



Department for  
Digital, Culture,  
Media & Sport

# Annual Report & Accounts

For the Year Ended 31 March 2020



# Department for Digital, Culture, Media and Sport

## Annual report and accounts for the year ended 31 March 2020

Accounts presented to the House of Commons pursuant to Section 6(4) of the Government Resources and Accounts Act 2000

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

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*This is part of a series of departmental publications which, along with the Main Estimates 2020-21 and the document Public Expenditure: Statistical Analyses 2020, present the government's outturn for 2019-20 and planned expenditure for 2020-21.*



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# Foreword by the Secretary of State



**The Rt Hon Oliver Dowden  
CBE MP**

Secretary of State for Digital,  
Culture, Media and Sport

Our department has had various nicknames in the past. In last year's report, then-Culture Secretary Jeremy Wright dubbed us "the department for connections", for the way our sectors bind us together as a nation. But given our real economic and cultural heft and the crucial role we have to play in the country's recovery from a global pandemic, I think DCMS has earned a new and important title: the department for national renewal.

Coronavirus has had a profound and lasting impact on our country. It has forced all departments to refocus and reprioritise - particularly in the first few months of the pandemic, when the Government passed the Coronavirus Act and the country went into lockdown to protect the NHS and save lives.

DCMS took a number of emergency measures to buttress our sectors and allow them to support the nation through COVID-19. That includes an unprecedented £1.57 billion rescue package for our arts and cultural heritage while delivering £750 million in extra funding to frontline charities. We brokered deals with telecoms providers to keep people connected, and negotiated advertising deals to support the newspaper industry. We intervened to save rugby league, and brought back Premier League football, making sure that a third of those games were on free-to-air channels. And we announced a £500 million restart scheme to protect film companies from COVID-related losses while providing new finance for start-ups.

And as we've made progress against the virus, DCMS has worked closely with various sectors and our public bodies to support the safe and staggered return of sport, tourism, arts, culture and the creative industries. This builds on the department's achievements over 2019-20, which this report sets out.

Now, as we look to the coming year, our department will be at the heart of the nation's recovery and renewal.

Our world-leading tech industry will help to drive growth across all of our sectors, fueled by a new digital strategy in the coming Autumn, and we will have a crucial role to play in preserving our cultural heritage - including our beloved theatres and performing arts, and our globally-respected museums and galleries. In 2022, as a symbol of our national regeneration, we will unite and lift the country with three showcase events: the Platinum Jubilee, Festival UK 2022 and the Commonwealth Games.

In the midst of this pandemic we have also made real progress on a number of the Prime Minister's priorities and manifesto commitments, and will continue to do so over the coming year. Our rollout of superfast broadband continues at pace, while we are mobilising the Gigabit programme to have the fastest and best value for money approach for the launch next year. We will be publishing the full government response to the Online Harms White Paper later this year, and laying out our roadmap for reform for the BBC and wider public service broadcasting system.

In a year of unprecedented disruption, DCMS has played a vital part in supporting the British people and British businesses through the pandemic, and will be a key force in driving us into a new era of growth. This report is a testament to the way our department brings us all together - and I hope you enjoy reading it.

# Permanent Secretary's Review

It's been a year since I became Permanent Secretary - and what an eventful year it has been. The past twelve months have seen a general election, the UK's exit from the EU, and a global coronavirus pandemic. All have created their own challenges - but throughout, DCMS has continued to fulfill its central purpose in not only driving growth but enriching people's lives as we do so.

First, we saw a number of leadership changes - both externally and internally. The general election prompted a reshuffling of DCMS's ministerial team, while I oversaw a period of significant change to the department's internal leadership, including two new Directors General and the Finance, HR and Corporate Strategy Director.

On a broader staffing level, EU Exit demands led to a third of people working at DCMS to be surged away from their normal work areas - and that was before the coronavirus pandemic forced a nationwide lockdown and a number of emergency measures to support our sectors through the crisis.

Despite this upheaval, we have continued to deliver on our priorities. We have had a busy legislative year. We delivered the Birmingham Commonwealth Games Act 2020 and are progressing the Telecommunications Infrastructure (Leasehold Property) Bill through Parliament, with more important legislation in development. We continue to support the delivery of cross-government legislation, having helped pass the Coronavirus Act 2020 in March. Our programme of secondary legislation will help the country prepare for the end of the transition period and continues to support sectors such as sport and charities. In a turbulent parliamentary landscape, we have pushed through laws governing data use post-EU Exit, and taken the first ever government Statement of Strategic Priorities for telecoms, spectrum and post through the parliamentary process.

We have announced a £1 billion deal with the Mobile Network Operators to deliver a Shared Rural Network which will increase mobile phone coverage to 95% of the UK by 2025. In addition, we have established the Festival UK 2022 Organising Committee and made progress with delivering the Commonwealth Games, as well as publishing our first annual report on government's work on tackling loneliness.

And to build on those strengths, we gained additional funding at the Spending Review to transform our corporate centre.

Delivery is one thing - but I'm glad to say that we've also maintained our position as one of the most engaged departments in Whitehall. Some 90 percent of our people feel trusted to carry out their job effectively and we rank third highest of all departments with a 69% engagement index. We have also made rapid progress with our Transformation Programme to ensure our corporate centre can support the department to achieve its delivery ambitions.

We have published a new Diversity and Inclusion strategy, and set ourselves the ambitious target of becoming the most inclusive government department by 2025. We are committed to improving the representation of minority groups including BAME and disabled staff across the organisation. We have launched a diversity champion group, and intend to build on our position as one of the top 75 employers for social mobility in 2019, as ranked by the Social Mobility Foundation.

It's been a challenging year. But the department has shown great resilience and innovation in the face of significant disruption, and as the Secretary of State set out in his own foreword, we are now set to play a central role in the UK's recovery from the coronavirus pandemic in the coming year. With the talent, creativity and commitment in our team, I know that we will rise to the occasion.



**Sarah Healey**

Principal Accounting Officer  
and Permanent Secretary

# PERFORMANCE REPORT

## Overview

This section provides a summary of the Department for Digital, Culture, Media and Sport (DCMS), its purpose, objectives, key risks, and how we have performed during the past year. The report also gives a breakdown of spending in the 2019-20 financial year.

## Our purpose

DCMS drives growth and enriches the lives of citizens and communities across the UK. 2019-20 was a year of significant change for the UK and the department itself.

Throughout 2019-20 the department:

- provided the digital infrastructure to boost productivity, harnessing the power of digital and data across the economy, and supported and strengthened some of the fastest growing and most innovative sectors: digital, media, creative and tourism
- supported communities by encouraging greater participation in sport, culture and social action; investing in young people's wellbeing and employability; and uniting communities and nations through events that shape our national identity
- strengthened security by improving online safety, ensuring resilience to cyber risks and protecting our democracy from new threats
- invested in innovation and in cultural and artistic heritage and showcased the UK through world class events such as the Netball World Cup and the Men's Cricket World Cup

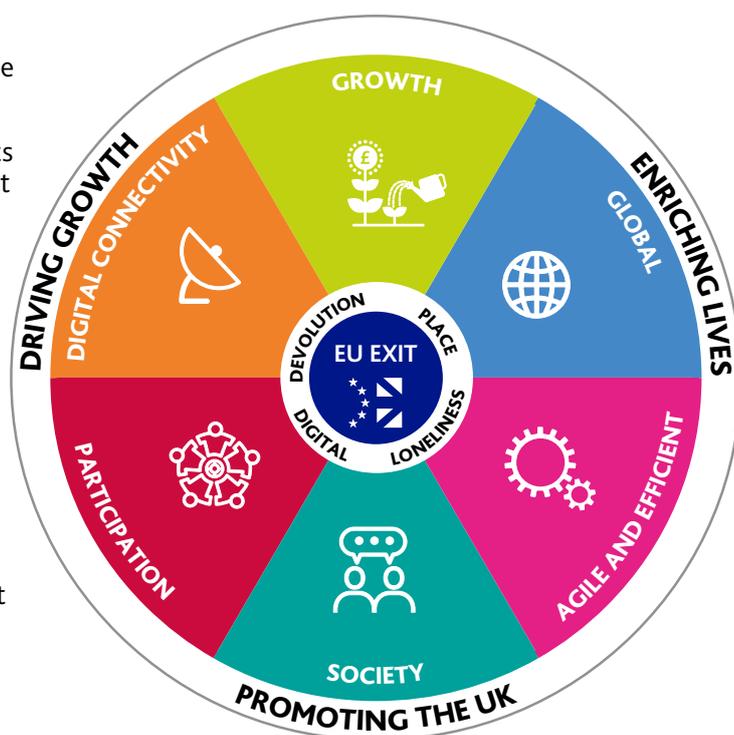
This report reflects the progress DCMS made against its 2019-20 Single Departmental Plan (SDP), which set out 7 strategic objectives:

- Drive the UK's **Digital Connectivity**
- Encourage **Growth** in an innovative economy
- Promote a **Global** UK as a great place to live and do business
- Maximise **Participation** in culture and physical activity
- Make our **Society** safe, fair and informed
- Ensure DCMS is **Agile and Efficient**, with the right skills, culture and connections
- Help to deliver a successful outcome to **EU Exit**

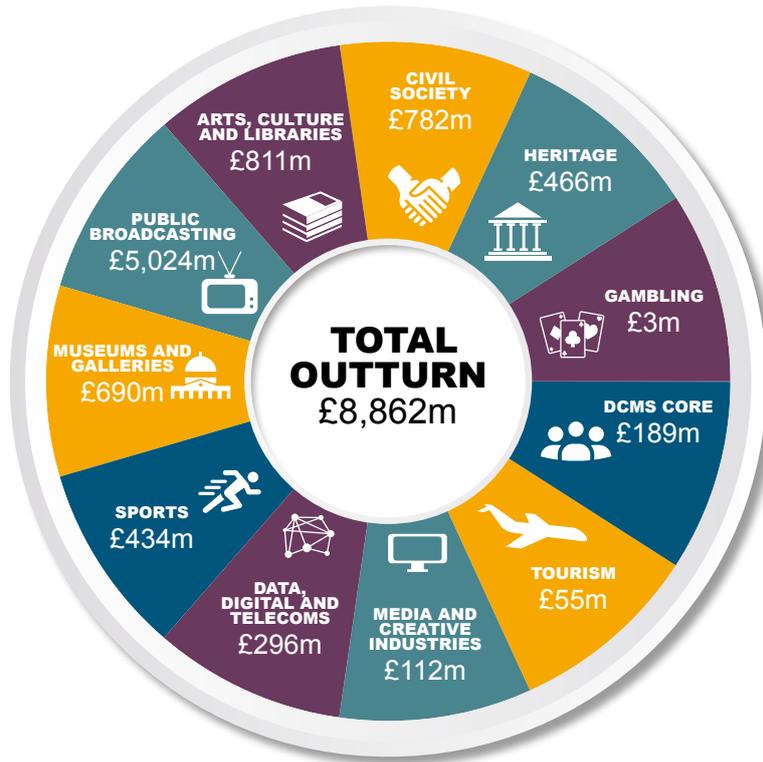
These objectives were supported by 4 cross-cutting themes: Digital, Devolution, Place and Loneliness.

2019-20 was a year of significant change for the UK and this SDP reflects the priorities and policies of the last government. Towards the end of the year the department adapted quickly to help support our citizens and sectors through the COVID-19 crisis. DCMS sectors will be vital in the recovery from COVID-19, particularly through supporting national renewal, driving growth and preserving the UK's cultural heritage. The department continues to assess its priorities to support its policies, sectors and public bodies.

The majority of the department's funding in 2019-20 went to its public bodies, which operate across multiple sectors and are an extremely diverse group of organisations. DCMS works in tandem with these bodies, the majority of which are linked to the department by ministerial appointments and/or legislative requirements. Of these, 38 are directly consolidated into DCMS accounts and categorised as arm's length bodies (ALBs) within note 28 of the accounts.

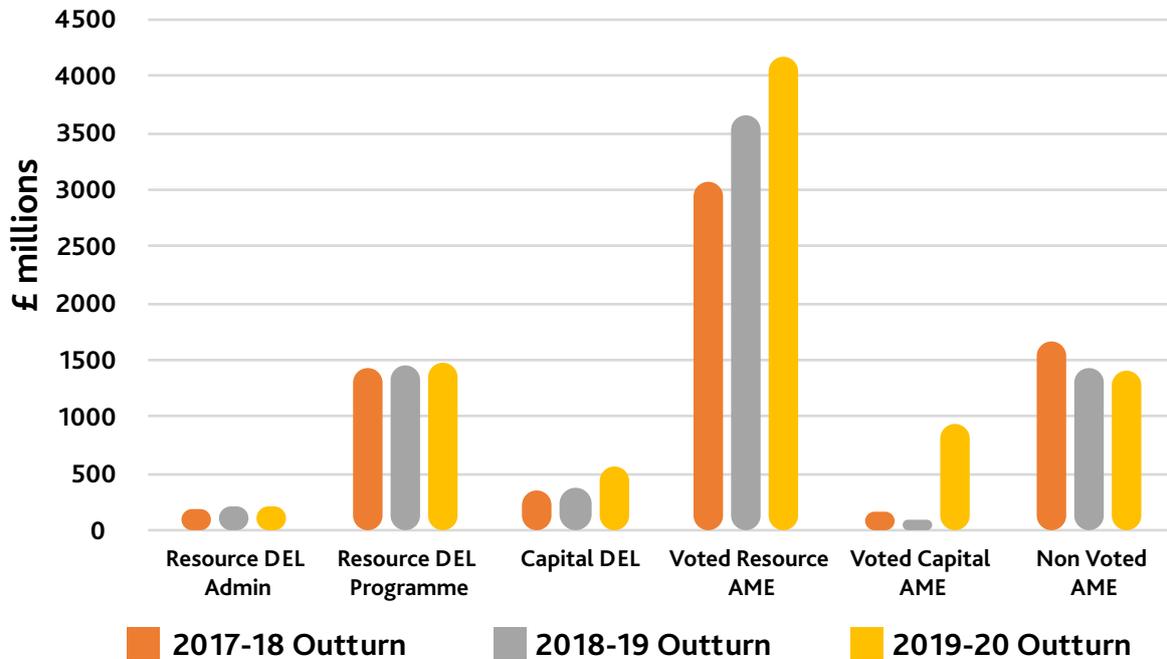


# Outturn by business area



Figures in this diagram agree to the Statement of Parliamentary Supply. For more information please see page 84.

# Total net expenditure



The total of the above for 2019-20 is £8,862m and includes both Voted and Non Voted expenditure and also both Departmental Expenditure Limit (DEL) and Annually Managed Expenditure (AME). Page 100 includes an explanation of these budget headings and page 101 provides a commentary on trends in total expenditure.

## Key achievements



**Exceeded targets for superfast broadband connectivity** - connected 145,180 additional premises with superfast broadband capability, exceeding both target and forecast figures



**Supported the delivery of London Tech Week 2019** - the largest event held to date, this showcased the transformational impact of technology on business, lives and society



**Announced £500 million funding for the Youth Investment Fund** - the biggest single public investment in youth services in a generation, this will help to build and refurbish youth facilities, support high quality services and fund the youth work profession



**Supported investment in 56 sports projects tackling youth violence** - including sports places for more than 3,000 young people in serious violence area hotspots



**Played a key role in establishing the new COVID-19 act** - in collaboration with other government departments, DCMS developed powers around the restriction and/or prohibition of mass gatherings



**Announced ban on credit card use in gambling** - to help curb problem gambling, the ban will apply to all online and offline gambling products except lotteries run for good causes



**Published the Online Harms White Paper** - this sets out plans for a world-leading package of online safety measures that support innovation and a thriving digital economy



**Published the Tourism Sector Deal** - setting out how the government and industry will work in partnership to boost productivity, develop the workforce and support destinations



**Launched the £250 million Cultural Investment Fund** - investing in regional museums and libraries, extending the Cultural Development Fund, and supporting the UK City of Culture programme



**Announced £30 million in funding through the 5G Create Competition** - this is for projects exploring and developing new use cases and sustainable business models for 5G services



**Launched an online portal to strengthen safeguarding guidance for charities** - following a combined £1.2 million DCMS and National Lottery Community Fund investment this will be promoted by 6 organisations across England



**Delivered the Creative Industries Sector Deal commitments** - including the launch of 3 new Creative Scale Up pilots in Manchester, the west of England and the West Midlands and delivery of the Creative Careers Programme

## Public bodies

We have 45 public bodies in total but only the 38 arm's length bodies (ALBs) that are consolidated into DCMS accounts (see note 28) are included in the table opposite.

VisitBritain and VisitEngland are legally constituted as the British Tourist Authority under the Development of Tourism Act 1969, and will each be referred to separately throughout the report.

BBC is a public broadcasting authority. The BBC's Public Service Broadcasting Group, BBC Commercial Holdings Limited and its direct subsidiary holding companies fall within the DCMS accounting boundary and this element is consolidated into the DCMS accounts. See note 1.3 for further details.

In addition to the above bodies, DCMS sponsors 3 public corporations (Channel 4, Historic Royal Palaces and The Royal Parks) and 2 non-ministerial government departments that operate with a high degree of independence from government (The National Archives and The Charity Commission). These bodies are not included in the accounts.

Museums and Galleries	
British Museum	Royal Armouries Museum
Geffrye Museum (Museum of the Home)	Royal Museums Greenwich
Horniman Museum	Science Museum Group
Imperial War Museum	Sir John Soane's Museum
National Gallery	Tate Gallery
Natural History Museum	Victoria and Albert Museum
National Museums Liverpool	Wallace Collection
National Portrait Gallery	
Sport	
Birmingham 2022 Organising Committee for the 2022 Commonwealth Games	UK Anti-Doping
Sport England	UK Sport
Sports Grounds Safety Authority	
Media / Creative Industries	
British Broadcasting Corporation	S4C (Sianel Pedwar Cymru)
British Film Institute	
Heritage	
Churches Conservation Trust	Historic England
National Heritage Memorial Fund / National Lottery Heritage Fund	
Tourism	
British Tourist Authority (VisitBritain and Visit England)	
Arts and Libraries	
Arts Council England	British Library
Civil Society	
Big Lottery Fund (operating as National Lottery Community Fund)	National Citizen Service Trust
Gambling	
Gambling Commission	Horse Race Betting Levy Board
Regulators	
Information Commissioner's Office	Office of Communications (Ofcom)
Cultural Property	
Reviewing Committee on the Export of Works of Art and Objects of Cultural Interest	Treasure Valuation Committee
Other	
Phone-paid Services Authority	

## Risks affecting delivery

Throughout 2019-20 the department faced a number of significant challenges to delivery. This included reprioritisation to deliver EU Exit work, support the new government's priorities and effectively respond to the COVID-19 outbreak.

To manage the specific risks posed by COVID-19, DCMS reorganised the department in early March to tackle threats to its sectors. This included taking the lead on the government's volunteering response, providing practical support to public bodies and

sectors, and exploring policy options to alleviate the strain. Early decisions to pause programmes and redeploy staff were balanced against the immediate response to COVID-19, the need to maintain essential functions, and the ability to ensure delivery against the Prime Minister's priorities. The wide reaching impact of COVID-19 continues to present substantial risk to the department, its public bodies and its sectors. Work is ongoing to ensure DCMS can continue to respond effectively and efficiently to this.

The table below highlights the other key risks faced by the department during 2019-20.

SDP objective	Risk description	Mitigation	Trend
 <b>DIGITAL CONNECTIVITY</b>	Failure to meet ambition for gigabit capable connectivity, particularly due to implications of COVID-19 within timescale	Close engagement with HM Treasury to ensure funding requirements are known and internal prioritisation to ensure connectivity targets remain resourced and focused on delivery.	
 <b>GROWTH</b>	Successful large scale cyber attack on telecoms and/or broadband industries with potential impact to telecoms service availability, government and other sectors	Close work with National Cyber Security Centre (NCSC), as well as development of the National Emergency Plan for Telecoms. DCMS also ran a number of National Cyber Security Programme funded projects with industry, Ofcom and NCSC including TBEST (a threat-intelligence based penetration testing methodology) and Passive Risk Detection.	
 <b>GLOBAL</b>	Failure to effectively deliver the Commonwealth Games in 2022, especially in the wake of COVID-19	Work undertaken with Games partners to ensure all parts of the programme including the capital projects had plans in place to manage a potential no-deal EU exit, with contingency plans if needed. Re-planning of delivery undertaken quickly in response to impacts of COVID-19 lockdown measures. Timetable for the Games Bill allowed for flexibility in the programme to deal with prorogation of parliament in autumn 2019 and re-introduction of the Bill into parliament following the General Election.	
 <b>SOCIETY</b>	Failure to provide complete assurance for new Online Harms regulatory framework due to the novel and innovative nature of this work	Sought expert external advice on functioning of other regulatory regimes to test policy and funding proposals and potential scope of the framework. Reviewed the existing user empowerment initiatives. Built sufficient flexibility into the regulatory framework design, so that it is possible to adapt it over time to the changing technological landscape and emerging harms.	
 <b>PARTICIPATION</b>	Failure to deliver the National Citizens Service (NCS) programme to young people across the country due to recommissioning process	Engagement with commercial, finance and legal expertise within the department to ensure that changes to delivery providers result in effective programmes. Continue to work closely with the NCS to ensure delivery of the autumn programme.	
 <b>AGILE AND EFFICIENT</b>	Corporate centre unable to continue meeting the needs of a changing department	New resources secured through Spending Review 2019 focussed on transformation, including new HR and Finance operations.	
 <b>EU EXIT</b>	DCMS unable to support successful delivery of EU Exit with detrimental economic impacts on DCMS sectors	Continued prioritisation of EU exit preparatory work ahead of 31 January 2020. Prioritisation of trade work across the department post the UK leaving the EU.	

# Performance analysis

This section sets out performance in 2019-20 towards the strategic objectives outlined in the DCMS SDP. The department's objectives for 2019-20 are presented in the 'Our purpose' section on page 8. This section of the report provides more information on the indicators, highlights and progress made against them. The datasets used to monitor performance relate to the latest information available.



## Cross-cutting themes

In addition to the strategic objectives set out in the SDP, DCMS identified four themes that cut across all areas of the department's work during 2019-20.

### Digital

DCMS works to harness the power of digital technology to grow the economy and improve people's lives. During 2019-20 the department:

- Supported the UK tech sector to deliver record growth, with technology investment in the UK soaring by 44% to over £10 billion in 2019
- Published the Telecoms Supply Chain Review, ensuring that the supply chains for 5G and full fibre are robust, diverse and secure for future generations
- Published the Online Harms White Paper in April 2019 and progressed plans to establish a new statutory duty of care to make companies take more responsibility for the safety of their users and tackle harm caused by content or activity on their services
- Strengthened our world-leading cyber sector, including providing tailored growth programmes for over 100 businesses and involving over 45,000 young people in cyber skills initiatives
- Commenced a major programme of work on digital regulation and continued to play a global leadership role on digital ethics - including the work of the new Centre for Data Ethics and Innovation, work on AI ethics and public procurement, and work on digital markets

## Devolution

To strengthen the Union, DCMS ensures that the entire UK is considered early and as a fundamental part of its policy making. Throughout 2019-20 the department worked with stakeholders and the devolved administrations of Wales, Scotland and Northern Ireland, on a number of policy and programme matters. For example, British Digital UK (BDUK) engaged extensively with the devolved nations in relation to rollout of 5G and broadband services in the hardest to reach 20% of the UK. DCMS also worked with stakeholders across the UK on major events, including Festival UK 2022, the Platinum Jubilee and Commonwealth Games, to ensure strong buy-in and support successful delivery. The ministerial team and senior officials engaged regularly with their counterparts and our sectors across the UK.

The department's sectors are wide-ranging and important at a local, regional and national level. DCMS offers both direct delivery and partnership working with the devolved administrations to better support communities and sectors. In 2019-20 the department's work enriched the lives of people across the UK through initiatives like increased full fibre broadband roll-out.

The department developed a capability strategy to enable more effective engagement across the UK and ensure DCMS delivers for the Union. This is important as DCMS continues to grow. In 2019-20 intergovernmental working increased. The department welcomed members of the Northern Ireland Civil Service as part of the interchange scheme, which gave them the opportunity to shadow colleagues in DCMS.

## Place

In April 2019 DCMS published the Connected Growth manual, designed for places working to boost their digital, cultural and social connectivity. Throughout 2019-20 the department actively encouraged local-led initiatives for DCMS sectors through the development of Local Industrial Strategies.

In 2020 the department built upon those strong foundations to strengthen its relationships across government, articulating the full potential of DCMS sectors in shaping local economic and social growth. The commitment across government to level up left-behind areas added a welcome impetus for

fostering local-led ideas through key vehicles such as the Towns Fund, which involves towns across England working with the government to develop innovative regeneration plans. DCMS continues to seek opportunities to deliver a step-change in regional outcomes.

Throughout 2019-20 DCMS actively engaged with the development of City Deals, which give local areas specific powers and freedoms to help support economic growth, create jobs or invest in local projects.

The department continues to build valuable relationships with devolved and central bodies to ensure that it advocates and actively supports the development of innovative projects across England, Scotland, Wales and Northern Ireland.

## Loneliness

DCMS is the lead department for the cross-government strategy to tackle loneliness. The department defines loneliness as a subjective, unwelcome feeling of lack or loss of companionship. DCMS works with civil society, private businesses, investors and other parts of government to enrich lives, build connections and strengthen communities. During 2019-20 the department:

- Announced a new plan to tackle loneliness in the context of COVID-19, building on the existing strategy for tackling loneliness (A Connected Society 2018)
- Published the department's first Loneliness Annual Report, detailing progress made by departments across government on strategy commitments
- Launched the #LetsTalkLoneliness campaign, resulting in 21.4 million global impressions in Loneliness Awareness Week alone
- Helped 126 organisations work to connect people through the £11.5 million Building Connections fund, a partnership between the government, the National Lottery Community Fund and the Co-op Foundation
- Partnered with the National Lottery Community Fund to form a joint £4 million fund for frontline grassroots organisations that bring people together



# Digital connectivity

Drive the UK's connectivity, telecommunications and digital sector

## Key achievements

- **Committed £5 billion to support the roll-out of gigabit-capable broadband in the most difficult to reach 20% of the country** - this investment will level up connectivity across the UK, particularly in rural areas, and help bring gigabit broadband (which is forty times faster than standard superfast broadband) to the hardest to reach areas
- **Launched further projects as part of the Local Full Fibre Networks Programme** - this now comprises 37 projects across all nations in the UK, with 4 projects completed in 2019-20: 100 Schools and 152 Public Buildings in West Sussex upgraded to fibre, a public open access network created in Tameside Manchester and fibre deployed between Manchester and York on the Trans-Pennine rail route
- **Increased connectivity through voucher schemes** - having connected over 25,000 homes and businesses through the Better Broadband Voucher Scheme and allocated over £67 million through the Gigabit Broadband Voucher Scheme, the department's focus is now on the new Rural Gigabit Voucher Scheme with a pipeline of 7,000 premises and 1,100 already connected
- **Published a consultation on strengthening consumer advocacy in telecoms** - strengthening advocacy will play a pivotal role in supporting demand for gigabit technologies, helping empower consumers, and support industry in improving their practices
- **Published the Telecoms Supply Chain Review Report** - this set out the government's priorities for telecoms security establishing the need for (i) stronger cyber security practices among operators, (ii) greater resilience in telecommunications networks and (iii) diversity in the market and, as a result of the findings, the UK will be introducing one of the strongest regulatory frameworks for telecoms security in the world
- **Committed to delivering the Shared Rural Network Programme** - the government announced on 9 March 2020 that it had agreed a deal with the mobile network operators to deliver the programme, which will see joint investment with industry of £1 billion to increase 4G mobile coverage throughout the UK to 95% geographic coverage by the end of 2025
- **Published a joint consultation on supporting the deployment of 5G** - working alongside the Ministry for Housing, Communities and Local Government, the consultation ran for 10 weeks from November 2019 and focused on proposed planning reforms to support 5G and extended mobile coverage
- **Published a consultation on the European Electronic Communications Code (EECC)** - the consultation focused on implementing and incorporating new measures, many of which support the Gigabit Connectivity Strategy, with the EECC framework itself benefiting UK business by approximately £2.6 billion

## Case study

### Completed 22 spectrum clearance event days

This £400 million programme is a huge engineering undertaking involving changes to 1,150 TV transmitters across the entire UK along with an army of engineers, cranes and even helicopters.

Its purpose is to clear the 700 MHz spectrum which is currently being used to broadcast Digital Terrestrial Television, and by the Programme Makers and Special Events industry, which support inside and outside broadcasts using wireless microphones (eg studio broadcasts of shows like X Factor and theatre productions).

As mentioned, this project will clear the 700MHz band for use by mobile broadband services in the future which will need capacity to support high-speed internet services. It is estimated this will benefit the UK economy by between £1 to £1.2 billion.

Since 27 February 2019, BDUK, Ofcom, Multiplex Operators and DCMS' operational partners have completed 22 spectrum clearance event days. Through these event days the spectrum has been cleared of 58 main TV transmitters and 47 TV relays, which has equated to impacting over 15 million households.

In February, the IPA carried out the final Gateway 0 Review which concluded with a delivery confidence assessment of Green. This is testament to a programme that has consistently run on time and under budget. There are 2 remaining clearance days left to go which are currently being planned for late 2020.



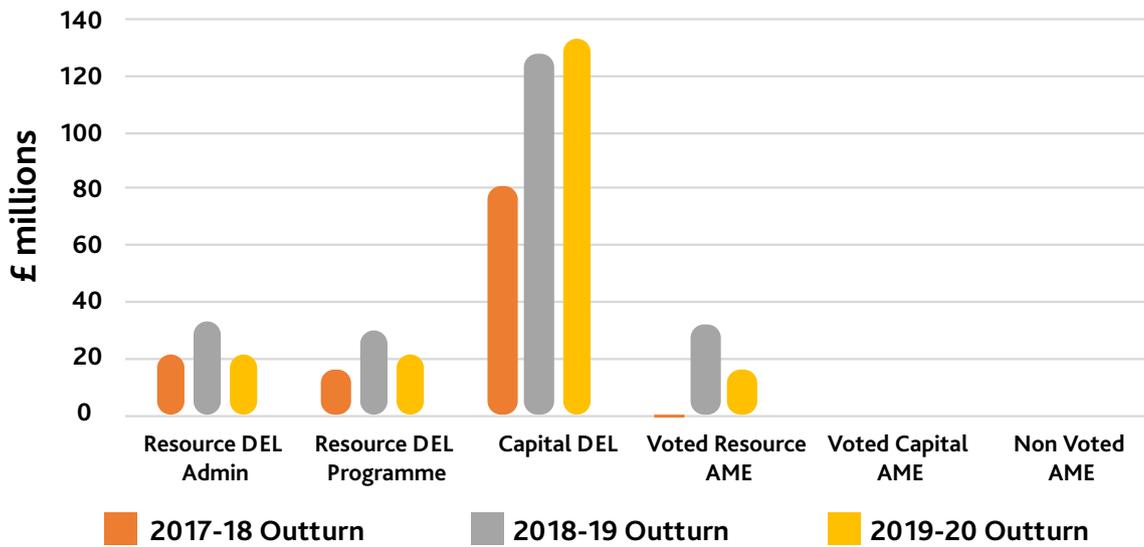
**A new antenna being lifted into place onto the top of a mast by a helicopter. Note the engineer waiting to "catch it".**

## Participating ALBs

DCMS was supported in delivery of this objective by the following public bodies: **Oofcom**

## Net group expenditure

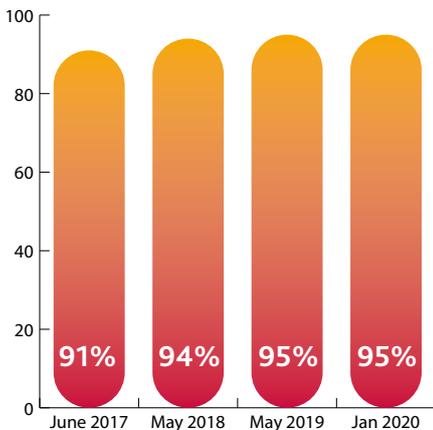
The chart below represents the net group expenditure on Digital Connectivity by budget type. These budget types are explained on page 100.



## Indicators

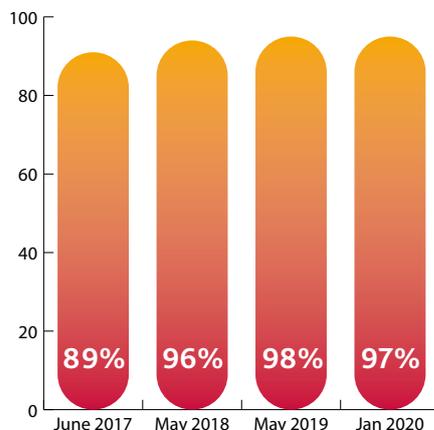
The following headline indicators help to illustrate the performance of DCMS as set out in the Single Departmental Plan.

### Geographic voice coverage across the UK (%)



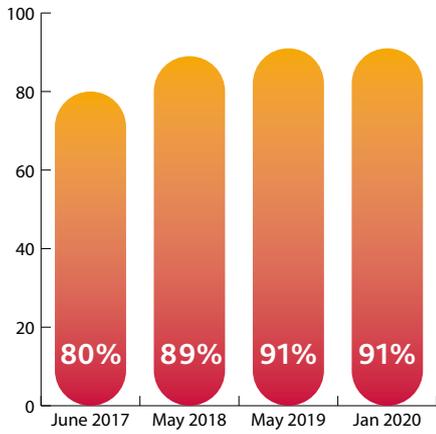
This data refers to voice coverage (ability to make and receive calls) across the UK. It is based upon coverage from at least one mobile network operator.

### Road network coverage across the UK (%)



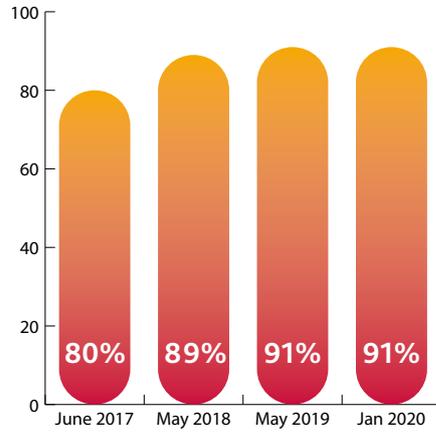
This data refers to 4G in-car coverage on major roads across the UK. It is based upon coverage from at least one mobile network operator.

### Progress towards 95% 4G coverage by 2022



This data refers to 4G coverage from at least one mobile network operator across the UK. The focus for DCMS now is delivering its ambition of increasing 4G coverage throughout the UK to 95% geographic coverage by the end of 2025, through the Shared Rural Network Programme.

### Delivery of superfast broadband



In 2019-20 superfast delivery exceeded both target and forecast with the result of 145,180 premises passed in 19-20.

### Number of NCSC recognised C4 and above cyber attacks on the UK economy

# 658

Number of incidents handled by the NCSC in 2019

# 177,335

Number of phishing URLs taken down in 2019 (62.4% removed in the first hour)

These figures are contained in the National Cyber Security Centre's (NCSC) third Annual Review, which also sets out the various ways the organisation has been protecting the public. Over the period of the review the NCSC has dealt with 658 incidents, which brings the total number to almost 1,800 since the Centre's formation in 2016. A significant number of incidents continue to come from hostile nation states.





# Growth

Grow an economy that is creative, innovative and works for everyone

## Key achievements

- **Increased full fibre broadband roll-out across the UK** - DCMS continued to successfully roll out full fibre broadband with distribution doubling over the past year, according to the latest Ofcom figures
- **Supported the implementation of the Broadband Universal Service Obligation** - this came into effect on 20 March 2020, following implementation led by Ofcom, and gives everyone in the UK the legal right to request high speed broadband of at least 10 Megabits per second, from a designated provider, up to a reasonable cost threshold of £3,400 per premise
- **Introduced the Telecommunications Infrastructure (Leasehold Property) Bill in Parliament** - this provides a new process to enable operators to access blocks of flats where the landlord has repeatedly failed to respond to requests
- **Guaranteed future legislation ensuring new build homes have gigabit connectivity** - on 17 March 2020 the Secretary of State for DCMS announced the commitment to legislate to make sure new-build homes will come with gigabit-speed broadband, a significant step in the government's plan to level up the UK
- **Delivered a £1 million Tech to Connect Challenge Prize** - in collaboration with Nesta Challenges, this is an England-wide challenge supporting civil society initiatives that use tech to tackle social isolation and loneliness
- **Launched the Impact Investing Institute** - with funding from DCMS, the Department for International Development (DfID) and the City of London, and strong support from HM Treasury (HMT), this independent non-profit organisation will promote more effective ways for individuals to use their savings and investments to help address social challenges as well as gain financial returns
- **Developed a programme to deliver social value in central government** - a social value model and training packages were developed to explicitly apply social value to goods and work contracts
- **Supported the delivery of up to 2,500 artificial intelligence and data science conversion degrees** - this included 1,000 scholarships for people from underrepresented groups and forms part of the government's commitment to boost gender diversity in the tech sector and harness new technologies to upskill and retrain adults
- **Launched 24 new social impact bonds** - from those struggling with drug and alcohol addiction in Cornwall to people at risk of homelessness in Yorkshire, these new bonds (delivered through the Life Chances Fund) will improve public services for people in the most vulnerable situations
- **Released over £30 million by the end of March 2020 through the Revitalising Trust** - exceeding the £20 million target, this successfully closed down inactive charitable trusts and transferred the money back into use in local communities

## Case study

### The Positive Families Partnership

The Positive Families Partnership is a Social Impact Bond (SIB) project, funded by the National Lottery Community Fund's Commissioning Better Outcomes Fund, which supports families across London to stay together. It has also provided inspiration for 2 recently launched SIBs in Suffolk and Norfolk, supported by the DCMS Life Chances Fund, an £80 million fund which aims to help those people in society who face the most significant barriers to leading happy and productive lives.

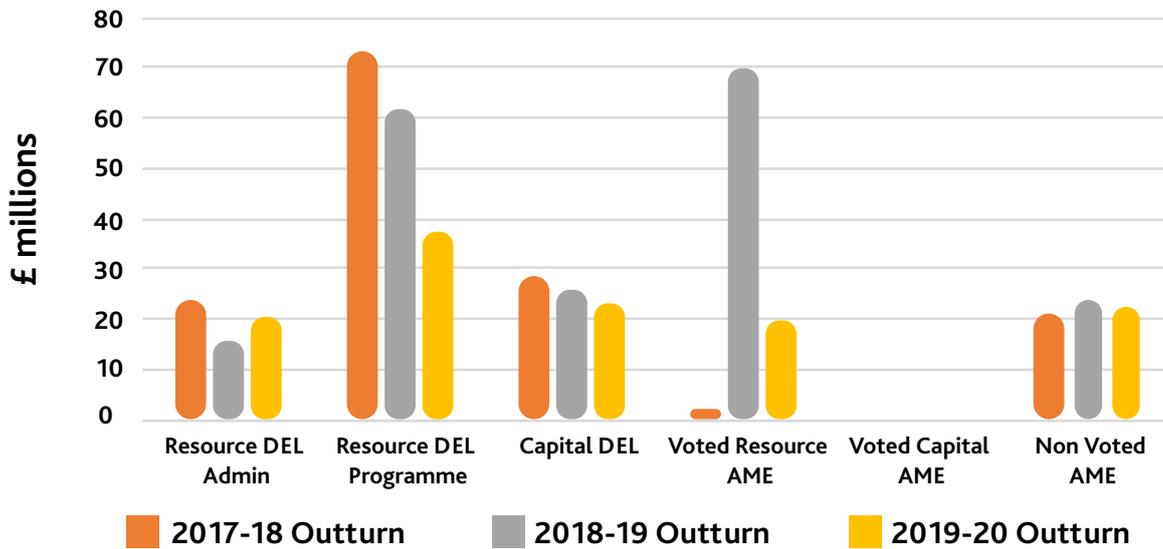


## Participating ALBs

DCMS was supported in delivery of this objective by the following public bodies:  
**Birmingham 2022 | British Film Institute | Information Commissioner's Office | Ofcom**

## Net group expenditure

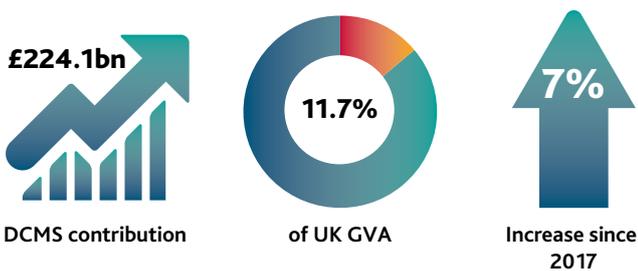
The chart below represents the net group expenditure on Growth by budget type. These budget types are explained on page 100.



