number of ways including open meetings, staff newsletter, e-mail bulletins, intranet articles, and divisional meetings.

POLICY ON PAYMENT OF SUPPLIERS

The Department has signed up to the Better Payment Practice Code, and is committed to adhering to the Late Payment of Commercial Debts (Interest) Act 1998, by paying all invoices not in dispute within agreed contractual provisions or within 30 days of the presentation of a valid invoice (or delivery, if later). An analysis of payment performance during the 2007-08 financial year showed that 98.4% of invoices (not in dispute) were paid within contract terms or 30 days (97.2% in 2006-07).

EMPLOYMENT OF DISABLED PERSONS

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

The Department has been 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 over all disability issues including recruitment and reasonable adjustments.

EQUAL OPPORTUNITIES POLICY

The Department is an equal opportunities employer. We do not discriminate against staff or eligible applicants for posts on the grounds of gender, marital status, race, colour, nationality, ethnic origin, religion, disability, age or sexual orientation. Every possible step will be taken to ensure that staff are treated equally and fairly and that decisions on recruitment, selection, training, promotion and career management are based solely on objective and job related criteria. We will actively pursue arrangements for flexible working patterns and are committed to creating a culture where individual differences are valued and respected. The Department does not tolerate any form of discrimination, harassment or victimisation. We are committed to providing a working environment where no one is disadvantaged.

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

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 £121k, (£120k in 2006-07). This includes £84k for DCMS (£80k in 2006-07) and £37k (£40k in 2006-07) for TRP. There is also a notional charge of £27k for the audit of the Whole of Government Accounts. No services were provided outside those required as part of the statutory audit.

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.

DIRECTORSHIPS AND OTHER SIGNIFICANT INTERESTS

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

IMPORTANT EVENTS WHICH HAVE OCCURRED SINCE THE YEAR END

Since 31 March 2008, the following notable events have occurred:

The sale of the land to the north of the British Library was completed on 13 June 2008.

Responsibility for the Museum of London was transferred to the Greater London Authority on 6 April 2008.

The Department of Communities and Local Government and the Department for Transport began contributing to the funding of the Olympic Delivery Authority from 1 April 2008.

Signed and Approved

Jonathan Stephens
Accounting Officer

8 July 2008

REMUNERATION REPORT FOR DCMS CORE DEPARTMENT

REMUNERATION POLICY

The Department does not have a remuneration committee as 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: the pay and pensions of Members of Parliament and their allowances; Peers' allowances; and the pay, pensions and allowances of Ministers and others whose pay is determined by the Ministerial and Other Salaries Act 1975.

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

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

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

Further information about the work of the Review Body can be found at www.ome.uk.com .

SERVICE CONTRACTS

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

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.org

SALARY AND PENSION ENTITLEMENTS (audited information)

The following sections provide details of the remuneration and pension interests of the Ministers and most senior management (i.e. Board members) of the department.

i) Remuneration

Ministers	2007-08		2006-07	
	Salary £	Benefits in kind (to nearest £100)	Salary £	Benefits in kind (to nearest £100)
Rt Hon Andy Burnham MP <i>Secretary of State</i> (from 24 January 2008)	12,817 (76,904 full year equivalent)	–	–	–
Rt Hon James Purnell MP <i>Secretary of State</i> (from 28 June 2007 to 24 January 2008)	45,169 (76,904 full year equivalent)	–	–	–
James Purnell MP <i>Minister of State</i> (to 5 May 2006)	–	–	4,915 (29,786 full year equivalent)	–
Rt Hon Margaret Hodge MP <i>Minister of State</i> (from 2 July 2007)	26,595 (32,438 full year equivalent)	–	–	–
Gerry Sutcliffe MP <i>Parliamentary Under Secretary of State</i> (from 2 July 2007)	22,710 (30,280 full year equivalent)	–	–	–
Rt Hon Tessa Jowell MP <i>Secretary of State</i> (to 28 June 2007)	19,226 (76,904 full year equivalent)	–	75,651	–
Rt Hon Richard Caborn MP <i>Minister of State</i> (to 28 June 2007)	9,973 (39,893 full year equivalent)	–	39,404	–
David Lammy MP <i>Minister of State</i> (to 28 June 2007)	7,570 (30,280 full year equivalent)	–	29,786	–
Shaun Woodward MP <i>Minister of State</i> (to 28 June 2007)	7,570 (30,280 full year equivalent)	–	24,871 (29,786 full year equivalent)	–

Rt Hon Tessa Jowell MP ceased to be Secretary of State for Culture Media and Sport in June 2007, when she was appointed Minister for the Olympics and London in the Cabinet Office, reporting directly to the Prime Minister. Her remuneration is disclosed in the Cabinet Office resource accounts.

Officials	2007-08		2006-07	
	Salary £'000	Benefits in kind (to nearest £100)	Salary £'000	Benefits in kind (to nearest £100)
Mr Jonathan Stephens <i>Permanent Secretary</i>	145-150	6	60-65 (145-150 full year equivalent)	10,000
Mr Nicholas Holgate <i>Chief Operating Officer</i>	105-110	–	105-110	–
Mr Andrew Ramsay <i>Director General</i>	130-135	–	130-135	–
Mr Jeremy Beeton# <i>Director General</i> (from 1 August 2007)	145-150 (220-225 full year equivalent)	–	–	–
Mr Patrick Kilgarriff* <i>Legal Advisor</i>	145-150	–	110-115 (145-150 full year equivalent)	–
Mr Jeff Jacobs** <i>Director General</i> (to 4 June 2007)	20-25 (130-135 full year equivalent)	–	135-140	–
Mr Brian Leonard <i>Director</i> (to 4 June 2007)	15-20 (105-110 full year equivalent)	–	100-105	–
Mr Alan Davey <i>Director</i> (to 4 June 2007)	15-20 (80-85 full year equivalent)	–	100-105	–
Ms Nicky Roche <i>Director</i> (to 4 June 2007)	10-15 (85-90 full year equivalent)	–	90-95	–
Mr David Roe <i>Director</i> (to 4 June 2007)	10-15 (85-90 full year equivalent)	–	85-90	–
Mr Paddy Feeny <i>Director</i> (to 4 June 2007)	15-20 (90-95 full year equivalent)	–	100-105	–
Mr Andrew Lean <i>Director</i> (to 4 June 2007)	15-20 (90-95 full year equivalent)	–	90-95	–
Dame Sue Street <i>Permanent Secretary</i> (to 30 September 2006)	–	–	95-100 (180-185 full year equivalent)	10,000
Ms Isabel Letwin* <i>Legal Adviser</i> (to 25 June 2006)	–	–	25-30 (115-120 full year equivalent)	–

The information above relates to the Permanent Secretary and Board Members of the Department. In June 2007 the Board was reduced in size as a result of the Department's Capability Review. Equivalent information relating to The Royal Parks, consolidated into the Department's resource account, is given in its separate accounts.

Mr Jeremy Beeton was appointed, following an external competition supervised by the Civil Service Commissioners, on a fixed contract ending in 2012 after the Olympic and Paralympic Games. His remuneration, agreed with HM Treasury and the Cabinet Office, reflects his extensive experience in the construction industry and the unique challenge of delivering the Olympics to a fixed deadline. His annual salary is in the range £220-225k and he is additionally eligible for both an annual bonus scheme 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, Mr David Goldstone, although not a member of the DCMS Board, was recruited and appointed on a similar basis with an annual salary in the range £180-185 and similar annual and long term bonus arrangements. Neither was paid a bonus in 2007-08.

* Isabel Letwin and Patrick Kilgarriff are employees of the Treasury Solicitor's Department (TSOL). TSOL invoices DCMS for gross costs (including employer's costs) of TSOL staff, and it is these figures which are shown in the table.

**Mr Jeff Jacobs took Approved Early Retirement on 27 June and received compensation of £110-115k.

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

Name	Remuneration	
	2007-08 £000	2006-07 £000
Clive Elphick (to 31 December 2007)	5-10	5-10
Parminder Vir	5-10	5-10
Dame Liz Forgan (appointed 1 September 2007)	0-5	–
Darra Singh (appointed 1 September 2007)	–	–

Clive Elphick and Parminder Vir and Dame Liz Forgan received an annual salary of £7,500, paid quarterly in arrears. The remuneration package did not include any pension entitlement or benefits in kind. Darra Singh received no remuneration but under a service level agreement Ealing Council received compensation for his time also at £7,500 per annum.

Salary

'Salary' includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation.

This presentation is based on payments made by the Department and thus recorded in these accounts. In respect of ministers in the House of Commons, departments bear only the cost of the additional ministerial remuneration; the salary for their services as an MP (£61,820 from 1 November 2007, £61,181 from 1 April 2007, £60,277 from 1 November 2006, £59,686 from 1 April 2006) and various allowances to which they are entitled are borne centrally.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the Inland Revenue as a taxable emolument. Mr Jonathan Stephens had the private use of an allocated car and driver in the circumstances permitted by the Civil Service Management Code until 15 June 2007.

ii) Pension Benefits

Ministers	Accrued pension at age 65 as at 31/3/08	Real increase in pension at age 65	CETV at 31/3/08	CETV at 31/3/07	Real increase in CETV
	£000	£000	£000	£000	£000
Rt Hon Andy Burnham MP <i>Secretary of State</i> (from 24 January 2008)	2.5-5	0-2.5	20	18	1
Rt Hon James Purnell MP <i>Secretary of State</i> (from 28 June 2007 to 24 January 2008) <i>Minister of State</i> (to 5 May 2006)	2.5-5	0-2.5	18	13	2
Rt Hon Margaret Hodge MP <i>Minister of State</i> (from 2 July 2007)	7.5-10	0-2.5	117	101	6
Gerry Sutcliffe MP <i>Parliamentary Under Secretary of State</i> (from 2 July 2007)	5-7.5	0-2.5	66	58	3
Rt Hon Tessa Jowell MP <i>Secretary of State</i> (to 28 June 2007)	10-12.5	0-2.5	143	138	2
Rt Hon Richard Caborn MP <i>Minister of State</i> (to 28 June 2007)	7.5-10	0-2.5	141	137	2
David Lammy MP <i>Minister of State</i> (to 28 June 2007)	2.5-5	0-2.5	23	22	0
Shaun Woodward MP <i>Minister of State</i> (from 6 May 2006 to 28 June 2007)	0-2.5	0-2.5	15	13	1

Rt Hon Tessa Jowell MP ceased to be Secretary of State for Culture Media and Sport in June 2007, when she was appointed Minister for the Olympics and London in the Cabinet Office, reporting directly to the Prime Minister. Her remuneration is disclosed in the Cabinet Office resource accounts.

Ministerial pensions

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

Those Ministers who are Members of Parliament may also accrue an MP's pension under the PCPF (details of which are not included in this report). The 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.

Benefits for Ministers are payable at the same time as MP's benefits become payable under the PCPF or, for those who are not MPs, on retirement from ministerial office from age 65. Pensions are increased annually in line with changes in the Retail Prices Index. Members pay contributions of 6% of their ministerial salary if they have opted for the 1/50th accrual rate or 10% 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 26.8% of the ministerial salary.

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

The Cash Equivalent Transfer Value (CETV)

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

Due to certain factors being incorrect in last years CETV calculator there may be a slight difference between the final period CETV for 2006/07 and the start of period CETV for 2007/08.

The real increase in the value of the CETV

This is effectively 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 are calculated using common market valuation factors for the start and end of the period.

