

# **Department for Culture, Media and Sport Resource Accounts 2006-07**

**(For the year ended 31 March 2007)**

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## ANNUAL REPORT

### MANAGEMENT COMMENTARY 2006-07

#### 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.

The Department has lead Government responsibility for the arts, sport, the National Lottery, tourism, libraries, museums and galleries, broadcasting, creative industries including film and architecture, press freedom and regulation, licensing, gambling, the historic environment, the listing of historic buildings and scheduling of ancient monuments, the export licensing of cultural goods, the management of the Government Art Collection and the Royal Parks. We are the lead government department for the preparations for the 2012 London Olympics and Paralympics and the Secretary of State, Tessa Jowell, was Minister for the Olympics for 2006-07.

Detailed information on all the Department's activities and achievements, as well as expenditure plans to 2007-08 and reports from the Secretary of State and the Permanent Secretary, are available in the Department's 2007 Annual Report. This can be viewed on the DCMS website ([www.culture.gov.uk](http://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.royalparcs.gov.uk](http://www.royalparcs.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. This covers the funds allocated to the BBC from the licence fee receipts collected by the TV Licensing Authority. |

## FINANCIAL COMMENTARY

The Department underspent its total Estimate by £90m (2%) in terms of its Total Resources (£91m in 2005-06) and its Net Cash Requirement by £104m (£85m underspend in 2005-06). This aggregated underspend on Total Resources consisted of an underspend on the Department's Request for Resources (RfR) 1 of £69m and an underspend of £21m on its Request for Resources (RfR) 2 (BBC) programme expenditure. The RfR 1 underspend itself consisted of an underspend of £67m on DCMS programme costs, and a £2m underspend on administration costs (staff and other costs incurred in the running of the Department).

A detailed analysis of the net underspend can be found at Note 2 of the accounts. The RfR1 programme underspend is attributable to slippage in our capital programme and additional self generated income leading to reduced cash flow requirements in three main sectors. Projects such as the "Additional Storage Project-Boston Spa" at the British Library, the "Gallery Refurbishment Programme" at the British Museum, the "Time and Space Project" at the National Maritime Museum, the "Darwin Phase 2 Project" at the Natural History Museum, the "International Slavery Museum" at the National Museum Liverpool and the "Airspace at Duxford Project" at the Imperial War Museum all contributed underspends.

In addition, Sport England had a total underspend of £17m relating to both the Community Club Development Fund Project, which was caused by delays in prior years, and the National Sports Foundation where delays were incurred in establishing the project. The final large underspend related to the Olympic Delivery Authority which had a £14m underspend. Additional explanatory narrative on the Olympics can be found on page 10.

These savings were partially offset by a number of over spends in a variety of sectors. Culture On-Line overspent by £4m, due to depreciation and cost of capital charges incurred without Estimate cover. HM Treasury has given approval for Virement of the underspend to meet these costs.

Sports projects were overspent due to a slippage from prior years but overall project budgets were not breached.

Administration costs were £2m underspent, made up of a combination of cash and non cash costs. The cash underspend was caused by the under-utilisation of budgetary cover drawn down in the Winter Supplementary Estimates to cover an anticipated increase in administration costs relating to the Olympics. The non-cash underspend followed agreement to defer depreciation of the capitalised Cockspur Street refurbishment programme.

The net administration costs increased by £4m compared with 2005-06. This was due to a combination of a reduction in income of £1m relating to office space rentals to tenants and the full year consequences of additional costs relating to the Government Olympic Executive.

The balance sheet shows a similar level of taxpayers' equity to last year: £92m compared with £85m in 2005-06. Within that figure, fixed assets have increased by £11m due to £8m revaluations of land and buildings and the Cockspur Street project (see note 13). The decrease in long term debtors is due to stage payments following the surrender of a lease in 2005-06 (note 15). The level of cash held at the year-end has increased by £16m. Short term creditors have increased by £11m largely due to Consolidated Fund extra receipts. The DCMS nonetheless had sufficient funding to meet all of its short-term liabilities.

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

	2006-07
	£000
<b>Net Resource Outturn (Estimates)</b>	<b>4,392,335</b>
<i>Adjustments to remove:</i>	
Provision voted for earlier years	–
<i>Adjustments to additionally include:</i>	
Non-voted expenditure in the OCS	–
Consolidated Fund Extra Receipts in the OCS	(2,739,170)
Other adjustments	–
<b>Net Operating Cost (Accounts)</b>	<b>1,653,165</b>
<i>Adjustments to remove:</i>	
Capital grants to local authorities	(10,458)
Capital grants financed from the Capital Modernisation Fund	–
European Union income and related adjustments	–
Voted expenditure outside the budget	(2,739,006)
<i>Adjustments to additionally include:</i>	
Other Consolidated Fund Extra Receipts	2,739,160
Resource consumption of non departmental public bodies	2,592,173
Unallocated resource provision	–
Other adjustments	728,925
<b>Resource Budget Outturn (Budget)</b>	<b>4,963,959</b>
<i>of which</i>	
Departmental Expenditure Limits (DEL)	1,517,329
Annually Managed Expenditure (AME)	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](http://www.culture.gov.uk)).

### Investment

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

## OPERATING 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 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](http://www.culture.gov.uk)).

### **Strategy**

The strategy group, chaired by the Permanent Secretary, to advise on the long term strategic challenges facing the Department has been subsumed into the work of the DCMS Board.

A small 'Think Tank', established in our Strategy Division in 2005 has strengthened our strategic capacity to think about the long-term, cross-cutting challenges we face. We have also hosted several seminars led by academics and leading thinkers to discuss their work on our sectors.

The national household survey, *Taking Part*, was launched in 2005 in partnership with our strategic NDPBs: Arts Council England, English Heritage, Museums, Libraries and Archives Council and Sport England. It will shortly be entering its third year of data collection. The annual report was published on 10 May 2007. This report sets out for the first time the range of engagement in DCMS sectors in one comprehensive document. This information along with the longer-term set of outputs from the survey will help the Department and its partner bodies to better understand those who do, and do not, engage with its sectors.

We continue to develop evidence based policy training to strengthen these skills within the Department.

### **Change Management**

DCMS was one of five departments involved in the third tranche of Capability Reviews. This was an independent assessment by a team of senior individuals from central and local government and the private sector of the future capabilities needed for central government departments to play their part in enabling the UK to meet future challenges. The review involved a wide-ranging engagement with Ministers, DCMS staff, other government departments, and key stakeholders. The review highlighted five key 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
5. build research capability based on strategic outcomes

The report was published on 27 March 2007. Concurrently, DCMS published its Transformation Plan, a change programme designed to address the 5Cs test identified by the Permanent Secretary, Jonathan Stephens – clarity, capability, challenge, collaboration and credibility – and which draws on the findings of the Capability Review.



## ***Transforming DCMS***

The Transforming DCMS Programme has been created to deliver the vision contained in the plan. Key outcomes, to be delivered by mid-2008, are that:

- we understand clearly how we add value
- DCMS's leadership is decisive, corporate and visible
- relationships with our NDPBs are based on strategic collaboration
- staff are fully engaged in the transformation
- we have reorganised the department to focus on where we add value and to support the new relationship with NDPBs
- we have improved how we recruit and allocate staff, and how we manage their development
- DCMS is developing excellent capability in evidence and research

A Programme Board has been established, with Jonathan Stephens, Permanent Secretary, as the Senior Responsible Owner. The Board has two external members and held its first meeting in April 2007.

## ***Helping NDPBs to improve performance***

The initiatives we are undertaking to encourage continuous improvement include the following:

- we have worked with a group of NDPB Chairs to produce an action plan for improved governance, which was presented to the annual Chairs' Forum in May 2007;
- the Secretary of State has commissioned from all Chairs five-year plans for more diverse Board membership, to help ensure that NDPBs are as responsive as possible to the communities they serve;
- as part of the follow-up to the Department's Capability Review, we are working with NDPBs to develop a more effective, strategic and risk-based relationship with them and an improved performance management framework;
- we have completed a peer review of English Heritage, leading to a joint action plan, and a further peer review of a major NDPB will be carried out this year.

## ***PSA Delivery***

Strategy Division uses the Prime Minister's Delivery Unit (PMDU) traffic light assessment framework for monitoring progress and identifying barriers to performance in delivering our 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 2007 as part of the six-monthly self-assessment reports to HMT. Progress against our SR2004 PSA targets was ahead for one target, on course 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 2006 and the Department's 2007 Annual Report. Both documents are available on the DCMS website ([www.culture.gov.uk](http://www.culture.gov.uk)).

### ***Efficiency Programme***

The Efficiency Review was announced by the Chancellor in 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. The Department's Efficiency Programme aims to deliver this target.

Our overall target is to realise total annual efficiency gains of £262m by 2007-08, at least half of which will be cashable. The more cashable savings are made, the more money can be recycled to fund services. Of the £262m, £116m is to be found from the Department and its delivery agents and £146m from Local Authority Cultural and Leisure Services. We also have a target to reduce our headcount by 27 full time equivalents (FTE) and relocate 600 people from our NDPBs out of London and the South East. Since the headcount target was set, we have increased our baseline figure with HMT's agreement by 51 FTE to accommodate additional work related to the 2012 Olympic and Paralympic Games.

As at 31 March 2007, NDPBs and the Department have made £130.7 million in efficiency gains, thus exceeding this part of the target one year early.

To support the NDPBs, the procurement project will deliver greater efficiency in procurement through cooperation and collaboration with DCMS sponsored bodies. It will foster the use of best practice and e-procurement across the wider DCMS and achieve value for money by sound procurement and by using purchasing power to shape and influence the market. The project is taking forward the recommendations from the NAO report on procurement in our sectors.

The relocation project has plans for over 900 posts to be moved from London and the South East by 2010. Relocation plans announced so far are for 560 posts from the Big Lottery Fund and the Gambling Commission by the end of 2007. It is planned that 300 posts in the Big Lottery Fund will be relocated to Birmingham and Newcastle, and 260 posts in the Gambling Commission have been relocated to Birmingham. 517 posts had been relocated at 31 March 2007.

Whilst recognising the independence of local authorities, we work with Communities and Local Government and other stakeholders to improve efficiency in delivering services in our sectors by:

- helping local authorities to understand their own performance.
- providing advice, guidance and good practice case-studies.
- measuring and monitoring efficiency gains.

DCMS is working with the Museums, Libraries and Archives Council on the Public Libraries Procurement and Efficiency project and with the Audit Commission on their study of Public Leisure Services.

Local authorities delivered efficiency gains of £84.6m in our sectors in the period to 31 March 2007.

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

## ***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

- the Creative Economy programme, establishing and delivering its research priorities;
- managing and reporting on the first full year's findings of the new Taking Part survey of households;
- development and promulgation of an economic framework; and
- oversight of DCMS's overall research strategy.

The Department's research strategy is being developed to embrace the recommendations from the recent Departmental Capability review. This will include strengthening our research capability and use of evidence to inform policy making, setting the forward agenda and providing better leadership across our sectors.

## ***Strategic risk factors***

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. Strategically, risks are grouped into three major categories: External, Operational and Self-Induced.

### External

#### Disasters

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 incidents such as 7/7 and the 2004 Asian tsunami. Action plans have been put in place, and are regularly reviewed to ensure their continuing effectiveness. A Humanitarian Assistance Unit has been formed to establish effective arrangements for the management of the impacts of major incidents on victims and their families.

#### Changing Environment

Changes in the social and political environment can impact on our work and the Department scans the horizon for demographic and cultural changes that affect the industries with which we work. Post implementation reviews are carried out after major changes and lessons learnt are applied in mitigating future risks.

### Operational

#### Funding

We work in an environment where demand is significantly higher than the funding and other resources available. In managing this risk we: are actively looking for efficiencies both from within the Department and from our sponsored bodies; have implemented project working methodologies to facilitate robust business cases and cost control; and are working on the Comprehensive Spending Review. Within the lottery arena we consult on lottery causes, ensuring funds are focused on priority schemes. The Olympics is a major development where adequate funding and tight financial control is paramount in delivering the 2012 games in time and to budget.

## Fraud

We are aware of the risk of fraud and have an established Anti-Fraud Regime. 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 ensure the separation of duties.

## Litigation

A major legal action against the Department could lead to reputational and financial damage. We therefore use specialist advice at the appropriate times to mitigate against the possibility of major legal action against the Department.

## Self-induced Risks

### Olympics and Paralympics

A major self-induced risk is the delivery of the venues and infrastructure to time, and to budget, for the 2012 Olympic and Paralympic Games. Working with partners in the public and private sector we have defined and implemented governance arrangements including the Olympic Delivery Authority (ODA) and established risk management processes. Given the significant levels of expenditure we are supported in our project, and procurement activities, by the Office of Government Commerce.

### Opportunity

We are aware of the risk of only identifying and managing downside risk and that failing to take opportunities to enhance our reputation is equally a risk that we need to manage. We are therefore promoting cultural change through workforce development programmes including Prince II, promoting successful policies to key stakeholders and learning lessons from key procurement projects.

### Capability Review

The DCMS Capability Review was part of the third tranche of reviews which aims to ensure that departments are fit to respond to the challenges of the 21st century. The department now has a "Transformation Plan" in place to ensure we implement the recommendations identified in the review. The work is led by seven task forces involving staff and partners reporting to the Permanent Secretary and top management.

### Working with Sponsored Bodies and other Partners and Agents

The majority of the Department's outcomes are delivered through, and by, others. In order to ensure delivery we are putting new funding agreements in place to balance operational independence with agreed outcomes, performance and incentives.

## **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.

The Government planned that the delivery of the permanent venues and infrastructure for the Games would be the responsibility of a delivery body. The staging of the Games would be the responsibility of the London Organising Committee (LOCOG).