## Indicators

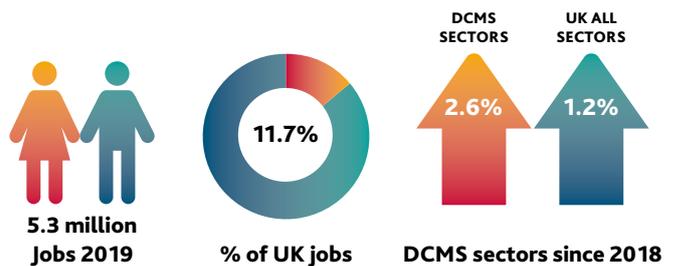
The following headline indicators help to illustrate the performance of DCMS as set out in the Single Departmental Plan.

### Gross Value Added contributions from DCMS Sectors



In 2018, the DCMS Sectors contributed £224.1bn to the UK economy, accounting for 11.7% of UK GVA (expressed in current prices), up from 11.4% in 2017. The GVA of DCMS Sectors (excluding Tourism and Civil Society) has increased by 7% in real terms since 2017, and 33.4% in real terms since 2010, compared to 1.4% and 16.6% for the UK total respectively.

### Employment from DCMS sectors



Of all DCMS sectors, the creative industries employed the most people (2.1 million), followed by the digital sector (1.6 million) and the tourism sector (1.4 million).



GLOBAL

## Global

Drive international trade, attract investment and promote shared values around the world - promoting the UK as a great place to live, work and visit

### Key achievements

- **Built and developed a world-leading approach to tackling online harms** - DCMS successfully developed and continues to deliver a world-leading approach to encrypting and protecting data online through the DNS over HTTPS system, working directly with tech giants and civil society to keep children safe online
- **Announced £50 million for British athletes ahead of the Tokyo Olympics and Paralympics** - in September 2019 the investment in the country's elite athletes was confirmed, part of the government's ongoing commitment to support British sport on the global stage
- **Expanded the International Tech Hub Network to Kenya, Nigeria and Indonesia** - work also commenced to launch hubs in India and Brazil, alongside the delivery of 3 network-wide programmes and 20+ in-country activities that have supported over 2,000 entrepreneurs and tech-minded individuals globally
- **In January 2020 added the Paralympic Games to the list of sporting events that must be available to free-to-air broadcasters** - the Games have become the biggest global event in disability sport and will remain available for free-to-air television broadcasters in the future, reaching the widest possible audience around the world
- **Secured £21.3 million from the March 2020 budget to invest in Birmingham and its region** - in close collaboration with the West Midlands Growth Company, Department for International Trade and VisitBritain, DCMS successfully secured funding to deliver a trade, tourism and investment legacy
- **Hosted the Vitality Netball World Cup at the Liverpool Area from 12 to 21 July 2019** - this was the third time the event was hosted in England and it attracted ticket sales of over 100,000 with the tournament shown to global audiences via Sky Sports and the BBC

### Case study

#### Africa-UK: Female Tech Founders

Female Tech Founders is a new network-wide programme launched by DCMS' International Tech Hub Network. The programme is designed to support gender inclusive economic growth with a specific focus on empowering women with the entrepreneurial skills and connections to overcome the digital gender gap.

In 2020, the programme focussed on participation through 3 hubs across Africa (Kenya, Nigeria and South Africa) to tie in with the UK-Africa Investment Summit on 20 January. Africa has the highest concentration of female entrepreneurs, accounting for almost a third of all businesses on the continent.

The programme brought 15 of the continent's most ambitious development-focussed women tech entrepreneurs to the UK for a 3-day programme which offered access to world-class mentoring, 1:1 time with UK investors, and expert training to help scale their company. As well as exclusive access to the high-profile AIS, the programme included workshops on accessing finance, market positioning and setting up a UK HQ. Sessions were delivered by the Government Digital Service (GDS), Global Entrepreneur Programme (GEP) Dealmakers, Google Resident Investors as well as a plethora of UK-based female entrepreneurs with a focus on Africa.

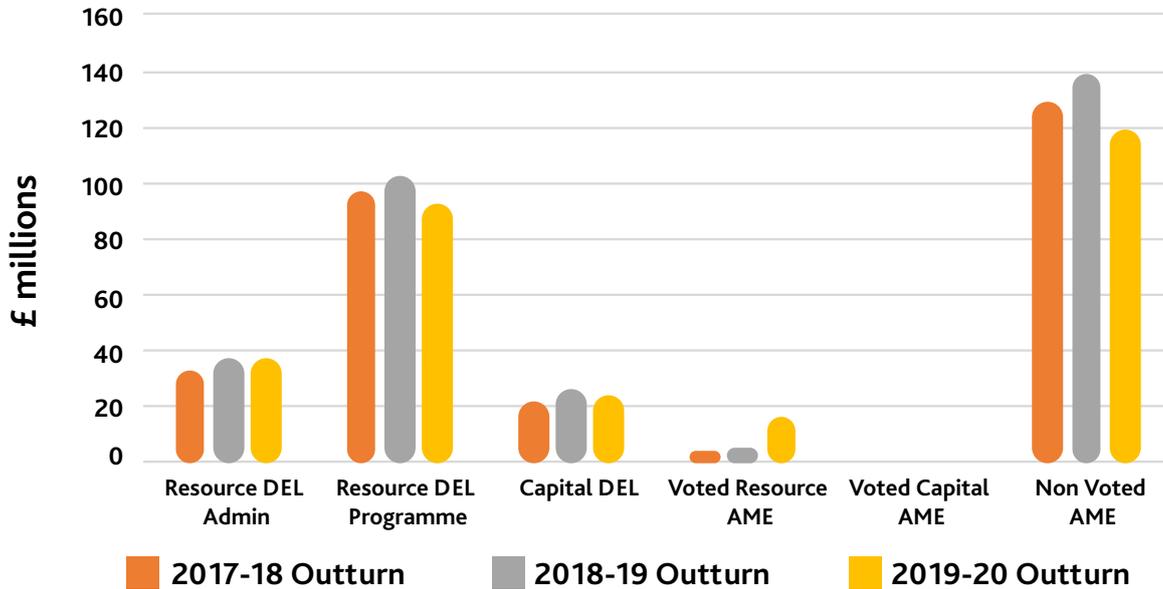


## Participating ALBs

DCMS was supported in delivery of this objective by the following public bodies:  
**British Tourist Authority (VisitBritain / VisitEngland) | UK Sport | Sport England | Birmingham 2022 | UK Anti Doping**

## Net group expenditure

The chart below represents the net group expenditure on Global by budget type. These budget types are explained on page 100.

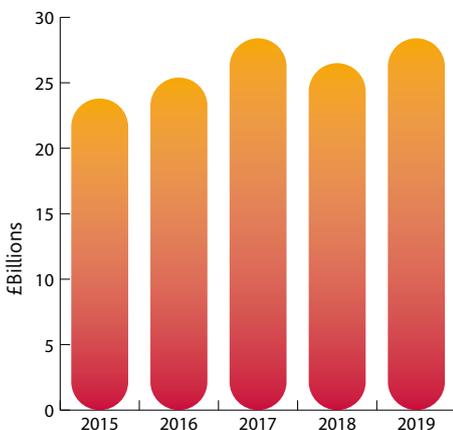


## Indicators

The following headline indicators help to illustrate the performance of DCMS as set out in the Single Departmental Plan.

### Spend by overseas residents

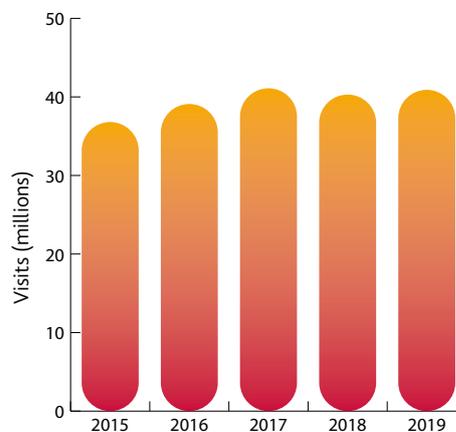
International tourism expenditure by overseas visitors (£billions), UK



Overseas residents spent £28.4 billion on visits to the UK in 2019, an increase of 7% compared with 2018.

### Number of international tourism visits

International tourism visits (millions), UK



Overseas residents made 40.9 million visits to the UK in 2019, an increase of 1% compared with 2018.

### Position in the Soft Power 30 index

# #2 SOFT POWER

2019: #2, score 79.47  
2018: #1, score 80.55  
2017: #2, score 75.72  
2016: #2, score 75.97  
2015: #1, score 75.61

Soft power considers economic and cultural influences that shape the preferences of others. The UK's position demonstrates how we continue to maintain global influence. Notable UK soft power strengths sit within DCMS sectors, including culture and digital.

### Number of funded sports that have met their UK Sport performance milestones



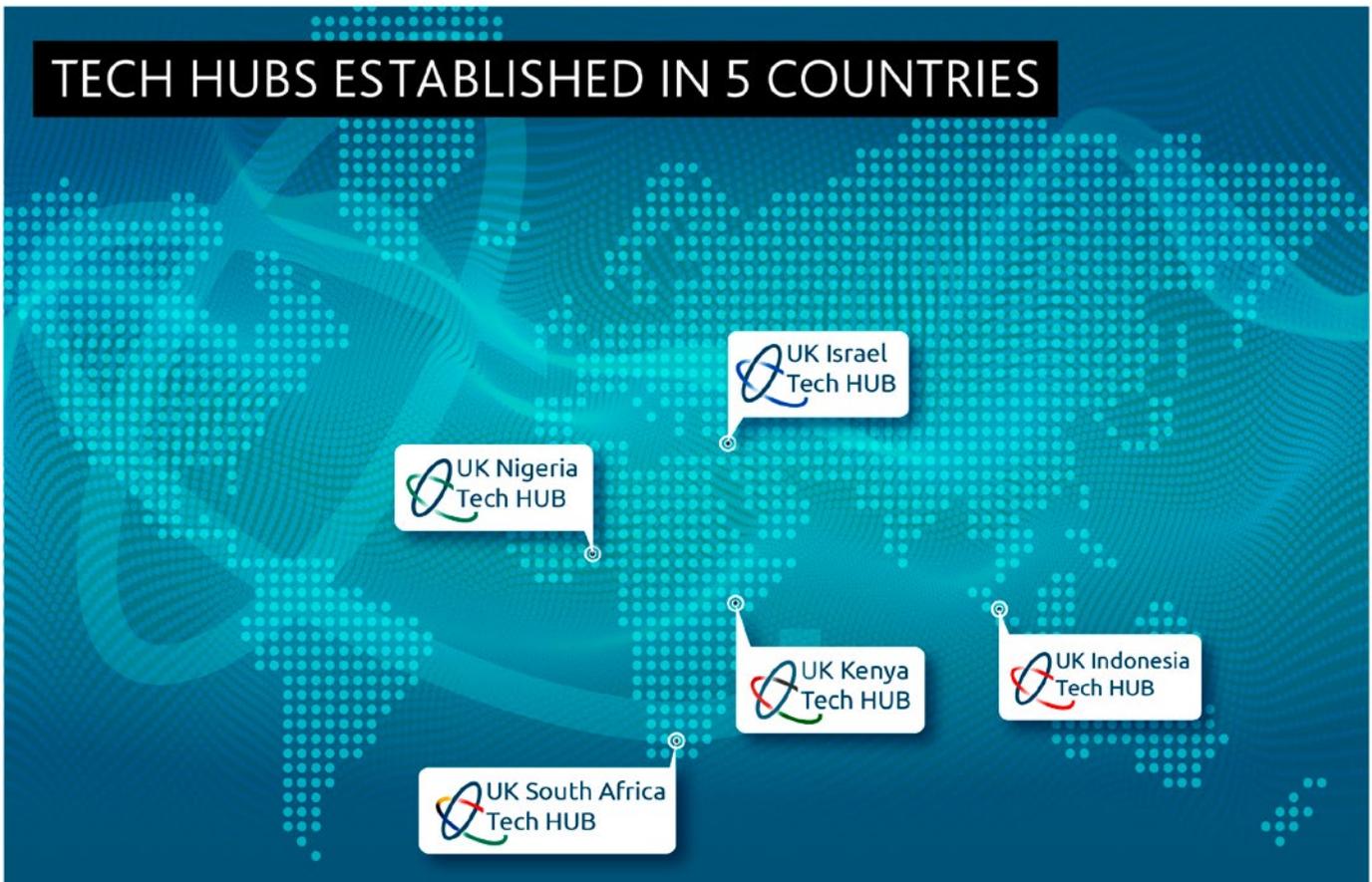
# 23

## World and European Championship medals in 2019

**Elite sporting performance** - In total 23 funded sports programmes met their UK Sport performance milestones.

### Number of tech hubs established

## TECH HUBS ESTABLISHED IN 5 COUNTRIES



- UK Nigeria Tech HUB
- UK Israel Tech HUB
- UK Kenya Tech HUB
- UK South Africa Tech HUB
- UK Indonesia Tech HUB

DCMS established tech hubs in 5 countries (Kenya, Nigeria, South Africa, Indonesia and Israel). The department also has agreement to set up tech hubs in Brazil and India (the latter delivered a central programme in 2019 - Go Global India).





# Participation

Maximise social action, cultural, sporting and physical activity participation

## Key achievements

- **Announced locations for the new Heritage High Streets** - the biggest ever single investment by the government into the UK's built heritage this £95 million boost will be provided for high streets in 69 towns across England, transforming disused historic buildings into shops, houses and community centres and helping traditional businesses adapt to better compete with online outlets
- **Published the first government annual report on tackling loneliness** - this highlighted progress to date including the launch of the #LetsTalkLoneliness campaign, the commitment to include measures in the Public Health Outcomes Framework and the announcement of an extra £2 million in grant funding to help grassroots organisations
- **Diversified the Commonwealth Games Sports Programme** - women's cricket, beach volleyball and para table tennis were added to the Games sport programme in July 2019, meaning Birmingham 2022 is set to have the largest ever female and para sport programme in history
- **Delivered the Innovation in Democracy Programme** - this supported 3 local authorities to run citizens' assemblies to open up a difficult policy area to their residents: enabling citizens to be involved in local government decision-making and impact policy development
- **Published a new School Sport and Activity Action Plan with cross-government support** - led by DCMS, Department for Education (DfE) and Department for Health and Social Care (DHSC), this set out the government's commitment to ensuring that all children and young people take part in at least 60 minutes of physical activity every day through a coordinated school and community approach
- **Launched the second phase of the Place Based Social Action programme** - delivered through 10 partnerships across the country, residents, civil society organisations, statutory service providers and local authorities have been brought together to begin implementing plans to address local priorities through collective community action and public service design and delivery
- **By March 2020 trained 3,990 people in community organising through 22 Social Action Hubs** - over 3 years the Community Organisers Expansion Programme has exceeded expectations by equipping trainees with the skills to identify issues and shape change in their communities
- **Launched the United by Birmingham 2022 community programme** - this aims to recognise projects being delivered by grassroots organisations that are having a positive impact on the communities that they serve across a diverse range of subjects
- **Launched the £7 million Youth Accelerator Fund** - this aims to increase positive activities for young people across the country and expand extra sessions in youth clubs and was delivered through DCMS public bodies alongside the charity UK Youth

## Case study

This picture shows the Rt Hon Oliver Dowden MP, Secretary of State for DCMS, visiting the Smethwick site as construction of the new Sandwell Aquatics Centre got underway. The Centre is a new venue being built for the Birmingham 2022 Commonwealth Games. It will not only offer an impressive setting for the Games, but will provide local people from Sandwell and the West Midlands region with access to a 50m Olympic-sized swimming pool, a 25m diving pool and a community swimming pool.

The Birmingham 2022 Commonwealth Games, scheduled to be held from 27 July until 7 August 2022, will be a once in a lifetime opportunity to put the city, the region and its people on the global stage. It is already proving to be a catalyst for transformation across the West Midlands, attracting new investment and funding, creating jobs and apprenticeships for local people and new opportunities for local businesses, as well as accelerating projects that will ensure the region is ready to host a fantastic sports and cultural celebration.

As a result of the Games, redevelopment of the existing Alexander Stadium is taking place and a new aquatics centre is being built at Sandwell. Planned transport schemes are also being brought forward to support the Games. A Trade, Tourism and Investment programme is being implemented to maximise the economic opportunities arising from the Games.

Birmingham 2022 will be the Games for everyone, bringing people together from across Birmingham and the region, to provide a warm welcome to millions of visitors during the summer of 2022.

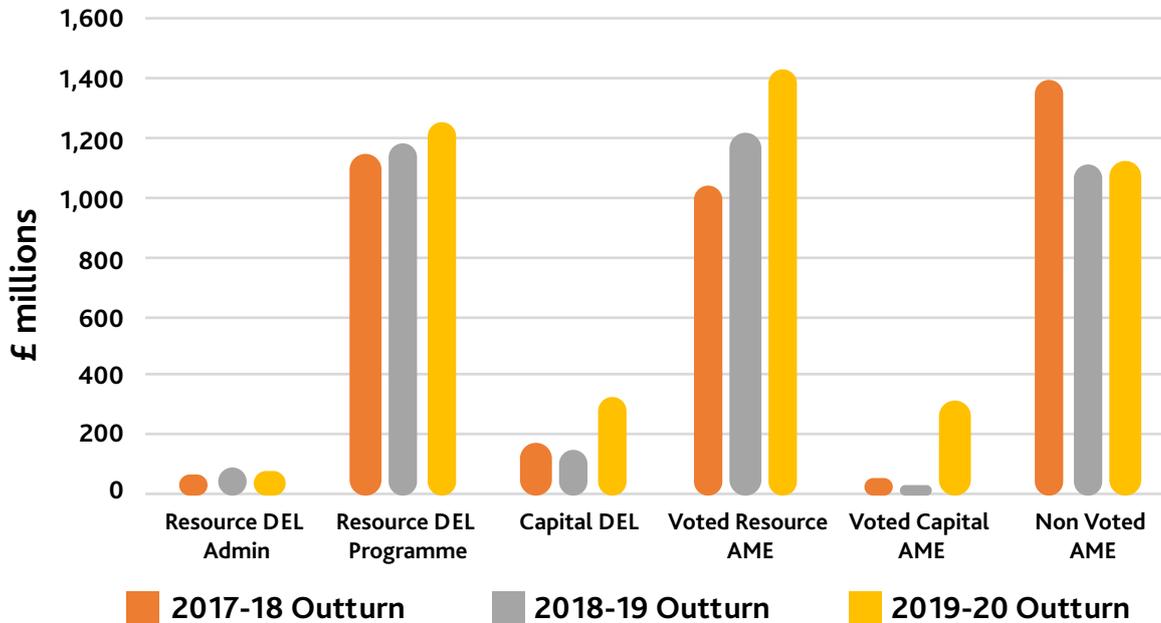


## Participating ALBs

DCMS was supported in delivery of this objective by the following public bodies:  
All ALBs

### Net group expenditure

The chart below represents the net group expenditure on Participation by budget type. These budget types are explained on page 100.



### Indicators

The following headline indicators help to illustrate the performance of DCMS as set out in the Single Departmental Plan.

#### Active adults



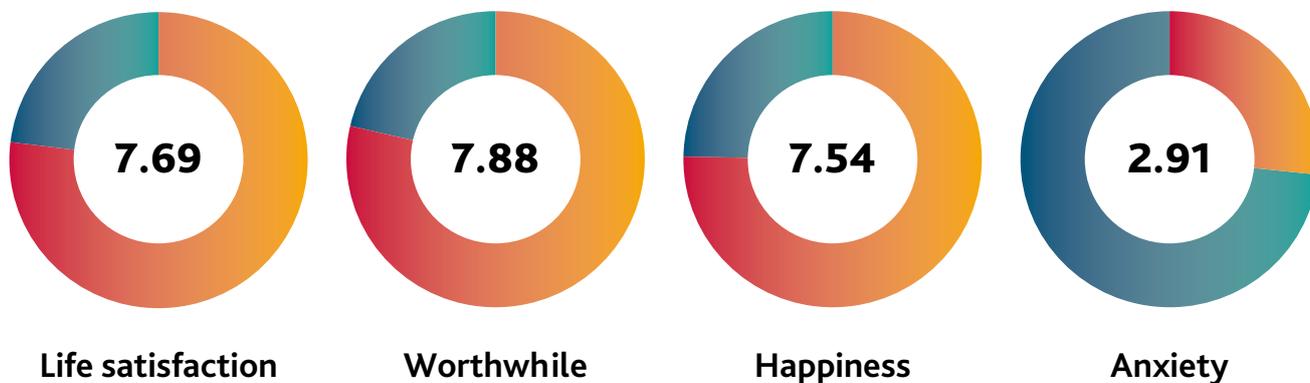
Over 2018-19 there was an increase of 404,600 (+0.6%) active adults in England - up from 28.2m (62.7%) to 28.6m (63.3%). These improved results reflect increased activity levels amongst women, older adults and those with a disability or long term health condition.

#### Participation in the National Citizen Service



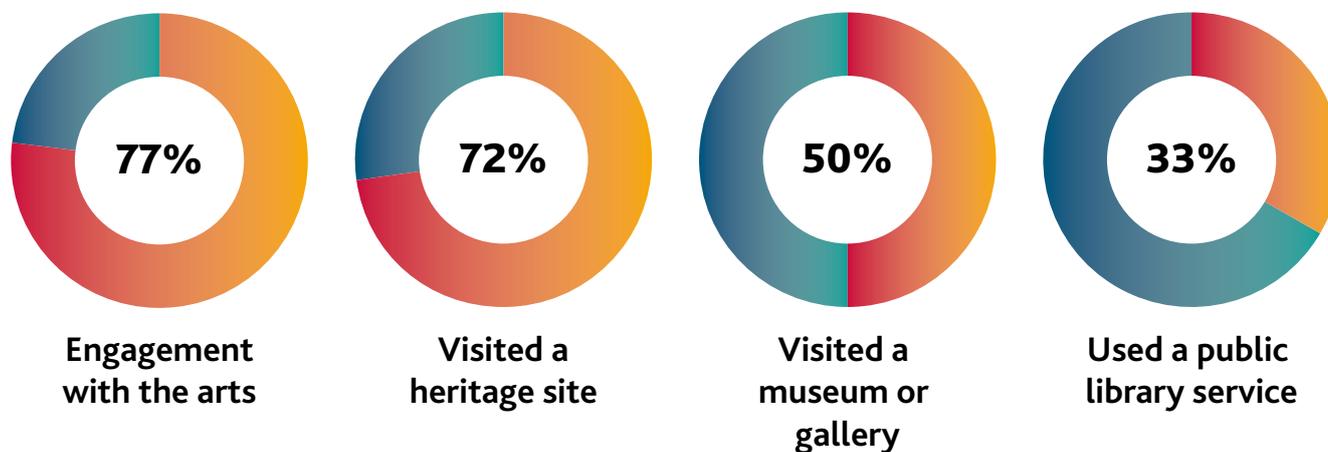
To date over 500,000 young people have chosen to take part in the National Citizen Service programme.

## Subjective wellbeing



In 2018-19 the UK estimates of personal wellbeing were measured using the Annual Population Survey. For happiness, life satisfaction and worthwhile, 0 is negative and 10 is positive. For anxiety, 0 is positive and 10 is negative.

## Adults participating in Arts, Heritage, Libraries, Museums, Galleries and Sports (%)



The 2018 Taking Part Survey measured engagement with the cultural sectors. The diagram illustrates the proportion of adults aged 16+ who have engaged (visited or undertaken an activity) with cultural activities, based on respondents in the past 12 months.





## Society

Make our society safe, fair and informed, online and offline

### Key achievements

- **Carried out a post-implementation review of the Charities (Protection and Social Investment) Act 2016** - this found that new powers given to the Charity Commission to tackle abuse more effectively are being used proportionately and appropriately
- **Funded the creation of the new National Emergencies Trust (NET)** - launched in November 2019 with £130,000 of DCMS funding, NET launched a coronavirus emergency appeal on 18 March that has raised over £80 million to date
- **Published response to the Cairncross Review into a sustainable future for journalism** - in January 2020 DCMS shared its response to the report and its recommendations with updates on progress, including the creation of a £2 million pilot innovation fund to support public interest journalism
- **Launched an Apprenticeship Pilot scheme** - launched across the screen sectors with ScreenSkills and industry partners Netflix and Warner Media, this scheme will test a flexible approach to apprenticeships via a cohort of 20 diverse apprentices
- **Named Simon Armitage as Poet Laureate** - in May 2019 Armitage was announced as the replacement to Dame Carol Ann Duffy, with The Queen approving his appointment for a fixed term of 10 years
- **Legislated to increase society lottery sale and prize limits** - this followed independent advice from the Gambling Commission and a wide consultation carried out in 2018

### Case study

#### National Lottery 25th birthday campaign

As part of The National Lottery's 25th birthday campaign, illusionist and magician Julius Dein made the Angel of the North temporarily disappear.

The stunt was performed in collaboration with The National Lottery, the Arts Councils and Creative Scotland. As well as bringing attention to the impact The National Lottery has on community and iconic art across the UK, it illustrated what it would be like if The National Lottery did not exist. This event signalled to the public how playing The National Lottery has a hugely positive impact on the arts. In the last 25 years, The National Lottery has invested over £4.9 billion into a diverse range of community and grassroots art projects across the UK.

The National Lottery has hit its highest positivity levels since 2015, with overall awareness of its 25th Birthday reaching 55% of the UK.

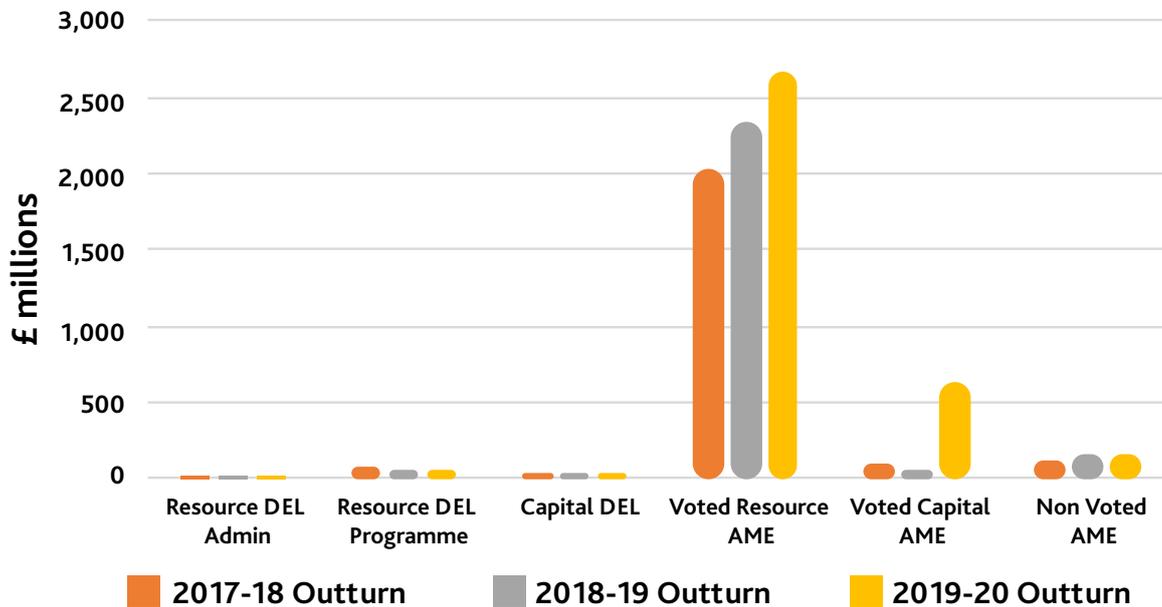


## Participating ALBs

DCMS was supported in delivery of this objective by the following public bodies:  
**National Lottery Community Fund | BBC | Gambling Commission | Horserace Betting Levy Board | Ofcom | S4C - Welsh Fourth Channel Authority**

## Net group expenditure

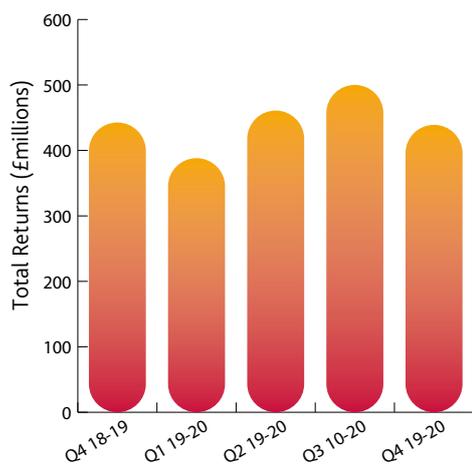
The chart below represents the net group expenditure on Society by budget type. These budget types are explained on page 100.



## Indicators

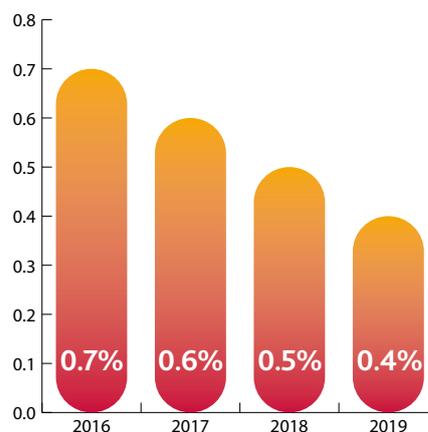
The following headline indicators help to illustrate the performance of DCMS as set out in the Single Departmental Plan.

### Total raised for good causes from the National Lottery



Since its launch in November 1994, the National Lottery has raised over £40 billion for good causes that include sports (including Olympic athletes), arts and heritage, as well as health, education and the environment. Funds are raised from the sale of National Lottery games and supplemented by unclaimed prizes and interest on balances of funds held. The funds for the original good causes are held in the National Lottery Distribution Fund (NLDF).

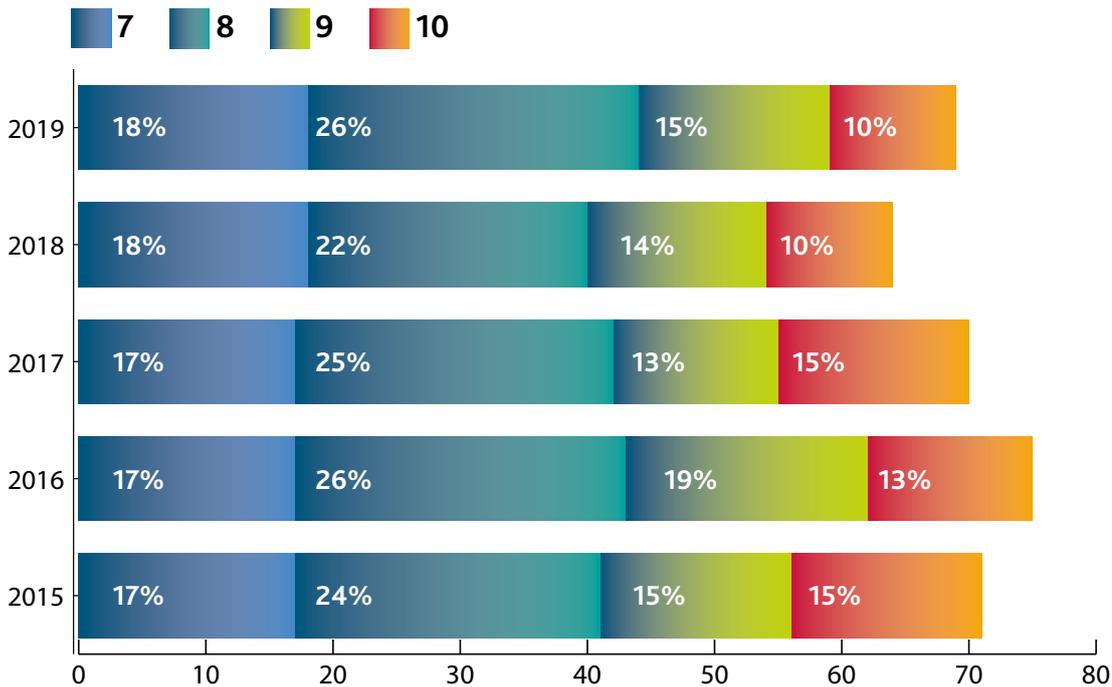
### Number of problem gambling cases



The Gambling Commission reports on problem gambling for adults (aged 16+), which is defined as behaviour related to gambling that caused harm to the gambler and those around them. This is measured by at risk behaviour based on common signs and consequences in relation to gambling participation and attitudes.

## Satisfaction with Public Service Broadcasting

Proportion of regular PSB viewers who rated PSB 7-10 (high performance ratings)

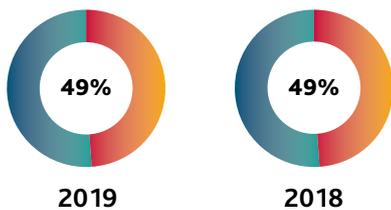


This data was taken from 'Small Screen: Big Debate' - a 5 year review of Public Service Broadcasting (2014-18). Included in the review was public ratings towards television channels on a series of statements in terms of their performance delivery. Respondents are asked to rate the channel on a scale of 1 to 10, where 10 means 'performing very well' and 1 means 'not performing very well'. The 7-10 ratings (high performance ratings) are shown here.

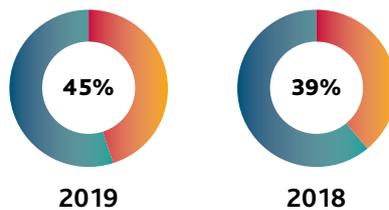
## Users concerned with what is on the internet (%)

Different parental concerns - scores 2019 vs. 2018

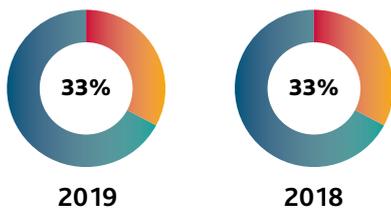
Worried that companies are collecting information about what their child is doing:



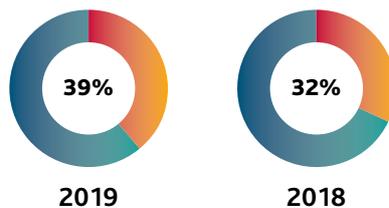
Worried about their child seeing content which might encourage them to hurt or harm themselves



Worried about the possibility of their child being radicalised:



Worried about the possibility of their child being bullied via online games:



These statements come from Ofcom's 'Children and parents: media use and attitudes report'. The report provides evidence on media use, attitudes and understanding among children and young people aged 5-15, as well as about the media access and use amongst young children aged 3-4.



## **THE CAIRNCROSS REVIEW**

A SUSTAINABLE FUTURE  
FOR JOURNALISM

12<sup>TH</sup> FEBRUARY 2019



# Agile and efficient

Ensure DCMS is fit for the future with the right skills, culture and connections

## Key achievements

- **Restructured the department and reprioritised around 50% of staff to support DCMS's COVID-19 response** - existing governance structures were updated to incorporate a new internal COVID-19 Hub (established to coordinate the internal response), which followed on from comprehensive business continuity planning ahead of the virus arriving on UK soil
- **Reviewed and refreshed internal governance** - including updating Executive Board membership, increased the frequency of its meetings and fundamentally changing the number and composition of its committees
- **Developed a Diversity and Inclusion Strategy for 2020-21** - aligned to the new Civil Service Diversity and Inclusion Standards Framework, the draft strategy is in development and includes 15 priorities for DCMS, such as more accountability at senior levels and a range of training and mentoring options for staff
- **Significantly enhanced DCMS's capability and capacity within the corporate centre** - this was part of the transformation programme, established to ensure the department can effectively deliver on its goals and ambitions
- **Delivered resilience training to more than 200 staff members** - this aimed to strengthen the department's ability to manage major change and was supplemented by additional measures focussed on staff wellbeing
- **Invested in the department's HR system** - this improved the staff experience through more accurate and timely reporting of staff data, a more useful management information system, and the provision of helpful tools for line managers

## Case study

### DCMS transformation programme

The remit of DCMS has continued to grow substantially over the past 2 years. During this period the department's corporate centre did not grow at the same rate or receive the investment needed to update its processes and systems.

Following the 2019 Spending Review, the department received a budget increase and was able to use part of this to increase investment within the corporate centre. To do this effectively, DCMS established a multiyear corporate transformation programme.

The primary objective of the programme is to enhance corporate functions to support a department grown in size and to improve the quality of service to the wider department, including its technology and systems.

The first year of the programme is focussed on recruitment and the support offered by key corporate functions. The next phase will be to develop centres of excellence across the corporate centre, consolidate enhanced services and ensure these improvements become business as usual for the department.

The programme is organised into 6 key workstreams:

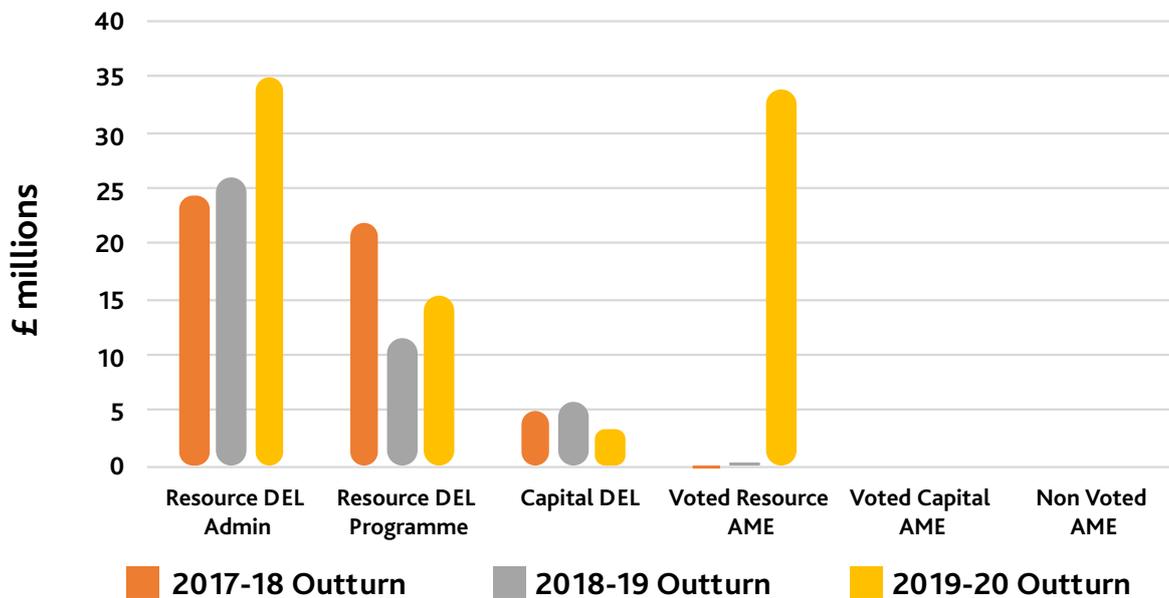
- **Strategy, Departmental Planning and Structures** - establish a reformed strategic function that improves the department's capacity and capability to deliver ministerial priorities, provide central expertise and hold priority programmes to account
- **Analysis, Use of Evidence, and Specialist Expertise** - provide new ways of supplying high quality analysis, evidence and technical knowledge, and ensure evidence and science is at the heart of DCMS policy and decision making
- **Public Bodies Partnership Programme** - develop and implement an updated baseline framework for all DCMS public bodies, supporting joint working and shared strategic goals, in order to become the gold standard for partnership working
- **Finance, Commercial and IT** - strengthen core functions and services to ensure that finance and commercial provide excellent advice to support decision making, and improve the systems and ways of working across the department such as business planning
- **People, workplace and culture** - develop a set of core values that are memorable, and embody the DCMS culture, invest in making DCMS a national department, with locations outside of London, and have up to date and efficient HR systems in place
- **Communications** - keep all DCMS staff and stakeholders properly informed internally and strengthen analysis and insights for our external campaigns and communications plans

## Participating ALBs

DCMS was supported in delivery of this objective by the following public bodies:  
All ALBs

### Net group expenditure

The chart below represents the net group expenditure on Agile and Efficient by budget type. These budget types are explained on page 100.