Officials	Accrued pension at age 60 as at 31/3/08 and related lump sum	Real increase in pension and related lump sum at age 60	CETV at 31/3/08	CETV at 31/3/07	Real increase in CETV Funded by employer
	£000	£000	£000	£000	£000
Jonathan Stephens <i>Permanent secretary</i>	45-50 plus lump sum of 140-145	5-7.5 plus lump sum of 20-22.5	842	622	111
Nicholas Holgate <i>Chief Operating Officer</i>	30-35 plus lump sum of 90-95	0-2.5 plus lump sum of 2.5-5	532	436	21
Mr Andrew Ramsay <i>Director General</i>	55-60 plus lump sum of 165-170	0-2.5 plus lump sum of 2.5-5	1,291	1,113	21
Mr Jeremy Beeton <i>Director General</i> (from 1 August 2007)	0-5	2.5-5	48	–	42
Mr Patrick Kilgarriff <i>Legal Advisor</i>	N/A*	N/A*	N/A*	N/A*	N/A*
Mr Jeff Jacobs <i>Director General</i> (to 4 June 2007)	80-85	85-87.5	1,477 (4 June 2007)	1,548	21
Mr Brian Leonard <i>Director</i> (to 4 June 2007)	35-40 plus lump sum of 115-120	0-2.5 plus lump sum of 0-2.5	899 (4 June 2007)	943	5
Mr Alan Davey <i>Director</i> (to 4 June 2007)	25-30 plus lump sum of 75-80	0-2.5 plus lump sum of 0-2.5	361 (4 June 2007)	400	4
Ms Nicky Roche <i>Director</i> (to 4 June 2007)	30-35 plus lump sum of 75-80	0-2.5 plus lump sum of 0-2.5	489 (4 June 2007)	530	8
Mr David Roe <i>Director</i> (to 4 June 2007)	25-30 plus lump sum of 75-80	0-2.5 plus lump sum of 0-2.5	380 (4 June 2007)	417	3
Mr Paddy Feeny <i>Director</i> (to 4 June 2007)	20-25 plus lump sum of 65-70	0-2.5 plus lump sum of 0-2.5	256 (4 June 2007)	290	3
Mr Andrew Lean <i>Director</i> (to 4 June 2007)	30-35 plus lump sum of 100-105	0-2.5 plus lump sum of 0-2.5	598 (4 June 2007)	647	2
Dame Sue Street <i>Permanent Secretary</i> (to 30 September 2006)	N/A	N/A	N/A	1,263	N/A
Ms Isabel Letwin <i>Legal Adviser</i> (to 25 June 2006)	N/A*	N/A*	N/A*	N/A*	N/A*

The information above relates to the Permanent Secretary and Board Members of the Department. In June 2007 the Board was reduced in size as a result of the Department's Capability Review. Equivalent information relating to The Royal Parks, consolidated into the Department's resource account, is given in its separate accounts.

*Isabel Letwin's and Patrick Kilgarriff's pension benefits are recorded by the Treasury Solicitor's Department.

There were no employer contributions to partnership pension accounts.

Civil Service Pensions

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

Employee contributions are set at the rate of 1.5% of pensionable earnings for **classic** and 3.5% for **premium, 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 in respect of service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 calculated as in **premium**. In **nuvos** a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is updated in line with 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 do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

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

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

Cash Equivalent Transfer Values

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

Due to certain factors being incorrect in last years CETV calculator there may be a slight difference between the final period CETV for 2006/07 and the start of period CETV for 2007/08.

Real increase in CETV

This reflects the increase in CETV effectively 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

8 July 2008

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

1. As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Department's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in *Managing Public Money*.
2. I have designated the Chief Executive of The Royal Parks (TRP) as Accounting Officer for TRP. He is responsible for signing both TRP's own Annual Accounts, which are consolidated within the Department's Resource Accounts, and the associated Statement on Internal Control. I have also designated the Chief Executives of the NDPBs sponsored by the Department as NDPB Accounting Officers. As Departmental Accounting Officer I have responsibility for ensuring that: NDPBs' internal control systems comply with the requirement for propriety and good financial management; conditions attached to grant-in-aid conform to the terms of the Resource Estimate; and, that there is an adequate statement of the financial relationship between the Department and each NDPB which is regularly reviewed.
3. There are additional arrangements in place to ensure effective internal control within the Olympic Delivery Authority (ODA) and the London Organising Committee of the Olympic Games (LOCOG).
 - Like other NDPBs, the ODA operates under a Management Statement and Financial Memorandum that has been approved by HM Treasury and the ODA has full and proper Internal Audit arrangements. DCMS is represented at meetings of the ODA's Audit Committee, as is the ODA's Head of Risk. DCMS is also represented at meetings of the ODA Board. ODA projects or variations to projects above a delegated limit only proceed with the prior approval of the Olympic Project Review Group, which includes members from the relevant Government Departments, including DCMS and HM Treasury.
 - LOCOG is subject to separate arrangements that reflect its status as a private organisation and is the subject of a Joint Venture Agreement, signed by members of the Olympic Board, including DCMS. The Minister for the Olympics meets with the Chair of LOCOG monthly and I meet with the Chief Executive quarterly. DCMS is represented on the LOCOG Board.
4. The Department's Risk Management guidance covers the need for risk assessments in submissions to Ministers or the Board, to make it easier to form a judgement about the risk associated with a particular course of action.

The purpose of the system of internal control

5. 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 2008 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

Capacity to handle risk

6. 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.
7. The Department's risk management policy has been agreed by the DCMS Board and is subject to regular review to ensure it reflects best risk management practice. It defines what is meant by risk and risk management, outlines the key principles underpinning the Department's approach to risk management, and identifies the DCMS Board's agreed risk appetite, the risk management process and the roles and responsibilities of staff. Risk Management Guidance is available to all staff. Both the Policy and the Guidance are available on the Department's intranet.

8. The Department has a Risk Improvement Manager and seeks to learn from good practice via the Risk Improvement Manager network and Internal Audit contacts in other bodies, results of internal audit reports and discussions with our many NDPBs.
9. Risk management also features in departmental training courses and one-to-one training sessions on risk and assurance were available for new senior members of staff prior to the year-end assurance and risk reporting process.

The risk and control framework

10. Delivery plans and risk registers are in place for each of the Department's Public Service Agreement (PSA) targets. The DCMS Board is provided with quarterly reports to ensure effective monitoring of PSAs, including the systematic tracking of progress and risks, and early warning of potential problems, with appropriate recommendations for early action.
11. Formal financial delegations for 2007-08 were issued to each Director by me, reinforcing the importance of the Assurance process in providing me with confidence when signing the Statement on Internal Control.
12. The Department has agreements with all its directly funded NDPBs setting out the Department's expectations, or the agreed strategy the NDPB will follow, in return for the public funds supplied. Detailed financial arrangements or accountability lines are also included. Bodies which distribute Lottery money have similar agreements relating to the framework within which they receive and distribute Lottery funds. NDPB Accounting Officers are required to incorporate a Statement on Internal Control with their accounts, which gives an assurance that *Managing Public Money* and the agreements with the Department have been complied with.
13. The process to embed risk management within the Department's processes began with business planning in 2001-02 and continues to develop throughout the Department, although further improvement is required before we can say it is fully embedded in all our processes. The Department uses a self-assessment approach to risk identification. As part of the business planning process we encourage Divisions to identify the risks to divisional objectives, to evaluate these and to identify the necessary controls. Guidance is available to staff on the main types of risk that the Department could face. The Audit Committee and DCMS Board agreed a statement of the Department's risk appetite for seven primary groups of risk to be used as a guide to help calibrate the action we need to take in response to the risk. Each significant risk has a contingency plan that identifies the risk "trigger points", which give early warning of the risk materialising. All risks are assigned Risk Owners i.e. someone with sufficient authority to ensure the risk is addressed and that clear responsibility to manage the risk is allocated to specific officers. Identified risks, and the agreed management of them, are recorded in a formal risk register, which is then kept under review.
14. An Assurance reporting process supplements the risk management process. It requires senior managers and Directors to report six-monthly on whether they had complied with the Department's risk and internal control procedures and identify the work undertaken to keep risk and internal control under review, up to date and appropriate. Assurance reports were produced during the year as required and a summary of performance has been reported to the Audit Committee. The Committee requires officials to have a rigorous challenge process to improve the reporting of actions taken to manage risk and in the identification of internal control exceptions. The process continues to evolve and any areas for concern are addressed.
15. The Department has established a strong, strategic relationship with the Office of Government Commerce (OGC) and an increasing number of high profile programmes and projects have been subject to Gateway reviews. We are improving our project management capability. Training in project working was compulsory for all staff in 2007-08 and appropriate people have received OGC Gateway training during the year.
16. As from financial year 2008-09, information risk will feature more explicitly in all the risk and assurance processes. Work to prepare for this has started with the nomination of a lead officer and the formation of a working group to look at the adequacy of the current processes and policies and to adapt these as appropriate for the new requirements.

Review of effectiveness

17. As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the Department who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the board and the Audit Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

18. The key elements of the system of internal control are set out above and contribute to my review of the system's effectiveness. Following the Capability Review published in March 2007 a transformation programme was initiated, including the introduction of a new governance structure. As a result, the following bodies now also inform my view:

DCMS Board (comprising me, the Department's Directors General and three non-executive members) meets regularly to set the Department's long term strategy, direction and priorities.

The Executive Leadership Team, comprising the executive members of the Board plus DCMS's Directors, considers and agrees corporate approaches to immediate risks, issues and problem areas as well as responding to issues with cross-cutting impact on the Department.

The Audit Committee comprises a non-executive chairman and three other non-executive members, with others in attendance including the Chief Operating Officer, National Audit Office Directors and the Head of Internal Audit. The Committee meets four times a year and supports me in my responsibilities for risk management, control and governance. The chairman sits on the Board who take decisions based on the advice received.

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

Signed and approved

Jonathan Stephens
Accounting Officer

8 July 2008

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 2008 under the Government Resources and Accounts Act 2000. These comprise the Statement of Parliamentary Supply, the Operating Cost Statement and Statement of Recognised Gains and Losses, the Balance Sheet, the Consolidated Cashflow Statement and the Consolidated Statement of Operating Costs by Departmental Aim and 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

The Accounting Officer is responsible for preparing the Annual Report, which includes the Remuneration Report, and the financial statements in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements and the part of the remuneration report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000. I report to you whether, in my opinion, the information which comprises the management commentary included in the Annual Report, is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if the Department has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the Department's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or to form an opinion on the effectiveness of the Department's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the Management Commentary and the unaudited part of the Remuneration Report. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinions

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Department's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement,

whether caused by fraud or error, and that in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with the Government Resources and Accounts Act 2000 and directions made thereunder by HM Treasury, of the state of the Department's affairs as at 31 March 2008, and the net cash requirement, net resource outturn, net operating cost, operating costs applied to objectives, recognised gains and losses and cashflows for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000; and
- information, which comprises the management commentary included within the Annual Report is consistent with the financial statements.

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.

Report

I have no observations to make on these financial statements.

T J Burr
Comptroller and Auditor General
National Audit Office
151 Buckingham Palace Road
Victoria
London SW1W 9SS
14 July 2008

CONSOLIDATED RESOURCE ACCOUNTS**Statement of Parliamentary Supply****(i) Summary of Resources Outturn 2007-08**

Request for Resources	Note	2007-08 Estimate			2007-08 Outturn			2007-08 Net total outturn compared with Estimate Saving/ (excess) £000	2006-07 Outturn Net Total £000
		Gross Expenditure £000	A in A £000	Net Total £000	Gross Expenditure £000	A in A £000	Net Total £000		
1: DCMS Administration & Programme	2	1,951,222	32,096	1,919,126	1,878,027	27,621	1,850,406	68,720	1,653,329
2: BBC Home Broadcasting	2	2,856,110	-	2,856,110	2,856,110	-	2,856,110	-	2,739,006
Total Resources	3	4,807,332	32,096	4,775,236	4,734,137	27,621	4,706,516	68,720	4,392,335
Non-operating cost A-in-A			40,000			14		39,986	472

(ii) Net cash requirement 2007-08

	Note	Estimate	Outturn	2007-08 £000 Net total outturn compared with Estimate Saving/ (excess)	2006-07 £000 Outturn
Net Cash Requirement	4	4,779,469	4,693,683	85,786	4,391,234

(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*).

