

Department for Culture, Media and Sport

Annual Report and Accounts 2010-11

Department for Culture, Media and Sport Annual Report and Accounts 2010-11

(For the year ended 31 March 2011)

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Annual Report presented to the House of Commons by Command of Her Majesty

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This is part of a series of Annual Reports and Accounts which, along with the Main Estimates 2011-12 and the document Public Expenditure: Statistical Analyses 2011, present the Government's outturn and planned expenditure for 2011-12.

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Foreword

Rt Hon Jeremy Hunt
Secretary of State for Culture, Olympics, Media and Sport



The past 12 months has been an incredible year for the DCMS. We've achieved a fantastic amount in challenging circumstances.

When I arrived at this department just over a year ago I had big ambitions for each of our sectors. But I also knew that I was going to have to deliver them in a different way. I believe we have shown that government can do better for less. Thanks to the Department's energy, commitment and determination, the progress we have made has been incredible. Boosting cultural philanthropy, encouraging local TV, creating the best superfast broadband network in Europe, putting in place a long-term strategy for tourism, setting up the School Games – these are all areas in which we have overcome major obstacles and made great strides on the path to success.

Everyone remembers the Royal Wedding in April. DCMS played a significant part in helping to organise the public events behind this wonderful success for the country and which was a worldwide phenomenon. We have learnt a great deal from the success of the Royal Wedding which we can use for the Diamond Jubilee and 2012. We are going into 2012 stronger and more confident as a result.

We are making real progress too on ensuring the UK has the best superfast broadband network in Europe by 2015. It should by then be available to 90 per cent of people in each local authority area, with every home and businesses in the UK having access to at least 2Mbps. This will be a massive achievement and one that will transform personal, cultural and business life here in a truly fundamental way.

Strong and effective local media is a vital part of local democracy. It can help hold institutions to account and it can ensure that local people know what is going on in their local communities. Audiences want more local content but there is virtually no local TV in the UK, compared to most of Europe and North America. So one of my priorities is to change that, and we are on track to see the first licences awarded to local TV channels from summer 2012.

And we have also made good progress in our work to boost philanthropy. We have launched a £100 million match funding programme in partnership with Arts Council England and the Heritage Lottery Fund and this, I believe, will help cultural organisations, large and small, across the country to build their supporter base and to fundraise more effectively. The Government has published a White Paper on Giving, and in his Budget the Chancellor announced a strong package of tax measures which will incentivise giving to culture. So over the next twelve months we want to build a stronger culture of legacy giving in this country. But building a culture of philanthropy isn't just about making it easier for people to give. It's also about remembering to say thank you. So we have also taken measures to strengthen public recognition to those who give their time and money to the cultural life of the nation. And to all of them, I wish to place on record my profound gratitude.

And finally, *the* key priority in the coming year is the delivery of a safe and successful Olympic and Paralympic Games that leaves a lasting sporting, community and economic legacy. We have made real progress over the last year to deliver on this pledge, with the launch of a £100m tourism marketing fund and the establishment of the School Games. DCMS can be immensely proud of its achievements to date. The venues and infrastructure are taking shape, with 83 per cent of the Games-time construction programme now complete. It is breathtaking to think that, in just a few months' time, the world will be tuning into the greatest show on earth. And we will be the host. I, for one, can't wait.

Jonathan Stephens
Permanent Secretary



2010/11 has been a demanding year for DCMS, with a change of Government, a challenging spending settlement, and significant internal change. Despite this we have delivered against key priorities of the new Coalition Government, and have ensured that preparations for the London Olympic and Paralympic Games remain on track and on budget. The construction of the Olympic Stadium was completed on time, and we have received unprecedented plaudits from the IOC for the advanced level of our planning and readiness. We have led our large and diverse family of Arms Length Bodies through a challenging spending review settlement and period of reform and are undertaking a detailed piece of work to look more closely at how we work with these organisations in the years ahead.

In December 2010, DCMS took on a range of new responsibilities following a machinery of Government change which transferred competition and policy issues relating to media, broadcasting, digital and telecoms sectors to us. This change puts us at the forefront of the Government's growth agenda, leading the way on the roll out of superfast broadband across the UK, and the award of radio spectrum to deliver the next generation of mobile broadband services.

This year has also seen the Department shift its focus towards the operational challenges that 2012 will present through both the Olympic Games and the Queen's Diamond Jubilee. With our new structures in place, I believe we are well set to deliver events of an unprecedented significance and international resonance for this country

Introduction

This publication presents the annual report and accounts for the Department of Culture, Media and Sport (DCMS) over the twelve months to 31 March 2011.

With the change of Government in May 2010, DCMS has new priorities. We have delivered significant progress against these priorities including:

- The London 2012 Olympic and Paralympic Games remaining on time and within budget, and the construction of the Olympic Stadium being completed on time, under budget and with an exemplary safety record.
- Investing in a match funding scheme to boost private giving to arts organisations, and develop greater diversity of funding to help cultural institutions become stronger and more resilient in the long term.
- Encouraging local TV by launching an action plan, with the goal for 10-20 local TV services to be in operation by 2015 with the first local services licensed from summer 2012.
- Contributing towards the ambitious target of delivering the best superfast broadband in Europe by 2015, by supporting English local authorities and the devolved administrations in rolling out broadband in remote areas.
- Publishing a long-term strategy for tourism to create a legacy from London 2012 and the Queen's Diamond Jubilee, with the aim of attracting an extra four million overseas visitors over the next four years, bringing in an extra £2 billion of spending and creating thousands of jobs.
- Setting up the School Games, which will give every child the opportunity to take part and compete in sport, and create a legacy from London 2012.
- Co-ordinating the Government's role in the arrangements for the marriage of Prince William and Miss Catherine Middleton in April 2011, and playing a significant part in the event's success.

With London 2012 only a year away, our aim is, together with our sectors and industries, to continue to boost economic growth, equip the country for future success and transform the way we deliver culture, media, sport and tourism.

What we are aiming to achieve

The biggest immediate challenge that DCMS faces is delivering a safe and successful Olympic and Paralympic Games in 2012, the largest peacetime logistical operation this country has ever faced. London 2012 will be an opportunity to demonstrate our economic vitality, our social and cultural renewal, and our standing on the global stage. We also want to create a sporting legacy from London 2012, by improving local sports facilities, and encouraging competitive sport in schools.

The Government aims to create the conditions for growth in the creative, communications, cultural, tourism and leisure economies, by removing barriers to innovation and levelling the playing field. Where it is judged that there is a need for a particular intervention, DCMS will provide support and direction, whilst encouraging our sectors and industries to drive their own agenda. We will remove unnecessary red tape and barriers, ensuring that people remain protected by only essential regulation, and reform the media regulatory regime.

The Secretary of State has set the ambitious target to have the best super-fast broadband network in Europe by 2015. We will stimulate private sector investment to deliver this network, which is an essential building block for economic growth. We will work with local bodies to ensure that people in rural, as well as urban areas, get good online access with the social and economic benefits that this brings. We want there to be truly local TV, and to develop a viable and sustainable local TV landscape.

An ongoing aim of the Government is to boost the Big Society, by encouraging private giving to cultural organisations, and creating a new generation of philanthropists. We have also returned the National Lottery to its founding principles of primarily benefiting the arts, sport, heritage and the voluntary sector. We will reform our arm's length bodies and help them to adapt their business models, enabling them to continue to deliver some of the world's best culture, media and sport. DCMS will support major events and encourage the celebration of ceremonial traditions, such as the Queen's Diamond Jubilee in June 2012.

Ministers believe that there should be public funding for the arts and culture, and that free access to national museums and galleries should be maintained. We need to ensure that, during a time when we have to reduce public spending, our world-class cultural institutions can continue to thrive.

DCMS aims to protect the sporting and cultural core for the long term. This has ensured we have been able to limit cuts to the frontline to 15% over four years. DCMS will reduce its administration costs by 50%, and has asked for similar reductions from all of the major bodies we fund. DCMS will abolish or reform 19 of its 55 public bodies, in response to a drive across Government to radically increase the efficiency, transparency and accountability of all public services, and provide better value for money for the public. Resources will be focused on the frontline services that the public value.

How we have performed

Progress against the Structural Reform Plan

Structural Reform Plans (SRP) are the key tool of the Government for making departments accountable for the implementation of the reforms set out in the Coalition Agreement. The reform plans are consistent with and form part of DCMS's contribution to the Spending Review

The table below shows our progress (from July 2010 to end March 2011) in meeting the commitments in our SRP. We publish progress reports on the SRP each month, which can be found at <http://www.culture.gov.uk/publications/7545.aspx#srp>

Priority	No. of actions	No. of actions met on time	No. of actions missed by 1 month	No. of actions missed by 2 months	No. of actions missed by 3 or more months	No. of actions still outstanding
Deliver the 2012 Olympics and Paralympics	3	3				
Create the conditions for growth	3	2		1		
Boost the Big Society	13	8	2		2	1
Facilitate the delivery of universal broadband	4	3	1			
Create a sporting legacy from the Olympic and Paralympic Games	9	7			1	1
Strengthen cultural organisations	2	2				

The table below provides more information about the SRP actions that were not completed on time

Action (by Priority)	Planned Completion Date	Actual Completion Date	Reason Given (in Monthly SRP Progress Report) for Delay
Create the Conditions for Growth			
Publish government tourism strategy	Jan 2011	Mar 2011	Tourism strategy published in early March. The Prime Minister announced on 5th January that the fund to create 50,000 jobs in tourism is on target to reach £100m, and the strategy built on this announcement.
Boost the Big Society			
Lay statutory instrument to allocate 60% of Lottery funding to the arts, sport and heritage causes, and 40% to the voluntary and community sector	Sept 2010	Oct 2010	The statutory instrument could not be laid in September as the House of Lords did not sit this month. The Department laid this piece of legislation as soon as the Parliamentary timetable allowed.
Issue new policy directions to reform the Big Lottery Fund to ensure that only voluntary and community sector projects are funded and to prevent funding of politicised projects	Sept 2010	Dec 2010	DCMS issued the policy directions in draft form, but these were subject to consultation. The formal policy directions were issued in December.
Lay order before Parliament to scrap rules on local cross-media ownership to create more opportunities and flexibility for local media	Nov 2010	Feb 2011	After reviewing additional analysis provided by Ofcom, DCMS went further than originally intended to pursue full deregulation of the local cross media ownership rules. This made the process more complex. The Order was laid on 14th February.
Agree with national museums a framework for creating charitable trusts, which will encourage and manage museum donations and private income	Mar 2011	Still not complete	This work is ongoing including discussions with Ministers and museums and further investigation about some of the technical questions. A final framework will be published shortly.
Conduct consultation on the enabling of local TV stations	Mar 2011	Apr 2011	The consultation ended on 13 April.

Action (by Priority)	Planned Completion Date	Actual Completion Date	Reason Given (in Monthly SRP Progress Report) for Delay
<i>Facilitate the delivery of universal broadband</i>			
Hold an industry round table to discuss ways to increase certainty and confidence for potential investors in super-fast broadband	Dec 2010	Jan 2011	Cancelled due to travel disruption caused by bad weather. The round table was rescheduled for 11 January.
<i>Create a sporting legacy from the Olympic and Paralympic Games</i>			
Work with sports to develop guidelines for their entry into the Olympic and Paralympic style competition for schools	Dec 2010	First stage marked as complete in Mar 2011. Second stage given new deadline of October 2011	This action has two separate stages. The first stage, which is complete, was to work with sports to develop a strategy for their engagement with the School Games. The second stage, which will complete in October 2011, is to work with sports to develop appropriate formats for their inclusion in the School Games.
Announce findings of investigation into how to use cash in dormant betting accounts to set up a capital fund to improve local sports facilities and support sports clubs, and begin to implement	Jan 2011	Still not complete	This was delayed to allow coordination with other related announcements. We expect to announce our findings shortly.

Our performance

A number of indicators have been developed to measure DCMS performance on its key structural reform plan priorities.

These are split into input and impact indicators.

Input indicators show what is being 'bought' with public money, i.e. the resources being invested into delivering the results that we and our partners are aiming to achieve.

Impact indicators give information on the outcomes of our work. They reflect the quality and effectiveness of the programmes and priorities set out in our business plan and the impact they have on society. They provide a broad picture of performance, with a particular focus on whether fairness is being improved.

Input indicators

Input indicator	Data Source	Latest release	How will this be broken down?
Number of premises covered per £million of broadband delivery programme expenditure.	Broadband Delivery UK	Available from 2012	Not Applicable
Progress towards delivery on time and to budget of Olympic and Paralympic Games (Ratio of actual spend as percentage of anticipated final cost to percentage of actual progress of Olympic Delivery Authority programme).	Olympic Delivery Authority Quarterly Economic report	At end of March 2011 spend was £4.16bn (75.9% of £5.484bn budget), with 76.2% progress. The ratio of spend to progress was $75.9/76.2 = 0.996$. A figure less than one means the progress achieved is greater than the total amount of actual spend.	Not Applicable
Public funding per school participating in the School Games.	School Games Database (hosted by the Youth Sport Trust)	Available from September 2011	By school type, number of school children in school and locality
Ratio of charitable giving to grant-in-aid for cultural institutions funded by DCMS (Arts Council England, British Film Institute, English Heritage, National Museums and Galleries).	Individual statutory accounts	Available from July 2011	By cultural institution, ACE regularly funded organisation by artform, and by income revenue streams including donated objects.

Impact indicators

Impact indicator	Data Source	Latest release	How will this be broken down?
Broadband Delivery UK's Best-in-Europe scorecard (measuring Coverage, Speed, Price and Choice of broadband service).	Broadband Delivery UK	Available from late 2011	By average fixed download upload and mobile speeds, by mobile, stand and/or superfast service, and by market concentration.
Proportion of people directly employed in tourism.	Tourism Intelligence Unit ONS, UK Tourism Satellite Account, Table 7	An estimated 1,736,600 jobs (1.379m Full Time Equivalent, FTEs) were directly supported by tourism expenditure in the UK in 2008.	By gender, by tourism characteristic activities and by employment status.
Proportion of children participating in competitive sport.	Taking Part Survey	Available in August 2011	By in-and-out of school, region, age, rural/urban, gender, disability, ethnicity and socio-economic group.
Total amount of charitable giving (donations and sponsorship) to cultural institutions funded by DCMS.	Individual statutory accounts	Available from July 2011	By cultural institution, ACE regularly funded organisation by artform, and by income revenue streams including donated objects.

Technical information on each indicator can be found in the measurement template document.

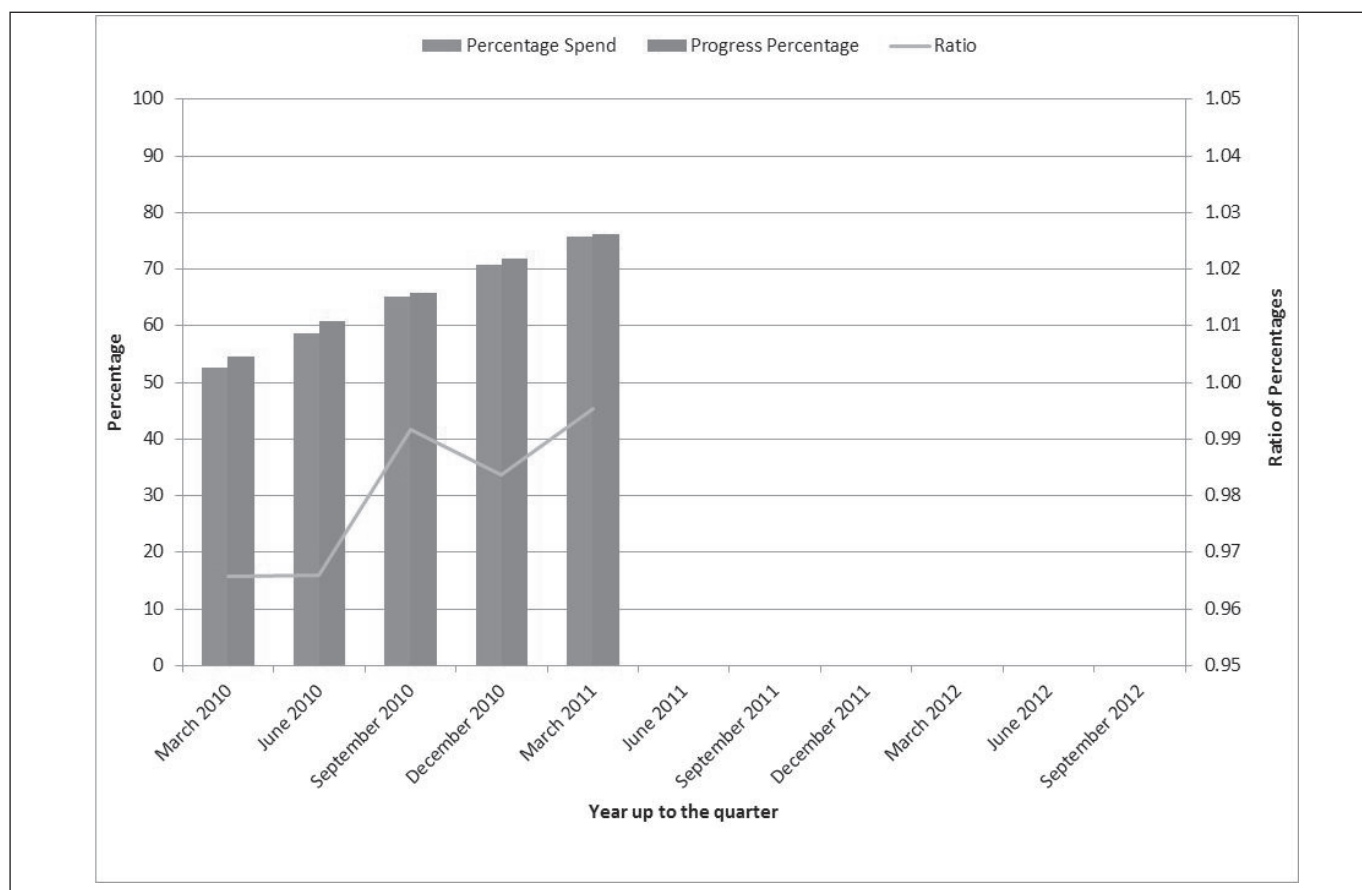
Input and impact indicators, along with spend and human resource data, will be published within the quarterly data summary which will be released on the DCMS website.

A number of the indicators are from new data collections which are currently being conducted, and were not available at time of publication. Data has been published for the two currently available indicators on Olympic Games capital programme and tourism employment.

Olympic Input Indicator

This input indicator reports progress towards delivery on time and to budget of the Olympic Games capital programme. This shows how much of the ODA capital budget has been spent at the end of the reporting quarter as a percentage of anticipated final cost divided by the percentage of ODA total capital programme completed.

At the end of the last quarter (March 2011), the actual spend on the ODA capital programme was £4.16bn and the Current Baseline Budget for the total capital programme, including post games transformation, was £5.484bn (75.9% of the budget). The percentage progress on the ODA total capital programme was 76.2%. Therefore the ratio of spend to progress was $75.9/76.2 = 0.996$. A value below 1 demonstrates that percentage of progress is higher than the percentage of spend. This is illustrated in the chart below.



Source: Olympic Delivery Authority Quarterly Economic Report

Tourism Impact Indicator

The tourism impact indicator reports the number of people directly employed in tourism. The ONS Tourism Satellite Account estimated that there were 1,736,600 jobs directly supported by tourism expenditure in the UK in 2008¹. This equates to around 1,378,700 Full Time Equivalent (FTEs) in direct tourism employment. This TSA also estimated the total employment in tourism related industries in 2008 was 3.4 million, so around half of these were directly supported by tourism expenditure.

The table shows the number of jobs directly employed in tourism by employment status and gender.

¹ This experimental Tourism Satellite Account (TSA) is based on the UK National Accounts which are published two years after the reference date (2008 accounts were published in September 2010), and include detailed Supply Use Tables.

Tourism Characteristic Activities	Number of Jobs by status in Employment (000's)						Employees		Tourism Direct Employment 000s	Tourism Direct FTEs 000s
	Employees			Self Employed			Full time	Part time		
	Male	Female	Total	Male	Female	Total	000s	000s		
Accommodation services for visitors	198.7	252.8	451.6	21.6	27.6	49.2	292.4	159.2	500.7	404.7
Food and beverage serving	170.0	199.6	369.6	12.3	14.4	26.7	153.1	216.6	395.8	255.2
Railway passenger transport	14.3	2.5	16.7	0.6	0.1	0.8	15.8	1.0	17.5	17.1
Road passenger transport	30.4	4.1	34.6	51.5	7.0	58.5	27.4	7.2	92.9	82.1
Water passenger transport	0.7	0.2	0.9	0.1	0.0	0.1	0.8	0.2	1	0.9
Air passenger transport	24.8	22.9	47.7	0.2	0.2	0.3	39.8	7.8	48	43.9
Transport equipment rental	0.7	0.4	1.0	0.0	0.0	0.1	0.9	0.2	1.1	1
Travel agencies & other reservation services	23.5	47.8	71.3	3.7	7.6	11.2	55.1	16.2	82.6	73.4
Cultural activities	49.2	41.9	91.0	52.1	44.4	96.6	58.9	32.2	187.8	147.4
Sport and recreation activities	8.8	7.8	16.6	0.8	0.7	1.5	7.8	8.8	18.1	11.8
Exhibition and conference activities	0.1	0.1	0.3	0.0	0.0	0.0	0.2	0.1	0.3	0.3
Other consumption products	151.2	168.4	319.6	41.5	29.6	71.1	189.2	130.4	390.7	340.9
Tourism Totals	672.4	748.6	1,421.1	184.4	131.7	316.0	841.2	579.8	1,736.6	1,378.7

The key findings of UK direct tourism employment in 2008 are:

- Half a million jobs supported by tourism were in accommodation services for visitors (29%). The next highest number of jobs were in food and beverage serving activities (23%).
- Females accounted for around 880,000 jobs directly supported by tourism (50.7%), compared to 857,000 males in tourism jobs (49.3%).
- Females dominated travel agencies & other reservation service jobs (67%) and accommodation services for visitors (56%). However, there were nearly 100,000 male workers in transport activities (water, railway, road transport and transport equipment rental sectors) compared to just 14,400 female workers.
- Under half of the 1.7m direct tourism jobs were full-time posts, with a third of them being part-time posts, and the remaining 18% being self-employed jobs.
- Road passenger transport activities had the highest percentage of self-employed jobs (63%); 29% of jobs were full time and just 8% were part time.
- Excluding road passenger transport, all other transport sectors (railway, air, equipment, water) had the highest percentage of full time posts (85%), with just 2% self-employed.
- There were 2.3 part-time jobs per full-time job in accommodation services compared to 1.8 in air passenger transport. Over half of all food and beverage serving jobs were part time (217,000), with 39% being full time and 7% being self-employed jobs.

Reporting on Better Regulation

A cornerstone of the better regulation strategy and implementation is the five principles of good regulation. The principles state that any regulation should be:

- transparent
- accountable
- proportionate
- consistent
- targeted – only at cases where action is needed

DCMS is committed to these principles, and to producing less regulation, better regulation and regulation as a last resort.

One-in, One-out

The Coalition Government has introduced the One-in, One-out (OIOO) rule, which Departments must consider when considering regulation. OIOO means that no new primary or secondary UK legislation which imposes costs on business or civil society organisations, can be brought in without the identification of existing regulations with an equivalent value that can be deregulated. Regulation which is required to implement EU obligations and public sector regulation are currently not within the scope of OIOO, except any ‘gold-plating’ of EU obligations (i.e. where the regulation goes beyond what is required in the EU obligation), which will require an existing regulation of equivalent value to be deregulated.

The Government publishes the Forward Regulatory Statement (FRS) twice a year, which gives business prior notice of regulatory and deregulatory measures due to come into effect in the next six months. The FRS for the period January to June 2011 included two deregulatory DCMS measures for Cross Media Ownership, and the Gambling Act 2005: Category B3 Gaming Machines. The Cross Media Ownership measure has zero net cost to business. The Gambling Act 2005: Category B3 Gaming Machines measure will result in annual equivalent benefit of about £9m to business.

Regulatory Policy Committee (RPC)

Impact Assessments (IAs) are prepared by Departments as part of the policy making process and provide an assessment of the costs, benefits and risks of a proposal on businesses, charities or the voluntary sector.

Departments are required to publish IAs at different stages of the policy development process (at consultation, final and implementation stages).

The Regulatory Policy Committee (RPC) is an independent external body, which provides external scrutiny of the IAs of all regulatory proposals, including those implementing EU legislation. The RPC examines the accuracy and robustness of the costs and benefits in IAs, and whether the range of policy options assessed supports the objective of seeking alternatives to regulation. Departments should seek the opinion of the RPC on any IA for regulatory proposals, before submitting it to the Reducing Regulation Cabinet sub-Committee (RRC) for clearance.

Since January 2011, the RPC has used a 'Red, Amber, Green' (RAG) rating to assess IAs that are submitted for consideration.

- *Red* – This is a negative RPC opinion on the IA. The RPC have major concerns over the quality of the evidence and analysis and overall quality of the IA. The RPC would expect to see a revised version prior to it being submitted to the RRC for clearance.
- *Amber* – This is a positive RPC opinion on the IA. However, the RPC will set out areas of concern with the IA which they recommend are resolved before the IA is submitted to the RRC for clearance.
- *Green* – This is a positive RPC opinion on the IA. There are no areas of concern, and the IA can be submitted to the RRC for clearance.

Between September 2010 and April 2011 DCMS received twenty RPC opinions on submitted IAs, which were:

- 3 'red' RPC opinions for consultation stage IAs;
- 3 'amber' RPC opinions for consultation stage IAs;
- 2 'red' RPC opinions for final stage IAs; and
- 12 'green' RPC opinions for final stage IAs.

Stock reviews

DCMS is making progress in the review of existing regulations it has responsibility for. In addition to bringing forward specific measures on Gambling (B3 Gaming Machines) and cross media ownership we have also announced our intention to conduct a wide ranging Communications review. We also announced, as part of the publication of our Tourism Strategy, the setting up of a taskforce focusing on reducing the regulatory burden on the industry.

Alternatives to regulation

An example of an alternative to regulation is the film industries' compliance with film classification requirements through statutory self-regulation. The British Board of Film Classification (BBFC), an independent certifying body, sets standards reflecting the law, acceptability and potential for harm. Whilst DCMS maintains policy responsibility, in practice we do not play a day-to-day implementing/monitoring role. This arrangement does not erode the effectiveness of enforcement, as Local Authorities still have the power to reclassify films or prevent them from being shown in their areas. Self-regulation evolved from the film industries' desire to address inconsistency of local regulators' decisions.