DCMS Core Resource AME expenditure was £97.2m in 2019-20, compared to only £1.4m in 2018-19. As one third of Core's annual spend is allocated to Objective 7 Agile & Efficient, this increase in Resource AME expenditure is the driver of the year on year increase. The nature of AME spend is volatile and difficult to predict. Refer to SOPS Commentary 2019-20 on page 95.



## EU exit

Help deliver a successful outcome to EU Exit

- **Ensured DCMS, its sectors and public bodies were prepared and ready for leaving the EU on 31 January 2020** - as well as preparing legislation to correct deficiencies in retained EU law (with 17 EU Exit related Statutory Instruments made since 2018), the department also delivered targeted engagement activity for key stakeholders in the tech, civil society, tourism, creative industries and cultural sectors
- **Prepared for negotiations about a future relationship** - having led the opening rounds of negotiations with the EU on digital trade services and established 2 Expert Trade Advisory Groups (on Digital and Telecoms and the Creative Industries and Arts), DCMS continues to consult stakeholders from sectors across the UK, the devolved administrations, Crown Dependencies and Overseas Territories throughout the development of priorities for trade negotiations
- **Supported negotiations and domestic delivery of EU Exit** - DCMS co-ordinated across government for EU Exit negotiations and assisted in influencing EU institutions and member states on DCMS policies, ensuring that: effective domestic preparations are in place for all outcomes of EU Exit negotiations; EU Exit-related legislation is fully prepared; and EU engagement integrates the views of sector stakeholders
- **Provided global leadership on digital trade** - DCMS developed ambitious provisions for DCMS sectors in future trade agreements with other countries, ensuring stakeholder objectives are integrated into DCMS trade policy and negotiating objectives
- **Operational readiness for non-negotiated outcome** - DCMS undertook a prioritisation exercise and, between July and November, moved over 180 staff to preparedness roles; their work included running business and citizen information campaigns, particularly around the data protection implications of a non-negotiated outcome, and the standing up of a Departmental Operations Centre to manage information flows and actions

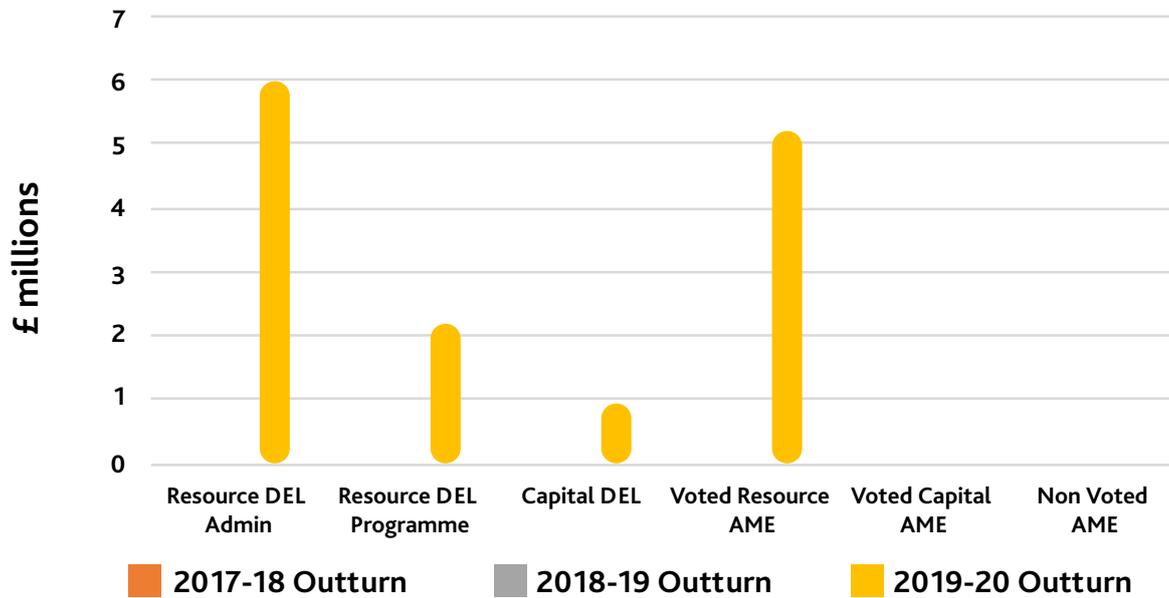


## Participating ALBs

DCMS was supported in delivery of this objective by the following public bodies:  
Information Commissioner's Office

### Net group expenditure

The chart below represents the net group expenditure on EU Exit by budget type. These budget types are explained on page 100.



2019-20 is the first year Objective 6 EU Exit has been included as part of the Single Departmental Plan. While there was departmental spend on EU Exit in prior years, it was a cross-cutting theme previously and therefore not reported in the graph above.

# Looking ahead



Departmental planning was significantly impacted by the unprecedented crisis caused by COVID-19. As the department moves out of its emergency response phase, it is directing work under three main priorities: driving growth, supporting national renewal and preserving the UK's cultural heritage. For 2020-21 this will mean:

- **Driving growth:** The department will continue to play a key role in supporting and driving the UK's economic recovery, both nationally and locally. Key areas of focus will be digital infrastructure and innovation and domestic tourism.
- **National renewal:** In 2022 the UK is hosting the Commonwealth Games, Festival UK 2022 and the Platinum Jubilee, providing a unique opportunity to celebrate success and bring people together. As the lead department for these events, DCMS will continue to provide strategic oversight and prepare for an extraordinary year of celebration.
- **Preservation of our cultural heritage:** In recognition of the UK's unrivalled cultural heritage, the department will prioritise the interventions required to support our cultural institutions and organisations respond to the challenges posed by COVID-19.

Alongside this vital work, DCMS will provide an enhanced offer to young people across the country and ensure that the government's levelling up agenda remains at the forefront of departmental decision making.

## Signed and approved

**Sarah Healey**  
Accounting Officer and Permanent Secretary

11 December 2020



# ACCOUNTABILITY REPORT

## Corporate governance report



**Charles Alexander**

Lead Non-Executive Board Member

### Director's report

The department's remit and profile continue to grow substantially as it develops an ambitious programme of work to drive growth, enrich lives and strengthen security. DCMS has become a major delivery focused department with significant economic impact and the ability to improve lives across the UK.

2019-20 was a challenging period for all government departments culminating in a general election in December, followed shortly by the emerging COVID-19 pandemic, which engulfed the country in March as the year ended.

This annual report reflects another impressive year for DCMS and its sectors. It has seen a wide range of achievements, including the continuation of the UK wide roll-out of superfast broadband and 5G technologies, delivery of the Tourism Sector Deal, and the biggest single public investment in youth services in a generation.

This report demonstrates the huge role the department plays both in enriching the lives of individuals and ensuring the UK has a prosperous and innovative future. This is particularly important as the country responds to the unprecedented challenges of responding to COVID-19.

I would like to thank the Non-Executive team for providing leadership and support through these challenges and for helping to ensure the department achieves against its ambitious targets.

At the end of the year, we said goodbye to Fields Wicker-Miurin and I would like to thank her for her exceptional dedication to supporting the department. We have since welcomed Hemant Patel to the Non-Executive team as the new Audit and Risk Committee Chair. Hemant has already made a lasting contribution in the Royal Armouries and with his expertise in the private sector he will be a great asset to the team.

Sarah Healey succeeded Dame Susan Owen as Permanent Secretary at the beginning of the year. Her first year has been remarkable. She has provided inspirational leadership through a significant period of change whilst maintaining a clear focus on ensuring the department is not just ready for the challenges and opportunities of today but those of the future as well. I continue to be impressed by the engagement and dedication of the people within DCMS.

As the Non-Executive team we look forward to supporting the Secretary of State, his ministerial team, and Sarah, in the important role the department will play in the achievement of the government's national objectives.

# Departmental Board

## Ministers, Non-Executive and Executive



The Rt Hon  
**Oliver Dowden CBE MP**  
Secretary of State for Digital, Culture,  
Media and Sport



**Caroline Dinenage MP**  
Minister of State (Minister for Digital  
and Culture)



The Rt Hon  
**John Whittingdale OBE MP**  
Minister of State (Minister for Media  
and Data)



**Matt Warman MP**  
Parliamentary Under Secretary  
of State (Minister for Digital  
Infrastructure)



**Nigel Huddleston MP**  
Parliamentary Under Secretary of  
State (Minister for Sport, Tourism and  
Heritage)



**Baroness Barran MBE**  
Parliamentary Under Secretary of  
State (Minister for Civil Society and  
DCMS)

### Changes to Ministers

- The Rt Hon Baroness Morgan of Cotes (Secretary of State for Digital, Culture, Media and Sport) from 24 July 2019 to 13 February 2020
- The Rt Hon Jeremy Wright QC MP (Secretary of State for Digital, Culture, Media and Sport) from 9 July 2018 to 24 July 2019
- Nigel Adams MP (Minister of State) from 24 July 2019 to 13 February 2020
- Margot James (Minister of State) from 9 January 2018 to 18 July 2019
- Lord Henry Ashton (Parliamentary Under Secretary of State) from 3 July 2017 to 26 July 2019
- Mims Davies MP (Parliamentary Under Secretary of State) from 5 November 2018 to 25 July 2019
- Michael Ellis MP (Parliamentary Under Secretary of State) from 9 January 2018 to 23 May 2019
- Rebecca Pow MP (Parliamentary Under Secretary of State) from 23 May 2019 to 10 September 2019
- Helen Whately MP (Parliamentary Under Secretary of State) from 10 September 2019 to 13 February 2020

# Non-Executive



**Charles Alexander**  
Lead Non-Executive Board Member



**Sherry Coutu CBE**  
Non-Executive Board Member



**Hemant Patel**  
Non-Executive Board Member and  
Audit and Risk Committee Chair



**Baroness Laura Wyld**  
Non-Executive Board Member

## Changes to team

- Fields Wicker-Miurin (Non-Executive Board Member and Audit and Risk Committee Chair) from 11 January 2016 to 10 January 2020 - succeeded by Hemant Patel
- Neil Mendoza (Non-Executive Board Member) from 11 January 2016 to 3 June 2020
- Matthew Campbell-Hill (Non-Executive Board Member) from 18 July 2016 to 16 July 2020

# Executive



**Sarah Healey CB**  
Permanent Secretary



**Sam Lister**  
Director General, Strategy and  
Operations



**Susannah Storey CB**  
Director General, Digital and Media



**Helen Judge**  
Director General, Culture, Sport and  
Civil Society



**Jacinda Humphry**  
Interim Finance and Commercial  
Director

**Not all Executive Board members sit on the Departmental Board.**

## Changes to team

- Dame Sue Owen (Permanent Secretary) left on 23 April 2019
- Matthew Gould (Director General, Digital and Media) left on 20 May 2019
- Yasmin Brooks (Interim Director General, Digital and Media) from 20 May 2019 to 24 September 2019
- Scott McPherson (Interim Director General, Volunteering and Civil Society) from 17 March 2020 to 9 July 2020 - this was a temporary position to support the COVID-19 response

## Performance in other areas

### People

#### Our values

- 'One DCMS' – we value and develop everyone, sharing success
- Respect for all, celebrating diversity
- We empower and challenge each other within a no blame culture
- We are professional, prioritising work and taking responsibility to get the job done
- Keep DCMS a great place to work, attracting the best people

DCMS believes in the importance of having values that are meaningful to employees. To ensure this, the values set out above will be revisited in 2020-21 through engagement with staff.

In response to COVID-19, the department has revisited its approach to wellbeing to ensure that staff are supported whilst working at home. This has involved working with other government departments and the department's Mental Health network to understand best practice and highlight helpful resources through regular communications.

#### Deliver diversity, equality and inclusion objectives

As a public sector employer, DCMS is bound by the Equality Act 2010.

DCMS supports the government ambition to become the most inclusive employer in the UK and has placed an increased focus on diversity and inclusion over the past year. This has included the development of a Diversity and Inclusion Ambassador group in 2019, with members who drive activity across the department with the aim of making it a more diverse and inclusive place to work.

Throughout 2019 the department continued to track progress against its Diversity and Inclusion plan. This plan was revised in 2020, built through close engagement with staff and aligned to the Civil Service Diversity and Inclusion Principles framework. The plan aims to increase ethnicity, disability and gender representation, and DCMS' ranking on social mobility in comparison to other government departments to reflect the UK working age population and the

public DCMS serves. The department will also focus on closing the 'inclusion gap' to ensure positive lived experiences for both majority and minority groups within DCMS, as well as building our understanding and challenging our biases so that we eradicate racism and embed diversity and inclusion in ourselves, our sectors, suppliers and public bodies.

There has been an increased focus within DCMS to ensure that all development opportunities are accessible. Over the last year the People and Workplace team has worked closely with the department's diversity staff networks, including the DCMS Ability network, to provide support and increased channels into the development opportunities on offer. Furthermore all training opportunities launched in DCMS are advertised and shared via staff network channels, to ensure these are reaching their members. The DCMS Ability network is a proactive community helping to drive and promote the opportunities for disabled colleagues throughout the department.

The 'Becoming Disability Confident' training is mandatory for all DCMS staff. The training is designed to raise awareness of disabilities in the workplace and the challenges faced. This ensures that staff remain compliant and up to date in their skills and knowledge, supporting the department's values for an inclusive and safe workplace.

DCMS supports the government ambition of having one million more disabled people in work by 2027 and is now in its third year as a certified Disability Confident Leader for best practice in attracting, recruiting and developing employees with disabilities and acting as a champion within the department's supply chains and networks.

DCMS has a range of networks that are supported by an SCS champion who provides guidance and a voice at a senior level. All SCS champions now meet on a quarterly basis with the Permanent Secretary to ensure the networks have a platform for raising key issues. The full list of networks include:

- Ability Network
- BAME Network
- Care and Share Network
- Different Perspectives Network
- Direct Appointee Network
- Diversity and Inclusion Ambassadors

- EU Nationals Network
- Faith and Belief Network
- Fair Treatment Ambassadors
- Flexible Working and Job Share Network
- Grade B Network
- Grade C&D Network
- Green Network
- Ideas Panel Network
- Mental Health and Wellbeing Network
- Parenting Network Group
- Social Mobility Network
- The International Network
- Volunteering Networks
- Women's Network

**Employee engagement**

Employee engagement is a measure of employee commitment and motivation. It is measured through the annual Civil Service People Survey, resulting in census data for a large number of employees, and is

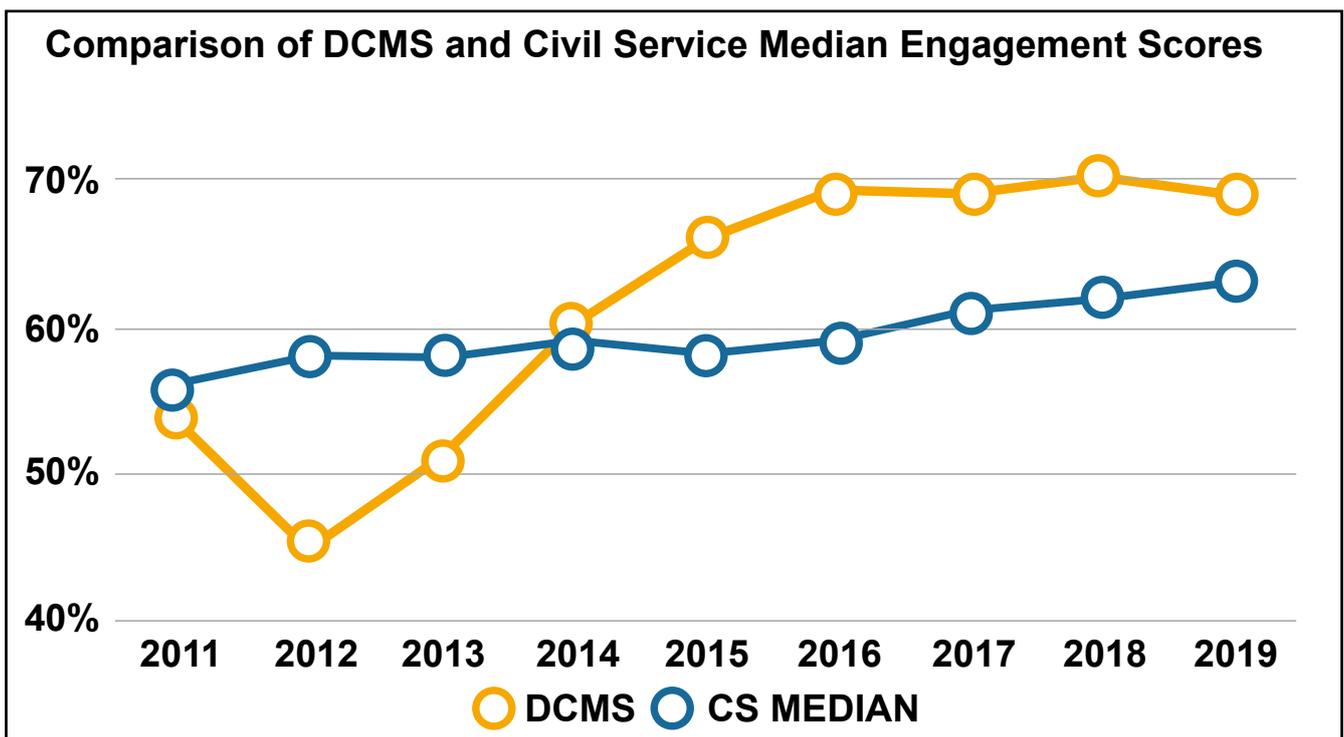
published on GOV.UK. This year DCMS had a response rate of 97% across the department, the second highest response rate of the main Whitehall departments. Data from the survey is analysed and this informs initiatives at both a departmental and local level to make DCMS a great place to work, helping to maintain the department's position as one of the most engaged departments in government.

**Anti-bullying policy**

DCMS has a zero tolerance policy towards bullying, harassment and discrimination. The department has an ongoing commitment to ensure that staff are treated with dignity and respect and any concerns raised by staff are listened to and dealt with appropriately. In the 2019 People Survey 88% of staff felt respected by the people they work with and the department achieved an overall score of 82% for inclusion and fair treatment.

DCMS has clear anti-bullying policies and guidance published on the DCMS intranet, which is accessible to all staff.

A Fair Treatment Ambassador Group was launched in 2018 to help address any issues related to bullying, harassment and discrimination in the workplace, providing support and confidential advice. DCMS now has 26 Acas trained Ambassadors with representation across the department.



## Anti-bribery and corruption

In order to help departments fight fraud, bribery and corruption Cabinet Office published in October 2018 a revised version of the Government Functional Standard, 'GovS 013: Counter Fraud', which now includes bribery and corruption. The purpose of this government standard is to set the expectations for the management of fraud, bribery and corruption risk in government organisations. DCMS has reviewed its counter-fraud policy and procedures to ensure they align with the revised functional standard.

Civil servants are expected to have exceptionally high standards of personal integrity and honesty. Civil servants must not only set out the facts and relevant issues truthfully, but must also not lay themselves open to suspicion of dishonesty, perception of a conflict of interest, and/or of impropriety. All staff are bound by the department's policy on gifts and hospitality and must not accept gifts, hospitality or benefits of any kind from a third party that might be seen to compromise their integrity.

## Health and safety

The Health and Safety team has recently expanded and the department now has a dedicated Reasonable Adjustments Manager and a Health, Safety and Sustainability lead. The team covers all aspects of Health and Safety across the department.

The team came to the fore in the department's response to the COVID-19 pandemic, ensuring staff are protected and have the best working environment possible in a rapid mass remote working transformation.

In the run up to the announcement of business closures and in line with government advice, within just days, the team had already built and were running a remote working process to ensure all staff had the correct tools and ergonomic setups to carry out their duties from home. This included triaging, dispatching and organising the delivery of chairs, desks, monitors and support office equipment.

Within usual practice, DSE self assessments are undertaken through Posturite, with full internal support to source recommendations, including purchase, delivery and set up. The department offers guidance and referrals for Occupational Health Assessments, with support from CSWAS (Civil Service Workplace Adjustments Service) to ensure staff have

everything they need to work effectively.

DCMS has a pool of First Aiders and Fire Marshals and will be expanding this even further to ensure the maximum level of coverage across its areas is achieved - this also includes a network of trained Mental Health Champions.

Regular site inspections are carried out to identify and rectify any potential hazards. The department works closely with HMRC, who serve as landlords of the 100 Parliament Street estate, to ensure that its standards remain in line with the building's requirements.

With the new team in place, the department is currently working on streamlining its processes, to ensure that a gold standard of Health and Safety is consistently achieved across DCMS.

## Gender pay gap

DCMS's gender pay gap is published annually (link to <https://www.gov.uk/government/publications/dcms-gender-pay-gap-201819>). The latest available information details the position as at 31 March 2019.

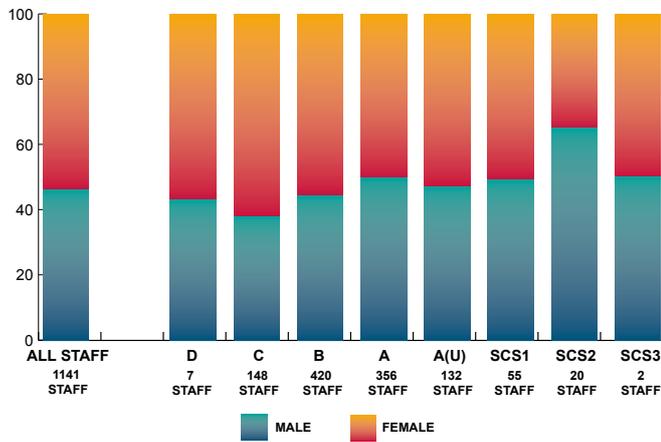
### The gender pay gap in DCMS and the Civil Service

Measure	DCMS 2018	DCMS 2019	Civil Service 2019
Mean	7.5%	5.6%	9.2%
Median	22.9%	16.6%	11.1%

By improving the gender balance across grades A(U) to D DCMS has seen a reduction in its mean and median measures for the gender pay gap since March 2018.

However, there are still a disproportionate number of women in the lower grades as illustrated in the graph below. The proportion of women has increased to 54.0% for all staff, but the proportion of women in the junior grades (D, C and B) is greater than this overall percentage.

## The gender balance across DCMS grades



In 2019, as in 2018, the median gap was exacerbated by the pay gap of £11,175 between the Band B maximum and the Band A minimum. As the female median is a Band B salary and the male median is a Band A salary, there is a natural salary gap between the 2 grades.

## The position of the median remuneration for men and women



It is encouraging that between March 2018 and March 2019, 61.7% of internal promotions were women. The gender balance across the grades is improving, but there is more to be done to tackle the gender pay gap from all angles.

In addition to the actions and initiatives raised in the 2018 report (link to <https://www.gov.uk/government/publications/dcms-gender-pay-gap-201718>) DCMS has sought to refresh its plan and commit to new actions that target the gender pay gap as it changes:

**1. Gender neutral language:** DCMS aims to ensure that all job descriptions and recruitment adverts are written without gender bias to encourage a diverse field of applicants

- 2. More transparency:** DCMS will be clearer on Civil Service pay, bonus and promotion processes to help empower colleagues to manage their careers
- 3. Shared Parental Leave:** DCMS will promote the uptake of Shared Parental Leave and flexible working patterns to support all employees with childcare commitments

## Trade union facility time

DCMS regularly engages, negotiates and consults national trade union representatives, and actively maintains good and effective industrial relations with them. As the department has no staff union representatives, facility time is not currently used in DCMS.

Relevant union officials	No. of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
What was the total number of your employees who were relevant union officials during the relevant period?	0	0

Time (%)	No. of employees	Percentage of time spent on facility time
0	0	How many of your employees, who were relevant union officials during the relevant period, spent a) 0%, b) 1%-50%, c) 51%-99% or d) 100% of their working hours on facility time?
1-50	0	
51-99	0	
100	0	

## Percentage of pay bill spent on facility time

This table shows the percentage of the total pay bill spent on trade union facility time during the period 1 April 2019 to 31 March 2020.

	Figures
Provide the total cost of facility time	£0
Provide the total pay bill (£'000)	N/A
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.00%

## Paid trade union activities

As a percentage of total paid facility time hours, how many hours were spent by employees who were relevant union officials during the relevant period on paid trade union activities?

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	0.0%
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## Complaints to the Parliamentary Ombudsman for the core department

There was one investigation regarding DCMS and its reporting bodies completed in 2019/20. This investigation was not upheld. The investigation completed in 2019/20 had been received as a complaint and accepted for investigation in 2017/18.

There have been no recommendations made against the department in 2019-20 and no formal recommendations to date. The department aims to respond to formal complaints within 20 working days. The complaints procedure can be found by using this link: <https://www.gov.uk/government/organisations/department-for-digital-culture-media-sport/about/complaints-procedure>

Enquires received	4
No of complaints accepted for investigation	0
Fully upheld	0
Partly upheld	0
Not upheld	0

## Departmental correspondence

DCMS accords ministerial and public correspondence a high priority. These include departmental correspondence, parliamentary matters (such as laying documents in the House and answering Parliamentary Questions) and Freedom of Information requests. Our target is to reply to ministerial and public correspondence within 20 working days. In 2019-20, DCMS received 3,400 items of ministerial correspondence (letters requiring a response from a minister), answering 89% on time. DCMS also received 3,000 items of official-level correspondence (letters requiring a response from officials), answering 99% on time.

## Sustainable Development Report

### Sustainable Development Goals

The Sustainable Development Goals (SDGs) were launched in 2015 with aims to improve major global

issues related to health, education, gender and social inequality, economic growth and climate change by 2030. The UK adopted the SDGs in 2015, alongside all UN member states.

DCMS sectors are in a great position to support these goals, which are central to the framework of the Single Departmental Plan. The work of the department contributes to 8 of the 17 goals.

### Sustainable procurement

The department is committed to ensuring procurement practices adhere to green objectives while delivering value for money, as set out in the Government Buying Standards. These standards work in tandem with the Government Greening Commitments, which set out targets for government departments and agencies to improve on water consumption, greenhouse gas emissions, waste reduction and includes transparent reporting on these targets and further relevant climate change adaptation.

Environmental impacts are a key consideration in the Social Value Act, which is further developing in part through the Office for Civil Society. The act mandates that those procuring public services must take into consideration how they can also secure wider social, economic and environmental value. The department is finalising tools and a framework which monitors and evaluates the responses of suppliers, with environmental benefits a primary consideration.

### Climate change adaptation

The department considers the environmental impact of its policies and recognises the impact of climate change on a number of its sectors, such as digital infrastructure. Such impacts may include changing weather, extreme events and rising sea levels.

The department recognises the unique opportunity that it has to help contribute to global climate change goals and is working to increase its response to climate challenges in DCMS sectors. For example, the Commonwealth Games Organising Committee has signed up to the UN Sports for Climate Action Framework, which aims to combat climate change and raise global awareness and action through sport. Resourcing in the central strategy directorate has been allocated to coordinate DCMS's climate and sustainability strategy.

Despite its postponement, numerous sectors of the department are working to provide support in the run up to COP26 (United Nations Climate Change Conference) and looking for opportunities to capitalise on soft power. With an estimated 30,000 visitors expected for the conference, teams have a unique opportunity to help showcase the UK's commitment to combating climate change. For example, the Season for Change 2020 programme delivered by Arts Council England allocated £500k to encourage artists and cultural organisations to showcase climate action leading up to the event. Additionally, the department's China team is developing a Tech for Good workstream, with climate change as a key theme.

DCMS is committed to encouraging staff to engage with sustainable practices. Throughout 2019-20 the Green network made excellent progress with corporate sustainability initiatives, including working closely with the estates team to remove single-use plastic from the canteen and to establish a recycling scheme for products which cannot be recycled easily. In July 2019, a network of Green Champions was established to encourage this work further.

### **Rural proofing**

The government has a responsibility to ensure all parts of the country are able to benefit from the opportunities provided by digital connectivity, and rural areas are not left behind.

The government wants the UK to have high quality mobile coverage where people live, work and travel, and DCMS is committed to extending 4G geographic mobile coverage further to 95% of the UK, as well as providing an uninterrupted mobile signal on all major roads.

On 9 March the government announced a landmark deal with the mobile network operators to deliver against this ambition. The Shared Rural Network programme will see government and industry jointly invest £1 billion to increase 4G mobile coverage throughout the UK to 95% geographic coverage by the end of 2025, underpinned by legally binding coverage commitments from each operator. The programme is explicitly targeted at improving mobile coverage in rural areas, and will help to level up mobile coverage across the whole of the UK.

Prior to decision making, DCMS considers the impact on rural communities to ensure that they are not disadvantaged. Rural proofing impact assessments are integral to the approach. The Future Telecoms

Infrastructure Review identified that delivery of gigabit-capable networks to up to 20% of UK premises could require government intervention, and the Digital Infrastructure team within DCMS secured £5 billion of funding at the March 2020 Budget to support gigabit network delivery in these areas, as soon as possible. They are predominantly rural and remote in nature. This funding will complement existing superfast programme rollout, including ongoing contracting in the devolved administrations, and currently active rural gigabit hub and voucher schemes.

The Digital Infrastructure and Building Digital UK teams within DCMS are now working to scale up delivery of the UK Gigabit Programme using the £5 billion fund, and are liaising with industry, local authorities and other government departments, including the Department for Environment, Food and Rural Affairs, to release this investment into rural areas as soon as possible. The department will take an 'outside-in' approach, seeking to ensure the final 20% of premises is addressed in parallel with the rest of the country.

## **Other areas**

### **Regulatory Policy Committee**

The Regulatory Policy Committee (RPC) provides an opinion on the quality of evidence in regulatory impact assessments (IAs). There were no final-stage IAs submitted to the RPC for review in the financial year 2019-20. However, one Post-Implementation Review (PIR) (the Network and Information Systems Regulations PIR) was submitted to the RPC, which received a 'fit for purpose' rating. A number of IAs received informal opinions from the RPC or were analysed internally (where classified under the 'De Minimis' threshold). All IAs are subject to an internal analytical peer review process and are signed off by the DCMS Chief Economist. The Better Regulation Unit at DCMS is in constant communication with the RPC on a number of ongoing IAs that will be submitted in the next few months.

### **Machinery of Government changes**

There were no machinery of government changes impacting DCMS in 2019-20.

## Prompt payment of suppliers

The department's policy is to comply with the Institute of Credit Management's Prompt Payment Code, of which DCMS is an approved signatory. Whilst the department's standard terms and conditions for the supply of goods or services specify payment within 30 days of receipt of a valid invoice, the department aims to pay all valid invoices within 5 working days of receipt.

In 2019-20, 96.2% (2018-19: 96.8%) of undisputed invoices were paid within the 30 days against a target of 100% and 83.2% (2018-19: 86.2%) of undisputed invoices were paid within 5 working days against the target set by the Cabinet Office of 90% (2018-19: 80%). Continued efforts have been made to streamline the department's processes to ensure that payments can be processed as promptly as possible while maintaining a suitable level of controls to ensure that invoices are valid and that the related services have been delivered.

## Auditor's remuneration

These financial statements have been audited, under the Government Resources and Accounts Act 2000, by the Comptroller and Auditor General, who is appointed under statute and reports to Parliament. His certificate and report is included in the accounts on page 111. The external audit cost of the departmental group was £3.3 million comprising £415,000 notional and £2.9 million cash. Further information is provided in Note 4.3 to the accounts.

## Directorships and significant interests

Details of directorships and other significant interests held by ministers are set out in the Register of Lords' Interests and the Register of Members' Financial Interests. In accordance with Cabinet Office guidance, DCMS maintains a register of interests that records details of directorships and other significant interests held by senior managers in the department. Details of related party transactions, including those arising as a result of the interests of DCMS board members, are listed at note 25 'Related party transactions'.

## Statement of Accounting Officer's responsibilities

Under the Government Resources and Accounts Act 2000 (the GRAA), HM Treasury has directed the Department for Digital, Culture, Media and Sport to prepare, for each financial year, consolidated resource accounts. The document details the resources acquired, held or disposed of, and the use of resources, during the year by the department and its sponsored non-departmental and other arm's length bodies. This report is required under the Government Resources Accounts Act 2000 by Statutory Instrument 2019 No. 476, as amended by Statutory Instrument 2020 No. 17. Together, they are known as the 'departmental group', consisting of the department and sponsored bodies listed at note 28 to the accounts. The accounts are prepared on an accruals basis, and must give a true and fair view of the department and departmental group's state of affairs. The accounts must also detail the departmental group's income and expenditure, Statement of Financial Position and cash flows for the financial year.

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

- observe the Accounts Direction issued by the Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- ensure that the department has in place appropriate and reliable systems and procedures to carry out the consolidation process
- make judgements and estimates on a reasonable basis, including those judgements involved in consolidating the accounting information provided by non-departmental and other arm's length public bodies
- state whether applicable accounting standards, as set out in the Government Financial Reporting Manual, have been followed, and disclose and explain any material departures in the accounts
- prepare the accounts on a 'going concern' basis

HM Treasury has appointed the permanent head of the department as Accounting Officer of the Department for Digital, Culture, Media and Sport.

The Accounting Officer of the department has also appointed the chief executives or equivalents of its sponsored non-departmental and other arm's length public bodies as Accounting Officers of those bodies. The department's Accounting Officer is responsible for ensuring that appropriate systems and controls are in place to ensure that any grants to department-sponsored bodies are applied for the purposes intended. This responsibility extends to ensuring that, for the purposes of consolidation within the resource accounts, such expenditure, and the other income and expenditure of the sponsored bodies, are properly accounted for. Under their terms of appointment, the Accounting Officers of the sponsored bodies are accountable for the use, including the regularity and propriety, of the grants received, and the other income and expenditure of the sponsored bodies.

I take personal responsibility for the annual report and accounts and confirm that they are as a whole, fair, balanced and understandable, as are any judgements used to determine this view.

As Accounting Officer, I confirm that, as far as I am aware, there is no relevant audit information of which the department's auditors are unaware, and I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the department's auditors are aware of that information.

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 assets of the department or non-departmental or other arm's length public body for which the Accounting Officer is responsible, are set out in 'Managing Public Money' published by HM Treasury.

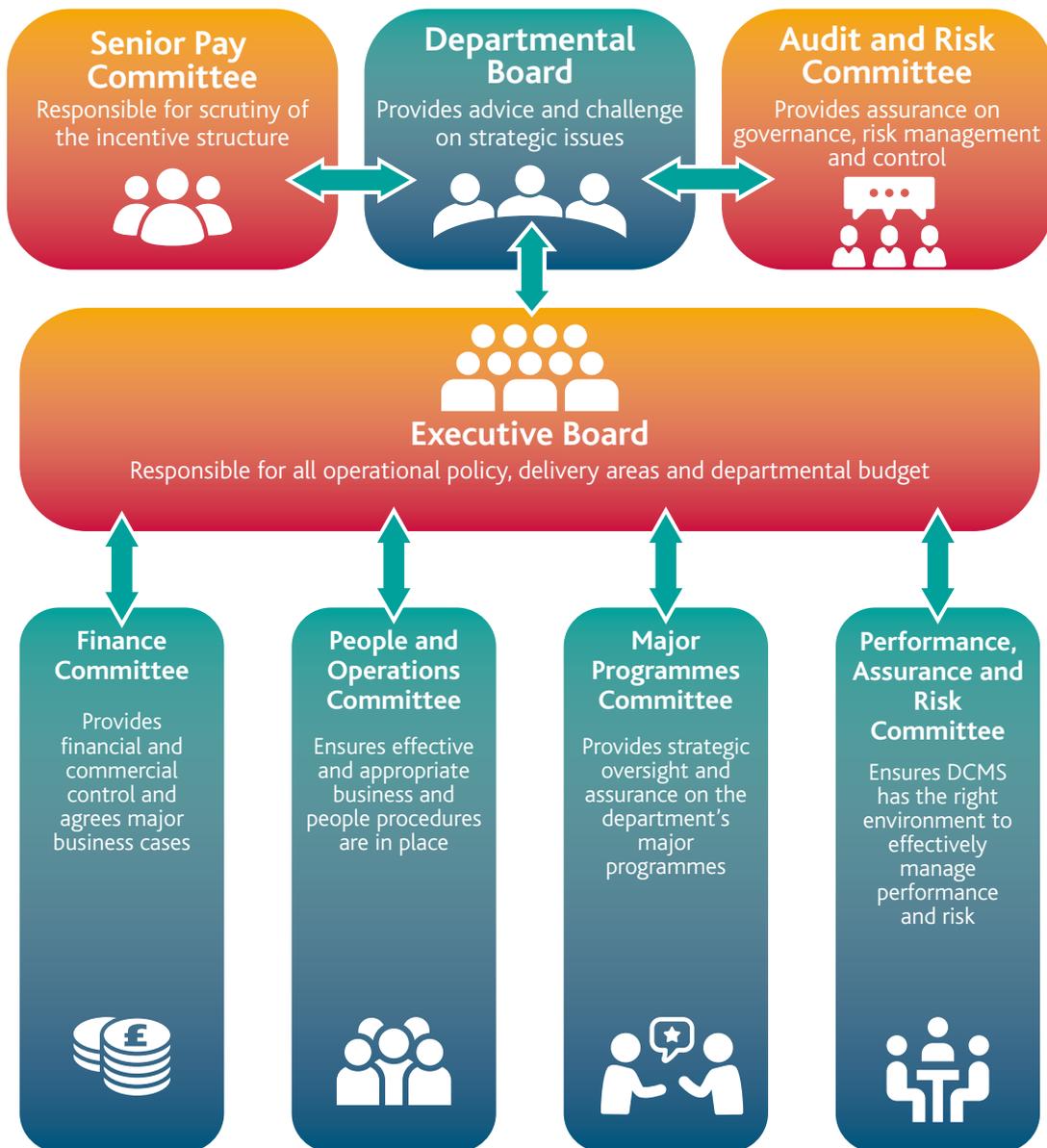
# Governance statement

This statement sets out the department's governance structure, risk management framework and internal control procedures. Throughout 2019-20 significant changes were made to the department's board and committee structure to increase the robustness and efficacy of governance. These sections below reflect current arrangements and outline the improvements made. It also integrates information about the department's public bodies included in the department's consolidated accounts for 2019-20.

## Structure

The diagram below sets out the new streamlined governance structure under the Departmental Board. This applies to the core department, also referred to as 'the department' in this statement.

### Department Board Structure



## Departmental Board (DB)

DB forms the collective strategic and operational leadership of the department. Chaired by the Secretary of State, its members include the ministerial team, Non-Executive Board Members (NEBMs), the Permanent Secretary, Directors General and Finance and Commercial Director. Due to changes within the ministerial team, the DB met twice formally in 2019-20. Where planned meetings did not take place the executive team met with the NEBMs. Its discussions were focussed on strategic risks and opportunities for the department, performance against the SDP and EU exit preparedness.