A shadow delivery body, the interim Olympic Delivery Authority (iODA), comprising teams from the London Development Agency (LDA) and Transport for London (TfL), was quickly put in place, to make an early start on the preparatory work. Its key role was to prepare the basis for the establishment of the Olympic Delivery Authority (ODA) and to start the key work on the placing underground of the high voltage power lines crossing the site.

Under the aegis of the iODA, and pending the ODA's legal establishment, the LDA and TfL had entered into contractual commitments. These commitments were novated to the ODA in the financial year 2006-07.

The Olympic Delivery Authority (ODA) was established under the Olympic and Paralympic Games Act 2006 which received Royal Assent on 30 March 2006. It is a body corporate and a Non-Departmental Public body sponsored by the Department for Culture, Media and Sport and has been fully functioning from the start of the 2006-07 financial year.

During the year, around £5m of DCMS funded assets were transferred from the Interim Olympic Delivery Authority (which was part of the London Development Agency) to the Olympic Delivery Authority.

These DCMS accounts include the grant-in-aid paid by DCMS to fund infrastructure works including the key work to put underground the powerlines that currently traverse the site of the Olympic Park.

£101 million was paid to the ODA and LDA, of which £2 million was repaid to DCMS to re-imburse the Department for the expenditure it had incurred on setting up the ODA.

The estimate includes a grant transfer of £114 million from the Department for Communities and Local Government, which was used in payment of the grant-in-aid to the ODA.

In addition to this grant-in-aid, the ODA also received £55.4 million of funding from the Olympic Lottery Distributor with a further £22.2 million receivable, this payment is not recorded in these 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 £48.9 million for 06-07.

Expenditure on land acquisition and remediation by the 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 2007, the first full year of the ODA's operation, significant progress had been made:

- the Executive team and Delivery Partner were in place;
- working with the LDA, over 90% of the land needed had been acquired and nearly a quarter of the Olympic Park had been cleared;
- over 95% of demolition materials are being reused or recycled, beating the 90% target in the ODA's sustainable development strategy launched in February 2007;
- the Master Plan (which sets the framework for the transformation of the Olympic Park) was published in June 2006 and a high level programme was published in July 2006;
- the powerlines undergrounding project was well on track to complete in summer 2007;
- the Transport plan had been published;
- the planning application had been submitted, in February 2007;
- more than £100 million had been raised from the Olympic Lottery;
- public support had been sustained. During 2006 DCMS and LOCOG organized a 22-day road-show which travelled over 3,000 miles across the UK highlighting the benefits the Games will bring to people, communities and businesses around the country. A further road-show is planned for summer 2007;

- DCMS, VisitBritain and Visit London carried out the widest ever consultation of the UK tourism industry to inform the development of a comprehensive tourism strategy for the 2012 Games;
- over 100,000 volunteers have registered an interest in the Games and market research in December 2006 revealed 79% popular support for London 2012, the highest since London was awarded the right to host the Games;
- a sustainability plan setting out how the Olympic Programme will be delivered in a sustainable way was published in June;
- the publication of the legacy story and legacy action plan, the latter in the Autumn, will follow.

In addition DCMS has:

- completed its review of the Olympic Budget, and agreed a new funding package. This was announced to the House of Commons by the Secretary of State on 15 March 2007, it comprises –

Costs and provisions <sup>(a)</sup>	£ million	Public funding	£ million
<b>Olympic Delivery Authority Olympic (ODA) costs</b>		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) <sup>(c)</sup>	500	London Development Agency	250
<b>Total (net of tax)</b>	<b>5,254</b>		
<b>Other (Non ODA) Olympic costs <sup>(b)</sup></b>	<b>388</b>		
<b>Other Provisions</b>			
Policing and wider security	600		
Tax (on ODA costs)	836		
General programme contingency (including tax) <sup>(c)</sup>	2,247		
<b>GRAND TOTAL</b>	<b>9,325</b>		<b>9,325</b>

Notes:

a) The costs are net of £161million 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:

- £500 million Olympic programme contingency
- £88 million of VAT on the £500 million Olympic programme contingency (which is included within the £836 million provision for tax), and;
- £2,247 million General programme contingency.

During 2006-07 the ODA programme was funded by a combination of Grant-in-Aid from DCMS, lottery monies from the Olympic Lottery Distributor and the GLA.

**REMUNERATION – INTERIM OLYMPIC DELIVERY AUTHORITY (IODA)**

As a temporary arrangement pending the establishment of the Olympic Delivery Authority (ODA), DCMS met the initial costs incurred in relation to the Chair designate, the Chief Executive designate and the Director of Transitional Olympic Delivery.

These costs were recovered in 2006-07 from the ODA. The three staff included below were transferred to the ODA on 30 March 2006-07. Their remuneration details will be set out in the ODA's accounts. Although the contracts with these appointees were for services and not contracts of employment, the following table provides remuneration information. The contracts were non-civil service, time limited (until the enactment of the London Olympic Games and Paralympic Games Bill on 30 March 2006) with no pension contributions made by the Department.

	2006-07		2005-06	
	Salary £'000	Benefits in kind (to nearest £100)	Salary £'000	Benefits in kind (to nearest £100)
Benefits in kind (to nearest £100)				
Jack Lemley Chairman Designate (from 1 December 2005 until 30 March 2006)	–	–	145-150	–
David Higgins Chief Executive Designate (from 3 January 2006 until 30 March 2006)	–	–	85-90 (excluding bonus)	–
Alison Nimmo Director of Transitional Olympic Delivery (from 1 August 2005 until 13 December 2005)	–	–	95-100	–

**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.

Through 2006-07 the Board's membership comprised the Permanent Secretary as chair, three Director Generals, six Directors and two Non-Executive Members.

The governance arrangements for the Board were reviewed during the course of the year as part of the department's Capability Review. In response to the review's recommendations the membership of the Board was reconsidered and will be changed. The new Board will be smaller and will comprise the Permanent Secretary as Chair, three Director Generals and additional non-executive representation. The Board will be focussed on priorities, strategic direction, regular performance monitoring, strategic risk and the DCMS transformation agenda.

**Non-Executive Members**

Throughout 2006-07 Parminder Vir and Clive Elphick were the two non-executive Members serving on the Board.

To bring additional external challenge and perspectives to the Board two new non-executives will be appointed in 2007-08. Clive Elphick's term as non-executive will come to a close at the end of 2007 and he will not be 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 annually.

## HUMAN CAPITAL MANAGEMENT

DCMS fully endorses the work carried out by the DTI's Task Force on Human Capital Management and the ensuing Accounting for People report published in October 2003. The following five sections (on workforce size and composition; recruitment, retention and motivation of employees; training and the fit between skills and business needs; remuneration and leadership and succession planning) comprise the Department's 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 over half (63%, compared with 62% in 2005-06) of staff employed at middle-management level (grade B/HEO/SEO) or higher. Almost three-quarters (71%), of staff are aged under 45, which shows no change from last year.

#### Age profile of the Department:

Age	<25	25-29	30-34	35-39	40-44	45-49	50-54	55+
Percentage	3.5%	19.9%	12.1%	14.4%	17.7%	11.8%	11.0%	9.5%

(The profile has been based on staff in post as at 1 April 2007 and excludes agency staff).

#### Grade Structure

Grade	Average No Staff based on Headcount 1 April 2006 to 31 March 2007	2005-06
Permanent secretary	1	1
Senior Civil Service payband 3	3	3
Senior Civil Service payband 2	7.1	5.8
Senior Civil Service payband 1	23.6	19.6
Grade A (upper) (grade 6)	19.4	20.3
Grade A (grade 7)	93.8	87.1
Grade B (HEO/SEO)	172.5	157.2
HEOD (fast stream)	16.4	14.5
Grade C (EO)	128.1	121.2
Grade D (AO/AA)	73.1	73.7
<b>Total</b>	<b>537.9</b>	<b>503.4</b>

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

As the table shows, the Department's grade structure has continued to change somewhat during 2006-07. This has arisen from the award of the 2012 Olympics to London. The team members of the Government Olympic Executive within DCMS reflect a richer grade mix than the rest of the Department. The staffing and grading of the GOE was settled in the light of a review by the OGC 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 2006-07 the Department appointed 22 new staff through external recruitment competitions as follows:

<b>Grade</b>	<b>Male</b>	<b>Female</b>	<b>Total</b>	<b>Ethnic minority</b>	<b>Disabled</b>
SCS	1	0	1	0	0
A	0	0	0	0	0
B	2	0	2	0	0
C	0	0	0	0	0
D	13	6	19	3	1

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.

Positive action has been taken to promote diversity and there is a wide range of flexible work options available to all staff subject to business need, including support for home working: currently around 33 people are working at home on a regular basis. DCMS participates in two centrally run schemes designed to develop talented minority ethnic and disabled civil servants and offers a range of targeted development opportunities for under-represented groups. We provide mentors for the City University Mentoring Scheme, which pairs middle managers with minority ethnic undergraduates. The DCMS Annual Report provides further ethnic monitoring information. DCMS offers subsidised places at the Westminster Holiday Playscheme and also has a Childcare Vouchers salary sacrifice scheme allowing staff to make savings on childcare costs.

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

A 5-year accommodation maintenance programme continued during the year to ensure the Department's premises are in good repair and provide a comfortable environment in which to work. A range of initiatives have been pursued to promote health and well-being, including an extended fitness centre and improved facilities for cyclists.

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

The DCMS Learning Curriculum offers a range of centrally funded learning and development (L&D) activities, available to all staff and delivered in-house, directly by DCMS trainers or under contract. It supports the DCMS learning and development priorities identified during 2005-06, which themselves encompass the Professional Skills for Government core skills. The Curriculum includes an induction programme which is delivered regularly as part of the entry arrangements for inward loaned and seconded staff, as well as permanently appointed staff, and which has been extended to include an integrated e-learning package. L&D plans are invited annually from Divisions, which enable the central L&D team to plan Curriculum delivery and to advise on and deliver customized interventions for Divisional teams.

Seventy-two Curriculum courses of between one and five days duration were run within the Department in 2006-07, with 605 people attending. The central L&D budget for 2006-07 stood at £550k and was fully spent, to secure contracted Curriculum provision and a wide range of non-Curriculum activity including study for professional qualifications. Staff evaluation of Curriculum courses is overwhelmingly positive, with training events as a whole rated good or very good by at least 83% of attendees during the year. The rolling programme of targeted evaluation of Curriculum courses begun

last year continued, using the “pay forward” approach developed by the Chartered Institute of Personnel and Development. This has returned very positive impact scores; for example, delegates on our Project Basics course self-assessed a 62% improvement in their overall performance attributable to the course, with their line managers also reporting a consequent, marked improvement of 64%, at a per capita cost of £100.

The central L&D team also offers 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 2006-07. The majority of the development activity for our most senior staff took the form of executive coaching.

Learning activities outside the Curriculum can be funded on consideration of a line-manager supported application, as can personal study for further/higher level qualifications and professional qualifications. The Staff Management Agreement stipulates that staff should undertake at least 5 days training and development a year.

DCMS first achieved Investors in People (IIP) accreditation in October 1999, with successful re-assessment in July 2003. Assessment took place again, against the latest version of the Standard, in July 2006 again successfully.

### ***Remuneration***

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

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

- shortening our pay bands in line with our Equal Pay action plan to reduce our exposure to equal pay issues;
- maintaining a reasonable level of Performance Pay and strengthening the link between performance and pay; and
- 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 recently been communicated to all staff. Current initiatives include a Childcare Salary Sacrifice Scheme and a newly refurbished gym. We have also recently subscribed to Family Life Solutions which is a nationwide telephone service designed to provide information and support for all employees with care responsibilities.

### ***Leadership and succession***

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

We introduced learning sets in 2005-06 for our Grade As (Grade 7 equivalents), which continued into 2006-07. Facilitated by SCS members, their aim was to provide support for Grade A development through the direct leadership of the SCS facilitators and, taking it as a standing item on their agenda, to embed PSG further into the set members’ development planning. 73% of eligible Grade A staff are participating in the sets. Of those participants who contributed to an evaluation of the Sets, 95% reported a positive impact on their understanding of PSG, on the level of their L&D activity and their performance.

## ***Sustainable Development***

The Department's long term commitment to sustainable development is set out in its Five Year Plan. Departmental year on year progress is recorded in annual reports on the department's Sustainable Development Action Plans (SDAPs). The first SDAP, published on 1 March 2006, will be followed by SDAP07, published on 30 June 2007. Targets are arranged under three main themes: policies, operations and people. 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](http://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 is scheduled for 2007.

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

### **BASIS OF PREPARATION OF THE RESOURCE ACCOUNTS**

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

These Consolidated Resource Accounts present the results for 2006-07 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:

<b>Body</b>	<b>Principal Activities</b>
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 £53m (£49m 2005-06) on its administration costs, which also support seven Advisory NDPBs and Committees. The DCMS provides £1,626m (£1,440 million in 2005-06) 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.
The Royal Parks (TRP)	TRP is responsible for managing and policing eight Royal Parks: St James's; Green; Hyde; Regent's (with Primrose Hill); Greenwich; Richmond; Bushy and Kensington Gardens, and also for Brompton Cemetery, Victoria Tower Gardens, and Grosvenor Square Gardens. From 8th May 2006, day to day responsibility for policing the Royal Parks was transferred to the Metropolitan Police Service. TRP is also responsible for maintaining – but not policing – 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 2006-07 are published separately as a House of Commons Paper and copies are available from the Stationery Office.