EU regulations

The Electronic Communications Framework (the Framework) is the regulatory framework that applies to all transmission networks and services (including access) for electronic communications including: telecommunications (fixed and mobile); e-mail; access to the internet; and content related broadcasting. The Framework is intended to raise standards of regulation and competition across all 27 European Member States' communications markets. The original Framework was agreed in 2002, and in November 2009 revisions were agreed to the Framework for implementation by May 2011.

DCMS's implementation into UK of the revised Framework was underpinned by a substantive process of consultation and evidence-gathering. This included four large-scale public events, seven smaller events on specific policy issues and over eighty meetings with individual stakeholders, in addition to the statutory three month consultation. We also commissioned independent research on some of the most contentious issues regarding cookies, and security and resilience. DCMS analysed evidence presented by stakeholders and Ofcom, and as a result, changed some implementation proposals, which were;

- On initial proposals advanced for a body of European regulators (ultimately the Body of European Regulators for Electronic Communications (BEREC)). The first round of consultation on proposals for the Framework Review brought a lot of critical feedback which significantly influenced proposals at the time and the UK's position in subsequent negotiations on the ultimate structure and resourcing of BEREC.
- On cookies, where industry feedback led the UK to pursue enhanced browsers with manufacturers as a key part on implementation.
- On dispute resolution provisions, where a power has been granted to the regulator to intervene in disputes at its discretion, ensuring that network access condition disputes can be resolved by the regulator.
- On security and resilience, where the guidance is now sufficiently flexible to allow for future policy developments.

DCMS ensured that we did not 'gold-plate' the implementation of the revised Framework by copying out wherever possible, and taking a minimalist legislative approach. We are currently progressing work to review the process for appeals against the decisions of the independent national regulatory authority in the UK (Ofcom), in an attempt to tackle 'gold-plating' of the initial Framework in 2002

Performance in responding to correspondence

DCMS has looked to dramatically improve the customer service it provides to those writing to the Department. We have introduced new ways of working which have enabled us to respond to over half (52.3%) of all correspondence received last year within 48 hours of receipt. This is a remarkable achievement and unique across Whitehall. Even where it was not possible to respond to this challenging timescale we ensured a prompt response – 90% of all correspondence was responded to within 10 working days, 99.4% within 20 working days. The new ways of working also led to a reduction in costs (paper, ink etc) and in staff numbers needed.

The breakdown of our results are:

- Performance for both Treat Official correspondence (where replies are by officials) and the Ministerial correspondence (approved and signed by Ministers) to the 20 working days target = 99.4%
- Performance as above to 10 working days = 90.6%
- Performance as above to 48 hours = 52.3%

This level of service makes DCMS one of the highest performing departments in Whitehall, and the only one to work to a 48 hour delivery.

Core Tables

These were previously included in an Annex to the 2009-2010 Accounts

Table 1 – Public Spending (This table is on a post clear line of sight basis)

Department for Culture, Media and Sport

Total departmental spending

	£'000									
	2005-06 Outturn	2006-07 Outturn	2007-08 Outturn	2008-09 Outturn	2009-10 Outturn	2010-11 Estimated outturn	2011-12 Plans	2012-13 Plans	2013-14 Plans	2014-15 Plans
Resource DEL										
Section A: Support for the Museums and Galleries sector	1,080	754	5,421	3,256	4,004	3,831	14,123	17,895	20,571	21,120
Section B: Museums and Galleries sponsored bodies	302,525	339,107	333,435	277,281	357,278	368,732	399,944	393,224	425,614	390,404
Section C: Libraries sponsored bodies	95,763	95,906	98,348	102,539	103,497	106,244	119,851	118,504	116,711	116,492
Section D: Museums, libraries and archives council	47,077	48,525	59,804	63,521	59,113	66,761	52,923	48,523	47,779	47,522
Section E: Support for the Arts sector	1,210	1,549	2,188	-2,710	-4,412	-1,737	-674	874	897	921
Section F: Arts sponsored bodies	392,911	385,244	399,695	403,181	420,612	420,204	378,518	350,289	344,739	342,265
Section G: Support for the Sports sector	1,774	1,783	7,625	2,203	8,801	1,098	12,698	13,951	13,874	13,874
Section H: Sport sponsored bodies	114,424	111,731	141,744	161,154	151,945	149,039	146,049	150,790	120,239	121,454
Section I: Ceremonial and support for the Heritage sector	-10,396	16,609	18,818	20,009	18,555	22,200	9,677	15,081	15,561	16,108
Section J: Heritage sponsored bodies	158,710	162,398	139,345	149,187	149,696	144,917	134,868	121,822	118,302	114,938
Section K: The Royal Parks	26,835	17,430	18,954	20,092	18,487	15,921	17,029	16,408	15,868	15,324
Section L: Support for the Tourism sector	1,900	1,925	1,985	2,230	127	2,362	30	-	-	-
Section M: Tourism sponsored bodies	48,936	52,101	50,248	49,473	47,023	39,479	37,326	34,338	32,043	29,707
Section N: Support for the Broadcasting and Media sector	1,265	1,154	4,417	1,039	1,887	1,559	4,505	3,600	3,410	3,220

Department for Culture, Media and Sport

Total departmental spending

	£'000									
	2005-06 Outturn	2006-07 Outturn	2007-08 Outturn	2008-09 Outturn	2009-10 Outturn	2010-11 Estimated outturn	2011-12 Plans	2012-13 Plans	2013-14 Plans	2014-15 Plans
Section O: Broadcasting and Media sponsored bodies	122,226	120,786	118,164	129,501	136,260	138,139	121,401	116,488	35,543	35,393
Section P: Administration and Research	47,267	53,527	53,107	55,587	55,991	53,406	54,642	52,785	37,254	35,460
Section Q: Support for the Gambling Sector	-8,293	-8,827	-10,341	-6,342	-4,061	4,020	-9,011	-	-	-
Section R: Grant to the National Lottery Commission	8,815	8,415	12,502	6,490	4,974	4,917	6,696	727	771	815
Section S: Gambling Commission	9,417	14,126	4,108	1,383	816	-566	1,127	1,159	1,175	1,234
Section T: Olympics – legacy programmes	4,057	154	459	-67	524	13,022	84,160	690,245	43,100	-
Section U: London 2012	-	-146	-386	-27,278	-4,563	-18,700	9,900	490,700	127,600	-
Departmental Unallocated Provision	108	-	-	-	-	-	-	-	-	-
Total Resource DEL	1,367,611	1,424,251	1,459,640	1,411,729	1,526,554	1,526,808	1,595,782	2,637,403	1,521,051	1,306,251
<i>Of which:</i>										
Pay	444,861	508,044	591,534	552,911	570,152	565,967	172,159	154,351	132,751	132,751
Net current procurement ¹	309,789	399,512	383,902	393,920	397,309	363,973	770,476	1,346,364	627,153	539,483
Current grants and subsidies to the private sector and abroad	487,872	496,655	565,116	570,275	644,166	621,286	488,130	468,586	434,647	434,647
Current grants to local government	22,001	25,174	41,046	91,378	38,415	39,981	-	-	-	-
Depreciation ²	102,052	101,589	106,463	26,840	113,217	106,976	148,000	635,600	295,300	175,500
Other	1,036	-106,723	-228,421	-223,595	-236,705	-171,375	17,017	32,502	31,200	31,800
Resource AME										
Section V: British Broadcasting Corporation	2,643,700	2,797,000	2,962,800	2,868,987	3,020,000	2,841,000	3,245,902	3,296,884	3,368,520	3,005,084

Department for Culture, Media and Sport

Total departmental spending

	£'000									
	2005-06 Outturn	2006-07 Outturn	2007-08 Outturn	2008-09 Outturn	2009-10 Outturn	2010-11 Estimated outturn	2011-12 Plans	2012-13 Plans	2013-14 Plans	2014-15 Plans
Section W: Lottery Grants	641,522	735,566	882,351	1,010,728	1,000,814	1,089,744	930,499	798,599	930,499	930,499
DCMS Administration and Research Provisions	-	704	1,416	-218	181	705	-	-	-	-
Royal Parks provisions	2,973	400	298	79	171	179	-	-	-	-
New and adjustments to existing provisions	-	1,112	-1,641	14,171	25,211	14,715	-	-	-	-
Release of Provisions	-	-8,010	-7,848	-6,755	-5,578	-321	-	-	-	-
Total Resource AME	3,288,195	3,526,772	3,837,376	3,886,992	4,040,799	4,080,022	4,176,401	4,095,483	4,299,019	3,935,583
<i>Of which:</i>										
Pay	931,700	916,000	1,097,800	975,300	1,248,000	1,194,000	1,215,345	1,124,904	1,147,402	1,145,000
Net current procurement ¹	2,279,000	2,411,000	2,375,000	2,409,700	2,279,117	2,191,800	2,585,855	2,681,896	2,735,534	2,381,000
Current grants and subsidies to the private sector and abroad	789,772	735,187	729,672	784,288	784,245	840,312	838,949	717,922	838,949	838,949
Current grants to local government	-	-	-	-	-	-	-	-	-	-
Net public service pensions ³	-	-	-	-	-	-	-	-	-	-
Take up of provisions	8,220	7,028	4,527	17,283	39,571	138,799	-	-	-	-
Release of provisions	-	-	-	-	-	-	-	-	-	-
Depreciation ²	35,000	35,000	35,000	84,787	93,000	93,000	127,102	145,084	145,084	145,084
Other	-755,497	-577,443	-404,623	-384,366	-403,134	-377,889	-590,850	-574,323	-567,950	-574,450
Total Resource Budget	4,655,806	4,951,023	5,297,016	5,298,721	5,567,353	5,606,830	5,772,183	6,732,886	5,820,070	5,241,834
<i>Of which:</i>										
Depreciation ²	137,052	136,589	141,463	111,627	206,217	199,976	275,102	780,684	440,384	320,584
Capital DEL										
Section A: Support for the Museums and Galleries sector	-	23	2,734	-1,490	3,904	4,390	3,550	2,550	550	2,550

Department for Culture, Media and Sport

Total departmental spending

	£'000									
	2005-06 Outturn	2006-07 Outturn	2007-08 Outturn	2008-09 Outturn	2009-10 Outturn	2010-11 Estimated outturn	2011-12 Plans	2012-13 Plans	2013-14 Plans	2014-15 Plans
Section B: Museums and Galleries sponsored bodies	99,695	38,128	56,096	110,870	60,564	50,155	59,747	77,844	63,566	47,838
Section C: Libraries sponsored bodies	10,513	35,460	29,217	26,982	30,634	26,543	14,006	4,547	3,189	3,331
Section D: Museums, libraries and archives council *	50	–	65	424	120	–	77	77	77	77
Section E: Support for the Arts sector	187	220	323	268	314	254	104	109	114	119
Section F: Arts sponsored bodies	755	35,550	27,178	27,663	32,051	35,931	12,983	12,771	12,602	12,439
Section H: Sport sponsored bodies	–14,426	42,493	41,997	53,578	55,306	42,481	25,858	25,949	26,038	26,129
Section I: Ceremonial and support for the Heritage sector	–620	2,111	600	1,200	550	2,400	1,300	1,329	1,364	1,400
Section J: Heritage sponsored bodies	19,428	12,464	41,096	39,015	28,172	31,379	12,155	16,448	20,440	16,894
Section K: The Royal Parks	1,463	408	536	1,384	2,076	1,723	781	819	857	895
Section M: Tourism sponsored bodies	298	307	395	1,176	304	130	192	192	192	192
Section N: Support for the Broadcasting and Media sector	307	470	323	205	211	157	44,113	84,118	15,124	15,129
Section O: Broadcasting and Media sponsored bodies	2,765	4,044	1,571	3,898	7,265	11,420	108,142	117,186	54,231	10,275
Section P: Administration and Research	5,820	12,852	5,396	2,569	2,350	1,381	1,166	1,166	1,164	1,164
Section Q: Support for the Gambling Sector	–	–	–	–	–	–	–60	–	–	–

Department for Culture, Media and Sport

Total departmental spending

	£'000									
	2005-06 Outturn	2006-07 Outturn	2007-08 Outturn	2008-09 Outturn	2009-10 Outturn	2010-11 Estimated outturn	2011-12 Plans	2012-13 Plans	2013-14 Plans	2014-15 Plans
Section R: Grant to the National Lottery Commission	67	125	44	62	36	45	60	-	-	-
Section T: Olympics – legacy programmes	-	-	-	-	-	-	24,500	220,100	-	-
Section U: London 2012	-	98,372	383,502	1,117,725	1,051,337	1,023,000	1,066,100	-	-24,300	-69,900
Section G: Support for the Sports sector	-	-	3,000	9,880	-	-	-	-	-	-
Section S: Gambling Commission	574	3,733	1,736	1,327	599	217	-	-	-	-
Olympics – receipts from OGDs	-	-	-	-432,530	-644,240	-654,845	-	-	-	-
Total Capital DEL	126,876	286,760	595,809	964,206	631,553	577,825	1,374,774	565,203	175,208	68,532
<i>Of which:</i>										
Net capital procurement ⁴	118,340	267,741	571,478	1,276,154	1,454,318	1,328,787	1,178,591	312,396	52,238	-6,669
Capital grants to the private sector and abroad	20,516	84,634	85,530	76,982	77,072	127,042	244,243	273,807	122,970	75,201
Capital support for local government	39,373	-4,758	-56,244	-89,646	-86,871	-171,820	-	-	-	-
Capital support for public corporations	-	-	35	-	-	-	-	-	-	-
Other	-51,353	-60,857	-4,990	-299,284	-812,966	-706,184	-48,060	-21,000	-	-
Capital AME										
Section V: British Broadcasting Corporation	94,000	103,000	85,000	81,100	123,000	114,000	191,500	83,300	83,300	100,000
Section W: Lottery Grants	445,607	619,925	713,455	535,632	751,532	721,311	469,501	501,401	469,501	469,501
Total Capital AME	539,607	722,925	798,455	616,732	874,532	835,311	661,001	584,701	552,801	569,501
<i>Of which:</i>										
Capital grants to the private sector and abroad	898,014	745,117	352,830	257,613	277,427	254,096	255,452	273,197	255,452	255,452

Department for Culture, Media and Sport

Total departmental spending

	£'000									
	2005-06 Outturn	2006-07 Outturn	2007-08 Outturn	2008-09 Outturn	2009-10 Outturn	2010-11 Estimated outturn	2011-12 Plans	2012-13 Plans	2013-14 Plans	2014-15 Plans
Net lending to the private sector and abroad	-	-	-	-	-	-	-	-	-	-
Capital support for public corporations	-	-	-	-	-	-	-	-	-	-
Other	-358,407	-22,192	-445,625	359,119	597,105	581,215	405,549	311,504	297,349	314,049
Total Capital Budget	666,483	1,009,685	1,394,264	1,580,938	1,506,085	1,413,136	2,035,775	1,149,904	728,009	638,033
Total departmental spending⁵	5,185,237	5,824,119	6,549,817	6,768,032	6,867,221	7,019,966	7,532,856	7,102,106	6,107,695	5,559,283
<i>of which:</i>										
Total DEL	1,494,487	1,711,011	2,055,449	2,375,935	2,158,107	2,104,633	2,970,556	3,202,606	1,696,259	1,374,783
Total AME	3,827,802	4,249,697	4,635,831	4,503,724	4,915,331	4,915,333	4,837,402	4,680,184	4,851,820	4,505,084

¹ Net of income from sales of goods and services

² Includes impairments

³ Pension schemes report under FRS 17 accounting requirements. These figures therefore include cash payments made and contributions received, as well as certain non-cash items

⁴ Expenditure on tangible and intangible fixed assets net of sales

⁵ Total departmental spending is the sum of the resource budget and the capital budget less depreciation. Similarly, total DEL is the sum of the resource budget DEL and capital budget DEL less depreciation in DEL, and total AME is the sum of resource budget AME and capital budget AME less depreciation in AME.

Section D covers expenditure by the Museums, Libraries and Archives council transferring to the Arts Council in future years

Section O includes funding for OFCOM transferred to DCMS from the Department for Business, Innovation and Skills under a Machinery of Government Change

The Prime Minister announced on 21 December 2010 that "...all responsibility for competition and policy issues relating to media, broadcasting, digital and telecoms sectors will be transferred immediately to the Secretary of State for Culture, Olympics, Media and Sport." This accounts for the difference of £6,981 on Section O – Broadcasting and Media sponsored bodies.

Spending by local authorities on functions relevant to the department

	£'000					
	2005-06 Outturn	2006-07 Outturn	2007-08 Outturn	2008-09 Outturn	2009-10 Outturn	2010-11 Estimated outturn
Current spending	1,242,962	1,351,389	1,431,821	1,407,402	1,422,473	1,628,468
Capital spending	138,856	291,275	593,028	912,248	638,311	749,645

These figures do not represent spending controlled by DCMS

Table 2 – Public spending control**Public Spending Control**

*This table will not provide a direct read across from the 2010-11 Estimate due to the scoring of Capital grants. Capital grants are treated as Resource in Estimates and accounts but are treated as Capital DEL in budgets. In addition the sponsored bodies budgets in the Estimate record the bodies cash grant in aid only, (the above table scores their budgets).

DCMS, alongside all government departments, manages against overall control totals (e.g. total capital or total resource) across its allocation and across the year, not by individual line items. Estimate allocations to individual bodies may therefore be altered after the final Estimate is agreed.

	Provisional Outturn	Original Provision – Main Estimate	Final Voted Provision – Spring Supplementary Estimate
	£000	£000	£000
Resource DEL			
Central Government Spending			
Line A: Museum galleries and libraries support	3,831	3,517	4,757
Line B: Arts Support	-1,737	-4,784	-1,847
Line C: Sports Support	1,098	1,430	2,309
Line D: Architecture and Historic Environment support budget	893	3,587	3,788
Line E: Listed Places of Worship	21,307	14,719	19,719
Line F: The Royal Parks	15,921	19,799	19,328
Line G: Tourism Support	2,362	4,243	2,382
Line H: Broadcasting & Media Support	1,521	67	103
Line I: Creative Economy	38	980	39
Line J: Administration, Research and other surveys	53,406	46,189	54,569
Line K: National Lottery Commission	-4,020	-4,880	-5,880
Line L: Olympics, including OGD receipts for the ODA	13,022	1,600	1,600
Sponsored Bodies			
Line M: Museums, Galleries and Libraries sponsored bodies	541,737	564,279	577,442
Line N: ACE	420,204	414,106	408,450
Line O: Sports sponsored bodies	149,039	148,770	148,257
Line P: Architecture & the Historic Environment sponsored bodies	144,917	151,763	151,763
Line Q: VisitBritain	39,479	40,397	40,397
Line R: Broadcasting and Media sponsored bodies	131,158	129,397	133,397
Line S: National Lottery Commission	4,917	5,527	6,527
Line T: Gambling Commission	-566	637	637
Line U: London 2012	300	0	0
Resource AME			
Line V: Administration Provisions	2,842	0	1,958
Capital DEL			
Central Government Spending			
Line A: Museum galleries and libraries support	4,390	128	909
Line B: Arts Support	256	200	260
Line C: Sports Support	0	-15,000	0
Line D: Architecture and Historic Environment support budget	400	0	0
Line E: Listed Places of Worship	2,000	0	0
Line F: The Royal Parks	2,785	1,358	1,358

	Provisional Outturn	Original Provision – Main Estimate	Final Voted Provision – Spring Supplementary Estimate
	£000	£000	£000
Line H: Broadcasting & Media Support	157	157	157
Line J: Administration, Research and other surveys	1,381	1,750	1,750
Line L: Olympics, including OGD receipts for the ODA	-654,845	-647,900	-647,900
Sponsored Bodies			
Line M: Museums, Galleries and Libraries sponsored bodies	76,698	61,224	97,409
Line N: ACE	35,931	1,550	35,848
Line O: Sports sponsored bodies	42,481	60,494	41,994
Line P: Architecture & the Historic Environment sponsored bodies	31,379	31,950	30,126
Line Q: VisitBritain	130	100	100
Line R: Broadcasting and Media sponsored bodies	11,420	31,547	20,547
Line S: National Lottery Commission	45	60	60
Line T: Gambling Commission	217	0	0
Line U: London 2012	1,023,000	1,023,000	1,023,000

Table 3 – Capital employed

	£ millions				
	2006-07 Outturn	2007-08 Outturn	2008-09 Outturn	2009-10 Outturn	2010-11 Projected Outturn
Assets and liabilities on the statement of financial position at end of year:					
Assets					
Non-current assets					
Intangible					
Property, Plant and Equipment	96	69	68	64	64
<i>of which:</i>					
Land and buildings	80	54	51	50	26
Plant and machinery	15	9	11	8	7
Heritage Assets	1	6	6	6	31
Investments	–	–	–	–	–
Current assets	52	133	98	72	35
Liabilities					
Current (<1 year)	-49	-52	-106	-59	-55
Non-current (>1 year)					-11
Provisions	-2	-2	-1	-1	-4
Capital employed within main department	97	148	59	76	29
NDPB net assets	4,244	3,884	5,284	4,781	4,638
Total capital employed in departmental group	4,341	4,032	5,343	4,857	4,667

Table 4 – Administration budgets

In SR 2010 administration budgets were allocated to many of our Arm's length bodies (excluding Museums and Galleries) - previously all administration cost for our bodies was recorded as programme expenditure.

Administration budget

	£'000									
	2005-06 Outturn	2006-07 Outturn	2007-08 Outturn	2008-09 Outturn	2009-10 Outturn	2010-11 Estimated outturn	2011-12 Plans	2012-13 Plans	2013-14 Plans	2014-15 Plans
Section C: Libraries sponsored bodies	-	-	-	-	-	-	10,896	10,746	10,626	10,511
Section D: Museums, libraries and archives council	-	-	-	-	-	-	6,449	-	-	-
Section E: Support for the Arts sector	-	-	-	-	-	-	347	354	364	373
Section F: Arts sponsored bodies	-	-	-	-	-	-	24,403	25,080	21,952	17,306
Section H: Sport sponsored bodies	-	-	-	-	-	-	19,476	19,220	19,395	17,692
Section I: Ceremonial and support for the Heritage sector	-	-	-	-	-	-	250	250	250	250
Section J: Heritage sponsored bodies	-	-	-	-	-	-	22,722	21,414	20,726	18,270
Section K: The Royal Parks	-	-	-	-	-	-	3,136	3,003	2,885	2,774
Section M: Tourism sponsored bodies	-	-	-	-	-	-	36,599	33,799	31,599	29,415
Section O: Broadcasting and Media sponsored bodies	-	-	-	-	-	-	2,384	-	-	-
Section P: Administration and Research	45,425	49,392	50,932	52,324	53,155	49,811	54,142	52,285	36,754	34,960
Total administration budget	45,425	49,392	50,932	52,324	53,155	49,811	180,804	166,151	144,551	131,551
<i>Of which:</i>										
Paybill	22,191	25,243	26,047	25,327	30,319	27,987	169,004	154,351	132,751	119,751
Expenditure	25,720	26,052	26,441	29,487	25,692	24,847	15,107	11,800	11,800	11,800
Income	-2,486	-1,520	-1,447	-1,601	-2,399	-3,023	-3,307	-	-	-

Table 5 – Staff in post

	2005-06 Outturn	2006-07 Outturn	2007-08 Outturn	2008-09 Outturn	2009-10 Outturn	2010-11 Outturn
DCMS						
FTEs	507	517	464	453	469	443
Overtime	12	11	10	10	8	1
Total	519	528	474	463	477	444
The Royal Parks (TRP)						
FTEs	121	92	99	101	125	124
Overtime	2	2	1	2	2	0
Casual	1	5	0	0	0	0
Total	124	99	100	103	127	124

Notes:

1. These figures represent number of staff in post (FTE) on the last day of the financial year. Agency temps are excluded from these figures.
2. TRP is designated as programme cost.