## Audit and Risk Committee (ARC)

ARC supports DB and the Accounting Officer by providing independent scrutiny, support and challenge of DCMS's arrangements for governance, risk management and control. Chaired by a NEBM (Hemant Patel), it includes the DCMS Lead NEBM (Charles Alexander) and 2 independent members (Phill Wells and Brian Porritt). The Permanent Secretary, Directors General, Finance and Commercial Director, Government Internal Audit Agency (GIAA) and National Audit Office (NAO) all attend meetings. ARC reports to and advises DB on governance, risk management and internal control. Fields Wicker-Miurin chaired ARC until she left the department in January 2020. It met 5 times in 2019-20 and continued to provide advice and challenge on the preparation of the DCMS consolidated annual report and accounts, the National Lottery Distribution Fund (NLDF), strategic risk, the risk management framework, arm's length body assurance processes, EU exit preparedness, Commonwealth Games preparations and both the external and internal audit plans.

## Executive Board (EB)

EB provides the day to day leadership of the department, overseeing delivery in support of ministers' objectives and reviewing budgets across the department. Throughout 2019-20 it met monthly but from the start of 2020-21 it has met fortnightly. It is chaired by the Permanent Secretary and membership comprises the Directors General, Director of Corporate Strategy, Director of Finance and Commercial and Director of People and Workplace. The DCMS Legal Director is also invited to attend.

EB is supported in its decision making by a Shadow

Board with representation of all grades below SCS2. EB also increases transparency through a staff observer programme and regular staff updates via the intranet.

Throughout 2019-20 EB reviewed and changed its membership, increased its frequency of meetings and fundamentally reviewed the number and composition of its committees. At the beginning of 2019-20 DCMS had 9 committees (People Board; Knowledge, Information Management and IT Committee; Major Programmes Committee; Finance Committee; Research and Evidence Board; ALB Risk and Governance Board; Spending Review Steering Committee; EU Exit and Trade Board and EU Exit No Deal Board).

## Executive Board and committees

The diagram above details the new committee structure under EB. The Finance Committee and Major Programmes Committee met throughout 2019-20 and continue to review their own effectiveness. The People and Operations Committee met for the first time in January 2020. Preparatory work was undertaken at the end of 2019-20 to establish the Performance, Assurance and Risk Committee. Ahead of this group's introduction, ARC and EB led on governance in these important areas.

Details of each committee are summarised below:

- **Finance Committee (FC)**  
FC is responsible for reviewing and approving business cases for major projects (including museum loans) with a total whole life cost that either exceeds £15 million or exceeds a public body's delegated limit, where relevant. It is supported by the Investment Sub-Committee. It is chaired by the Finance and Commercial Director.
- **People and Operations Committee (POpCo)**  
POpCo is responsible for creating the right environment for staff development and talent attraction and creating and sustaining the right culture and values for DCMS. It ensures the department has strong policies, processes and systems for HR, IT and knowledge management, and that the department has a modern, dynamic and secure working environment. It is chaired by the Director General for Strategy and Operations.
- **Performance, Assurance and Risk Committee (PARCo)**  
PARCo is responsible for creating an environment that allows DCMS to effectively manage performance and risk across its portfolio of policy

work and projects. It provides assurance that the department's policies, procedures and systems in this area are fit for purpose. It is chaired by the Director General for Digital and Media.

- **Major Programmes Committee (MPC)**  
MPC provides strategic oversight and assurance on the department's portfolio of major programmes/projects. This portfolio primarily consists of projects included in the Government Major Projects Portfolio (GMPP). The committee reviews a pipeline of projects above £15 million at each meeting and decides if any of these need to be added to the portfolio. It is chaired by the Director General for Digital and Media.

## Board performance and effectiveness

The HM Treasury and Cabinet Office Corporate Governance in Central Government Departments: Code of Good Practice requires all departments to undertake an annual board effectiveness evaluation.

In 2019-20 this exercise was focussed on EB and its committees. As described above the new structure is more streamlined. Committees have been merged to ensure that they focus on the most strategic elements of their remits and some will no longer form part of the formal governance structure. The structure also provides greater clarity on responsibilities to ensure that robust decisions are taken at the right level.

As the department continues to evolve in size and scope this structure will be kept under review throughout 2020-21. Work will also be undertaken in 2020-21 on the effectiveness of the DB and ARC.

## Compliance with the Corporate Governance Code

The department fully complies with the HM Treasury and Cabinet Office Corporate Governance Code for central government departments, with the following variations.

- The Senior Pay Committee, which comprises the Permanent Secretary, Lead Non-Executive Board Member, a second Non-Executive Board Member and the Director of People and Workplace, fulfils the role of a Nominations and Governance Committee, primarily to scrutinise the incentive structure
- The Head of Internal Audit attends the ARC rather than the DB and the ARC chair reports risks, issues and an overview of the committee's work at each DB meeting

## Attendance for 2019-20

	DB	ARC	SPC	EB
<b>Number of meetings held</b>	<b>2</b>	<b>5</b>	<b>1</b>	<b>11</b>
<b>Ministers</b>				
The Rt Hon Oliver Dowden CBE MP	0/0	-	-	-
Caroline Dinenage MP	0/0	-	-	-
The Rt Hon John Whittingdale OBE MP	0/0	-	-	-
Baroness Barran MBE	1/1	-	-	-
Nigel Huddleston MP	0/0	-	-	-
Matt Warman MP	1/1	-	-	-
The Rt Hon Baroness Morgan	1/1	-	-	-
The Rt Hon Jeremy Wright QC MP	1/1	-	-	-
Nigel Adams MP	1/1	-	-	-
Margot James MP	1/1	-	-	-
Lord Ashton of Hyde	1/1	-	-	-
Mims Davies MP	1/1	-	-	-
Michael Ellis MP	1/1	-	-	-
Rebecca Pow MP	0/0	-	-	-
Helen Whately MP	1/1	-	-	-
<b>Non-Executive Board Members and Independent Members</b>				
Charles Alexander	2/2	4/5	1/1	-
Hemant Patel	0/0	0/0	0/0	-
Baroness Laura Wylde	0/0	0/0	0/0	-
Neil Mendoza	2/2	-	-	-
Matthew Campbell-Hill	2/2	-	-	-
Sherry Coutu CBE	2/2	-	-	-
Fields Wicker-Miurin OBE	1/2	4/4	1/1	-
Phill Wells	-	4/5	-	-
Brian Porritt	-	5/5	-	-
<b>Executive</b>				
Sarah Healey	1/1	4/5	1/1	11/11
Sam Lister	1/1	3/3	-	7/7
Susannah Storey	1/1	3/3	-	7/7
Scott McPherson	0/0	0/0	-	1/1
Kate Caulkin	-	-	1/1	3/3
Nico Heslop	-	-	-	6/6
Jacinda Humphry	0/1	2/3	-	4/7
Helen Judge	1/1	1/2	-	3/4
Tim Sparrow	1/1	1/2	-	3/4
Anna Wechsberg	-	-	-	4/4
Dame Sue Owen	1/1	0/0	-	0/0
Matthew Gould	1/1	0/2	-	1/2
Yasmin Brooks	-	-	-	2/2
Debra Lang	-	-	-	8/8

'-' denotes individual is not a member of this group or invited to attend. Various individuals were not in position for the full year, this is demonstrated by only showing the total number of meetings they were eligible to attend.

## Non-Executive Board Members

Fields Wicker-Miurin's second term came to an end in January 2020. The department appointed Hemant Patel as a Non-Executive Board Member and ARC chair in March 2020. Hemant brings with him a strong strategic understanding of the department and its role. His technical financial expertise will help ensure that ARC develops and continues to provide constructive challenge, assurance on governance, risk management and control and assurance on the annual report and accounts.

Outside of DB and ARC, Non-Executive Board Members continued to provide advice and challenge across the full range of departmental priorities, work programmes and projects. This included supporting departmental work within the Commonwealth Games programme, the 4th National Lottery license and the inclusive economy unit. Through various forums in 2019-20, the Non-Executive Board Members also advised on the department's EU exit preparations and later in the year on its COVID-19 response strategy.

## Declaration of interests

DB, ARC and EB Members have disclosed a range of interests. Further details can be found at the directorships and significant interests paragraph on page 50.

## Information management

All boards and committees are provided with a range of management information in order to review the department's performance and capability.

Throughout 2019-20 work was undertaken to improve the financial, people and workplace and risk data that is regularly presented to EB. This work was coordinated by the Governance team, who also ensured that guidance on drafting board papers was clear and concise. Provision of the highest quality information is vital to inform discussion and decision making throughout the governance framework. A new Information governance strategy was agreed by EB in 2019.

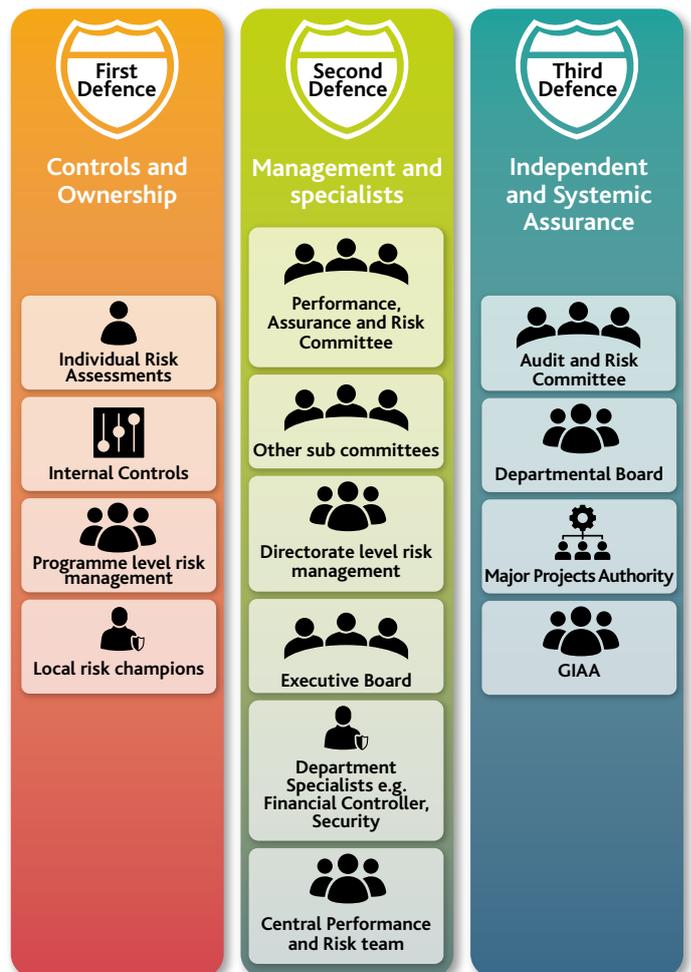
## External reporting

The department provides information, including the Online System for Central Accounting and Reporting returns, to HM Treasury and transparency information,

which is published on data.gov.uk and announced in a Cabinet Office Quarterly Written Ministerial Statement. DCMS and HM Treasury regularly assess the quality of this data, which is also available for public scrutiny. This data is consistent with data provided to the board.

## Approach to risk management in the department

Managing risk is an important part of the Accounting Officer's role in the department. Strategic and work programme level risk is currently discussed at DB, ARC and EB, and features in most sub-committees where appropriate. The department retains 3 lines of defence, as shown in the graphic below:



1. The first line of defence is made up of operational controls and contingencies taken to reduce the risk at first sight.
2. The second line of defence involves the department's risk and assurance professionals across Finance, Security, IT, the central Performance and Risk team, and beyond. EB here acts in an operational capacity on the advice of its committees.
3. The third and final line of defence includes external organisations who provide systematic assurance (eg the GIAA), challenge (eg the Major Projects Authority), and regular third-party oversight (such as through the Non-Executive Board Members on the Audit and Risk Committee). The Departmental Board also sits here as the department's ultimate strategic oversight board.

In addition to these 3 lines the NAO provides general oversight and assurance around the department's risks and controls.

Risks in the department are considered to be anything that may damage or disrupt the achievement of its objectives. These often represent key uncertainties around its objectives.

Throughout 2019-20 strategic and top level risks were monitored through the department's executive risk register, while risks to the SDP objectives were monitored through an internal risk management system, tracked centrally at the work programme level. DB, ARC and EB all used the same executive risk register, while sub-committees of EB used their own registers. The top risks against each of the SDP objectives can be found on page 13.

## Assurance exercises

The assurance exercise was improved in 2019-20. Recommendations from the 2018-19 End of Year assurance exercise included the formation of an assurance working group to make further recommendations and refine existing assurance processes, which the group did throughout 2019-20. While the 2018-19 End of Year exercise surveyed all senior civil servants within DCMS, the mid-year exercise for 2019-20 surveyed only those at Director and Director General level, interviewing 8 Directors and 2 Director Generals.

## Changes to risk management

This was the first year under the new Risk Framework and system, adopted from April 2019. While an audit from the GIAA towards the end of 2019-20 stated that more changes are needed to refine the framework and system in 2020-21, several improvements over the course of the year (such as a straightforward risk escalation system and a simplified executive risk register) have helped make staff more engaged with risk management, particularly with regards to their SDP objectives.

Further improvements around user experience and a greater focus on departmental priorities are to be implemented throughout 2020-21.

## Governance of DCMS's public bodies

DCMS has a large, diverse range of public bodies spanning numerous sectors. Over the financial year 2019-20, DCMS worked with 45 public bodies with a wide span of policy and operational responsibilities.

The department's public bodies are governed by their own independent boards, each with their own separate governance and internal assurance structures, details of which can be found in their individual annual reports and accounts. The 38 bodies consolidated into the department's accounts are all individually reviewed by DCMS as part of the process of preparing the group accounts.

In 2019-20 the department received assurance on risks and delivery within the 38 arm's length bodies through:

- policy colleagues via a sponsorship model
- arm's length bodies' governance statements
- advice and challenge from the Audit and Risk Committee on assurance processes
- a dedicated risk and governance board, which provided assurance to the Executive Board on the department's relationship with its bodies

Public bodies continue to use the department's guidance on Board Performance Appraisals, which was produced in 2016. The requirement to undertake an annual board performance assessment is included within the management agreements for each public body, and informs the process of the potential reappointment of board members.

## Tailored reviews

Under the department's tailored review programme, a tailored review of the operating model for and activities of Historic England and English Heritage was launched in March 2019.

Fields Wicker-Miurin chaired the Challenge Panel for the Tailored Review (TR) of Historic England. TRs provide assurance to the Secretary of State and Cabinet Office ministers of the ongoing need for the functions of a public body, and examine whether the public body continues to contribute to departmental strategic priorities. The Challenge Panel is made up of experts independent of the department and their role is to provide robust assurance of and challenge to the evidence and recommendations of the review. The final report is expected to be published in autumn 2020.

## Appointment to public bodies boards

DCMS ministers appoint, or make recommendations to the Prime Minister or the Sovereign to appoint, the chairs and trustees of the majority of DCMS public bodies. Appointments to 41 of the department's public body boards are regulated by the Commissioner for Public Appointments.

Between 1 April 2019 and 31 March 2020, the department made 88 regulated public appointments. Of these 27 were reappointments and 59 were new appointments, including 2 appointments made by Ministers in exceptional circumstances and approved by the Commissioner for Public Appointments.

44% of new appointments and 52% of reappointments were female. 19% of new appointments and 8% of reappointments were made to people from a Black, Asian and Minority Ethnic (BAME) background. No new appointments were made to candidates declaring disabilities, but 9% of reappointments were made to individuals who declared a disability.

## Managing risks in public bodies

While responsibility for managing their own risks remains with public bodies, the department regularly reviews those public bodies which have the potential to impact on the departmental group. The risk reviews are also used to set the level of departmental engagement with individual public bodies.

In 2019-20 the department initiated a governance review, part of the remit of which was to consider

the operating framework for public body risk and assurance. The internal board in charge of overseeing risk and governance of the department's public bodies met once in 2019-20. This was primarily due to the department surging staff to support EU exit. As a result the Executive Board considered public body management issues and risks directly. Risks were also scrutinised at the Audit and Risk Committee.

The department's public body risk management system is in the process of being rebalanced with more emphasis on risk indicators and evidence. In 2020-21 the new Performance, Assurance and Risk Committee (PARCo) will oversee the management of DCMS core risk. PARCo will be supported by a new Public Bodies Performance and Risk Board, which will provide a more focussed forum to monitor all public body risks and support effective and aligned risk mitigation. This is in addition to established senior and regular engagement via the Partnership Project, which was established in 2019-20 as part of the department's governance review. Once complete, this project will provide further assurance on the operations and resilience of the department's public bodies.

In line with the scope of Accounting Officer responsibility, the department has management agreements with all directly funded arm's length bodies setting out the department's expectations in return for the public funds applied, and associated financial arrangements or accountability lines. Lottery distributors and regulators have similar arrangements relating to their own circumstances.

Accounting Officers of all arm's length bodies are made aware of the 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. During the financial year (or after the year-end and before the department's accounts are signed), all arm's length body accounting officers are required to notify the department of significant internal control weaknesses or issues arising. They must incorporate a governance statement in their accounts. The department takes prompt follow-up action as necessary on any matters identified from these governance statements or notifications. In addition, the arm's length bodies have their own audit committees and the department's Finance and Commercial Director writes to the chairs of these forums requesting disclosure or any matters warranting inclusion in this report.

## General oversight

For those areas significant to the group's accounts, an overview of the governance arrangements is set out below.

## National Lottery

The department is responsible for the architecture of the National Lottery regime and works closely with the Gambling Commission (GC), the independent regulator of the National Lottery licence holder. Amongst other things, the GC monitors and reports on the performance of Camelot (the current licence holder) and enforces the terms of its Section 5 licence. The department maintains oversight of the GC's activities through appropriate controls, including a management statement covering regularity and propriety issues, and through an established series of regular meetings and ad hoc interactions.

The current (third) licence to run the National Lottery is coming to an end in 2023. The GC is running the competition for the next licence and is responsible for awarding the winning bid. The department is responsible for providing oversight to the GC including with regard to the design of the competition and licence.

The amounts raised through the National Lottery for Good Causes are paid into the National Lottery Distribution Fund (NLDF) which is managed and run by staff employed by the department. Lottery monies are independent of government and are distributed by independent lottery distributing bodies. The department implements appropriate controls over lottery distributors, including financial directions, to ensure propriety, regularity and accountability in their handling of lottery monies drawn down. DCMS seeks annual confirmation from all lottery distributors of key systems of internal control in relation to their handling of lottery monies.

DCMS has been closely monitoring National Lottery sales and good cause returns since government measures were put in place to slow down the COVID-19 pandemic

## The BBC

The BBC is established by Royal Charter. Her Majesty the Queen granted the latest Charter at the end of 2016 and it will last until 31 December 2027. The BBC Board has up to 14 members, with the government appointing the chair and four non-executive members for each of the nations. The BBC appoints five non-

executives and four executive members to the board. Neither ministers nor the department have direct responsibility or accountability for the BBC's day-to-day expenditure, nor operational, managerial or editorial decision-making, as these roles are vested in the BBC and its board.

In 2015 the government decided, as part of the new BBC funding settlement, to increase the licence fee in line with inflation for the first five years of the new Charter period. On 1 April 2019, the fee increased from £150.50 to £154.50. The BBC has responsibility for the collection of the licence fee, and the board must ensure that arrangements for the collection of the licence fee are efficient, appropriate and proportionate (as set out in the Charter).

The BBC Board has responsibility for the content of the 2019-20 BBC Annual Report and Statement of Accounts.

## Other

The department also sponsors a number of advisory bodies and committees (5 of which are classified as advisory NDPBs), public corporations and public broadcasting bodies (which have greater levels of independence) and other organisations that receive DCMS grant funding.

## DCMS Group Accounts - points of interest

### Accounts timetable

The timetable for laying the DCMS group accounts has been revised from pre-summer-recess (July) to post-recess. This was due to COVID-19 related challenges encountered with producing accounts and completing audits such that a pre-recess laying date was not feasible. Several other ALBs are also impacted.

### Going concern

Following the impact of COVID-19, and despite significant mitigations, a number of our more commercial public bodies were faced with financial risks which potentially undermined their future operations impacting on their going concern position. On 5 July 2020, the department secured a £1.57 billion financial support package targeted at the arts, culture and heritage sector, which includes access to financial support for eligible public bodies consolidated into these financial statements (see note 26 for further details).

## Emphasis of matter (EOM)

The DCMS group accounts features an EOM paragraph in the audit certificate, relating to:

- Property, Plant and Equipment (PPE), and Right of Use (ROU) assets valuations. This is where a material uncertainty exists in the valuers report arising due to the impact on global financial markets arising from COVID-19.

## British Tourist Authority

The Comptroller and Auditor General issued a qualified audit opinion on regularity (the true and fair opinion was unaffected) on the 2018-19 accounts of the British Tourist Authority (BTA). This was due to irregular expenditure by the BTA on a number of contracts entered into through single tender agreements. These were made without the necessary approvals from DCMS.

## Fraud and error

The department's policy towards fraud, malpractice and corruption is one of zero tolerance, whether in the core department or the public bodies for which it is responsible. The department's fraud policy sets this out in detail, whilst the fraud response plan sets out the arrangements for reporting and responding to fraud. The policy and plan have been reviewed and updated in line with Cabinet Office guidelines.

The main emphasis of the fraud policy is on fraud prevention, achieved through risk assessment, process design informed by awareness of fraud risk, and by keeping staff alert to risks.

DCMS has a Counter Fraud Responsible Officer at EB level who is responsible for ensuring that the department's overall arrangements for managing the risk of fraud are appropriate. They, the Director of Finance and Commercial, are also accountable to the board for the department's performance in countering fraud, bribery and corruption; personally approve the direction of each fraud investigation; ensure that any lessons learned are translated into strengthened departmental controls; and ensure the department undertakes an annual fraud risk assessment exercise.

There is a requirement for all government departments to meet all twelve functional standards of GovS 013 Counter Fraud Functional Standard. DCMS is currently fully compliant according to the Cabinet Office's Counter Fraud Centre of Expertise assessment.

The core department works with its public bodies and the Cabinet Office to ensure they meet the Counter Fraud Functional Standard to warrant a minimum standard to protect their organisations from fraud. They are working together to identify and counter fraudulent activities, and the DCMS lottery bodies operate a Lottery Bodies Forum where they share fraud information and best practice. Through working with the Cabinet Office Counter Fraud Centre of Expertise and supporting public bodies, the core department will continue to strengthen its processes and controls to reduce the risk of fraud. Over the coming year, the department will offer support, training and awareness activities, drawing on the Cabinet Office's expert knowledge.

Where a suspected fraud arises, it must, as a matter of policy, be investigated swiftly and thoroughly to maximise the opportunity to recover funds, and identify options for improving the existing counter fraud arrangements. Across DCMS public bodies, there were a few frauds which affected Exchequer funding. Fraud against lottery funds were also reported to the department.

In 2019-20 there were no reports of fraud in the core department.

Across the department's public bodies there were a small number of suspected fraud activities in 2019-20 that impacted both Exchequer and lottery funding. Public bodies will continue to work with their counter fraud specialists, other lottery bodies and the police on any ongoing investigations and will report their outcomes both to their audit and risk committees and the department as they occur.

GIAA undertook an audit into DCMS oversight of ALB approach to counter fraud. GIAA made a number of recommendations including a more systematic and targeted approach to monitoring and supporting ALBs in reaching the counter fraud functional standards.

## Whistleblowing

The DCMS Whistleblowing Policy, Procedures and Frequently Asked Questions (FAQs) are published on the department's intranet. DCMS has 2 independent nominated officers who staff can approach anonymously to report any concerns they may have about perceived wrongdoings or something that goes against the Civil Service Code (i.e integrity, honesty, objectivity, impartiality). In the 2019 People Survey DCMS obtained a score of 82% for inclusion and fair treatment. In addition 95% of staff reported that they

were aware of the Civil Service Code, 57% knew how to raise a concern under the code, and 75% confirmed they were confident that a raised concern under the Civil Service Code would be properly investigated.

## Core departments and shared services

Following the migration in 2019 of the department's HR and payroll platforms to a single cloud-based HR system the department has been engaged in work to improve the overall data held in systems and process improvements covering both employees and line managers.

Working alongside the Cabinet Office's Global HR Technology Design Standards, improvements have been made to develop new ways of working and payroll improvements.

## Group write-offs

A summary of losses can be found in the Parliamentary accountability disclosures on page 106. During 2019-20, 6 individual losses exceeded £300,000.

## Tax Policy for off-payroll appointees

Tax assurance evidence is sought annually to ensure compliance and where this is not the case, the expectation is that contracts will be terminated. DCMS public bodies have also been asked to provide assurance of compliance with this tax policy. Personal details of all engagements where assurance is requested but not received, for whatever reason, except where the deadline for providing assurance has not yet passed, is sent to HM Revenue and Customs for further investigation.

A summary of the DCMS tax assurance data is available at: <https://www.gov.uk/government/publications/dcms-tax-reporting-data-for-off-payroll-workers-april-2019-to-march-2020>.

## Ministerial directions

A ministerial direction is defined as the occasion where the department's Accounting Officer has presented a formal objection (based on grounds of regularity, propriety, value for money or feasibility) to the proposed action of a minister, and the minister overrules that advice. If a direction is given, the Accounting Officer will no longer be challenged by the Public Accounts Committee as to why they took forward the policy. During 2019-20 there were no instances of a ministerial direction.

## Conflicts of Interest policy and procedure

All members of DB, ARC and EB are required to declare any personal or business interest which may, or may be reasonably perceived (by a member of the public), to influence their judgement in performing their functions and obligations. Where a board member declares a potential conflict at meetings, it is recorded in the minutes and the board member takes no part in the meeting for the duration of that item of discussion.

## Personal data incidents

In 2019-20 there were 14 cases where personal data breaches occurred. Of these, 2 were reported to the Information Commissioner's Office (ICO).

The first ICO report related to a number of sensitive papers having been left on a printer, after it was left unattended. The DCMS colleague who instructed the print job had not realised the printer had run out of paper. The next person who filled the printer tray with paper would have seen the papers continue to print and it is likely this individual then left the papers on top of the printer. The papers sat on the printer for a maximum of one hour before they were discovered and returned to the data subject. The ICO concluded no further action was required.

In another case, a DCMS colleague incorrectly reported the event to the ICO. The matter related to the incorrect use of the cc function when the bcc function should have been used. The email recipients were CEOs of top 100 FTSE companies whose email addresses were publicly known, therefore it was deemed very low risk.

## Accounting Officer System Statement

The department's Accounting Officer System Statement (AOSS) is available at <https://www.gov.uk/government/publications/dcms-accounting-officer-system-statement>.

This statement sets out all of the accountability relationships and processes within the departmental group, including relationships with DCMS public bodies and other delivery partners.

## Internal Audit Annual Report

GIAA complies with Public Sector Internal Audit Standards. Every year, GIAA works with the department's senior managers to plan an annual programme of assurance work, supporting the effective identification and management of key risks across the organisation. GIAA's audit reports and fieldwork from each year then inform the Group Chief Internal Auditor's independent annual opinion. The annual opinion provides the Accounting Officer with independent assurance regarding the adequacy and effectiveness of risk management, control and governance at DCMS during the last financial year.

In his Annual Report and Opinion, the Group Chief Internal Auditor (GCI) provided an overall 'limited' assurance regarding the adequacy and effectiveness of the department's system of internal control over the course of 2019-20. While this is a lower level of assurance to the opinions provided in the previous two years, The GCI noted that there was a positive direction of travel in the latter half of the year. The GCI noted that the department has identified a range of actions to address areas of weakness and that work is underway to drive the required improvements. Recent changes to the senior leadership team have also brought new skills and experience to DCMS, which the GCI highlighted as having a positive impact on the establishment of an effective control environment.

The 2020-21 programme of assurance activity will examine the on-going resilience, effectiveness and (especially) adequacy of the various corporate and operational changes currently under way to improve the consistency and coordination of the Department's operations and the effectiveness of its control activities.

Acknowledging the impact of the COVID-19 pandemic on the department's operations and ways of working, the GCI observed that DCMS has responded well through the rapid design and implementation of a range of sector support schemes to support the UK's response.

## National Audit Office reports

The department's work was the subject to a number of NAO reports in 2019-20, summarised below.

- **Challenges in using data across government.** This report draws together our experience of the main challenges and barriers to better use of data across government.
- **Gambling regulation: problem gambling and protecting vulnerable people.** This report examines the extent to which gambling regulation protects people from gambling-related harms and addresses emerging risks.
- **Investigation into maintenance of the museum estate.** This report sets out the facts about the maintenance of the museums and galleries sponsored by government.

[All DCMS related NAO reports can be accessed here.](#)

## Accounting Officer's Conclusion

I have considered the evidence provided regarding the production of the annual governance statement - including from the department's governance structures, reviews of our public bodies and the independent advice provided by the audit and risk committee. I conclude that the department has satisfactory governance and risk management systems in place with effective plans to ensure continuous improvement.

# Remuneration report

## Core department only

This annual remuneration report is prepared with reference to guidance contained in the annual Employer Pension Notice (EPN 597) issued by Civil Service Pensions (MyCSP) on 4 March 2020. ALBs provide equivalent information in their own accounts where required to do so.

## Remuneration policy

The Prime Minister, following independent advice from the Senior Salaries Review Body, sets the remuneration arrangements for 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.

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

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

The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations. Further information about the work of the Review Body can be found at: <https://www.gov.uk/government/organisations/review-body-on-senior-salaries/about>

## 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: <https://civilservicecommission.independent.gov.uk/>

## Remuneration (including salary) and pension entitlements

The following sections provide details of the remuneration and pension interests of the ministers and most senior management of the department.

### Remuneration (salary, benefits in kind and pensions – subject to audit)

#### Single total figure of remuneration

Ministers	Salary (£)		Benefits in kind (to nearest £100)		Pension benefits (to nearest £1000) <sup>1</sup>		Total (to nearest £1000) <sup>2</sup>	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
The Rt Hon Oliver Dowden CBE MP, Secretary of State for Digital, Culture, Media and Sport from 14 February 2020	8,719 <sup>3</sup>	-	-	-	3,000	-	11,000	-
Caroline Dinenage MP, Minister of State for Digital and Culture from 14 February 2020	4,092 <sup>4</sup>	-	-	-	1,000	-	6,000	-
The Rt Hon John Whittingdale OBE MP, Minister of State for Media and Data from 14 February 2020	4,092 <sup>4</sup>	-	-	-	1,000	-	6,000	-
Baroness Barran MBE, Minister for Civil Society and DCMS from 26 July 2019 <sup>5</sup>	-	-	-	-	-	-	-	-
Nigel Huddleston MP, Minister for Sport, Tourism and Heritage from 14 February 2020 <sup>6</sup>	-	-	-	-	-	-	-	-
Matt Warman MP, Minister for Digital Infrastructure from 26 July 2019	15,240 <sup>7</sup>	-	-	-	4,000	-	19,000	-
The Rt Hon Baroness Nicky Morgan, Secretary of State for Digital, Culture, Media and Sport from 24 July 2019 to 13 February 2020 <sup>8</sup>	60,651 <sup>9</sup>	-	6,200 <sup>10</sup>	-	8,000	-	75,000	-

- The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) less (the contributions made by the individual). The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.
- The total remuneration has been calculated by adding the actual remuneration and expressing this figure to the nearest £1,000. Due to rounding the total may not exactly reflect the declared values in the components of the remuneration, such as salary and pension benefits.
- The full year equivalent is £67,505.
- The full year equivalent is £31,680.
- Baroness Barran undertakes her role as an unpaid Minister.
- Nigel Huddleston undertakes his role as an unpaid Minister.
- The full year equivalent is £22,375.
- From the 13 December 2019, Nicky Morgan was not a Member of Parliament when fulfilling the Secretary of State role.
- The full year equivalent salary was £67,505 from 24 July 2019 to 12 December 2019. From 13 December 2019 the full year equivalent salary was £104,360. Nicky Morgan left under severance terms on 13 February 2020. She received a compensation payment of £16,876.
- A Lords office-holders allowance which was paid from 13 December 2019. The full-year equivalent was £36,366.

Ministers (continued)	Salary (£)		Benefits in kind (to nearest £100)		Pension benefits (to nearest £1000) <sup>1</sup>		Total (to nearest £1000) <sup>2</sup>	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
The Rt Hon Jeremy Wright MP QC, Secretary of State for Digital, Culture, Media and Sport from 9 July 2018 to 24 July 2019	37,527 <sup>11</sup>	48,996 <sup>12</sup>	-	-	6,000	13,000	43,000	62,000
The Rt Hon Matt Hancock MP, Secretary of State for Digital, Culture, Media and Sport to 9 July 2018	-	18,509 <sup>12</sup>	-	-	-	4,000	-	23,000
Nigel Adams MP, Minister of State for Digital, Culture, Media and Sport from 24 July 2019 to 13 February 2020	17,602 <sup>4</sup>	-	-	-	4,000	-	21,000	-
Margot James MP, Minister of State for Digital, Culture, Media and Sport to 18 July 2019	9,527 <sup>4</sup>	31,680	-	-	3,000	8,000	12,000	40,000
Lord Ashton of Hyde, Parliamentary Under Secretary of State to 26 July 2019	23,561 <sup>13</sup>	68,710	11,700 <sup>14</sup>	36,400	- <sup>15</sup>	-	35,000	105,000
Tracey Crouch MP, Parliamentary Under Secretary of State to 1 November 2018	-	18,708 <sup>16</sup>	-	-	-	3,000	-	22,000
Mims Davies MP, Parliamentary Under Secretary of State from 5 November 2018 to 25 July 2019	7,268 <sup>17</sup>	9,261 <sup>17</sup>	-	-	2,000	2,000	9,000	12,000
Michael Ellis MP, Parliamentary Under Secretary of State to 23 May 2019	3,729 <sup>17</sup>	22,375	-	-	1,000	6,000	5,000	28,000
Rebecca Pow MP, Parliamentary Under Secretary of State from 23 May 2019 to 10 September 2019 <sup>18</sup>	6,694 <sup>17</sup>	-	-	-	-	-	7,000	-
Helen Whately MP, Parliamentary Under Secretary of State from 10 September 2019 to 13 February 2020	9,629 <sup>17</sup>	-	-	-	2,000	-	12,000	-

11 The full year equivalent salary was £67,505. Jeremy Wright left under severance terms on 24 July 2019. He received a compensation payment of £16,876.

12 The full year equivalent salary was £67,505.

13 The full year equivalent is £68,710.

14 A Lords office-holders allowance. The full-year equivalent is £36,366.

15 Lord Ashton has opted out of the Parliamentary Contributory Pension Fund (PCPF).

16 The full-year equivalent was £22,375. Tracey Crouch left under severance terms on 1 November 2018. She received a compensation payment of £5,594.

17 The full-year equivalent salary was £22,375.

18 Rebecca Pow opted out of the Parliamentary Contributory Pension Fund (PCPF).

The following tables disclose the remuneration of the Departmental Executives.

**Single total figure of remuneration**

Executives	Salary (£'000)		Bonus payments (£'000)		Benefits in kind (to nearest £100)		Pension benefits (to nearest £1000) <sup>19</sup>		Total (£'000) <sup>2</sup>	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Sarah Healey CB, Permanent Secretary and Accounting Officer from 25 April 2019	150-55 <sup>20</sup>	-	-	-	-	-	190,000	-	340-45	-
Sam Lister, Director on temporary promotion to Director General for Performance and Strategy from 28 August 2019	75-80 <sup>21</sup>	-	-	-	-	-	31,000	-	110-15	-
Scott McPherson, Director General for Volunteering and Civil Society from 17 March 2020 <sup>22</sup>	-	-	-	-	-	-	-	-	-	-
Susannah Storey, Director General for Digital and Media from 19 August 2019	65-70 <sup>23</sup>	-	-	-	-	-	26,000	-	90-95	-
Kate Caulkin, Deputy Director on temporary promotion to Director for People and Workplace from 13 January 2020	20-25 <sup>24</sup>	-	-	-	-	-	27,000	-	45-50	-

19 The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

20 The full-time equivalent salary is £160-165k.

21 The full time equivalent salary is £130-135k.

22 Scott McPherson was remunerated by the Home Office for the period 17 March 2020 to 31 March 2020.

23 Susannah Storey works part-time (0.8 FTE). The full time equivalent salary is £130-135k.

24 The full time equivalent salary is £90-95k.

Executives (continued)	Salary (£'000)		Bonus payments (£'000)		Benefits in kind (to nearest £100)		Pension benefits (to nearest £1000) <sup>19</sup>		Total (£'000) <sup>2</sup>	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Nico Heslop, Deputy Director on temporary promotion to Director Corporate Strategy from 1 October 2019 <sup>25</sup>	45-50 <sup>24</sup>	-	-	-	-	-	18,000	-	60-65	-
Jacinda Humphry, Finance and Commercial Director from 22 July 2019 <sup>26</sup>	40-45 <sup>27</sup>	-	-	-	-	-	14,000	-	55-60	-
Anna Wechsberg, Director Corporate Strategy from 1 September 2019 <sup>28</sup>	55-60 <sup>29</sup>	-	-	-	-	-	22,000	-	75-80	-
Sue Owen DCB Permanent Secretary & Accounting Officer to 23 April 2019	10-15 <sup>30</sup>	180-185 <sup>30</sup>	-	-	-	-	- <sup>31</sup>	- <sup>31</sup>	10-15	180-185
Yasmin Brooks, Director on temporary promotion to Director General for Digital and Media from 20 May 2019 to 24 September 2019	40-45 <sup>32</sup>	-	10-15	-	-	-	44,000	-	90-95	-
Matthew Gould, Director General for Digital and Media to 20 May 2019	15-20 <sup>33</sup>	120-125	-	10-15	-	-	5,000	48,000	20-25	185-190

25 Nico Heslop covered the role of Corporate Strategy Director on a temporary basis in Anna Wechsberg's absence and continued to share the role with Anna on her return.

26 Jacinda Humphry is covering the role of Finance and Commercial Director on a temporary basis in Tim Sparrow's absence. Jacinda was remunerated by HM Treasury between 22 July 2019 and 31 October 2019 and remunerated by DCMS between 1 November 2019 and 31 March 2020.

27 The full time equivalent salary is £105-110k.

28 Anna started the role of Corporate Strategy Director on 29 April 2019 but the role was not a permanent member of the Executive Board until changes to the governance structure and Terms of Reference of the Executive Board on 1 September 2019.

29 Anna had a period of absence which was paid. The full time equivalent salary is £95-100k.

30 This includes a one off payment to compensate untaken annual leave. The full time equivalent salary was £165-170k.

31 Sue Owen was not a contributing member of the Principal Civil Service Pension Scheme during this accounting period.

32 The full time equivalent salary was £115-120k. This includes a Pivotal Role Allowance of £5-10k.

33 The full time equivalent salary was £125-130k.

Executives (continued)	Salary (£'000)		Bonus payments (£'000)		Benefits in kind (to nearest £100)		Pension benefits (to nearest £1000) <sup>19</sup>		Total (£'000) <sup>2</sup>	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Helen Judge, Director General for Performance and Strategy	120-125 <sup>34</sup>	120-125	-	-	-	-	45,000	48,000	165-70	170-175
Debra Lang, Director for People and Workplace to 26 January 2020 <sup>35</sup>	75-80 <sup>36</sup>	85-90 <sup>37</sup>	-	5-10	-	-	39,000	149,000	115-20	245-250
Tim Sparrow, Finance and Commercial Director	85-90 <sup>38</sup>	90-95	-	-	-	-	35,000	36,000	120-25	125-130

## 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. This report is based on accrued payments made by the Department and thus recorded in these accounts. In respect of ministers in the House of Commons, departments bear only the cost of the additional ministerial remuneration; the salary for their services as an MP (£79,468 from 1 April 2019) and various allowances to which they are entitled are borne centrally. However, the arrangement for ministers in the House of Lords is different in that they do not receive a salary but rather an additional remuneration, which cannot be quantified separately from their ministerial salaries. This total remuneration, as well as the allowances to which they are entitled, is paid by the Department and is therefore shown in full in the figures above.