## ***Entities Excluded***

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

### ***Public Corporations***

British Broadcasting Corporation  
Channel 4  
Historic Royal Palaces  
Horserace Totalisator Board (Tote)  
OfCOM  
Sianel Pedwar Cymru (S4C)

### ***Executive Non-Departmental Public Bodies***

#### Museums and Galleries

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

#### Libraries

British Library  
Museums, Libraries & Archives Council  
Public Lending Right

#### Arts

Arts Council of England

#### Architecture and the Historic Environment

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

#### Tourism

Visit Britain

#### Broadcasting & Media

The National Film and Television School\*  
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 (from 1 October 2005, formerly the Gaming Board of Great Britain)  
Horserace Betting Levy Board  
National Lottery Commission

Other

Alcohol Education and Research Council (transferred to DoH from 1 January)  
Chatham Historic Dockyard\*  
Design Council (shared with DTI)  
Design Museum\*  
Greenwich Foundation for the Old Naval Hospital\*  
National Endowment for Science, Technology and the Arts  
Eight Regional Cultural Consortiums

\* These bodies are not technically classified as DCMS Non Departmental Public Bodies, but nonetheless receive an element of their funding from the Department.

\*\* In addition to the Olympic Delivery Authority and the Olympic Lottery Distributor, the Department also oversees the London Organising Committee of the Olympic Games – 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.

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 £1.6 billion from the NLDF during 2006-07 (received £1.5 billion and paid out £1.8 billion in 2005-06). The Olympic Lottery Distributor received £116 million and paid out £56 million. The Department also has responsibility for some of the distributing bodies that are also 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](http://www.culture.gov.uk).

The Department also supports a number of other bodies, which are listed in Note 2 to the Accounts (page 47), with advisory bodies, committees, self financed public corporations, limited companies and lottery funded bodies listed in Note 35 (page 83).

**MINISTERS**

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

Rt Hon Tessa Jowell MP	Secretary of State
Shaun Woodward MP (from May 2006)	Minister for Creative Industries and Tourism
James Purnell (until May 2006)	Minister for Media and Tourism
Rt Hon Richard Caborn MP	Minister of State for Sport
David Lammy MP	Minister for Culture

**PERMANENT HEAD OF THE DEPARTMENT AND DCMS BOARD**

The Permanent Secretary and members of the DCMS Board during 2006-07 were:

Sue Street (until October 2006)	Permanent Secretary
Jonathan Stephens (from October 2006)	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

**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 on pages 23-30.

**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 bi-annual staff opinion survey, in which staff are asked for feedback on their thoughts and feelings about working for the Department. The survey is undertaken to provide a health check of employee views across the Department and measure progress since the last survey. Focus groups are used to decide and implement actions based on the survey results in order to increase employee satisfaction and organisational performance.

We also have a Staff Management Agreement in place which pulls together in one document the mutual responsibilities of staff and managers and the commitment to regular meetings at every level. We have 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 2006-07 financial year showed that 97.2% of invoices (not in dispute) were paid within contract terms or 30 days (97.7% in 2005-06).

## **EMPLOYMENT OF DISABLED PERSONS**

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

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

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

## **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 £120k, (£104k in 2005-06). This includes £80k for the DCMS (£68k in 2005-06) and £40k (£36k in 2005-06) for TRP. 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 AO 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 2007, the following notable events have occurred:

*Changes to the DCMS Ministerial Team*

Rt Hon James Purnell was appointed Secretary of State for Culture, Media and Sport on 28 June 2007, replacing Rt Hon Tessa Jowell who becomes the dedicated Minister for the Olympics and London, working out of the Cabinet Office.

It was announced on 28 June that Rt Hon Richard Caborn would step down as a Minister to become the Prime Minister's Ambassador for the 2018 World Cup bid.

It was also announced on 28 June that Shaun Woodward would leave the Department to take up the post of Secretary of State for Northern Ireland.

The Rt Hon Margaret Hodge MBE has been appointed as Minister of State and Gerry Sutcliffe as Parliamentary Under Secretary of State.

Signed and Approved

*Jonathan Stephens*  
Accounting Officer

6 July 2007



## REMUNERATION REPORT

### 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](http://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.gov.uk](http://www.civilservicecommissioners.gov.uk).

**SALARY AND PENSION ENTITLEMENTS (audited information)**

The following sections provide details of the remuneration and pension interests of the Ministers and most senior officials of the department.

***i) Remuneration***

Ministers	2006-07		2005-06	
	Salary £	Benefits in kind (to nearest £100)	Salary £	Benefits in kind (to nearest £100)
Rt Hon Tessa Jowell MP <i>Secretary of State</i>	75,651	–	74,902	–
Rt Hon Estelle Morris MP (to 9 May 2005)	–	–	13,892 (38,854 full year equivalent)	–
Rt Hon Richard Caborn MP	39,404	–	38,854	–
David Lammy MP (from 10 May 2005)	29,786	–	24,576 (29,491 full year equivalent)	–
Rt Hon Lord McIntosh of Haringey (to 9 May 2005)	–	–	7,608 (70,753 full year equivalent)	–
James Purnell MP (from 10 May 2005 to 5 May 2006)	4,915 (29,786 full year equivalent)	–	26,320 (29,491 full year equivalent)	–
Shaun Woodward MP (from 6 May 2006)	24,871 (29,786 full year equivalent)	–	–	–

Officials	2006-07		2005-06	
	Salary £'000	Benefits in kind (to nearest £100)	Salary £'000	Benefits in kind (to nearest £100)
Dame Sue Street <i>Permanent Secretary</i> (to 30 September)	95-100 (180-185 full year equivalent)	10,000	155-160	19,900
Mr Jonathan Stephens <i>Permanent Secretary</i> (from 2 October)	60-65 (145-150 full year equivalent)	10,000	–	–
Mr Nicholas Holgate <i>Chief Operating Officer</i>	105-110	–	95-100	–
Mr Andrew Ramsay <i>Director General</i>	130-135	–	120-125	–
Mr Jeff Jacobs <i>Director General</i>	135-140	–	125-130	–
Ms Siobhan Kenny <i>Director</i> (to 17 June 2005)	–	–	25-30 (100-105 full year equivalent)	–
Mr Brian Leonard <i>Director</i>	100-105	–	95-100	–
Mr Paul Bolt <i>Director</i> (to 29 July 2005)	–	–	30-35 (90-95 full year equivalent)	–
Mr Alan Davey <i>Director</i>	100-105	–	95-100	–
Ms Nicky Roche <i>Director</i>	90-95	–	80-85	–
Ms Isabel Letwin* <i>Legal Adviser</i> (to 25 June)	25-30 (115-120 full year equivalent)	–	90-95	–
Mr Patrick Kilgarriff* <i>Legal Adviser</i> (from 26 June)	110-115 (145-150 full year equivalent)	–	–	–
Mr David Roe <i>Director</i>	85-90	–	60-65 (80-85 full year equivalent)	–
Mr Paddy Feeny <i>Director</i>	100-105	–	45-50 (90-95 full year equivalent)	–
Mr Andrew Lean <i>Director</i>	90-95	–	15-20 (90-95 full year equivalent)	–

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

\* 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.

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

Name	Remuneration	
	2006-07 £000	2005-06 £000
Sonita Alleyne (left on 31 December 2005)	–	5-7.5 (full year equivalent 5-7.5)
Clive Elphick	5-7.5	5-7.5
Parminder Vir	5-7.5	0-2.5 (full year equivalent 5-7.5)

Each Non-Executive member received an annual salary of £7,500, paid quarterly in arrears. The remuneration package did not include any pension entitlement or benefits in kind.

### **Salary**

'Salary' includes gross salary and, where applicable: 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 (£59,908, 2005-06 £59,095) and various allowances to which they are entitled are borne centrally. However, the arrangement for Ministers in the House of Lords is different in that they do not receive a salary but rather an additional remuneration, which cannot be quantified separately from their ministerial salaries. This total remuneration, as well as the allowances to which they are entitled, is paid by the Department and is therefore shown in full in the figures above.

### **Benefits in kind**

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

### **ii) Pension Benefits**

Ministers	Accrued pension at age 65 as at 31/3/07	Real increase in pension at age 65	CETV at 31/3/07	CETV at 31/3/06	Real increase in CETV
	£000	£000	£000	£000	£000
Rt Hon Tessa Jowell MP <i>Secretary of State</i>	10-12.5	0-2.5	138	122	6
Rt Hon Richard Caborn MP	7.5-10	0-2.5	137	124	8
David Lammy MP (from 10 May 2005)	2.5-5	0-2.5	22	17	1
James Purnell MP (to 5 May 2006)	0-2.5	0-2.5	5	4	–
Shaun Woodward (from 6 May 2006)	0-2.5	0-2.5	13	7	3

## ***Ministerial pensions***

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

Those Ministers who are Members of Parliament 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. Those members who have opted for the 1/40th accrual rate are required to pay an increased contribution. The rate was increased from 9% to 10% from 1 April 2004. There is also an employer contribution paid by the Exchequer representing the balance of cost. This is currently 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)***

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

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

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

Officials	Accrued pension at age 60 as at 31/3/07 and related lump sum	Real increase in pension and related lump sum at age 60	CETV at 31/3/07	CETV at 31/3/06 (restated)	Real increase in CETV Funded by employer
	£000	£000	£000	£000	£000
Dame Sue Street <i>Permanent Secretary</i> (to 30 September 2006)	55-60 plus 165-170 lump sum	0	1,263	1,402	(182)
Jonathan Stephens <i>Permanent secretary</i> (from 2 October 2006)	35-40 plus 115-120 lump sum	5-7.5 plus 15-17.5 lump sum	622	519	83
Nicholas Holgate <i>Chief Operating Officer</i>	25-30 plus 85-90 lump sum	0-2.5 plus 5-7.5 lump sum	422	356	58
Mr Andrew Ramsay <i>Director General</i>	50-55 plus 155-160 lump sum	0-2.5 plus 2.5-5 lump sum	1,114	1,053	16
Mr Jeff Jacobs** <i>Director General</i>	80-85, no lump sum	77.5-80 no lump sum	1,551	50	1,495
Mr Brian Leonard <i>Director</i>	35-40 plus 115-120 lump sum	0-2.5 plus 0-2.5 lump sum	946	888	14
Mr Alan Davey <i>Director</i>	25-30 plus 75-80 lump sum	0-2.5 plus 2.5-5 lump sum	386	336	42
Ms Nicky Roche <i>Director</i>	30-35 plus 75-80 lump sum	0-2.5 plus 2.5-5 lump sum	524	480	31
Ms Isabel Letwin <i>Legal Adviser</i>	N/A*	N/A*	N/A*	N/A*	N/A*
Mr Patrick Kilgarriff <i>Legal Adviser</i>	N/A*	N/A*	N/A*	N/A*	N/A*
Mr David Roe <i>Director</i>	25-30 plus 75-80 lump sum	0-2.5 plus 2.5-5 lump sum	400	354	36
Mr Paddy Feeny <i>Director</i>	20-25 plus 60-65 lump sum	2.5-5 plus 5-7.5 lump sum	287	227	56
Mr Andrew Lean <i>Director</i>	30-35 plus 100-105 lump sum	2.5-5 plus 10-12.5 lump sum	647	504	125

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

\*\* The high real increase in CETV funded by employer for Jeff Jacobs results from the transfer of uncapped pension in to the PCSPS during 2006.

There were no employer contributions to partnership pension accounts.

## ***Civil Service Pensions***

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

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium and classic plus. Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic.

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

The accrued pension quoted is the pension the member is entitled to receive when they reach 60, or immediately on ceasing to be an active member of the scheme if they are already 60.

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

## ***Cash Equivalent Transfer Values***

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the CSP arrangements and for which the Cabinet Office's Civil Superannuation Vote has received a transfer payment commensurate to the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

***Real increase in CETV***

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

6 July 2007



## 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*, prepared by the Treasury, and in particular to:

- observe the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards, as set out in the *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 an Accounting Officer is answerable, for keeping proper records and for safeguarding the Department's assets, are set out in the Accounting Officers' Memorandum, issued by HM Treasury and published in *Government Accounting*.

## 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 *Government Accounting*.
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. The audit of the TRP accounts has not been completed but, having made suitable enquiries, their accounts have been included in the consolidated accounts.
3. 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.
4. The Minister for Sport was the lead Minister on risk. The Department's Risk Management guidance covers the need for risk assessments in submissions to make it easier for the Minister or the Board to make a judgement about the risk associated with a particular course of action.

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

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 provide only reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place within the Department for the year ended 31 March 2007 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.

In respect of the Olympics, the Government Olympic Executive's Programme Management Office operates a risk management system in relation to the 2012 Olympic and Paralympic programme. This system:

- identifies and manages the Government's risks in relation to the Games, including costs and legacy; and
- monitors key risks to the Olympic and Paralympic programme that are being managed by the London Organising Committee of Olympic Games and the Olympic Delivery Authority.

7. The Department's risk management policy has been agreed by the DCMS Board and is subject to regular review and revision to ensure it reflects best risk management practice. It defines what is meant by risk and risk management, outlines the key principles underpinning the Department's approach to risk management, 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 features in departmental training courses as appropriate and was included in the commissioning of the 2006-07 business planning round. Facilitated risk workshops are also available. One-to-one training sessions on risk and Assurance were provided to new senior members of staff prior to the year-end Assurance and risk reporting process.

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

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 2006-07 were issued to each Director by my predecessor, 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 *Government Accounting* 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 hold facilitated workshops to identify the risks to divisional objectives, to evaluate these and to identify the necessary controls. Guidance is available to staff on the main types of risk that the Department could face.

14. In 2004-05 the Audit Committee and DCMS Board has agreed a statement of the Department's risk appetite for seven primary groups of risk to be used as a guide to help calibrate the action we need to take in response to the risk. Each significant risk has a contingency plan which identifies the risk "trigger points" which give early warning of the risk materialising. All risks are assigned Risk Owners i.e. someone with sufficient authority to ensure the risk is addressed and that clear responsibility to manage the risk is allocated to specific officers. Identified risks, and the agreed management of them, are recorded in a formal risk register, which is then kept under review.