Table 6 – Total identifiable expenditure on services by country and region, 2005-06 to 2010-11

Department for culture, media and sport	National Statistics						£ million
	2005-06 outturn	2006-07 outturn	2007-08 outturn	2008-09 outturn	2009-10 outturn	2010-11 plans	
North East	105	118	97	89	105	101	
North West	194	186	180	168	182	157	
Yorkshire and the Humber	175	173	147	144	163	147	
East Midlands	161	132	119	108	118	100	
West Midlands	194	215	151	140	128	142	
East	126	121	125	124	100	81	
London	666	591	572	490	518	484	
South East	187	214	204	200	187	180	
South West	197	192	160	148	177	167	
Total England	2,006	1,941	1,754	1,610	1,679	1,559	
Scotland	189	153	90	103	90	92	
Wales	187	198	147	163	154	166	
Northern Ireland	105	99	35	38	65	48	
UK identifiable expenditure	2,487	2,392	2,027	1,914	1,989	1,867	
Outside UK	175	182	230	246	202	189	
Total identifiable expenditure	2,662	2,574	2,258	2,159	2,190	2,056	
Non-identifiable expenditure	3,305	3,529	3,944	4,562	4,738	4,882	
Total expenditure on services	5,967	6,103	6,201	6,721	6,928	6,938	

Table 7 – Total identifiable expenditure on services by country and region, per head 2005-06 to 2010-11

Department for culture, media and sport	National Statistics					£ per head
	2005-06	2006-07 outurn	2007-08 outurn	2008-09 outurn	2009-10 outurn	2010-11 plans
North East	41	46	38	34	41	39
North West	28	27	26	24	26	23
Yorkshire and the Humber	34	34	28	28	31	28
East Midlands	37	30	27	24	26	22
West Midlands	36	40	28	26	24	26
East	23	21	22	22	17	14
London	89	79	76	64	67	62
South East	23	26	25	24	22	21
South West	39	37	31	29	34	32
England	40	38	34	31	32	30
Scotland	37	30	18	20	17	18
Wales	63	67	49	54	51	55
Northern Ireland	61	57	20	22	37	27
UK identifiable expenditure	41	39	33	31	32	30

Table 8 – Total identifiable expenditure on services by function, by country and region for 2009-10*Data in this table are National Statistics*

Department for culture, media and sport	North East		North West		Yorkshire and The Humber		East Midlands		West Midlands		East of England		London		South East		South West		England		Scotland		Wales		Northern Ireland		UK identifiable expenditure		Outside UK identifiable expenditure		Total identifiable expenditure		Not identifiable		TOTALS				
	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million			
Economic affairs																																							
General economic, commercial and labour affairs	0.0	0.1	0.1	0.1	0.0	0.0	0.1	0.0	0.0	0.1	0.0	0.2	0.1	0.1	0.1	0.1	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.1	0.7	0.0	0.0	0.0	0.0	0.0	0.7				
Other Industries	0.8	3.2	1.5	1.5	1.5	1.5	2.4	3.0	2.4	2.4	5.8	3.3	4.0	4.1	4.1	4.1	4.1	4.1	1.4	1.4	0.4	0.4	0.4	0.4	0.4	50.0	0.1	50.1	0.0	0.0	0.0	0.0	0.0	0.0	50.1				
Total economic affairs	0.8	3.2	1.6	1.6	1.6	1.6	2.5	3.0	2.5	2.5	5.9	3.4	4.1	4.1	4.1	4.1	4.1	4.1	0.5	0.5	0.5	0.5	0.5	0.5	50.6	0.2	50.8	0.0	0.0	0.0	0.0	0.0	0.0	50.8					
Environment protection																																							
Environment protection n.e.c	3.2	8.3	5.2	5.2	3.2	3.2	5.1	3.2	5.1	3.2	5.4	4.3	5.4	9.1	9.1	5.1	5.1	5.1	4.5	4.5	71.1	0.0	0.0	0.0	71.1	0.0	71.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	71.1			
Total environment protection	3.2	8.3	5.2	5.2	3.2	3.2	5.1	3.2	5.1	3.2	5.4	4.3	5.4	9.1	9.1	5.1	5.1	5.1	4.5	4.5	71.1	0.0	0.0	0.0	71.1	0.0	71.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	71.1			
Health																																							
Health n.e.c	2.4	6.2	4.0	4.0	2.5	2.5	3.8	2.4	3.8	2.4	4.0	3.2	3.9	6.8	6.8	3.8	3.8	3.4	3.4	3.4	53.3	0.0	0.0	0.0	53.3	0.0	53.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	53.3		
Total health	2.4	6.2	4.0	4.0	2.5	2.5	3.8	2.4	3.8	2.4	4.0	3.2	3.9	6.8	6.8	3.8	3.8	3.4	3.4	3.4	53.3	0.0	0.0	0.0	53.3	0.0	53.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	53.3		
Recreation, culture and religion																																							
Recreational and sporting services	17.4	51.2	37.8	37.8	48.0	48.0	32.7	33.2	60.3	43.0	39.4	36.3	20.9	9.7	14.2	407.8	0.1	14.2	14.2	407.9	1,087.6	1,495.5	1,087.6	1,495.5	1,087.6	1,495.5	1,087.6	1,495.5	1,087.6	1,495.5	1,087.6	1,495.5	1,087.6	1,495.5	1,087.6	1,495.5	1,495.5		
Cultural services	84.3	124.5	128.0	128.0	80.8	80.8	102.1	89.4	372.2	169.3	152.7	1,303.3	46.4	28.8	27.8	1,406.3	193.7	27.8	1,406.3	1,600.0	0.0	1,600.0	0.0	1,600.0	0.0	1,600.0	0.0	1,600.0	0.0	1,600.0	0.0	1,600.0	0.0	1,600.0	0.0	1,600.0	1,600.0		
Broadcasting and publishing services	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.4	0.2	0.1	1.1	0.0	104.0	0.0	105.2	0.3	105.2	0.0	105.2	3,650.0	3,755.4	3,650.0	3,755.4	3,650.0	3,755.4	3,650.0	3,755.4	3,650.0	3,755.4	3,650.0	3,755.4	3,650.0	3,755.4	3,650.0	3,755.4	3,755.4		
Religious and other community services	0.4	1.6	1.0	1.0	1.0	1.0	1.3	1.7	0.9	2.6	1.4	12.0	1.3	0.9	0.7	14.9	0.0	0.7	14.9	0.0	0.0	0.0	0.0	0.0	0.0	14.9	0.0	14.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	14.9			
R&D recreation, culture and religion	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.7	0.3	0.2	2.4	0.0	0.2	0.0	2.7	0.4	0.0	2.7	0.4	3.1	0.0	0.0	0.0	3.1	0.0	3.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.1		
Recreation, culture and religion n.e.c	2.6	4.2	4.6	4.6	3.1	3.1	3.7	3.3	13.1	5.9	5.3	45.8	0.6	3.6	0.4	50.4	6.8	0.4	50.4	57.2	0.0	57.2	0.0	57.2	0.0	57.2	0.0	57.2	0.0	57.2	0.0	57.2	0.0	57.2	0.0	57.2	57.2		
Total recreation, culture and religion	104.8	181.8	171.7	171.7	133.3	133.3	140.1	127.8	447.6	221.4	199.2	1,727.6	69.3	147.2	43.1	1,987.2	201.4	43.1	1,987.2	2,188.6	4,737.6	2,188.6	4,737.6	2,188.6	4,737.6	2,188.6	4,737.6	2,188.6	4,737.6	2,188.6	4,737.6	2,188.6	4,737.6	2,188.6	4,737.6	4,737.6			
Education																																							
Education n.e.c	2.7	6.8	4.3	4.3	2.7	2.7	4.1	2.7	11.8	4.4	3.4	42.9	7.4	4.1	3.7	58.1	0.0	3.7	58.1	0.0	0.0	0.0	0.0	0.0	58.1	0.0	58.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	58.1			
Total education	2.7	6.8	4.3	4.3	2.7	2.7	4.1	2.7	11.8	4.4	3.4	42.9	7.4	4.1	3.7	58.1	0.0	3.7	58.1	0.0	0.0	0.0	0.0	0.0	58.1	0.0	58.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	58.1			
Social protection																																							
Old age	-23.4	-60.3	-45.5	-45.5	-39.2	-39.2	-48.6	-53.1	-49.5	-76.5	-54.0	-450.0	-44.6	-29.5	-12.9	-537.0	0.0	-12.9	-537.0	0.0	0.0	0.0	0.0	0.0	-537.0	0.0	-537.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-537.0			
of which: pensions	-23.4	-60.3	-45.5	-45.5	-39.2	-39.2	-48.6	-53.1	-49.5	-76.5	-54.0	-450.0	-44.6	-29.5	-12.9	-537.0	0.0	-12.9	-537.0	0.0	0.0	0.0	0.0	0.0	-537.0	0.0	-537.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-537.0		
Social protection n.e.c.	14.6	36.1	21.9	21.9	13.5	13.5	21.5	14.4	60.7	22.4	17.5	222.6	37.5	22.2	23.1	305.4	0.0	23.1	305.4	0.0	0.0	0.0	0.0	0.0	305.4	0.0	305.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	305.4			
Total social protection	-8.8	-24.2	-23.6	-23.6	-25.7	-25.7	-27.1	-38.7	-11.2	-54.1	-36.5	-227.4	-7.1	-7.3	10.2	-231.6	0.0	10.2	-231.6	0.0	0.0	0.0	0.0	-231.6	0.0	-231.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-231.6			
TOTAL department for culture, media and sport	105.2	182.2	163.2	163.2	117.6	117.6	128.5	100.4	518.4	187.0	176.9	1,679.4	89.7	154.2	65.4	1,988.7	201.6	65.4	1,988.7	2,190.3	4,737.6	2,190.3	4,737.6	2,190.3	4,737.6	2,190.3	4,737.6	2,190.3	4,737.6	2,190.3	4,737.6	2,190.3	4,737.6	2,190.3	4,737.6	4,737.6			

Regional DR tables - Footnotes/Explanatory Text

1. Tables 6, 7 and 8 show analyses of the department's spending by country and region, and by function. The data presented in these tables are consistent with the country and regional analyses (CRA) published by HM Treasury in Chapter 9 of Public Expenditure Statistical Analyses (PESA) 2011. The figures were taken from the HM Treasury public spending database in November 2010 and the regional distributions were completed in early 2011. Therefore the tables may not show the latest position and are not consistent with other tables in the Departmental Report.
2. The analyses are set within the overall framework of Total Expenditure on Services (TES). TES broadly represents the current and capital expenditure of the public sector, with some differences from the national accounts measure Total Managed Expenditure. The tables show the central government and public corporation elements of TES. They include current and capital spending by the department and its NDPBs, and public corporations' capital expenditure, but do not include capital finance to public corporations. They do not include payments to local authorities or local authorities own expenditure.
3. TES is a cash equivalent measure of public spending. The tables do not include depreciation, cost of capital charges, or movements in provisions that are in departmental budgets. They do include pay, procurement, capital expenditure, and grants and subsidies to individuals and private sector enterprises. Further information on TES can be found in Appendix E of PESA 2011.
4. The data are based on a subset of spending – identifiable expenditure on services – which is capable of being analysed as being for the benefit of individual countries and regions. Expenditure that is incurred for the benefit of the UK as a whole is excluded.
5. Across government, most expenditure is not planned or allocated on a regional basis. Social security payments, for example, are paid to eligible individuals irrespective of where they live. Expenditure on other programmes is allocated by looking at how all the projects across the department's area of responsibility, usually England, compare. So the analyses show the regional outcome of spending decisions that on the whole have not been made primarily on a regional basis.
6. The functional analyses of spending in **Table 8** are based on the United Nations Classification of the Functions of Government (COFOG), the international standard. The presentations of spending by function are consistent with those used in chapter 9 of PESA 2011. These are not the same as the strategic priorities shown elsewhere in the report.
7. There is an inconsistency across allocation methods between Non-Departmental Public Bodies (NDPBs) with similar underlying information, particularly on capital spending. For example some NDPBs allocated the spending to the region where it took place, whereas others used visitor survey data to estimate regional allocations. There were also inconsistencies in how NDPBs treated survey data for visitors from 'outside UK'. Explanations provided by the NDPBs on the allocation methods were often brief and the underlying detail was not usually provided, making it very difficult to assess the robustness of the method. Due to a lack of corroborative information and relative autonomy of the NDPBs' finance sections, the allocation methods and figures sometimes had to be accepted as stated. Where possible DCMS officials amended returns to improve consistency and more closely align with the Treasury guidance. This mostly affects the recreation, culture and religion function.
8. There is a significant degree of estimation in the regional allocation of the National Lottery spending. This is largely a result of distributing bodies collecting regional information at the time they make an award, while the CRA is based on the subsequent cash payments. As awards can be paid out over a number of years the regional allocation may be affected by these timing differences.

Public Accounts Committee (PAC) recommendations

In line with best practice, the Department monitors and makes available the progress that it and its arm's length bodies have made in response to all current and outstanding PAC recommendations that are still incomplete or outstanding. The detail can be found at [http://www.dcms.gov.uk/publications/Annual Report and Accounts](http://www.dcms.gov.uk/publications/Annual_Report_and_Accounts).

There were 4 PAC Hearings in the Sessions from 2007-8 to 2009-10 (none in 2010-11). Of these, 2 covered preparations for the London 2012 Olympic and Paralympic Games, 1 covered Promoting Participation with the Historic Environment, and 1 Maintaining the Occupied Royal Palaces. Recommendations were either partially or fully accepted, and are all either fully addressed or covered by on-going work.

Public Bodies

During the year DCMS was responsible for 55 public bodies that help deliver the department's strategic aim and objectives. These include four public corporations, two public broadcasting authorities and 49 non-departmental public bodies (NDPBs).

The Public Bodies Directory provides the details of these bodies including financial information and statistical data. Copies can be downloaded from, http://www.culture.gov.uk/about_us/our_sponsored_bodies/publicbodiesdirectory

Monitoring spending on Consultancy and Temporary Staff

Please see the Management Commentary

Detailed information on individual expenditure above £500 can be found on the department's transparency website pages. This also includes a link to the data published by our ALBs.

Complaints to the Parliamentary Ombudsman

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

MANAGEMENT COMMENTARY 2010-11

DCMS RESPONSIBILITIES

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

The department is responsible for the listing of historic buildings and scheduling of ancient monuments, the export licensing of cultural goods, the management of the Government Art Collection and The Royal Parks. The department also has a number of ceremonial duties, including co-ordinating aspects of state visits, royal weddings, and the annual service of national remembrance at the Cenotaph. DCMS is responsible for providing humanitarian assistance to those affected by major emergencies or terrorist attacks.

DCMS worked jointly with the Department for Business, Innovation and Skills (BIS) on digital switchover, design issues (including sponsorship of the Design Council) and on relations with the computer games and publishing industries. On December 21 2010 Number 10 announced that all responsibility for competition and policy issues relating to media, broadcasting, digital and telecoms sectors was being transferred from BIS to the Secretary of State for Culture, Olympics, Media and Sport. This includes full responsibility for OFCOM's activities in these areas. The formal transfer took place on 13 April 2011 when the Transfer of Functions Order came into force.

The department shares responsibility for policy on children's play with the Department for Education. During 2010-11 the Commission for Architecture and the Built Environment (CABE) was jointly funded by DCMS and the Department for Communities and Local Government.

DCMS is also responsible for over 50 arm's length bodies that help deliver its aims and objectives.

The Prime Minister announced on 20 July 2010 that responsibility for the Licensing Act 2003, except for re-regulated entertainment was to be transferred to the Home Office. This was formerly a shared responsibility between the two departments, it is expected that the move will reduce any duplication of effort,

Departmental aim and objectives

The department's mission is to help create the conditions for growth in the creative, communications, cultural, tourism and leisure economies, removing barriers to innovation and levelling the playing field.

The aim is 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.

Along with other departments, DCMS published its business plan for 2011-2015 on 8 November 2010. Six key priorities were identified.

1. Delivering a successful Olympic and Paralympic Games.
2. Creating a sporting legacy from the Olympic and Paralympic Games.
3. Creating the conditions for growth in tourism, media, leisure, creative and cultural institutions.
4. Boosting the Big Society.
5. Facilitating the delivery of universal broadband.
6. Strengthening cultural organisations.

The business plan was updated in May 2011, and the key priorities were reduced to five by merging priorities 4 and 6 to become:

- Boost the Big Society and strengthen cultural organisations

Departmental Reporting Cycle

The department produces an annual report and accounts, which is laid before the Parliamentary summer recess. The department also lays before Parliament an annual Main Estimate, along with a Supplementary Estimate later in the year. Copies of the Estimates can be found on the Treasury web site at:

www.hm-treasury.gov.uk/publicspending&reporting/financialreporting&Parliamentarysupplyestimates/mainestimates

www.hm-treasury.gov.uk/publicspending&reporting/financialreporting&Parliamentarysupplyestimates/supplementaryestimates

Spending Review

The department has set out its planned expenditure over the next spending review period, as agreed with the Treasury, in its Business Plan 2011-2015, the latest version can be found at, [www.culture.gov.uk/publications/DCMS business plan 2011-15](http://www.culture.gov.uk/publications/DCMS_business_plan_2011-15)

Progress Against Agreed Targets

Each department agreed with HM Treasury a set of departmental strategic objectives to cover its key priorities over the 2008-11 spending review period. As a result of the change of government new priorities were published in the Department's Business Plan, based on the Spending Review 2010. The performance of the department for 2010-11 is reported using the new government's priorities rather than the previous objectives.

Transparency

As part of the Government's transparency agenda DCMS is committed to providing the public with information on the performance and productivity of the department and the impact of our policies on society. This data can be found on the DCMS website at www.transparency.culture.gov.uk/.

BASIS OF PREPARATION OF THE RESOURCE ACCOUNTS

The Department is responsible for two items of voted expenditure:

Request for Resources 1 (RfR1)

Improving the quality of life through cultural and sporting activities: This covers the department's own administration costs as well as the grant-in-aid allocated to our sponsored bodies, grants given to other bodies and their associated costs.

Request for Resources 2 (RfR2)

Broadening access to a rich and varied cultural and sporting life through broadcasting and other services and activities: This covers the funds allocated to the BBC.

Entities included within the Resource Accounts

These resource accounts present the consolidated results of:

- The Department for Culture, Media and Sport (DCMS)
- The Royal Parks (TRP)

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

The principal activity of the Department for Culture, Media and Sport is to set Government policy on a very wide range of cultural and leisure activities. The department itself is small, spending only some £52.69m (£54.27m 2009-10) on its administration costs, which also supported during the year ten advisory NDPBs and a tribunal. DCMS provides £2,634m (£2,595m in 2009-10) of grant-in-aid and other funding for The Royal Parks, DCMS sponsored bodies, and programmes, which support and implement government policy. DCMS also supports the BBC through its RfR2 grants.

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

Entities excluded from the Resource Accounts

The public sector bodies that are outside the departmental accounting boundary, and for which DCMS had lead policy responsibility during the year, are listed below together with their status. These bodies publish their own annual reports and accounts. The majority of them receive grants from the department and more detail can be found in the DCMS Accounts. Further information can be found at http://www.culture.gov.uk/about_us/our_sponsored_bodies/default.aspx

Public Corporations

Public Corporations are market bodies that derive more than 50% of their income from the sale of goods and services. They have substantial day to day operating independence.

Channel 4 Television Corporation
Historic Royal Palaces
Horserace Totalisator Board (Tote)
Office of Communications (OFCOM)²

Public Broadcasting Authorities

The term Public Broadcasting Authority is a unique public body category. The BBC is governed by Royal Charter and an associated Agreement with Government. The Charter and Agreement set out the BBC's accountability to Parliament for use of the public money it receives whilst at the same time preserving the BBC's independence on editorial policy and programming. S4C is a statutory corporation, and the Welsh Fourth Channel Authority is responsible for S4C's strategic policy and for ensuring the fulfilment of its statutory functions. S4C is funded primarily by a Government grant, the level of which is prescribed by statute.

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

Executive Non-Departmental Public Bodies (NDPBs)

NDPBs are grouped in the following way:

Museums and Galleries

British Museum
Geffrye Museum
Horniman Public Museum and Public Park Trust
Imperial War Museum
Museum of Science and Industry in Manchester
National Gallery
National Maritime Museum
National Museum of Science and Industry

² Shared with the Department for Business, Innovation and Skills until the Machinery of Government change, when DCMS became fully responsible.

National Museums Liverpool
National Portrait Gallery
Natural History Museum
Royal Armouries
Sir John Soane's Museum
Tate
Victoria and Albert Museum
Wallace Collection

Libraries

British Library
Museums, Libraries & Archives Council
Public Lending Right³

Arts

Arts Council of England

Architecture and the Historic Environment

Commission for Architecture and the Built Environment (CABE)⁴
English Heritage
National Heritage Memorial Fund (including the Heritage Lottery Fund)

Tourism

VisitBritain

Creative industries

Design Council (shared with the Department for Business, Innovation and Skills)⁵
UK Film Council⁶

Sports

Football Licensing Authority⁷
Sport England⁸
UK Sport⁸
United Kingdom Anti-Doping Limited

Olympics

Olympic Delivery Authority
Olympic Lottery Distributor

Gambling and national lottery

Big Lottery Fund⁹
Gambling Commission¹⁰
Horserace Betting Levy Board
National Lottery Commission¹⁰

³ In October 2010 it was announced that work is underway to transfer the PLR functions to another existing public body and the PLR NDPB would be abolished.

⁴ During 2010-11 jointly funded with Communities and Local Government, DCMS has withdrawn programme funding as from 31 March 2011.

⁵ Ceased to be an NDPB from 1 April 2011.

⁶ From 1 April 2011 a number of the UK Film Council's responsibilities were transferred to the British Film Institute (BFI) and Film London.

⁷ Legislation is being enacted to extend the FLA remit and rename it as the Sports Ground Safety Authority.

⁸ On 26 July 2010 DCMS announced the intention to consider a merger of UK Sport and Sport England.

⁹ As a consequence of the Government's Spending Review, the Government has transferred policy responsibility for Big Lottery Fund from DCMS to the Cabinet Office, although DCMS retains the sponsor role.

¹⁰ The Cabinet Office confirmed on 24 September 2010 that the National Lottery Commission and the Gambling Commission will be merged as part of the government's review of Public Bodies.

Other DCMS bodies

The following bodies receive a grant from DCMS:

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

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

Churches Conservation Trust
Royal Household

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

The National Lottery

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

DCMS is also accountable for the lottery funds given to the Lottery Distributing Bodies, some of which are NDPBs falling within the responsibility of DCMS. For 2010-11 the total amount of income receivable by the NLDF was £1.57bn, of this £292m was transferred to the OLDF, (2009-10 £1.50bn, including £292m to OLDF). The Olympic Lottery Distributor received £107m, plus the £292m transfer from NLDF, and paid out £353m to the Olympic Delivery Authority (received £87m plus £292m from NLDF, and paid out £379m in 2009-10). The annual financial statements of the NLDF and the OLDF are published and available from TSO or via www.culture.gov.uk/reference_library/publications/

The London 2012 Olympic and Paralympic Games

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

Delivery of the permanent venues and infrastructure for the games is the responsibility of the Olympic Delivery Authority (ODA). The staging of the games is the responsibility of the London Organising Committee of the Olympic Games and Paralympic Games (LOCOG). All expenditure on land acquisition and remediation by the London Development Agency (LDA) is in their accounts, and is not accounted for as Olympic expenditure. The London Development Agency is accountable to the Mayor of London and the Greater London Authority. The Government Olympic Executive (GOE) is a directorate of DCMS, and it acts as client for the games on behalf of central Government, reporting to the Secretary of State and the Minister for Sport and the Olympics. GOE also acts as sponsor to the Olympic Delivery Authority and the Olympic Lottery Distributor. The GOE has strategic responsibility for the games to ensure successful delivery across the whole games programme, and undertake all such work as may be required by government. This includes areas such as funding, liaison with the Home Office who lead on security matters and, importantly, co-ordination on the legacy for London and the UK, that the games is planned to deliver.

In addition to sponsoring the Olympic Delivery Authority and the Olympic Lottery Distributor, the department also oversees the London Organising Committee of the Olympic Games (LOCOG) – this is a company limited by guarantee set up for the purposes of delivering the Olympic and Paralympic Games. It was established by a joint venture agreement between the Secretary of State, the Mayor of London and the British Olympic Association. It was not funded by the department in 2010-11.

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

In 2007 this share was estimated at £66m, as LOCOG has developed its budget and established which costs are additional to the staging of the Olympic games, this estimate has risen to £95m of which £66m will be provided by the Olympic Lottery Distributor and £29m from DCMS all from within the Public Sector Funding Package. In addition, from April 2011, the breakdown of the public sector funding package altered to reflect the changed focus of the programme from construction to the operational delivery of the Games. £67m of Park Operations scope previously allocated to the ODA will now be delivered by LOCOG and funding has been provided for this together with £36m to contribute to the cost of the Village and to meet the costs arising from venue changes and a further £27m is being retained by Government to cover specific cost pressures that may arise.

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

The Olympic Park Legacy Company Limited was incorporated on 8 May 2009 as a not-for-profit company limited by guarantee. Its purpose is to plan, develop and maintain the Olympic park and those facilities it will own after the London 2012 Games. The government members of the board at 31 March 2011 were the Secretary of State for Communities and Local Government and the Secretary of State.

Progress on the delivery of the Venues and the staging of the Games has been reported in the GOE annual reports and quarterly update. These documents can be found on the DCMS website. The latest quarterly report was published in May 2011 and can be found at the following link:

<http://www.culture.gov.uk/publications/8086.aspx>

Financial Commentary

Comparison of outturn against the Estimate and budgets

The Department underspent its Estimate by £100m (1.9%) in 2010-11. This compares with a £115m underspend in 2009-10. The final Estimate was prepared for Parliament in January 2011 and reflected the best information available at that time. In line with Treasury requirements of all government departments, DCMS continuously manages its budget allocations and spending to remain within the Departmental Expenditure Limits (DELs) set and to make the best use of the funds and the budgets provided to it. For this reason, a line by line comparison of the Estimates to the outturn figures does not give an accurate picture of the overall financial position the Department has been managing. However, the main reasons for the variance from Estimate were:

- The BBC received £21m less than planned. This is because actual licence fee revenue was lower than had been estimated at the start of the year.
- The ODA spent £52m less than planned. This is because the Estimate shows the cash grant paid to the ODA by the Department and, as there were higher levels of accruals than anticipated, the Department was not required to pay out as great an amount of cash as originally planned. Expenditure by the ODA was at the anticipated level.
- The remaining underspend is mainly attributable to the use of reserves by Arm's Length Bodies rather than cash grant in aid. This is partly as a consequence of decisions taken within the year to reduce expenditure following the change in Government. It can also be attributed to improved monitoring of the draw-down of cash by Arm's Length Bodies and a greater focus on the principle of not paying grants in advance of need.

The provisional outturn against budget shows that the Department underspent its Resource DEL budget (excluding depreciation and other accounting adjustments) by £73.7m. This was mainly as a result of a change in the forecast net position by LOCOG to show more income in-year than expenditure. Earlier in the year, the opposite had been expected. LOCOG is an organisation run along commercial lines

that manages to a lifetime budget rather than to annual budgets. Its annual forecasts can, therefore, be subject to some volatility. LOCOG has subsequently been classified as a Public Corporation, outside the Department's DEL budgets, in recognition of the nature of its business and financing.

The provisional outturn on the Capital DEL budget is £21.1m (3.5%) underspent. There were a variety of bodies that underspent their capital allocations, most notably museums and galleries, which required less access to their reserves in totality than had been forecast during the year. Neither this use of reserves nor the final LOCOG position is reflected in the Estimates as they have no cash impact for the Department. With LOCOG, this is because it is financed from sources other than government grant and for the museums and galleries because they are using cash received in previous years, mainly in the form of donations.

Reconciling Treasury control totals

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

As part of the move to CLOS a number of changes were introduced in 2010-11 including the removal of the non-cash budget category. Non-cash items were either abolished (cost of capital charge), moved into Annually Managed Expenditure (provisions), or ring-fenced within the Department Expenditure Limit (depreciation).

Reconciliation of resource expenditure between Estimates, Accounts and Budgets

	2010-11 £000	2009-10 £000
Net Resource Outturn (Estimates)	5,053,418	4,924,817
<i>Adjustments to remove:</i>		
Provision voted for earlier years	–	–
<i>Adjustments to additionally include:</i>		
Non-voted expenditure	–	–
Consolidated fund extra receipts	(13)	(3,021,233)
Other adjustments	–	–
Net Operating Cost (Accounts)	5,053,405	1,903,584
<i>Adjustments to remove:</i>		
Capital grants to local authorities	(41,230)	(978)
Capital grants financed from the capital modernisation fund	–	–
European Union income and related adjustments	–	–
Voted expenditure outside the budget	(5,584,126)	(3,021,099)
<i>Adjustments to additionally include:</i>		
Other consolidated fund extra receipts	9	3,015,419
Resource consumption of non-departmental public bodies	4,396,672	2,348,885
Unallocated resource provision	–	–
Other adjustments	1,782,100	844,322
Resource Budget Outturn (Budget)	5,606,830	5,090,133
<i>of which</i>		
Departmental Expenditure Limits (DEL)	1,526,808	1,224,712
Annually Managed Expenditure (AME)	4,080,022	3,865,421

The analysis of resource budget outturn is based on provisional data from public bodies provided for the public expenditure outturn white paper.