## Non-consolidated performance related pay awards (Bonuses)

The performance management and reward policy for members of the Senior Civil Service (SCS), including board members, is managed within a central framework set by the Cabinet Office. Prior to 2019, the framework capped the number of SCS eligible for a non-consolidated performance related award to 25% of the total number of SCS in the department. This cap was lifted in 2019 and no limit was applied.

SCS non-consolidated pay is agreed each year following Senior Salaries Review Body recommendations, and is expressed as a percentage of the department's total base pay for the SCS. The DCMS Senior Pay Committee is responsible for assessing the relative contribution of individual SCS members and making the final pay decisions. Non-consolidated performance pay is awarded in arrears.

The non-consolidated performance pay included in the 2019-20 figures in the above table relate to awards made in respect of the 2018-19 performance year but paid in the financial year 2019-20. Similarly, the comparable bonuses reported for 2018-19 relate to performance in 2017-18.

34 Shared parental leave started on 19 August 2019. The full time equivalent salary is £120-125k.

35 The role was re-named from Director HR, Organisational Development and Change in June 2019 to account for additional responsibilities.

36 The full time equivalent salary was £90-95k.

37 The full time equivalent salary was £90-95k. A period of unpaid leave was taken.

38 Tim had a period of absence which was unpaid. The full time equivalent salary is £90-95k

## Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the department and treated by HMRC as a taxable emolument. No minister has received living accommodation provided at public expense and chargeable to tax under s163 of the Income and Corporation Taxes Act 1988.

## Pay multiples (subject to audit)

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in DCMS in the financial year 2019-20 was £160-165,000 (2018-19: £180-185,000). This was 3.55 times (2018-19: 4.34) the median remuneration of the workforce, which was £45,722 (2018-19: £42,091).

In 2019-20, one (2018-19: one) employee received remuneration in excess of the highest-paid director. Remuneration ranged from £21,117 to £195,000 (2018-19: £21,467 to £195,000).

Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

	2019-20	2018-19
Band of highest paid Director's total remuneration (£'000)	160-165	180-185
Median total actual remuneration (FTE) (£)	45,722	42,091
Ratio	3.55	4.34

The decrease in the ratio from 2018-19 to 2019-20 can be explained by a change of the most highly paid director and the increase in the median remuneration of the workforce.

## Non-executive board members

Non-executive board member	Remuneration and full year equivalent (£'000)	
	2019-20	2018-19
Charles Alexander (current Chair)	20-25	20-25
Hemant Patel from 19 March 2020	0-5 <sup>39</sup>	-
Neil Mendoza	15-20	15-20
Matthew Campbell-Hill	15-20	15-20
Sherry Coutu	15-20	0-5 <sup>40</sup>
Fields Wicker-Miurin OBE to 10 January 2020	15-20 <sup>39</sup>	20-25

## Pension benefits – ministers (subject to audit)

Minister	Accrued pension at age 65 as at 31 March 2020 (£'000)	Real increase in pension at age 65 (£'000)	CETV at 31 March 2020 (£'000)	CETV at 31 March 2019 (£'000)	Real increase in CETV (£'000)
The Rt Hon Oliver Dowden CBE MP, Secretary of State for Digital, Culture, Media and Sport from 14 February 2020	1	-	11	10	1
Caroline Dinenage MP, Minister of State for Digital and Culture from 14 February 2020	2	-	30	29	1
The Rt Hon John Whittingdale OBE MP, Minister of State for Media and Data from 14 February 2020	5	-	89	87	1
Baroness Barran MBE, Minister for Civil Society and DCMS from 26 July 2019 <sup>41</sup>	-	-	-	-	-
Nigel Huddleston MP, Minister for Sport, Tourism and Heritage from 14 February 2020 <sup>42</sup>	-	-	-	-	-

<sup>39</sup> The full year equivalent is £20-25k.

<sup>40</sup> The full year equivalent was £15-20k.

<sup>41</sup> Baroness Barran undertook her role as an unpaid Minister.

<sup>42</sup> Nigel Huddleston undertook his role as an unpaid Minister.

Minister	Accrued pension at age 65 as at 31 March 2020 (£'000)	Real increase in pension at age 65 (£'000)	CETV at 31 March 2020 (£'000)	CETV at 31 March 2019 (£'000)	Real increase in CETV (£'000)
Matt Warman MP, Minister for Digital Infrastructure from 26 July 2019	-	-	3	-	1
The Rt Hon Baroness Nicky Morgan, Secretary of State for Digital, Culture, Media and Sport from 24 July 2019 to 13 February 2020	4	1	53	44	3
The Rt Hon Jeremy Wright MP QC, Secretary of State for Digital, Culture, Media and Sport from 9 July 2018 to 24 July 2019	12	-	148	142	2
The Rt Hon Matt Hancock MP, Secretary of State for Digital, Culture, Media and Sport to 9 July 2018	-	-	-	21	-
Nigel Adams MP, Minister of State for Digital, Culture, Media and Sport from 24 July 2019 to 13 February 2020	-	-	6	2	2
Margot James MP, Minister of State for Digital, Culture, Media and Sport to 18 July 2019	2	-	26	23	2
Lord Ashton of Hyde, Parliamentary Under Secretary of State to 26 July 2019	-	-	-	-	-
Tracey Crouch MP, Parliamentary Under Secretary of State to 1 November 2018	-	-	-	16	-
Mims Davies MP, Parliamentary Under Secretary of State from 5 November 2018 to 25 July 2019	1	-	7	5	1
Michael Ellis MP, Parliamentary Under Secretary of State to 23 May 2019	1	-	15	14	1
Rebecca Pow MP, Parliamentary Under Secretary of State from 23 May 2019 to 10 September 2019	-	-	-	-	-
Helen Whately MP, Parliamentary Under Secretary of State from 10 September 2019 to 13 February 2020	-	-	2	-	1

## Ministerial pensions

Pension benefits for ministers are provided by the Parliamentary Contributory Pension Fund (PCPF). The scheme is made under statute and the rules are set out in the Ministers' etc. Pension Scheme 2015, available at: <http://qna.files.parliament.uk/ws-attachments/170890/original/PCPF%20MINISTERIAL%20SCHEME%20FINAL%20RULES.doc>.

Those ministers who are Members of Parliament may also accrue a MP's pension under the PCPF (details of which are not included in this report). A new MP's pension scheme was introduced from May 2015, although members who were aged 55 or older on 1 April 2013 have transitional protection to remain in the previous final salary pension scheme.

Benefits for ministers are payable from State Pension age under the 2015 scheme. Pensions are re-valued annually in line with Pensions Increase legislation both before and after retirement. The contribution rate from May 2015 is 11.1% and the accrual rate is 1.775% of pensionable earnings.

The figure shown for pension value includes the total pension payable to the member under both the pre and post 2015 Ministerial pension schemes.

### **The cash equivalent transfer value (CETV)**

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. 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 in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 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.

## Pension benefits – officials (subject to audit)

Executives	Accrued pension at pension age as at 31 March 2020 and related lump sum (£'000)	Real increase in pension and related lump sum as at pension age (£'000)	CETV at 31 March 2020 (£'000)	CETV at 31 March 2019 (£'000)	Real increase in CETV (£'000)	Employer contribution to partnership pension account (nearest £100)
Sarah Healey CB, Permanent Secretary and Accounting Officer from 25 April 2019	35-40 plus a lump sum of 70-75	7.5-10 plus a lump sum of 15-17.5	573	422	122	-
Sam Lister, Director on temporary promotion to Director General for Performance and Strategy from 28 August 2019	20-25	0-2.5	271	244	14	-
Scott McPherson, Director General for Volunteering and Civil Society from 17 March 2020	-	-	-	-	-	-
Susannah Storey, Director General for Digital and Media from 19 August 2019	25-30	0-2.5	329	303	12	-
Kate Caulkin, Deputy Director on temporary promotion to Director for People and Workplace from 13 January 2020	30-35 plus a lump sum of 75-80	0-2.5 plus a lump sum of 2.5-5	510	489	18	-
Nico Heslop, Deputy Director on temporary promotion to Director Corporate Strategy from 1 October 2019	15-20	0-2.5	143	129	6	-
Jacinda Humphry, Finance and Commercial Director from 22 July 2019	40-45 plus a lump sum of 90-95	0-2.5 plus a lump sum of 0	795	761	7	-
Anna Wechsberg, Director Corporate Strategy from 1 September 2019	30-35 plus a lump sum of 55-60	0-2.5 plus a lump sum of 0	536	502	12	-
Sue Owen DCB Permanent Secretary & Accounting Officer to 24 April 2019	-	-	-	-	-	-
Yasmin Brooks, Director on temporary promotion to Director General for Digital and Media from 20 May 2019 to 24 September 2019	25-30 plus a lump sum of 55-60	0 - 2.5 plus a lump sum of 2.5-5	402	371	27	-
Matthew Gould, Director General for Digital and Media to 20 May 2019	50-55	0-2.5	804	799	2	-

Executives (continued)	Accrued pension at pension age as at 31 March 2020 and related lump sum (£'000)	Real increase in pension and related lump sum as at pension age (£'000)	CETV at 31 March 2020 (£'000)	CETV at 31 March 2019 (£'000)	Real increase in CETV (£'000)	Employer contribution to partnership pension account (nearest £100)
Helen Judge, Director General for Performance and Strategy	30-35 plus a lump sum of 55-60	2.5-5 plus a lump sum of 0	597	540	26	-
Debra Lang, Director for People and Workplace to 26 January 2020	40-45 plus a lump sum of 100-105	0-2.5 plus a lump sum of 0-2.5	822	762	25	-
Tim Sparrow, Finance and Commercial Director	20-25	0-2.5	259	226	17	-

## Civil Service pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or **alpha**, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined **alpha**. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: 3 providing benefits on a final salary basis (**classic**, **premium** or **classic plus**) with a normal pension age of 60; and one providing benefits on a whole career basis (**nuvos**) with a normal pension age of 65.

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**, **nuvos** and **alpha** are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into **alpha** sometime between 1 June 2015 and 1 February 2022. All members who switch to **alpha** have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave **alpha**. The pension figures quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the two schemes. 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 salary-related and range between 4.6% and 8.05% for members of **classic**, **premium**, **classic plus**, **nuvos** and **alpha**. 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. Benefits in **alpha** build up in a similar way to **nuvos**, except that the accrual rate is 2.32%. 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 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the appointed provider - Legal & General. 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 0.5% 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**, 65 for members of **nuvos**, and the higher of 65 or State Pension Age for members of **alpha**. The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.

Further details about the Civil Service pension arrangements can be found at the website [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk).

### **The cash equivalent transfer value (CETV)**

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

The figures include the value of any pension benefit in another scheme or arrangement which the 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 in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 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 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

No executives left under agreed terms or were paid compensation for loss of office in 2019-20.

## Ministers

Jeremy Wright left under severance terms on 24 July 2019. He received a compensation payment of £16,876 (gross)<sup>43</sup>. Nicky Morgan left under severance terms on 13 February 2020. She received a compensation payment of £16,876 (gross).

## Special advisers

Alex Jackman left under severance terms on 25 July 2019. He received a compensation payment of £17,500. Lucy Noakes left under severance terms on 25 July 2019. She received a compensation payment of £17,500 and paid back £4,350 when reappointed as a special adviser in October 2019.

Special Advisers are temporary civil servants. In order to improve efficiency, the administration of staff costs for all Special Advisers across government was moved to the Cabinet Office in July 2019, with corresponding budget cover transfers. Special Advisers remain employed by the respective Departments of their appointing Minister.

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<sup>43</sup> The amount paid to Jeremy was £16,248.48 to account for a small overpayment of £627.52 made in his last salary payment from DCMS.

# Staff report

The number of core department senior civil servants by £5,000 paybands:

Payband	Number of Staff (SCS)	
	Headcount 31 March 2020	Headcount 31 March 2019
£65,000-£69,999	0	12
£70,000-£74,999	45	25
£75,000-£79,999	11	9
£80,000-£84,999	7	5
£85,000-£89,999	2	2
£90,000-£94,999	12	13
£95,000-£99,999	3	4
£100,000-£104,999	2	2
£105,000-£109,999	1	0
£110,000-£114,999	1	0
£115,000-£119,999	2	1
£120,000-£124,999	3	5
£125,000-£129,999	0	0
£130,000-£134,999	2	0
£135,000-£139,999	0	0
£140,000-£144,999	0	0
£145,000-£149,999	1	1
£150,000-£154,999	0	0
£155,000-£159,999	0	0
£160,000-£164,999	1	0
£165,000-£169,999	0	1
<b>Total</b>	<b>93</b>	<b>80</b>

## Number of core department civil service staff (or equivalent but excluding contract and agency staff) by band

The grading structure of the department based on full time equivalent (FTE) staff in post:

Grade	FTE payroll staff at 31 March 2020	FTE payroll staff at 31 March 2019
Permanent Secretary	1.0	1.0
Senior Civil Service pay band 3	2.8	2.0
Senior Civil Service pay band 2	20.6	17.0
Senior Civil Service pay band 1	64.9	55.6
Grade A (Upper) (Grade 6)	153.7	127.5
Grade A (Grade 7)	421.4	363.3
Grade B (HEO/SEO)	481.1	435.4
Grade C (EO)	153.3	149.6
Grade D (AO/AA)	5.0	8.0
<b>Total</b>	<b>1,303.8</b>	<b>1,159.4</b>

### Staff loans

Since 1 January 2020, the department has had six employees out on secondment covering a range of grades. None of these appointments were related to EU exit or Covid 19. In order to deal with the staffing needs of EU exit or Covid 19, the department redeployed staff within the department rather than utilising staff loaned from other government departments. In line with guidance on short secondments the department covered the costs of salaries.

## DCMS group staff numbers and related costs (subject to audit)

Staff costs comprise:	2019-20					2018-19	
	Permanently employed staff £'000	Others £'000	Contract and Agency Staff £'000	Ministers £'000	Special Advisers £'000	Total £'000	Total £'000
Wages & salaries	1,492,964	9,771	31,588	193	81	1,534,597	1,477,536
Social security costs	172,334	713	-	21	10	173,078	167,834
Pension costs	428,513	120	-	-	13	428,646	358,165
<b>Total costs</b>	<b>2,093,811</b>	<b>10,604</b>	<b>31,588</b>	<b>214</b>	<b>104</b>	<b>2,136,321</b>	<b>2,003,535</b>
Less: Recoveries in respect of outward secondments	(1,465)	-	-	-	-	(1,465)	(1,313)
<b>Total net costs</b>	<b>2,092,346</b>	<b>10,604</b>	<b>31,588</b>	<b>214</b>	<b>104</b>	<b>2,134,856</b>	<b>2,002,222</b>
<b>Of which:</b>							
Core department	78,012	2,011	6,753	214	104	87,094	73,565
Arm's length bodies	2,014,334	8,593	24,835	-	-	2,047,762	1,928,657
<b>Total Net Costs</b>	<b>2,092,346</b>	<b>10,604</b>	<b>31,588</b>	<b>214</b>	<b>104</b>	<b>2,134,856</b>	<b>2,002,222</b>

Included in total staff costs above are notional costs of £256k (2018-19: £220k) in respect of the salary, social security and pension costs of the Information Commissioner which are paid directly from the Consolidated Fund.

The pension attributable to the BBC PSB Group cannot be separately identified from the wider BBC group pension. Accordingly the pension costs included above include the pension costs for the entire BBC group and therefore inflate the group's staff costs.

In addition to staff costs above £6,926k (2018-19: £5,332k) was charged to capital.

Staff costs include an accrual for holiday pay in accordance with IAS 19 Employee Benefits.

### *Principal Civil Service Pension Scheme (PCSPS)*

'The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) – known as "Alpha" – are unfunded multi-employer defined benefit schemes but the department is unable to identify its share of the underlying assets and liabilities.

The scheme actuary valued the PCSPS as at 31 March 2016. You can find details in the resource accounts of the [Cabinet Office: Civil Superannuation](#).

For 2019-20, employers' contributions of £15,016k for the core department were payable to the PCSPS (2018-19: £9,947k) at one of four rates in the range 26.6% to 30.3% (2018-19: 20.0% to 24.5%) of pensionable earnings, based on salary bands. Group employers' contributions of £88,786k (2018-19: £64,360k) were payable to the PCSPS at rates in the range of 20.0% to 30.3% (2018-19: 20.0% to 24.5%). The Scheme 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 2018-19 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 by the core department were £113k (2018-19: £54k) and by the group were £3,065k (2018-19: £1,557k). These contributions were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and ranged from 8% to 14.75% for the core department and 4% to 17.8% for the Group. Employers also match employee contributions up to 3% of pensionable earnings.

In addition, employer contributions of £4k (2018-19: £4k) for the core department, £158k (2018-19: £139k) for the group representing 0.5% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £10k (2018-19: £12k) for the core department. Contributions prepaid at that date were £nil (2018-19: £nil) for the core department.

For the core department, 2 (2018-19: 1), individuals retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £nil (2018-19: £nil) for the core department. For the group 5, (2018-19: 2) individuals retired early on ill-health grounds.

## Other pension schemes

Employer contributions to other pension schemes by the group in the year amounted to £166,406k (2018-19: £201,485k) (Note 22). A list of these bodies is provided in note 28.

## Average number of persons employed (subject to audit)

The average number of full time equivalent persons employed during the year was as follows:

	2019-20					2018-19	
	Permanently employed staff	Others	Contract and Agency Staff	Ministers	Special Advisers	Total	Total
Staff employed	33,984	148	823	5	1	34,961	34,814
Staff engaged on capital projects	212	1	7	-	-	220	144
<b>Total</b>	<b>34,196</b>	<b>149</b>	<b>830</b>	<b>5</b>	<b>1</b>	<b>35,181</b>	<b>34,958</b>
<b>Of which:</b>							
Core Department	1,218	14	44	5	1	1,282	1,100
Arm's Length Bodies*	32,978	135	786	-	-	33,899	33,858
<b>Total</b>	<b>34,196</b>	<b>149</b>	<b>830</b>	<b>5</b>	<b>1</b>	<b>35,181</b>	<b>34,958</b>

\*The total number of staff employed at the BBC PSB Group is 19,572 (2018-19: 19,231).

The BBC PSB Group is included above within ALBs.

## Staff receivables

As at 31 March 2020, 3,173 employees (31 March 2019: 3,373 employees) of the group were in receipt of advances of travel, housing or other loans which are repayable to the employer of £4,757k (31 March 2019: £5,899k).

## Sickness absence data

Average working days lost = **3.6**

The average working days lost for sickness absence decreased from 3.8 in 2018-19. This remains significantly below the Civil Service average for average working days lost 7.2 at September 2019).

## Expenditure on consultancy

For expenditure on consultancy, refer to Note 4.3 on page 145.

## Staff composition

The number of civil service staff (excluding agency and contractors) expressed as both headcount and full time equivalent of the core department, split between male and female as at 31 March 2020:

Grade	Headcount			FTE		
	Female	Male	Total	Female	Male	Total
Exec Team	6	3	9	5.8	3.0	8.8
Other SCS	43	41	84	40.6	39.9	80.5
Grade A (Upper) (Grade 6)	82	75	157	78.9	74.8	153.7
Grade A (Grade 7)	213	218	431	203.5	217.9	421.4
Grade B (HEO/SEO)	262	228	490	254.3	226.8	481.1
Grade C (EO)	99	59	158	96.3	57.0	153.3
Grade D (AO/AA)	2	3	5	2.0	3.0	5.0
<b>Total</b>	<b>707</b>	<b>627</b>	<b>1,334</b>	<b>681.4</b>	<b>622.4</b>	<b>1,303.8</b>
<b>Percentage of staff</b>				<b>52%</b>	<b>48%</b>	<b>100%</b>

## Reporting of Civil Service and other compensation schemes – exit packages (subject to audit)

Exit package cost band	2019-20					
	Core Department			Departmental Group		
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
Less than £10,000	-	-	-	43	107	150
£10,000 - £25,000	-	4	4	14	125	139
£25,000 - £50,000	-	1	1	3	116	119
£50,000 - £100,000	-	-	-	2	151	153
£100,000 - £150,000	-	-	-	-	78	78
£150,000 - £200,000	-	-	-	-	-	-
More than £200,000	-	-	-	-	-	-
<b>Total number of exit packages</b>	-	<b>5</b>	<b>5</b>	<b>62</b>	<b>577</b>	<b>639</b>
<b>Total cost (£'000)</b>	-	<b>99</b>	<b>99</b>	<b>682</b>	<b>28,020</b>	<b>28,702</b>
<b>Total exit costs paid in year - cash basis</b>						<b>27,266</b>

Included above are 291 other departures with a cost of £20,860k relating to the BBC PSB Group.

Exit package cost band	2018-19					
	Core Department			Departmental Group		
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
Less than £10,000	-	1	1	35	71	106
£10,000 - £25,000	-	-	-	14	96	110
£25,000 - £50,000	-	-	-	6	109	115
£50,000 - £100,000	-	-	-	6	106	112
£100,000 - £150,000	-	-	-	-	51	51
£150,000 - £200,000	-	-	-	-	-	-
More than £200,000	-	-	-	-	-	-
<b>Total number of exit packages</b>	-	<b>1</b>	<b>1</b>	<b>61</b>	<b>433</b>	<b>494</b>
<b>Total cost (£'000)</b>	-	<b>6</b>	<b>6</b>	<b>972</b>	<b>19,570</b>	<b>20,542</b>
<b>Total exit costs paid in year - cash basis</b>						<b>20,358</b>

Included above are 225 other departures with a cost of £13,850k relating to the BBC PSB Group.

### Civil Service Compensation Scheme

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 group has agreed early retirements, the additional costs are met by the group 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.

### Other schemes

Some of the ALBs operate other schemes which are not listed in Schedule I to the Superannuation Act 1972 and may therefore apply different statutory compensation schemes. Full details can be obtained from the individual published accounts of the ALBs.

### Off-payroll arrangements

Information about off-payroll arrangements in DCMS can be found on page 61.

# Parliamentary accountability and audit report

## Statement of Parliamentary Supply

In addition to the Primary Statements prepared under IFRS, the Government Financial Reporting Manual (FRM) requires DCMS to prepare a Statement of Parliamentary Supply (SoPS) and supporting notes to show resource and capital outturn against the Supply Estimate presented to Parliament, in respect of each budgetary control limit.

The SoPS and related notes are subject to audit, as detailed in the Certificate and Report of the Comptroller and Auditor General to the House of Commons.

The SoPS is a key accountability statement that shows, in detail, how an entity has spent against their Supply Estimate. Supply is the monetary provision (for resource and capital purposes) and cash (drawn primarily from the Consolidated Fund), that Parliament gives statutory authority for entities to utilise. The Estimate details supply and is voted on by Parliament at the start of the financial year.

Should an entity exceed the limits set by their Supply Estimate, called control limits, their accounts will receive a qualified opinion.

The format of the SoPS mirrors the Supply Estimates, published on [www.gov.uk](http://www.gov.uk), to enable comparability between what Parliament approves and the final outturn.

The SoPS contains a summary table, detailing performance against the control limits that Parliament has voted on, cash spent (budgets are compiled on an accruals basis and so outturn won't exactly tie to cash spent) and administration.

The supporting notes detail the following:

- Outturn by Estimate line, providing a more detailed breakdown (SoPS 1);
- a reconciliation of outturn to net operating expenditure in the SoCNE, to tie the SoPS to the financial statements (SoPS 2);
- a reconciliation of outturn to net cash requirement (SoPS 3); and
- an analysis of income payable to the Consolidated Fund (SoPS 4).

## Administration and Programme Expenditure and Income

The classification of expenditure and income as administration or as programme follows the definitions set out in the Consolidated Budgeting Guidance issued by HM Treasury. Under the HM Treasury *Simplifying and Streamlining Accounts* project, this split is no longer required in the primary statements.

Administration expenditure reflects the costs of running the department and those ALBs allocated an administration budget in the Spending Round. Some categories of ALBs do not have an administration budget allocation, and they therefore report only programme costs. Programme costs reflect non administration expenditure, and include payments of grants and expenditure on ALBs objectives.

## Charity Income - donations

In the financial accounts, donations of assets and cash (that has been expressly given to purchase an asset) are recognised as income (Note 5.2), but treated as net capital expenditure in the SoPS.

## **Lottery Income**

With HM Treasury agreement and in line with the Supplementary Estimate, the SoPS does not include lottery income. The government's hypothecated income from the National Lottery is reported separately in the National Lottery Distribution Fund, and is not included in budgets. Consequently non-voted lottery expenditure is stated gross of lottery income in the SoPS.

## **BBC Contribution to Broadband**

The BBC PSB Group paid £10m to the core department towards Broadband. However, since the core department pays these monies to the Consolidated Fund, this income is not recognised in the SoPS. The core department's associated expenditure in the Building Digital UK programme is included in the SoPS, and consequently a reconciling item arises between the SoPS and the SoCNE (see SoPS 2).

## **Alignment of income and expenditure**

Timing differences between income and expenditure (and the associated receivable and payable) in the accounts of DCMS Arm's Length Bodies (notably between the Lottery Distributing Bodies and the recipients of lottery grants) can, and do, arise. Where these arise, to avoid income and expenditure being overstated, an adjustment is made to expenditure (and the associated payable) in the DCMS Group accounts.

## Statement of Parliamentary Supply

### Summary of Resource and Capital Outturn 2019-20

Type of spend	SoPS Note	2019-20			2019-20			2019-20			2018-19		
		Voted £'000	Non-voted £'000	Total £'000	Voted £'000	Non-voted £'000	Total £'000	Voted £'000	Estimate £'000	Total £'000	Voted £'000	Estimate, saving/(excess) £'000	Total £'000
<b>Departmental Expenditure Limit (DEL)</b>													
Resource	SOPS 1.1	1,690,014	-	1,690,014	1,905,957	-	1,905,957				215,943	215,943	1,658,493
Capital	SOPS 1.2	550,695	-	550,695	645,640	-	645,640				94,945	94,945	366,165
<b>Total DEL budget</b>		<b>2,240,709</b>	<b>-</b>	<b>2,240,709</b>	<b>2,551,597</b>	<b>-</b>	<b>2,551,597</b>				<b>310,888</b>	<b>310,888</b>	<b>2,024,658</b>
<b>Annually Managed Expenditure (AME)</b>													
Resource	SOPS 1.1	4,184,388	1,110,895	5,295,283	4,271,154	1,218,624	5,489,778				86,766	194,495	4,738,768
Capital	SOPS 1.2	1,017,521	308,721	1,326,242	1,190,398	249,574	1,439,972				172,877	113,730	452,774
<b>Total AME budget</b>		<b>5,201,909</b>	<b>1,419,616</b>	<b>6,621,525</b>	<b>5,461,552</b>	<b>1,468,198</b>	<b>6,929,750</b>				<b>259,643</b>	<b>308,225</b>	<b>5,191,542</b>
<b>Total Budget</b>													
Resource	SOPS 1.1	5,874,402	1,110,895	6,985,297	6,177,111	1,218,624	7,395,735				302,709	410,438	6,397,261
Capital	SOPS 1.2	1,568,216	308,721	1,876,937	1,836,038	249,574	2,085,612				267,822	208,675	818,939
<b>Total Budget Expenditure</b>		<b>7,442,618</b>	<b>1,419,616</b>	<b>8,862,234</b>	<b>8,013,149</b>	<b>1,468,198</b>	<b>9,481,347</b>				<b>570,531</b>	<b>619,113</b>	<b>7,216,200</b>
<b>Non-Budget Expenditure</b>													
Resource	SOPS 1.1	-	-	-	-	-	-				-	-	-
Capital	SOPS 1.2	-	-	-	-	-	-				-	-	-
<b>Total non-budget</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>				<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Budget and Non budget</b>		<b>7,442,618</b>	<b>1,419,616</b>	<b>8,862,234</b>	<b>8,013,149</b>	<b>1,468,198</b>	<b>9,481,347</b>				<b>570,531</b>	<b>619,113</b>	<b>7,216,200</b>
Total Resource	SOPS 1.1	5,874,402	1,110,895	6,985,297	6,177,111	1,218,624	7,395,735				302,709	410,438	6,397,261
Total Capital	SOPS 1.2	1,568,216	308,721	1,876,937	1,836,038	249,574	2,085,612				267,822	208,675	818,939
<b>Total</b>		<b>7,442,618</b>	<b>1,419,616</b>	<b>8,862,234</b>	<b>8,013,149</b>	<b>1,468,198</b>	<b>9,481,347</b>				<b>570,531</b>	<b>619,113</b>	<b>7,216,200</b>

Figures in the areas outlined in thick line cover the voted control limits voted by Parliament. Refer to the Supply Estimates guidance manual, available on [www.gov.uk](http://www.gov.uk), for detail on the control limits voted by Parliament.

### Net Cash Requirement 2019-20

Item	Note	2019-20	2019-20	2019-20	2018-19
Net Cash Requirement	SOPS 3	Outturn £'000	Estimate £'000	Outturn vs Estimate, saving/ (excess) £'000	Outturn £'000
		5,465,573	5,670,205	204,632	5,133,090

### Administration Costs 2019-20

Type of spend	Note	2019-20	2019-20	2019-20	2018-19
Administration costs	SOPS 1.1	Outturn £'000	Estimate £'000	Outturn vs Estimate, saving/ (excess) £'000	Outturn £'000
		215,252	241,469	26,217	205,343

Although not a separate voted limit, any breach of the administration budget will also result in an excess vote.

An analysis of variances between the Estimate and the Outturn is given in SoPS 1 and explanations are provided in the SoPs Commentary on pages 95 to 99.

## SoPS 1. Net Outturn

### SoPS 1.1 Analysis of net resource outturn by Estimate line

Type of spend (Resource)	2019-20										2019-20		2018-19		
	Resource outturn										Estimate		Outturn		
	Administration		Programme				Total				Total inc. virements	Outturn vs Estimate, saving/ (excess)	Total	£'000	
Gross	Income	Net	Gross	Income	Net	Total	Virements	£'000	£'000						
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
<b>Spending in Departmental Expenditure Limit (DEL)</b>															
<b>Voted expenditure</b>															
A	-	-	-	25,761	(42)	25,719					810	27,697		1,978	28,678
B	-	-	-	369,006	-	369,006					(3,687)	452,731		83,725	362,569
C	8,341	-	8,341	108,764	-	108,764					3,758	134,562		17,457	106,827
D	771	(681)	90	934	(80,313)	(79,379)					770	(76,966)		2,323	(77,197)
E	17,849	-	17,849	448,127	-	448,127					3,366	466,486		510	452,905
F	-	-	-	14,409	(9,348)	5,061					(2,063)	5,061		-	7,087
G	13,467	-	13,467	128,737	-	128,737					2,792	143,629		1,425	140,174
H	632	(35)	597	76,696	(26,357)	50,339					34	51,438		502	55,178
I	15,021	-	15,021	57,018	-	57,018					-	83,196		11,157	75,789
J	30,819	-	30,819	20,835	-	20,835					(1,714)	52,968		1,314	68,320
K	5,957	(40)	5,917	70,588	(945)	69,643					402	76,673		1,113	61,628
L	13,948	-	13,948	52,296	-	52,296					(6,081)	71,258		5,014	30,064
M	98,807	(1,209)	97,598	3,135	-	3,135					-	115,971		15,238	86,438
N	-	-	-	-	(16,161)	(16,161)					-	(16,240)		(79)	(6,721)

### SoPS 1.1 Analysis of net resource outturn by Estimate line (continued)

Type of spend (Resource)	2019-20										2019-20		2019-20		2019-20		2018-19		
	Administration					Resource outturn					Estimate		Estimate		Outturn		Outturn		
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net	Total	Virements	Total inc. virements	Total	Estimate, saving/ (excess)	Total	Estimate, saving/ (excess)	Total	Estimate, saving/ (excess)	
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
O Gambling Commission (net)	-	-	-	17,598	-	17,598	-	-	17,598	-	17,598	-	17,598	1,203	8,490	1,203	8,490		
P Office for Civil Society	-	-	-	62,373	(3,901)	58,472	-	-	58,472	-	58,472	-	58,472	43,456	176,310	43,456	176,310		
Q National Citizen Service (net)	11,605	-	11,605	140,118	-	140,118	-	-	151,723	-	151,723	-	151,723	25,917	64,771	25,917	64,771		
R Birmingham 2022 (net)	-	-	-	15,434	-	15,434	-	-	15,434	-	15,434	-	15,434	3,690	17,183	3,690	17,183		
<b>Total voted DEL</b>	<b>217,217</b>	<b>(1,965)</b>	<b>215,252</b>	<b>1,611,829</b>	<b>(137,067)</b>	<b>1,474,762</b>	<b>(137,067)</b>	<b>1,474,762</b>	<b>1,690,014</b>	<b>-</b>	<b>1,690,014</b>	<b>-</b>	<b>1,690,014</b>	<b>215,943</b>	<b>1,658,493</b>	<b>215,943</b>	<b>1,658,493</b>		
<b>Total spending in DEL</b>	<b>217,217</b>	<b>(1,965)</b>	<b>215,252</b>	<b>1,611,829</b>	<b>(137,067)</b>	<b>1,474,762</b>	<b>(137,067)</b>	<b>1,474,762</b>	<b>1,690,014</b>	<b>-</b>	<b>1,690,014</b>	<b>-</b>	<b>1,690,014</b>	<b>215,943</b>	<b>1,658,493</b>	<b>215,943</b>	<b>1,658,493</b>		
<b>Spending in Annually Managed Expenditure (AME)</b>																			
<b>Voted expenditure</b>																			
S British Broadcasting Corporation	-	-	-	3,987,714	-	3,987,714	-	-	3,987,714	-	3,987,714	-	3,987,714	-	3,348,171	-	3,348,171		
T Channel Four Television	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
U Provisions, Impairments and other AME spend	-	-	-	211,575	-	211,575	-	-	211,575	-	211,575	-	211,575	71,522	314,679	71,522	314,679		
V Levy bodies	-	-	-	(14,901)	-	(14,901)	-	-	(14,901)	-	(14,901)	-	(14,901)	15,244	3,518	15,244	3,518		
<b>Total voted AME</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,184,388</b>	<b>-</b>	<b>4,184,388</b>	<b>-</b>	<b>-</b>	<b>4,184,388</b>	<b>-</b>	<b>4,184,388</b>	<b>-</b>	<b>4,184,388</b>	<b>86,766</b>	<b>3,666,368</b>	<b>86,766</b>	<b>3,666,368</b>		
<b>Non-voted expenditure</b>																			
W Lottery grants	-	-	-	1,110,895	-	1,110,895	-	-	1,110,895	-	1,110,895	-	1,110,895	107,729	1,072,400	107,729	1,072,400		
<b>Total spending in AME</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,295,283</b>	<b>-</b>	<b>5,295,283</b>	<b>-</b>	<b>-</b>	<b>5,295,283</b>	<b>-</b>	<b>5,295,283</b>	<b>-</b>	<b>5,295,283</b>	<b>194,495</b>	<b>4,738,768</b>	<b>194,495</b>	<b>4,738,768</b>		
<b>Total resource</b>	<b>217,217</b>	<b>(1,965)</b>	<b>215,252</b>	<b>6,907,112</b>	<b>(137,067)</b>	<b>6,770,045</b>	<b>(137,067)</b>	<b>6,770,045</b>	<b>6,985,297</b>	<b>-</b>	<b>6,985,297</b>	<b>-</b>	<b>6,985,297</b>	<b>410,438</b>	<b>6,397,261</b>	<b>410,438</b>	<b>6,397,261</b>		

Explanations of the variances between the Outturn and Estimate are included in the SoPS Supply Commentary on pages 95 to 99.

## SoPS 1.2 Analysis of net capital outturn by Estimate line

Type of spend (Capital)		2019-20			2019-20			2019-20	2018-19
		Outturn			Estimate			Outturn vs Estimate, saving/ (excess)	Outturn
		Gross	Income	Net	Total	Virements	Total inc. virements		Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Spending in Departmental Expenditure Limit (DEL)</b>									
<b>Voted expenditure</b>									
A	Support for the Museums and Galleries sector	3,790	(1,990)	1,800	7,000	(5,200)	1,800	-	4,477
B	Museums and Galleries sponsored ALBs (net)	230,985	-	230,985	258,631	(4,500)	254,131	23,146	47,297
C	Libraries sponsored ALBs (net)	3,281	-	3,281	4,668	-	4,668	1,387	4,900
D	Support for the Arts sector	4,525	(27)	4,498	318	4,180	4,498	-	3,657
E	Arts and culture ALBs (net)	26,625	-	26,625	26,644	-	26,644	19	34,398
F	Support for the Sports sector	320	(333)	(13)	-	-	-	13	1,600
G	Sport sponsored ALBs (net)	46,034	-	46,034	46,285	-	46,285	251	46,747
H	Ceremonial and support for the Heritage sector	2,055	-	2,055	5,530	(3,475)	2,055	-	510
I	Heritage sponsored ALBs (net)	38,801	-	38,801	27,639	11,162	38,801	-	23,361
J	Tourism sponsored ALBs (net)	365	-	365	286	79	365	-	693
K	Support for the Broadcasting and Media sector	121,758	(752)	121,006	146,413	-	146,413	25,407	114,107
L	Broadcasting and Media sponsored ALBs (net)	75,890	-	75,890	97,004	(2,289)	94,715	18,825	82,317
M	Administration and Research	901	-	901	21,531	-	21,531	20,630	5,080
N	Support for Horseracing and the Gambling sector	-	-	-	-	-	-	-	-
O	Gambling Commission (net)	783	-	783	740	43	783	-	423
P	Office for Civil Society	1,487	-	1,487	2,866	-	2,866	1,379	(3,470)
Q	National Citizen Service (net)	9	-	9	85	-	85	76	23
R	Birmingham 2022 (net)	(3,812)	-	(3,812)	-	-	-	3,812	45
<b>Total spending in DEL</b>		<b>553,797</b>	<b>(3,102)</b>	<b>550,695</b>	<b>645,640</b>	<b>-</b>	<b>645,640</b>	<b>94,945</b>	<b>366,165</b>
<b>Spending in Annually Managed Expenditure (AME)</b>									
<b>Voted expenditure</b>									
S	British Broadcasting Corporation	941,101	-	941,101	1,173,775	(63,147)	1,110,628	169,527	95,496
T	Channel Four Television	76,734	-	76,734	13,587	63,147	76,734	-	-
U	Provisions, Impairments and other AME spend	-	-	-	2,387	-	2,387	2,387	-
V	Levy bodies	(314)	-	(314)	649	-	649	963	(1,640)
<b>Total voted AME</b>		<b>1,017,521</b>	<b>-</b>	<b>1,017,521</b>	<b>1,190,398</b>	<b>-</b>	<b>1,190,398</b>	<b>172,877</b>	<b>93,856</b>
<b>Non-voted expenditure</b>									
W	Lottery grants	308,721	-	308,721	249,574	-	249,574	(59,147)	358,918
<b>Total spending in AME</b>		<b>1,326,242</b>	<b>-</b>	<b>1,326,242</b>	<b>1,439,972</b>	<b>-</b>	<b>1,439,972</b>	<b>113,730</b>	<b>452,774</b>
<b>Total capital</b>		<b>1,880,039</b>	<b>(3,102)</b>	<b>1,876,937</b>	<b>2,085,612</b>	<b>-</b>	<b>2,085,612</b>	<b>208,675</b>	<b>818,939</b>

Explanations of the variances between the Outturn and Estimate are included in the SoPS Commentary on pages 95 to 99.

The total Estimate columns include virements. Virements are the reallocation of provision in the Estimates that do not require parliamentary authority (because Parliament does not vote to that level of detail and delegates to HM Treasury). Further information on virements is provided in the Supply Estimates Manual, available on gov.uk.

The Outturn vs Estimate column is based on the total including virements. The estimate total before virements have been made is included so that users can tie the estimate back to the Supply Estimates laid before Parliament.