	Note	Forecast 2007-08 Income	Forecast 2007-08 Receipts £000	Outturn 2007-08 Income	Outturn 2007-08 Receipts £000
Total	5	2,901,500	2,901,500	2,861,937	2,859,037

Explanations of variances between Estimate and outturn are given in Note 2 and in the Management Commentary.

The notes on pages 45 to 87 form part of these accounts.

Operating Cost Statement*for the Year Ended 31 March 2008*

	Note	£000	2007-08 £000	2006-07 £000
Administration costs				
Staff costs	7	26,040		24,860
Other administration costs	8	29,671		27,731
Gross administration costs			55,711	52,591
Operating income	10		(1,285)	(1,520)
Net administration costs			54,426	51,071
Programme costs				
Request for Resources 1				
Programme staff costs	7	4,049		3,882
Other programme costs	9	1,818,267		1,621,813
Less: income	10	(26,371)		(23,447)
			1,795,945	1,602,248
Request for Resources 2				
Expenditure	9	2,856,110		2,739,006
Less: income	10	(2,861,902)		(2,739,160)
			(5,792)	(154)
Net Operating Costs	3,11		1,844,579	1,653,165

All income and expenditure are derived from continuing operations.

The income relating to Request for Resources 2 (Home Broadcasting) is higher than the amount paid over to the BBC due to the deduction of expenses incurred by the Department (charged to Request for Resources 1) in administering the Licence fee and also the inclusion of debtors for Licence Revenue collected by the BBC's agencies and not paid to DCMS at 31st March 2008.

The notes on pages 45 to 87 form part of these accounts.

Statement of Recognised Gains and Losses
for the year ended 31 March 2008

	2007-08	2006-07
	£000	£000
Net gain/(loss) on revaluation of tangible fixed assets	2,419	5,877
Net gain/(loss) on revaluation of asset held for sale	58,400	–
Release of donated asset reserve	(59)	(55)
Receipt of donated assets	4,046	–
Total	<u>64,806</u>	<u>5,822</u>

The notes on pages 45 to 87 form part of these accounts.

Balance Sheet*as at 31 March 2008*

	Note	31 March 2008		31 March 2007	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	12		68,745		95,963
Intangible assets	13		70		151
			<u>68,815</u>		<u>96,114</u>
Debtors falling due after more than one year	15		2,000		2,000
			<u>70,815</u>		<u>98,114</u>
Current assets					
Asset held for sale	16	85,000		–	
Stocks	17	27		17	
Debtors	18	12,148		12,887	
Cash at bank and in hand	19	34,022		32,613	
		<u>131,197</u>		<u>45,517</u>	
Creditors (amounts falling due within one year)	20	(51,956)		(49,012)	
Net current assets			<u>79,241</u>		<u>3,495</u>
Total assets less current liabilities			<u>150,056</u>		<u>94,619</u>
Provisions for liabilities and charges	21		(2,215)		(2,402)
			<u>147,841</u>		<u>92,217</u>
Taxpayers' Equity					
General Fund	22		38,769		46,369
Revaluation Reserve	23a		102,471		43,234
Donated Asset Reserve	23b		6,601		2,614
			<u>147,841</u>		<u>92,217</u>

The notes on pages 45 to 87 form part of these accounts.

Signed and Approved

Jonathan Stephens
Accounting Officer

8 July 2008

Consolidated Cash Flow Statement
for year Ended 31 March 2008

	Note	2007-08 £000	2006-07 £000
Net cash outflow from operating activities	24a	(1,818,702)	(1,659,506)
Capital expenditure and financial investment	24b, 24c	(9,746)	(12,789)
Receipts due to the Consolidated Fund which are outside the scope of the Department's activities		-	-
Payments of amounts due to the Consolidated Fund		(2,843,143)	(2,727,024)
Financing	24d	4,673,000	4,414,833
Increase /(Decrease) in cash in the period	24e	<u>1,409</u>	<u>15,514</u>

The notes on pages 45 to 87 form part of these accounts.

Consolidated Statement of Operating Costs by Departmental Aim and Objectives
for the year ended 31 March 2008

	2007-08			2006-07		
	Gross £000	Income £000	Net £000	Gross £000	Income £000	Net £000
Objective 1	186,943	(3,488)	183,455	186,168	(2,201)	183,967
Objective 2	1,114,930	(11,353)	1,103,577	1,038,230	(9,473)	1,028,757
Objective 3	144,415	(11,472)	132,943	184,393	(11,194)	173,199
Objective 4	149,907	(3)	149,904	162,529	(323)	162,206
Objective 5	281,832	(1,340)	280,492	106,964	(1,774)	105,190
BBC	2,856,110	(2,861,902)	(5,792)	2,739,006	(2,739,160)	(154)
Net Operating Costs	4,734,137	(2,889,558)	1,844,579	4,417,290	(2,764,125)	1,653,165

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

DCMS Objectives for the year were as follows: –

- Objective 1 To further enhance access to culture and sport for children and give them the opportunity to develop their talents to the full and enjoy the benefits of participation
- Objective 2 To increase and broaden the impact of culture and sport, to enrich individual lives, strengthen communities and improve the places where people live, now and for future generations
- Objective 3 To maximise the contribution that the tourism, creative and leisure industries can make to the economy
- Objective 4 To modernise delivery by ensuring our sponsored bodies are efficient and work with others to meet the cultural and sporting needs of individuals and communities
- Objective 5 To host an inspirational, safe and inclusive Olympic Games and Paralympic Games and leave a sustainable legacy for London and the UK

The notes on pages 45 to 87 form part of these accounts.

NOTES TO DEPARTMENTAL RESOURCE ACCOUNTS

1. Statement of Accounting Policies

These financial statements have been prepared in accordance with the *2007-08 Government Financial Reporting Manual (FReM)* issued by HM Treasury. The accounting policies contained in the FReM follow UK generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector.

In addition to the primary statements prepared under UK GAAP, 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 Aim and Objectives and supporting notes analyse the Department's income and expenditure by the objectives agreed with Ministers.

Where the FReM permits a choice of accounting policy, the accounting policy which has been judged to be most appropriate to the particular circumstances of the Department for the purpose of giving a true and fair view has been selected. The Department's accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

A separate note has been disclosed for the Core Department fixed assets but in the opinion of the Accounting Officer the difference between the Core Department and the Consolidated Accounts is not material for separation in the other notes.

1.1 Accounting Convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of fixed assets, and stock where material.

1.2 Basis of Consolidation

These accounts comprise a consolidation of the core Department, its supply-financed agency The Royal Parks (TRP), ten advisory NDPBs and one tribunal NDPB. These entities fall within the departmental boundary as defined in the FReM (chapter 2.4).

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

Advisory Committee on Historic Wreck Sites (English Heritage are responsible for the secretariat);
Advisory Committee on the Government Art Collection;
Advisory Committee on National Historic Ships;
Advisory Council on Libraries;
England Marketing Advisory Board;
Legal deposit advisory panel;
Public Lending Right Advisory Committee (funded through the Public Lending Right);
Reviewing Committee on the Export of Works of Art (MLA are responsible for the secretariat);
Spoliation Advisory Panel;
Treasure Valuation Committee (British Museum are responsible for the secretariat); and
Horserace Betting Levy Appeal Tribunal for England and Wales (Tribunal).

Transactions between entities included in the consolidation are eliminated.

1.3 Intangible Fixed Assets

These relate to licences to use software that have been developed by third parties, and are valued at cost. Expenditure on intangible fixed assets with a cost exceeding £2,000 is capitalised.

1.4 Tangible Fixed Assets

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

- i. property on the Departmental estate;
- ii. property held by the Department of Communities and Local Government in the name of the Secretary of State.

Tangible fixed assets are 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 FRS 15. 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 Balance Sheet. 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 FRS15 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.

The minimum level for capitalisation of a tangible fixed asset is £2,000.

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

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 Balance Sheet. The purchase price will normally provide a reliable basis for valuation.

1.5 Depreciation

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

Depreciation is provided at rates calculated to write off the value of freehold buildings and other tangible 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:

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

1.6 Donated Assets

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

1.7 Research

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

1.8 Operating Income

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

1.9 Administration and Programme Expenditure

The Operating Cost Statement is analysed between administration and programme 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 set by HM Treasury.

Programme costs are those resource costs outside the Administration Cost controls.

Spending in the Other Current column of Note 2 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 2 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.

1.10 Grants Payable

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

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

1.11 BBC Licence Fee Income

The Department has an Agreement with the BBC 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 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 Revenue is due by 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.

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 balance sheet (plus any subsequent capital expenditure prior to disposal)
 - impairments at the amount of the reduction of the opening balance sheet 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 which are not covered by a forward contract are translated at the rate of exchange ruling on the date of the transaction.

1.14 Taxation

The Department is registered for VAT, which is accounted for in accordance with SSAP 5. Irrecoverable VAT is charged to the relevant expenditure in the operating cost statement.

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 7. The defined benefit elements of the scheme are unfunded and non-contributory except in respect of dependants' benefits. The Department recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution schemes, the Department recognises the contributions payable for the year.

1.16 Early Departure Costs

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

1.17 Operating Leases

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

1.18 Contingent Liabilities

In addition to contingent liabilities disclosed in accordance with FRS 12, the Department discloses for parliamentary reporting and accountability purposes certain 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 Government Accounting.

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.

2. Analysis of Net Resource Outturn by section 2007-08

	Admin £000	Other Current £000	Grants £000	A-in-A £000	Net Total £000	Estimate £000	Net Total Outturn v Estimate £000
Request for Resources 1							
A. Museums, Galleries & Libs							
ISB8 Eye on the Future (SBC)	0	0	504	0	504	679	175
Design Museum	0	0	503	0	503	503	0
Tyne & Wear Museums	0	0	2,326	0	2,326	2,326	0
National Coal Mining Museum	0	0	2,809	0	2,809	2,809	0
National Football Museum	0	0	100	0	100	100	0
Peoples History Museum	0	0	164	0	164	164	0
Strategic Commissioning(voted)	0	32	0	0	32	0	(32)
Wolfson Museums & Galleries Im	0	0	1,484	0	1,484	2,000	516
European Museum Forum	0	0	3	0	3	0	(3)
ISB7-Staffordshire Libraries	0	0	112	0	112	102	(10)
Other M&G Support	0	115	0	0	115	0	(115)
Libraries Support	0	0	0	(35)	(35)	0	35
IDEA Cultural Services in LG	0	0	165	0	165	165	0
Capital of Culture 2008	0	300	0	0	300	300	0
	0	447	8,170	(35)	8,582	9,148	566
B. Arts							
Arts Support	0	283	59	0	342	440	98
Poet Laureate	0	0	5	0	5	0	(5)
Live Shakespeare Project	0	0	1,493	(1,493)	0	0	0
ISB8 Mission Models Money	0	0	30	0	30	250	220
ISB Lifetime Health IoW	0	0	290	0	290	279	(11)
ISB8 The Artsmad House	0	0	227	0	227	233	6
ISB8 Stagetext	0	0	113	0	113	257	144
ISB8 Soundsense	0	0	173	0	173	185	12
ISB8 Sefton CreatAlternatives	0	0	67	0	67	70	3
ISB8 South Bank Grey Water	0	0	0	0	0	154	154
Own Art (Arts Purchase Plan)	0	0	366	0	366	621	255
Take It Away Instrument Scheme	0	0	625	0	625	625	0
Strat Comm GAC Catalogue	0	30	0	0	30	0	(30)
Government Art Collection –Pr	0	409	0	(14)	395	355	(40)
Euclid	0	0	50	0	50	50	0
RESPECT Youth Music Mentoring	0	0	382	0	382	333	(49)
Youth Music "Music Start"	0	0	993	(1,000)	(7)	0	7
	0	722	4,873	(2,507)	3,088	3,852	764