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

16. 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 addressed.

17. The Department has established a strong, strategic relationship with the Office of Government Commerce (OGC) and an increasing number of high profile programmes and projects have been subject to Gateway reviews. We are improving our project management capability. All staff have received appropriate training in project working. 32 staff have received OGC Gateway training during 2006-07.

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

18. As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the Department who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the DCMS Board and the Audit Committee.

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

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

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

Internal Audit: The Department has an agreement with the Internal Audit Service of the Department for Communities and Local Government, which operates to Government Internal Audit Standards. The Unit submits regular reports, which include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the arrangements for risk management, control and governance, together with recommendations for improvement and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Signed and approved

Jonathan Stephens  
Accounting Officer

6 July 2007

## 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 2007 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 Cashflow Statement and the 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, certain information given in the Annual Report, which comprises the Management Commentary and the Remuneration 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. 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***

### ***Audit Opinion***

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 2007, 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 given within the Annual Report, which comprises the Management Commentary and the Remuneration Report, is consistent with the financial statements.

### ***Audit 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.

John Bourn  
Comptroller and Auditor General  
National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London SW1W 9SP  
11 July 2007

**CONSOLIDATED RESOURCE ACCOUNTS****Statement of Parliamentary Supply****(i) Summary of Resources Outturn 2006-07**

Request for Resources	Note	2006-07 Estimate			2006-07 Outturn			2006-07 Net total outturn compared with Estimate Saving/ (excess) £000	2005-06 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	1,750,833	28,972	1,721,861	1,678,286	24,957	1,653,329	68,532	1,458,228
2: BBC Home Broadcasting	2	2,760,000	–	2,760,000	2,739,006	–	2,739,006	20,994	2,624,277
<b>Total Resources</b>	<b>3</b>	<b>4,510,833</b>	<b>28,972</b>	<b>4,481,861</b>	<b>4,417,292</b>	<b>24,957</b>	<b>4,392,335</b>	<b>89,526</b>	<b>4,082,505</b>
Non-operating cost A-in-A			1,632			472		1,160	2,501

**(ii) Net cash requirement 2006-07**

	Note	Estimate	Outturn	2006-07 £000 Net total outturn compared with Estimate Saving/ (excess)	2005-06 £000 Outturn
Net Cash Requirement	4	4,495,407	4,391,234	104,173	4,091,758

**(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	Income	Forecast 2006-07 Receipts £000	Income	Outturn 2006-07 Receipts £000
Total	5	2,760,160	2,760,160	2,739,170	2,739,170

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

The notes on pages 43 to 85 form part of these accounts.

**Operating Cost Statement**  
for the Year Ended 31 March 2007

	Note	£000	2006-07 £000	£000	2005-06 £000
<b>Administration costs</b>					
Staff costs	7	24,860		22,191	
Other administration costs	8	<u>27,731</u>		<u>26,968</u>	
<b>Gross administration costs</b>			<b>52,591</b>		<b>49,159</b>
Operating income	10		<u>(1,520)</u>		<u>(2,486)</u>
<b>Net administration costs</b>			<b>51,071</b>		<b>46,673</b>
<b>Programme costs</b>					
<b>Request for Resources 1</b>					
Programme staff costs	7	3,882		5,122	
Other programme costs	9	1,621,813		1,434,847	
Less: income	10	<u>(23,447)</u>		<u>(32,598)</u>	
			1,602,248		1,407,371
<b>Request for Resources 2</b>					
Expenditure	9	2,739,006		2,624,277	
Less: income	10	<u>(2,739,160)</u>		<u>(2,624,468)</u>	
			(154)		(191)
<b>Net Operating Costs</b>	<b>3,11</b>		<b><u>1,653,165</u></b>		<b><u>1,453,853</u></b>

All income and expenditure are derived from continuing operations.

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

The notes on pages 43 to 85 form part of these accounts.



**Statement of Recognised Gains and Losses**  
*for the year ended 31 March 2007*

	<b>2006-07</b>	<b>2005-06</b>
	<b>£000</b>	<b>£000</b>
Net gain/(loss) on revaluation of Tangible Fixed Assets	5,877	12,750
Release of donated asset reserve	(55)	(48)
Receipt of donated assets	–	237
<b>Total</b>	<b>5,822</b>	<b>12,939</b>

The notes on pages 43 to 85 form part of these accounts.

**Balance Sheet***as at 31 March 2007*

	Note	31 March 2007		31 March 2006	
		£000	£000	£000	£000
<b>Fixed assets</b>					
Intangible Assets	12		151		363
Tangible assets	13		95,963		85,143
			<u>96,114</u>		<u>85,506</u>
Debtors falling due after more than one year	15		2,000		5,500
			<u>98,114</u>		<u>91,006</u>
<b>Current assets</b>					
Assets held for transfer	16	–		908	
Stocks	17	17		11	
Debtors	18	12,887		17,434	
Cash at bank and in hand	19	32,613		17,099	
		<u>45,517</u>		<u>35,452</u>	
Creditors (amounts falling due within one year)	20	(49,012)		(37,998)	
Net Current (Liabilities)			<u>(3,495)</u>		<u>(2,546)</u>
Total assets less current liabilities			<u>94,619</u>		<u>88,460</u>
Provisions for liabilities and charges	21		(2,402)		(3,733)
			<u>92,217</u>		<u>84,727</u>
<b>Taxpayers' Equity</b>					
General Fund	22		46,369		43,806
Revaluation Reserve	23a		43,234		38,252
Donated Asset Reserve	23b		2,614		2,669
			<u>92,217</u>		<u>84,727</u>

The notes on pages 43 to 85 form part of these accounts.

Signed and Approved

*Jonathan Stephens*  
Accounting Officer

6 July 2007

**Consolidated Cash Flow Statement***for year Ended 31 March 2007*

	<b>Note</b>	<b>2006-07</b> <b>£000</b>	<b>2005-06</b> <b>£000</b>
Net cash outflow from operating activities	24a	(1,659,506)	(1,458,550)
Capital expenditure and financial investment	24b, 24c	(12,789)	(7,500)
Receipts due to the Consolidated Fund which are outside the scope of the Department's activities		–	–
Payments of amounts due to the Consolidated Fund		(2,727,024)	(2,632,458)
Financing	24d	4,414,833	4,081,670
<b>Increase /(Decrease) in cash in the period</b>	<b>24e</b>	<b><u>15,514</u></b>	<b><u>(16,838)</u></b>

The notes on pages 43 to 85 form part of these accounts.

**Consolidated Statement of Operating Costs by Departmental Aim and Objectives**  
for the year ended 31 March 2007

	2006-07			2005-06		
	Gross £000	Income £000	Net £000	Gross £000	Income £000	Net £000
Objective 1	186,168	(2,201)	183,967	190,385	(1,676)	188,709
Objective 2	1,038,230	(9,473)	1,028,757	971,593	(19,583)	952,010
Objective 3	184,393	(11,194)	173,199	96,074	(13,825)	82,249
Objective 4	162,529	(323)	162,206	192,352	–	192,352
Objective 5	106,964	(1,774)	105,190	38,724	–	38,724
BBC	2,739,006	(2,739,160)	(154)	2,624,277	(2,624,468)	(191)
<b>Net Operating Costs</b>	<b>4,417,290</b>	<b>(2,764,125)</b>	<b>1,653,165</b>	<b>4,113,405</b>	<b>(2,659,552)</b>	<b>1,453,853</b>

Figures for the BBC grant and associated licence fee income from Request for Resources 2 are shown separately because of their materiality. They relate to the Department's Objective 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 43 to 85 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 2006-07 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 Department 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) – and seven advisory NDPBs. These entities fall within the departmental boundary as defined in the FReM (chapter 2.4). The following advisory bodies are included by way of accounting for funds paid through grant expenses: Advisory Committee on Historic Wreck Sites; Treasure Valuation Committee; Spoliation Advisory Panel; Advisory Committee on the Government Art Collection; Reviewing Committee on the Export of Works of Art; Advisory Committee for the Public Lending Right; and Advisory Council on Libraries. Transactions between entities included in the consolidation are eliminated.

The entities included within the departmental boundary are shown in the Management Commentary.

#### 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 Office of the Deputy Prime Minister in the name of the Secretary of State.

For DCMS as an entity, freehold land is restated to current value every five years using professional valuations in accordance with FRS 15. Revaluations in the intervening years are made using indices provided for this purpose by HM Treasury. The freehold land was last valued professionally as at 31st March 2006. Buildings, plant and equipment, fixtures and fittings and computer equipment have not been restated using appropriate indices because the modified historic costs are not materially different to the historic costs, therefore the historic costs have been shown in the Balance Sheet. TRP properties are revalued as part of a five year rolling programme, using a methodology in line with the FReM. Other TRP assets have been restated using suitable indices.

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 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.

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.

## 1.10 Grants Payable

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

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

## 1.11 BBC Licence Fee Income

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

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

## 1.12 Capital Charge

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

### 1.13 Foreign Exchange

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

### 1.14 Taxation

VAT is accounted for in accordance with SSAP 5.

### 1.15 Pensions

Present and past employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) which are described 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 2006-07

	Admin £000	Other Current £000	Grants £000	A-in-A £000	Net Total £000	Estimate £000	Net Total Outturn v Estimate £000
<b>Request for Resources 1</b>							
<b>A. Museums, Galleries &amp; Libraries</b>							
GLA – London Cultural Consortium	–	–	50	–	50	–	(50)
EU Presidency – Project	–	–	–	–	–	–	–
ISB8 Eye on the Future (SBC)	–	–	211	–	211	362	151
Government Indemnity Scheme	–	–	–	–	–	–	–
European Museum Forum	–	–	2	–	2	–	(2)
Other Libraries Support	–	–	–	–	–	–	–
Libraries Research	–	–	–	–	–	–	–
ISB7-Staffordshire Libraries	–	–	59	–	59	99	40
ISB7-Yorkshire MLA	–	–	41	–	41	–	(41)
Spoliation Compensation	–	175	–	–	175	–	(175)
Libraries Support	–	–	–	–	–	–	–
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
	–	<b>353</b>	<b>524</b>	–	<b>877</b>	<b>861</b>	<b>(16)</b>
<b>B. Arts</b>							
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 CreatAlternatives	–	–	74	–	74	70	(4)
ISB8 South Bank Grey Water	–	–	27	–	27	60	33
Arts Leadership	–	–	–	–	–	–	–
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
	–	<b>1,016</b>	<b>1,331</b>	<b>(6)</b>	<b>2,341</b>	<b>3,150</b>	<b>809</b>
<b>C. Sports</b>							
British Chess Federation	–	–	60	–	60	60	–
Other Sports Support	–	–	1,729	(50)	1,679	1,690	11
Talented Athlete Scholarship	–	–	–	–	–	–	–
Volunteering Grants	–	–	–	–	–	7	7
Wembley	–	–	5,588	–	5,588	–	(5,588)
Childrens 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
	–	<b>831</b>	<b>9,390</b>	<b>(50)</b>	<b>10,171</b>	<b>5,605</b>	<b>(4,566)</b>

	Admin £000	Other Current £000	Grants £000	A-in-A £000	Net Total £000	Estimate £000	Net Total Outturn v Estimate £000
<b>D. Architecture &amp; Historic Environment</b>							
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
<b>E. Listed Places of Worship</b>							
Listed Places of Worship	–	220	14,006	–	14,226	15,250	1,024
	–	220	14,006	–	14,226	15,250	1,024
<b>F. The Royal Parks</b>							
Royal Parks Agency	–	29,013	–	(9,385)	19,628	19,492	(136)
	–	29,013	–	(9,385)	19,628	19,492	(136)
<b>G. Tourism</b>							
Tourism Strategy Fund	–	107	–	–	107	65	(44)
Grants to the GLA	–	–	1,900	–	1,900	1,900	–
Licensing Database	–	–	–	–	–	–	–
Other Tourism Support	–	–	–	–	–	–	–
	–	107	1,900	–	2,007	1,963	(44)
<b>H. Broadcasting &amp; Media</b>							
Self Help TV Licencing	–	–	–	–	–	–	–
Film Support	–	211	–	–	211	156	(55)
Audiovisual Eureka	–	164	14	–	178	393	215
European Film Co-production	–	–	–	–	–	–	–
British Film Commission	–	–	–	–	–	–	–
Film Development Loans	–	–	–	–	–	–	–
S4C	–	92,217	–	–	92,217	92,217	–
OFCOM – media literacy & community radio	–	1,515	–	–	1,515	1,519	4
Other Broadcasting Support	–	–	–	(280)	(280)	(280)	–
Digital Switchover Support	–	–	–	–	–	–	–
Gaelic TV	–	–	–	–	–	–	–
Grant to BBC (Weather)	–	–	–	–	–	–	–
	–	94,107	14	(280)	93,841	94,005	164
<b>I. Administration &amp; Research</b>							
Administration	52,592	–	–	(1,520)	51,072	53,270	2,198
Humanitarian Assistance Unit	–	–	–	–	–	–	–
Programme Costs							
“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