The Net Operating Cost shown above for 2009-10 is not consistent with the Statement of Comprehensive Net Expenditure in the accounts as it has not been restated for the prior period adjustment.

Future Financing – implications of significant changes in the department's objectives and activities

The department's expenditure limits for the current spending review period (2008-09 to 2010-11) were set in the Comprehensive Spending Review 2007. In June 2010 the 2010-11 budget of DCMS and its ALBs was reduced by circa 4% (£88m). DCMS met this reduction by decreasing administrative costs in such a way as to minimise any impact on the delivery of frontline services.

The Spending Review 2010 means that by 2014-15, the end of this Spending Review period, DCMS' combined capital and resource budget will be circa 25 per cent lower than in 2010-11. To achieve this the department has adopted four principles:

- Cutting waste and inefficiency and stopping lower priority projects
- Protecting the front line as much as possible
- Delivering a safe and successful Olympic and Paralympic Games in 2012
- Contributing to Economic Growth.

Full details of the Spending Review settlement can be found at, http://www.culture.gov.uk/news/news_stories/7502.aspx

The department has set out its planned expenditure over the spending review period, as agreed with the Treasury, in its Business Plan 2011-2015. The latest version of this Business Plan was published in May 2011.

A reduction in the DCMS core departmental admin costs of 50% in real terms is planned. This will be achieved by:

- Reducing accommodation, facilities management and other central non-pay costs
- Managing the priority of delivering the Olympics and Paralympics by reducing the size of DCMS in two main steps – by early 2011 to put us in shape for 2012, and by April 2013 to reflect the end of GOE's role
- Reducing headcount. Post-Olympics DCMS is likely to become a smaller department with fewer people – the sustainable level at 50% of our current admin costs. Some of this reduction has always been a part of GOE's planned winddown.

Central government main supply estimates for 2011-12 were published in April 2011 and are available at http://www.hm-treasury.gov.uk/psr_estimates_index.htm.

In 2011-12, under H.M. Treasury's Clear line of Sight project, the Department's accounting boundary will be expanded to include a number of DCMS sponsored arm's length bodies (ALBs). Further details of the project are at: www.hm-treasury.gov.uk/psr_clear_line_of_sight_intro.htm.

Investment Management Strategy

The department has an investment committee which is focused on planning, approving and monitoring the capital spend of the department and its arm's length bodies, excluding that related to the Olympics which has separate procedures embedded in the Government Olympic Executive.

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

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

Policy on payment of suppliers

The department has signed up to the prompt payment practice code, and is committed to adhering to the Late Payment of Commercial Debts (Interest) Act 1998, by paying all invoices not in dispute within agreed contractual provisions or within 30 days of the presentation of a valid invoice (or delivery, if later). An analysis of payment performance during the 2010-11 financial year showed that 99.5% of invoices (not in dispute) were paid within contract terms or 30 days (99.0% in 2009-10).

In October 2008 the Prime Minister set a target that central government departments should pay all commercial invoices within 10 working days. The 2010 March budget announced that government departments should aim to achieve payment of 80% of bills within 5 working days. Reporting against this target started in May 2010. DCMS payment performance since May 2010 on this basis was 73.4%. Improvements to invoice registration were introduced during January 2011, and since then performance has been 83.4%.

Policy on cost allocation

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

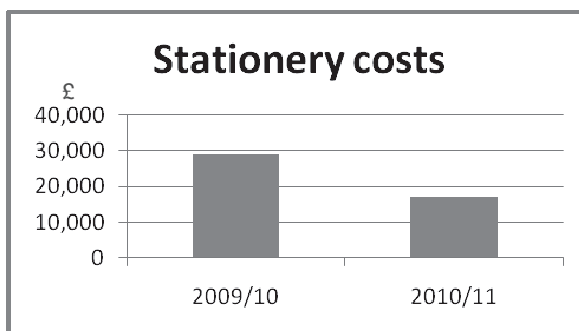
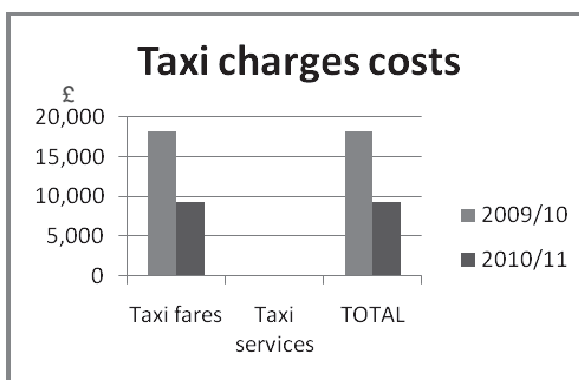
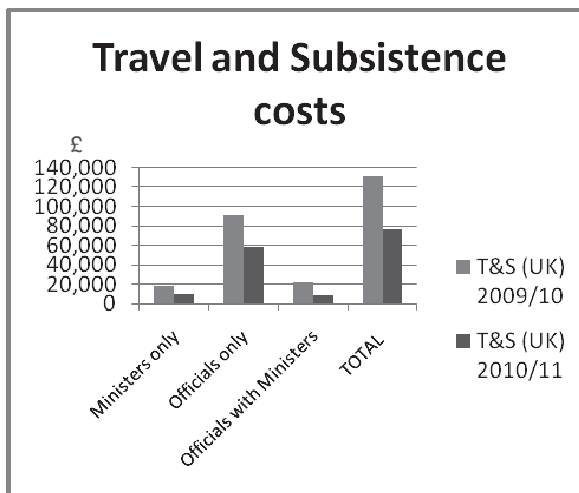
Consultancy, publicity, advertising and other DCMS expenses

Consultancy spend for 2010-11 was £0.35m against last year's figure of £1.47m. The decrease in expenditure from 2009-10 reflects new procedures put in place during the year where the Permanent Secretary signs off all use of consultants and temporary staff; along with a new more challenging approach. The appointments are for a given period, and are reviewed in the meantime to make sure that they are still needed.

As well as consultancy spend during the year the department spent £0.46million on temporary staff and £2.405 million on interim managers to fill posts. This expenditure was predominantly linked to the Olympics.

Publicity and advertising spend has fallen from £0.5m in 2009-10 to £0.17m in 2010-11.

Many ideas were collected in an exercise amongst staff to suggest ways of reducing day-to-day spend. A number of ideas on travel, hospitality and office equipment were put into practice during the year. These produced some quite dramatic cost reductions over the course of the last year which have been captured in the following charts:



Long-term liabilities including pension liabilities

Details of pension liabilities are disclosed in the remuneration report and note 10 to the accounts.

Significant remote contingent liabilities disclosed under Parliamentary reporting requirements

These are reported in note 30 to the accounts.

GOVERNANCE AND RESOURCES**Ministers**

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

Rt Hon Jeremy Hunt MP	Secretary of State for Culture, Olympics, Media and Sport (from 12 May 2010)
John Penrose MP	Minister for Tourism and Heritage (from 14 May 2010)
Hugh Robertson MP	Minister for Sport and the Olympics (from 14 May 2010)
Ed Vaizey MP	Minister for Culture, Communications and Creative Industries (from 14 May 2010, joint Minister with Department of Business, Innovation and Skills until December 2010)
Rt Hon Ben Bradshaw MP	Secretary of State (to 11 May 2010)
Rt Hon Margaret Hodge MBE MP	Minister of State for Culture, Creative Industries and Tourism (to 11 May 2010)
Gerry Sutcliffe MP	Parliamentary Under Secretary of State for Sport (to 11 May 2010)

Until 11 May 2010, the Rt Hon Tessa Jowell MP was the dedicated Minister for the Olympics and Paymaster General, reporting directly to the Prime Minister. The Government Olympic Executive, a directorate of the Department, reported to her in her capacity as the Minister for the Olympics, through the Permanent Secretary.

DCMS Governance

At the beginning of the year the DCMS board comprised nine members: six executive members, and three non-executive directors.

Owing to revised guidelines released by Cabinet Office, corporate governance across Whitehall has changed. In addition to cross-Whitehall changes in the composition and role of departmental boards, DCMS has also changed the structure and membership of its other committees.

Ministerial Board

Policy is decided by Ministers alone, with advice from officials. The remit of the Board is performance and delivery, and to provide the strategic leadership of the department. The Board will meet six times a year. The Ministerial Board is advisory, giving support on the operational implications and effectiveness of policy proposals, focusing on getting policy translated into results.

Membership

The board is chaired by the Secretary of State, and has ministerial, executive and non-executive members. All members of the board must provide leadership, set strategic direction and ensure sufficient resources are available for DCMS to meet its objectives. The protocol for all Whitehall boards is set out on the Cabinet Office website.

Ministerial Members:

Jeremy Hunt (Chair) and by invitation:

Ed Vaizey

John Penrose

Hugh Robertson

Executive Members:

Jonathan Stephens
Permanent Secretary

Andrew Ramsay
Director General, Programmes and Partnerships (to April 2011)

Jeremy Beeton
Director General, Government Olympic Executive

Simon Judge
Director, Finance

Non-Executive Members:

Since the election in May 2010, the composition and role of Whitehall departmental boards has been revised. As part of this change, each department has a lead non-executive board member, who will take an active role in the functioning of the board, and will liaise closely with Cabinet Office.

The role of the non-executives is to add their external skills and expertise, and to bring independent judgement on strategy, performance and risk.

The non-executive members at 31st March 2011 were:

David Verey (lead non-executive member for DCMS) appointed from 10 December 2010

Peter Bazalgette appointed from 20 January 2011

Dr Tracy Long

Lord Coe ex officio¹¹

Other non-executive members who served during the year were:

Alexis Cleveland (to 31 December 2010)

Ann Green (to 31 December 2010)

The lead non-executive board member will meet regularly with other non-executive board members to ensure their views are understood, and that the Secretary of State is made aware of any concerns. The

¹¹ by virtue of his position as Chair of LOCOG. He will cease to attend the departmental board at the point at which he leaves his post at LOCOG.

lead non-executive board member will support the Secretary of State in his role as Chair of the Board and liaise with the Government-wide Lead Non-Executive Board Member.

The role of the non-executives is to add their external skills and expertise, and to bring independent judgement on strategy, performance and risk.

Non-executive board members will exercise their role through influence and advice, supporting as well as challenging officials. They will advise on performance (including agreeing key performance indicators), operational issues (including the operational/delivery implications of policy proposals), and on the effective management of the department. They will also provide support, guidance and challenge on the progress and implementation of the business plan. They will share best practice and assist the department in learning from the successes and failures of comparable organisations, they will meet regularly with other non-executives across government and the Government Lead Non-Executive Board Member.

The Executive Board

The Executive Board provides corporate leadership to the department; supporting the Permanent Secretary and Directors in their management of the department, and the Permanent Secretary in his role as Accounting Officer. The Board is responsible for ensuring the department is delivering the Business Plan, and is the sponsoring body for the Change Programme. The Executive Board reports to the Ministerial Board.

As well as the executive members of the Ministerial Board, the following sat on the Executive Board during the year:

Anita Charlesworth, Director, Evidence and Analysis Unit and Chief Scientific Adviser (to 13 September 2010)

Jane Cooper, Director, Communications and Change (to 22 October 2010)

Audit and Risk Committee

The Audit and Risk Committee is a sub-committee of the Ministerial Board, responsible for providing support on governance, risk management and control. It acts on behalf of the Board and reports to the Board, which takes decisions on the advice received.

There is an annual cycle of matters to consider, though its regular business focuses on assurance and risk management processes and matters arising from internal and external audit work. At each meeting, the ARC receives progress reports on all these areas. The ARC's oversight of internal audit operations includes all aspects of the service, approving strategy and plans and monitoring work progress.

Membership includes the following non-executive members,

Member		Joined
Tracy Long	Non-Executive Director (Chair)	1 July 2009
David Carter	independent external member	1 July 2009
Chris Sullivan	independent external member	1 July 2009
Chris Walton	independent external member	1 August 2010
Michael Higgin	independent external member	1 August 2010

Policy Committee

The Policy Committee managed workforce planning for the department during 2010-11 as well as the delivery of Ministers' priorities, by e.g. managing performance and making sure operational and strategic risks are mitigated against. The Committee held our people to account for delivering the work, and monitored progress on projects against milestones, and ensures that deliverables and deadlines in the DCMS Business Plan are met. The Committee reported to the DCMS Executive Board.

Investment Committee

The DCMS Investment Committee approved and monitored the capital commitments during the year and in future years of the department and its arm's length bodies (excluding the Olympics). The Committee reports to the DCMS Executive Board.

Advisory Board

The Advisory Board draws on external expertise to improve the strategic management of the Department. It provides independent input, advice and collective challenge to the Board on strategic issues and provides a channel for engaging effectively with key strategic NDPBs and other DCMS partners. The Board is chaired by the Permanent Secretary and consists mainly of members from DCMS arm's length bodies.

Appointment of head of the department and the DCMS board

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

Disclosure of Senior Salaries and Production of Organograms

As part of the Government's Transparency agenda, DCMS and its executive NDPBs have published data on the remuneration of senior staff within their organisations as at 31 March 2011, as well as organisation charts which give the senior staff structure and summary information for staff at junior levels. These can be found on the DCMS Transparency website. www.transparency.culture.gov.uk/category/staff/

Each Executive NDPB entry includes a link to where its own data can be accessed.

Directorships and other significant interests

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

Ministers and board members' remuneration

The details of ministers' and board members' remuneration are set out in the remuneration report.

Strategic risks

The risk management arrangements operating within the department have been subject to review during the year. Improvements have been made to the guidance available to staff in assessing and managing risks. There have also been advances in the way that risks are managed strategically and at a directorate level. The executive committee identifies the top strategic risks facing the department and

ensures that known individuals are responsible for them. The guidance includes the process by which risks are managed at the most appropriate level within the organisation.

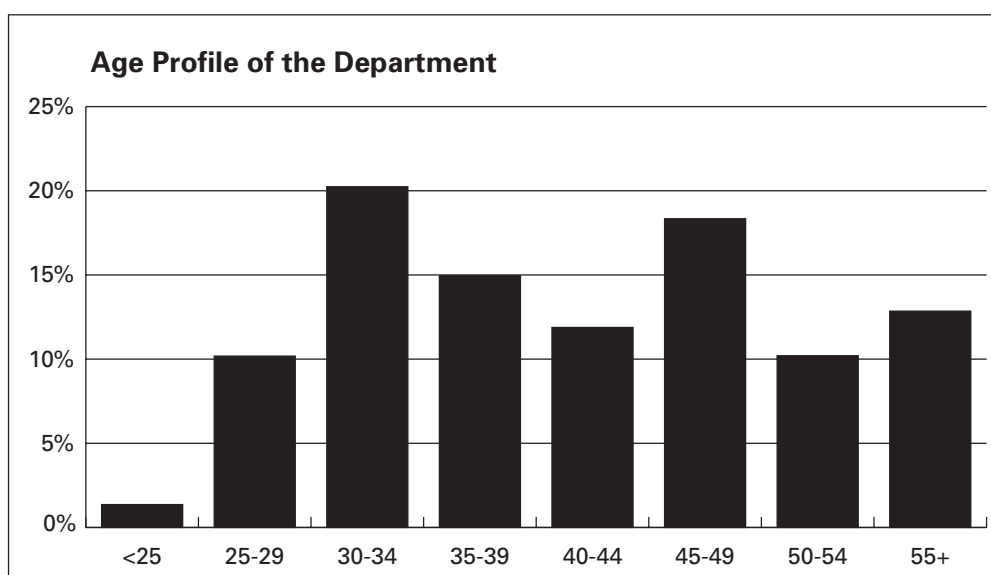
SOCIAL AND COMMUNITY ISSUES including human capital management reporting (core department)

Workforce size and composition

DCMS is a small government department with an almost wholly strategic function, where policy development, industry sponsorship and stewardship of its many sponsored bodies form the core functions, with a small number of staff in support dealing with accommodation, human resources, finance etc. The workforce reflects these tasks in grade structure and qualifications, with 73.1% of staff (2009-10: 72%) employed at middle-management level, professional and senior management roles.

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

Age	<25	25-29	30-34	35-39	40-44	45-49	50-54	55+	Total
%	1.36	10.18	20.24	14.95	11.88	18.34	10.20	12.85	100



The profile has been based on full time equivalent staff in post as at 31 March 2011 and excludes agency staff.

The grading structure for the Department is as follows:

Grade	Average No. Staff (Full time equivalent) 2010-11	Average No. Staff (Full time equivalent) 2009-10
Permanent Secretary	1.0	1.0
Senior Civil Service pay band 3	2.0	2.0
Senior Civil Service pay band 2	11.2	11.2
Senior Civil Service pay band 1	31.7	31.7
Grade A(Upper) (Grade 6)	25.5	21.3
Grade A (Grade 7)	102.0	106.4
Grade B (HEOD fast stream)	9.9	8.9
Grade B (HEO/SEO)	150.1	148.8
Grade C (EO)	92.0	93.7
Grade D (AO/AA)	30.4	29.1
Total	455.9	454.1

This table excludes ministers, agency/casual staff and special advisers.

32 senior civil servants were in post and on the department's payroll at 1 April 2011. Subsequently, 4 senior civil servants left in the first quarter of the 2011-12 financial year. The table below shows the number of staff paid £50,000 or above, in £5,000 increments, during the financial year 2010-11

Salary Band	Number of Staff
£55,000 – £59,999	3
£60,000 – £64,999	11
£65,000 – £69,999	5
£70,000 – £74,999	1
Over £75,000	12

Performance

DCMS 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 DCMS core competencies.

Engagement

To promote diversity and subject to business need, there is a wide range of flexible work options available to staff, including support for home working. DCMS has an employee assistance programme in place which incorporates a confidential counseling service.

Staff are encouraged to take part in the department's people surveys and the cross-government civil service people survey.

Equal opportunities and diversity

The department is an equal opportunities employer. We do not discriminate against staff or eligible applicants for posts on the grounds of gender, marital status, race, colour, nationality, ethnic origin, religion, disability, age or sexual orientation. All staff are treated equally and fairly and decisions on recruitment, selection, training, promotion and career management are based solely on objective and

job-related criteria. DCMS encourages arrangements for flexible working patterns and is committed to creating a culture where individual differences are valued and respected. The department does not tolerate any form of discrimination, harassment or victimisation.

The department has a programme of equal opportunities awareness training for all staff and promotes equality and diversity. This is reviewed annually. Equality impact assessments are performed for the department's policies.

More information on both these and the equality scheme can be found at this site:
http://www.culture.gov.uk/about_us/working_with_us/7266.aspx.

The percentage of women in senior grades has increased. A diversity and equality strategy has been developed to cover the period 2008 to 2011. This provides support in recruiting and keeping staff and is connected with *Our People Strategy*.

Employment of disabled persons

The department does not discriminate against staff or eligible applicants for posts on any grounds, including disability. Job application forms and other documents are available in alternative formats.

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

A disability reference group reviews related issues.

We also work closely with the Employer's Forum on Disability on all disability issues including recruitment.

Sickness absence

Average day's sickness absence per full time equivalent employed by DCMS during the year was 4.8 days (2009-10: 4.7 days).

Health and safety

The department has online training and a self-assessment package for using computers. This has helped to ensure the health and safety of staff in a hot-desking environment.

The health and safety committee meets four times a year. It includes representatives from staff and trade unions and as part of its work it reviews the department's health and safety risk assessment.

Change Programme

As part of the wider Whitehall drive to make efficiency savings, the Secretary of State, Jeremy Hunt MP has set an ambition to reduce the administrative spend of DCMS by 50% by 2014/15. Reducing the administrative budget for DCMS and our Arm's-Length Bodies means that we have limited the effect on front-line services and programmes to a much smaller percentage.

To deliver on the ambitious priorities in the DCMS Business Plan, we cannot make this level of reduction without relooking at the way we work. We are building a different, leaner, more flexible and efficient department for the future, one that offers the public real value for money.

The Change Programme is the process of work that will deliver these aims. The Change Team identified three tranches: getting DCMS into shape before the Olympic and Paralympic Games (Sep 10-Jul 11); preparing and delivering the Games (Aug 11-Oct 12) and after the Games (Nov 12-Mar 2014).

Tranche 1 is currently looking at cost reduction (e.g. voluntary redundancies, SCS recruitment), accommodation changes, scoping and aligning work against the Business Plan, flexible resourcing and working, and looking at how DCMS works with ALBs.

As a consequence DCMS has reduced the number of SCS, giving a less top-down leadership, and stronger focus on empowering and equipping people that do the day-to-day work. Also DCMS carried out a voluntary retirement and redundancy offer.

The voluntary retirement and redundancy offer closed on 14th January 2011, and over 90 applications were received. The Workforce planning committee considered applications to see that they met published criteria, and approved the timing of exits to ensure business needs were met.

To cope with the workload with fewer staff the change programme aims to create a more flexible organisation able to adapt to meet changing priorities. Staff will be encouraged to apply their skills across the business.

The Scoping Team and policy leads have been working together to map policy work against the DCMS Business Plan to identify priorities.

As a result of some of the reviews that were carried out at the end of 2010-11, the Executive Committee decided that a single Programmes Office will manage the flexible resourcing and scoping process, and also that flexible working will be expanded across the business. There are also projects to handle the Machinery of Government transfer of BIS communication policy to DCMS and Knowledge Management.

During 2011-12 matrix management will start to be introduced across the Department. One team (a Programme Office) will be in place to manage scoping, resourcing and matching people to projects.

All DCMS staff are assigned a Development Manager who will offer continuity in the overall management of their performance and development. Development Managers work with their staff to manage performance, to support them in identifying learning and development needs, and to prepare their annual appraisal. In addition members of staff are likely to work with one or more Activity Managers for their work on projects/tasks over the course of a reporting year.

THE ENVIRONMENT

Sustainability and Energy efficiency

DCMS continues to make progress in making the DCMS estates more sustainable. During the year the department has placed on the DCMS website half hourly energy data, as part of the Government's transparency programme. The data is monitored by the department's facilities team to ensure the efficient use of the building plant.

The department is meeting the Government challenge to reduce carbon emissions by 10% during the year. The department is currently on track to exceed the target.

The DCMS headquarters building at 2-4 Cockspur Street has been officially awarded the Carbon Trust Standard which shows we have taken real action on climate change by reducing our carbon emissions by 20.7%.

REPORTING OF PERSONAL DATA RELATED INCIDENTS

In the Cabinet Office's interim progress report on data handling procedures, published on 17 December 2007, Official Report, column 98WS, the government made a commitment that departments will cover information risk management in their annual reporting:

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

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

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

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

TABLE 1: SUMMARY OF PROTECTED PERSONAL DATA RELATED INCIDENTS FORMALLY REPORTED TO THE INFORMATION COMMISSIONER'S OFFICE IN 2010-11

Statement on information risk	In the SIC para 30 the Accounting Officer states: "The Department holds very little personal data, and its information risks have been identified and are mitigated in line with Cabinet Office requirements."			
Date of incident (month)	Nature of incident	Nature of data involved	Number of people potentially affected	Notification steps
	NONE			
Further action on information risk	The Department will continue to monitor and assess its information risks in order to identify and address any weaknesses and ensure continuous improvement of its systems.			

TABLE 2: SUMMARY OF OTHER PROTECTED PERSONAL DATA RELATED INCIDENTS IN 2010-11

Incidents deemed by the Data Controller not to fall within the criteria for report to the Information Commissioner's Office but recorded centrally within the Department are set out in the table below. Small, localised incidents are not recorded centrally and are not cited in these figures.		
Category	Nature of incident	Total
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured Government premises	NONE
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured Government premises	NONE
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	NONE
IV	Unauthorised disclosure	NONE
V	Other	NONE

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 total notional charge for these audit services was £162k, (£174k in 2009-10). This includes £95k for DCMS (£85k in 2009-10) and £41k (£41k in 2009-10) for TRP. It also includes a notional charge of £26k (£28k in 2009-10) for the audit of the departmental sub-consolidation for Whole of Government Accounts.

In 2009-10, in addition, the charge included notional charges of £13k for DCMS and £7k for TRP to review the implementation of International Financial Reporting Standards.

No further services were provided.

Disclosure of relevant audit information

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

IMPORTANT EVENTS WHICH HAVE OCCURRED SINCE THE YEAR END

These are described in Note 38 to the accounts.

Signed and Approved

Jonathan Stephens
Accounting Officer

6 July 2011

DEPARTMENTAL REMUNERATION REPORT: CORE DCMS ONLY

Equivalent information relating to The Royal Parks agency is given in its separate accounts.

Remuneration Policy

The Review Body on Senior Salaries provides independent advice to the Prime Minister on the remuneration of senior civil servants.

The Review Body also advises the Prime Minister from time to time on the pay and pensions of Members of Parliament and their allowances; on Peers' allowances; and on the pay, pensions and allowances of Ministers and others whose pay is determined by the Ministerial and Other Salaries Act 1975.

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

Service Contracts

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

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

Further information about the work of the Civil Service Commission can be found at www.civilservicecommission.org.uk.

REMUNERATION (INCLUDING SALARY) AND PENSION ENTITLEMENTS (AUDITED INFORMATION)

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

Remuneration (salary and payments in kind)

Ministers

	2010-11	2009-10
	Salary and (full year equivalent) £	Salary (full year equivalent) £
Rt Hon Jeremy Hunt MP <i>Secretary of State (from 14 May 2010)</i>	61,056 (68,827)	–
John Penrose MP <i>Minister for tourism and heritage (from 14 May 2010)</i>	20,894 (23,697)	–
Hugh Robertson MP <i>Minister for sport and the Olympics (from 14 May 2010)</i>	20,894 (23,697)	–
Ed Vaizey MP <i>Minister for Culture, Communications and Creative Industries (from 14 May 2010, joint Minister with Department of Business, Innovation and Skills until December 2010)</i>	20,894 (23,697)	–
Rt Hon Ben Bradshaw MP <i>Secretary of State (to 11 May 2010)</i>	8,847 (78,356)	61,176 (78,356)
Rt Hon Margaret Hodge MP <i>Minister of State to 11 May 2010)</i>	4,589 (40,646)	21,339 (40,646)
Gerry Sutcliffe MP <i>Parliamentary Under Secretary of State (to 11 May 2010)</i>	3,483 (30,851)	30,851

There were no benefits in kind in either year.

At the start of the year until 11 May 2010 The Rt Hon Tessa Jowell MP was Minister for the Olympics and Paymaster General, working at the Cabinet Office and reporting directly to the Prime Minister. Her remuneration is disclosed in the Cabinet Office accounts.