	Admin £000	Other Current £000	Grants £000	A-in-A £000	Net Total £000	Estimate £000	Net Total Outturn v Estimate £000
C. Sports							
British Chess Federation	0	0	60	0	60	60	0
Other Sports Support – no proj	0	0	110	(50)	60	70	10
Dancelinks PESSCL Project	0	0	200	0	200	200	0
World Anti Doping Agency WADA	0	0	339	0	339	339	0
Commonwealth Advisory (CABOS)	0	0	0	0	0	1	1
Wembley Monitoring Costs	0	75	0	0	75	75	0
Enlarged Partial Agreement [EPAS]	0	0	56	0	56	55	(1)
ISB7 Sporting Equals	0	0	900	0	900	900	0
ISB9 Merseyside Youth Pilot	0	0	49	0	49	65	16
Volunteering Grants – Step int	0	0	0	0	0	7	7
Wembley	0	0	472	0	472	0	(472)
Childrens Play	0	0	502	0	502	500	(2)
Sporting + Cultural Champions	0	0	333	0	333	334	1
UK School Games (Legacy Trust)	0	0	6,000	0	6,000	3,000	(3,000)
Northern Ireland Sports Inst	0	0	3,000	0	3,000	3,000	0
	0	75	12,021	(50)	12,046	8,606	(3,440)
D. Arch & Historic Environment							
Trooping Colour	0	50	0	0	50	47	(3)
Remembrance	0	88	0	0	88	95	7
State Visits	0	172	0	0	172	360	188
Other Events	0	13	0	0	13	41	28
Ceremonial Overheads	0	350	0	(19)	331	360	29
Ceremonial Services + HAU Prog	0	119	0	0	119	0	(119)
HAU London Bombings	0	171	0	0	171	0	(171)
HAU Tsunami	0	1	0	0	1	0	(1)
HAU Comms & Publicity Project	0	6	0	0	6	0	(6)
HAU Regional Tours	0	16	0	0	16	0	(16)
World Heritage Committee	0	14	0	0	14	15	1
World Cultural Convention	0	0	125	0	125	130	5
Chatham Historic Dockyard	0	0	300	0	300	300	0
Other Heritage Support	0	100	36	(18)	118	251	133
ISB8 The Great and the Good	0	0	246	0	246	396	150
RNC Greenwich	0	0	1,500	0	1,500	1,500	0
VAT Relief on Memorials	0	152	703	0	855	5,000	4,145
	0	1,252	2,910	(37)	4,125	8,495	4,370
E. Listed Places of Worship							
Listed Places of Worship	0	232	14,725	0	14,957	15,250	293
	0	232	14,725	0	14,957	15,250	293
F. The Royal Parks							
Royal Parks Agency	0	32,004	0	(11,142)	20,862	19,992	(870)
	0	32,004	0	(11,142)	20,862	19,992	(870)

	Admin £000	Other Current £000	Grants £000	A-in-A £000	Net Total £000	Estimate £000	Net Total Outturn v Estimate £000
G. Tourism							
Tourism Section 4 Grants (ETB)	0	70	0	0	70	0	(70)
Tourism Strategy Fund	0	15	0	0	15	63	48
Grants to the GLA	0	0	1,900	0	1,900	1,900	0
	0	85	1,900	0	1,985	1,963	(22)
H. Broadcasting & Media							
Film Support	0	295	0	0	295	156	(139)
National Film & Television Sch	0	0	2,988	0	2,988	2,900	(88)
Audiovisual Eureka	0	147	0	0	147	393	246
OFCOM –media lit & comm radio	0	0	1,025	0	1,025	1,059	34
Community Media	0	0	35	0	35	0	(35)
Gaelic TV	0	0	250	0	250	0	(250)
	0	442	4,298	0	4,740	4,508	(232)
I. Administration & Research							
Administration	55,711	0	0	(1,284)	54,427	53,704	(723)
Participation Survey	0	2,957	0	(680)	2,277	2,296	19
Other programme	0	881	0	(4)	877	2,297	1,420
Security	0	0	380	0	380	0	(380)
	55,711	3,838	380	(1,968)	57,961	58,297	336
J. National Lottery Commission							
NLC – Income from NLDF	0	0	0	(10,341)	(10,341)	(14,000)	(3,659)
	0	0	0	(10,341)	(10,341)	(14,000)	(3,659)
K. Gambling, Lic & HRacing							
Gambling Fee Income	0	0	0	(1,177)	(1,177)	(1,835)	(658)
Gambling Appeals Tribunal	0	4	0	0	4	0	(4)
	0	4	0	(1,177)	(1,173)	(1,835)	(662)
L. Olympics (voted programmes)							
Olympic Board Secretariat	0	262	381	(364)	279	1,153	874
Olympics – other programme costs	0	180	0	0	180	2,162	1,982
	0	442	381	(364)	459	3,315	2,856
M. Regional Cultural Consort							
Living East	0	0	230	0	230	230	0
Culture East Midlands	0	0	243	0	243	243	0
CEM ISB8 Cult Opps Sust Comms	0	0	285	0	285	285	0
Culture North East	0	0	220	0	220	220	0
Culture North West	0	0	230	0	230	230	0
Culture South East	0	0	260	0	260	260	0
Culture South West	0	0	230	0	230	230	0
West Midlands Life	0	0	223	0	223	223	0
Yorkshire Culture	0	0	230	0	230	230	0
Rounding difference	0	0	(2)	0	(2)	(2)	0
	0	0	2,149	0	2,149	2,149	0

	Admin £000	Other Current £000	Grants £000	A-in-A £000	Net Total £000	Estimate £000	Net Total Outturn v Estimate £000
N. Museums, Galleries & Libs							
Mus, Libs and Archives Council	0	0	14,743	0	14,743	14,634	(109)
British Museum	0	0	44,898	0	44,898	44,823	(75)
Natural History Museum	0	0	45,165	0	45,165	45,165	0
Imperial War Museum	0	0	22,177	0	22,177	22,177	0
National Gallery	0	0	25,597	0	25,597	25,566	(31)
National Maritime Museum	0	0	18,491	0	18,491	18,411	(80)
NM Liverpool	0	0	22,326	0	22,326	21,826	(500)
National Portrait Gallery	0	0	7,038	0	7,038	7,038	0
NM Science & Industry	0	0	38,484	0	38,484	38,484	0
Tate Gallery	0	0	45,929	0	45,929	45,929	0
Victoria & Albert Museum	0	0	42,262	0	42,262	42,520	258
Wallace Collection	0	0	4,156	0	4,156	4,156	0
Royal Armouries	0	0	8,917	0	8,917	8,461	(456)
British Library	0	0	106,480	0	106,480	105,921	(559)
Public Lending Right	0	0	7,488	0	7,488	7,682	194
Legal Deposit Advisory Panel	0	37	0	0	37	0	(37)
MSI Manchester	0	0	4,171	0	4,171	4,171	0
Museum of London	0	0	8,809	0	8,809	8,809	0
Sir John Soane's Museum	0	0	1,339	0	1,339	1,072	(267)
Horniman Museum	0	0	4,350	0	4,350	4,350	0
Geffrye Museum	0	0	1,956	0	1,956	1,956	0
Strategic Commissioning	0	0	4,424	0	4,424	4,700	276
Museums Reserve	0	0	240	0	240	12,157	11,917
Renaissance&Oth Regional Funds	0	0	45,000	0	45,000	45,000	0
Government Indemnity Scheme	0	0	58	0	58	150	92
Framework for the Future exLSF	0	7	1,950	0	1,957	1,900	(57)
Museums unallocated GIA	0	0	0	0	0	4,445	4,445
Cross-sectoral unallocated GIA	0	0	0	0	0	(13,000)	(13,000)
MGL Cross Sectoral Unalloc GIA	0	0	0	0	0	5,764	5,764
	0	44	526,448	0	526,492	534,267	7,775
O. Arts							
Arts Council England	0	0	422,610	0	422,610	422,255	(355)
	0	0	422,610	0	422,610	422,255	(355)
P. Sports							
Sport England	0	0	113,296	0	113,296	113,296	0
UK Sport	0	0	67,305	0	67,305	67,305	0
Football Licensing Authority	0	0	1,261	0	1,261	1,261	0
Lee Valley Athletics Centre	0	0	(7)	0	(7)	0	7
Unallocated Sports GIA	0	0	0	0	0	11,111	11,111
	0	0	181,855	0	181,855	192,973	11,118

	Admin £000	Other Current £000	Grants £000	A-in-A £000	Net Total £000	Estimate £000	Net Total Outturn v Estimate £000
Q. Architecture & Historic Environment							
CABE	0	0	4,690	0	4,690	4,690	0
English Heritage	0	0	136,636	0	136,636	136,883	247
Churches Conservation Trust	0	0	3,062	0	3,062	3,000	(62)
National Heritage Memorial Fun	0	0	10,002	0	10,002	10,002	0
Royal Household –Occ Palaces	0	0	17,378	0	17,378	16,107	(1,271)
AHED Unallocated GIA	0	0	0	0	0	4,701	4,701
	0	0	171,768	0	171,768	175,383	3,615
R. Tourism							
VisitBritain	0	0	50,650	0	50,650	50,650	0
Regional Development Agencies	0	0	3,600	0	3,600	3,600	0
	0	0	54,250	0	54,250	54,250	0
S. Broadcasting and Media							
Film Council	0	0	25,110	0	25,110	25,110	0
S4C (Welsh Fourth Channel)	0	0	92,817	0	92,817	94,311	1,494
	0	0	117,927	0	117,927	119,421	1,494
T. National Lottery Commission							
National Lottery Commission	0	0	10,341	0	10,341	14,001	3,660
Nat Lottery Unallocated GIA	0	0	0	0	0	82	82
	0	0	10,341	0	10,341	14,083	3,742
U. Gambling, Lic & HRacing							
Gambling Commission	0	0	3,039	0	3,039	4,220	1,181
Gambling Unallocated GIA	0	0	0	0	0	108	108
	0	0	3,039	0	3,039	4,328	1,289
W. Culture On-Line							
Culture OnLine	0	6,781	0	0	6,781	6,975	194
	0	6,781	0	0	6,781	6,975	194
V. London 2012 (ODA GIA)							
Olympic Delivery Authority	0	0	235,903	0	235,903	275,451	39,548
	0	0	235,903	0	235,903	275,451	39,548
Request for Resources 1 Total	55,711	46,368	1,775,948	(27,621)	1,850,406	1,919,126	68,720
Request for Resources 2							
A. Home Broadcasting							
BBC	0	0	2,856,110	0	2,856,110	2,856,110	0
Request for Resources 2 Total	0	0	2,856,110	0	2,856,110	2,856,110	0
DCMS Grand Total	55,711	46,368	4,632,058	(27,621)	4,706,516	4,775,236	68,720

The gross resource outturn on Request for Resources 1 of £1,878,027k (£1,678,286k in 2006-07) as shown in the Statement of Parliamentary Supply comprises the total of administration costs, other current and grants.

Programme expenditure on Request for Resources 1 of £1,822,343k including programme staff costs (£1,625,695k in 2006-07), shown in the Operating Cost Statement as separate items, comprises the total of Other Current and Grants.

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

Key to Request for Resources and Sections

The different types of expenditure within 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 agencies 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 X) 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 and Section W of Request for Resources 1 are classed as Spending In Departmental Expenditure Limits (DEL) and as Central Government Spending;
- Sections M to X 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 gross income and expenditure rather than the Grant-in-Aid shown here.