	Admin £000	Other Current £000	Grants £000	A-in-A £000	Net Total £000	Estimate £000	Net Total Outturn v Estimate £000
<b>J. National Lottery Commission</b>							
NLC – Income from NLDF and OLDF	–	–	–	(8,827)	(8,827)	(10,287)	(1,460)
	–	–	–	<b>(8,827)</b>	<b>(8,827)</b>	<b>(10,287)</b>	<b>(1,460)</b>
<b>K. Gambling, Licencing &amp; Horse Racing</b>							
Gambling Fee Income	–	1	–	(2,395)	<b>(2,394)</b>	(1,961)	433
Casino Advisory Panel	–	219	–	–	<b>219</b>	–	(219)
Gambling Appeals Tribunal	–	21	–	–	<b>21</b>	–	(21)
	–	<b>241</b>	–	<b>(2,395)</b>	<b>(2,154)</b>	<b>(1,961)</b>	<b>193</b>
<b>L. Olympics</b>							
Olympics – bid costs	–	–	–	(176)	<b>(176)</b>	(185)	(9)
Olympics Games consultancy	–	–	–	–	–	–	–
Olympic Board Secretariat	–	1,219	–	(836)	<b>383</b>	407	24
Interim ODA – transitional costs	–	–	86	(593)	<b>(507)</b>	(561)	(54)
Olympics – other programme costs	–	455	–	–	<b>455</b>	2,900	2,445
	–	<b>1,674</b>	<b>86</b>	<b>(1,605)</b>	<b>155</b>	<b>2,561</b>	<b>2,406</b>
<b>M. Regional Cultural Consortiums</b>							
Living East	–	–	215	–	<b>215</b>	215	–
Culture East Midlands (CEM)	–	–	215	–	<b>215</b>	215	–
CEM ISB8 Cultural Opportunities	–	–	203	–	<b>203</b>	266	63
Culture North East	–	–	215	–	<b>215</b>	215	–
Culture North West	–	–	215	–	<b>215</b>	215	–
Culture South East	–	–	215	–	<b>215</b>	215	–
Culture South West	–	–	215	–	<b>215</b>	215	–
West Midlands Life	–	–	215	–	<b>215</b>	215	–
Yorkshire Culture	–	–	215	–	<b>215</b>	215	–
	–	–	<b>1,923</b>	–	<b>1,923</b>	<b>1,986</b>	<b>63</b>
<b>N. Museums, Galleries &amp; Libraries</b>							
British Museum	–	–	42,929	–	<b>42,929</b>	45,898	2,969
Natural History Museum (NHM)	–	–	43,135	–	<b>43,135</b>	45,980	2,845
NHM – ISB8 Carbon Emissions	–	–	947	–	<b>947</b>	–	(947)
Imperial War Museum	–	–	20,613	–	<b>20,613</b>	22,613	2,000
National Gallery	–	–	23,985	–	<b>23,985</b>	24,041	56
National Maritime Museum	–	–	17,008	–	<b>17,008</b>	20,088	3,080
NM Liverpool	–	–	21,203	–	<b>21,203</b>	24,260	3,057
National Portrait Gallery	–	–	7,031	–	<b>7,031</b>	7,022	(9)
NM Science & Industry	–	–	37,329	–	<b>37,329</b>	40,028	2,699
Tate Gallery	–	–	34,124	–	<b>34,124</b>	34,124	–
Victoria & Albert Museum	–	–	39,112	–	<b>39,112</b>	39,538	426
V&A ISB8 Online Learning	–	–	107	–	<b>107</b>	–	(107)
Wallace Collection	–	–	3,528	–	<b>3,528</b>	3,728	200
Royal Armouries	–	–	7,814	–	<b>7,814</b>	7,814	–
MSI Manchester	–	–	4,059	–	<b>4,059</b>	4,134	75
Museum of London	–	–	7,931	–	<b>7,931</b>	7,931	–
Sir John Soane's Museum	–	–	1,115	–	<b>1,115</b>	1,445	330
Horniman Museum	–	–	3,932	–	<b>3,932</b>	3,932	–
Geffrye Museum	–	–	1,740	–	<b>1,740</b>	1,740	–
Design Museum	–	–	483	–	<b>483</b>	483	–
Tyne & Wear Museums	–	–	1,864	–	<b>1,864</b>	1,864	–
National Coal Mining Museum	–	–	1,896	–	<b>1,896</b>	2,528	632

	Admin £000	Other Current £000	Grants £000	A-in-A £000	Net Total £000	Estimate £000	Net Total Outturn v Estimate £000
<b>N. Museums, Galleries &amp; Libraries cont.</b>							
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 Museum & 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 & 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
<b>O. Arts</b>							
Arts Council England	-	-	427,862	-	427,862	427,862	-
Other	-	-	-	-	-	35	35
	-	-	427,862	-	427,862	427,897	35
<b>P. Sports</b>							
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	-	-	-	-	-	-	-
Lee Valley Athletics Centre	-	-	1,745	-	1,745	1,746	1
National Sports Foundation	-	-	-	-	-	-	-
Football Foundation	-	-	-	-	-	-	-
Sports Match	-	-	-	-	-	-	-
Other sport	-	-	-	-	-	2,424	2,424
	-	-	158,524	-	158,524	177,605	19,081
<b>Q. Architecture &amp; Historic Environment</b>							
CABE	-	-	3,690	-	3,690	3,690	-
English Heritage	-	-	141,321	-	141,321	141,121	(200)
ICOMOS	-	-	-	-	-	-	-
Churches Conservation Trust	-	-	3,062	-	3,062	3,000	(62)
National Heritage Memorial Fun	-	-	5,002	-	5,002	5,002	-
Royal Household – Palaces	-	-	16,421	-	16,421	17,389	968
Other	-	-	-	-	-	5,644	5,644
	-	-	169,496	-	169,496	175,846	6,350

	Admin £000	Other Current £000	Grants £000	A-in-A £000	Net Total £000	Estimate £000	Net Total Outturn v Estimate £000
<b>R. Tourism</b>							
VisitBritain	-	-	49,900	-	49,900	49,895	(5)
English Tourist Board	-	-	-	(82)	(82)	-	82
Regional Development Agencies	-	-	3,600	-	3,600	3,600	-
Sector Challenge – Tourism	-	-	-	-	-	-	-
Other	-	-	-	-	-	2,200	2,200
	-	-	53,500	(82)	53,418	55,695	2,277
<b>S. Broadcasting and Media</b>							
Film Council	-	-	26,610	-	26,610	28,180	1,570
National Film & Television School	-	-	2,963	-	2,963	2,901	(62)
British Film Institute	-	-	-	-	-	-	-
British Screen Finance	-	-	-	-	-	-	-
	-	-	29,573	-	29,573	31,081	1,508
<b>T. National Lottery Commission</b>							
National Lottery Commission	-	-	9,200	-	9,200	10,380	1,180
	-	-	9,200	-	9,200	10,380	1,180
<b>U. Gambling, Licensing &amp; Horse Racing</b>							
Gambling Commission	-	-	18,742	-	18,742	18,778	36
Gambling Commission Setup	-	-	-	-	-	-	-
	-	-	18,742	-	18,742	18,778	36
<b>V. Culture Online</b>							
Culture Online	-	4,204	-	-	4,204	-	(4,204)
	-	4,204	-	-	4,204	-	(4,204)
<b>W. London 2012 ODA</b>							
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
<b>X. PLR Pensions in AME</b>							
PLR Pension Transfer – AME	-	-	218	-	218	-	(218)
	-	-	218	-	218	-	(218)
<b>Total RfR</b>	<b>52,592</b>	<b>137,891</b>	<b>1,487,803</b>	<b>(24,957)</b>	<b>1,653,329</b>	<b>1,721,861</b>	<b>68,532</b>
<b>Request for Resources 2</b>							
<b>A. Home Broadcasting</b>							
BBC	-	-	2,739,006	-	2,739,006	2,760,000	20,994
<b>Total RfR 2</b>	<b>-</b>	<b>-</b>	<b>2,739,006</b>	<b>-</b>	<b>2,739,006</b>	<b>2,760,000</b>	<b>20,994</b>
<b>Total DCMS</b>	<b>52,592</b>	<b>137,891</b>	<b>4,226,809</b>	<b>(24,957)</b>	<b>4,392,335</b>	<b>4,481,861</b>	<b>89,526</b>

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.

## Analysis of net resource outturn by section 2005-06

	Admin £000	Other Current £000	Grants £000	A-in-A £000	Net Total £000	Estimate £000	Net Total Outturn v Estimate £000
<b>Request for Resources 1</b>							
<b>A. Museums, Galleries &amp; Libraries</b>							
European Museum Forum	-	2	-	-	2	-	(2)
ISB7-Staffordshire Libraries	-	-	-	-	-	36	36
ISB7-Yorkshire MLA	-	-	-	-	-	41	41
Libraries Support	-	118	-	-	118	105	(13)
EU Presidency Programme	-	752	-	-	752	685	(67)
Capital of Culture 2008	-	208	-	-	208	300	92
	-	<b>1,080</b>	-	-	<b>1,080</b>	<b>1,167</b>	<b>87</b>
<b>B. Arts</b>							
Arts Support	1	308	-	-	309	470	161
Own Art (Arts Purchase Plan)	-	500	-	-	500	500	-
Government Art Collection	-	356	-	(4)	352	355	3
Euclid	-	50	-	-	50	50	-
	<b>1</b>	<b>1,214</b>	-	<b>(4)</b>	<b>1,211</b>	<b>1,375</b>	<b>164</b>
<b>C. Sports</b>							
British Chess Federation	-	-	60	-	60	60	-
Other Sports Support	-	-	1,216	-	1,216	1,379	163
Volunteering Grants – Step into Sport	-	-	7	-	7	7	-
Wembley	-	-	3,685	-	3,685	10,000	6,315
Children's Play	-	500	-	-	500	500	-
ISB7 Leicestershire + Rutland	-	-	260	-	260	260	-
ISB7 – Sporting Equals	-	-	425	-	425	425	-
	-	<b>500</b>	<b>5,653</b>	-	<b>6,153</b>	<b>12,631</b>	<b>6,478</b>
<b>D. Architecture &amp; the Historic Environment</b>							
Public buildings and monuments and associated state ceremonial costs	-	993	-	(201)	792	893	101
Premium receivable on surrender of leasehold of Fortress House	-	-	-	(12,000)	(12,000)	(4,250)	7,750
English Heritage relocation project	-	-	-	-	-	4,250	4,250
World Heritage Committee	-	-	11	-	11	15	4
World Cultural Convention	-	-	128	-	128	130	2
Chatham Historic Dockyard	-	-	300	-	300	300	-
Other Heritage Support	-	-	136	-	136	290	154
Greenwich Foundation for the old Royal Naval College	-	-	1,500	-	1,500	1,500	-
Memorials Grant Scheme	-	-	130	-	130	5,000	4,870
	-	<b>993</b>	<b>2,205</b>	<b>(12,201)</b>	<b>(9,003)</b>	<b>8,128</b>	<b>17,131</b>
<b>E. Listed Places of Worship</b>							
Listed Places of Worship Grant Scheme	-	247	14,819	-	15,066	15,250	184
<b>F. The Royal Parks</b>							
Royal Parks Agency	-	39,145	-	(8,156)	30,989	26,792	(4,197)

	Admin £000	Other Current £000	Grants £000	A-in-A £000	Net Total £000	Estimate £000	Net Total Outturn v Estimate £000
<b>G. Tourism</b>							
Tourism Strategy Fund	-	28	-	-	28	63	35
Grants to the GLA	-	-	1,900	-	1,900	1,900	-
	-	28	1,900	-	1,928	1,963	35
<b>H. Broadcasting &amp; Media</b>							
Film Support	-	-	90	-	90	343	253
Audiovisual Eureka	-	-	162	-	162	393	231
S4C – Welsh Fourth Channel	-	92,217	-	-	92,217	92,217	-
OFCOM – media literacy & community radio projects	-	1,013	-	-	1,013	1,059	46
Other Broadcasting Support	-	204	-	-	204	250	46
Digital Switchover Support	-	103	-	-	103	250	147
	-	93,537	252	-	93,789	94,512	723
<b>I. Administration &amp; Research</b>							
Administration	49,158	-	-	(2,486)	46,672	49,799	3,127
Humanitarian Assistance Unit programme costs	-	638	-	-	638	-	(638)
“Taking Part” Participation Survey	-	1,419	-	(442)	977	1,470	493
Research and Other Services	-	1,042	-	-	1,042	1,640	598
	49,158	3,099	-	(2,928)	49,329	52,909	3,580
<b>J. National Lottery Commission</b>							
NLC – Income from NLDF	-	-	-	(8,293)	(8,293)	(7,561)	732
<b>K. Gambling, Licensing &amp; Horse Racing</b>							
Gambling Fee Income	-	-	-	(2,621)	(2,621)	(2,381)	240
<b>L. Queen’s Golden Jubilee</b>							
Golden Jubilee	-	-	-	-	-	1	1
<b>M. Olympics</b>							
Olympics – bid costs	-	-	2,304	-	2,304	4,300	1,996
Interim ODA – project costs	-	-	35,688	-	35,688	36,000	312
Olympic Board Secretariat	-	-	661	-	661	-	(661)
Interim ODA – transitional costs	-	-	554	-	554	-	(554)
Olympics – other programme costs	-	-	538	-	538	-	(538)
	-	-	39,745	-	39,745	40,300	555
<b>N. Regional Cultural Consortiums</b>							
Living East	-	-	233	-	233	229	(4)
Culture East Midlands	-	-	236	-	236	232	(4)
Culture North East	-	-	221	-	221	217	(4)
Culture North West	-	-	223	-	223	220	(3)
Culture South East	-	-	224	-	224	220	(4)
Culture South West	-	-	222	-	222	218	(4)
West Midlands Life	-	-	261	-	261	257	(4)
Yorkshire Culture	-	-	221	-	221	217	(4)
	-	-	1,841	-	1,841	1,810	(31)