Officials

	2010-11		2009-10	
	Salary £000	Bonus Payments £000	Salary £000	Bonus Payments £000
Jonathan Stephens <i>Permanent Secretary</i>	155-160	–	155-160	–
Andrew Ramsay Director General	130-135	–	130-135	10-15
Jeremy Beeton <i>Director General</i>	225-230	130-135	225-230	35-40
Simon Judge <i>Director</i>	95-100	5-10	95-100	5-10
Anita Charlesworth <i>Director (to 13 September 2010)</i>	30-35 <i>(90-95 full time and full year equivalent)</i>	0-5	70-75 <i>(90-95 full time and year equivalent)</i>	5-10
Jane Cooper <i>Director (to 22 October 2010)</i>	110-115 inc. pay in lieu of notice <i>(95-100 full year equivalent)</i>	5-10	90-95	5-10

There were no benefits in kind in either year.

The bonuses reported in 2010-11 relate to performance in 2009-10 (see “Bonuses” overleaf).

Permanent Secretaries decided not to accept individual non-consolidated performance related pay awards (bonuses) in relation to the 2008-09 and the 2009-10 performance years.

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

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

Anita Charlesworth worked on a part time basis and her salary reflected this.

Non Executive Directors

	Remuneration and <i>(full year equivalent)</i>	
	2010-11 £000	2009-10 £000
David Verey CBE <i>(from December 2010)</i>	5-10 <i>(20-25)</i>	–
Alexis Cleveland <i>(to 31 December 2010)</i>	–	–
Ann Green CBE <i>(to 31 December 2010)</i>	5-10 <i>(5-10)</i>	5-10 <i>(5-10)</i>
Tracy Long	5-10	0-5 <i>(5-10)</i>
Peter Bazalgette <i>(from January 2011)</i>	0-5 <i>(15-20)</i>	–
Lord Coe <i>(from January 2011)</i>	–	–

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

The remuneration packages of non-executive directors do not include any pension entitlement or benefits in kind.

Salary

'Salary' includes gross salary; 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. 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 (£65,738 from 1 April 2010) and various allowances to which they are entitled are borne centrally.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the Department and treated by HM Revenue and Customs as a taxable emolument.

Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. The bonuses reported in 2010-11 relate to performance in 2009-10 and the comparative bonuses reported for 2009-10 relate to the performance in 2008-09.

Pension Benefits

Minister	Accrued pension at age 65 as at 31/3/11	Real increase in pension at age 65	CETV at 31/3/11	CETV at 31/3/10	Real increase in CETV
	£000	£000	£000	£000	£000
Rt Hon Jeremy Hunt MP Secretary of State (from 12 May 2010)	0-5	0-2.5	11	0	5
John Penrose MP <i>Minister for tourism and heritage</i> (from 14 May 2010)	0-5	0-2.5	7	0	3
Hugh Robertson MP <i>Minister for sport and the Olympics</i> (from 14 May 2010)	0-5	0-2.5	5	0	3
Ed Vaizey MP <i>Minister for Culture, Communications and Creative Industries</i> (from 14 May 2010, joint Minister with Department of Business, Innovation and Skills until December 2010)	0-5	0-2.5	6	0	2
Rt Hon Ben Bradshaw MP <i>Secretary of State</i> (to 11 May 2010)	5-10	0-2.5	90	89	1
Rt Hon Margaret Hodge MP <i>Minister of State</i> (to 11 May 2010)	10-15	0-2.5	192	186	6
Gerry Sutcliffe MP <i>Parliamentary Under Secretary of State</i> (to 11 May 2010)	5-10	0-2.5	112	111	1

At the beginning of the year to 11 May 2010 The Rt Hon Tessa Jowell MP was Minister for the Olympic and Paymaster General based at the Cabinet Office and reporting directly to the Prime Minister. Her pension benefits are disclosed in the Cabinet Office accounts.

Ministerial pensions

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

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

Benefits for Ministers are payable at the same time as MPs' benefits become payable under the PCPF or, for those who are not MPs, on retirement from Ministerial office from age 65. Pensions are re-valued

annually in line with Pensions Increase legislation. From 1 April 2009 members pay contributions of 5.9% of their Ministerial salary if they have opted for the 1/60th accrual rate, 7.9% of salary if they have opted for the 1/50th accrual rate or 11.9% of salary if they have opted for the 1/40th accrual rate. There is also an employer contribution paid by the Exchequer representing the balance of cost as advised by the Government Actuary. This is currently 28.7% of the Ministerial salary.

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

Cash Equivalent Transfer Value (CETV)

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

The real increase in the value of the CETV

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

Officials

	Accrued pension at pension age as at 31/3/11 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/11	CETV at 31/3/10	Real increase in CETV
	£000	£000	£000	£000	£000
Jonathan Stephens <i>Permanent Secretary</i>	55-60 plus lump sum of 165-170	0-2.5 plus lump sum of 0-2.5	967	883	10
Andrew Ramsay <i>Director General</i>	65-70 plus lump sum of 195-200	–	1,495	1,389	–
Jeremy Beeton <i>Director General</i>	15-20	5-7.5	280	198	67
Simon Judge <i>Director</i>	30-35 plus lump sum of 100-105	0-2.5 plus lump sum of 0-2.5	575	523	7
Anita Charlesworth <i>Director</i> (to 13/09/2010)	15-20 plus lump sum of 55-60	0-2.5 plus lump sum of 0-2.5	230	222	1
Jane Cooper <i>Director</i> (to 22/10/2010)	10-15	0-2.5	154	130	12

The actuarial factors used to calculate CETVs were changed in 2010/11. The CETVs at 31/3/10 and 31/3/11 have both been calculated using the new factors, for consistency. The CETV at 31/3/10 therefore differs from the corresponding figure in last year's report which was calculated using the previous factors.

There were no employer contributions to partnership pension accounts.

Civil Service Pensions

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

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium, classic plus and nuvos. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

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

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

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

Cash Equivalent Transfer Values

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

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

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

Compensation for loss of office

One director left under Early Retirement terms on 22 October 2010. The capitalised cost of the package she received was £165-170k.

Signed and approved

Jonathan Stephens
Accounting Officer

6 July 2011

STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

Under the Government Resources and Accounts Act 2000, HM Treasury has directed the Department for Culture, Media and Sport to prepare for each financial year accounts detailing the resources acquired, held or disposed of during the year and the use of resources by the department during the year.

The 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, changes in taxpayers' equity and cash flows for the financial year.

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

- observe the Accounts Direction issued by HM Treasury including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards, as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on a going concern basis.

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

STATEMENT ON INTERNAL CONTROL

1. This statement of control is organised as follows:
 - Paragraphs 2-11 describe the scope of my responsibility, including which bodies this statement covers and major changes to the Department's overall risk and control environment during 2010-11
 - Paragraphs 12 states the purpose of the system of internal control
 - Paragraph 13 outlines how we manage the risk of fraud
 - Paragraphs 14-17 set out the Department's capacity to handle risk
 - Paragraphs 18-31 describe the risk and control framework, including types of risk and our internal assurance process, and how the Department manages risk with regard to our many Arm's Length Bodies, for the Olympics programme and in respect of information risk. It also summarises external reports during the year on the Department by the NAO
 - Paragraphs 32-38 comprise my review of effectiveness of the system of internal control, including whether I consider any specific issues need disclosure in this statement and the overall opinion of the Head of Internal Audit Services.

Scope of responsibility

2. As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Department for Culture, Media and Sport's policies, aims and objectives, (the new DCMS Ministerial Board, which met in its entirety for the first time on 27 January, provides the collective strategic and operational leadership of DCMS) whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in *Managing Public Money*.
3. The Department is undertaking an ambitious four year programme to manage and co-ordinate how it needs to develop over the next Spending Review period in order to meet public sector spending challenges and best manage other changes in the sectors for which we have responsibility. We propose to halve the cost of running DCMS by 2014-15 and build the best possible Department, with a highly motivated and talented workforce, at the same time as prioritising critical deliverables, notably the 2012 Olympic and Paralympic Games, and absorbing major new responsibilities for the digital and telecoms sectors. Staff are closely involved in the process and receive regular communication to help reduce the risks associated with such major change. I have taken into account this major change programme and its potential implications when considering the Department's control systems and risk management.
4. I work closely with Ministers, meeting the Secretary of State and other DCMS Ministers on a regular basis, as well as discussing all relevant significant matters with them as appropriate. On policy matters, in addition to general advice, my main focus is to ensure that they understand in advance any potential implications of their decisions that could lead to issues of regularity or propriety, or that are unlikely to provide good value for money. Also, by exception, I alert Ministers at the earliest possible stage to any matters relating to risks, especially DCMS strategic or major policy risks.
5. 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 Accounts, and the associated Statement on Internal Control. I have also designated the Chief Executives of the executive Non-Departmental Public Bodies (NDPBs) sponsored by the Department as NDPB Accounting Officers. Their accounts are not currently consolidated with the DCMS accounts.

6. Acting within the authority of the Ministers to whom I was responsible during 2010-11 I have responsibility for ensuring with regard to TRP and each of the Department's NDPBs that:

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

7. In addition to TRP and our executive NDPBs, the Department is responsible for a number of advisory NDPBs, unclassified bodies that receive Exchequer funding, public corporations, public broadcasting authorities and other Arm's Length Bodies (ALBs) that receive DCMS grant funding, as well as having oversight of the National Lottery. Details of these bodies and their funding are set out elsewhere in these Accounts. The majority of them receive relatively small amounts of funding, which is subject to standard risk and control measures in my capacity as Accounting Officer.

8. There are greater levels of independence for the public corporations and public broadcasting authorities. With respect to the National Lottery, both the Department and the National Lottery Commission (the independent regulator) exercise appropriate controls. My scope of responsibility in respect of these categories is as follows:

- The public broadcasting authorities comprise:
 - The Sianel Pedwar Cymru (S4C), which receives a grant-in-aid (GIA) from the Department according to a set formula and whose value for money is overseen by the Welsh Authority – I designate an Accounting Officer and seek confirmation that GIA has been used in accordance with due standards of regularity and propriety.
 - The BBC, which is independent and overseen by the BBC Trust under the terms of its Charter. The Trust has responsibility for the BBC's value for money. The BBC is funded through the TV licence fee, which is set by Government.
- National Lottery income is collected by the operator, Camelot, and overseen by the National Lottery Commission, a DCMS NDPB – it is passed to the National Lottery Distribution Fund (and Olympics equivalent), which note 34 to these Accounts explains are DCMS related parties, and for which I hold a separate Accounting Officer responsibility.

9. In view of the significance of the preparations for the 2012 Olympic and Paralympic Games to the work of the Department, additional arrangements are in place (specified later in this statement) to ensure effective internal control and risk management. They apply differently and separately to the Olympic Delivery Authority (ODA), and the London Organising Committee of the Olympic Games and Paralympic Games (LOCOG), and are set out in more detail in paragraph 26 of this statement.

10. As a result of machinery of government changes announced on 21 December 2010, responsibility for all competition and policy issues relating to media, broadcasting, digital and telecoms sectors has been transferred from the Secretary of State for Business, Innovation and Skills (BIS) to the Secretary of State for Culture, Olympics, Media and Sport. The Department has worked closely with BIS to manage this transition and reduce both short term and longer term risks, including in respect of the transfer of financial and staff resources required to support the major projects being undertaken on broadband and spectrum. The transfer of functions order came into effect on 13 April.

11. During 2011-12 and the remainder of the current Spending Review period DCMS is undertaking a major programme of reform to its ALBs, including abolitions, mergers and winding up. The ALB Programme Board is tasked with ensuring that the benefits from these reforms are delivered. The changes will result in fewer public bodies and are expected to deliver increased accountability, greater transparency, and increased value for money. Major risks accompanying the reform programme are emerging unfunded liabilities associated with closure of bodies, protection of core sector functions and relationships with our ALBs during the down- sizing of DCMS, and the slow progress of the Public Bodies Bill. These are all being managed.

The purpose of the system of internal control

12. The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Department for the year ended 31 March 2011 and up to the date of approval of the Accounts, and accords with Treasury guidance.

Managing the risk of fraud in the DCMS

13. Demonstrating integrity is a key departmental value that underpins our ethics and business conduct and the Department maintains a "zero-tolerance" culture in respect of fraud, corruption and malpractice in the Department and its sponsored bodies. The Department maintained its Anti-Fraud Policy during the year and has a Fraud Response Plan that sets out the Department's approach and response to fraud. During the year, the Department also ran a Fraud Seminar to raise awareness of the risks of fraud amongst staff in the Department and its ALBs. Further, when frauds are detected, the Department communicates with its ALBs to alert them to any vulnerabilities that are identified in the investigation. In line with the recent cross-Government initiative, DCMS now has a Counter Fraud Champion, who keeps abreast of, and disseminates, best practice in that area.

Capacity to handle risk

14. 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.

15. The Department's risk management policy has been agreed by the DCMS Audit and Risk Committee, which reports to the Board, and was reviewed during the year. Both the policy and the guidance are available to all staff via the Department's intranet.

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

17. Best practice is encouraged amongst the Department's ALBs; for instance, the Treasury guidance produced following their Financial Systems Risk Review has been shared with them.

The risk and control framework

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

19. The Department faces four main types of risk:
- a. Strategic risks: mainly external, these are the responsibility of the DCMS Executive Board because they are the risks to the overall delivery of DCMS's objectives, for instance risk of failure of relationships with ALBs, which is mainly managed through relationship managers in the sponsorships teams. These risks are managed within a Strategic Risk Register (SRR), which has been reviewed and updated during the year.
 - b. Business risks: during the year, named Directors were responsible for managing and updating these risks to the effective operation of the Department and, as set out in risk registers within Directorate Business Plans, for instance planning how to maintain delivery and knowledge base after some staff left as part of the Department's restructuring programme. The most urgent or highest impact operational risks were reviewed by the Policy Committee. This approach will change in the coming year, to reflect the organisational changes within the Department.
 - c. Programme and project risks: these risks to individual programmes and projects are often specific to the programme / project but may include risk of failure of programme or project management. They are the responsibility of Senior Responsible Officers (usually Directors or Deputy Directors) and are contained in risk registers that are updated on an on-going basis as the programme/project progresses. They are also included in Directorate Risk Registers if material to achieving Directorate Business Plans.
 - d. Joint with delivery partner(s): these risks are managed by the delivery partner but, as the Department may be affected by risks that our delivery partners are exposed to (e.g. ALB risks, such as risk of exposure to financial losses through investment strategies), it is important to work closely with them in monitoring the top risks. Directors report quarterly on these risks to the Audit and Risk Committee.

One specific such risk related to the transfer of all competition and policy issues relating to media, broadcasting and telecoms sectors to DCMS from the Department for Business, Innovation and Skills (BIS), which raised both short-term operational risks (in transferring policy and associated resources successfully, whilst delivering on Ministerial priorities) and longer-term strategic risks, such as relating to the arrangements for the spectrum auction, and the contingent liability for the BT pension scheme. These risks were managed by a dedicated project team, which reported to a project board which met fortnightly. The project was part of the wider DCMS change programme and was subject to its controls, risk management and reporting mechanisms – so overall scrutiny of and accountability for the project lay with the DCMS Executive Board.

20. The Department's risk appetite (i.e. level of risk considered tolerable in the absence of controls) is recorded in a grid showing a range of possible impacts and likelihoods, which is used as a guide to help formulate actions to be taken in response to individual risks. During the year, and noting the structural changes taking place, revised risk ratings for each of the Department's sponsored bodies were drawn up, with input from both policy and finance teams, and were reviewed and approved by the Audit and Risk Committee. These have subsequently been used to develop a risk-based approach to various aspects of the Department's relationship with ALBs, including the review of annual accounts and scrutiny of monthly forecasts. Generally, this risk assessment approach, coupled with guidance given to and oversight of our NDPBs, has been successful – one significant exception is referred to in paragraph 34 of this statement.

21. Delivery plans and risk registers have been maintained for the Department's Olympics-related Departmental Business Plan Structural Reform Priorities. Otherwise, risk registers are in place for major projects that contribute to each Structural Reform Priorities, and many smaller projects. To ensure effective monitoring and intervention, Programme Boards are provided with quarterly progress reports, including as appropriate systematic tracking of risks, early warning of potential problems and recommendations for early action. If necessary, risks that materialise or cannot be adequately mitigated are escalated to the DCMS Ministerial Board.

22. Risks within DCMS are identified and assessed according to the Department's risk policy and guidance, which is available on the intranet. During 2010-11 each Directorate had a risk register, for

which the appropriate Director was accountable and which was maintained by a Risk Champion within the Directorate. The DCMS Finance Team had the overall responsibility for improving the Department's management of risk, for disseminating best practice and for maintaining the Department's Strategic Risk Register. The Finance Team had a series of meetings with Directors and Risk Champions to discuss their registers and provide guidance about how they could be improved. A DCMS-wide operational risk register was drafted during the year and reviewed by the Policy Committee. The Department's organisational structure has changed since the year end and risk management structure is being reviewed during 2011-12 in the light of that change.

23. On 20 April 2010 I issued each Director with formal financial delegations for 2010-11, the application of which reinforces the importance of complying with delegated limits and the effective systems of internal control within the Assurance process in providing me with confidence when signing this statement.

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

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

26. For the Olympics bodies, my interests are protected by the Government Olympic Executive (GOE), which is part of DCMS, arrangements relating to these bodies and the wider programme are described below:

- Like many other NDPBs, the ODA operates under a Management Statement and Financial Memorandum, approved by HM Treasury, and has full and proper Internal Audit arrangements. GOE is represented at meetings of the ODA's Audit Committee, as is the ODA's Head of Risk, and at ODA Board meetings. ODA projects or variations to projects above a delegated limit only proceed with prior approval from the Olympic Project Review Group, which includes members from relevant Government Departments, including DCMS (through the GOE) and HM Treasury, and undertakes detailed scrutiny of Olympic projects prior to sign off by the Minister with overall responsibility for the Olympics. These arrangements have proved highly effective in managing risks and contributing to the good progress across the ODA's programme, helping it to progress to timetable and deliver savings of £780m since November 2007.
- LOCOG is subject to separate arrangements. It is a company limited by guarantee and established by a joint venture agreement signed by members of the Olympic Board, including the Secretary of State, who is a stakeholder in the company and manages the Government's role as ultimate financial guarantor of the Games. Working closely with GOE LOCOG has developed its lifetime budget, including identifying and quantifying risks and opportunities which would have an impact on its programme. LOCOG's budget stands at £2.2bn including a funded contingency. The Secretary of State is in frequent contact with the Chair of LOCOG and I meet with the Chief Executive quarterly to

review finances and progress and ensure that issues that might affect the delivery of the programme are dealt with. The Secretary of State nominates a member of the LOCOG Board, who also sits on LOCOG's Audit Committee.

- To enable the successful management of risks to the Olympic programme through to the games and post-Games legacy transformation it is important to recognise the Olympic pressures on the Department. While challenges remain, I believe that following the Spending Review Settlement in October 2010, we are equipped to complete the delivery of the Olympic programme and post-Games legacy transformation on track and on budget.
- GOE is also responsible for oversight and assurance of the arrangements for delivery of the whole Olympic and Paralympic Games programme and therefore has programme and risk management arrangements that cover an extensive range of other bodies, including other Government departments. To secure the successful delivery of the Games programme the GOE has driven through significant changes in the year to ensure that the programme will be properly managed. These include implementing new governance arrangements to simplify control and decision making and deliver greater integration across the programme.
- The last quarterly economic report, published in May 2011, confirmed that the construction phase is progressing on time and to budget, putting the London 2012 programme in the best possible shape.

27. An Assurance reporting process supplements the Department's risk management process. Senior managers and Directors must report six-monthly on whether they have complied with the Department's internal control procedures and must identify the work undertaken to keep them under review, up to date and appropriate. This is reported to the Audit and Risk Committee. Any areas of concern that are identified from this Assurance process are addressed, in line with the risk they pose. The process has worked well during the year and is now better embedded within the Department. No major concerns have been identified as a result of the Assurance process, which was adapted to take account of the relatively large number of senior staff who left prior to the year end as a result of organisational restructuring.

28. The Department has established a strong, strategic relationship with the Efficiency Reform Group (ERG) – a number of high profile programmes and projects have been subject to Gateway reviews and a representative from the Office of Government Commerce sat on the Department's Investment Committee during the year. We are continuing to improve our project management capability and enhance our capacity to scope projects effectively, then efficiently plan and manage those that are selected to go ahead. This will be even more important now that we have established a flexible resourcing working model to include all staff, as opposed to just having a separately identified Programmes Team. Training in project working to a basic level is strongly encouraged for all appropriate staff and, as required, others undertake more advanced training. Appropriate people have also received Gateway training during the year. Risk management will increasingly be embedded as an essential part of programme and project management. We expect a rigorous programme and project management approach for all our projects and management of risk.

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

- Two NAO reports were published or carried out during the year:

Financial management in the Department for Culture, Media and Sport (published 10 March 2011)
– The NAO found that the Department has improved the maturity of its financial management in specific areas, both within its Finance function and more broadly across its sponsor teams. (Separate NAO studies had previously acknowledged evidence of good financial management within the Olympic programme). In this review the NAO identified a number of areas that in its view should be improved in order to better demonstrate that the Department achieves value for money – including more senior influence by Finance, better underlying/support for financial decision-making and a revised approach to Arm's Length Body (ALB) management.

The Department makes every effort to achieve value for money, within the constraints of available resources and the analysis and management of risks relating to our strategy and business plan. Within the context of Departmental and ALBs restructuring, we will continue to match our ambition with what is achievable and do so in a way that provides the best possible value for money. DCMS sets out clear guidelines for its relationship with our many ALBs, for instance in the form of framework documents, funding agreements and financial memoranda. Within those guidelines, our ALBs have a relatively high degree of freedom. However, there is regular contact (individually and with a representative group of ALB Finance Directors), expenditure to date and future requirements are monitored monthly and major capital expenditure is now monitored by an Investment Committee. Other than that, financial management issues related to our ALBs are very varied in nature and can be difficult to anticipate, so DCMS does need on occasion to respond to issues and situations at short notice and on a reactive basis.

Preparations for the London 2012 Olympic and Paralympic Games: Progress report February 2011 – NAO found that overall; the preparations for the Games are going well. Although there are time pressures, the Olympic Delivery Authority remains on course to deliver its construction programme on time and on current assumptions the Public Sector Funding Package should be sufficient to meet expected costs. The wider operational planning for delivery of the London 2012 programme is highly complex and by definition achievements will not be clear until after the Games, but since they last reported good progress has been made in establishing a more co-ordinated approach. However, there is a risk that, given the natural priority of delivering successful Games to an immovable deadline, legacy ambitions will suffer. The final cost of the Games is inherently uncertain and while the responsibility for important areas of cost such as security has been resolved, £498 million worth of scope has been added and there is less contingency available to manage risks. In addition, as guarantor, the Government has always been financially exposed if LOCOG does not break even and, while progress has been made in firming up LOCOG's finances, there remains a risk that significant pressures may yet lead to a call on the Government's guarantee to the International Olympic Committee. As they concluded in their last report, with the preparations becoming increasingly intense, there is less flexibility to make savings in response to any unforeseen financial pressures.

- The Department makes every effort to respond to PAC recommendations within realistic timescales but it is not always possible to complete the actions we consider appropriate by the end of the financial year. As at 31 March 2011 there were a total of 15 outstanding recommendations from four PAC reports. These are reported elsewhere in these Accounts and are in the process of being implemented: 3 have now been completed, 2 Olympics-related matters cannot be completed yet and many of the others relating to maintenance of the Occupied Royal Palaces and Promoting Participation with the Historic Environment are not matters that can be speedily resolved.
30. The Department holds very little personal data, and its information risks have been identified and are mitigated in line with Cabinet Office requirements. DCMS has continued with its programme of work to improve our management of information risk. This includes the following measures:
- Staff
 - All staff have been instructed to complete their annual training on information security but this cannot be confirmed due to reporting errors in the National School of Government database
 - Guidance has been provided on handling protectively marked material
 - Revision of all IT and information security policies and dissemination to staff
 - Systems
 - All laptops and removable media have been encrypted
 - IT systems are independently audited for security compliance and undergo penetration testing
 - Changes to password length and automatic locking of PCs have been made for increased security
 - Processes
 - Our information governance and reporting structure has been strengthened

- A comprehensive Information Asset Register has been developed, with Information Asset Owners identified and trained
- Implementation and staff training for new information security incident management process
- Sponsored Bodies
 - Guidance and an online collaboration site have been provided to our sponsored bodies
 - Workshops with practical sessions from industry experts have been provided to our sponsored bodies
 - Those bodies who are major delivery partners in terms of their potential information risk have received an on-site information compliance assessment; most of those bodies had good compliance with mandatory measures and those which needed to make improvements are doing so.

31. Our Information Assurance maturity was independently assessed by Internal Audit Services and DCMS was found to be compliant with the requirements of the Data Handling Review. During 2011-12, DCMS will continue with the programme of work set out above, taking into account the results of our assessment and focusing on further embedding information security policies and procedures within organisational culture, with the aim of improving the control environment and raising the level of maturity of information assurance.

Review of effectiveness

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

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

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

34. One control issue relating to a DCMS sponsored body does merit specific mention in this statement. As part of its scrutiny of the National Museums Liverpool (NML) 2009-10 Annual Report and Accounts, the National Audit Office (NAO) raised concerns about the governance and management of the Museum of Liverpool capital build project, and in particular the completeness of information provided to the auditors. DCMS supported the NAO's decision to conduct a review, and while the NML accounts were subsequently certified without qualification, potential process improvements have been explored, including in respect of when and how matters should be brought to the attention of, or approved by, the Department.

35. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Audit and Risk Committee.

36. Internal Audit Services (IAS) operates to Government Internal Audit Standards, and is provided by the Department for Communities and Local Government. The IAS programme of work is discussed with the Department in order to focus it most efficiently on the risks associated with the Department. IAS submits regular reports, which include the Head of Internal Audit's (HIA) independent opinion on the adequacy and effectiveness of the arrangements for risk management, control and governance, together with actions for improvement, as agreed with management. Internal Audit agreed actions are monitored by IAS, but management take responsibility for implementation within the agreed timescales published in final audit reports. For the year ended 31 March 2011 (and covering the period up to the date of this statement), the HIA's opinion concluded that there were no significant control issues that required disclosure in the Department's Statement on Internal Control.