2006-07	Admin £000	Other Current £000	Grants £000	A-in-A £000	Net Total £000	Estimate £000	Net Total Outturn v Estimate £000
Request for Resources 1							
A. Museums, Galleries & Libraries							
GLA – London Cult Consort	–	–	50	–	50	–	(50)
ISB8 Eye on the Future (SBC)	–	–	211	–	211	362	151
European Museum Forum	–	–	2	–	2	–	(2)
ISB7-Staffordshire Libraries	–	–	59	–	59	99	40
ISB7-Yorkshire MLA	–	–	41	–	41	–	(41)
Spoliation Compensation	–	175	–	–	175	–	(175)
EU Presidency	–	6	–	–	6	–	(6)
EU Pres – Events Other	–	22	–	–	22	–	(22)
EU Pres – Glasgow Management	–	–	161	–	161	165	4
IDEA Cultural Services in LG	–	150	–	–	150	235	85
	–	353	524	–	877	861	(16)
B. Arts							
Arts Support	–	330	–	–	330	435	105
ISB8 Mission Models Money	–	–	220	–	220	250	30
ISB Lifetime Health IoW	–	–	181	–	181	278	97
ISB8 The Artsmad House	–	–	–	–	–	458	458
ISB8 Stagertext	–	–	134	–	134	171	37
ISB8 Soundsense	–	–	152	–	152	140	(12)
ISB8 Sefton Creative Alternatives	–	–	74	–	74	70	(4)
ISB8 South Bank Grey Water	–	–	27	–	27	60	33
Own Art (Arts Purchase Plan)	–	–	378	–	378	378	–
Take It Away Instrument Scheme	–	–	165	–	165	165	–
Government Art Collection	–	352	–	(6)	346	360	14
Euclid	–	50	–	–	50	50	–
RESPECT Youth Music Mentoring	–	284	–	–	284	335	51
	–	1,016	1,331	(6)	2,341	3,150	809
C. Sports							
British Chess Federation	–	–	60	–	60	60	–
Other Sports Support	–	–	1,729	(50)	1,679	1,690	11
Volunteering Grants	–	–	–	–	–	7	7
Wembley	–	–	5,588	–	5,588	–	(5,588)
Children's Play	–	498	–	–	498	500	2
Sporting + Cultural Champions	–	333	–	–	333	333	–
School Sport Festival/Olympics	–	–	–	–	–	3,000	3,000
National School Sport Champion	–	–	13	–	13	14	1
School Playgrounds Scheme	–	–	2,000	–	2,000	–	(2,000)
Other	–	–	–	–	–	1	1
	–	831	9,390	(50)	10,171	5,605	(4,566)

2006-07	Admin £000	Other Current £000	Grants £000	A-in-A £000	Net Total £000	Estimate £000	Net Total Outturn v Estimate £000
D. Arch & Historic Environment							
Humanitarian Assistance – Grant to Red Cross	–	–	1,000	–	1,000	1,000	–
Other Humanitarian Assistance Costs	–	366	–	–	366	11	(355)
Public Buildings, monuments and associated state ceremonial costs	–	625	–	(121)	504	786	282
World Heritage Committee	–	4	–	–	4	15	11
World Cultural Convention	–	–	108	–	108	130	22
Chatham Historic Dockyard	–	–	300	–	300	300	–
Other Heritage Support	–	33	86	(6)	113	311	198
ISB8 The Great and the Good	–	–	45	–	45	179	134
Greenwich Foundation for the Old Royal Naval College	–	–	1,500	–	1,500	1,500	–
VAT Relief on Memorials	–	157	557	–	714	5,001	4,287
Other	–	–	–	–	–	79	79
	–	1,185	3,596	(127)	4,654	9,312	4,658
E. Listed Places of Worship							
Listed Places of Worship	–	220	14,006	–	14,226	15,250	1,024
	–	220	14,006	–	14,226	15,250	1,024
F. The Royal Parks							
Royal Parks Agency	–	29,013	–	(9,385)	19,628	19,492	(136)
	–	29,013	–	(9,385)	19,628	19,492	(136)
G. Tourism							
Tourism Strategy Fund	–	107	–	–	107	63	(44)
Grants to the GLA	–	–	1,900	–	1,900	1,900	–
	–	107	1,900	–	2,007	1,963	(44)
H. Broadcasting & Media							
Film Support	–	211	–	–	211	156	(55)
Audiovisual Eureka	–	164	14	–	178	393	215
S4C	–	92,217	–	–	92,217	92,217	–
OFCOM –media lit. & comm. radio	–	1,515	–	–	1,515	1,519	4
Other Broadcasting Support	–	–	–	(280)	(280)	(280)	–
	–	94,107	14	(280)	93,841	94,005	164

2006-07	Admin £000	Other Current £000	Grants £000	A-in-A £000	Net Total £000	Estimate £000	Net Total Outturn v Estimate £000
I. Administration & Research							
Administration	52,592	–	–	(1,520)	51,072	53,270	2,198
“Taking Part” Participation Survey	–	2,693	–	(680)	2,013	1,926	(87)
Research & Other Services	–	2,119	–	–	2,119	1,285	(834)
	52,592	4,812	–	(2,200)	55,204	56,481	1,277
J. National Lottery Commission							
Income from NLDF and OLDF	–	–	–	(8,827)	(8,827)	(10,287)	(1,460)
	–	–	–	(8,827)	(8,827)	(10,287)	(1,460)
K. Gambling, Licensing & H. Racing							
Gambling Fee Income	–	1	–	(2,395)	(2,394)	(1,961)	433
Casino Advisory Panel	–	219	–	–	219	–	(219)
Gambling Appeals Tribunal	–	21	–	–	21	–	(21)
	–	241	–	(2,395)	(2,154)	(1,961)	193
L. Olympics							
Olympics –bid costs	–	–	–	(176)	(176)	(185)	(9)
Olympics Games consultancy	–	–	–	–	–	–	–
Olympic Board Secretariat	–	1,219	–	(836)	383	407	24
Interim ODA –transitional cos	–	–	86	(593)	(507)	(561)	(54)
Olympics –other programme cos	–	455	–	–	455	2,900	2,445
	–	1,674	86	(1,605)	155	2,561	2,406
M. Regional Cultural Consort							
Living East	–	–	215	–	215	215	–
Culture East Midlands	–	–	215	–	215	215	–
CEM ISB8 Cult Opps. Sust. Comms.	–	–	203	–	203	266	63
Culture North East	–	–	215	–	215	215	–
Culture North West	–	–	215	–	215	215	–
Culture South East	–	–	215	–	215	215	–
Culture South West	–	–	215	–	215	215	–
West Midlands Life	–	–	215	–	215	215	–
Yorkshire Culture	–	–	215	–	215	215	–
	–	–	1,923	–	1,923	1,986	63

2006-07	Admin £000	Other Current £000	Grants £000	A-in-A £000	Net Total £000	Estimate £000	Net Total Outturn v Estimate £000
N. Museums, Galleries & Libraries							
British Museum	–	–	42,929	–	42,929	45,898	2,969
Natural History Museum	–	–	43,135	–	43,135	45,980	2,845
NHM – ISB8 Carbon Emissions	–	–	947	–	947	–	(947)
Imperial War Museum	–	–	20,613	–	20,613	22,613	2,000
National Gallery	–	–	23,985	–	23,985	24,041	56
National Maritime Museum	–	–	17,008	–	17,008	20,088	3,080
NM Liverpool	–	–	21,203	–	21,203	24,260	3,057
National Portrait Gallery	–	–	7,031	–	7,031	7,022	(9)
NM Science & Industry	–	–	37,329	–	37,329	40,028	2,699
Tate Gallery	–	–	34,124	–	34,124	34,124	–
Victoria & Albert Museum	–	–	39,112	–	39,112	39,538	426
V&A ISB8 Online Learning Consortium	–	–	107	–	107	–	(107)
Wallace Collection	–	–	3,528	–	3,528	3,728	200
Royal Armouries	–	–	7,814	–	7,814	7,814	–
MSI Manchester	–	–	4,059	–	4,059	4,134	75
Museum of London	–	–	7,931	–	7,931	7,931	–
Sir John Soane's Museum	–	–	1,115	–	1,115	1,445	330
Horniman Museum	–	–	3,932	–	3,932	3,932	–
Geffrye Museum	–	–	1,740	–	1,740	1,740	–
Design Museum	–	–	483	–	483	483	–
Tyne & Wear Museums	–	–	1,864	–	1,864	1,864	–
National Coal Mining Museum	–	–	1,896	–	1,896	2,528	632
National Football Museum	–	–	100	–	100	100	–
Peoples History Museum	–	–	156	–	156	156	–
Strategic Commissioning	–	–	4,551	–	4,551	4,830	279
Museums Reserve	–	–	58	–	58	1,922	1,864
Wolfson Museums & Galleries Improvement Fund	–	–	1,387	–	1,387	2,000	613
British Library	–	–	102,643	–	102,643	104,629	1,986
Public Lending Right	–	–	7,702	–	7,702	7,702	–
Legal Deposit Advisory Panel	–	34	–	–	34	77	43
Museums, Libraries and Archives Council	–	–	15,793	–	15,793	15,271	(522)
Renaissance & Other Regional Funds	–	–	32,000	–	32,000	32,000	–
Framework for the Future	–	94	1,890	–	1,984	2,000	16
Other	–	–	–	–	–	2,734	2,734
	–	128	488,165	–	488,293	512,612	24,319

2006-07	Admin £000	Other Current £000	Grants £000	A-in-A £000	Net Total £000	Estimate £000	Net Total Outturn v Estimate £000
O. Arts							
Arts Council England	-	-	427,862	-	427,862	427,862	-
Other						35	35
	-	-	427,862	-	427,862	427,897	35
P. Sports							
Sport England	-	-	102,500	-	102,500	119,069	16,569
UK Sport	-	-	53,105	-	53,105	53,105	-
Football Licensing Authority	-	-	1,174	-	1,174	1,261	87
Spaces for Sports & Arts	-	-	-	-	-	-	-
Lea Valley Athletics Centre	-	-	1,745	-	1,745	1,746	1
Other sport						2,424	2,424
	-	-	158,524	-	158,524	177,605	19,081
Q. Arch & Historic Environment							
CABE	-	-	3,690	-	3,690	3,690	-
English Heritage	-	-	141,321	-	141,321	141,121	(200)
Churches Conservation Trust	-	-	3,062	-	3,062	3,000	(62)
National Heritage Memorial Fun	-	-	5,002	-	5,002	5,002	-
Royal Household – Occupied Palaces	-	-	16,421	-	16,421	17,389	968
Other						5,644	5,644
	-	-	169,496	-	169,496	175,846	6,350
R Tourism							
VisitBritain	-	-	49,900	-	49,900	49,895	(5)
English Tourist Board	-	-	-	(82)	(82)	-	82
Regional Development Agencies	-	-	3,600	-	3,600	3,600	-
Other						2,200	2,200
	-	-	53,500	(82)	53,418	55,695	2,277
S. Broadcasting and Media							
Film Council	-	-	26,610	-	26,610	28,180	1,570
National Film & Television School	-	-	2,963	-	2,963	2,901	(62)
	-	-	29,573	-	29,573	31,081	1,508

2006-07	Admin £000	Other Current £000	Grants £000	A-in-A £000	Net Total £000	Estimate £000	Net Total Outturn v Estimate £000
T. National Lottery Commission							
National Lottery Commission	-	-	9,200	-	9,200	10,380	1,180
	-	-	9,200	-	9,200	10,380	1,180
U. Gambling, Licensing & Horse Racing							
Gambling Commission	-	-	18,742	-	18,742	18,778	36
Gambling Commission Setup	-	-	-	-	-	-	-
	-	-	18,742	-	18,742	18,778	36
V. Culture On-Line							
Culture OnLine	-	4,204	-	-	4,204	-	(4,204)
	-	4,204	-	-	4,204	-	(4,204)
W. London 2012 ODA							
London Development Agency	-	-	47,081	-	47,081	*	*
Olympic Delivery Authority	-	-	52,672	-	52,672	*	*
* combined figure in estimate						113,549	13,796
	-	-	99,753	-	99,753	113,549	13,796
X. PLR Pensions in AME							
PLR Pension Transfer – AME	-	-	218	-	218		(218)
	-	-	218	-	218	-	(218)
Total RfR 1	52,592	137,891	1,487,803	(24,957)	1,653,329	1,721,861	68,532
Request for Resources 2							
A. Home Broadcasting							
BBC	-	-	2,739,006	-	2,739,006	2,760,000	20,994
Total RfR 2	-	-	2,739,006	-	2,739,006	2,760,000	20,994
Total DCMS	52,592	137,891	4,226,809	(24,957)	4,392,335	4,481,861	89,526

The gross resource outturn on Request for Resources 1 of £1,678,286k (£1,489,128k in 2005-06) as shown in the Statement of Parliamentary Supply comprises the total of administration costs, other current and grants.