	Admin £000	Other Current £000	Grants £000	A-in-A £000	Net Total £000	Estimate £000	Net Total Outturn v Estimate £000
<b>O. Museums, Galleries &amp; Libraries</b>							
Museums, Libraries and Archives Council	-	-	14,174	-	14,174	14,264	90
British Museum	-	-	39,794	-	39,794	39,856	62
Natural History Museum	-	-	41,470	-	41,470	41,470	-
Imperial War Museum	-	-	18,541	-	18,541	18,541	-
National Gallery	-	-	21,986	-	21,986	21,986	-
National Maritime Museum	-	-	15,236	-	15,236	15,236	-
NM Liverpool	-	-	18,155	-	18,155	18,155	-
National Portrait Gallery	-	-	6,426	-	6,426	6,448	22
NM Science & Industry	-	-	34,113	-	34,113	34,113	-
Tate Gallery	-	-	31,799	-	31,799	31,799	-
Victoria & Albert Museum	-	-	38,233	-	38,233	38,233	-
Wallace Collection	-	-	2,580	-	2,580	2,580	-
Royal Armouries	-	-	7,369	-	7,369	7,369	-
British Library	-	-	97,562	-	97,562	100,568	3,006
Public Lending Right	-	-	7,471	-	7,471	7,471	-
MSI Manchester	-	-	3,870	-	3,870	3,870	-
Museum of London	-	-	6,632	-	6,632	6,632	-
Sir John Soane's Museum	-	-	1,091	-	1,091	1,291	200
Horniman Museum	-	-	3,682	-	3,682	3,682	-
Geffrye Museum	-	-	1,431	-	1,431	1,431	-
Design Museum	-	-	352	-	352	340	(12)
Tyne & Wear Museums	-	-	1,710	-	1,710	1,710	-
National Coal Mining Museum of England	-	-	2,539	-	2,539	2,539	-
National Football Museum	-	-	100	-	100	100	-
People's History Museum	-	-	150	-	150	150	-
Strategic Commissioning	-	-	4,350	-	4,350	4,150	(200)
Museums Reserve	-	-	6	-	6	26	20
DCMS/Wolfson Museums & Galleries Improvement Fund	-	-	1,172	-	1,172	2,000	828
Renaissance and other Regional Funds	-	-	30,000	-	30,000	30,000	-
Libraries Strategy Fund	-	-	1,972	-	1,972	2,000	28
Legal Deposit Advisory Panel	-	-	19	-	19	75	56
Accrued Superannuation Liability							
Contributions – allocation of additional grants to institutions above							
Supplementary Estimate.	-	-	-	-	-	(10,488)	(10,488)
	-	-	453,985	-	453,985	447,597	(6,388)
<b>P. Arts</b>							
Arts Council England	-	-	409,178	-	409,178	408,305	(873)
<b>Q. Sports</b>							
Sport England	-	-	78,963	-	78,963	104,627	25,664
UK Sport	-	-	29,305	-	29,305	29,305	-
Football Licensing Authority	-	-	1,110	(9)	1,101	1,365	264
Pickett's Lock	-	-	1,954	-	1,954	2,100	146
National Sports Foundation	-	-	-	-	-	-	-
	-	-	111,332	(9)	111,323	137,397	26,074

	Admin £000	Other Current £000	Grants £000	A-in-A £000	Net Total £000	Estimate £000	Net Total Outturn v Estimate £000
<b>R. Architecture &amp; Historic Environment</b>							
CABE	-	-	5,610	-	5,610	4,690	(920)
English Heritage	-	-	129,136	-	129,136	133,121	3,985
ICOMOS	-	-	-	-	-	38	38
Churches Conservation Trust	-	-	3,062	-	3,062	3,062	-
National Heritage Memorial Fund	-	-	5,002	-	5,002	5,002	-
Royal Household – Occupied Palaces, Royal Communications and Marlborough House	-	-	16,207	-	16,207	18,227	2,020
Heritage unallocated provision	-	-	-	-	-	4,157	4,157
	-	-	159,017	-	159,017	168,297	9,280
<b>S. Tourism</b>							
VisitBritain	-	-	48,900	-	48,900	48,900	-
Regional Development Agencies	-	-	3,600	-	3,600	3,600	-
	-	-	52,500	-	52,500	52,500	-
<b>T. Broadcasting and Media</b>							
Film Council	-	-	24,110	-	24,110	28,760	4,650
National Film & Television School	-	-	2,900	-	2,900	2,900	-
	-	-	27,010	-	27,010	31,660	4,650
<b>U. National Lottery Commission</b>							
National Lottery Commission	-	-	8,292	-	8,292	7,562	(730)
<b>V. Gambling, Licensing &amp; Horseracing</b>							
Gaming Board for Great Britain	-	-	3,657	-	3,657	12,132	8,475
Gambling Commission	-	-	6,083	-	6,083	-	(6,083)
	-	-	9,740	-	9,740	12,132	2,392
<b>W. Culture On-Line</b>							
Culture Online	-	2,657	-	-	2,657	1,000	(1,657)
Excess Appropriations-in-Aid	-	-	-	3,312	3,312	-	(3,312)
<b>RfR 1 Total</b>	<b>49,159</b>	<b>142,500</b>	<b>1,297,469</b>	<b>(30,900)</b>	<b>1,458,228</b>	<b>1,513,346</b>	<b>55,118</b>
<b>Request for Resources 2</b>							
<b>A. Home Broadcasting</b>							
BBC	-	-	2,624,277	-	2,624,277	2,660,000	35,723
<b>RfR 2 Total</b>	<b>-</b>	<b>-</b>	<b>2,624,277</b>	<b>-</b>	<b>2,624,277</b>	<b>2,660,000</b>	<b>35,723</b>
<b>Net Resource Outturn on DCMS Vote</b>	<b>49,159</b>	<b>142,500</b>	<b>3,921,746</b>	<b>(30,900)</b>	<b>4,082,505</b>	<b>4,173,346</b>	<b>90,841</b>

The gross resource outturn on Request for Resources 1 of £1,489,128k (£1,376,111k in 2004-05) 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 £1,439,969k (£1,333,508k in 2004-05) as shown in the Operating Cost Statement comprises the total of Other Current and Grants.

The Sections (represented by letters A to W) 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 M and Section W of Request for Resources 1 are classed as Spending In Departmental Expenditure Limits (DEL) and as Central Government Spending;
- Sections N to V 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**

				2006-07 Outturn compared with	2005-06
	Note	Outturn £000	Supply Estimate £000	Estimate £000	Outturn £000
Net Resource Outturn	2	4,392,335	4,481,861	89,526	4,082,505
Non-supply income (CFERs)	5	(2,739,170)	(2,760,160)	(20,990)	(2,628,652)
<b>Net operating cost</b>		<b>1,653,165</b>	<b>1,721,701</b>	<b>68,536</b>	<b>1,453,853</b>

**3(b) Outturn against final Administration Budget**

		2006-07 Budget £000	2006-07 Outturn £000	2005-06 Outturn £000
Gross Administration Budget		54,905	52,591	49,159
Income allowable against the Administration Budget		(1,635)	(1,520)	(2,486)
<b>Net outturn against final Administration Budget</b>		<b>53,270</b>	<b>51,071</b>	<b>46,673</b>

These figures are explained in the Management Commentary on page 3.

## 4. Reconciliation of resources to cash requirement

				2006-07 Net total outturn compared with estimate: saving/ (excess) £000	2005-06  Outturn £000
	Note	Estimate £000	Outturn £000		
<b>Resource Outturn</b>	2	4,481,861	4,392,335	89,526	4,082,505
<i>Capital:</i>					
Acquisition of fixed assets		23,696	13,261	10,435	10,050
Investments		–	–	–	–
<i>Non-operating A-in-A:</i>					
Proceeds of fixed asset disposals		(1,632)	(472)	(1,160)	(2,502)
<i>Accruals adjustments:</i>					
Non-cash items		(8,518)	(10,768)	2,250	(7,341)
Changes in working capital other than cash		–	(953)	953	15,723
Changes in debtors falling due after more than one year		–	(3,500)	3,500	–
Decrease / (Increase) in provisions	21	–	1,331	(1,331)	(3,733)
Adjustment for Contingencies Fund		–	–	–	368
Excess income surrenderable to the Consolidated Fund		–	–	–	(3,312)
<b>Net cash requirement</b>		<b>4,495,407</b>	<b>4,391,234</b>	<b>104,173</b>	<b>4,091,758</b>

**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 2006-07 £000		Outturn 2006-07 £000	
		Income	<i>Receipts</i>	Income	<i>Receipts</i>
Operating income and receipts: excess A in A on RfR1	4	-	-	-	-
Other operating income and receipts not classified as A in A:					
RfR1 – top up rent payments		-	-	-	-
Other operating income and receipts not classified as A in A:					
RfR2 – BBC License fees payable		2,760,160	<i>2,760,160</i>	2,739,160	<i>2,739,160</i>
Other amounts collectable on behalf of the Consolidated Fund		-	-	10	<i>10</i>
Excess cash surrenderable to the Consolidated Fund	4	-	-	-	-
<b>Total income payable to the Consolidated Fund</b>		<b>2,760,160</b>	<b><i>2,760,160</i></b>	<b>2,739,170</b>	<b><i>2,739,170</i></b>

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

	Note	2006-07 £000	2005-06 £000
Operating income		2,764,127	2,659,552
Adjustments for transactions between RfRs		-	-
Gross income	10	2,764,127	2,659,552
Income authorised to be appropriated-in-aid		(24,957)	(30,900)
<b>Net operating income payable to the Consolidated Fund</b>	5	<b>2,739,170</b>	<b>2,628,652</b>

## 7. Consolidated Staff Numbers and Related Costs

## a) Staff costs comprise:

	2006-07 £000						2005-06 £000
	Total	Permanently employed staff	Inward Secondees	Temporary Staff	Ministers	Special Advisers	Total
Wages and Salaries	22,842	20,564	283	1,671	175	149	21,779
Social Security Costs	1,774	1,734	11	–	16	13	1,745
Other pension costs	4,126	4,081	9	–	–	36	3,789
<b>Total net costs</b>	<b>28,742</b>	<b>26,379</b>	<b>303</b>	<b>1,671</b>	<b>191</b>	<b>198</b>	<b>27,313</b>
Of which:							
Core department	24,860	22,497	303	1,671	191	198	22,191

This consolidated note includes DCMS staff costs of £24,860k shown in Administration Costs and The Royal Parks staff costs of £3,882k shown in Programme Costs.

In addition £305k of staff costs relating to investment in a Culture on Line capital project has been charged to capital.

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 Bacon Woodrow) valued the scheme as at 31 March 2003. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk))

For 2006-07, employers' contributions of £4,058k were payable to the PCSPS (£3,779k in 2005-06) at one of four rates in the range 17.1% to 25.5 % of pensionable pay, based on salary bands (the rates in 2005-06 were between 12% and 18.5%). The Scheme Actuary reviews employer contributions every four years following a full scheme valuation. Following the last review in 2003 it was agreed that there would be a staged increase over 2005-06 and 2006-07.

The contribution rates are set to meet the cost of the benefits accruing during 2006-07 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 £27k (£50k in 2005-06) 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 per cent of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay.

Employer contributions of £2.1k, 0.8 per cent (£2.3k, 0.8 per cent in 2005-06) 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 £2k by The Royal Parks.

Contributions prepaid at the balance sheet date were nil.

There were five early retirements in 2006-07 (five early retirements in 2005-06); and £404k additional accrued pension liabilities in the year (£529k in 2005-06).

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	2006-07	2005-06
						Special Advisers	Total
Objective 1	111.9	107.5	0.8	2.4	0.8	0.4	96.4
Objective 2	390.9	371.7	4.5	13.4	0.9	0.4	456.6
Objective 3	61.2	57	0.8	2.4	0.7	0.3	31.2
Objective 4	54.6	50.2	0.7	2.1	1.1	0.5	70.8
Objective 5	35.6	33	0.5	1.4	0.5	0.2	14.7
<b>Total</b>	<b>654.2</b>	<b>619.4</b>	<b>7.3</b>	<b>21.7</b>	<b>4</b>	<b>1.8</b>	<b>669.7</b>

The total average number of staff includes 101 staff employed by The Royal Parks (132 in 2005-06), of which 6 are senior managers, who have all been allocated to Objectives 1 and 2. The figure of 101 TRP staff is the average number of staff employed in the year.