## SoPS 2. Reconciliation of Outturn to Net Operating Expenditure

Item	Reference	2019-20 Outturn Total £'000	2018-19 Outturn Total £'000
<b>Total resource outturn</b>	<b>SOPS 1.1</b>	<b>6,985,297</b>	<b>6,397,261</b>
<b>Add:</b>			
Capital grants expenditure	4.2	575,119	616,663
Research & development (capital)		33,900	35,413
<b>Total:</b>		<b>609,019</b>	<b>652,076</b>
<b>Less:</b>			
Income from National Lottery Distribution Fund (NLDF)	5.2	(1,670,814)	(1,505,607)
Charity income (asset donations or cash donations for asset additions)		(87,860)	(66,105)
Capital grants income	5.2	(18,283)	(10,367)
Research & development income (capital)		(11,079)	(11,446)
Property sales - East Village (capital)	5.2	(333)	-
BBC contribution to broadband	SOPS 4.1	(10,000)	(20,000)
<b>Total:</b>		<b>(1,798,369)</b>	<b>(1,613,525)</b>
<b>Other:</b>			
Impact of intra-group transactions crossing budget categories		9,557	393
<b>Total:</b>		<b>9,557</b>	<b>393</b>
<b>Net expenditure in Consolidated Statement of Comprehensive Net Expenditure</b>	<b>SoCNE</b>	<b>5,805,504</b>	<b>5,436,205</b>

As noted in the introduction to the SoPS above, outturn and the Estimates are compiled against the budgeting framework, which is similar to, but different from, IFRS. Therefore, this reconciliation bridges the resource outturn to net operating expenditure, linking the SoPS to the financial statements.

### SoPS 3. Reconciliation of Net Resource Outturn to Net Cash Requirement

Item	Reference	Outturn Total £'000	Estimate £'000	Outturn vs Estimate, saving/ (excess) £'000
<b>Resource outturn</b>	SOPS 1.1	<b>6,985,297</b>	<b>7,395,735</b>	<b>410,438</b>
<b>Capital outturn</b>	SOPS 1.2	<b>1,876,937</b>	<b>2,085,612</b>	<b>208,675</b>
<i>Adjustments for ALBs:</i>				
Remove voted resource and capital		(6,992,457)	(7,426,344)	(433,887)
Cash grant-in-aid	4.1.1	5,090,004	4,960,448	(129,556)
<i>Adjustments to remove non-cash items:</i>				
Depreciation, amortisation and expected credit loss adjustments	4.4	(12,754)	(16,016)	(3,262)
Other non-cash items		(97,620)	-	97,620
Museum loans		409	-	(409)
<i>Adjustments to reflect movements in working balances:</i>				
Increase/(decrease) in receivables		24,843	-	(24,843)
(Increase)/decrease in payables		10,239	138,968	128,729
(Increase)/decrease in lease liabilities		289	-	(289)
Utilisation of provisions	19	2	-	(2)
<b>Total:</b>		<b>(1,977,045)</b>	<b>(2,342,944)</b>	<b>(365,899)</b>
<b>Removal of non-voted budget items:</b>				
Other adjustments - lottery grants		(1,419,616)	(1,468,198)	(48,582)
<b>Total:</b>		<b>(1,419,616)</b>	<b>(1,468,198)</b>	<b>(48,582)</b>
<b>Net cash requirement</b>		<b>5,465,573</b>	<b>5,670,205</b>	<b>204,632</b>

As noted in the introduction to the SoPS above, outturn and the Estimates are compiled against the budgeting framework, not on a cash basis. Therefore, this reconciliation bridges the resource and capital outturn to the net cash requirement.

The Estimate figure shown here for grant-in-aid differs from that presented at Note 4.1.1 as the pro-forma note in the Supplementary Estimate excluded £864k of additional funding to the Gambling Commission for historic pension costs.

## SOPS 4. Income payable to the Consolidated Fund

### SOPS 4.1 Analysis of income payable to the Consolidated Fund

The department acts as principal for any funds payable to the Consolidated Fund in relation to the collection of BBC PSB Group contributions to Broadband.

During 2019-20, £10m was received for BBC PSB Group contributions to Broadband and paid to the Consolidated Fund (2018-19: £20m). This has been included as income in the SoCNE.

In addition to income retained by the department, the following income is payable to the Consolidated Fund:

Item	Outturn Total 2019-20		Outturn 2018-19	
	Accruals	Cash basis	Accruals	Cash basis
	£'000	£'000	£'000	£'000
Amounts to be collected on behalf of the Consolidated Fund				
- 2018-19 income	-	-	20,000	20,000
- 2019-20 income	10,000	10,000	-	-
<b>Total amount payable to the Consolidated Fund</b>	<b>10,000</b>	<b>10,000</b>	<b>20,000</b>	<b>20,000</b>

### SOPS 4.2 Consolidated Fund Income

Consolidated Fund income shown in note SOPS 4.2 above does not include any amounts collected by the department where it was acting as agent for the Consolidated Fund rather than as principal. The amounts collected as agent for the Consolidated Fund (which are otherwise excluded from these group financial statements) were:

	2019-20 £'000	2018-19 £'000
<b>Taxes and licence fees</b>		
Spectrum Management fees: Auction proceeds from the award of 2.3 and 3.4GHz spectrum licences	-	1,370,354
Spectrum Management fees: Wireless Telegraphy Act annual licence fees and charges to Crown spectrum users	303,970	243,646
Sports Grounds Safety Authority licences	9	9
<b>Sub-total: Taxes and licence fees</b>	<b>303,979</b>	<b>1,614,009</b>
<b>Fines and penalties</b>		
Gambling Commission penalties issued	4,266	9,873
Information Commissioner civil monetary penalties issued	2,024	4,764
Information Commissioner fines issued	279	200
<b>Sub-total: Fines and penalties</b>	<b>6,569</b>	<b>14,837</b>
<i>Less:</i>		
Impairment of debts - Information Commissioner penalties	(2,000)	-
<b>Amount payable to the Consolidated Fund</b>	<b>308,548</b>	<b>1,628,846</b>
Balance held at start of year	30,122	5,469
Payments into the Consolidated Fund	(324,588)	(1,604,193)
<b>Balance held on trust at end of year</b>	<b>14,082</b>	<b>30,122</b>

The main income streams collected as agent are:

### Licence Fees

- **Spectrum Management Auction Proceeds** – these are the proceeds of the auction managed by Ofcom in March-April 2018.
- **Spectrum Management Annual Licence Fees** - these are annual licences issued by Ofcom under the Wireless Telegraphy Act (WTA) and charges for Crown use of spectrum. Since December 2017, most of Ofcom's operating costs have been deducted from the amounts remitted to the Consolidated Fund rather than met from Grant-in-Aid funding. The value retained in 2019-20 was £55,774k (2018-19: £56,198k).
- **Sports Grounds Safety Authority (SGSA)** annual licence fees for the certification of football grounds.

### Penalties

- **Gambling Commission penalties issued under the Gambling Act** – these fines have been imposed on online gambling business for failing to put in place effective safeguards to prevent money-laundering and keep consumers safe from gambling-related harm.
- **Civil Monetary Penalties collected by the ICO** - figures for new penalties are shown gross and Civil Monetary penalties written off are shown separately. Write offs are authorised by ICO when the body to which a penalty was issued is confirmed as being in liquidation or when costs of recovery would exceed recoverable amounts. The Privacy and Electronic Communications (Amendment) Regulations 2018 (SI 2018/1189) came into force in December 2018 and have widened the scope of the penalties for serious breaches of regulations. The ICO may now impose financial penalties on an officer of a corporate body, in addition to the company, where such breach occurs as a result of action, or inaction, by the officer in question. There have been no write-offs of penalties in 2019-20 (2018-19: nil).
- **Fines collected by The ICO for non-payment of data protection fees.** The ICO have been granted a new power to fine organisations that fail to register or to renew their fees. Fines range from £400 to £4,000.

The balance held on trust of £14.1m at end of 31 March 2020 comprises:

- £10.0m for WTA and other Spectrum Management fees, of which £10.2m is receivable, and £0.2m was paid in advance by DCMS
- £0.9m in Gambling Commission penalties, all of which is receivable
- £2.9m in respect of ICO Civil Monetary Penalties and interest, all of which is receivable
- £0.3m in respect of ICO fines, all of which is receivable

## Statement of Parliamentary Supply Commentary 2019-20

DCMS sponsors a large and diverse group of arm's length bodies, working under a variety of different accounting frameworks and with a wide range of budgetary complexities. A large proportion of the department's funding is ring-fenced or influenced by external factors e.g. philanthropy, which makes financial risk management particularly challenging.

The commentary that follows relates to the key features of the outturn position as reported in the SoPS and the supporting analysis within SoPS Notes 1.1 and 1.2, and describes the position before virements (allowed budgetary transfers) are applied. Many of these underspends are a result of the numerous policy ring fences that exist and prevent an underspend in one area being used to cover an overspend elsewhere.

### Resource DEL

The voted resource DEL outturn position as reported in these Accounts is £1,690.0m which is £215.9m, or 11.3%, lower than provided in the Estimate (2018-19: £162.5m or 8.9% lower, outturn: £1,658.5m).

Museums and Galleries sponsored ALBs (Line B) shows an underspend of £87.4m:

- £41.1m relates to depreciation below original budget forecasts across a number of ALBs;
- The remaining £46.3m relates to late or restricted donations and pledges, additional income raised from a number of sources including improved trading, investments and exhibitions, as well as operational savings. In addition, the more commercial ALBs operate under budgetary freedoms, which allow them to draw down additional budgetary cover funded by their own reserves, which were not fully utilised in year. Impacts from temporary closure due to the Covid-19 pandemic at the end of the financial year have further added to delays in expenditure which was partially offset by loss of income on exhibitions and projects.

Libraries sponsored ALBs (Line C) shows an underspend of £13.7m:

- £17.5m relates to depreciation budgets being in excess of requirements due to lower asset values following revaluations;
- This is offset mainly by £2.7m higher than forecast expenditure where associated income was recognised as capital grants, and £0.7m lower income than forecast.

Arts and Culture ALBs (Line E) shows an overspend of £2.9m mainly driven by the following:

- £2.0m relates to additional Department for Education funding for Arts Council of England music hubs and teacher pension contributions that were agreed after the Supplementary Estimate;
- £0.8m relates to a one-off transfer for digital licensing which occurred after the Supplementary Estimate.

Support for the Sports sector (Line F) shows an underspend of £2.1m largely driven by additional income received from the Department of Health and Social Care for sport-related activities delivered by Sport England.

Heritage sponsored ALBs (Line I) shows an underspend of £11.2m mostly attributable to:

- £4.4m relating to higher income than forecast (recoverable VAT, endowment fund income),
- £3.9m relating to lower depreciation than forecast;
- £1.9m relating to reserves claims not utilised.

Tourism sponsored ALBs (Line J) shows an underspend of £3.0m:

- Covid-19 resulted in the British Tourist Authority withdrawing or cancelling planned marketing activity scheduled in March.

Broadcasting and Media sponsored ALBs (Line L) shows an underspend of £11.1m, the significant causes are:

- £6.6m relating to depreciation budget in excess of requirements; and
- £2.7m relating to the Information Commissioner's Office (see Line L explanation in Administration section below).

Administration and Research (Line M) shows an underspend of £15.2m, of which:

- £11.2m is an underspend on administration expenditure (see Administration section below).
- The remaining £4.0m underspend covers a number of programme areas, including a skills and inclusion programme, research, ceremonials and a transfer of funding to the National Archives.

Office for Civil Society (Line P) shows an underspend of £42.8m due to funding held to mitigate a potential legal risk which was not subsequently needed.

The National Citizen Service (Line Q) shows an underspend of £25.6m which relates to significantly lower levels of participation numbers than budgeted for.

Birmingham 2022 (Line R) shows an underspend of £3.6m of which £3.7m relates to administration (see Administration section below). This is offset by smaller underspends relating to slippage of planned expenditure due to Covid-19.

## Administration expenditure

The voted administration expenditure outturn as reported in these accounts is £215.3m. There was a total underspend of £26.2m, 10.9% lower than provided in the Estimate (2018-19: £20.6m or 9.1% lower, outturn: £205.3m). The main reasons for the variance are:

Broadcasting and Media Sponsored ALBs (Line L) includes an administration underspend of £9.3m mainly due to:

- £5.8m depreciation where the budget exceeded requirements;
- £2.7m relating to the Information Commissioner's Office, due to £1.8m higher than forecast data protection income and £0.9m attributable to reclassification of a backdated pay accrual to a provision, therefore classified to AME.

Administration and Research (Line M) includes an underspend of £11.2m (see explanation under Resource DEL above). This is driven by:

- underspends on EU exit work (£5.9m);
- lower than forecast depreciation costs (£4.8m);
- lower than expected administrative costs within the core department (£3.9m);
- the above underspends are partially offset by £3.4m of expenditure relating to Birmingham 2022 (Line R) that has been attributed to this estimate line.

Birmingham 2022 (Line R) includes an underspend of £3.7m. This mostly offsets against Administration and Research (Line M), where the administration support costs for Birmingham 2022 have been recorded.

### Resource AME (Voted)

The voted Resource AME outturn as reported in these Accounts is £4,184.4m, which is £86.8m or 2.0% lower than provided in the Estimate (2018-19: £34.1m or 0.9% lower, outturn: £3,666.4m).

BBC (Line S) shows an overspend of £16.3m against a budget of £3,971.4m (2018-19: £69.6m underspend), 0.4% higher than provided at Estimates. This is mainly due to additional non-cash expenditure related to the first year implementation of accounting standard IFRS 16 Leases and valuation movements on derivatives and investment properties.

There is an underspend on 'Provisions, impairments and other AME spend' (Line U) of £87.8m. This is primarily due to:

- excess provision cover of £47.7m for a legal case against the National Citizen Service;
- £17.7m lease impairment cover for Ofcom not utilised, £9.9m excess lease impairment cover for the British Film Institute and £6.9m excess impairment cover for Historic England;
- Across the group a £14.3m underspend is attributable to unutilised depreciation budget cover;
- £23.5m relates to excess budget cover retained centrally to manage risks.

These underspends are partially offset by:

- An overspend of £15.0m related to a revaluation of British Library's St. Pancras site;
- £4.2m relating to unbudgeted provisions;
- An overspend of £13.0m relating to an impairment charge for 100 Parliament Street on adoption of IFRS 16 and recognition of Right of Use assets.

The nature of AME spend is volatile and difficult to predict. Adequate budget cover was provided at the Supplementary Estimate based on best estimates.

The Levy bodies shows an underspend of £15.2m (Line V), which is due to an increase in Horserace Betting Levy Board receipts, due to stronger margins than the prior year, mainly arising from online business.

## Capital DEL

The voted capital DEL outturn as reported in these Accounts is £550.7m, which is £94.9m, or 14.7% lower than provided in the Estimate (2018-19: £81.5m or 18.2% lower, outturn: £366.2m).

Support for the Museums and Galleries sector (Line A) shows an underspend of £5.2m. This largely offsets against an overspend on Support for the Arts sector (Line D), due to a classification difference. The expenditure for the Northern Cultural Regeneration Fund (£4.1m) is included on Estimate Line D, whereas the funding was allocated to Estimate Line A in the Supplementary Estimate.

Museums and Galleries sponsored ALBs (Line B) shows an underspend of £27.6m. This is in part due to an £8.1m underspend arising from budgetary freedoms under which the department's more commercial ALBs operate. This allows them to draw down additional budgetary cover funded by their own reserves which were not utilised to the extent anticipated at the Supplementary Estimate. Of the residual balance, £19.5m is a net effect of capital project movements, including slippage, and higher donations, across a number of museums and galleries.

Support for the Arts sector (Line D) shows an overspend of £4.2m. This largely offsets against an underspend on Support for the Museums and Galleries sector (Line A) - see above.

Ceremonial and support for the Heritage sector (Line H) shows an underspend of £3.5m. This partly offsets against the overspend on Heritage sponsored ALBs (Line I) and is due to a classification difference between Estimate lines.

Heritage sponsored ALBs (Line I) shows an overspend of £11.2m mainly due to higher than anticipated capital grant expenditure (£4.2m) and the classification of £2.4m of IFRS 16 related lease transactions as Capital DEL whereas the budget at the time of the Supplementary Estimate was included as Capital AME (see Capital AME section). A further £3.5m of the overspend offsets against Ceremonial and support for the Heritage sector (Line H) - see above.

Support for the Broadcasting and Media sector (Line K) shows an underspend of £25.4m, the majority of which is due to delivery delays on digital programmes: 5G (£8.9m), 700MHz (£3.4m), Local Full Fibre Networks (£8.9m) and Rural Gigabit Connectivity (£11.4m). These underspends are partially offset by £9.3m of 700MHz funding having been allocated to the Broadcasting and Media sponsored ALBs (Line L).

Broadcasting and Media sponsored ALBs (Line L) shows an underspend of £21.1m, of which £7.9m is due to slippage in the 700MHz project, £2.4m relates to the disposal of assets owned by S4C, and £9.3m relates to funding for 700MHz having been allocated to this line while expenditure has been incurred on Support for Broadcasting and Media (Line K).

Administration and Research (Line M) shows an underspend of £20.6m due to a delayed relocation of the Government Art Collection impacted by landlord delays.

Birmingham 2022 (Line R) shows an underspend of £3.8m, which is due to timing differences between matching capital additions to grant income, and the implementation of IFRS 16 leases.

## Capital AME (Voted)

The voted capital AME outturn as reported in these Accounts is £1,017.5m, which is £172.9m, or 14.5% lower than provided in the Estimate (2018-19: £239.4m or 71.8% lower, outturn: £93.9m).

BBC (Line S) shows an underspend of £232.7m against a budget of £1,173.8m. Of this, £200.3m relates to an unutilised cover for the borrowing and lease requirements of BBC's commercial subsidiaries. The budget cover request was based on the prudent estimate of BBC using the full headroom available. The remainder is mainly due to capital project slippages (£31.0m).

Channel Four Television (Line T) shows an overspend of £63.1m. This is due to £75m of borrowing in order to make sure that the business had access to sufficient liquidity during the COVID-19 crisis, partially offset by delays on new lease expenditure.

Provisions, impairments and other AME spend (Line U) shows an underspend of £2.4m. This relates to IFRS 16 lease adjustments budgeted in Capital AME whereas the actual spend is classified as Capital DEL (see explanation on Line I - Capital DEL).

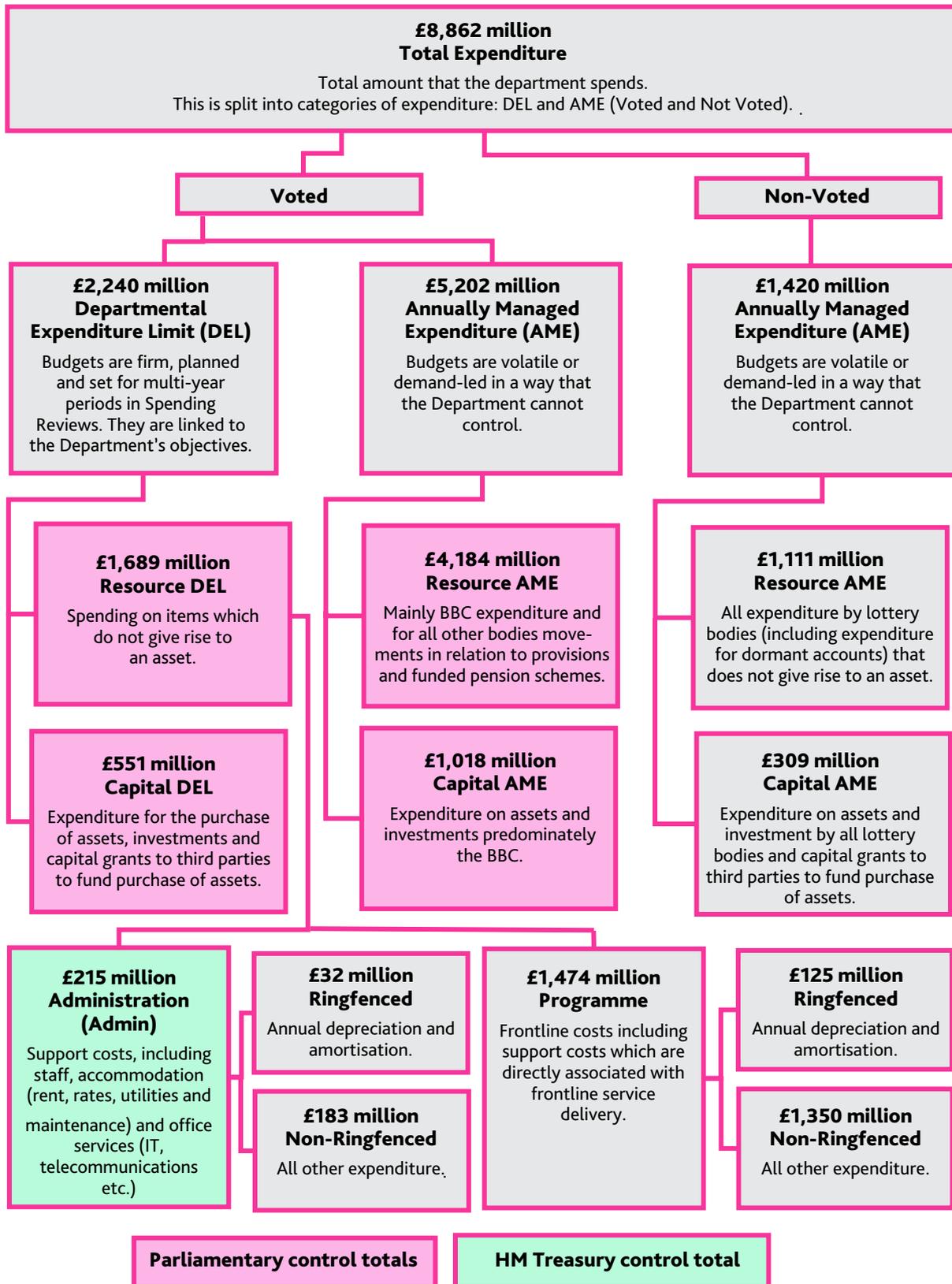
## Non-voted resource and capital expenditure (AME)

This relates to the Lottery Distributing Bodies only. The non-voted resource AME expenditure and the non-voted capital AME expenditure as reported in these Accounts is £1,110.9m and £308.7m respectively.

Non-voted resource outturn on Lottery grants was £107.7m lower (2018-19: £9.5m lower) than estimated; and capital outturn was £59.1m higher (2018-19: £26.7m lower) than estimated. The nature of Lottery grant-making is variable, demand led and makes forecasting challenging, which is recognised by its classification within the AME budget.

# Financial Review

Each year Parliament approves the total funds available to the department to spend against specific objectives (within agreed budgetary limits). It is against these limits that the department, as guided by HM Treasury's spending control framework, is held accountable for its performance and the use of taxpayers' funds. The diagram below explains the different budgets managed by the department, their purpose and the outturn:

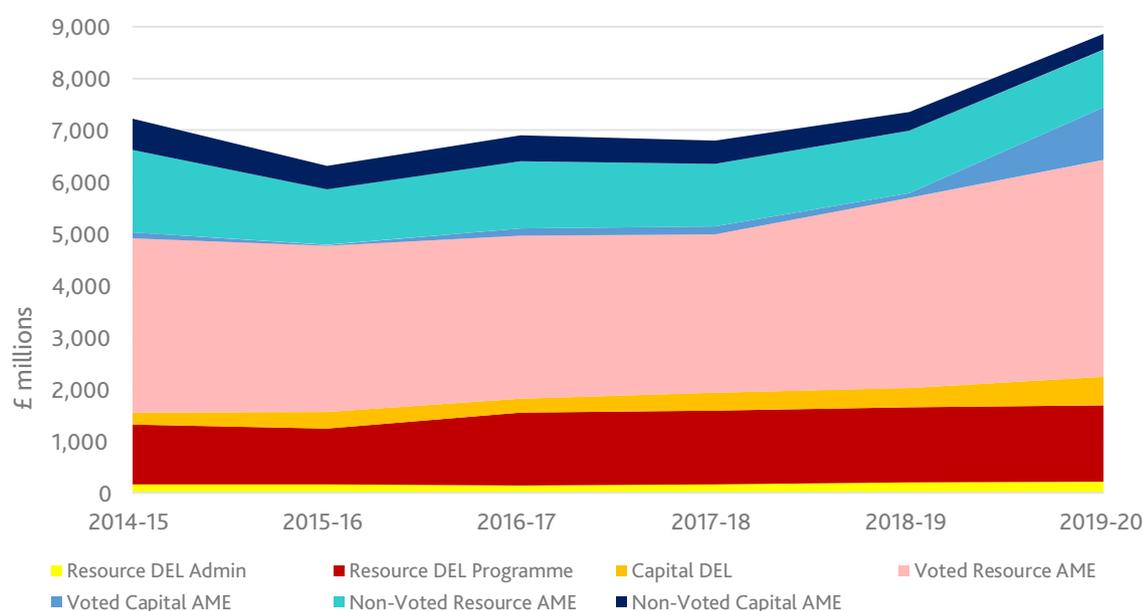


## Trends in Total Expenditure over the last six years

The table below<sup>44</sup> shows the Department's outturn by budget type for current and prior years:

Type of spend	2014-15 outturn £m	2015-16 outturn £m	2016-17 outturn £m	2017-18 outturn £m	2018-19 outturn £m	2019-20 outturn £m
<b>Voted DEL</b>						
Resource DEL Admin	213	211	192	190	206	215
Resource DEL Programme	1,163	1,082	1,407 <sup>45</sup>	1,427	1,453	1,475
Capital DEL	228	328	275	351	366	551
<b>Total Voted DEL</b>	<b>1,604</b>	<b>1,621</b>	<b>1,874</b>	<b>1,968</b>	<b>2,025</b>	<b>2,241</b>
Non-Voted Resource DEL Admin	(53)	(52)	(50)	(33)	-	-
<b>Total Voted and Non-Voted DEL</b>	<b>1,551</b>	<b>1,569</b>	<b>1,824</b>	<b>1,935</b>	<b>2,025</b>	<b>2,241</b>
<b>Voted AME</b>						
Resource AME	3,363	3,201	3,139	3,051	3,666 <sup>46</sup>	4,184 <sup>47</sup>
Capital AME	118	20	141	156	94	1,017 <sup>47</sup>
<b>Total Voted AME</b>	<b>3,481</b>	<b>3,221</b>	<b>3,280</b>	<b>3,207</b>	<b>3,760</b>	<b>5,201</b>
<b>Non-Voted AME</b>						
Resource AME	1,594	1,070	1,295	1,214	1,072	1,111
Capital AME	602	454	504	449	359	309
<b>Total Non-Voted AME</b>	<b>2,196</b>	<b>1,524</b>	<b>1,799</b>	<b>1,663</b>	<b>1,431</b>	<b>1,420</b>
<b>Total Voted and Non-Voted AME</b>	<b>5,677</b>	<b>4,745</b>	<b>5,079</b>	<b>4,870</b>	<b>5,191</b>	<b>6,621</b>
<b>Total Expenditure</b>	<b>7,228</b>	<b>6,314</b>	<b>6,903</b>	<b>6,805</b>	<b>7,216</b>	<b>8,862</b>

### Total Voted and Non-Voted Expenditure by budget type:



44 All figures are presented as reported in the Statement of Parliamentary Supply in those years' accounts. They have not been adjusted for any restatements arising from non-budgetary prior period adjustments, Machinery of Government changes or errors.

45 Includes £256m for Office for Civil Society not included in prior years (Machinery of Government Change transfer from the Cabinet Office).

46 This increase in Resource AME is largely attributable to the BBC (£320m), mainly due to the decrease in income received from DWP for over 75 TV licences, and increased expenditure relating to sports (FIFA World Cup, Commonwealth Games) and music (The Biggest Weekend, BBC Sounds). In addition, Ofcom accounts for £232m, being the creation of a provision in respect of the Annual Licence Fee legal case (see note 4.5)

47 The increase in Resource and Capital AME is largely attributable to the implementation of IFRS 16 (BBC being a major component)

# Statement of Financial Position Commentary

## DCMS Group Statement of Financial Position: Assets

The table below shows material asset classes included in the Statement of Financial Position.

Statement of Financial Position	2017-18 £'000	2018-19 £'000	2019-20 £'000	2017-18 % of assets	2018-19 % of assets	2019-20 % of assets
<b>Assets</b>						
Property, plant and equipment	7,126,583	7,310,330	6,447,046	46%	47%	41%
Right of use assets	-	-	1,401,950	0%	0%	9%
Heritage assets	1,506,055	1,644,230	1,747,102	10%	11%	11%
Non-current and current receivables	1,483,722	1,182,564	1,261,083	10%	8%	8%
Investment properties	196,781	198,741	33,001	1%	1%	1%
Inventories	191,301	181,614	172,163	1%	1%	1%
Cash and cash equivalents	2,318,248	2,195,426	2,017,498	15%	14%	13%
Other assets	2,706,238	2,793,294	2,536,938	17%	18%	16%
<b>Total assets</b>	<b>15,528,928</b>	<b>15,506,199</b>	<b>15,616,781</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Whilst the percentage split across asset classes has been consistent across the years, the year on year variances are a result of a number of different factors for each asset class, most notably the adoption of IFRS 16.

### 1. Property, plant and equipment (PPE)

The most significant reasons for the decreasing value of PPE are:-

- The adoption of IFRS 16 in the current year has resulted in assets totalling a net book value of £1,064m being transferred from PPE into the new Right of Use assets category at the start of the year. These are assets held under finance leases that were previously disclosed under this heading but have been transferred to the new heading under IFRS 16.
- Land and buildings upward revaluations of £100m in 2019-20 (2018-19: upward revaluations of £223m) - this is largely due to upward estate valuations of £34m at the BBC, £29m at the Victoria and Albert Museum (notably in relation to its Here East development), £24m at the British Museum and £16m at the Natural History Museum. This has been partially offset by a downward valuation of £33m at the Tate Gallery due to an independent valuation of the whole portfolio at the year end.

Additions in the year were £213m (2018-19: £260m) which were offset by a depreciation charge in year of £238m (2018-19 £279m). £72m relate to assets under construction by the museums that have been undertaking various capital projects during the year. A high proportion of the additions (£88m) and the depreciation charge (£88m) for the year relates to the BBC.

Of the total PPE, the Museums and Galleries hold £5.6bn (2018-19: £4.7bn) whilst the BBC holding is £0.6bn (2018-19: £1.4bn) and the British Library holding is £0.9bn (2018-19: £0.9bn).

## 2. Right of use assets (ROU assets)

Following the adoption of IFRS 16 during the year, most assets previously held under operating leases have now been capitalised and put onto the balance sheet. Furthermore, assets held under finance leases have been reclassified to this heading too. As a result, there are no comparatives for prior years.

Most of the movement in the year is due to the transfer from PPE (£1,064m) along with the initial recognition of ROU assets at the start of the year (£712m).

Additions in the year were £837m relating mainly to £705m by the BBC and £119m by the Victoria & Albert Museum's Here East development. These were offset by downward revaluations of £403m by the BBC and impairments of £609m split between £437m for the BBC (IFRS 16 adoption related), £108m impairment of 100 Parliament Street lease for DCMS core and £64m of the Victoria & Albert Museum's Here East development.

Of the total ROU assets, the Museums and Galleries hold £0.2bn and the BBC holding is £1.0bn.

## 3. Heritage assets

The DCMS Group is tasked with preserving the Nation's heritage and are therefore custodians of a large number of heritage assets, which are held for their contribution to knowledge and culture. Many of the heritage assets (notably those held at March 2001) have not been valued, since the costs of doing so are not commensurate with the benefits.

The year on year increase in the value of heritage assets is attributable to additions (often funded by cash donations to fund acquisition), donations and upward revaluations.

The majority of heritage assets are not depreciated as the length of their expected useful economic life is considered close to infinite. As a result, the expectation is that the value of DCMS' holding of heritage assets will continue to increase year on year. In addition to the museums and galleries holding of £1.3bn (2018-19: £1.2bn), heritage assets are also held by Arts Council England, the British Library, Historic England and the core department.

## 4. Non-current and current receivables

Most balances under this heading are comparable to prior years with the main components being prepayments (£566m) and other receivables (£456m). The majority of the receivable balances are due to the BBC (£859m) and accounts for most of the £79m of the increase in these balances. £196m of the overall increase being due to the adoption of IFRS 16 in the BBC, where an investment property (previously party to sub-leasing arrangements) was reclassified as a lease receivable, increasing non-current receivables. This has been offset by reductions in receivable balances in the remainder of the group.

## 5. Investment properties

The BBC holds £3m of the group's Investment Property (2018-19: £176m) and accounts for all of this fall following a revaluation of these properties and the adoption of IFRS 16. The remainder is held by the British Museum at £30m and has seen an upward revaluation of £8m during the year.

## 6. Inventories

The BBC holds the majority of the group's inventories. This relates to programmes that either are in production or have not been aired yet.

## 7. Cash

£1.1bn of the group cash balance (2018-19: £1.2bn) was held by Lottery Distributing Bodies (in the National Lottery Distribution Fund) and as such is only available to fund lottery grants (see payables below).

## 8. Other assets

The BBC holds the majority of the Group's other assets. This primarily relates to the BBC's investments in subsidiaries of £1,293m which decreased by £318m during the year, accounting for the majority of this fall from prior year. There are also derivatives and other loans held by it to its subsidiaries totalling £663m, which have increased by £40m from prior year.

### *DCMS Group Statement of Financial Position: Liabilities*

The table below shows material liability classes included in the Statement of Financial Position.

<b>Statement of Financial Position</b>	<b>2017-18 £'000</b>	<b>2018-19 £'000</b>	<b>2019-20 £'000</b>	<b>2017-18 % of liabilities</b>	<b>2018-19 % of liabilities</b>	<b>2019-20 % of liabilities</b>
<b>Liabilities</b>						
Non-current payables	(2,560,737)	(2,332,872)	(1,313,191)	38%	36%	20%
Current payables	(2,755,139)	(2,510,446)	(2,486,643)	41%	38%	37%
Lease liabilities	-	-	(2,187,018)	0%	0%	33%
Provisions	(173,976)	(481,834)	(243,090)	3%	7%	3%
Pensions	(716,840)	(704,221)	98,246	10%	11%	-1%
Other liabilities	(520,393)	(553,224)	(563,833)	8%	8%	8%
<b>Total liabilities</b>	<b>(6,727,085)</b>	<b>(6,582,597)</b>	<b>(6,695,529)</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

## 9. Non-current and current payables

Non-current payables reflect the fact that many of the Lottery Distributing Bodies grants payable are used to fund projects that take several years to complete.

Of the total current payables, £1.1bn (2018-19: £1.3bn) relates to the Lottery Distributing Bodies (LDBs), whilst these same bodies' share of non-current payables is £1.3bn (2018-19: £1.4bn). Current payables of LDBs are generally covered by their cash holdings (see 7 above).

The remainder of the decrease from prior year is due to the adoption of IFRS 16 that has resulted in obligations under finance leases now being reported under the Lease liabilities heading.

## 10. Lease liabilities

The adoption of IFRS 16 during the year has meant that obligations under finance leases have been reclassified to this heading. Furthermore, the initial recognition of ROU assets at the start of the year (£712m) and additions during the year (£837m) as mentioned in 2 above, have contributed to the increase in this balance.

The main components of this balance are the BBC (£1,756m), DCMS core department (£131m) and the Victoria & Albert Museum (£120m).

## 11. Pensions

The most significant element of the change in net retirement benefit obligations largely relates to the BBC, which has decreased by £777m following the accounting valuation of the pension scheme at 31 March 2020, along with £8m decreases in the British Tourist Authority and UK Sport.

## 12. Other liabilities

The balance relates almost entirely to the BBC. The increase of £11m primarily relates to a £14m value-in-kind contract signed by the Birmingham Organising Committee for the 2022 Commonwealth Games that has partially offset by a downward revaluation of the BBC's derivatives, due to the financing of New Broadcasting House.

## Parliamentary accountability disclosures

Regularity of expenditure (this section is subject to audit).

### Losses

	Core department		Departmental group	
	Cases	Amount	Cases	Amount
		£'000		£'000
<b>2019-20</b>	3	2,143	371	11,499
<b>2018-19</b>	2	152	325	978

Details of losses over £300k for 2019-20:

The Core Department incurred a constructive loss of £2,141k paid to the British Board of Film Classification for their services as the designated regulator for age verification checks on pornography websites. The scheme to introduce age verification checks has been cancelled.

The National Lottery Heritage Fund made losses of £691k from writing off two grants in relation to the Dunkirk Little Ships Restoration Trust. Following a change in management at the berthing site, the grantee was advised that the restored boat – the steam tug Challenge - must leave the port by September 2019. The Fund agreed to waive clawback so the grantee could afford to maintain the boat until it was sold.

The BBC has recognised a loss of £7,230k in relation to the cancellation of an IT project relating to customer management services. The decision was taken to end the programme at the end of the implementation planning stage as the full cost of the project was not deemed to be best value for money for the Licence Fee payer.

The British Tourist Authority (BTA) incurred a loss of £496k in relation to cancellation charges for media services contracted through OMD, a worldwide media agency. Due to disruption of the travel sector caused by the Covid-19 pandemic at the end of the financial year, BTA decided to adjust their existing paid media activity. OMD were instructed to try and negotiate BTA out of any cancellation charges with the media owners. They were successful in all but three cases and therefore BTA had to pay these cancellation charges in the year. This expenditure has been recognised in 2019-20.

BTA incurred a loss of £1,190k in relation to a property at 3 Grosvenor Gardens. This reflects the difference between the rent payable to the landlord and rent agreed with the tenant, under the terms of the lease contract, between 2017 and 2024.

### Special Payments

	Core department		Departmental group	
	Cases	Amount	Cases	Amount
		£'000		£'000
<b>2019-20</b>	-	-	59	3,732
<b>2018-19</b>	1	108	74	1,593

Details of special payments over £300k for 2019-20.

Following the administration of The Challenge and the ensuing legal proceedings, it was agreed with both DCMS and HMT that NCS Trust would pay an amount of £2.8m to settle all outstanding claims. NCS Trust believe these costs are in line with the amount The Challenge may have claimed as irrecoverable costs for unfulfilled places.

## Gifts

There were no gifts made by the group that were in excess of £300k for 2019-20 or 2018-19.

The Government Art Collection (GAC) received a pledge of a gift last year of £500k from Sybil Robson Orr and Matthew Orr, which will be paid over the next ten years (the first payment was in 2018-19). This is to be used to fund the 10Ten Project which is a collaboration between the GAC and Outset Contemporary Art Fund through which a British artist will be commissioned to create a unique image to become a limited edition print of 30, 15 of which will be accessioned to the GAC. From the remaining 15 prints, 11 will be available for purchase via Outset Contemporary Art Fund to support GAC acquisitions.

The British Film Institute (BFI) received a gift in kind of advertising for London Film Festival from the Time Out Publishing Group in 2019-20, with an estimated value of £360k.

The BFI also received accommodation discounts from Mayfair Hotels for the London Film Festival amounting to £337k.

## Remote contingent liabilities

### Remote contingent liabilities arising through financial guarantees, indemnities and letters of comfort – Quantifiable

Details of contingent liabilities as defined by IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* are included in the financial accounts (see note 24).

In addition, the department has entered into the following quantifiable guarantees or indemnities. None of these are contingent liabilities within the meaning of IAS 37 since the likelihood of a transfer of economic benefit in settlement is too remote.

Managing Public Money requires that the full potential costs of such contracts be reported to Parliament, details of these costs are reproduced in the table below.