Programme expenditure on Request for Resources 1 of £1,625,695k including programme staff costs (£1,439,969k in 2005-06), shown in the Operating Cost Statement as separate items, comprises the total of Other Current and Grants.

The Sections (represented by letters A to X) 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 and Section W of Request for Resources 1 are classed as Spending In Departmental Expenditure Limits (DEL) and as Central Government Spending;
- Sections M to X of Request for Resources 1 and Section A of Request for Resources 2 are classed as "Non-Budget" – Other Spending outside DEL.

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

3. Reconciliation of outturn to net operating cost and against Administration Budget**3(a) Reconciliation of net resource outturn to net operating cost**

				2007-08	2006-07
		Outturn	Supply	Outturn	
	Note	£000	Estimate	compared	Outturn
			£000	with	£000
				Estimate	
				£000	
Net Resource Outturn	2	4,706,516	4,775,236	68,720	4,392,335
Non-supply income (CFERs)	5	(2,861,937)	(2,856,300)	5,637	(2,739,170)
Net operating cost		1,844,579	1,918,936	74,357	1,653,165

3(b) Outturn against final Administration Budget

			2007-08	2006-07
		Budget	Outturn	Outturn
		£000	£000	£000
Gross Administration Budget		56,652	55,711	52,591
Income allowable against the Administration Budget		(1,152)	(1,285)	(1,520)
Net outturn against final Administration Budget		55,500	54,426	51,071

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

4. Reconciliation of resources to cash requirement

	Note	Estimate £000	Outturn £000	Net total outturn compared with estimate: saving/ (excess) £000	Outturn £000
Resource Outturn	2	4,775,236	4,706,516	68,720	4,392,335
<i>Capital:</i>					
Acquisition of fixed assets		45,930	9,760	36,170	13,261
Investments		–	–	–	–
<i>Non-operating A-in-A:</i>					
Proceeds of fixed asset disposals		(40,000)	(14)	(39,986)	(472)
<i>Accruals adjustments:</i>					
Non-cash items		(15,493)	(105,501)	90,008	(10,768)
Changes in working capital other than cash		13,796	82,735	(68,939)	(953)
Changes in debtors falling due after more than one year		–	–	–	(3,500)
Decrease / (Increase) in provisions	21	–	187	(187)	1,331
Adjustment for Contingencies Fund		–	–	–	–
Excess income surrenderable to the Consolidated Fund		–	–	–	–
Net cash requirement		4,779,469	4,693,683	85,786	4,391,234

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

5. Analysis of income payable to the Consolidated Fund

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

	Note	Forecast 2007-08 £000		Outturn 2007-08 £000	
		Income	<i>Receipts</i>	Income	<i>Receipts</i>
Operating income and receipts – excess A in A	4	–	–	–	–
Other operating income and receipts not classified as A in A:					
RfR2 – BBC Licence fees received		2,856,300	<i>2,856,300</i>	2,859,002	<i>2,859,002</i>
receivable		–	–	2,900	–
		<u>2,856,300</u>	<u><i>2,856,300</i></u>	<u>2,861,902</u>	<u><i>2,859,002</i></u>
Non- operating income and receipts – excess A in A		–	–	–	–
Other non-operating income and receipts not classified as A in A – RfR 1		45,200	<i>45,200</i>	35	<i>35</i>
Other amounts collectable on behalf of the Consolidated Fund		–	–	–	–
Excess cash surrenderable to the Consolidated Fund	4	–	–	–	–
Total income payable to the Consolidated Fund		<u>2,901,500</u>	<u><i>2,901,500</i></u>	<u>2,861,937</u>	<u><i>2,859,037</i></u>

6. Reconciliation of income recorded within the Operating Cost Statement to operating income payable to the Consolidated Fund

	Note	2007-08 £000	2006-07 £000
Operating income		2,889,558	2,764,127
Adjustments for transactions between RfRs		–	–
Gross income	10	<u>2,889,558</u>	<u>2,764,127</u>
Income authorised to be appropriated-in-aid		(27,621)	(24,957)
Net operating income payable to the Consolidated Fund	5	<u>2,861,937</u>	<u>2,739,170</u>

7. Consolidated Staff Numbers and Related Costs

a) Staff costs comprise:

		2007-08 £000					2007-08 £000
	Total	Permanently employed staff	Inward Secondees	Temporary Staff	Ministers	Special Advisers	Total
Wages and Salaries	23,978	21,203	292	2,227	161	95	22,842
Social Security Costs	1,828	1,784	21	-	15	8	1,774
Other pension costs	4,283	4,225	38	-	-	20	4,126
Total net costs	30,089	27,212	351	2,227	176	123	28,742

Of which:

Core department	26,040	23,163	351	2,227	176	123	24,860
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This consolidated note includes DCMS staff costs of £26,040k shown in Administration Costs and The Royal Parks staff costs of £4,049k shown in Programme Costs.

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme. The Department is unable to identify its share of the underlying assets and liabilities. The Scheme Actuary (Hewitt Associates) valued the scheme as at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

For 2007-08, employers' contributions of £4,802k were payable to the PCSPS (£4,058k in 2006-07) at one of four rates in the range 17.1% to 25.5 % of pensionable pay, based on salary bands (the rates in 2006-07 were between 17.1% to 25.5 %). The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. From 2008-09, the salary bands will be revised but the rates will remain the same. (The rates will be changing with effect from April 2009) .

The contribution rates are set to meet the cost of the benefits accruing during 2007-08 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 £36k (£27k in 2006-07) were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay.

In addition, employer contributions of £6k, 0.8 per cent (£2k, 0.8 per cent in 2006-07) 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 at the balance sheet date were nil by the core Department and £1k by The Royal Parks.

Contributions prepaid at the balance sheet date were nil.

There were seven early retirements in 2007-08 (five early retirements in 2006-07).

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

Objective	Total	Permanently employed staff	Inward Secondees	Temporary Staff	Ministers	2007-08	2006-07
						Special Advisers	Total
Objective 1	71.5	67.1	0.7	3.1	0.4	0.2	111.9
Objective 2	386.6	363.1	3.9	16.2	2.0	1.3	390.9
Objective 3	40.0	37.3	0.5	1.6	0.4	0.2	61.2
Objective 4	41.6	38.7	0.5	1.7	0.4	0.3	54.6
Objective 5	76.9	72.8	1.0	3.1	0.1	0.0	35.6
Total	616.60	579.0	6.6	25.7	3.3	2.0	654.2

The total average number of staff includes 99 staff employed by The Royal Parks (101 in 2006-07), of which 6 are senior managers, who have all been allocated to Objectives 1 and 2. The figure of 99 TRP staff is the average number of staff employed in the year.

8. Other Administration Costs

	2007-08	2006-07
	£000	£000
Rentals under operating leases	6,517	6,466
Interest charges	-	3
<i>Non cash items:</i>		
Depreciation & Amortisation	3,115	2,364
Auditors remuneration and expenses	84	80
Auditors remuneration for Whole of Government Accounts	27	-
Cost of Capital Charge	2,447	972
(Profit)/Loss on disposal of fixed assets	(140)	3
Provisions	452	-
Early retirement costs	603	704
<i>Other Expenditure:</i>		
Building services	5,463	5,721
IT maintenance and support	3,245	3,121
Consultancy	1,163	886
Professional services	2,695	3,002
Other	4,000	4,409
	29,671	27,731

The audit fee is notional; no payment is made in respect of audit costs. There is an additional fee of £27k in respect of Whole of Government Accounts. No payment is made to the auditors for non-audit work.

The administration expenditure of The Royal Parks Agency is part of the consolidated programme costs (note 9).

9. Programme costs

	2007-08 £000	2006-07 £000
RfR 1 Programme costs		
Current grants and other current expenditure	1,787,768	1,591,654
Capital grants and other capital expenditure	18,942	21,938
Provision for pension contributions	291	–
Early retirement costs – TRP	45	421
Provision for pension contributions – TRP	298	400
<i>Non-Cash Items – DCMS:</i>		
Depreciation	5,653	3,756
Cost of Capital Charge	–	298
(Profit)/Loss on disposal of fixed assets	1,201	–
<i>Non-Cash Items – TRP:</i>		
Depreciation & Amortisation	2,305	1,923
Notional income (transfer from donated asset reserve)	(59)	
Auditors remuneration and expenses	37	40
Cost of Capital Charge	1,504	1,377
(Profit)/Loss on disposal of TRP fixed assets	282	6
	<u>1,818,267</u>	<u>1,621,813</u>
RfR 2 Programme costs	<u>2,856,110</u>	<u>2,739,006</u>
	<u>4,674,377</u>	<u>4,360,819</u>

10. Income

Operating Income analysed by classification and activity, is as follows

	2007-08		2006-07	
	Appropriated in Aid £000	Payable to Consolidated Fund £000	Total £000	Total £000
Request for Resources 1				
Administrative income:				
Rental income from external tenants	655	–	655	482
National Lottery Distribution Fund (NLDF) – recovery of the Department's costs in administering the fund	294	–	294	295
EU Refunds	7	–	7	9
Receipts for dilapidations		–	–	235
Rate rebates		–	–	478
Legal fee recovered	60	–	60	–
Miscellaneous	269	–	269	21
Total RfR1 Administrative Income	1,285	–	1,285	1,520
RfR1 Programme income:				
NLDF – Reimbursement of Grant-in-Aid to the National Lottery Commission for lottery regulation.	9,315	–	9,315	8,700
Fee income receivable from the Gambling Commission	1,177	–	1,177	2,394
Receipts by the Government Art Collection from sale of prints, hire of transparencies, copyright fees etc.	4	–	4	6
Grant recoveries	18	–	18	258
OLDF – Reimbursement of Grant-in-Aid to the National Lottery Commission for lottery regulation.	1,026	–	1,026	127
The Royal Parks: income from concessionaires, fees and charges, grants and sponsorship	10,925	–	10,925	9,328
The Royal Parks: services	217	–	217	57
Live Shakespeare project	1,493	–	1,493	–
British Library Tour	35	–	35	–
Fees for licences issued by the Football Licensing Authority	–	9	9	10
EU Refunds	–	–	–	280
Contributions to costs of Participation Survey	–	–	–	680
Rent for Somerset House	–	–	–	120
English Heritage	80	–	80	–
Sport England	600	–	600	–
Recovery of Youth Music costs	1,000	–	1,000	–
Recovery of Olympic costs	364	–	364	1,429
Miscellaneous	82	26	108	58
Total RfR1 Programme Income	26,336	35	26,371	23,447
Excess A-in-A – core department	–	–	–	–
Total RfR1 Administrative and Programme Income	27,621	35	27,656	24,967
Request for Resources 2				
RfR2 – BBC Licence fees received	–	2,859,002	2,859,002	2,739,160
– receivable	–	2,900	2,900	–
Total Income	27,621	2,861,937	2,889,558	2,764,127

BBC

Under section 365 of the Communications Act 2003, the BBC is responsible for receiving television licence fees and for their recovery. In 2007-08 an estimated £181.9m million of licence fee revenue (compared with a re-adjusted figure of £171.4 million for 2006-07) remained uncollected because of licence fee evasion. The increase reflects a combination of an increase in the licence fee (up from £131.50 in 2006-07 to £135.50 in 2007-08), an increase in the evasion rate (up from a re-adjusted figure of 5.0% as at March 2007 to 5.1% as at March 2008) and an increase in the number 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.