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

Signed and approved

Jonathan Stephens
Accounting Officer

6 July 2011

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 2011 under the Government Resources and Accounts Act 2000. These comprise the Statement of Parliamentary Supply, Consolidated Statement of Comprehensive Net Expenditure and the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Department's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Department; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

Opinion on Regularity

In my opinion, in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on Financial Statements

In my opinion:

- the financial statements give a true and fair view of the state of the Department's affairs as at 31 March 2011 and of its net cash requirement, net resource outturn and net operating cost, for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on other matters

In my opinion:

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

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

Amyas C E Morse

13 July 2011

Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria, London, SW1W 9SP

CONSOLIDATED ACCOUNTS**Statement of Parliamentary Supply****Summary of Resource Outturn 2010-11**

Request for resources	Note	Estimate			Outturn			2010-11	2009-10
		Gross Expenditure	A-in-A	Net Total	Gross Expenditure	A-in-A	Net Total	Net total outturn compared with Estimate Saving/ (excess)	Net Total
1: DCMS Administration & Programme	2	2,862,681	832,867	2,029,814	2,686,858	735,456	1,951,402	78,412	1,903,718
2: BBC Home Broadcasting	2	3,123,467	–	3,123,467	3,102,016	–	3,102,016	21,451	3,021,099
Total Resources		5,986,148	832,867	5,153,281	5,788,874	735,456	5,053,418	99,863	4,924,817
Non-operating cost A-in-A	4	–	3,355	–	–	–	–	(3,355)	–

Net cash requirement 2010-11

	Note	Estimate	Outturn	2010-11	2009-10
		£000	£000	Net total outturn compared with Estimate Saving/ (excess)	Outturn
				£000	£000
Net Cash Requirement	4	5,152,123	5,005,142	146,981	4,951,906

Summary of income payable to the Consolidated Fund

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

	Note	Forecast 2010-11		Outturn 2010-11	
		Income	<i>Receipts</i>	Income	<i>Receipts</i>
		£000	£000	£000	£000
Total	5	6,692	6,692	13	13

Variances between Estimate and outturn are given in Note 2 and significant variances are explained in the Management Commentary.

The notes on pages 76 to 122 form part of these accounts.

Consolidated Statement of Comprehensive Net Expenditure*for the year ended 31 March 2011*

		£000	£000	2010-11 £000	2009-10 £000
	Note	Staff Costs	Other Costs	Consolidated Income	Restated Consolidated
Administration Costs:					
Staff costs	10	27,717			29,862
Other administration costs	11		27,760		26,807
Operating income	13			(3,023)	(2,399)
Programme Costs					
Request for resources 1					
Staff costs	10	5,405			4,894
Programme costs	12		2,625,976		2,589,468
Income	13			(732,446)	(746,367)
Request for Resources 2					
Programme costs	12		3,102,016		3,021,099
Totals		33,122	5,755,752	(735,469)	4,923,364
Net Operating Cost					
For the year end 31 March 2011				5,053,405	4,923,364
Consolidated Other Comprehensive Expenditure					
Net (gain)/loss on revaluation of Property Plant and Equipment				993	2,804
Total Comprehensive Expenditure for the year ended 31 March 2011				5,054,398	4,926,168

The notes on pages 76 to 122 form part of these accounts.

Consolidated Statement of Financial Position*as at 31 March 2011*

		31 March 2011 £000	31 March 2010 £000	1 April 2009 £000
		Consolidated	Restated Consolidated	Restated Consolidated
	Note			
Non-current assets:				
Property, plant and equipment	15	63,924	65,120	69,778
Intangible assets	16	488	734	89
Other non-current assets	20	54	80	–
Total non-current assets		<u>64,466</u>	<u>65,934</u>	<u>69,867</u>
Current assets:				
Inventories	19	8	–	–
Trade and other receivables	20	13,799	43,384	72,482
Cash and cash equivalents	21	21,573	20,645	23,867
Total current assets		<u>35,380</u>	<u>64,029</u>	<u>96,349</u>
Total assets		<u>99,846</u>	<u>129,963</u>	<u>166,216</u>
Current liabilities:				
Trade and other payables	23	(55,617)	(51,070)	(104,533)
Total current liabilities		<u>(55,617)</u>	<u>(51,070)</u>	<u>(104,533)</u>
Non-current assets plus/less net current assets/liabilities		<u>44,229</u>	<u>78,893</u>	<u>61,683</u>
Non-current liabilities:				
Other payables due after more than one year	23	(11,000)	–	–
Provisions	24	(3,828)	(1,180)	(1,457)
Total non-current liabilities		<u>(14,828)</u>	<u>(1,180)</u>	<u>(1,457)</u>
Assets less liabilities		<u>29,401</u>	<u>77,713</u>	<u>60,226</u>
Taxpayers' equity:				
General fund		3,153	49,327	32,846
Revaluation reserve		15,912	17,387	17,156
Donated asset reserve		10,336	10,999	10,224
Total taxpayers' equity		<u>29,401</u>	<u>77,713</u>	<u>60,226</u>

(Signed)

Jonathan Stephens
(Accounting Officer)

6 July 2011

The notes on pages 76 to 122 form part of these accounts.

Consolidated Statement of Cash Flows

for the year ended 31 March 2011

	Note	2010-11 £000	Restated 2009-10 £000
Cash flows from operating activities			
Net operating cost		(5,053,405)	(4,923,364)
Adjustments for non-cash transactions	11,12	4,928	6,581
(Increase)/decrease in trade and other receivables over one year		26	(80)
(Increase)/decrease in trade and other receivables		29,585	29,098
<i>less movements in receivables relating to items not passing through the statement of comprehensive net expenditure</i>		–	(61,129)
(Increase)/decrease in Inventories		(8)	
Increase/(decrease) in trade payables		4,547	(53,463)
<i>less movements in payables relating to items not passing through the statement of comprehensive net expenditure</i>		5,213	55,660
Increase/(decrease) in payables due after more than one year		11,000	–
Movement in provisions	24	2,648	(277)
Net cash outflow from operating activities		(4,995,466)	(4,946,974)
Cash flows from investing activities			
Purchase of property, plant and equipment	15	(4,403)	(4,586)
Donated assets		–	432
Purchase of intangible assets	16	(47)	(721)
Proceeds of disposal of property, plant and equipment		–	–
Net cash outflow from investing activities		(4,450)	(4,875)
Cash flows from financing activities			
From the Consolidated Fund (Supply) – current year		5,003,000	4,970,000
From the Consolidated Fund (Supply) – prior year		–	61,129
From the Consolidated Fund (non-Supply)		–	–
Net financing		5,003,000	5,031,129
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		3,084	79,280
Adjustment for consolidated fund balance b/f		(2,143)	–
Payments of amounts due to the Consolidated Fund		(13)	(82,502)
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		928	(3,222)
Cash and cash equivalents at the beginning of the period	21	20,645	23,867
Cash and cash equivalents at the end of the period	21	21,573	20,645

The notes on pages 76 to 122 form part of these accounts.

Consolidated Statement of Changes in Taxpayers' Equity

for the year ended 31 March 2011

	Note	General Fund £000	Revaluation Reserve £000	Donated Asset Reserve £000	Total Reserves £000
Balance at 31 March 2009		32,846	17,156	8,224	58,226
Changes in accounting policy		–	–	2,000	2,000
Restated Balance at 1 April 2009		32,846	17,156	10,224	60,226
Net Parliamentary Funding – drawn down		4,970,000			4,970,000
Net Parliamentary Funding – deemed		–			–
Supply (payable) / receivable adjustment		(26,786)			(26,786)
CFERs payable to the Consolidated Fund		(58)			(58)
Comprehensive expenditure for the year		(4,923,364)			(4,923,364)
Non-cash Adjustments:					
– auditor's remuneration	11, 12	174			174
Movements in reserves:					
– Receipt of donated assets	15			432	432
– Recognised in Statement of Comprehensive Expenditure: release of reserves	12			(107)	(107)
– Net gain/(loss) on revaluation of property, plant and equipment			(2,804)		(2,804)
– Transfers between reserves		(3,485)	3,035	450	–
Balance at 31 March 2010 c/f		49,327	17,387	10,999	77,713
Balance at 31 March 2010 b/f		49,327	17,387	10,999	77,713
Net Parliamentary Funding – drawn down		5,003,000			5,003,000
Net Parliamentary Funding – deemed					
Supply payable/(receivable) adjustment		5,213			5,213
CFERs payable to the Consolidated Fund		(13)			(13)
Adjustment for consolidated fund balance b/f		(2,140)			(2,140)
Comprehensive expenditure for the year		(5,053,405)			(5,053,405)
Non-cash Adjustments:					
– auditor's remuneration	11, 12	162			162
Movements in reserves:					
– Receipt of donated assets	15				
– Recognised in Statement of Comprehensive Expenditure: release of reserves	12			(136)	(136)
– Net gain/(loss) on revaluation of property, plant and equipment			(466)	(527)	(993)
– Transfers between reserves		1,009	(1,009)	–	–
Balance at 31 March 2011		3,153	15,912	10,336	29,401

The General Fund represents the total assets less liability of the department and its agency to the extent that the total is not represented by other reserves and financing items.

The notes on pages 76 to 122 form part of these accounts.

NOTES TO THE DEPARTMENTAL ACCOUNTS

1. Statement of Accounting Policies

These financial statements have been prepared in accordance with the *2010-11 Government Financial Reporting Manual (FReM)* issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

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

In addition to the primary statements prepared under IFRS, the FReM also requires the Department to prepare an additional primary statement. The *Statement of Parliamentary Supply* and supporting notes show outturn against Estimate in terms of the net resource requirement and the net cash requirement.

1.1 Accounting Convention

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

1.2 Basis of Consolidation

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

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

- Advisory Committee on Historic Wreck Sites (wound up on 24 March 2011)
- Advisory committee on National Historic Ships
- Advisory Committee on the Government Art Collection
- Advisory Council on Libraries
- Horserace Betting Levy Appeal Tribunal
- Legal Deposit Advisory Council (wound up on 31 August 2010)
- Reviewing Committee on the Export of Works of Art
- Spoliation Advisory Panel (declassified as NDPB on 12 April 2010)
- Theatres Trust (funded by English Heritage)
- Treasure Valuation Committee
- VisitEngland (expenses met from VisitBritain's financial resources)

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

1.3 Impact of new International Financial Reporting Standards and Financial Reporting Manual Amendments

FRS30 Heritage Assets was applicable from 1 April 2010 and required heritage assets to be reported on the statement of financial position where information is available and to enhance disclosures relating to all heritage assets regardless of whether they are reported in the statement of financial position.

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

- IFRS 9 Financial Instruments (effective date 1 January 2013)

- FRAB(98)06B and FRAB(103)05: Alignment of budgets, Estimates and accounts
- FRAB(101)05: IAS20 and IAS 16: Accounting for Capital Government Grants and Similar Financing

Under IFRS9 financial assets should be classified on the basis of the entity's business model for their management and their contractual cash flow characteristics. They should be measured at fair value and subsequently at either fair value or amortised cost. IFRS9 simplifies the clarification and measurement of financial assets, removing the numerous categories of financial assets specified in IAS 39 and resulting in one impairment method.

The FReM has introduced a number of changes for financial year 2011-12. The main ones applicable to the Department are:

- The Departmental Accounting Boundary will be extended to include a number of DCMS sponsored NDPBs and other public sector bodies.
- The format of the Statement of Parliamentary Supply and its supporting note will be aligned to the revised format introduced by HM Treasury's Clear Line of Sight initiative.

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

1.4 Intangible Assets

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

1.5 Property, plant and equipment

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

For DCMS as an entity, freehold land is restated to current value every five years using professional valuations in accordance with the Government Financial Reporting Manual. The freehold land was last valued professionally as at 31st March 2011 and the difference is considered to be not material.

Assets have not been restated using appropriate indices because the modified historic costs are not materially different to the historic costs, therefore the historic costs have been shown in the statement of financial position. A comparison of net book value to fair value was carried out, and no material differences were found.

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

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

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

The policy on heritage assets is disclosed at note 1.8.

1.6 Depreciation and amortisation

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

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

Asset lives are in the following ranges:

Buildings	up to 100 years
Leasehold Improvements	the term of the lease
Dwellings	up to 100 years
Information technology	3-10 years
Plant & machinery	3-10 years
Furniture & Fittings	3-20 years
Intangible Assets	2-5 years

1.7 Donated Assets

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

1.8 Heritage Assets

DCMS holds a portfolio of over a 100 freehold properties, many of which are managed by English Heritage. These properties, such as Stonehenge, are held in support of the primary objective of increasing knowledge, understanding and appreciation of the heritage of the UK.

For these non-operational heritage assets the department considers that owing to the incomparable nature of the assets, conventional valuation approaches lack sufficient reliability and that, even if valuations could be obtained, the costs would be onerous compared with the additional benefits derived by DCMS and users of the accounts. As a result, no value is reported for these assets in the department's Statement of Financial Position.

In addition the department has some 420 properties in guardianship, where the freehold is held by a third party, and day-to-day management lies with English Heritage.

Generally, guardianship agreements have been used at the request of the owner to ensure the continued preservation of the most important examples of our heritage where the owner was unable or disinclined to commit the resources necessary to preserve the property. The government agreed to accept responsibility for management and maintenance and in return acquired certain rights over the property.

The principal legislation is the Ancient Monuments and Archaeological Act 1979 which allows the Secretary of State, English Heritage and local authorities to become guardians of "ancient monuments". The organisation concerned takes on responsibility for maintaining the monument and also acquires control and management of the monument but the freehold ownership is not disturbed by guardianship arrangements. Once the monument has been taken into guardianship the guardian is under a statutory duty to maintain the property.

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

The Government Art Collection comprises over 13,500 works of art from the 16th century to the present day. The works in various media fall into the following broad categories: oil paintings, prints, drawings, photographs, textiles and sculpture. Each is listed on the GAC's specialist database which provides, for example, details of the artist of the work, its title, date, size, how acquired, original purchase price (if applicable), and current location.

It is not possible to give an accurate estimate of the value of the Collection, which has no current market valuation. The current monetary value of a work of art can be accurately assessed only at the time of purchase, sale, or by professional valuation. In the former cases, the Collection is not actively traded; in the latter, it would not be justifiable expenditure of public funds to have the whole Collection valued professionally.

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

The Department and The Royal Parks also have a number of non-operational heritage assets held for their historic and cultural associations alone. These non-operational Heritage Assets have been valued at nil.

Operational heritage assets are assets held to preserve the nation's heritage and are maintained for their contribution to knowledge and culture, and can also be used to generate revenue or to provide other services. They are recognised on the Statement of Financial Position where cost information is readily available, and the benefit of obtaining that information exceeds the cost to do so.

Non-heritage assets will comply with Note 1.5 above.

1.9 Inventory

Goods for resale are valued at the lower of cost or net realisable value.

1.10 Research

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

1.11 Administration and Programme Expenditure

The Statement of Comprehensive Net Expenditure is analysed between administration and programme income and expenditure. The classification of expenditure and income as administration or as programme follows the definition of administration costs set out in Consolidated Budgeting Guidance issued by HM Treasury.

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

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

Spending in the Other Current column of Note 2 includes programme staff costs; depreciation on assets used for programme expenditure purposes and other disbursements by the Department to third parties for the delivery of projects and the management of grant programmes.

Spending included in the column headed Grants in Note 2 includes payments of Grant-in-Aid to NDPBs and other regularly funded bodies (which funds both resource and capital DEL spending by those bodies), and specific grants to other bodies.

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

1.12 Grants Payable

Government grants and grant-in-aid are accounted for in full on the date the grant is payable.

1.13 BBC Grant

The department has an agreement with the BBC that provides for the payment of grant funding to the BBC. The agreement states that the Secretary of State shall pay to the BBC sums equal to the net licence fee revenue. The grant paid is therefore the lower of:

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

Licence fee revenue is due from licence fee payers to the BBC, which is then payable by the BBC to the consolidated fund. Until 31 March 2010 DCMS acted as an agent of the consolidated fund in collecting licence revenue from the BBC's collecting agents and remitting it to the fund. In recognition of the department's cash management responsibilities, a debtor was raised in these accounts for cash collected by the BBC's agents and not yet paid to DCMS.

As part of the clear line of sight project to align estimates, budgets and accounts, from 1 April 2010 the collection of TV licence fee receipts and their surrender to the consolidated fund was accounted for in a separate trust fund statement. This statement is prepared by the BBC which is statutorily responsible for TV licence fee collection. These transactions are no longer included in DCMS accounts.

1.14 Cost of Capital Charge

A charge, reflecting the cost of capital utilised by the Department, was included in operating costs until 31 March 2010.

This charge is no longer included in the accounts in accord with FReM 11.5.2 which states that "notional costs should not be recorded for cost of capital".

Comparative figures have been restated to reflect this.

1.15 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, in accordance with the FReM. Operating income is stated net of VAT.

Monies receivable from other government departments as contributions towards grants made by DCMS are recorded as accruals within these accounts, even where the grant relationship with the grantee is as recorded in Note 1.11 above.

1.16 Foreign Exchange

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

1.17 Value added tax

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

1.18 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 in note 10. The defined benefit elements of the scheme are unfunded and non-contributory except in respect of dependants' benefits. The department recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of any defined contribution schemes, the Department recognises the contributions payable for the year.

1.19 Provisions: Early Departure Costs

The Department is required to meet the cost of benefits beyond the normal PCSPS benefits in respect of employees who leave early. The Department provides in full for this cost when the early departure 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. Provisions are discounted where the time value of money is significant and are not discounted where the difference would be immaterial.

The arrangements within the reformed Civil Service Compensation Scheme are that:

- Staff who are below normal pension age one month's pay per year of service up to 21 months with a taper of between a maximum of 21 months' and 6 months' pay for those approaching pension age
- Staff who are above normal pension age one month's pay per year of service up to a maximum of six months
- Staff who have reached minimum pension age (either aged 50 or 55) can choose to opt for early retirement on their current pension entitlement. Staff will be asked to surrender some (or all) of their severance payment to meet the cost of receiving this pension early.

1.20 Financial Instruments

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

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

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

1.21 Operating Leases

Operating lease rentals are charged to the Statement of Comprehensive Net Expenditure in equal amounts over the lease term.

1.22 Contingent Liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37, the Department discloses for parliamentary reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to Parliament in accordance with the requirements of *Managing Public Money*.

These comprise:

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

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

1.23 Losses and special payments

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

1.24 Prior period adjustments

In line with HM Treasury advice, prior period adjustments arising from the removal of the cost of capital charge were not included in Spring Supplementary Estimates for 2010-11, other than as a note, on the basis that the prior period adjustment numbers could have been misleading. The impact of these accounting policy changes on supply outturn in respect of 2009-10 are shown in 1.24. Prior period adjustments arising from an error in previous recording or any other change in accounting policy were included in the estimates in line with conventional arrangements.

1.25 Statement of Parliamentary Supply

The removal of the cost of capital charge has the following effect on resource outturn in 2009-10. The Statement of Parliamentary Supply and related notes have not been restated for this effect. However all other elements of the account have been restated accordingly.

	2009-10
	£000
Net Resource Outturn (Statement of Parliamentary Supply)	4,924,817
Removal of the cost of capital charge	(1,395)
Adjusted Net Resource Outturn	<u>4,923,422</u>

2. Analysis of net resource outturn by section

	Admin	Other Current	Grants	A-in-A	Net Total Outturn	Estimate	Net Total Outturn v Estimate	2009-10 Prior year outturn
	£000	£000	£000	£000	£000	£000	£000	£000
Request for Resources 1:								
A. Museums Galleries & Libraries	-	255	9,479	(1,513)	8,221	7,880	(341)	8,074
B. Arts	-	705	2,260	(4,642)	(1,677)	(1,787)	(110)	(3,761)
C. Sports	-	3,436	15,920	(18,258)	1,098	2,309	1,211	8,468
D. Architecture & Historic Environment	-	852	2,471	(2,030)	1,293	3,788	2,495	4,177
E. Listed Places of Worship	-	213	23,094	-	23,307	19,719	(3,588)	14,930
F. The Royal Parks	-	29,889	-	(13,829)	16,060	19,328	3,268	19,506
G. Tourism	-	4	2,358	-	2,362	2,382	20	127
H. Broadcasting and Media	-	1,545	32,606	(32,473)	1,678	260	(1,418)	2,430
I. Creative Economy	-	38	-	-	38	39	1	737
J. Administration, research and other surveys	52,815	4,419	-	(3,846)	53,388	54,569	1,181	57,991
K. National Lottery Commission	-	-	-	(4,020)	(4,020)	(5,880)	(1,860)	(4,061)
L. Olympics (incl. OGD receipts for ODA)	-	11,422	1,600	(654,845)	(641,823)	(646,300)	(4,477)	(677,391)
M. Museums Galleries & Libraries	-	-	540,123	-	540,123	546,578	6,455	518,865
N. Arts	-	-	437,523	-	437,523	448,751	11,228	452,532
O. Sports	-	-	184,104	-	184,104	186,151	2,047	201,059
P. Architecture & Historic Environment	-	-	164,672	-	164,672	169,302	4,630	183,833
Q. Tourism	-	-	40,323	-	40,323	41,073	750	49,227
R. Broadcasting and Media	-	-	145,210	-	145,210	150,268	5,058	138,403
S. National Lottery Commission	-	-	5,220	-	5,220	5,940	720	4,061
T. Gambling Licensing & Horse Racing	-	-	481	-	481	486	5	545
U. London 2012 (ODA GIA)	-	-	971,200	-	971,200	1,023,000	51,800	923,974
<i>Spending in AME</i>								

	Admin	Other Current	Grants	A-in-A	Net Total Outturn	Estimate	Net Total Outturn v Estimate	2009-10 Prior year outturn
	£000	£000	£000	£000	£000	£000	£000	£000
V. DCMS Administration provisions	(127)	2,748	–	–	2,621	1,958	(663)	–
Regional Cultural Consortia	–	–	–	–	–	–	–	(8)
Request for Resources 1 Total	52,688	55,526	2,578,644	(735,456)	1,951,402	2,029,814	78,412	1,903,718
Request for Resources 2								
A. Home Broadcasting	–	–	3,102,016	–	3,102,016	3,123,467	21,451	3,021,099
Resources Outturn	52,688	55,526	5,680,660	(735,456)	5,053,418	5,153,281	99,863	4,924,817

The gross resource outturn on Request for Resources 1 of £2,686,858k (£2,652,426k in 2009-10), as shown in the Statement of Parliamentary Supply, comprises the total of administration costs, other current costs and grants.

Programme expenditure on Request for Resources 1 of £2,634,170k (£2,595,485k in 2009-10) includes programme staff costs, which are shown in the Statement of Comprehensive Net Expenditure as separate items. This represents the "Other Current" and "Grants" columns in the estimates.

Explanations of major variances are given in the Financial Commentary.

Key to Request for Resources and Sections

The different types of expenditure within Note 2 are shown in the vertical columns of the table and correspond to the estimate. All voted resource expenditure is shown on an accruals basis.

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

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

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

The sections represented by letters A to V represent the analysis of each Request for Resources for HM Treasury control purposes and Parliamentary approval. Following the resource estimates analysis:

- Sections A to L of Request for Resources 1 are classed as spending in departmental expenditure limits (DEL) and as central government spending
- Sections M to U of Request for Resources 1 and Section A of Request for Resources 2 are classed as non-budget – other spending outside departmental expenditure limits (DEL)
- Section V of Request for Resources 1 is classed as spending in annually managed expenditure (AME) and as central government spending.

Public expenditure data for public bodies is recorded from their own gross income and expenditure rather than the grant-in-aid shown here.

3. Reconciliation of outturn to net operating cost and against administration budget**3.1 Reconciliation of net resource outturn to net operating cost**

		Supply Estimate	Outturn	2010-11 Outturn compared with Estimate saving/ (excess)	2009-10 Outturn
	Note	£000	£000	£000	£000
Net Resource Outturn	2	5,153,281	5,053,418	99,863	4,924,817
Prior period adjustment					3,019,780
Non-supply income (CFERs)	5	(6,692)	(13)	(6,679)	(3,021,233)
Net operating cost		5,146,589	5,053,405	93,184	4,923,364

3.2 Outturn against final Administration Budget

		Budget	2010-11 Outturn	2009-10 Outturn
		£000	£000	£000
Gross Administration Budget		54,392	52,688	56,941
Income allowable against the Administration Budget		(2,904)	(3,023)	(2,399)
Net outturn against final Administration Budget		51,488	49,665	54,542

An explanation of significant variances between estimates and outturn and more information can be found in the financial commentary.

4. Reconciliation of net resource outturn to net cash requirement

		Estimate	Outturn	Net total outturn compared with estimate: saving/ (excess)
	Note	£000	£000	£000
Resource Outturn	2	5,153,281	5,053,418	99,863
<i>Capital:</i>				
Acquisition of property, plant and equipment and intangible assets	15,16	3,355	4,450	(1,095)
Investments		–	–	–
<i>Non-operating A-in-A:</i>				
Proceeds of asset disposals		(3,355)	–	(3,355)
<i>Accruals adjustments:</i>				
Non-cash items	11,12	(9,658)	(4,928)	(4,730)
Changes in working capital other than cash		500	(34,150)	34,650
Changes in receivables falling due after more than one year	23	–	(11,000)	11,000
Increase in provisions	24	–	(2,970)	2,970
Use of provision	24	8,000	322	7,678
Net cash requirement		5,152,123	5,005,142	146,981

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

5. Analysis of income payable to the Consolidated Fund

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

	Note	Forecast 2010-11		Outturn 2010-11	
		£000 Income	£000 <i>Receipts</i>	£000 Income	£000 <i>Receipts</i>
Operating income and receipts – excess A-in-A		–	–	–	–
Other operating income and receipts not classified as A-in-A:		–	–	–	–
		–	–	–	–
Non- operating income and receipts – excess A-in-A	8	–	–	–	–
Other non-operating income and receipts not classified as A-in-A	9	6,692	<i>6,692</i>	13	<i>13</i>
Other amounts collectable on behalf of the Consolidated Fund		–	–	–	–
Excess cash surrenderable to the Consolidated Fund		–	–	–	–
Total income payable to the Consolidated Fund		6,692	<i>6,692</i>	13	<i>13</i>

6. Reconciliation of income recorded within the Statement of Comprehensive Net Expenditure to operating income payable to the Consolidated Fund

	Note	2010-11 £000	2009-10 £000
Operating income		735,469	3,769,941
Prior period adjustment	37	–	(3,021,175)
Gross income	13	735,469	748,766
Income authorised to be appropriated-in-aid		(735,456)	(748,708)
Net operating income payable to the Consolidated Fund	5	13	58

7. Consolidated Fund Income

Consolidated fund income shown in note 6 above does not include any amounts collected by the department where it was acting as agent for the consolidated fund rather than as principal. There were no amounts collected as agent for the consolidated fund (which are otherwise excluded from these financial statements).

