

## DCMS Resource Accounts for 2001-02 Commentary

### Summary of resources outturn - Schedule 1 - (page 14).

The Resource Accounts disclose the consolidated results of both the Department and the RPA. Schedule 1 of the accounts shows that the DCMS "Group" underspent its Estimate by £109m in terms of its Total Resources (£6.7m in 2000-01) but exceeded its Net Cash Requirement by £51m (£30m underspend in 2000/01). The underspend on Total Resources consisted of an underspend of £77m on the Department's Request for Resources (RfR) 1 programme expenditure (£33m in 2000/01) and an underspend of around £31m on its Request for Resources (RfR) 2 (BBC) programme expenditure, (overspend of £26 million in 2000/01).

There was an overspend in administration costs caused by an £18 million impairment on the RPA's fixed assets, although Note 7 (page 28) shows the Department underspent its running costs by £1.3m.

Note 7 also gives a detailed analysis of the RfR 1 programme underspend, which is caused primarily by underspends on a small number of large projects and programmes - where in some cases work had either started relatively late in the period or had been delayed until the next financial year - and underspends by two of DCMS's larger sponsored bodies.

The underspend on the RfR 2 (BBC) programme was caused by the changes in money due to and from the BBC which is difficult to predict - for example, in 2000/01 the result was a net overspend of £26 million.

The overspend on the Net Cash Requirement has been explained in the note to Schedule 1 on page 15.

### Operating Cost Statement and Balance Sheet (pages 16 and 17, with supporting Notes on pages 20 onwards)

The accounts aggregate the figures for both the Department and the RPA and so administration costs (page 16) and fixed assets (page 17) appear higher than would otherwise be expected. Splitting the results for DCMS and RPA in to Schedule 2 (the Operating Cost Statement, page 16) and the Balance Sheet (page 17) provides the following figures (in £000s):

	Non-pay Administration Costs		Staff Costs/Numbers				Fixed Assets	
	2001/02	2000/01	2001/02		2000/01		2001/02	2000/01
DCMS	16,069	13,053	15,515	437	13,746	398	22,730	10,285
RPA	23,989	5,415	2,375	223	7,226	230	33,256	49,062
Total	40,058	18,468	17,890	660	20,972	628	55,986	59,347

The table shows:

- A 23% increase in DCMS administration costs between 2000/01 and 2001/02 from £13,058k to £16,069, which was in line with the increase in the Resource Estimate to take account of the new responsibilities the Department inherited from the Home Office and Cabinet Office.
- The average cost per staff member rose by 2.8% from £34,538 to £35,503, when analysing the total staff costs and comparing to the number of staff in post (DCMS only), although staff numbers rose by 9.8%, as a result of the functions we inherited from the Home and Cabinet Offices. The reduction in the RPA's staff costs between 2000/01 and 2001/02 is as a result of the staff costs of the Royal Parks Constabulary being re-classified as programme expenditure. In 2001/02 this amounted to £5.5m, and would have resulted in total RPA staff costs of £7.9m.
- Staff costs as a proportion of Net Admin costs fell from 51% in 2000/01 to 49% in 2001/02, which indicates that although staff numbers have grown, DCMS is maintaining control of its staff costs.
- Net Admin costs as a percentage of net operating cost remained constant over the period 2000 - 2002 at 3%.

Other issues relating to these statements are:

- Two thirds of the departmental total resources relate to the BBC (Request for Resources 2). Licence receipts were around £4m higher than the BBC expected, resulting in a BBC creditor. Fluctuations in this creditor can have a profound effect on the DCMS's consolidated balance sheet. In the previous year this creditor stood at £30 million and the reduction to £4 million is the primary cause of the rise in the balance sheet value between 2000-01 and 2001-02.
- Income is derived from a number of sources (see Note 5, page 25), but mainly in the form of Appropriations-in-Aid, the bulk of which is derived from: RPA fees and charges for licences, rents etc; the NLDF reimbursement for the National Lottery Commission and Gaming Board receipts. Total RfR1 income of £14m was lower by over £6m (32%) compared to 2000/01, due mainly due to the fact that the 2000-01 income included the proceeds of the sale of Southampton buildings.
- Movements in fixed assets are shown on page 35, the main ones being the revaluation by DTZ of land to the north of the British Library, which increased the value from £4.7m to £18m. This increase, however, was cancelled out by an £18m impairment on the value of certain RPA properties, which had been revalued - as part of a 5 year rolling programme - using a different, but nonetheless approved, valuation methodology. The application of this methodology reduced significantly the value of the properties concerned.
- There was a significant fall in Creditors (see Note 16 on page 38), from £64m to £29m (a 48% fall). This was caused by a reduction in 'Other creditors', which itself is primarily the result of the £29 million fall in BBC year-end creditor as mentioned above.
- Amounts due to the Consolidated Fund (included within Creditors on page 38) have reduced by £6m. These amounts represent the monies that are due back to the Treasury at the year end.
- Accruals and Prepayments (pages 37 and 38) have also increased in 2001/02 compared to 2000/01, Prepayments by £154m and Accruals by £2.4m. The rise in Prepayments is the result of the pre-paid grant-in-aid payments mentioned in the note to Schedule 1 (page 15). Without this anomaly, prepayments increased by £1.3m (83%). The rise in both prepayments and accruals has been assisted by budget holders taking a more pro-active role in identifying accruals and prepayments than in previous years.

#### **Schedule 5, Resource by Departmental Aims and Objectives (Page 19)**

The Schedule 5 analyses the resources spent by the Department across its six PSA objectives. Net operating costs rose by 10% from 2000/01 to 2001/02 and this rise was reflected in the rise in expenditure across each objective. There were above trend rises in the expenditure on Objectives 3 (15%) and Objective 5 (39%), but these were as a result of reduced income levels for these two objectives compared to 2000/01, which meant that net costs were higher.