Non-operating income appropriated in aid.

The department received sale proceeds of £14k for the sale of fixed assets (£472k in 2006-07).

11. Analysis of net operating cost by spending body

	Estimate £000	2007-08 Outturn £000	2006-07 Outturn £000
Spending body:			
Core department	74,542	49,489	53,183
The Royal Parks Agency	19,992	29,805	19,628
Non-departmental public bodies	1,766,451	1,710,130	1,482,582
Other central government	19,986	27,440	18,322
Local authorities	4,223	3,924	54,873
Other bodies	33,932	29,583	24,731
Net Operating Cost – RfR 1	1,919,126	1,850,371	1,653,319
BBC – for Home Broadcasting	2,856,110	2,856,110	2,739,006
BBC licence fees received	(2,856,300)	(2,859,002)	(2,739,160)
– receivable	–	(2,900)	–
Net Operating Cost – RfR 2	(190)	(5,792)	(154)
Net Operating Cost – DCMS	1,918,936	1,844,579	1,653,165

12. Tangible Fixed Assets**i) Core Department**

	Land & Buildings £000	Equipment & Computers £000	Fixtures & Fittings £000	Collections £000	Total £000
Cost and Valuation					
at 1 April 2007	36,546	22,610	3,634	1,409	64,199
Additions	1,234	2,655	945	323	5,157
Donated assets	–	–	–	4,046	4,046
Disposals	(27,124)	(12,711)	(124)	–	(39,959)
At 31 March 2008	10,656	12,554	4,455	5,778	33,443
Depreciation					
At 1 April 2007	2,019	10,737	2,758	–	15,514
Charged in year	524	7,925	228	–	8,677
Disposals	(342)	(11,404)	(124)	–	(11,870)
At 31 March 2008	2,201	7,258	2,862	–	12,321
NBV					
At 31 March 2008	8,455	5,296	1,593	5,778	21,122
At 31 March 2007	34,527	11,873	876	1,409	48,685

ii) Consolidated

	Land & Buildings £000	Dwellings £000	Equipment & Computers £000	Fixtures & Fittings £000	Collections £000	Assets under Construction £000	Total £000
Cost and Valuation							
at 1 April 2007	111,769	6,135	22,983	9,979	1,409	354	152,629
Additions	1,354	–	2,799	1,032	323	185	5,693
Donated assets	–	–	–	–	4,046	–	4,046
Disposals	(27,454)	–	(12,878)	(2,169)	–	–	(42,501)
Transfers from assets under construction	–	–	355	–	–	(355)	–
Revaluation	4,890	(654)	(4)	4	–	–	4,236
At 31 March 2008	90,559	5,481	13,255	8,846	5,778	184	124,103
Depreciation							
At 1 April 2007	36,217	2,129	11,054	7,266	–	–	56,666
Charged in year	2,385	129	7,983	486	–	–	10,983
Disposals	(626)	–	(11,568)	(1,914)	–	–	(14,108)
Revaluations	3,770	(1,953)	(26)	26	–	–	1,817
At 31 March 2008	41,746	305	7,443	5,864	–	–	55,358
NBV							
At 31 March 2008	48,813	5,176	5,812	2,982	5,778	184	68,745
At 31 March 2007	75,552	4,006	11,929	2,713	1,409	354	95,963

Asset financing:	£000
Owned	68,745
Finance Leased	–
Net book value at 31 March 2008	68,745

Analysis of tangible fixed assets

The net book value of tangible fixed assets comprises:	£000
Core department 2008	21,122
Agencies 2008	47,623
Core department 2007	48,685
Agencies 2007	47,278

Notes**Modified Historic Cost Accounting**

Modified Historic Cost Accounting has not been used in the accounts of the core Department because, in the opinion of the Accounting Officer, the effect would be immaterial.

Additions to Donated assets

Queen Anne Silver has been transferred from the Privy Council Office at its value of £4,046k in the books of the Privy Council.

Land to the north of the British Library

A portion of this land valued at £4.98m was swapped for a portion of land of the same value owned by the British Library on 28 March. At the year end the whole of the land was being held for resale at a revaluation of £85m from £26.6m. See note 16. This land has been transferred from the fixed asset account to an asset held for sale account. The sale was completed on 13 June.

Revaluations

The figure of £4.24 m for revaluations includes a revaluation of TRP assets of £5.09m. The reduction in the revaluation account is caused by the transfer of the land to the north to the asset held for sale account.

Windsor properties

The freeholds of four properties in Windsor are held in the name of the Secretary of State.

The net book value of land and buildings comprises:

	2007-08	2006-07
	£000	£000
Freehold	46,903	73,642
Leasehold – short	1,910	1,910
	48,813	75,552

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 31st March 2000 are not capitalised, purchase price information will normally provide a reliable basis for capitalisations.

Other non-operational Heritage Assets are:

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

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

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

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

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

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 these institutions holds a share in this property, which was professionally valued by Chesterton plc International Property Consultants at £21.8 million as at 31 March 2004. The combined valuation of Blythe House in the balance sheets of the three museums, including mechanical and electrical installations for their own fit-out purposes, is £23.6 million as at 31 March 2008. In accordance with Financial Reporting Standard (FRS5) 'Reporting the Substance of Transactions', the share is disclosed in each of the balance sheets of the three occupying museums.

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.

Apethorpe Hall

Apethorpe Hall was bought by the Secretary of State under a compulsory purchase order and transferred to English Heritage during 2006-07.

The Royal Parks

Land and buildings are valued in accordance with the accounting policy described at Note 1.4. Mills & Wood, Surveyors and Valuers undertook the professional valuation of property for 2007-08.

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.

Freehold buildings with an opening valuation of £2,265k, in year revaluation of £228k, opening depreciation of £1,513k, in year depreciation of £23k, and revaluation depreciation of £225k are included in the above table. The net book value of these buildings was £752k at 31 March 2007 and £731k at 31 March 2008.

The Royal Parks has a 99-year lease on Pembroke Lodge in Richmond Park of which 83 years remained unexpired at 31 March 2008. The property is included in land and buildings at a value of £3,712k.

13. Intangible Fixed Assets

	Software licences £000
Cost and Valuation	
at 1 April 2007	1,675
Additions	21
Disposals	(49)
At 31 March 2008	<u>1,647</u>
Amortisation	
At 1 April 2007	1,524
Charged in year	90
Disposals	(37)
At 31 March 2008	<u>1,577</u>
Net Book Value	
At 31 March 2008	<u>70</u>
At 31 March 2007	<u>151</u>

Analysis of intangible fixed assets

	Software licences £000
The net book value of intangible fixed assets comprises:	
Core department 2008	70
Agencies 2008	–
Core department 2007	151
Agencies 2007	–

14. Investments

The Department has no fixed asset investments with a carrying value.

The bid for the 2012 Olympic and Paralympic Games was undertaken as a joint venture between the Secretary of State, the Mayor of London and the British Olympic Association.

Under the terms of the joint venture agreement, the company limited by guarantee formed as the vehicle for the successful Olympic bid, London 2012 Ltd, has ceased operations. London 2012 Ltd's intellectual property and its operational assets have been transferred to the London Organising Committee for the Olympic Games (LOCOG), a separate company limited by guarantee, which carries on its business under the name London 2012.

The Secretary of State is one of the members of LOCOG, his functions are exercised concurrently by the Minister for the Olympics. The other members of the company are the Greater London Authority (GLA) and the British Olympic Association. Further information about the 2012 Olympic and Paralympic Games can be found in the London 2012 web-site www.london2012.com.

15. Long Term debtors

	2007-08	2006-07
	£000	£000
Proceeds due on surrender of lease of Fortress House	2,000	2,000

In 2005-06 the Department recognised a total of £12million income arising from the surrender of the Government's civil estate lease on Fortress House. This is being paid in stages until 2009-10 as the landlord's redevelopment of the site proceeds.

16. Asset held for sale

	2007-08	2006-07
	£000	£000
Land to the north of the British Library	85,000	–

The land has been transferred from fixed assets, see note 12, and revalued to its sale value. The sale was completed on 13 June 2008. The Department will keep £40,000k with the remainder going to the Treasury.

17. Stock

	2007-08	2006-07
	£000	£000
Goods for resale (the Royal Parks)	27	17

18. Debtors**(a) Analysis by type**

	2007-08 £000	2006-07 £000
Amounts falling due within one year:		
Trade debtors	1,992	2,412
Deposits and advances	176	174
VAT	1,750	2,567
Amounts due from the consolidated fund in respect of supply	217	–
Other debtors	5,355	5,538
Pre-payments and accrued income	2,658	2,196
	12,148	12,887

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. Included in other debtors is an amount of £2,900k BBC licence fees cash that will be due to the Consolidated Fund once the debts are collected (2006-07 other debtors included £1,094k balance with the BBC).

18(b) Intra-Government Balances

	Debtors: amounts falling due within one year £000	Debtors: amounts falling due after more than one year £000
Balances with other central government bodies	4,562	–
Balances with local authorities	314	–
Balances with NHS Trusts	–	–
Balances with public corporations and trading funds	2,900	–
<i>Subtotal: Intra-government balances</i>	7,776	–
Balances with bodies external to government	4,372	2,000
At 31 March 2008	12,148	2,000
Balances with other central government bodies	3,769	–
Balances with local authorities	139	–
Balances with NHS Trusts	–	–
Balances with public corporations and trading funds	–	–
<i>Subtotal: Intra-government balances</i>	3,908	–
Balances with bodies external to government	8,979	2,000
At 31 March 2007	12,887	2,000

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 20(b).

19. Cash at Bank and in Hand

	2007-08 £000	2006-07 £000
Balances as at 1 April	32,613	17,099
Net Cash (outflow)/Inflow:	1,409	15,514
Balances at 31 March	34,022	32,613

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

	2007-08 £000	2006-07 £000
Balances at OPG	34,039	32,475
Overdraft at OPG	(12)	-
Commercial banks and cash in hand	(5)	138
	34,022	32,613

20. Creditors amounts falling due within one year**20(a) Analysis by type**

	2007-08 £000	2006-07 £000
Tax and social security	521	573
Trade creditors	2,377	4,853
Other creditors	547	881
Accruals and deferred income	14,260	6,781
Contingencies Fund advance	-	-
Amounts issued from the Consolidated Fund for supply but not spent at year end	-	20,466
Consolidated Fund extra receipts due to be paid to the Consolidated Fund		
- received	31,351	12,146
- receivable	2,900	-
Excess AinA due to Consolidated Fund	-	3,312
Total of amounts due to the Consolidated Fund	34,251	35,924
	51,956	49,012

The amount of £2,900k (2006-07 – nil) relates to the BBC licence fees receivable. These will be due to the Consolidated Fund when received.