8. Non-operating income – Excess A in A

	Note	2010-11 £000	2009-10 £000
Proceeds on disposal of property, plant and equipment		–	–
AinA		–	–
Non-operating income payable to the Consolidated Fund	5	–	–

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

	Income £000	Receipts £000
Licence income from the Football Licensing Authority	9	9
Income released from suspense accounts	4	4
	13	13

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

The Football Licensing Authority charges for the issue of licences to admit spectators to watch designated football matches. In the year ended 31 March 2011 94 licences were issued to clubs/stadia for a fee of £100 each. These licences were paid to DCMS in order for them to be surrendered to the Consolidated Fund.

10. Staff costs

Staff costs comprise:

	2010-11					2009-10
	£000					£000
	Total	Permanently-employed staff	Others	Ministers	Special Advisers	Total
Wages and Salaries	26,661	22,527	3,823	168	143	28,294
Social Security Costs	2,010	1,971	13	12	14	1,999
Other pension costs	4,451	4,395	35	0	21	4,463
Total net costs	33,122	28,893	3,871	180	178	34,756
Of which:						
Core department – administration	27,717	23,708	3,651	180	178	29,863
Core department – programme	4	4	0	0	0	8
Core department – total	27,721	23,712	3,651	180	178	29,871

This consolidated note includes TRP staff costs of £5,400k (2009-10: £4,886k) shown in Programme Costs.

In addition, £28k of staff costs relating to the implementation of a human resources management system has been charged to capital.

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but the Department is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2007. Details can be found in the accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

For 2010-11, employers' contributions of £5,019k were payable to the PCSPS (2009-10: £4,650k) at one of four rates in the range 16.7 per cent to 24.3 per cent of pensionable pay, based on salary bands (2009-10: 16.7 per cent to 24.3 per cent). The scheme's actuary reviews employer contributions usually every four years following a full scheme valuation.

The contribution rates are set to meet the cost of the benefits accruing during 2010-11 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 £25k (2009-10: £20k) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3 per cent to 12.5 per cent of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay.

In addition, employer contributions of £2k, 0.8 per cent (2009-10: £1k, 0.8 per cent) of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the partnership pension providers as at 31 March 2011 were £nil (2009-10: £4,598) by the Core Department and £610 (2009-10: £1,886) by TRP. Contributions prepaid at that date were £nil (2009-10: nil).

No individuals retired early on ill-health grounds (2009-10 – none); the total additional annual pension granted to them amounted to nil.

Average full time equivalent staff

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

	Total	Permanently-employed staff	Others	Ministers	2010-11 Special Advisers	2009-10 Total
Core Department	488	373	109	4	2	495
Royal Parks Agency	124	100	24	–	–	125
Total	612	473	133	4	2	620

Included above:

Staff engaged on capital projects	1	1	–	–	–	1
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The total average number of staff includes 124 staff employed by TRP (2009-10: 125), of which 6 are senior managers.

As part of a plan to reduce staff numbers and costs, three members of staff left the department before 31 March 2011 with a further twenty seven leaving on 31 March 2011. A further thirteen left in subsequent months.

10.1 Reporting of Civil Service and other compensation schemes – exit packages:- consolidated

2010-11	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
Exit package cost band			
<£10,000	–	–	–
£10,000 – £25,000	–	10	10
£25,000 – £50,000	–	8	8
£50,000 – £100,000	–	16	16
£100,000 – £150,000	–	7	7
£150,000 – £200,000	–	2	2
£200,000 – £250,000	–	–	–
£250,000 – £300,000	–	1	1
Total number of exit packages by type	–	44	44
Total resource cost £000	–	2,891	2,891
2009-10	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
Exit package cost band			
Total number of exit packages by type	–	–	–
Total resource cost £000	–	–	–

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where the department has agreed early retirements, the additional costs are met by the department and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table. In addition there are provisions for early departures relating to 40 individuals amounting to £2,791k which are included in note 24 of these accounts.

11. Other Administration Costs

	2010-11	2009-10
	£000	£000
Note	Consolidated	Consolidated
Rentals under operating leases	6,952	6,824
Non-cash items		
Depreciation and amortisation	3,150	4,634
(Profit)/Loss on disposal of property, plant and equipment	17	307
Auditors' remuneration and expenses	95	85
Auditors' remuneration and expenses – whole of government accounts	26	28
Other audit services	–	13
Provision provided for in year	2,789	–
Early departure costs	2,891	181
Other expenditure:		
Building services	4,046	4,247
IT maintenance and support	3,552	3,522
Consultancy	350	1,467
Professional services	1,739	2,111
Publicity and advertising	173	539
Human resources	605	780
Information centre	248	286
Finance	694	704
Other	433	1,079
Total	27,760	26,807

The audit fees for the core department of £95k (2010: £85k) are notional; no payment is made in respect of audit costs. There are additional fees of £26 k (2010: £28k) in respect of whole government accounts. (2009-10: additional fees of £12.5k in respect of the audit of IFRS trigger point 4). No payment is made to the auditors for non-audit work.

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

12. Programme Costs

	2010-11 £000 Consolidated	2009-10 £000 Consolidated
RfR 1 Programme costs		
Current grants	2,573,407	2,546,367
Other current expenditure	22,840	10,465
Capital grants and other capital expenditure	5,235	5,064
The Royal Parks (TRP)	22,515	25,817
Provision for early departure and other	177	83
Rentals under operating leases - TRP	150	177
Early retirement costs – TRP	13	(19)
Non-cash items – DCMS		
Depreciation	–	18
Non-cash items – TRP		
Depreciation	1,438	1,462
Impairment	234	92
Notional income (transfer from donated asset reserve)	(136)	(107)
Loss on disposal of property, plant and equipment	62	1
Auditors' remuneration and expenses	41	41
Other audit services	–	7
	2,625,976	2,589,468
RfR 2 Programme costs	3,102,016	3,021,099
Total	5,727,992	5,610,567

The audit fee for TRP of £41k (2010: £41k and £7k for IFRS trigger point audits) are notional; no payment is made in respect of audit costs. No payment is made to the auditors for non-audit work.

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

	2010-11	2009-10
	Consolidated	Restated Consolidated
	Total	Total
	£000	£000
Request for Resources 1		
Administrative income:		
Rental and related income from external tenants	2,018	1,611
Rate rebate	–	69
Lottery Distribution Funds – for administering the funds	351	314
Income from EU for work on EU matters	3	8
OGD contributions to Government Olympic Executive	292	388
IT costs recovered	230	–
Legal costs and debts recovered	84	–
Other income from administration	45	9
Total RfR1 Administrative Income	3,023	2,399
RfR1 Programme income:		
Capital grants from other departments for the Olympic games	654,842	677,915
Capital grants from other departments for the poetry archive and art purchased for other departments	107	68
Resource transfers from other government departments for DCMS core activities	29,595	47,952
Income from digital switchover help scheme	29,213	1,430
The Royal Parks income	13,829	14,051
NLDF – Reimbursement of Grant-in-Aid to the National Lottery Commission for lottery regulation.	3,786	3,784
OLDF – Reimbursement of Grant-in-Aid to the National Lottery Commission for lottery regulation.	235	277
Income for “taking part” survey	729	481
Recovered for London 2012 bid	–	276
For research on economic & social impact of Olympic Games	60	–
Other AinA income from DCMs activities	37	24
Joint Research on climate for Government by DCMs	–	50
	732,433	746,308
CFER income – Fees for licences issued by the Football Licensing Authority	9	9
Other CFER income	4	50
Total RfR1 Programme Income	732,446	746,367
Excess A-in-A – core department	–	–
Total RfR1 Administrative and Programme Income	735,469	748,766

13.2 Lease income

	2010-11	2009-10
	£000	£000
	Consolidated	Consolidated
Amounts due under non-cancellable lease contracts:		
Buildings:		
Not later than one year	1,975	1,908
Later than one year and not later than five years	3,014	4,094
Later than five years	–	960
	<u>4,989</u>	<u>6,962</u>

A general description of the lessor's leasing and rent arrangements follows.

2-4 Cockspur Street	
Lease expiry	16 December 2017
Lettings	7th floor (749 sqm) sub-let to private tenant
Dealings	Assignment of whole premises permitted with landlord's consent. Underletting of the whole of the premises or by floor is permitted with landlord's consent. Assignment or underletting to or sharing with another Government Body is permitted (subject to conditions) without consent.
Rent	Rent subject to 5 year rent review. Last rent review was on 29 September 2010. A final rent reviews is due 29 September 2015.
Grove House, Orange Street	
Lease expiry	23 June 2013
Lettings	Building sub-let to private tenants until end of the lease
Dealings	Assignment of part prohibited. Assignment of whole permitted with landlord and superior landlord's consent and subject to conditions. Underletting of whole or part permitted with landlord's consent and subject to conditions. Any underletting of part shall comprise one or more complete floors. While the tenant is the Crown, the tenant may share occupation of the premises with another Crown body without consent
Rent	Rent subject to 5 year rent review. Final rent review was on 24 June 2008.
Oceanic House, 1a Cockspur Street	
Lease expiry	16 December 2012
Occupations	Building occupied by other Government organisations under Memorandums of occupation.
Dealings	Assignment of whole premises permitted with landlord's consent. Underletting of premises as a whole or by floor permitted with landlord's consent.
Rent	Rent subject to 5 year rent review. Final rent review was on 16 December 2009.
Queens Yard, 179a Tottenham Court Road	
Lease expiry	30 April 2014
Lettings	
Dealings	Assignment and underletting of part prohibited. Assignment and underletting of whole permitted with landlord's consent. While the tenant is the Crow, the tenant may share occupation of the whole or any part of the premises with any Crown Body without consent
Rent	Rent subject to 5 year rent review. Final rent review was on 6 May 2009.

14. Analysis of net operating cost by spending body

	2010-11	2009-10
	Estimate	Restated
	Outturn	Outturn
	£000	£000
Spending body:		
Core Department	95,471	91,117
The Royal Parks Agency	19,328	18,383
Non-departmental public bodies (14.1)	2,453,128	2,348,885
Other central government (14.2)	(577,237)	(621,137)
Local authorities	14,420	40,079
Other bodies	24,704	24,938
Net Operating Cost – RfR 1	<u>2,029,814</u>	<u>1,902,265</u>
Net Operating Cost – RfR 2		
BBC – for Home Broadcasting	<u>3,123,467</u>	<u>3,021,099</u>
Net Operating Cost – DCMS	<u>5,153,281</u>	<u>4,923,364</u>

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

	2010-11 Estimate £000	2010-11 Outturn £000	2009-10 Outturn £000
14.1 NDPBs			
British Museum	50,343	46,343	48,348
Natural History Museum	48,586	48,586	51,186
Imperial War Museum	23,910	23,910	24,163
National Gallery	28,201	28,201	27,287
National Maritime Museum	19,002	19,002	19,240
NM Liverpool	23,712	23,712	23,463
National Portrait Gallery	7,577	7,577	7,744
NM Science & Industry	40,153	40,153	40,608
Tate Gallery	55,429	54,729	55,987
Victoria & Albert Museum	44,318	44,318	44,761
Wallace Collection	4,212	4,212	4,301
MSI Manchester	5,612	4,882	4,987
Sir John Soane's Museum	1,169	1,169	1,181
Horniman Museum	4,518	4,518	4,566
Geffrye Museum	1,773	1,773	1,791
Strategic Commissioning	4,113	3,797	3,530
Renaissance & Other Regional Funds	47,040	46,336	26,180
Royal Armouries	8,645	8,389	8,474
British Library	106,308	105,847	109,464
Public Lending Right	7,453	7,451	7,582
Museum Libraries & Archives Council	13,004	15,218	4,015
Arts Council England	448,751	437,523	451,964
Sport England	123,189	121,389	134,422
UK Sport	55,367	55,363	65,376
UK Anti-Doping (2010-costs included in UK Sport)	6,372	6,372	–
Football Licensing Authority	1,223	980	1,261
English Heritage	131,004	129,854	131,072
National Heritage Memorial Fund	–		20,000
CABE	19,032	16,127	13,463
VisitBritain	41,073	40,323	45,800
OFCOM	–	–	1,059
Film Council	52,613	45,563	37,034
National Lottery Commission	5,940	5,220	4,061
Gambling Commission	486	481	541
Olympic Delivery Authority	1,023,000	971,200	923,974
	2,453,128	2,370,518	2,348,885

	2010-11 Estimate £000	2010-11 Outturn £000	2009-10 Outturn £000
14.2 Other central government			
Dept. for Education	(14,704)	(14,239)	(12,833)
Free Swimming programme			
DH resource contribution	(7,024)	(7,024)	(20,000)
DWP resource contribution	(3,469)	(3,469)	(10,000)
CLG resource contribution	(1,734)	(1,734)	(5,000)
Other central government resource contributions			
Foreign & Commonwealth Office	(61)	(21)	(101)
Ministry of Justice	–	–	(7)
Dept. for Business, Innovation & Skills	–	–	(10)
CLG	–	(2,000)	
Funding of the Olympic Delivery Authority:			
DfT capital contribution	(233,800)	(236,363)	(224,335)
CLG capital contribution	(414,100)	(418,478)	(453,580)
Other Central government capital contributions			
Dept. for Education	–	–	(60)
Foreign & Commonwealth Office	–	–	(8)
BIS – funding for tourism activities of the Regional Development Agencies	–	–	3,428
S4C (Welsh Fourth Channel)	97,655	99,647	101,369
	(577,237)	(583,681)	(621,137)

15. Property, plant and equipment**15.1 Core department 2011**

	Land & Buildings £000	Information Technology £000	Plant & Machinery £000	Furniture & Fittings £000	Heritage – Collections £000	Total £000
Cost and valuation						
At 1 April 2010	10,463	14,807	1,937	2,042	6,303	35,552
Additions	–	1,187	172	22	196	1,577
Disposals	–	(298)	–	(235)	–	(533)
Write off/back	–	(102)	–	(8)	–	(110)
Reclassification	–	–	–	–	–	–
At 31 March 2011	10,463	15,594	2,109	1,821	6,499	36,486
Depreciation						
At 1 April 2010	3,192	11,530	1,353	1,298	–	17,373
Charged in year	803	1,500	142	368	–	2,813
Disposals	–	(296)	–	(220)	–	(516)
Write off	–	–	–	–	–	–
Reclassification	–	–	–	–	–	–
At 31 March 2011	3,995	12,734	1,495	1,446	0	19,670
Net Book Value						
At 31 March 2011	6,468	2,860	614	375	6,499	16,816
At 31 March 2010	7,271	3,277	584	744	6,303	18,179

15.2 Core department 2010

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

15.3 Consolidated 2011

	Land & Buildings £000	Dwellings £000	Information Technology £000	Plant & Machinery £000	Furniture & Fittings £000	Heritage £000	Assets under Construction £000	Total £000
Cost or valuation								
At 1 April 2010	51,870	3,647	14,867	2,639	6,174	59,137	131	138,465
Additions	344	103	1,259	284	170	562	1,681	4,403
Disposals	(392)	–	(308)	–	(261)	–	–	(961)
Write off	–	–	(102)	–	(8)	–	–	(110)
Reclassifications	131	–	–	–	–	–	(131)	–
Revaluations	(6)	3	–	–	–	(314)	–	(317)
At 31 March 2011	51,947	3,753	15,716	2,923	6,075	59,385	1,681	141,480
Depreciation								
At 1 April 2010	25,180	2,298	11,562	1,657	4,115	28,533	–	73,345
Charged in year	1,606	42	1,512	206	570	248	–	4,184
Disposals	(331)	–	(307)	–	(244)	–	–	(882)
Write off	–	–	–	–	–	–	–	–
Reclassifications	–	–	–	–	–	–	–	–
Revaluations	913	114	–	–	–	(118)	–	909
At 31 March 2011	27,368	2,454	12,767	1,863	4,441	28,663	–	77,556
Net book value at 31 March 2011	24,579	1,299	2,949	1,060	1,634	30,722	1,681	63,924
Net book value at 31 March 2010	26,690	1,349	3,305	982	2,059	30,604	131	65,120

15.4 Consolidated 2010

	Land & Buildings	Dwellings	Information Technology	Plant & Machinery	Furniture & Fittings	Heritage Restated	Assets under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation								
At 1 April 2009	50,865	3,324	13,920	1,593	6,476	55,622	2,098	133,898
Additions	714	105	1,972	56	515	1,093	131	4,586
Disposals	(145)	–	(241)	–	–	–	–	(386)
Write off	(859)	–	(245)	–	(76)	1	–	(1,179)
Reclassifications	2,178	1	(539)	990	(741)	1	(2,098)	(208)
Revaluations	(885)	218	–	–	–	2,421	–	1,754
At 31 March 2010	51,868	3,648	14,867	2,639	6,174	59,138	131	138,465
Depreciation								
At 1 April 2008	24,125	2,043	9,143	1,023	3,946	23,840	–	64,120
Charged in year	1,714	49	2,789	391	583	253	–	5,779
Disposals	(118)	–	(241)	–	–	–	–	(359)
Write off	(545)	–	–	–	(72)	–	–	(617)
Reclassifications	–	–	(129)	243	(342)	–	–	(228)
Revaluations	4	206	–	–	–	4,440	–	4,650
At 31 March 2010	25,180	2,298	11,562	1,657	4,115	28,533	–	73,345
Net book value at 31 March 2010	26,688	1,350	3,305	982	2,059	30,605	131	65,120
Net book value at 31 March 2009	26,740	1,281	4,777	570	2,530	31,782	2,098	69,778

All assets as at 31 March 2011, 2010 and 2009 are owned, which includes the ownership of short leases.

15.5 Heritage assets

	Non operational		Operational		Heritage Assets
	At cost £000	At Valuation £000	At cost £000	At Valuation £000	Total £000
Cost or valuation					
At 1 April 2009	8,524	3,390	1,218	42,490	55,622
Additions	647		447		1,094
Revaluation				2,421	2,421
At 31 March 2010	9,171	3,390	1,665	44,911	59,137
Depreciation					
At 1 April 2009		70	24	23,746	23,840
Charged in year			61	192	253
Revaluation				4,440	4,440
At 31 March 2010	–	70	85	28,378	28,533
Net book value at 31 March 2010	9,171	3,320	1,580	16,533	30,604
Cost or valuation					
At 1 April 2010	9,171	3,390	1,665	44,911	59,137
Additions	196		366		562
Revaluation				(314)	(314)
At 31 March 2011	9,367	3,390	2,031	44,597	59,385
Depreciation					
At 1 April 2010	–	70	85	28,378	28,533
Charged in year			81	167	248
Revaluation				(118)	(118)
At 31 March 2011	–	70	166	28,427	28,663
Net book value at 31 March 2011	9,367	3,320	1,865	16,170	30,722

Notes**Donated assets**

No donated assets were capitalised in the year.

Revaluations

The figure represents a net revaluation downwards of TRP assets of £(317)k.

Land & Buildings

The net book value of buildings comprises:

	31 March 2011	31 March 2010	1 April 2009
	£000	£000	£000
Freehold	36,747	38,008	38,471
Leasehold – short	5,013	5,816	6,912
	41,760	43,824	45,383

Classification

The non-current assets are classified under the FReM as either:

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

Core Department

Operational Heritage Assets

This includes the Fusiliers Building at HM Tower of London – which is held at the cost of capital works undertaken since 1990.

In addition DCMS holds the freehold to the following operational heritage assets at nil value:

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, Olympics, Media and Sport. Each of the institutions holds a share in this property. Their shares were separately professionally valued by Knight Frank or Gerald Eve at a combined value of £18.4m as at 31 March 2009. In accordance with International Financial Reporting Standard IAS 16, the share is disclosed in each of the balance sheets of the three occupying museums. The combined valuation of Blythe House in the balance sheets of the three museums, including mechanical and electrical installations for their own fit-out purposes, is £18.4m as at 31 March 2011.

Somerset House

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

Non-operational Heritage Assets

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

Purchased additions to the Government Art Collection have been included at cost in the Department's asset register as from 1st April 2000. This is in accordance with the Financial Reporting Manual, which requires that where additions are made to collections, when the main collections existing at 31 March 2000 are not capitalised, purchase price information will normally provide a reliable basis for capitalisations.

Other non-operational Heritage Assets are:

- Two properties at Windsor occupied for the purposes of the Royal Household. These are managed in conjunction with Windsor Castle and its precincts, and to all practical purposes are subject to the same constraints on disposal or leasing as properties at Windsor that are subject to the Crown Lands Act.
- Two statues at Greenwich which have not been the subject of any statutory order to transfer them to English Heritage or the Greenwich Foundation for the Old Royal Naval College.
- The *Heveningham chattels* – suites of furniture designed by James Wyatt originally for Heveningham Hall. These have been on long term loan to Manchester City Council since 1984 for display at Heaton Hall.

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

- The Royal Parks are managed by The Royal Parks Agency and improvements to assets are reported in these accounts as disclosed in Accounting Policy note 1.5;
- The Occupied Royal Palaces in England (Buckingham Palace, St James Palace, Windsor Castle and some other smaller properties) and Marlborough House are managed by the Royal Household to whom the Secretary of State pays Grant-in-Aid;
- The Historic Royal Palaces in England (Hampton Court Palace, Kew Palace, the Tower of London, the Whitehall Banqueting House and most of Kensington Palace) are managed by the Historic Royal Palaces Trust, which has a contract to manage the Palaces and provide education and visitor services in return for the rights to retain admission charges to these sites.

The Secretary of State is also the owner of land, buildings, monuments and sites of heritage interest acquired by the Office of Works and its successors using exchequer funding or as a result of specific statutes such as the Wellington Museum Act 1947 and other Old Crown Lands Acts. Management responsibility for these properties has been vested by English Heritage. These properties together with the crown lands managed by English Heritage are maintained from Grant-in-Aid funding. There are close to 100 such properties, plus some 250 properties under guardianship, managed by English Heritage. English Heritage also recognises a number of properties that are ancillary to public access to sites under guardianship, such as car parks. The freehold of these properties lies with DCMS. The following (based on visitor numbers) are of particular importance:

Apsley House
Audley End House
Battle Abbey
Bolsover Castle
Brodsworth Hall
Clifford's Tower
Marble Arch
Old Sarum Castle
Stonehenge
Waverley Abbey

The Government Art Collection's major works cannot be listed in terms of value, but include paintings by van Dyck, L. S. Lowry, Edward Lear, William Hogarth, Thomas Gainsborough, Lucian Freud, W.R. Sickert and sculptures by Henry Moore, Jacob Epstein and Barbara Hepworth. The Collection holds work by a wide range of artists, some of the works being by then unknown artists who have since achieved an international reputation.

Asset management policy

The Government is committed to setting an example in the conservation of its historic estate emphasising the importance of preventative maintenance as part of an integrated approach to the historic environment.

The requirement for quadrennial condition surveys (QIs) and a planned programme of repairs and maintenance for historic buildings is set out in the DCMS *Protocol for the Care of the Government Historic Estate*. This *Protocol* requires departments and agencies to nominate a Departmental Conservation Officer to monitor conservation activity in the department, advise property managers and liaise with the Government Historic Estates Unit (GHEU). GHEU is a team in English Heritage providing advice and guidance at a national level to government departments and agencies, as well as other bodies.

English Heritage manages all the sites on behalf of the department. English Heritage is obliged by the National Heritage Act 1983 to "to secure the preservation of ancient monuments and historic buildings in England (including UK territorial waters adjacent to England)". In addition DCMS agrees with English Heritage a strategy for the conservation and maintenance of the sites. These duties include the promotion of the preservation and enhancement of the character and appearance of conservation areas situated in England.

English Heritage maintains an accurate and up-to-date register of its assets. English Heritage has launched on its web site the National Heritage List for England, www.english-heritage.org.uk/about/news/national-heritage-list-for-england-and-corporate-plan/

The Government Art Collection (GAC) is part of the Department for Culture, Media and Sport, and receives annual funding directly from DCMS. Other departments provide additional funding for major site-specific commissions for new or refurbished buildings. Works of art are displayed in approximately 400 Government buildings in the UK and abroad. This includes 10 Downing Street, Lancaster House, main Whitehall departments, and until recently Regional Government Offices. Diplomatic posts abroad include Embassies, Residences, High Commissions and Consulates-General in most countries.

GAC has a team who select and prepare the works of art before dispatch and installation, covering the physical maintenance, documentation, photography, transportation, research and information.

GAC purchases works from a variety of sources, including auction houses, exhibitions, commercial art galleries and dealers and the artists themselves. There is a moratorium on purchasing works of art for the two years until 2013/14. GAC occasionally commissions works directly from artists. GAC does not regard the Collection as a purely financial investment, and adheres to ethical museum standards when managing the Collection. GAC aims to make purchases prudently so that the Collection may be appreciated today as well in the foreseeable future.

Preservation of the Collection is on-going, and during 2010-11 circa £260k was spent maintaining the Collection. More details of the asset management undertaken by GAC, along with recent acquisitions can be found on their website via the link below, www.gac.culture.gov.uk/resources/reports

Additions

During 2010-11 75 works were acquired by GAC, some of which were gifts below the capitalisation threshold. Purchases were £241k from GAC funds, £75k with Foreign & Commonwealth Office funds, and £75k with Ministry of Justice funds. For 2009-10 30 works were acquired by GAC, costing £201k.

Only two years of data are available, as it is not practicable to provide information for earlier years.

Disposals

None.

Operational non heritage Assets

In addition to the leaseholds of buildings used by the department as offices, DCMS owns the freehold of 3 properties in Park Street Windsor. These 3 properties are held as part of the historical arrangements for Windsor Castle and its environs. The department can only sell them when the leases expire in circa 70 years, or if the sitting tenants want to buy. All 3 properties have sitting tenants who, when invited to do so, have expressed no desire to purchase the freehold. A valuation was carried out by Cluttons LLP in June 2011.

The Royal Parks

During the year The Royal Parks continued its 5 year rolling revaluation programme for buildings with 20% of properties revalued.

Grant, Mills & Wood, Surveyors and Valuers, a member of the Royal institute of Chartered Surveyors, undertook the professional valuation of land and buildings for 2010-11, as at 31 March 2011.

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.

Depreciation is not charged on pure heritage non-operational assets.

The Royal Parks has a 99-year lease from the Crown Estate Commissioners on Pembroke Lodge in Richmond Park of which 80 years remained unexpired at 31 March 2011. The property is included in land and buildings at a gross current replacement cost of £3,677k (2010: £3,677k; 2009: £3,677k).