## 8. Other Administration Costs

	2006-07 £000	2005-06 £000
Rentals under operating leases	6,466	6,646
Interest charges	3	–
<i>Non cash items:</i>		
Depreciation & Amortisation	2,364	1,698
Auditors remuneration and expenses	80	68
Cost of Capital Charge	972	1,047
(Profit)/Loss on disposal of fixed assets	3	–
Early retirement costs	704	1,169
<i>Other Expenditure:</i>		
Building services	5,721	4,921
IT maintenance and support	3,121	3,175
Consultancy	886	1,161
Professional services	3,002	2,293
Other	4,409	4,790
	<b>27,731</b>	<b>26,968</b>

The audit fee is notional; no payment is made in respect of audit costs. 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

	2006-07 £000	2005-06 £000
<b>RfR 1</b>		
Current grants and other current expenditure	1,591,654	1,405,908
Capital grants and other capital expenditure	21,938	20,630
Early retirement costs – TRP	421	1,181
Provision for pension contributions – TRP	400	2,600
<i>Non-Cash Items</i> – DCMS programme depreciation and cost of capital:		
Depreciation	3,756	1,301
Cost of Capital Charge	298	168
<i>Non-Cash Items</i> – TRP:		
Depreciation & Amortisation	1,923	1,708
Auditors remuneration and expenses	40	36
Cost of Capital Charge	1,377	1,314
(Profit)/Loss on disposal of TRP fixed assets	6	1
	<u>1,621,813</u>	<u>1,434,847</u>
<b>RfR 2 Programme costs</b>	<u>2,739,006</u>	<u>2,624,277</u>
	<u><b>4,360,819</b></u>	<u><b>4,059,124</b></u>

**10. Income**

Operating Income analysed by classification and activity, is as follows:

	2006-07		2005-06	
	Appropriated in Aid £000	Payable to Consolidated Fund £000	Total £000	Total £000
<b>Request for Resources 1</b>				
Administrative income:				
EU Refunds	9	–	9	110
Rental income from external tenants	482	–	482	1,569
Receipts for dilapidations	235	–	235	–
Rate rebates	478	–	478	520
National Lottery Distribution Fund (NLDF) – recovery of the Department's costs in administering the fund	295	–	295	262
Miscellaneous	21	–	21	25
<b>Total RfR1 Administrative Income</b>	<b>1,520</b>	<b>–</b>	<b>1,520</b>	<b>2,486</b>
RfR1 Programme income:				
The Royal Parks: income from concessionaires, fees and charges, grants and sponsorship	9,328	–	9,328	8,069
The Royal Parks: services	57	–	57	86
EU Refunds	280	–	280	–
NLDF – Reimbursement of Grant-in-Aid to the National Lottery Commission for lottery regulation.	8,700	–	8,700	7,921
OLDF – Reimbursement of Grant-in-Aid to the National Lottery Commission for lottery regulation.	127	–	127	–
National Lottery operator licence fees	–	–	–	372
Fees income receivable from the Gaming Board of Great Britain and Gambling Commission	2,394	–	2,394	2,621
Contributions from NDPBs towards the costs of 'Taking Part' – Participation Survey research project	680	–	680	442
Rent for Somerset House under terms of the head lease with Somerset House Trust	120	–	120	202
Fees for licences issued by the Football Licensing Authority	–	10	10	9
Receipts by the Government Art Collection from sale of prints, hire of transparencies, copyright fees etc.	6	–	6	4
Income recognised on surrender of historic civil estate lease for Fortress House, Savile Row	–	–	–	12,000
Top-up rent from English Heritage for Fortress House, – payable to HM Treasury.	–	–	–	872
Grant recoveries	258	–	258	–
Recovery of Olympic costs	1,429	–	1,429	–
Miscellaneous	58	–	58	–
<b>Total RfR1 Programme Income</b>	<b>23,437</b>	<b>10</b>	<b>23,447</b>	<b>32,598</b>
Excess A-in-A – core department	–	–	–	–
<b>Total RfR1 Administrative and Programme Income</b>	<b>24,957</b>	<b>10</b>	<b>24,967</b>	<b>35,084</b>
<b>Request for Resources 2</b>				
RfR2 – BBC Licence fees receivable: Not Appropriated-in-Aid	–	2,739,160	2,739,160	2,624,468
<b>Total Income</b>	<b>24,957</b>	<b>2,739,170</b>	<b>2,764,127</b>	<b>2,659,552</b>

**BBC**

Under Section 180 and Schedule 18 of the Broadcasting Act 1990, the BBC is responsible for administering the collection of television licence fees, including the enforcement of the licensing system. In 2006-07 an estimated £173 million of licence fee revenue (compared with £150 million for 2005-06) remained uncollected because of licence fee evasion. The increase reflects a combination of an increase in estimated evasion (up from 4.7% as at March 2006 to 5.1% as at March 2007) and the increase in the licence fee (up from £126.50 in 2005-06 to £131.50 in 2006-07). 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 £472k for the sale of fixed assets (£2,501k in 2005-06).

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

	Estimate £000	2006-07 Outturn £000	2005-06 Outturn £000
Spending body:			
Core department			
– operating activities	51,222	53,183	47,758
Less Fortress House lease surrender	–	–	(12,000)
Core department	51,222	53,183	35,758
The Royal Parks Agency	19,492	19,628	30,989
Non-departmental public bodies	1,589,363	1,482,582	1,267,538
NHS Bodies	279	181	–
Other central government	20,709	18,141	17,220
Local authorities	2,480	54,873	61,819
Other bodies	38,316	24,731	40,720
Net Operating Cost – RfR 1	1,721,861	1,653,319	1,454,044
BBC – for Home Broadcasting	2,760,000	2,739,006	2,624,277
License fee receipts collected by BBC as TV licensing authority and paid to CF	(2,760,160)	(2,739,160)	(2,624,468)
Net Operating Cost – RfR 2	(160)	(154)	(191)
<b>Net Operating Cost – DCMS</b>	<b>1,721,701</b>	<b>1,653,165</b>	<b>1,453,853</b>

**12. Intangible Fixed Assets**

	<b>Software licenses £000</b>
<b>Cost and Valuation</b>	
at 1 April 2006	1,629
Additions	46
Disposals	–
Revaluation	–
At 31 March 2007	<u>1,675</u>
<b>Amortisation</b>	
At 1 April 2006	1,266
Charged in year	258
Disposals	–
At 31 March 2007	<u>1,524</u>
<b>Net Book Value</b>	
<b>At 31 March 2007</b>	<u><b>151</b></u>
<b>At 31 March 2006</b>	<u><b>363</b></u>
<b>Analysis of intangible fixed assets</b>	
	<b>Software licenses £000</b>
The net book value of intangible fixed assets comprises:	
Core department 2007	151
Agencies 2007	–
Core department 2006	363
Agencies 2006	–

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

	<b>Land &amp; Buildings £000</b>	<b>Equipment &amp; Computers £000</b>	<b>Fixtures &amp; Fittings £000</b>	<b>Collections £000</b>	<b>Total £000</b>
<b>Cost and Valuation</b>					
at 1 April 2006	30,790	17,779	2,994	1,189	52,752
Additions	5,791	6,147	643	226	12,807
Disposals	(475)	(1,316)	(3)	(6)	(1,800)
Transfers from assets under construction	–	–	–	–	–
Revaluation	440	–	–	–	440
At 31 March 2007	<b>36,546</b>	<b>22,610</b>	<b>3,634</b>	<b>1,409</b>	<b>64,199</b>
<b>Depreciation</b>					
At 1 April 2006	1,838	6,538	2,593	–	10,969
Charged in year	181	5,515	165	–	5,861
Disposals	–	(1,316)	–	–	(1,316)
Revaluations	–	–	–	–	–
At 31 March 2007	<b>2,019</b>	<b>10,737</b>	<b>2,758</b>	<b>–</b>	<b>15,514</b>
<b>NBV</b>					
At 31 March 2007	<b>34,527</b>	<b>11,873</b>	<b>876</b>	<b>1,409</b>	<b>48,685</b>
At 31 March 2006	<b>28,952</b>	<b>11,241</b>	<b>401</b>	<b>1,189</b>	<b>41,783</b>

**ii) Consolidated**

	<b>Land &amp; Buildings £000</b>	<b>Dwellings £000</b>	<b>Equipment &amp; Computers £000</b>	<b>Fixtures &amp; Fittings £000</b>	<b>Collections £000</b>	<b>Assets under Construction £000</b>	<b>Total £000</b>
<b>Cost and Valuation</b>							
at 1 April 2006	98,359	6,063	18,115	9,160	1,189	12	132,898
Additions	5,800	–	6,175	674	226	342	13,217
Disposals	(9)	(475)	(1,316)	(5)	(6)	–	(1,811)
Transfers from assets under construction	–	–	–	–	–	–	–
Revaluation	7,619	547	9	150	–	–	8,325
At 31 March 2007	<b>111,769</b>	<b>6,135</b>	<b>22,983</b>	<b>9,979</b>	<b>1,409</b>	<b>354</b>	<b>152,629</b>
<b>Depreciation</b>							
At 1 April 2006	32,248	1,987	6,832	6,688	–	–	47,755
Charged in year	1,627	131	5,533	494	–	–	7,785
Disposals	(4)	–	(1,316)	(2)	–	–	(1,322)
Revaluations	2,346	11	5	86	–	–	2,448
At 31 March 2007	<b>36,217</b>	<b>2,129</b>	<b>11,054</b>	<b>7,266</b>	<b>–</b>	<b>–</b>	<b>56,666</b>
<b>NBV</b>							
At 31 March 2007	<b>75,552</b>	<b>4,006</b>	<b>11,929</b>	<b>2,713</b>	<b>1,409</b>	<b>354</b>	<b>95,963</b>
At 31 March 2006	<b>66,111</b>	<b>4,076</b>	<b>11,283</b>	<b>2,472</b>	<b>1,189</b>	<b>12</b>	<b>85,143</b>

<b>Asset financing:</b>	<b>£000</b>
Owned	95,963
Finance Leased	–
Net book value at 31 March 2007	95,963

**Analysis of tangible fixed assets**

The net book value of tangible fixed assets comprises:	<b>£000</b>
Core department 2007	48,685
Agencies 2007	47,278
Core department 2006	41,783
Agencies 2006	43,360

**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 and because the major item of land was professionally re-valued at 31 March 2006, as described below.

**Donated assets:**

Land and buildings: £236,952 including £136,952 from Sport England.

**Land to the north of the British Library**

The land to the north of the British Library St Pancras site was professionally re-valued at £26.6 million as at 31 March 2006 by Atisreal UK, in accordance with the RICS Appraisal and Valuation Manual. The land was valued at its open market value. The land had been valued previously by Atisreal UK at £18.98 million, as at 31 March 2005. The valuation takes account of a planning block which exists on the site, relating to the building of the Channel Tunnel rail link. The planning block is due to expire in 2007-08, but would mean that a developer purchasing the site before 2007-08 would have to wait until the block was lifted before the site could be developed. The figure of £8.33 million for revaluations includes a revaluation of TRP assets of £7.89 million.

**Windsor properties**

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

The freehold of 20 Park Street, Windsor, was sold during the year.

**The net book value of land and buildings comprises:**

	<b>2006-07</b>	<b>2005-06</b>
	<b>£000</b>	<b>£000</b>
Freehold	73,642	64,201
Leasehold – short	1,910	1,910
	<u>75,552</u>	<u>66,111</u>

**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 2007. 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 (SHT), 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 SHT's fulfilment of 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 the course of the year.

**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 2005-06.

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 £1,577k, in year revaluation of £306k, opening depreciation of £1,010k, in year depreciation of £15k, and revaluation depreciation of £189k are included

in the above table. The net book value of these buildings was £648k at 31 March 2006 and £647k at 31 March 2007.

The Royal Parks has a 99-year lease on Pembroke Lodge in Richmond Park of which 84 years remained unexpired at 31 March 2007. The property is included in land and buildings at a value of £770k.

#### 14. Investments

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

The New Millennium Experience Company (NMEC) was dissolved on 12 September 2006.

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 was one of the members of LOCOG. The other members of the company are the Greater London Authority (GLA) and the British Olympic Association (BOA). Further information about the 2012 Olympic and Paralympic Games can be found in the London 2012 web-site ([www.london2012.org](http://www.london2012.org)).

#### 15. Long Term debtors

	2006-07	2005-06
	£000	£000
Proceeds due on surrender of lease of Fortress House	2,000	5,500

The Department recognised a total of £12million income arising from the surrender of the Government's long-standing civil estate lease on Fortress House. This will be paid in stages until 2009-10 as the landlord's redevelopment of the site proceeds. The balance of £3.5 million due within one year is shown under current debtors.

#### 16. Assets held for transfer

	2006-07	2005-06
	£000	£000
Assets held for transfer	–	908

The Secretary of State was licensee of the accommodation at One Churchill Place, Canary Wharf which the interim Olympic Delivery Authority (iODA) and its successor organisation the Olympic Delivery Authority (ODA) have occupied since January 2006. The ODA's offices are part of the accommodation leased by London Organising Committee for the Olympic Games (LOCOG). The license was assigned to the ODA during 2006-07. The LDA paid all costs relating to the iODA's occupation of the premises at Canary Wharf, except for the iODA's share of the cost of fitting out the offices which were funded by DCMS.

As at 31 March 2006 and prior to the legal existence of the ODA, DCMS was the nominal owner of these office assets held for transfer to the ODA. These assets were included in the financial statements as a current asset as at 31 March 2006. On assignment of the licence to the ODA on 4 September 2006, the Department sold these assets to the ODA at cost.



**17. Stock**

	<b>2006-07</b>	<b>2005-06</b>
	<b>£000</b>	<b>£000</b>
Goods for resale (the Royal Parks)	17	11

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

	<b>2006-07</b>	<b>2005-06</b>
	<b>£000</b>	<b>£000</b>
Amounts falling due within one year:		
Trade debtors	2,412	2,243
Deposits and advances	174	144
VAT	2,567	2,909
Amounts due from the consolidated fund in respect of supply	–	3,133
Other debtors	5,538	6,819
Pre-payments and accrued income	2,196	2,186
	<b><u>12,887</u></b>	<b><u>17,434</u></b>

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.

Within other debtors is an amount of £1,094k (2005-06 – creditor £277k ) that relates to the amount that is owed by the BBC to the Department.