	1 April 2019 £m	Increase/ (Decrease) in year £m	Liabilities crystallised in year £m	Obligation expired in year £m	31 March 2020 £m	Amount reported to Parliament by Departmental Minute £m
<b>Guarantees</b>						
Borrowing facility for Historic Royal Palaces	4.0	-	-	-	4.0	4.0
<b>Indemnities</b>						
Government Indemnity Scheme	6,576.7	1,272.9	=	=	7,849.6	7,849.6
Artworks on loan from the Royal Collection	1,924.1	(1,621.4)	=	=	302.7	302.7
Artworks on loan to the Government Art Collection	2.1	9.5	=	=	11.6	-
<b>Totals</b>	<b>8,506.9</b>	<b>(339.0)</b>	<b>=</b>	<b>=</b>	<b>8,167.9</b>	<b>8,156.3</b>

## *Guarantees*

On 13 May 2020, HM Treasury also approved a further guarantee to underpin a new £26.0m borrowing facility for HRP. The guarantee is for 80% of borrowing up to £20.8m. This will be available for a period of two years from the date the facility is agreed with the bank.

## *Indemnities*

The Government Indemnity Scheme (GIS) indemnifies lenders to museums, galleries and other institutions in the UK when mounting exhibitions or taking long-term loans for either study or display. It is a statutory liability totalling £7.8bn (2019: £6.6bn).

The change in contingent liabilities arising from these indemnity schemes is driven by the number and value of the works of art on loan and those on long term loan, which changes from year to year. The increase of £1.2bn is attributable to a net increase in loans to the Royal Academy of £1.4bn which had an exceptionally large balance at 31 March 2020.

The GIS indemnities reported here exclude loans to Scottish and Welsh museums, the indemnities for which are issued in the name of the Scottish and Welsh Ministers respectively.

There are also non-statutory liabilities for indemnities granted in respect of works of art on loan from the Royal Collection totalling £302.7m (31 March 2019: £1,924.1m).

There is also an indemnity scheme amounting to £11.6m for items on loan to the Government Art Collection (31 March 2019: £2.1m). The change in contingent liabilities arising from these indemnity schemes is driven by the number and value of the works of art on loan, which changes from year to year.

## *BT pension scheme*

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. Following High Court and Court of Appeal proceedings on the terms and scope of the Crown Guarantee, which would only apply if BT were to enter insolvent winding-up, the contingent liability is approximately the size of the BT pension scheme (BTPS) deficit. The last triennial actuarial valuation of the pension scheme as at 30 June 2017 valued the deficit at £11.3bn. BT has closed the BTPS for future accruals of benefit from 1 June 2018, as a result the liabilities covered by the Crown guarantee will be limited to those relating to benefits accrued before that date (together with indexing and any legally-required increments). These liabilities remain with BT plc and so legislation is no longer required on the scope of the guarantee. The contingent liability largely consists of the considerable deficit on the BTPS fund but, providing BT takes steps to reduce that, possible growth in the liability should now be limited.

## *British Tourist Authority (BTA) pension guarantee*

The BTA, trading as VisitEngland and VisitBritain, has operated a defined benefit pension scheme for the benefit of its employees since it was created by the Development of Tourism Act 1969. To ensure a strong covenant rating and avoid a substantial increase in the BTA's annual contributions to service the scheme, the government has issued a guarantee to cover the shortfall between the scheme's assets and its liabilities should the BTA close down. The shortfall is currently estimated at £2m in today's prices and this is likely to decrease with time because the BTA section of the scheme was closed to future benefit accrual on 31 March 2020.

## *Letters of Comfort*

The department does not have any quantifiable letters of comfort.

## Unquantifiable remote contingent liabilities

The group has entered into the following unquantifiable contingent liabilities by offering guarantees, indemnities or by giving letters of comfort. None of these are a contingent liability within the meaning of IAS 37, since the likelihood of a transfer of economic benefits in settlement is too remote.

### Department

#### *Underwrite of Commonwealth Games*

The UK government was successful in its bid for the 2022 Commonwealth Games, which will be hosted in Birmingham. The UK government will fund 75% of the public sector cost of delivering the Games, after commercial income has been taken into account, and local government will fund the remaining 25% of the public sector cost. As part of the successful bid to host the Games, the department has taken on a contingent liability by guaranteeing to financially underwrite the organisation and staging of the Games. As such, the department will meet any potential financial shortfall of the Birmingham Organising Committee for the 2022 Commonwealth Games Ltd. At this stage any liability is unquantifiable.

In addition, the Commonwealth Games Federation required a series of guarantees from central and local government to support the planning and delivery of the Games. The provision of such guarantees is an integral, common part of bidding to host any major sporting event, and important to the success of hosting the Commonwealth Games in 2022. The underwrite and guarantees were disclosed to Parliament in a departmental minute in October 2017.

#### *Olympic Delivery Authority (ODA)*

Upon dissolution of the ODA on 2 December 2014, the following contingent liabilities passed to DCMS:

- In order to facilitate the redevelopment of the Olympic Park, the ODA relocated the railway siding at Thornton's Field to Orient Way. There is a contingent liability of up to £10m for one third of the cost of constructing new railway sidings at Lea Interchange should Eurostar exercise its right from 30 June 2023 to take back the railway sidings at Orient Way which are currently leased to the Secretary of State for Transport. This liability cannot be quantified reliably as it falls so far into the future and there is no certainty repossession will happen.
- The ODA provided an indemnity to the Lee Valley Regional Park Authority (LVRPA) against any costs incurred by LVRPA in connection with pollution or contamination arising from the ODA's construction of the Lee Valley White Water Canoe Centre; this indemnity expires in February 2021 and the likelihood of any such contamination is remote.
- The ODA procured the design, construction and maintenance of the Lee Valley Hockey and Tennis Centre at Eton Manor. The Lawn Tennis Association agreed to provide funding of £0.5m to the ODA as a contribution towards the capital cost of building the facility. LVRPA, the Tennis Foundation and the Lawn Tennis Association have entered into a separate agreement for the operation of the facility by LVRPA. That agreement includes a claw back provision to allow the funders to recover funding in the event that LVRPA were to terminate the agreement, which LVRPA is only permitted to do after a period of 5 years from public opening of the facility. The claw back liability of LVRPA will reduce over time from year 5 to year 10, and it will be extinguished after year 10 in 2024. The ODA agreed to reimburse LVRPA 30% of any claw back liability that may become payable by LVRPA in the unlikely event that LVRPA were to terminate the operation of the facility between year 5 and year 10.

## *Jubilee Gardens*

The department has given an indemnity to Arts Council England and the Southbank Centre Limited with respect to certain liabilities owed by Shirayama Shokusan Company Limited (SSCL), the owners of County Hall. This indemnity covers any costs to be incurred by SSCL in replacing the proposed new Jubilee Gardens should SSCL make use of their sub-soil lease beneath the Garden to build an underground car park. SSCL require an indemnity to cover the cost of reinstating the gardens in their new form. The cost of this 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, and the likelihood of obtaining planning permission is low. A Treasury Minute was laid on 26 April 2011 explaining the contingent liabilities in respect of the proposed development. The term of the sub-soil lease is 999 years from 1993 running to 2992 and the parties to the sub-lease could agree to extend it beyond that.

## **Fees and Charges**

The core department does not provide services for which it charges fees to the general public. Details of the ALBs' 'fees and charges' policies can be found in their published accounts.

## **Signed and approved**

**Sarah Healey**  
**Accounting Officer and Permanent Secretary**

11 December 2020

# The Certificate and Report of the Comptroller and Auditor General to the House of Commons

## Opinion on financial statements

I certify that I have audited the financial statements of the Department for Digital, Culture, Media and Sport and of its Departmental Group for the year ended 31 March 2020 under the Government Resources and Accounts Act 2000. The Department comprises the core Department only. The Departmental Group consists of the Department and the bodies designated for inclusion under the Government Resources and Accounts Act 2000 (Estimates and Accounts) Order 2019. The financial statements comprise: the Department's and Departmental Group's Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them.

I have also audited the Statement of Parliamentary Supply and the related notes, and the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the Department's and the Departmental Group's affairs as at 31 March 2020 and of the Department's net expenditure and Departmental Group's net expenditure 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.

## Emphasis of Matter

I draw attention to Note 6 to the financial statements, which describes the basis for valuing the Department's and the Departmental Group's land and buildings and Right of Use lease assets. Management consider that due to the impact of COVID-19, there is a 'material valuation uncertainty' associated with these balances. Consequently, less certainty and a higher degree of caution should be attached to management's valuation than would normally be the case. My opinion is not modified in respect of this matter.

## Opinion on regularity

In my opinion, in all material respects:

- the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2020 and shows that those totals have not been exceeded; and
- the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

## Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the Department for Digital, Culture, Media and Sport in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the Department for Digital, Culture, Media and Sport's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Department for Digital, Culture, Media and Sport have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Department for Digital, Culture, Media and Sport's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## Responsibilities of the Accounting Officer for the financial statements

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.

## Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000.

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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Department for Digital, Culture, Media and Sport's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the group financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.
- Conclude on the appropriateness of the DCMS' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the group to cease to continue as a going concern.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I am required to obtain evidence sufficient to give reasonable assurance that the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals and that those totals have not been exceeded. The voted Parliamentary control totals are Departmental Expenditure Limits (Resource and Capital), Annually Managed Expenditure (Resource and Capital), Non-Budget (Resource) and Net Cash Requirement. I am also required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### **Other Information**

The Accounting Officer is responsible for the other information. The other information comprises information included in the annual report, but does not include the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

### **Opinion on other matters**

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;
- in the light of the knowledge and understanding of the group and the parent and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; and
- the information given in the Performance and Accountability Reports 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 returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

## **Report**

I have no observations to make on these financial statements.

**Gareth Davies**  
**Comptroller and Auditor General**

**Date: 15 December 2020**

National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

# PRIMARY STATEMENTS

## Consolidated Statement of Comprehensive Net Expenditure for the year ended 31 March 2020

	Note	2019-20		2018-19	
		Core department £'000	Departmental group £'000	Core department £'000	Departmental group £'000
Staff costs	3	87,094	2,134,856	73,565	2,002,222
Grants and subsidies to sponsored bodies	4.1	5,090,004	13,151	4,717,237	13,508
Other grants	4.2	295,040	2,334,997	394,459	2,407,551
Purchase of goods and services	4.3, 20	50,337	574,146	57,827	585,413
Depreciation, amortisation, impairment charges and expected credit loss adjustments	4.4	109,960	990,652	3,370	371,436
Provisions expense	4.5	-	136,034	155	418,464
Finance Cost	4.6, 20	2,729	64,927	17	2,841
Other operating expenditure	4.6	44,221	2,874,842	63,077	2,956,627
<b>Total operating expenditure</b>		<b>5,679,385</b>	<b>9,123,605</b>	<b>5,309,707</b>	<b>8,758,062</b>
Income from contracts with customers	5.1	(43,186)	(614,601)	(38,080)	(605,747)
Current grant income	5.1	(93,778)	(191,375)	(91,092)	(196,254)
Other operating income	5.2, 20	(14,704)	(2,512,125)	(27,263)	(2,519,856)
<b>Total operating income</b>		<b>(151,668)</b>	<b>(3,318,101)</b>	<b>(156,435)</b>	<b>(3,321,857)</b>
<b>Net expenditure for the year</b>		<b>5,527,717</b>	<b>5,805,504</b>	<b>5,153,272</b>	<b>5,436,205</b>
<b>Other comprehensive net expenditure</b>					
Items which will not be reclassified to net operating expenditure:					
Net (gain)/loss on:					
- revaluation of property, plant & equipment, intangible assets, heritage assets and right of use assets		(7)	224,262	(2,876)	(392,239)
- revaluation of investments in associates	12	-	-	-	(20,180)
- pension remeasurements	22.1	-	(904,542)	-	(76,086)
Items which may be reclassified to net operating expenditure:					
Net (gain)/loss on:					
- impairments		-	-	-	2,745
- other revaluations including financial assets through OCI		-	327,531	-	(109,006)
<b>Total other comprehensive net expenditure</b>		<b>(7)</b>	<b>(352,749)</b>	<b>(2,876)</b>	<b>(594,766)</b>
<b>Total comprehensive expenditure for the period</b>		<b>5,527,710</b>	<b>5,452,755</b>	<b>5,150,396</b>	<b>4,841,439</b>

All operations relate to continuing activities.

The notes on pages 122 to 211 form part of these accounts.

# Consolidated Statement of Financial Position as at 31 March 2020

	Note	31 March 2020		31 March 2019	
		Core department £'000	Departmental group £'000	Core department £'000	Departmental group £'000
<b>Non-current assets</b>					
Property, plant & equipment	6	29,853	6,447,046	30,669	7,310,330
Right of use assets	7	22,706	1,401,950	-	-
Heritage assets	8	15,680	1,747,102	15,221	1,644,230
Intangible assets	9	435	67,160	1,001	65,642
Contract assets		-	13,574	-	-
Investment properties	10	-	33,001	-	198,741
Trade and other receivables*	16	2,609	215,540	-	20,066
Investments in associates and joint ventures	12	-	32,166	-	34,347
Other financial assets	13	49,915	2,098,395	47,782	2,461,870
<b>Total non-current assets</b>		<b>121,198</b>	<b>12,055,934</b>	<b>94,673</b>	<b>11,735,226</b>
<b>Current assets</b>					
Assets classified as held for sale		-	40	-	40
Contract assets		-	1,136	-	102
Inventories	15	-	172,163	-	181,614
Trade and other receivables*	16	50,600	1,045,543	38,511	1,162,498
Other financial assets	13	2,835	324,467	2,901	231,293
Cash and cash equivalents	17	24,467	2,017,498	85,744	2,195,426
<b>Total current assets</b>		<b>77,902</b>	<b>3,560,847</b>	<b>127,156</b>	<b>3,770,973</b>
<b>Total assets</b>		<b>199,100</b>	<b>15,616,781</b>	<b>221,829</b>	<b>15,506,199</b>
<b>Current liabilities</b>					
Trade and other payables	18	(160,850)	(2,486,643)	(242,512)	(2,510,446)
Contract liabilities		-	(2,189)	-	(1,708)
Provisions	19	(32)	(172,186)	-	(414,177)
Lease liabilities	20	(11,293)	(130,088)	-	-
Other financial liabilities	21	-	(480)	-	(662)
<b>Total current liabilities</b>		<b>(172,175)</b>	<b>(2,791,586)</b>	<b>(242,512)</b>	<b>(2,926,993)</b>
<b>Non-current assets plus/(less) net current assets/liabilities</b>		<b>26,925</b>	<b>12,825,195</b>	<b>(20,683)</b>	<b>12,579,206</b>

\* Includes expected credit loss

# Consolidated Statement of Financial Position (continued)

	Note	31 March 2020		31 March 2019	
		Core department £'000	Departmental group £'000	Core department £'000	Departmental group £'000
<b>Non-current liabilities</b>					
Trade and other payables	18	-	(1,313,191)	-	(2,332,872)
Contract liabilities		-	(13,706)	-	-
Provisions	19	-	(70,904)	(34)	(67,657)
Lease liabilities	20	(119,364)	(2,056,930)	-	-
Other financial liabilities	21	-	(547,458)	-	(550,854)
Retirement benefit obligations	22	-	98,246	-	(704,221)
<b>Total non-current liabilities</b>		<b>(119,364)</b>	<b>(3,903,943)</b>	<b>(34)</b>	<b>(3,655,604)</b>
<b>Total assets less liabilities</b>		<b>(92,439)</b>	<b>8,921,252</b>	<b>(20,717)</b>	<b>8,923,602</b>
<b>Taxpayers' equity and other reserves</b>					
<b>Taxpayers' funds</b>					
General fund	SoCTE	(106,276)	3,149,943	(34,547)	2,831,232
Revaluation reserve	SoCTE	13,837	1,361,227	13,830	2,051,664
<b>Total taxpayers' equity</b>		<b>(92,439)</b>	<b>4,511,170</b>	<b>(20,717)</b>	<b>4,882,896</b>
Lottery funds	SoCTE	-	(1,205,780)	-	(1,458,045)
Charity funds	SoCTE	-	5,615,862	-	5,498,751
<b>Total reserves</b>	<b>SoCTE</b>	<b>(92,439)</b>	<b>8,921,252</b>	<b>(20,717)</b>	<b>8,923,602</b>

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Sarah Healey (Accounting Officer)  
11 December 2020

The notes on pages 122 to 211 form part of these accounts.

# Consolidated Statement of Cash Flows for the year ended 31 March 2020

	Note	2019-20		2018-19	
		Core department £'000	Departmental group £'000	Core department £'000	Departmental group £'000
<b>Cash flows from operating activities</b>					
Net expenditure	SoCNE	(5,527,717)	(5,805,504)	(5,153,272)	(5,436,205)
Adjustments for non-cash expenditure - purchase of goods and services	4.3	415	415	395	395
Adjustments for non-cash expenditure - depreciation, amortisation, impairment charges and expected credit loss adjustments	4.4	109,960	990,652	3,370	371,436
Adjustments for non-cash expenditure - provisions expense	4.5	-	136,034	155	418,464
Adjustments for non-cash expenditure - other operating expenditure	4.6	5	106,873	8,300	34,535
Adjustments for non-cash salary costs		-	256	-	220
Adjustments for non-cash other operating income	5.2	-	(38,497)	-	(27,459)
Adjustments for non-cash pension costs		-	77,794	-	40,146
Reserves released to net expenditure		-	1,135	-	25
Adjustment for items shown in other sections of cash flow		1,429	(47,305)	(1,340)	(49,244)
(Increase)/decrease in inventories	15	-	9,451	-	9,687
Movements in inventories not passing through the SoCNE	15	-	-	-	23
(Increase)/decrease in trade and other receivables	16	(14,698)	(80,634)	(26,277)	300,625
Movements in receivables not passing through the SoCNE		(11,671)	7,215	20,204	8,691
Movements in bad debt provision		-	(351)	-	1,525
Movements in expected credit loss cumulative catch up		-	-	-	948
Movements in receivables from IFRS16 cumulative catch up		7,624	174,581	-	-
(Increase)/decrease in contract assets		-	(14,608)	-	(102)
Increase/(decrease) in trade payables	18	(81,662)	(1,043,484)	(66,478)	(472,558)
Movements in payables from IFRS 16 cumulative catch up		-	25,361	-	-
Increase/(decrease) in contract liabilities		-	14,187	-	1,708
Increase/(decrease) in lease liabilities		(7,913)	1,447,653	-	-
Movements in payables not passing through the SoCNE		71,585	270,717	109,051	175,336
Utilisation of provisions	19	(2)	(374,778)	(151)	(110,606)
Interest on lease liabilities	20	(2,719)	(62,668)	-	(46,323)
BBC licence fee adjustment	SoCTE	-	-	-	(151,698)
Payments for unfunded pensions	22	-	(275)	-	(198)
<b>Net cash outflow from operating activities</b>		<b>(5,455,364)</b>	<b>(4,268,780)</b>	<b>(5,106,043)</b>	<b>(4,930,629)</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant & equipment		(1,629)	(250,585)	(222)	(274,918)
Purchase of right of use assets		(121)	(837,273)	-	-
Purchase of investment property		-	(33,086)	-	-
Purchase of intangible assets		-	(21,675)	(1,077)	(13,857)
Purchase of financial assets		(5,869)	(147,825)	(10,913)	(64,912)
Proceeds from disposal of property, plant & equipment		-	2,713	-	36,134
Proceeds from disposal of right of use assets		-	2,052	-	-
Proceeds from disposal of intangible assets		-	989	-	694
Repayments and disposals of financial assets		4,595	32,462	8,048	107,431
Interest and dividend income	5.2	1,290	110,044	1,340	95,567
<b>Net cash outflow from investing activities</b>		<b>(1,734)</b>	<b>(1,142,184)</b>	<b>(2,824)</b>	<b>(113,861)</b>

# Consolidated Statement of Cash Flows (continued)

	Note	2019-20		2018-19	
		Core department £'000	Departmental group £'000	Core department £'000	Departmental group £'000
<b>Cash flows from financing activities</b>					
From the Consolidated Fund (supply) - current year	SoCTE	5,410,190	5,410,190	4,997,706	4,997,706
Payment of lease liabilities		-	(143,899)	-	(72,000)
<b>Net cash inflow from financing activities</b>		<b>5,410,190</b>	<b>5,266,291</b>	<b>4,997,706</b>	<b>4,925,706</b>
<b>Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund</b>		<b>(46,908)</b>	<b>(144,673)</b>	<b>(111,161)</b>	<b>(118,784)</b>
<b>Cash flow from non-financing activities</b>					
Receipts due to the Consolidated Fund which are outside the scope of the department's activities		320,219	301,333	1,608,642	1,620,155
Payments of amounts to the Consolidated Fund		(334,588)	(334,588)	(1,624,193)	(1,624,193)
<b>Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund</b>		<b>(61,277)</b>	<b>(177,928)</b>	<b>(126,712)</b>	<b>(122,822)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	17	<b>85,744</b>	<b>2,195,426</b>	<b>212,456</b>	<b>2,318,248</b>
<b>Cash and cash equivalents at the end of the period</b>	17	<b>24,467</b>	<b>2,017,498</b>	<b>85,744</b>	<b>2,195,426</b>

The notes on pages 122 to 211 form part of these accounts.

# Statement of Changes in Taxpayers' Equity (Core Department) for the year ended 31 March 2020

	Note	Core department		
		General fund £'000	Revaluation reserve £'000	Total reserves £'000
<b>Balance at 1 April 2018</b>		(5,240)	(10,954)	<b>(16,194)</b>
Net parliamentary funding - drawn down		(4,997,706)	-	<b>(4,997,706)</b>
Net parliamentary funding - deemed supply		(210,210)	-	<b>(210,210)</b>
Supply payable/(receivable) adjustment	18	74,826	-	<b>74,826</b>
CFERs payable to the Consolidated Fund	SOPS 4.1	20,000	-	<b>20,000</b>
Net expenditure for the year	SoCNE	5,153,272	-	<b>5,153,272</b>
<b>Non-cash adjustments:</b>				
Auditors' remuneration	4.3	(395)	-	<b>(395)</b>
<b>Movements in reserves:</b>				
Other comprehensive net expenditure	SoCNE	-	(2,876)	<b>(2,876)</b>
<b>Balance at 31 March 2019 (as previously reported)</b>		<b>34,547</b>	<b>(13,830)</b>	<b>20,717</b>
Impact of adoption of IFRS 16		-	-	-
<b>Balance at 1 April 2019</b>		<b>34,547</b>	<b>(13,830)</b>	<b>20,717</b>
Net parliamentary funding - drawn down		(5,410,190)	-	<b>(5,410,190)</b>
Net parliamentary funding - deemed supply		(74,826)	-	<b>(74,826)</b>
Supply payable/(receivable) adjustment	18	19,443	-	<b>19,443</b>
CFERs payable to the Consolidated Fund	SOPS 4.1	10,000	-	<b>10,000</b>
Net expenditure for the year	SoCNE	5,527,717	-	<b>5,527,717</b>
<b>Non-cash adjustments:</b>				
Auditors' remuneration	4.3	(415)	-	<b>(415)</b>
<b>Movements in reserves:</b>				
Other comprehensive net expenditure	SoCNE	-	(7)	<b>(7)</b>
<b>Balance at 31 March 2020</b>		<b>106,276</b>	<b>(13,837)</b>	<b>92,439</b>

The notes on pages 122 to 211 form part of these accounts.

# Consolidated Statement of Changes in Taxpayers' Equity (Departmental Group) for the year ended 31 March 2020

	Note	Departmental group					
		General fund £'000	Revaluation reserve £'000	Total taxpayers' equity £'000	Lottery funds £'000	Charity funds £'000	Total reserves £'000
<b>Balance at 1 April 2018</b>		<b>(3,329,163)</b>	<b>(1,974,552)</b>	<b>(5,303,715)</b>	<b>1,560,017</b>	<b>(5,058,145)</b>	<b>(8,801,843)</b>
Net parliamentary funding - drawn down		(4,997,706)	-	(4,997,706)	-	-	(4,997,706)
Net parliamentary funding - deemed supply		(210,210)	-	(210,210)	-	-	(210,210)
Supply payable/(receivable) adjustment	18	74,826	-	74,826	-	-	74,826
CFERs payable to the Consolidated Fund	SOPS 4.1	20,000	-	20,000	-	-	20,000
Net expenditure for the year	SoCNE	5,529,038	-	5,529,038	(95,895)	3,062	5,436,205
<b>Non-cash adjustments:</b>							
Auditors' remuneration	4.3	(395)	-	(395)	-	-	(395)
<b>Movements in reserves:</b>							
Other comprehensive net expenditure	SoCNE	(67,825)	(78,349)	(146,174)	(4,949)	(443,643)	(594,766)
Transfers between reserves		(1,237)	1,237	-	-	-	-
Transfer to SoCNE		-	-	-	-	(25)	(25)
BBC licence fee adjustment		151,698	-	151,698	-	-	151,698
Other movements		(258)	-	(258)	(1,128)	-	(1,386)
<b>Balance at 31 March 2019</b>		<b>(2,831,232)</b>	<b>(2,051,664)</b>	<b>(4,882,896)</b>	<b>1,458,045</b>	<b>(5,498,751)</b>	<b>(8,923,602)</b>
Impact of adoption of IFRS 16		4,447	-	4,447	619	(3,689)	1,377
<b>Balance at 1 April 2019</b>		<b>(2,826,785)</b>	<b>(2,051,664)</b>	<b>(4,878,449)</b>	<b>1,458,664</b>	<b>(5,502,440)</b>	<b>(8,922,225)</b>
Net parliamentary funding - drawn down		(5,410,190)	-	(5,410,190)	-	-	(5,410,190)
Net parliamentary funding - deemed supply		(74,826)	-	(74,826)	-	-	(74,826)
Supply payable/(receivable) adjustment	18	19,443	-	19,443	-	-	19,443
CFERs payable to the Consolidated Fund	SOPS 4.1	10,000	-	10,000	-	-	10,000
Net expenditure for the year	SoCNE	6,027,423	-	6,027,423	(254,783)	32,864	5,805,504
<b>Non-cash adjustments:</b>							
Auditors' remuneration	4.3	(415)	-	(415)	-	-	(415)
<b>Movements in reserves:</b>							
Other comprehensive net expenditure	SoCNE	(894,214)	689,505	(204,709)	(3,328)	(144,712)	(352,749)
Transfers between reserves		(932)	932	-	-	-	-
Transfer to SoCNE		-	-	-	-	(1,135)	(1,135)
Other movements		553	-	553	5,227	(439)	5,341
<b>Balance at 31 March 2020</b>		<b>(3,149,943)</b>	<b>(1,361,227)</b>	<b>(4,511,170)</b>	<b>1,205,780</b>	<b>(5,615,862)</b>	<b>(8,921,252)</b>

The notes on pages 122 to 211 form part of these accounts.

# Notes

## 1. Statement of accounting policies

### 1.1 Basis of Preparation

These accounts have been prepared in accordance with the 2019-20 Government Financial Reporting Manual (FReM) and Accounts Direction issued by HM Treasury under section 6(4) of the Government Resources and Accounts Act 2000. 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 and the arm's length bodies (the group) for the purpose of giving a true and fair view has been selected. The particular policies adopted by the group are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

### 1.2 Accounting Convention

These accounts have been prepared on an accruals basis under the historical cost convention, as modified to account for the revaluation of non-current assets and, where material, current asset investments, inventories and assets held for sale.

### 1.3 Basis of Consolidation

The group accounts comprise a consolidation of the core department and the arm's length bodies (ALBs) and their various subsidiaries which fall within the departmental boundary.

In the preparation of the group accounts, the department is required to adopt consistent and uniform accounting policies across all entities with appropriate adjustments made where any differences have a material impact on the accounts. The group accounting policies allow, where possible, for variations in order to reflect particular circumstances of ALBs and their subsidiaries.

All significant intra-departmental transactions and balances between entities within the departmental boundary are eliminated.

A list of all the arm's length bodies within the departmental boundary, and included in the group results (along with the department), is included in note 28.

#### *British Broadcasting Corporation (BBC)*

The elements of the BBC's results consolidated in these accounts (sometimes referred to here as BBC Public Service Broadcasting) are those that have been classified by the Office of National Statistics as being central government, this includes:-

- the public sector broadcasting elements that are funded by the Exchequer through the Grant-in-aid mechanism (where the amount is based on TV Licence Fees collected)
- BBC Commercial Holdings Limited and its direct subsidiary holding companies.

### 1.4 Going concern

In common with other government departments, the group's liabilities are expected to be met by future grants of supply and the application of future income, both to be approved annually by Parliament. There is no reason to believe that future Parliamentary approval will not be forthcoming, and therefore, in accordance with FReM 2.2.3, it has been concluded as appropriate to adopt the going concern basis of preparation for these accounts.

COVID-19 has impacted on the operations of certain entities in the departmental group. Note 26 outlines a financial support package which includes access to additional funding for eligible Arm's Length Bodies, to mitigate the adverse impacts of the pandemic. As such, the department's view is there is no material uncertainty relating to going concern within these group accounts.

## 1.5 Grants

### *Grant-in-aid*

Financing to ALBs through Grant-in-aid payments is reported on a cash basis in the period in which payments are made.

All Grant-in-aid and grants by the department to its ALBs, as well as any intra-group grants between the ALBs, are fully eliminated within the group.

### *Grants*

Grants payable or receivable by the ALBs are accounted for on an accruals basis. Grants receivable include funding from lottery funds. Grants payable include multi-year grants and performance related grants which are classified as either current or non-current provisions (note 1.25) depending on the timing of the payment and the terms of the grant.

## 1.6 Losses and special payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the department or passed legislation. By their nature they are items that ideally should not arise. These are reported in the parliamentary accountability and audit report section of the annual report and accounts.

## 1.7 Operating income and revenue from contracts with customers

Operating income relates to the operating activities of the group and includes both budgetary and non-budgetary income. It is recognised in accordance with the FReM and IFRS 15 Revenue from contracts with customers. Non-budgetary income is outside the ambit of the group budget. More details are included in SoPS 4 in the primary statements of the Annual report and accounts.

Operating income is stated net of VAT. The major categories of operating income include lottery income, fees for licences and broadcast licences, donations (in the form of cash or assets), gifts in kind, and non-governmental grants (capital).

### *Grants received by entities within the group*

Grant funding, in respect of capital and revenue expenditure, is credited to the Consolidated Statement of Comprehensive Net Expenditure (SoCNE) in the year in which the entitlement to the monies arise in accordance with the application of IAS 20 Accounting for Government Grants and Disclosure of Government Assistance recommended by the FReM.

### *Revenue from contracts with customers*

IFRS 15 was adopted with effect from 1 April 2018. The impact of the standard on revenue recognition has been immaterial.

Main categories of revenue from contracts with customers are 'goods and services', 'rental income', 'fees, charges and duties', 'levies', 'royalties' and 'charity income – sponsorships and trading'.

Revenue from contracts with customers is measured at the fair value of consideration received or receivable (transaction price) and comprises primarily fees and charges for services rendered, levy money collected in accordance with legislation and sponsorship and trading arrangements. Income is recognised when the performance obligation in the contract has been performed ('point in time') or 'over time' as control of the performance obligation is transferred to the customer. A performance obligation must meet one of the three criteria in IFRS 15 to meet 'over time' recognition. The default category, if none of these criteria are met, is 'point in time' recognition. Further details on the category of income recognition for each type of income stream can be found below:

#### Goods and services

- As noted in Note 5.1 this is largely BBC revenue relating to Broadcasting services, being content and format sales, production income and subscription fees.
- These income streams are measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Income recognition is based on the delivery of performance obligations and an assessment of when control is transferred to the customer.
- Content and format sales are recognised on the later of the licence period start date or when the associated programme has been delivered. Further information on when content and format sales, production income and subscription fees are recognised are included within Note H of the BBC's accounts including whether these meet the 'over time' or 'point in time recognition'.

#### Fees, charges and duties

- As noted in Note 5.1 this is largely amounts where by statute or Treasury consent, an entity is permitted to retain the revenue from taxation, fines and penalties. This revenue is treated as arising from a contract and accounted for under IFRS 15 (15a).
- Revenue is recognised for these as they fall due. The revenue largely meets the 'at a point in time' criteria of the performance obligations as there are not multiple 'over time' points for these type of revenue streams.

#### *Use of estimates and judgements – income recognition*

The major estimates and judgements for income recognition for Revenue from Contracts with Customers relate to the BBC. The complexity of individual contractual terms may require the BBC to make judgements in assessing when the triggers for income recognition have been met, particularly whether the BBC has sufficiently fulfilled its obligations under the contract to allow income to be recognised. Further information is included within Note H of the BBC's 2019-20 accounts.

#### *Contract assets and liabilities*

Contract assets are recorded when the right to consideration in exchange for goods or services that have been transferred to a customer, is conditional on something other than the passage of time, for example the entity's future performance.

Contract liabilities are recorded when an obligation is created to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer.

Both contract assets and liabilities as defined by IFRS 15 are immaterial to DCMS.

## 1.8 Property, plant and equipment

In accordance with the FReM, all tangible non-current assets are to be carried at current value in existing use at the reporting period, except where noted below.

Freehold land and buildings are revalued to fair value every five years on a rolling basis, using professional valuations. In the intervening periods, the value of land and buildings are updated annually using appropriate indices. In the case of the BBC the key variables underpinning the valuations (i.e. yields, rents and other assumptions) are reviewed, and where there are material changes, the valuations are adjusted accordingly. The valuation approach adopted follows the Royal Institution of Chartered Surveyors (RICS) Red Book.

All other tangible assets (non-property) are carried at fair value using appropriate indices, where material. Some ALBs have used depreciated historic cost as a proxy for fair value on short life/low value assets where they deem the fair value adjustment is not materially different from the depreciated historic cost. As such these tangible non-current assets are not revalued.

The policy on heritage assets is disclosed at note 1.10.

The policy on right of use assets is disclosed at note 1.23.

### *Capitalisation thresholds*

The thresholds across the group range from £1k to £10k (including irrecoverable VAT). The core department's capitalisation threshold is £2k.

## 1.9 Depreciation and amortisation

PPE, Intangibles and Right of Use assets are depreciated to estimated residual values over the following estimated useful lives:

• Freehold and long leasehold land	Not depreciated
• Freehold buildings	Up to 100 years
• Short leasehold improvements/buildings	Term of the lease
• Long leasehold improvements/buildings	10-50 years
• Information technology	3-5 years
• Plant and machinery	3-30 years
• Furniture and fittings	3-20 years
• Antiques, works of art and collections	Not depreciated
• Assets under construction	Not depreciated until the asset is brought into use
• Intangible assets	2-5 years

The depreciation method used is that which provides a realistic reflection of the consumption of that asset. Depreciation methods, estimated useful lives and residual values are reviewed at each reporting date.

## 1.10 Heritage assets

Heritage assets are assets held to preserve the nation's heritage and are maintained for their contribution to knowledge and culture. Heritage assets held by the group consist of historic artefacts and archives, works of art, collection items, historic land and buildings.

Operational heritage assets (mainly comprising buildings) are used by the group to generate revenue or to provide other services. Operational heritage assets are valued and depreciated in the same way as other assets of that type.

Non-operational heritage assets are assets held primarily in pursuit of the group's overall objectives in relation to the maintenance of heritage. Non-operational heritage assets are included at cost or at valuation depending on the availability of information. The assets being reported at cost and those being reported at valuation are presented separately in note 8.1. Valuation changes in heritage assets reported at valuation are recognised in the Other Comprehensive Expenditure section of the SoCNE except for impairment losses.

The majority of heritage assets (works of art and collections) are not depreciated as the length of their expected useful economic life is regarded to be close to infinite.

For the collections that existed at March 2001, the group is of the opinion that valuation information cannot be obtained at a cost commensurate with the benefits to users of the accounts. As valuation is not practical the group have therefore only capitalised assets acquired since March 2001.

## 1.11 Donated assets

Donated assets are capitalised at fair value on receipt, and this value is credited to the SoCNE. Donated assets are revalued, depreciated and subject to impairment as appropriate in the same manner as heritage assets or other non-current assets. Donated services or facilities, including gifts in kind, are included in the SoCNE at the value to the group where this can be quantified.

## 1.12 Intangible non-current assets

In accordance with the FReM, all intangible assets are carried at current value in existing use. Intangible assets held by the group mainly relate to software licences. Depreciated historical cost is used as a proxy for fair value on short life or low value assets, which is considered not to be materially different from fair value.

Income generating intangibles are capitalised based on the associated expected income streams.

Intangible assets are amortised using the straight-line method over their expected useful life which ranges between 2-5 years for internally generated assets; the licence period for purchased licences; or the period of expected income streams for income generating assets.

## 1.13 Revaluation and impairment of non-current assets

Assets are revalued to current value in existing use and increases in value are credited to the revaluation reserve, unless it is a reversal of a previous impairment. Reversals are credited to the SoCNE to the extent of the previous impairment and any excess is credited to the revaluation reserve, in accordance with IAS 36 *Impairment of Assets*.

Impairments of revalued assets that do not result from a clear consumption of economic benefits are charged to the revaluation reserve up to the level of depreciated historical cost. Any excess downward revaluation is charged to the SoCNE. Each year, the realised element of the reserve (i.e. an amount equal to the excess of the actual depreciation over depreciation based on historical cost) is transferred from the reserve to the general fund.

Impairment losses that result from a clear consumption of economic benefit are taken directly to the SoCNE. Where the impairment relates to a revalued asset, the balance on the revaluation reserve to which the impairment would have been charged is transferred to the general fund to ensure consistency with IAS 36.

On disposal of a revalued asset, the balance on the revaluation reserve in respect of that asset becomes fully realised and is transferred to the general fund. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the SoCNE.

All non-current assets are reviewed for impairment if circumstances indicate that the carrying amount may not be recoverable. In addition, intangible assets with an indefinite useful life are not subject to amortisation and are instead tested annually for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

#### **1.14 Investment properties**

The group holds a number of properties which have been classified as investment properties and are not depreciated, in accordance with IAS 40 *Investment Property*, but may be impaired or revalued to provide a carrying value at their estimated fair value. Fair value is based on active market prices subject to the nature, location or condition of the specific asset. Full valuations are undertaken every five years with desktop reviews carried out in intervening periods. Gains or losses arising in fair value of investment property are recognised in the SoCNE.

If an investment property is leased out under an operating lease, the leased asset remains within investment property in the Consolidated Statement of Financial Position (SoFP). The lease revenue is recognised over the term of the lease on a straight-line basis in the SoCNE.

#### **1.15 Investments in subsidiaries**

Investments in subsidiaries that have been (or are expected to be) classified by the Office for National Statistics as public corporations, are stated at fair value in accordance with the FReM. Where the fair value is not available, an appropriate proxy is used e.g. net assets of the subsidiary or a discounted cash flow valuation.

##### *Valuation of BBC Commercial Holdings' public corporations*

The fair value placed on those subsidiaries of BBC Commercial Holdings classified as public corporations are based on a discounted cash flow model which relies on estimated cash flow projections and judgements about long term growth and the discount rate used. Further details on the methodology used can be found in note 11.5.1.

#### **1.16 Research and development**

Development expenditure is capitalised as per IAS 38 Intangible Assets if the following criteria are met:

- It is technically feasible to complete the intangible item so that it will be available for use;
- The group intends to complete the intangible item and use it;
- There is an ability to use the intangible item;
- It can be demonstrated how the development expenditure will generate future service potential;
- Adequate technical, financial and other resources to complete the development and to use the intangible item are available; and
- The expenditure attributable to the intangible item during its development can be reliably measured.

Other development expenditure that does not meet these criteria is recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent year.

Expenditure on research activities is recognised in the SoCNE in the period in which it is incurred

### **1.17 Assets held for sale**

In accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations where an asset is actively being marketed for sale, the carrying amount of an asset is to be recovered by sale rather than continuing use and a sale is expected to be completed within one year of the reporting date, the asset is reclassified as an asset held for sale. Such assets are disclosed separately in the SoFP and are measured at the lower of carrying amount and fair value less costs to sell. Once classified as assets held for sale, depreciation is no longer applied.

### **1.18 Inventories**

Inventories are valued at the lower of cost or net realisable value. Inventories of finished goods and goods for resale are valued at cost, or where materially different, current replacement cost. A net realisable valuation is used only when inventories cannot or will not be used. Work in progress is valued at the lower of cost and net realisable value.