(b) Intra-Government Balances

	Creditors: amounts falling due within one year £000	Creditors: amounts falling due after more than one year £000
Balances with other central government bodies	36,092	–
Balances with local authorities	344	–
Balances with NHS Trusts	–	–
Balances with public corporations and trading funds	–	–
<i>Subtotal: Intra-government balances</i>	<u>36,436</u>	–
Balances with bodies external to government	15,520	–
At 31 March 2008	<u>51,956</u>	–
Balances with other central government bodies	38,141	–
Balances with local authorities	143	–
Balances with NHS Trusts	–	–
Balances with public corporations and trading funds – prior year adjustment	–	–
<i>Subtotal: Intra-government balances</i>	<u>38,284</u>	–
Balances with bodies external to government	10,728	–
At 31 March 2007	<u>49,012</u>	–

21. Provisions for liabilities and charges

	Early departure costs £000	Other £000	Total £000
Balance at 1 April 2007	1,184	1,218	2,402
Provided in the year	993	592	1,585
Provisions not required written back	(5)	–	(5)
Provisions utilised in the year	(871)	(896)	(1,767)
Balance at 31 March 2008	<u>1,301</u>	<u>914</u>	<u>2,215</u>

21.1 Early departure costs

The Department 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 PCSPS over the period between early departure and normal retirement date. The Department provides for this in full when the early retirement programme becomes binding by establishing a provision for the estimated payments.

21.2 Other

There is also a provision in the Royal Parks accounts for compensation claims of £256k.

A provision of £658k has been made for dilapidations on Grove House and Oceanic House.

22. General Fund

The General Fund represents the total assets less liabilities of each of the entities within the accounting boundary, to the extent that the total is not represented by other reserves and financing items.

	2007-08	2006-07
	£000	£000
Balance at 1 April	46,369	43,806
Net Parliamentary Funding:-		
Drawn Down	4,673,000	4,411,700
Deemed	20,466	–
Net financing from the Contingencies Fund	–	–
Year end adjustments:-		
Supply Debtor /(Creditor)– current year	217	(20,466)
Net Transfer from Operating Activities:		
Net Operating Cost	(1,844,579)	(1,653,165)
CFERS repayable to Consolidated Fund – received	(2,859,037)	(2,739,170)
– receivable	(2,900)	–
Non Cash Charges:		
Cost of Capital	3,951	2,647
Consolidation – rounding adjustment	–	2
Auditors' remuneration	148	120
Transfer from Revaluation Reserve	1,134	895
Balance at 31 March	<u>38,769</u>	<u>46,369</u>

23. Reserves**23(a) Revaluation Reserve**

The revaluation reserve reflects the unrealised element of the cumulative balance of indexation and revaluation adjustments (excluding donated assets).

	2007-08	2006-07
	£000	£000
Balance at 1 April	43,234	38,252
Arising on revaluation during the year	60,371	5,877
Transferred to General Reserve	(1,134)	(895)
Balance at 31 March	<u>102,471</u>	<u>43,234</u>

23(b) Donated Asset Reserve

The donated asset reserve reflects the net book value of assets donated to the department or its agencies.

	2007-08	2006-07
	£000	£000
Balance at 1 April	2,614	2,669
Additions in year	4,046	–
Depreciation charged in year	(59)	(55)
Balance at 31 March	<u>6,601</u>	<u>2,614</u>

24. Notes to the Consolidated Cash Flow Statement**24(a) Reconciliation of operating cost to operating cash flows**

	Note	2007-08 £000	£000	2006-07 £000	£000
Net operating cost	11		(1,844,579)		(1,653,165)
Adjustments for non-cash transactions: –	8, 9				
Depreciation		11,073		8,043	
Audit fee		121		120	
Whole Govt Accounts audit		27		-	
Cost of capital		3,951		2,647	
(Profit)/Loss on disposal		1,343		17	
Transfer to asset held for sale		85,000		-	
Donated asset		4,046		-	
Notional income		(59)		(55)	
Rounding adjustment		(1)		-	
			105,501		10,772
Movement in working capital other than cash:–					
Decrease / (Increase) in debtors over 1 year		-		3,500	
(Increase)/decrease in asset held for sale		(85,000)		908	
Increase in Stock		(10)		(6)	
(Increase)/decrease in Debtors		956		1,414	
Movements in debtors relating to items not passing through the OCS		(217)		-	
(Decrease)/ Increase in Creditors		4,617		(1,363)	
Movement in creditor due to Consolidated Fund		18,793		(20,235)	
Movements in creditors relating to items not passing through the OCS		(20,466)		-	
Contingency fund to 24(d)		-		-	
Movement in items not in OCS		1,890		-	
(Decrease) / Increase in provisions	21	(187)		(1,331)	
			(79,624)		(17,113)
Net cash outflow from operating activities			(1,818,702)		(1,659,506)

24(b) Analysis of capital expenditure and financial investment

	Note	2007-08 £000	2006-07 £000
Tangible fixed asset additions	12	(5,693)	(13,215)
Donated assets		(4,046)	-
		(9,739)	(13,215)
Intangible fixed asset additions	13	(21)	(46)
Proceeds of disposal of fixed assets		14	472
Net cash outflow from investing activities		(9,746)	(12,789)

24(c) Analysis of capital expenditure and financial investment by Request for Resources

	Capital expenditure £000	Loans etc £000	A in A £000	Net total £000
Request for resources 1	(9,760)	–	14	(9,746)
Request for resources 2	–	–	–	–
Net movement in debtors/creditors	–	–	–	–
Total 2007-08	(9,760)	–	14	(9,746)
Total 2006-07	(13,261)	–	472	(12,789)

24(d) Analysis of financing

	2007-08 £000	2006-07 £000
From the Consolidated Fund (Supply) – current year	4,673,000	4,411,700
From the Consolidated Fund (Supply) – prior year	–	3,133
From the Consolidated Fund (non-Supply)	–	–
Advances from the Contingencies Fund	–	33
Repayments to the Contingencies Fund	–	(33)
Net financing	4,673,000	4,414,833

24(e) Reconciliation of Net Cash Requirement to increase/(decrease) in cash

	Note	2007-08 £000	2006-07 £000
Net cash requirement		(4,693,683)	(4,391,234)
From the Consolidated Fund (Supply) – current year	24(d)	4,673,000	4,411,700
From the Consolidated Fund (Supply) – prior year	24(d)	–	3,133
Amounts due to the Consolidated Fund – received in a prior year and paid over	20	(12,146)	(20,235)
Amounts due to the Consolidated Fund – received	20	31,351	12,146
Amounts due to the Consolidated Fund – receivable	20	2,900	–
Consolidation adjustment		(13)	4
Increase/(Decrease) in cash		1,409	15,514

25. Notes to the Consolidated Statement of Operating Costs by Departmental Aim and Objectives

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

	2007-08 £000	2006-07 £000
Objective 1	181,398	180,331
Objective 2	1,081,856	1,005,673
Objective 3	140,131	178,610
Objective 4	145,460	157,432
Objective 5	273,471	103,649
RFR1 Total	1,822,316	1,625,695
RFR2 Total	2,856,110	2,739,006
Total	4,678,426	4,364,701

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

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

DCMS sponsor divisions were required to attribute their programme expenditure by objective.

Capital Employed by Departmental Aim and Objectives at 31 March 2008

	2007-08 £000	2006-07 £000
Objective 1	14,716	17,623
Objective 2	87,769	64,030
Objective 3	11,369	4,292
Objective 4	11,801	3,783
Objective 5	22,186	2,489
	147,841	92,217

The majority of DCMS's capital is employed for administration purposes, with the exception of the capital employed by The Royal Parks, which is used for the delivery of Objectives 1 and 2. Capital employed by The Royal Parks has therefore been allocated to Objectives 1 and 2, and the remainder of the DCMS's capital employed has been allocated in proportion to gross administration cost.

26. Capital commitments

	2007-08 £000	2006-07 £000
Contracted capital commitments at the balance sheet date for which no provision has been made:		
DCMS	247	1,729
TRP	2,210	548
	2,457	2,277

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

Commitments under operating leases to pay rentals during the year following the year of these accounts are given in the table below, analysed according to the period in which the lease expires.

	2007-08 £000	2006-07 £000
Obligations under operating leases comprise:		
Land and buildings:		
Expiry within 1 year	–	–
Expiry after 1 year but not more than 5 years	580	–
Expiry thereafter	5,871	6,451
	6,451	6,451
Other:		
Expiry within one year	–	63
Expiry after 1 year but not more than 5 years	314	82
Expiry thereafter	57	121
	371	266

27.2 Finance leases

The Department has no material finance leases.

28. Commitments under PFI contracts

The DCMS has no material commitments to report.

29. Other financial commitments

DCMS has a non capital commitment of £14.6m in respect of the purchase of the D'Offay collection by the Tate gallery and the National Galleries of Scotland.

30. Financial Instruments

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

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

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

The Department has no finance leases or loans. It holds no cash balances other than balances held in the OPG account, 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.

31. Contingent Assets

At 31 March 2006 a contingent asset was disclosed relating to London 2012 Ltd. As stated in Note 35 below, London 2012 Ltd is in liquidation. An amount of £133k could be repayable to the department subject to the results of the liquidation, which is expected to be completed in the financial year 2008-09.

32. Contingent liabilities disclosed under FRS 12

The Royal Parks

The Royal Parks has a number of outstanding claims for compensation for personal injury. A provision has been made where there is likely to be a settlement; no provision has been made where the outcomes are uncertain.

33. Contingent liabilities not required to be disclosed under FRS 12 but included for parliamentary reporting and accountability purposes

33.1 Quantifiable

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

	1 April 2007	Increase in year	Liabilities crystallised in year	Obligation expired in year	31 March 2008	Amount reported to Parliament Departmental Minute
	£m	£m	£m	£m	£m	£m
Guarantees						
Borrowing facility for Historic Royal Palaces	4.0	–	–	–	4.0	N/A
Indemnities						
Government Indemnity Scheme	3,168.5	971.0	–	–	4,139.5	4,139.5
Artworks on loan to the Government Art Collection	2.5	–	–	–	2.5	2.5
Artworks on loan from the Royal Collection	294.3	–	–	85.7	208.6	208.6
Totals	3,469.3	971.0	–	85.7	4,354.6	4,350.6

The Department reported £4,354.6m of contingent liabilities as at 31 March 2008 (£3,469.3m at 31 March 2007) in its annual return to HM Treasury relating to the bodies it sponsors. This included: statutory liabilities under the Government Indemnity Scheme of £4,139.5m (£3,168.5m 31 March 2007) 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 £208.6m (£294.3m at 31 March 2007); £2.5m for items on loan to the Government Art Collection (£2.5m at 31 March 2007). 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.

33.2 Unquantifiable

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

Non-statutory

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

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

Olympics

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 the London Organising Committee of the Olympic and Paralympic Games. The Government has put in place a public sector funding package of £9.3 billion. This includes contingency provision of over £2 billion. The Government has said that it expects to remain within the £9.3 billion public sector funding package.

Digital Switchover

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

Schedule 1, para 2 states : In the event 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.

34. Losses and special payments

	2007-08 £000	2006-07 £000
Total of 10 cases (8 in 2006-07)	317	268

Details

No case exceeded £250k in 2007-08.

35. Related-party transactions

The Department for Culture, Media and Sport is the parent Department of The Royal Parks. In addition it sponsors the institutions set out in Note 2, 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

A non-executive director, Liz Forgan, is also a board member of the National Heritage Memorial Fund and the Heritage Lottery Fund.

During the year the Department had no material transactions with the following self financing Public Broadcasting Authority 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
England Marketing Advisory Board (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 The Royal Parks (TRP) to support the work of TRP, 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 is now in liquidation.

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

The Minister for the Olympics, London and the Paymaster General, is Tessa Jowell. She has responsibility for the overall delivery of the Olympic Programme. She is a member of the Olympic Board and appoints the Board members for the ODA and a Board member for LOCOG.

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

36. Third-party assets

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

37. 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.

38. Post balance sheet events

Up to the date the financial statements were approved for issue to Parliament, which was 14 July 2008, the following notable events have occurred:

The sale of the land to the north of the British Library was completed on 13th June.



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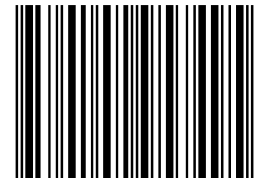
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