**18(b) Intra-Government Balances**

	<b>Debtors: amounts falling due within one year £000</b>	<b>Debtors: amounts falling due after more than one year £000</b>
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>	<u>3,908</u>	<u>–</u>
Balances with bodies external to government	8,979	2,000
<b>At 31 March 2007</b>	<u><b>12,887</b></u>	<u><b>2,000</b></u>
Balances with other central government bodies	11,026	–
Balances with local authorities	512	–
Balances with NHS Trusts	–	–
Balances with public corporations and trading funds	–	–
<i>Subtotal: Intra-government balances</i>	<u>11,538</u>	<u>–</u>
Balances with bodies external to government	5,896	5,500
<b>At 31 March 2006</b>	<u><b>17,434</b></u>	<u><b>5,500</b></u>

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**

	<b>2006-07 £000</b>	<b>2005-06 £000</b>
Balance as at 1 April	17,099	33,937
Net Cash (outflow)/Inflow:	15,514	(16,838)
<b>Balance at 31 March</b>	<u><b>32,613</b></u>	<u><b>17,099</b></u>

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

	<b>2006-07 £000</b>	<b>2005-06 £000</b>
Balances at OPG	32,475	17,040
Commercial banks and cash in hand	138	59
	<u><b>32,613</b></u>	<u><b>17,099</b></u>

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

	£000	2006-07 £000	£000	2005-06 £000
Tax and social security		573		570
Trade creditors		4,853		3,770
Other creditors		881		1,466
Accruals and deferred income		6,781		8,645
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	12,146		20,235	
Excess AinA due to Consolidated Fund	3,312		3,312	
Total of amounts due to the Consolidated Fund		<u>35,924</u>		<u>23,547</u>
		<u>49,012</u>		<u>37,998</u>

**(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	38,141	-
Balances with local authorities	143	-
Balances with NHS Trusts	-	-
Balances with public corporations and trading funds	-	-
<i>Subtotal: Intra-government balances</i>	<u>38,284</u>	<u>-</u>
Balances with bodies external to government	10,728	-
<b>At 31 March 2007</b>	<u>49,012</u>	<u>-</u>
Balances with other central government bodies	24,183	-
Balances with local authorities	1,814	-
Balances with NHS Trusts	-	-
Balances with public corporations and trading funds	-	-
<i>Subtotal: Intra-government balances</i>	<u>25,997</u>	<u>-</u>
Balances with bodies external to government	12,001	-
<b>At 31 March 2006</b>	<u>37,998</u>	<u>-</u>

**21. Provisions for liabilities and charges**

	Early departure costs £000	Other £000	Total £000
Balance at 1 April 2006	953	2,780	3,733
Provided in the year	839	521	1,360
Provisions not required written back	(31)	–	(31)
Provisions utilised in the year	(577)	(2,083)	(2,660)
<b>Balance at 31 March 2007</b>	<b>1,184</b>	<b>1,218</b>	<b>2,402</b>

**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**

A provision of £400k has been made, which is an estimate of the shortfall between the amount available from the Principal Civil Service Pension Scheme and the amount required by the Police Pension Scheme to cover service credits for Royal Parks Constabulary officers transferring to the Metropolitan Police Service. Officers transferred between July 2004 and May 2006.

There is also a provision in the Royal Parks accounts for compensation claims of £297k.

A provision of £521k has been made for dilapidations on Grove 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.

	2006-07 £000	2005-06 £000
Balance at 1 April	43,806	31,371
Net Parliamentary Funding:-		
Drawn Down	4,411,700	4,082,038
Deemed	–	6,587
Net financing from the Contingencies Fund	–	–
Year end adjustments:-		
Supply Debtor /(Creditor)– current year	(20,466)	3,133
Net Transfer from Operating Activities:		
Net Operating Cost	(1,653,165)	(1,453,853)
CFERS repayable to Consolidated Fund	(2,739,170)	(2,628,652)
Non Cash Charges:		
Cost of Capital	2,647	2,529
Consolidation – rounding adjustment	2	1
Auditors' remuneration	120	104
Transfer from Revaluation Reserve	895	548
<b>Balance at 31 March</b>	<b>46,369</b>	<b>43,806</b>

**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).

	<b>2006-07</b>	<b>2005-06</b>
	<b>£000</b>	<b>£000</b>
Balance at 1 April	38,252	26,050
Arising on revaluation during the year	5,877	12,750
Transferred to General Reserve	(895)	(548)
<b>Balance at 31 March</b>	<b><u>43,234</u></b>	<b><u>38,252</u></b>

**23(b) Donated Asset Reserve**

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

	<b>2006-07</b>	<b>2005-06</b>
	<b>£000</b>	<b>£000</b>
Balance at 1 April	2,669	2,480
Additions in year	–	237
Depreciation charged in year	(55)	(48)
<b>Balance at 31 March</b>	<b><u>2,614</u></b>	<b><u>2,669</u></b>

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

	Note	£000	2006-07 £000	£000	2005-06 £000
Net operating cost	11		(1,653,165)		(1,453,853)
Adjustments for non-cash transactions: -	8, 9				
Depreciation		8,043		4,707	
Audit fee		120		104	
Cost of capital		2,647		2,529	
Loss on disposal		17		1	
Notional income		(55)		(48)	
			10,772		7,293
Movement in working capital other than cash:-					
Decrease / (Increase) in debtors over 1 year		3,500		(5,500)	
Decrease in Assets for transfer		908		(908)	
Increase in Stock		(6)		(11)	
(Increase)/decrease in Debtors		1,414		(9,432)	
Movements in debtors relating to items not passing through the OCS		-		3,133	
(Decrease)/ Increase in Creditors		(1,363)		(13,766)	
Movement in creditor due to Consolidated Fund		(20,235)		3,806	
Movements in creditors relating to items not passing through the OCS		-		6,587	
Contingency fund to 24(d)		-		368	
(Decrease) / Increase in provisions	21	(1,331)		3,733	
			(17,113)		(11,990)
<b>Net cash outflow from operating activities</b>			<b>(1,659,506)</b>		<b>(1,458,550)</b>

**24(b) Analysis of capital expenditure and financial investment**

	Note	2006-07 £000	2005-06 £000
Tangible fixed asset additions	13	(13,215)	(9,905)
Donated assets		-	237
		(13,215)	(9,668)
Intangible fixed asset additions	12	(46)	(334)
Proceeds of disposal of fixed assets		472	2,502
<b>Net cash outflow from investing activities</b>		<b>(12,789)</b>	<b>(7,500)</b>

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

	<b>Capital expenditure £000</b>	<b>Loans etc £000</b>	<b>A in A £000</b>	<b>Net total £000</b>
Request for resources 1	(13,261)	–	472	(12,789)
Request for resources 2	–	–	–	–
Net movement in debtors/creditors	–	–	–	–
<b>Total 2006-07</b>	<b>(13,261)</b>	<b>–</b>	<b>472</b>	<b>(12,789)</b>
<b>Total 2005-06</b>	<b>(10,000)</b>	<b>–</b>	<b>2,500</b>	<b>(7,500)</b>

**24(d) Analysis of financing**

	<b>2006-07 £000</b>	<b>2005-06 £000</b>
From the Consolidated Fund (Supply) – current year	4,411,700	4,082,038
From the Consolidated Fund (Supply) – prior year	3,133	–
From the Consolidated Fund (non-Supply)	–	–
Advances from the Contingencies Fund	33	5,092
Repayments to the Contingencies Fund	(33)	(5,460)
<b>Net financing</b>	<b>4,414,833</b>	<b>4,081,670</b>

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

	<b>Note</b>	<b>2006-07 £000</b>	<b>2005-06 £000</b>
Net cash requirement		(4,391,234)	(4,091,758)
From the Consolidated Fund (Supply) – current year	24(d)	4,411,700	4,082,038
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	(20,235)	(27,353)
Amounts due to the Consolidated Fund received and not paid over	20	12,146	20,235
Consolidation adjustment		4	–
<b>Increase/(Decrease) in cash</b>		<b>15,514</b>	<b>(16,838)</b>

**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:

	<b>2006-07</b>	<b>2005-06</b>
	<b>£000</b>	<b>£000</b>
Objective 1	180,331	184,100
Objective 2	1,005,673	939,519
Objective 3	178,610	92,902
Objective 4	157,432	186,002
Objective 5	103,649	37,446
<b>RFR1 Total</b>	<b>1,625,695</b>	<b>1,439,969</b>
<b>RFR2 Total</b>	<b>2,739,006</b>	<b>2,624,277</b>
<b>Total</b>	<b>4,364,701</b>	<b>4,064,246</b>

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

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

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

**Capital Employed by Departmental Aim and Objectives at 31 March 2007**

	<b>2006-07</b>	<b>2005-06</b>
	<b>£000</b>	<b>Restated £000</b>
Objective 1	17,623	18,468
Objective 2	64,030	62,080
Objective 3	4,292	1,095
Objective 4	3,783	2,567
Objective 5	2,489	517
	<b>92,217</b>	<b>84,727</b>

The majority of DCMS's capital is employed for administration purposes, with the exception of £9 million of programme capital employed by the Culture Online (COL) programme and the capital employed by The Royal Parks, both of which are used for the delivery of Objectives 1 and 2. Capital employed by The Royal Parks and COL 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.

The figures for 2005-06 have been restated to correct an error in the 2005-06 published accounts.



**26. Capital commitments**

	2006-07 £000	2005-06 £000
Contracted capital commitments at the balance sheet date for which no provision has been made:		
DCMS	1,729	2,172
TRP	548	120
	<u>2,277</u>	<u>2,292</u>

**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.

	2006-07 £000	2005-06 £000
Obligations under operating leases comprise:		
Land and buildings:		
Expiry within 1 year	–	110
Expiry after 1 year but not more than 5 years	–	–
Expiry thereafter	6,451	6,451
	<u>6,451</u>	<u>6,561</u>
Other:		
Expiry within one year	63	8
Expiry after 1 year but not more than 5 years	82	63
Expiry thereafter	121	124
	<u>266</u>	<u>195</u>

**27.2 Finance leases**

Obligations under finance leases are as follows:

The Department has no finance leases.

**28. Commitments under PFI contracts**

The DCMS has no commitments to report.

**29. Other financial commitments**

The DCMS has no other financial commitments to report.

**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.

**32. Contingent liabilities disclosed under FRS 12****Olympics**

The Government is the ultimate guarantor for the London 2012 Olympic and Paralympic Games. DCMS has also provided a separate guarantee to the London Organising Committee for the Olympic Games (LOCOG).

In her statement to the House of Commons on 15th of March 2007 the Secretary of State announced that, following the conclusion of the cost review that she had initiated after London had won the right to stage the Olympic and Paralympic Games in 2012, the budget for the Games had been set. The details of the costs and funding are set out below:

<b>Costs and provisions</b>	<b>£m</b>
Olympic Delivery Authority (ODA) costs	
ODA core costs	3,081
Infrastructure and regeneration costs associated with Olympic Park	1,673
Programme Contingency, excluding tax	500
Total net of tax	<u>5,254</u>
Sports, Paralympics and other non-ODA costs	388
Provision for policing and wider security	600
Tax on ODA costs	836
Programme contingency including tax	2,247
	<u>9,325</u>
<b>Funding</b>	
Initial package:	
Lottery	1,500
London	875
Previously announced:	
Government funding for regeneration	1,044
Additional provision:	
Central Government	4,931
Lottery	675
London	300
	<u>9,325</u>

**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 2006 £m	Increase in year £m	Liabilities crystallised in year £m	Obligation expired in year £m	31 March 2007 £m	Amount reported to Parliament by Departmental Minute £m
<b>Guarantees</b>						
Borrowing facility for Historic Royal Palaces	4.0	–	–	–	4.0	N/A
<b>Indemnities</b>						
Government Indemnity Scheme	3,089.5	79.0	–	–	3,168.5	3,190.8
Artworks on loan to the Government Art Collection	3.2	–	–	0.7	2.5	2.5
Royal Parks sculpture	1.0	–	–	1.0	–	N/A
Artworks on loan from the Royal Collection	252.2	42.1	–	–	294.3	294.3

The Department reported £3,469.3m of contingent liabilities as at 31 March 2007 (£3,404.1m at 31 March 2006) in its annual return to HM Treasury relating to the bodies it sponsors. This included: statutory liabilities under the Government Indemnity Scheme of £3,168.5m (£3,089.5m 31 March 2006) 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 £294.3m (£252.2m at 31 March 2006); £2.5m for items on loan to the Government Art Collection (£3.2m at 31 March 2006). 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 figure brought forward at 1 April 2006 has been restated to exclude loans to Scottish and Welsh museums, the indemnities for which are issued in the name of the Scottish and Welsh Ministers respectively. However the amount reported to Parliament at 31 March 2007 includes these indemnities for Scottish and Welsh museums.

**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 new Royal Armouries Museum in Leeds.

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

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

**34. Losses and special payments**

	2006-07	2005-06
	£000	£000
Total of 8 cases (11 in 2005-06)	268	215

**Details**

No case exceeded £250k in 2006-07.

**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:

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

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

- Channel Four Television Corporation

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

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

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

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

The following are regarded as related parties:

- The London Development Agency
- The Olympic Delivery Authority (ODA)
- Networks for Tourism Ltd (formerly EnglandNet Ltd)
- London 2012 Ltd
- London Organising Committee for the Olympic Games (LOCOG)

In last year's resource accounts London 2012 Ltd (a company limited by guarantee) was reported as a related party since the Secretary of State was a member of the company. London 2012 Ltd 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.

In last year's resource accounts the London Development Agency (LDA) was reported as a related party since staff of the LDA worked under the direction of the senior management team of the Interim Delivery Authority. This latter team worked under contracts for the Department. This arrangement was terminated on 30th March 2006, when the Olympic and Paralympic Games Act 2006 received Royal Assent and the Olympic Delivery Authority was created.

The Minister for Sport, Richard Caborn, is a member of the Board of Directors of LOCOG.

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 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 13 July 2007, the following notable events have occurred:

**Changes to the DCMS Ministerial Team:**

Rt Hon James Purnell was appointed Secretary of State for Culture, Media and Sport on 28 June 2007, replacing Rt Hon Tessa Jowell who becomes the dedicated Minister for the Olympics and London, working out of the Cabinet Office.

It was announced on 28 June that Rt Hon Richard Caborn would step down as a Minister to become the Prime Minister's Ambassador for the 2018 World Cup bid.

It was also announced on 28 June that Shaun Woodward would leave the Department to take up the post of Secretary of State for Northern Ireland.

The Rt Hon Margaret Hodge MBE has been appointed as Minister of State and Gerry Sutcliffe as Parliamentary Under Secretary of State.



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