Assets under construction include costs of refurbishment of some residential dwellings. Non-operational heritage land and buildings held by The Royal Parks in pursuit of its overall objectives, are included as non-current assets in the Statement of Financial Position where a reliable valuation is possible, otherwise they are held at nil value. The Royal Parks consider that the costs of ascertaining current values of these unique and varied assets cannot be justified. Non-operational heritage assets include monuments, statues, fountains, bridges, walls, band stands and historic gates and includes both historic and recent monuments such as the Albert Memorial in Kensington Gardens and the 7-7 Memorial in Hyde Park. The Royal Parks has 97 of such assets which have not been included in the Statement of Financial Position, excluding bridges and walls, which are not individually recorded. Most of The Royal Parks land and heritage assets, other than buildings, are not valued. Expenditure on creating new heritage assets is capitalised at cost, expenditure on maintaining them is expensed.

Operational heritage land and buildings, comprising of buildings in use by The Royal Parks, tenants or concessionaires which, in addition to being held by The Royal Parks in pursuit of its overall objectives, are also used for revenue generating or other non-heritage purposes. They are professionally valued and held on the Statement of Financial Position. The valuation method used depends upon the type of the building and its use.

Operational (non-heritage) land and buildings are professionally valued and held on the Statement of Financial Position.

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

16. Intangible assets

Intangible assets comprise software licences for the department and The Royal Parks Agency. The department has a non-exclusive non-transferrable, limited trademark licence to use the London 2012 logo for the Olympic and Paralympic Games. DCMS did not pay for the licence and receives no economic benefit from its use, consequently it is not included as an intangible asset.

16.1 Intangible assets 2011

	Core Department Software licences £000	Consolidated Software licences £000
Cost or valuation		
At 1 April 2010	1,738	2,223
Additions	26	47
Disposals	–	(7)
Write offs	–	–
Reclassification	–	–
At 31 March 2011	1,764	2,263
Amortisation		
At 1 April 2010	1,291	1,489
Charged in year	229	293
Disposals	–	(7)
Reclassification	–	–
At 31 March 2011	1,520	1,775
Net book value at 31 March 2011	244	488
Net book value at 31 March 2010	447	734

16.2 Intangible assets 2010

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

17. Financial Instruments

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

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

IAS 32 Financial Instruments: Presentation, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosure have been applied. IFRS 7 requires disclosures that allow users of the accounts to evaluate the significance of financial instruments for the entity's financial position and performance, and the nature and extent of risks arising from financial instruments during the period. Because the department's activities are predominantly non-trading, and because of the way in which government departments are financed, DCMS is not exposed to the degree of financial risk faced by business entities. Financial instruments play an extremely limited role in creating or changing the risk than would be typical of the listed companies to which IFRS 7 applies. DCMS has very limited powers to borrow or invest surplus funds, financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the department in undertaking its activities.

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

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

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

18. Impairments

The impairment charge for the year consists of £234k (2010: £92k) property, plant and equipment impairments in The Royal Parks accounts.

19. Inventories

	31 March 2011 £000	31 March 2010 £000	1 April 2009 £000
		Restated	Restated
	Consolidated	Consolidated	Consolidated
Good for resale – The Royal Parks	8	–	–
	<u>8</u>	<u>–</u>	<u>–</u>

20. Trade receivables and other current assets

20.1

	31 March 2011 £000	31 March 2010 £000	1 April 2009 £000
		Restated	Restated
	Consolidated	Consolidated	Consolidated
Amounts falling due within one year:			
Trade receivables	8,260	2,730	5,365
Deposits and advances	190	185	210
VAT	1,108	1,021	972
Other receivables	498	190	440
Prepayments and accrued income	3,743	39,258	4,366
Amounts due from the Consolidated Fund in respect of supply	–	–	61,129
	<u>13,799</u>	<u>43,384</u>	<u>72,482</u>

20.2

	31 March 2011 £000	31 March 2010 £000	1 April 2009 £000
	Consolidated	Consolidated	Consolidated
Amounts falling due after more than one year:			
Other non-current assets	54	80	–
	<u>54</u>	<u>80</u>	<u>–</u>

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

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

TRP had trade receivables of £1,986k (2010:£1,543k; 2009: £1,327k) and other current assets of £1,005k (2010: £1,772k; 2009: £1,680k).

Prepayments and accrued income in 2010 included amounts totalling £34 million due to the department from the Department of Transport and Communities and Local Government in respect of the Olympic Games.

20.3 Intra-government Balances

	Amounts falling due within one year			Amounts falling due after more than one year		
	31 March 2011 £000	31 March 2010 £000	1 April 2009 £000	31 March 2011 £000	31 March 2010 £000	1 April 2009 £000
		Restated	Restated			
Balances with other central government bodies	7,759	36,571	67,611	-	-	-
Balances with local authorities	742	937	410	-	-	-
Balances with public corporations and trading funds	19	108	189	-	-	-
Subtotal: Intra-government balances	8,520	37,616	68,210	-	-	-
Balances with bodies external to government	5,279	5,768	4,272	54	80	-
At 31 March	13,799	43,384	72,482	54	80	-

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 23.

21. Cash and cash equivalents

	31 March 2011 £000	31 March 2010 £000	1 April 2009 £000
	Consolidated	Consolidated	Consolidated
Balance at 1 April	20,645	23,867	34,022
Net change in cash and cash equivalent balances	928	(3,222)	(10,155)
Balance at 31 March	21,573	20,645	23,867
The following balances at 31 March were held at:			
Government banking service	19,634	20,494	23,703
Commercial banks and cash in hand	1,939	151	164
Balance at 31 March	21,573	20,645	23,867

The Royal Parks held £674k (2010: £4,418k; 2009: £2,751k) in the Government Banking Service (GBS), and £1,939k (2010: £151k; 2009: £164k) in commercial banks. The balance at the commercial banks relates to the operational requirements of The Royal Parks.

The department's accounting services provider holds a small balance on behalf of the department in GBS accounts for Listed Places of Worship and the Memorial Grant Scheme.

22. Reconciliation of Net Cash Requirement to increase/(decrease) in cash

	2010-11 £000	2009-10 £000
Net cash requirement	(5,005,142)	(4,951,906)
From the Consolidated Fund (Supply) – current year	5,003,000	4,970,000
From the Consolidated Fund (Supply) – prior year	26,786	61,129
– adjustment for BBC income	(2,143)	2,143
Amounts due to the Consolidated Fund – prior year	–	(83,366)
Amounts due to the Consolidated Fund – current year	(21,573)	(1,222)
Increase/(decrease) in cash	928	(3,222)

23. Trade payables and other current liabilities

	31 March 2011 £000	31 March 2010 £000	1 April 2009 £000
	Consolidated	Restated Consolidated	Restated Consolidated
Amounts falling due within one year			
Other taxation and social security	643	570	558
Trade payables	1,481	1,146	2,324
Other payables	7,229	7,036	1,793
Accruals and deferred income	24,691	16,754	18,634
Amounts issued from the Consolidated fund for supply but not spent at year end	21,573	26,786	–
Consolidated Fund extra receipts due to be paid to the Consolidated Fund received	–	–	60,421
carried forward*	–	(1,222)	–
Excess operating AinA due to be paid to the Consolidated Fund Received	–	–	15,887
Receivable	–	–	4,916
	<u>21,573</u>	<u>25,564</u>	<u>81,224</u>
	<u>55,617</u>	<u>51,070</u>	<u>104,533</u>
Amounts falling due after more than one year:			
Other payables, accruals and deferred income	11,000	–	–

*This balance arose from the prior year adjustment necessitated by the change in accounting policy regarding the BBC licence fee income.

TRP had trade payables of £828k (2010: £998k; 2009: £1,923k) and other current liabilities of £6,194k (2010: £8,145k; 2009: £5,125k).

The amounts falling due after more than one year are payable to LOCOG in 2012-13 for the use of the games venue as part of a match funding agreement.

23.1 Intra-government Balances

	Payables: amounts falling due within one year			Payables: amounts falling due after more than one year		
	31 March 2011 £000	31 March 2010 £000	1 April 2009 £000	31 March 2011 £000	31 March 2010 £000	1 April 2009 £000
Balances with other central government bodies	24,113	29,146	89,762	-	-	-
Balances with local authorities	822	1,150	574	-	-	-
Balances with public corporations and trading funds	10,396	6,630	-	11,000	-	-
Subtotal: Intra-government balances	35,331	36,926	90,336	11,000	-	-
Balances with bodies external to government	20,286	14,144	14,197	-	-	-
At 31 March	55,617	51,070	104,533	11,000	-	-

24. Provisions for liabilities and charges

	Consolidated		
	Early departure costs £000	Other £000	Total £000
Balance at 31 March 2009	1,248	209	1,457
Provided in the year	199	114	313
Provisions not required written back	-	(38)	(38)
Provisions utilised in the year	(535)	(17)	(552)
Balance at 1 April 2010	912	268	1,180
Provided in the year	2,791	242	3,033
Provisions not required written back	-	(63)	(63)
Provisions utilised in the year	(190)	(132)	(322)
Balance at 31 March 2011	3,513	315	3,828

The Royal Parks had a provision of £178k for early departure costs at 31 March 2011 (2010: £198k; 2009: £256k). In addition it had a provision of £314k (2010: £268k; 2009: £209k) in respect of outstanding claims (see 24.2).

Analysis of expected timing of flows

	Early departure costs	Other	Consolidated Total
	£000	£000	£000
Not later than 1 year	1,848	315	2,163
Later than one year and not later than five years	1,458	–	1,458
Later than five years	207	–	207
Balance at 31 March 2011	3,513	315	3,828

24.1 Early departure costs

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

24.2 Other

There is also a provision in the Royal Parks accounts for injury compensation claims of £315k (2010: £268k; 2009: £209k).

25. Key reporting segments

In accordance with IFRS8 departments are required to identify and report against operating segments. Operating segments are identified on the basis of internal reports that are regularly reviewed by the Chief Operating Decision Maker in order to allocate resources to the segments and to assess its performance. DCMS considers that the Executive Board represents our 'chief operating decision maker' function. It is monthly Executive Board meetings where key operational decisions are agreed upon following scrutiny of performance and resource allocation. During 2010-11 individual directors were responsible for their directorate spending, which was aggregated in reports to the Board. The Board viewed DCMS as having two operating segments:

- Culture, Media and Sport
- Olympics

A breakdown of performance by these two operating segments can be found below:

	2010-11	2009-10
	£000	£000
Culture, Media & Sport	4,724,041	4,677,958
Olympics	329,377	246,859
Net resource outturn	<u>5,053,418</u>	<u>4,924,817</u>

26. Capital commitments

	31 March 2011 £000 Consolidated	31 March 2010 £000 Consolidated
Contracted capital commitments at 31 March 2011 not otherwise included in these financial statements		
DCMS Property, plant and equipment	162	371
TRP Property, plant and equipment	849	217
	1,011	588

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

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

	2010-11 £000 Consolidated	2009-10 £000 Consolidated
Obligations under operating leases comprise:		
Land and Buildings:		
Not later than one year	6,672	6,817
Later than one year and not later than five years	20,675	21,832
Later than five years	7,078	9,442
	34,425	38,091
Other:		
Not later than one year	81	108
Later than one year and not later than five years	92	52
Later than five years	-	-
	173	160

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

A general description of the lessor's leasing and rent arrangements is in note 13.2.

27.2 Finance leases

The department had no material finance leases.

28. Commitments under PFI contracts

The Department has no commitments to report.

29. Other financial commitments

The department has no commitments to report.

30. Financial Guarantees, Indemnities and Letters of Comfort

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

30.1 Quantifiable

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

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

	01-Apr-10	Increase in year	Liabilities crystallised in year	Obligation expired in year	31-Mar-11	Amount reported to Parliament by Departmental Minute
	£m	£m	£m	£m	£m	£m
Guarantees						
Borrowing facility for Historic Royal Palaces	4.0	–	–	–	4.0	–
Indemnities						
Government Indemnity Scheme	5,427.4	6,075.8	–	7,595.0	3,908.2	3,908.2
Artworks on loan to the Government Art Collection	1.9	–	–	–	1.9	1.9
Artworks on loan from the Royal Collection	257.5	–	–	29.8	227.7	227.7
Totals	5,690.8	6,075.8	–	7,624.8	4,141.8	4,137.8

The Department reported £4,137.8 million of contingent liabilities as at 31 March 2011 (2010: £5,686.8 million) in its annual return to HM Treasury relating to the bodies it sponsors. This included: statutory liabilities under the Government Indemnity Scheme of £3,908.2 million (2010: £5,427.4m) 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 £227.7 million (2010: £257.5m); £1.9 million for items on loan to the Government Art Collection (2010: £1.9m). The change 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. Figures are lower this year because the Van Gogh exhibition at the Royal Academy has closed.

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

30.2 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 IAS 37, since the likelihood of a transfer of economic benefits in settlement is too remote.

Non-statutory

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

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

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

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

Olympic and Paralympic games

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

The overall Public Sector Funding Package announced in March 2007 totalled £9.325bn, mainly for the Olympic Delivery Authority for the construction of infrastructure and venues necessary for the Olympic and Paralympic Games, and for security costs. This public sector funding package included contingency provision of over £2bn.

As part of the Department's contribution to reducing the overall national budget deficit, it was agreed and announced in May 2010 that the ODA's budget would be reduced by £27m, meaning the overall funding package for the Games was reduced to £9.298bn.

Following the Government's Spending Review, announced on 20 October 2010, the funding package remains at £9.298bn, including over £0.5bn held as Olympic contingency for cross-programme issues, including any material change in security circumstances.

The overall funding package will be reconfigured from 1 April 2011 to make provisions for operational requirements, reflecting the changing focus of the programme from construction to operational delivery.

Good progress continued to be made across the whole Olympic programme in 2010-11. At 31 March 2011 £5,590 million had been spent. Of this the ODA had spent £5,100 million of its forecast final cost of £7,266 million with 83% of the venues and infrastructure now completed. The ODA remains on time and under budget.

The latest position on the overall Public Sector Funding package is set out in the Government Olympic Executive (GOE) London 2012 Olympic and Paralympic Games Annual Report February 2011, and the GOE publishes regular quarterly updates, which are available on the DCMS website at <http://www.culture.gov.uk/publications/7800.aspx>.

Digital Switchover

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

Schedule 1, paragraph 1 (2) of the Revised Digital Switchover Help Scheme Agreement (Cm 7523) states: "In the event that there is a cost overrun above £603m, this will not be at the expense of the BBC's programmes, services or other resources." The precise mechanism for achieving this, should the need arise or be anticipated, was to be determined at the appropriate time, however as the scheme is near its end it is now unlikely there will be this overrun. In June 2011 an update to the agreement was published which states that "If scheme expenditure is forecast to be less than estimated budget of £603m, decisions on how this underspend is dealt with will be taken by the Secretary of State in consultation with the BBC." Any decision about the use of any potential underspend has not yet been agreed by government and would be necessary before any consultation with the BBC begins.

Rugby Union World Cup

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

British Library Newspaper Digitisation project

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

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

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

Design Council

DCMS has agreed to provide a guarantee from 1 April 2011 in respect of the transfer of 20 staff from CABE to the Design Council, up until September 2013. This could give rise to redundancy costs of up to £600k payable to the Department for Communities and Local Government.

Jubilee Gardens

The Department intends to offer an indemnity to the Arts Council of England and the Southbank Centre Ltd. with respect to certain liabilities owed by Shirayama Shokusan Company Limited, the owners of County Hall. This indemnity will cover any costs to be incurred by Shirayama of replacing the proposed new Jubilee Gardens should Shirayama Shokusan Co Ltd make use of their sub-soil lease beneath the Garden to build an underground car park.

Shirayama Shokusan Co Ltd, require an indemnity to cover the cost of reinstating the gardens in their new form. This cost is estimated at around £2m and is not time-limited. The risk of the indemnity being called upon is low as there is currently no intention to build such a car park the likelihood of obtaining planning permission is low.

31. Contingent liabilities disclosed under IAS 37

DCMS

A £25m grant to LOCOG for the Olympic village rental will be become payable in 2012-13. For this to be payable LOCOG have to meet certain eligibility criteria.

The Royal Parks

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

32. Contingent Assets

There are no contingent assets at 31 March 2011.

33. Losses and special payments

33 (a) Losses Statement

	2010-11	2009-10
	£000	£000
Total of 8 cases (2010: 9)	275	1,331
There were no cases over £250,000 (2010: 1)	-	-

33 (b) Special Payments

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

34. Related-party transactions

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

DCMS is the parent department of The Royal Parks.

It is also the sponsor of the institutions set out in the Management Commentary, and is responsible for the following lottery funded bodies that are regarded as related parties. Some of these are also funded by the Exchequer:

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

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

In addition DCMS has had various material transactions with other government departments and other central government bodies. These are shown in note 14 to these accounts.

Ann Green CBE, a non-executive director for part of the year, is Chairman of the Royal Armouries (an executive NDPB). The Royal Armouries received £8.4m GIA from DCMS in the year.

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

- Channel Four Television Corporation

The Royal Parks Foundation, a registered charity established by The Royal Parks to support its work, is a related party. The Royal Parks has had various material transactions with the Crown Estate and The Royal Parks Foundation. The Royal Parks Non-Executive Directors, the Hon Apurv Bagri and Andrew Fenwick are trustees of the Foundation and from 3rd June 2011, its date of incorporation, A. Fenwick became one of the directors of the Royal Parks Foundation Trading Company Limited, a wholly owned subsidiary of the Foundation. During the year, after news of funding cuts, The Royal Parks asked the Royal Parks Foundation to assume responsibility for the new Look Out Education Centre and delivery of education in Hyde Park and Kensington Gardens. Both parties entered into negotiations towards an agreement for a licence of 20 years duration, with an option to extend for a further 5 years, at a peppercorn rent. Based on the progress of negotiations, and the intent of both parties to conclude an agreement, The Royal Parks commenced construction of the new Look Out building. Under the agreement the Foundation will in future provide education and community engagement programmes to schools and the public and will occupy the Centre, with a team of education volunteers. It is anticipated that The Royal Parks will contribute a small subsidy towards the running costs incurred.

The Foundation has raised and is holding restricted reserves and pledges amounting to £1.342m including £0.921m towards the development of the Look Out Education Centre. During the year The Royal Parks received £0.010 m from the Foundation (2009-10 £0.657m, 2008-9 £0.044m).

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

The London Organising Committee of the Olympic Games and Paralympic Games Limited is a related party as the Secretary of State is a member of the Company.

The Olympic Park Legacy Company Limited was incorporated on 8 May 2009 as a not-for-profit company limited by guarantee. Its purpose is to plan, develop and maintain the Olympic park and those facilities it will own after the London 2012 Games. The government members of the board at 31 March 2011 were the Secretary of State for Communities and Local Government and the Secretary of State for Culture, Olympics, Media and Sport.

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

In addition, the department has had various material transactions with other related parties during the year as set out below.

Related party	Nature of transaction	Income 2010-11	Expenditure 2010-11	Relationship
		£000	£000	
Cabinet Office	Parliamentary Counsel and other related activity	86	67	Central government department
DEFRA	Contribution to joint research	–	20	Central government department

Alexis Cleveland was appointed a non-executive director from May 2009 until 31 December 2010. She operated as a Director General at the Cabinet Office and a non-executive director at DEFRA.

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

At the start of the year the Minister for the Cabinet Office, Olympics, London, and Paymaster General was Tessa Jowell. She had responsibility for the overall delivery of the Olympic Programme. She was a member of the Olympic Board and appointed the Board members for the Olympic Delivery Authority and a Board member for the London Organising Committee for the Olympic Games.

35. Third-party assets

During the year the department, on behalf of the BBC, managed a GBS account for the collection of TV licence fees. The monies were held separately from the department's cash, and were paid over to the Consolidated Fund. Once the BBC had opened its own GBS account, and the licence fees were passing through their books, then the department ceased to be involved with the collection and transmission of licence fees. For 2010-11 £3.1bn of TV licence fees were collected. Full details can be found in the TV licence fee trust statement separately published by the BBC.

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

36. Entities within the departmental boundary

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

37. Prior year adjustment

	General Fund £000	Revaluation reserve £000	Donated asset reserve £000
Taxpayers' equity at 31 March 2010	49,327	17,387	8,999
Adjustments for:			
Donated heritage asset			2,000
BBC licence fee income	-	-	-
	-	-	-
Taxpayers' equity at 1 April 2010	<u>49,327</u>	<u>17,387</u>	<u>10,999</u>
			£000
Net operating cost for 2009-10			1,903,584
Adjustments for:			
BBC licence fee income			3,021,175
Cost of capital			(1,395)
Net operating cost for 2009-10			<u>4,923,364</u>

The donated asset is treated as a prior period for consistency with TRP accounts. It has been accounted for in the books of TRP as an addition at 1 April 2009 and its value has not changed since then. Receivables and payables have been adjusted by £7,954k at 31 March 2010 and by £2,143k at 1 April 2009 for the change in accounting for the BBC licence fee income. There is no effect on net assets or taxpayers liability. There is no impact on net assets from the change in accounting for the cost of capital.

38. Events after the reporting period

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

Sale of the Tote

On 3 June 2011 the Government announced that it had entered into a binding agreement to sell the business of the Tote to Betfred for a headline transaction value of £265 million. This is comprised of an initial payment of £150 million and deferred amounts, including accrued interest, of £115 million.

After deductions including debt and pensions, the net equity value to be paid to Government by Betfred is over £180 million. The taxpayer and racing will divide this up equally so that each receives over £90 million as their share of the net proceeds of the sale. The use of racing's share will be subject to compliance with state aid regulations. In addition, Betfred has committed to making commercial payments to racing of £11 million to March 2012 and an expected £9 million per year over the following six years.

As part of the sale process Betfred will receive an exclusive seven year licence to operate Pool betting operations on all UK racecourses, one condition of which is a requirement to provide pool betting on every approved racecourse in the country.

Betfred have provided a number of undertakings to Government relating to the racing industry and employees, including not to sell on the pool betting part of the business and to continue payment of the Levy to racing even if part of the Tote business subsequently moves offshore, until the Government's current consultation on off-shoring has concluded and the position has been resolved. They have also publicly committed to the establishment of a Tote Racing Development Board with racing to help run the pool and foster wider collaboration. The Tote brand will remain on all UK racecourses

The completion of the transaction is subject to appropriate consultation with employees, and is expected to be finalised by the end of July 2011. Disclosure to Parliament will be made at the earliest possible date.

Changes to public sector bodies*UK Film Council and British Film Institute*

From 1 April 2011, the British Film Institute (BFI) has become the lead body for film in the UK. Most of the UK Film Council's core functions have transferred to the BFI – including the distribution of National Lottery funding for the development and production of new British films, as well as audience development activity through supporting film distribution and exhibition.

The BFI also takes over responsibility for the certification of UK films (which enables filmmakers to access UK film tax relief); film education; overseeing support for film in the English Regions; liaising with the National Screen Agencies in the devolved Nations; funding skills development in partnership with Skillset; and supporting First Light and MEDIA Desk UK.

The responsibility for oversight of the BFI, previously held by the UK Film Council, has now transferred to DCMS.

From 1 April 2011, the UK Film Council's role in encouraging inward investment into the UK has moved across to Film London in a public/private partnership with Warner Bros., Pinewood Studios Group, the Production Guild, UK Screen Association and others.

The UK Film Council will be wound up during 2011-12.

Museums Libraries and Archives council (MLAC)

After a period of consultation it has been agreed that MLAC will be substantially wound up during 2011-12. A detailed process is underway to enable the transfer of MLAC expertise and core responsibilities to the Arts Council England during 2011-12.

Commission for Architecture and the Built Environment (CABE)

On 20 October 2010, DCMS decided as part of the Comprehensive Spending Review to withdraw funding from CABE. The Design Council and CABE agreed to merge key design activities from 1 April 2011, following an agreement reached by the two bodies and government.

CABE will be wound up during 2011-12.

The Design Council name and status as a Royal Charter charity will be unaffected, and the organisation will cease to be a Non-Departmental Public Body (NDPB) from 1 April 2011, as set out in the Public Bodies Review.

Other proposed changes

Work is on-going with respect to the proposed merger of National Lottery Commission and the Gambling Commission, as well as consideration of plans to merge UK Sport and Sport England. In October 2010 it was announced that work is underway to transfer the PLR functions to another existing public body and the PLR NDPB would be abolished. Legislation is being enacted to extend the FLA remit and rename it as the Sports Ground Safety Authority.

Board changes

The members of the Executive Board since 4 April 2011 are:

- *Jonathan Stephens*, Permanent Secretary
- Helen MacNamara
- Clare Pillman
- Simon Judge

- Jon Zeff
- Jeremy Beeton
- David Brooker

Move of functions from Business Innovation and Skills (BIS) to DCMS

The Prime Minister announced on 21 December 2010 that "...all responsibility for competition and policy issues relating to media, broadcasting, digital and telecoms sectors will be transferred immediately to the Secretary of State for Culture, Media and Sport." On 18 January he announced that the specific responsibilities to be transferred from BIS to DCMS were to be "*Competition and policy issues relating to media, broadcasting, digital and telecoms sectors*".

The Transfer of Functions (Media and Telecommunications etc.) Order 2011 came in to effect on 13 April 2011. This provided for the transfer of the former BIS functions (including the transfer of property, rights and liabilities) to DCMS.

For 2011-12 it is estimated that programme income will increase by £68.5m as a result of the transfer of functions. Programme expenditure is estimated to increase by £105.7m and administration expenditure by £3.4m.

BT pension

When BT was privatised in 1984 the government gave a guarantee (contained in the Telecommunications Act 1984) in respect of certain liabilities of the privatised company. The Crown Guarantee in respect of the pension liabilities to those who belonged to the BT pension scheme at the time of privatisation was imposed under section 64 of the 1984 Act. This was transferred to DCMS from BIS as part of the Transfer of Functions Order that came into effect on 13 April 2011.

Reclassification of LOCOG

The London Organising Committee of the Olympic Games and Paralympic Games (LOCOG) was classified as a public corporation by the Office for National Statistics (ONS) in April 2011. This decision was back dated to 1 April 2008, and thereby LOCOG becomes one of the public corporations sponsored by DCMS. Previously LOCOG was classified as a central government body.

Losses to works of art from action in Libya

Following damage to the British Ambassador's residence (not the Embassy) in Tripoli on 1 May 2011 a number of works of art belonging to the GAC were destroyed. The value of the assets destroyed is estimated at £131k.

Olympic Games Live Sites at The Royal Parks

The Olympic Games Host City contract obliges us to put on Live Sites. As part of the agreement with Live Nation to provide this facility, an acknowledgment will be made of TRPs potential liability related to third party contracts (e.g. contracts with artists) in the event of a breach.



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