Inventories across the group consist of raw materials, work in progress, finished goods and consumable stores.

The Public Broadcasting Authorities' inventories will include amounts for public service programmes that are in production, completed programmes that are ready for broadcast, but not yet aired, and rights secured to broadcast programmes produced by independent companies. Originated programmes are stated at the lower of cost and net realisable value, and the full value is written off on first transmission. The costs of acquired programmes and films are also written off on first transmission, except to the extent that the numbers of further showings are contractually agreed when it is written off according to its expected transmission profile.

Direct costs incurred in the commissioning or purchase of public service programmes as yet not transmitted are carried forward as inventory, after providing for expenditure on material which is unlikely to be transmitted. For a series of programmes, the allocation of inventory between programmes completed but not yet transmitted and programmes in the course of production is based on total costs to date and the contractual cost per completed episode.

Direct costs are defined as payments made or due to production companies or programme suppliers.

### **1.19 Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand and other short term highly liquid investments which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

## 1.20 Financial instruments

Financial instruments include all contractual arrangements to deliver or receive cash. Therefore they include trade receivables and payables and loans as well as more complex instruments such as derivatives. Forward exchange contracts allow the buying or selling of currency at a fixed exchange rate with delivery made on a given date or dates in the future.

The group hold various derivative and non-derivative financial instruments (including assets such as trade investments and liabilities such as borrowings).

IFRS 9 *Financial Instruments* was adopted with effect from 1 April 2018.

In accordance with IFRS 9, each financial asset is classified at initial recognition, or at the point of first adoption of IFRS 9, into one of three categories:

- i. Financial assets at Fair Value Through Profit or Loss ("FVTPL")
- ii. Financial assets at Fair Value Through Other Comprehensive Income ("FVOCI")
- iii. Financial assets at amortised cost

Each financial liability is classified into one of two categories:

- iv. Financial liabilities at FVTPL
- v. Financial liabilities at amortised cost

The classification of each financial asset is determined by the business model for the asset and cash flows linked with the asset.

The accounting policy for major categories of financial instruments upon IFRS 9 adoption is set out below.

### 1.20.1 Financial assets

#### *Amortised cost assets*

Amortised cost assets are recognised initially at fair value and subsequently measured at amortised cost, on the basis that they are only held to collect contractual cash flows on specified dates that contain payments of principal and interest. An allowance for estimated impairment is based on the expected credit loss model. Changes in the carrying amount of the allowance are recognised in the SoCNE.

#### *Amortised cost assets - Impairments*

The group has a forward-looking 'expected loss' impairment model for amortised costs assets. This model requires the use of lifetime expected credit loss provision for all financial assets held at amortised cost. These provisions are based on an assessment of risk of default on material financial assets or groups of financial assets at the SoFP date. The assessment uses historical data, professional fund manager assistance (where appropriate) and macroeconomic assessments to review the likelihood of default on amortised cost financial assets. Objective evidence includes significant financial difficulty of the issuer or debtor, disappearance of an active market for the financial asset because of financial difficulties, or data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the official recognition.

Where objective evidence exists that a financial instrument is impaired or there is a likelihood of default, for example, through a significant or prolonged decline in fair value of the asset below its cost, its loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted where material.

#### *Assets classified as fair value through other comprehensive income - downward revaluations*

For financial assets classified as fair value through other comprehensive income, any gains or losses on the fair value of an investment are recorded within other comprehensive net expenditure on the SoCNE, this includes any downward revaluations. IFRS 9 requires that only dividend income is recorded within operating income on the SoCNE.

#### *Assets classified as fair value through other comprehensive income - equity investments*

These include all investment funds and equities - unless they are classed as assets held for trading – and also include investments in subsidiaries (see also note 1.15). These assets have been elected to be held at fair value through other comprehensive income as they are not held for trading. They are included in non-current assets unless the group intends to dispose of, or realise, the investment within 12 months of the SoFP date. They are stated at their fair value with gains and losses (including any downward revaluations) recognised in Other Comprehensive Net Expenditure, except dividend income which is recognised in the SoCNE.

On disposal, the cumulative gain or loss previously recognised in Other Comprehensive Net Expenditure is reclassified from the revaluation reserve to the general fund.

#### *Financial assets classified as fair value through the Statement of Comprehensive Net Expenditure*

Any gains or losses on the fair value of an investment are recorded within operating income in the SoCNE, including any downward revaluations.

### **1.20.2 Financial liabilities**

#### *Trade and other payables*

Long term trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### **1.21 Derivative financial instruments**

The group does not enter into speculative derivative contracts; however, some derivative financial instruments are used to manage the group's exposure to fluctuations in interest rates (interest rate swaps, caps and collars) and foreign currency exchange rates (foreign currency forwards contracts and currency options).

Derivative financial instruments, are initially recognised at fair value and are subsequently measured at fair value at the SoFP date with movements recorded in the income statement.

The fair value of interest rate swaps, caps and collars is the estimated amount that the group would receive or pay to terminate the swap, cap or collar at the balance sheet date, taking into account current interest rates, the current creditworthiness of swap, cap or collar counterparties and the creditworthiness of the group.

The fair value of foreign currency forward contract rates is determined using forward exchange rates at the SoFP date.

## 1.22 Employee Benefits

In accordance with IAS 19 *Employee Benefits*, the group is required to recognise short term employee benefits when an employee has rendered service in exchange for those benefits. Included in the accounts is an accrual for the outstanding employee paid holiday entitlement at the period end date.

## 1.23 Leases

IFRS 16 "Leases" has been implemented from 1 April 2019; this introduces a single lessee accounting model that requires a lessee to recognise assets and liabilities for all leases (apart from the exemptions included below).

For government bodies reporting under the FReM, IFRS 16 is due to be brought into effect on 1 April 2021 and replaces IAS 17 (Leases). DCMS has elected, with HMT authority, to early adopt IFRS 16 (as adapted by the 2020-21 FReM/HMT's IFRS 16 leases application guidance).

The early adoption is mainly due to one material component of the group (the BBC) adopting the standard from 1 April 2019 in their own accounts which are prepared in accordance with IFRS (not adapted for the FReM).

In respect of lessees, IFRS 16 removes the distinction between operating and finance leases and introduces a single accounting model that requires a lessee to recognise ('right of use') assets and lease liabilities.

The definition of a lease has been updated under IFRS 16, there is more emphasis on being able to control the use of an asset identified in a contract. There are new requirements for variable lease payments such as the Retail Price Index (RPI)/Consumer Price Index (CPI) uplifts; and there is an accounting policy choice allowable to separate non-lease components.

### *Implementation and Assumptions*

The group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 "Leases" and IFRIC 4 "Determining whether an arrangement contains a lease". The cumulative effect of adopting IFRS 16 is included as an adjustment to equity at the beginning of the current period. IAS 17 operating leases are included within the SoFP as a lease liability and right of use asset for the first time with changes made through the general fund as a cumulative catch up adjustment. The calculation of the lease liability and right of use assets is included below.

The option to reassess whether a contract is, or contains, a lease at the date of initial application has not been used, the group has used the practical expedient detailed in IFRS 16(C3).1.

The definition of a contract is expanded to include intra-UK government agreements where non-performance may not be enforceable by law. This includes, for example, Memorandum of Terms of Occupation (MOTO) agreements.

The group has expanded the definition of a lease to include arrangements with nil consideration. Peppercorn leases are examples of these, they are defined by HMT as lease payments significantly below market value. These assets are fair valued on initial recognition. On transition any differences between the discounted lease liability and the right of use asset are included through cumulative catch up. Any differences between the lease liability and right of use asset for new leases after implementation of IFRS 16 are recorded in income in the SoCNE.

The group has elected not to recognise right of use assets and lease liabilities for the following leases:

- intangible assets;
- non-lease components of contracts where applicable;
- low value assets (these are determined to be in line with capitalisation thresholds on Property, Plant and Equipment except vehicles which have been deemed to be not of low value); and
- leases with a lease term of 12 months or less.

The BBC made a £173.2m IFRS 16 cumulative catch up adjustment, relating to an investment property (previously party to sub-leasing arrangements) which was reclassified as a lease receivable.

#### *Previous treatment*

In the comparative period, as a lessee the group classified leases that transfer substantially all the risks and rewards of ownership as finance leases. The leased assets were measured at an amount equal to lower of the fair value and the present value of minimum lease payments. This fair value cap has been removed under IFRS 16 and has resulted in re-measurement of finance leased assets within 2019-20 if they meet the re-measurement criteria mentioned below.

Leases other than finance leases are classified as operating leases. Assets previously held as operating leases were not recognised in the group's SoFP. Payments were recognised in the SoCNE on a straight line basis over the term of the lease. Lease incentives were recognised as an integral part of the total lease expense, over the term of the lease.

#### *Policy applicable from 1 April 2019*

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time. This includes assets for which there is no consideration. To assess whether a contract conveys the right to control the use of an identified asset, the group assesses whether:

- The contract involves the use of an identified asset;
- The group has the right to obtain substantially all of the economic benefit from the use of the asset throughout the period of use; and
- The group has the right to direct the use of the asset.

The policy is applied to contracts entered into, or changed, on or after 1 April 2019.

At inception or on reassessment of a contract that contains a lease component, the group allocates the consideration in the contract to each lease component on the basis of the relative standalone prices.

The group assesses whether it is reasonably certain to exercise break options or extension options at the lease commencement date. The group reassesses this if there are significant events or changes in circumstances that were not anticipated.

## As a lessee

### *Right of use assets*

The group recognises a right of use asset and lease liability at the commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for initial direct costs, prepayments or incentives, and costs related to restoration at the end of a lease.

The right of use assets are subsequently measured at either fair value or current value in existing use in line with property, plant and equipment assets. The cost measurement model in IFRS 16 is used as an appropriate proxy for current value in existing use or fair value for the majority of leases (consistent with the principles for subsequent measurement of property, plant and equipment) except for those which meet one of the following:

- A longer-term lease that has no provisions to update lease payments for market conditions or if there is a significant period of time between those updates; and;
- The fair value or current value in existing use of the underlying asset is likely to fluctuate significantly due to changes in market prices.

The right of use asset is depreciated using the straight line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of the right of use assets are determined on the same basis of those of property plant and equipment assets.

The group applies IAS 36 Impairment of Assets to determine whether the right of use asset is impaired and to account for any impairment loss identified.

### *Lease liabilities*

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that cannot be readily determined, the rate provided by HM Treasury (HMT). The HMT discount rates were 1.99% for leases entered into prior to 31 December 2019, or 1.27% after 1 January 2020.

The lease payment is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in the index or rate, if there is a change in the group's estimates of the amount expected to be payable under a residual value guarantee, or if the group changes its assessment of whether it will exercise a purchase, extension or termination option.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee;
- The exercise price under a purchase option that the group is reasonably certain to exercise, lease payments in an optional renewal period if the group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the group is reasonably certain not to terminate early.

When the lease liability is re-measured a corresponding adjustment is made to the right of use asset or recorded in the SoCNE if the carrying amount of the right of use asset is zero.

The group presents right of use assets that do not meet the definition of investment properties per IAS 40 as right of use assets on the SoFP. The lease liabilities are included within Lease liabilities within current and non-current liabilities on the SoFP.

### *As a lessor*

When the group acts as a lessor, it determines at lease inception whether each lease is a finance or operating lease.

To classify each lease, the group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease, if not then it is an operating lease.

When the group is the intermediate lessor, it accounts for its interest in the head lease and the sub lease separately. If a head lease is a short term lease to which the group applies the exemption above, then the sublease classifies as an operating lease.

The group recognises lease payments under operating leases as income on a straight line basis over the length of the lease terms.

The accounting policies applicable to the group as lessor are largely unchanged by IFRS 16 except for reviews of intermediate lessor arrangements. The changes for IFRS 16 were not material for lessor arrangements

### *Impact on financial statements*

On transition to IFRS 16, the group recognised an additional £711.9m of right of use assets and £736.8m of lease liabilities, recognising the difference in the general fund account.

When measuring lease liabilities, the group discounted lease payments using rates within the range of 0.81% to 58.01%.

	Core department £'000	Departmental group £'000
Operating lease commitment at 31 March 2019	72,062	713,024
Discounted using discount rates	(24,426)	(115,115)
Finance Lease liabilities at 31 March 2019	-	674,087
- Exemptions for		
• Short terms leases	(736)	(11,412)
• Leases of low value assets	-	(767)
• Intangible Assets	-	-
- Extension and termination options reasonably certain to be exercised	100,126	110,183
- Variable lease payments based on an index or a rate	819	1,067
- Residual value guarantees	-	-
- Advance payments	432	(2,618)
- Excluding previously included non lease components	(4,502)	(9,868)
Impacts of restatements for Operating lease and Finance Leases	(12,829)	(19,310)
Re-assessments for IFRS16	-	71,582
<b>Lease liabilities recognised at 1 April 2019</b>	<b>130,946</b>	<b>1,410,853</b>

## **1.24 Retirement benefit obligations**

### **1.24.1 Funded pension schemes**

A number of ALBs participate in defined benefit pension schemes as described in note 22. A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The net obligation in respect of these defined benefit pensions plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value, and the fair values of plan assets are deducted. Actuarial gains and losses that arise are recognised in the period they occur through Other Comprehensive Net Expenditure. The most significant funded defined benefit scheme in the group is operated by the BBC.

#### *BBC pension scheme*

The BBC operates a number of defined benefit plans for employees (closed to new employees from 1 January 2012), which provide benefits based on pensionable pay. The assets of the BBC's pension scheme are held in a separate fund, and on retirement, members of the BBC's main pension scheme are paid their pensions from this fund. The BBC makes cash contributions to the fund in advance of members' retirement.

### **1.24.2 Unfunded pension schemes**

A number of the employees of the department and the ALBs are covered by the provisions of the Principal Civil Service Pension Schemes (PCSPS) as described in the staff report section of the annual report.

The PCSPS is an unfunded multi-employer defined benefit scheme. The participating bodies make contributions based on rates that are set to meet the cost of the benefits accruing during the reporting period, to be paid when the member retires, and not the benefits paid during this period to existing pensioners. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution elements of the schemes, the group recognises the contributions payable for one year. Contributions to the defined benefit pension scheme are charged to the SoCNE in accordance with actuarial recommendations so as to spread the cost of the pensions over the employees' expected working lives.

### **1.24.3 Other unfunded defined benefit pension schemes**

The employees of some ALBs are members of other unfunded defined benefit pension schemes. Employer contributions to the defined benefit schemes are charged to the SoCNE in the period to which they relate.

### **1.24.4 Early departure costs**

For past early departure schemes, the group meets the additional costs of benefits beyond the normal PCSPS benefits, in respect of employees who retired early, by paying the required amounts annually to the PCSPS over the period between early departure and normal retirement date. The total cost was provided for in full when the early departure programme was announced and remains binding on the group.

## **1.25 Provisions**

In accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle that obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). The discount rates applicable in the 2019-20 accounts are: short-term rate (between 0 and up to and including 5 years): 0.51% per annum; medium-term rate (after 5 and up to and including 10 years): 0.55% per annum; and long-term rate (exceeding 10 years): 1.99% per annum.

Each year the financing charges in SoCNE include the adjustments to unwind one year's discount so that liabilities are shown at current price level.

## 1.26 Taxation

### *Value Added Tax (VAT)*

VAT is paid or received in accordance with the prevalent tax rules. In general, most of the activities of the group are outside the scope of VAT and output tax does not normally apply. Some ALBs have trading activities where VAT is charged at the prevailing rate and where related input VAT costs are deemed recoverable. Input tax is also recoverable on certain contracted-out services.

Irrecoverable VAT is charged to the relevant expenditure category or, if appropriate, capitalised with additions to non-current assets.

### *Corporation Tax*

In accordance with IAS 12 *Income Taxes*, corporation tax is liable on the taxable activities of the group that fall within the scope of corporation tax. The tax charge represents the sum of currently payable and deferred tax which is recognised in the SoCNE except where they relate to items recognised directly in taxpayers' equity, in which case they are recognised in the Consolidated Statement of Taxpayers' Equity.

Current tax is the expected tax payable for the year by the group, using tax rates that are enacted or substantively enacted at the accounting date, and any adjustment to tax payable in respect of previous years.

## 1.27 Reserves

The Consolidated Statement of Taxpayers' Equity comprises the reserves for the core department, and the group.

These reserves include:

- The general fund reserve represents the group's total taxpayers' equity not including the charitable and lottery funds. These reserves are made up of total assets less liabilities, to the extent that the total is not represented by other reserves and financing items;
- The revaluation reserve reflects the unrealised balance of the cumulative indexation and revaluation adjustments to assets (other than donated assets, assets funded by grants, and assets held in charity or lottery funds);
- The lottery funds are the total reserves of the lottery distributors within the group. As these are presented after elimination of inter-company transactions they will not agree back to the individual ALB accounts. The lottery funds comprise the general fund, and revaluation reserve held by the lottery distributors. These reserves are shown in the accounts as a combined figure as they are reserves only for use by the lottery distributors; and
- The charity funds are the total reserves of the charitable ALBs within the group. As these are presented after elimination they will not agree back to the individual ALB accounts. These comprise the charity general funds, restricted reserves, unrestricted reserves, and any pension or revaluation reserve held by the charity ALBs. These reserves are shown in the departmental consolidated accounts as a combined figure as they are reserves only for use by the charitable ALBs.

## 1.28 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the DCMS Executive Board.

The segmental analysis in note 2 presents the financial information based on the structure reported to the Board. The segments reflect the operational structure within the department.

## 1.29 Third party assets

The group holds, as custodian or trustee, certain assets belonging to third parties. These are not recognised in the accounts, since the group does not have a direct beneficial interest in them.

## 1.30 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group.

A contingent liability can also include an amount where a present obligation arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability. Where the time value of money is material, contingent liabilities are stated at discounted amounts.

## 1.31 Contingent assets

A contingent asset is a possible asset whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group. Where the time value of money is material, the contingent assets are stated at discounted amounts.

## 1.32 Accounting estimates and judgements

### *Critical accounting estimates and judgements*

The preparation of the group's accounts requires management of the core department and the ALBs to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenditure. The resulting accounting estimates will, by definition, seldom equal the related actual results. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

### *Valuation of non-current assets*

The value of the group's property, plant and equipment, right of use assets and intangibles are estimated based on the period over which the assets are expected to be available for use. Such estimation is based on experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence or legal or other limits on the use of an asset.

The valuation of the BBC's property assets is based on future rental income. Inherent in this valuation are estimates of future rental income which are subject to movements in the rental market. Specialist adaptations (e.g. studios) have been valued on depreciated current replacement cost.

The group has a number of buildings and works of art that are classed as heritage assets. These specialised non-current assets have a restricted use and cannot be sold on the open market. Consequently they are, where possible, valued using the depreciated current replacement cost of a modern equivalent rather than the replacement cost of the original.

### *Extension options*

At lease commencement the group makes a decision as to whether we are reasonably certain to be exercising break clauses or extension options. This estimate determines the length of the lease term impacting the lease liabilities and right of use assets. This has been reviewed if there is a significant event or significant change of circumstances.

### *Valuation of BBC Commercial Holdings' public corporations*

See note 1.15.

### *Provisions for liabilities and charges*

The provisions for liabilities and charges reported in note 19 reflect judgements about the likelihood that a future transfer of economic benefits will arise as a result of past events. A provision is recognised where the likelihood of a liability crystallising is deemed probable and where it is possible to quantify the effect with reasonable certainty. Where the likelihood of potential liabilities crystallising is judged to be possible, a contingent liability is disclosed.

### *Retirement benefit obligations*

The present value of the net pension liability detailed in note 22 depends on a number of actuarially derived assumptions about inflation, salary and pension trends, discount factors, mortality rates, and long term rate of return on the assets (equities, bonds and property) underlying the relevant pension funds. The estimated liability is subject to fluctuation and uncertainty due to changes in these assumptions over time and differences between assumptions and actual events. A small change in assumptions can have a significant impact on the valuation of the liabilities. Further analysis on the sensitivity of the BBC pension assumptions is given in note 22.2.2.

### *Expected credit loss*

The forward looking impairment assessment model includes some estimates and judgements on the likelihood of default on our amortised cost assets. The quantum of these estimates and judgements is included within note 4.4.

### *Impact of Covid-19*

COVID-19, which was declared a 'global pandemic' on 11 March 2020, has impacted global financial markets and wider economies. Overall we have considered the financial impacts for the 2019-20 reporting period, and they are not material to the accounts.

Please see note 6 Property, plant and equipment and note 26 Events after the reporting period for further information on Covid-19 impacts.

### **1.33 Changes in the group boundary**

There have been no changes to the Group Designation Order for 2019-20. The entities within the group therefore remain consistent with the previous reporting period. Further information, including a full list of entities, is included in note 28.

### **1.34 Machinery of Government (MOG) Changes**

There were no Machinery of Government changes for the year ended 31 March 2020.

### **1.35 Key changes to accounting policies and impacts for 2019-20 annual report and accounts**

See note 1.23 for the impact of first time adoption of IFRS 16 Leases.

### **1.36 Changes to accounting standards not yet effective**

#### *IFRS 17 Insurance Contracts*

The International Accounting Standards Board (IASB) has issued IFRS 17 (Insurance Contracts) which replaces IFRS 4 (Insurance Contracts). This is expected to be effective for accounting periods beginning on or after 1 January 2023, following IASB's decision to defer the effective date. IFRS 17 redefines what constitutes an insurance contract broadly, bringing many more situations in scope.

Guidance has yet to be issued to government departments on the interpretation of this standard.

## 2. Statement of Operating Expenditure by Operating Segment

### 2.1 Statement of Comprehensive Net Expenditure by Operating Segment

	Note	2019-20						2018-19					
		Core department £'000	BBC PSB group £'000	Lottery distributing bodies £'000	Other ALBs £'000	Amounts eliminated on consolidation £'000	Total as per group SoCNE £'000	Core department £'000	BBC PSB group £'000	Lottery distributing bodies £'000	Other ALBs £'000	Amounts eliminated on consolidation £'000	Total as per group SoCNE £'000
Staff costs	3	87,094	1,305,557	83,343	658,737	125	2,134,856	73,565	1,251,957	75,489	601,399	(188)	2,002,222
Grant and subsidies to sponsored bodies	4.1	5,090,004	-	-	13,151	(5,090,004)	13,151	4,717,237	-	-	13,508	(4,717,237)	13,508
Other grants	4.2	295,040	-	1,227,180	841,883	(29,106)	2,334,997	394,459	-	1,223,906	816,148	(26,962)	2,407,551
Purchase of goods and services	4.3, 20	50,337	3,520	48,868	482,554	(11,133)	574,146	57,827	82,568	53,098	400,081	(8,161)	585,413
Depreciation, amortisation, impairment charges and expected credit loss adjustments	4.4	109,960	619,701	23,394	237,597	-	990,652	3,370	148,565	18,318	201,183	-	371,436
Provisions expense	4.5	-	41,237	85,763	9,034	-	136,034	155	71,762	112,771	233,776	-	418,464
Finance cost	4.6, 20	2,729	53,482	400	8,316	-	64,927	17	-	6	2,818	-	2,841
Other operating expenditure	4.6	44,221	2,642,501	9,240	278,907	(100,027)	2,874,842	63,077	2,696,144	9,573	300,599	(112,766)	2,956,627
<b>Total expenditure</b>	<b>SoCNE</b>	<b>5,679,385</b>	<b>4,665,998</b>	<b>1,478,188</b>	<b>2,530,179</b>	<b>(5,230,145)</b>	<b>9,123,605</b>	<b>5,309,707</b>	<b>4,250,996</b>	<b>1,493,161</b>	<b>2,569,512</b>	<b>(4,865,314)</b>	<b>8,758,062</b>
Income from contracts with customers	5.1	(43,186)	(188,921)	-	(383,287)	793	(614,601)	(38,080)	(231,656)	-	(337,182)	1,171	(605,747)
Current grant income	5.1	(93,778)	(84,996)	(8)	(104,408)	91,815	(191,375)	(91,092)	(88,556)	(773)	(102,079)	86,246	(196,254)
Other operating income	5.2, 20	(14,704)	(389,498)	(1,751,784)	(403,671)	47,532	(2,512,125)	(27,263)	(567,763)	(1,588,283)	(397,207)	60,660	(2,519,856)
<b>Total income</b>	<b>SoCNE</b>	<b>(151,668)</b>	<b>(663,415)</b>	<b>(1,751,792)</b>	<b>(891,366)</b>	<b>140,140</b>	<b>(3,318,101)</b>	<b>(156,435)</b>	<b>(887,975)</b>	<b>(1,589,056)</b>	<b>(836,468)</b>	<b>148,077</b>	<b>(3,321,857)</b>
<b>Net expenditure for the year ended 31 March</b>	<b>SoCNE</b>	<b>5,527,717</b>	<b>4,002,583</b>	<b>(273,604)</b>	<b>1,638,813</b>	<b>(5,090,005)</b>	<b>5,805,504</b>	<b>5,153,272</b>	<b>3,363,021</b>	<b>(95,895)</b>	<b>1,733,044</b>	<b>(4,717,237)</b>	<b>5,436,205</b>

## 2.2 Statement of Financial Position by Operating Segment

	Note	2019-20						2018-19					
		Core department £'000	BBC PSB group £'000	Lottery distributing bodies £'000	Other ALBs £'000	Amounts eliminated on consolidation £'000	Total as per group SoFP £'000	Core department £'000	BBC PSB group £'000	Lottery distributing bodies £'000	Other ALBs £'000	Amounts eliminated on consolidation £'000	Total as per group SoFP £'000
Non-current assets	SoFP	121,198	3,556,006	21,851	8,374,211	(17,332)	12,055,934	94,673	3,673,008	7,492	7,976,590	(16,537)	11,735,226
Current assets	SoFP	77,902	1,426,546	1,399,771	682,392	(25,764)	3,560,847	127,156	1,552,992	1,430,122	698,295	(37,592)	3,770,973
<b>Total assets</b>	SoFP	<b>199,100</b>	<b>4,982,552</b>	<b>1,421,622</b>	<b>9,056,603</b>	<b>(43,096)</b>	<b>15,616,781</b>	<b>221,829</b>	<b>5,226,000</b>	<b>1,437,614</b>	<b>8,674,885</b>	<b>(54,129)</b>	<b>15,506,199</b>
Current liabilities	SoFP	(172,175)	(792,043)	(1,195,330)	(655,973)	23,935	(2,791,586)	(242,512)	(599,101)	(1,416,685)	(706,663)	37,968	(2,926,993)
Non-current liabilities	SoFP	(119,364)	(2,103,827)	(1,413,251)	(286,662)	19,161	(3,903,943)	(34)	(1,975,517)	(1,478,974)	(217,240)	16,161	(3,655,604)
<b>Total liabilities</b>	SoFP	<b>(291,539)</b>	<b>(2,895,870)</b>	<b>(2,608,581)</b>	<b>(942,635)</b>	<b>43,096</b>	<b>(6,695,529)</b>	<b>(242,546)</b>	<b>(2,574,618)</b>	<b>(2,895,659)</b>	<b>(923,903)</b>	<b>54,129</b>	<b>(6,582,597)</b>
<b>Total assets less liabilities</b>	SoFP	<b>(92,439)</b>	<b>2,086,682</b>	<b>(1,186,959)</b>	<b>8,113,968</b>	-	<b>8,921,252</b>	<b>(20,717)</b>	<b>2,651,382</b>	<b>(1,458,045)</b>	<b>7,750,982</b>	-	<b>8,923,602</b>

The department reports its expenditure by operating segment in accordance with IFRS 8 *Operating Segments*. The group's operations are organised and managed by body. This includes the department and ALBs. The group operating segments reflect the major bodies by expenditure within the group. All other bodies within the group are included under 'Other'. Each reportable segment represents a business or corporate unit. The operating segments included above are those used for reporting to the department's board.

Intra-group eliminations occur between group entities during the normal course of business. This is disclosed in the column 'Amounts eliminated on consolidation'.

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.

This note has been re-presented to split out finance costs from other operating expenditure this year as a result of first time adoption of IFRS 16 Leases.

### 3. Staff costs

	Permanently employed staff £'000	Others £'000	Contract and agency staff £'000	Ministers £'000	Special advisers £'000	Total £'000
2019-20	2,092,346	10,604	31,588	214	104	2,134,856
2018-19	1,963,621	6,691	31,438	290	182	2,002,222

Details of staff numbers and related costs (and relevant disclosures) are in the Staff Report in the Accountability section of the Annual Report (page 77).

### 4. Expenditure

#### 4.1 Grants and subsidies to sponsored bodies

	2019-20		2018-19	
	Core department £'000	Departmental group £'000	Core department £'000	Departmental group £'000
Grant-in-aid to ALBs	5,090,004	-	4,717,237	-
Grants and subsidies to public sector	-	13,151	-	13,508
<b>Total: Grants and subsidies to sponsored bodies</b>	<b>5,090,004</b>	<b>13,151</b>	<b>4,717,237</b>	<b>13,508</b>

Subsidies include an operating subsidy of £13.2m (2018-19: £13.5m) from Historic England to the English Heritage Trust for management of the National Collection of buildings, monuments and sites.

#### 4.1.1 Grant-in-Aid to ALBs

	2019-20 Estimate £'000	2019-20 Outturn £'000	2018-19 Outturn £'000
Arts Council England	489,247	433,021	508,119
Birmingham 2022	14,465	8,531	26,226
BBC PSB Group	3,275,500	3,267,200	3,229,500
British Film Institute	34,943	34,925	21,718
British Library (includes Public Lending Right)	96,899	96,899	93,443
British Museum	75,709	75,709	52,543
Churches Conservation Trust	2,608	2,608	2,604
Gambling Commission (for regulation of the National Lottery)	16,240	17,020	6,721
Gambling Commission (other)	864	-	-
Geffrye Museum Trust Limited (Museum of the Home)	2,696	2,196	2,096
Historic England	89,455	89,495	91,607
Horniman Public Museum and Public Park Trust	3,945	3,970	3,820
Imperial War Museum	27,821	22,822	25,739
Information Commissioner's Office	6,138	6,338	2,896
National Citizen Service Trust	176,372	158,620	65,765
National Gallery	24,675	24,675	24,092
National Heritage Memorial Fund	6,270	6,270	4,629
Royal Museums Greenwich	16,598	16,598	15,870
National Museums Liverpool	22,386	22,386	19,761
National Portrait Gallery	8,575	8,575	7,634
Natural History Museum	46,672	46,672	42,455
Office of Communications (Ofcom)	85,759	310,377	68,840
Royal Armouries Museum	7,834	7,834	9,461
S4C	22,647	22,658	15,117
Science Museum Group	70,642	70,542	47,928
Sir John Soane's Museum	1,212	1,252	1,032
Sport England	108,219	102,425	98,765
Sports Grounds Safety Authority	1,635	1,635	1,601
Tate Gallery	41,208	41,208	37,566
UK Anti-Doping	9,010	8,910	7,998
UK Sport	63,817	67,357	70,091
Victoria and Albert Museum	53,098	53,098	40,676
Visit Britain	54,268	54,268	68,193
Wallace Collection	3,910	3,910	2,731
Savings not allocated at time of Estimate	(25)	-	-
<b>Grant-in-Aid per Supply Estimate</b>	<b>4,961,312</b>	<b>5,090,004</b>	<b>4,717,237</b>

Grant-in-Aid (GIA) and funding paid to ALBs within the Group is eliminated upon consolidation.

The £242m increase in the funding to Ofcom relates to the settlement of the legal claim from Mobile Network Operators for the increase in fees paid between September 2015 and November 2017. The status of the Court of Appeal hearing of this claim was not confirmed until after the Supplementary Estimates.

The funding to National Citizen Service Trust increased by £93m because the body was operational for the full year in 2019-20 but was only funded for four months in 2018-19.

The £38m uplift in funding to the BBC is due to the increase in licence fee.

The additional funding to the other public bodies in the year is in line with the increase in the Departmental Expenditure Limit.

Eight public bodies – classified or expected to be classified by Office for National Statistics to central government and sponsored by DCMS – have been consolidated into the 2019-20 DCMS group accounts at a summary level on the grounds of materiality. These are the Phone-paid Services Authority (PSA), the Churches Conservation Trust (CCT), Sports Grounds Safety Authority (SGSA), Horniman Public Museum and Public Park Trust (HMM), Royal Armouries Museum (RAM), Sir John Soane's Museum (SJS), Wallace Collection (WCO) and UK Anti-Doping (UKAD). PSA is levy-funded and does not receive Grant-in-Aid.

## 4.2 Other grants

	2019-20		2018-19	
	Core department £'000	Departmental group £'000	Core department £'000	Departmental group £'000
Capital grants	132,809	575,119	119,776	616,663
Current grants	162,231	1,759,878	274,683	1,790,888
<b>Total: Other grants</b>	<b>295,040</b>	<b>2,334,997</b>	<b>394,459</b>	<b>2,407,551</b>

Group capital grants have decreased by £41.5m. A £52.5m decrease at the National Lottery Heritage Fund is the result of restrictions placed on the level of awards granted in order to improve long-term solvency, and is partly offset by an increase in the core department of £13m for the Building Digital UK programmes.

Group current grants have decreased by £31.2m. A £112.5m decrease for the core department (see below) and a £56.8m decrease in Sport England Lottery due to the timing in the current strategic cycle, partly offset by a £62.5m increase in Arts Council England due to the last year of their previous three-year investment round from 2017-18 ending and a £34m increase in the National Lottery Community Fund.

Current grants for the core department have continued to decrease since the National Citizen Service Trust became an ALB in December 2018 and was fully consolidated after that date. In 2019-2020 the NCS programme received £nil as Grants and £158.6m as Grant-in-Aid. (2018-19: £111.2m as grants to the former NCS CIC and £65.8m as Grant-in-Aid).

### 4.3 Purchase of goods and services

	2019-20		2018-19	
	Core department £'000	Departmental group £'000	Core department £'000	Departmental group £'000
Professional services	37,008	243,603	35,334	162,167
Human resources	1,534	21,912	1,280	23,069
Marketing and media	518	35,831	1,186	31,822
Premises expenses	1,196	117,593	1,270	116,127
Business rates	697	16,880	1,045	16,945
Utilities	160	23,243	247	22,885
Rentals under operating leases*	-	74	10,384	118,970
IT maintenance and support	5,325	67,082	4,333	60,455
Travel and subsistence	2,195	30,130	2,353	29,792
Audit fees (statutory accounts) - cash	-	2,908	-	2,786
<b>Sub-total: cash items</b>	<b>48,633</b>	<b>559,256</b>	<b>57,432</b>	<b>585,018</b>
<b>Non-cash items</b>				
Auditors' remuneration	415	415	395	395
<b>Sub-total: non-cash items</b>	<b>415</b>	<b>415</b>	<b>395</b>	<b>395</b>
<b>Total: Purchase of goods and services</b>	<b>49,048</b>	<b>559,671</b>	<b>57,827</b>	<b>585,413</b>

\*IFRS 16 has been implemented during 2019-20 with no changes to comparative data, the prior year figures include rentals under operating leases under IAS 17. As reported in note 20 Lease Liabilities, there are other charges to the SoCNE of £1,289k (Core department) and £14,475k (departmental group).

#### Professional services

£71.6m of the Group increase in professional services expenditure is a result of the addition of National Citizen Service (NCS) as an ALB in 2018-19, which became a Royal Charter Body on 1 December 2018. The 2019-20 year is therefore the first full year of expenditure being recognised, compared to only four months in 2018-19. The majority of that spend relates to payments made to regional and local partners who deliver the NCS programme on behalf of NCS.

Included within professional services is £32.9m of consultancy costs (2018-19: £22.5m) comprising core department £3.9m (2018-19: £3.3m) and in respect of the ALBs, £29.0m (2018-19: £19.2m). £9.0m of this increase relates to work on the 4th Lottery Licence by the Gambling Commission (2018-19: £2.2m).

#### Auditors' remuneration

Audit fees (cash) of £2,908k (2018-19: £2,790k) relates to the statutory audit of the ALBs. Of the cash fees £2,723k (2018-19: £2,456k) was payable to the National Audit Office (NAO) on behalf of the C&AG and £185k (2018-19: £334k) was payable to other auditors.

Notional non-cash auditors' remuneration for the cost of the audit of the group's accounts was £415k (2018-19: £395k).

In 2019-20 the core department did not purchase any non-audit services from its auditor, the Comptroller and Auditor General (C&AG) (2018-19: £nil). The ALBs did not purchase non-audit services from auditors other than the NAO in the year (2018-19: £56k). Further details can be obtained from the accounts of the ALBs.

#### 4.4 Depreciation, amortisation, impairment charge and expected credit loss

	2019-20		2018-19	
	Core department £'000	Departmental group £'000	Core department £'000	Departmental group £'000
Depreciation	1,826	240,830	2,048	279,424
Depreciation on right of use assets*	9,677	110,540	-	-
Amortisation	566	24,373	337	27,994
Impairments/(write backs)	(1,478)	12,808	42	63,490
Impairment on right of use assets*	98,684	599,301	-	-
Expected credit loss	685	2,800	943	528
<b>Depreciation, amortisation and impairment charges - non-cash total</b>	<b>109,960</b>	<b>990,652</b>	<b>3,370</b>	<b>371,436</b>

\*IFRS 16 has been implemented during 2019-20 with no changes to comparative data.

The decrease in depreciation is driven by a downward revaluation following the BBC's adoption of IFRS 16 in 2019-20.

The increases in depreciation on right of use assets and impairment on right of use assets is due from the adoption of IFRS 16 Leases in 2019-20.

Impairment on right of use assets is driven by the BBC as the adoption of IFRS16 rental value proved higher than market value.

#### 4.5 Provisions expense

	2019-20		2018-19	
	Core department £'000	Departmental group £'000	Core department £'000	Departmental group £'000
Provisions:				
Unwinding of discount	-	25	-	(1)
Provided for/(released)	-	136,009	155	418,465
<b>Provisions expense - non-cash total</b>	<b>-</b>	<b>136,034</b>	<b>155</b>	<b>418,464</b>

Ofcom provided £232.0m in 2018-19 for ongoing litigation regarding the restitution of annual licence fees following the Court of Appeal judgment in November 2017 to quash regulations that Ofcom made in September 2015 to revise fees for use of 900/1800 MHz spectrum bands. The Mobile Network Operators brought claims against Ofcom seeking restitution of the increase in fees paid between September 2015 and November 2017.

The restitution case was heard in the High Court in May 2019 and found in favour of the Mobile Network Operators. It ordered repayment of the increase in fees that had been collected under the quashed 2015 Regulations. Ofcom appealed this, but in February 2020 the original decision was upheld and therefore Ofcom were liable to repay the licence fees, related interest, and legal costs, meaning the provision was utilised in the year

The National Lottery Community Fund (NLCF) has provided £71.1m (2018-19: £93.3m) relating to dormant account income to be paid out.

The BBC has provided £41.2m (2018-19: £71.8m) primarily relating to taxation and restructuring provisions.

## 4.6 Other operating expenditure

	2019-20		2018-19	
	Core department £'000	Departmental group £'000	Core department £'000	Departmental group £'000
Broadcasting and media	-	2,429,418	-	2,522,046
Sport	-	31,270	-	31,423
Tourism	-	40,554	-	50,140
Ceremonial and cultural events	2,141	4,642	4,689	7,013
Historical and heritage	36,713	45,347	41,096	43,463
Museums, galleries, art & exhibits	381	59,072	397	55,904
Libraries	-	6,009	-	6,073
Interest payable	-	62,094	-	75,168
Finance costs excluding IFRS 16 leases*	10	2,259	17	2,841
Early departure costs	80	39,879	-	30,025
Research & development (capital)	-	8,935	456	10,409
Other expenditure	4,901	40,749	8,139	90,428
<b>Sub-total: cash items</b>	<b>44,226</b>	<b>2,770,228</b>	<b>54,794</b>	<b>2,924,933</b>
<b>Non-cash items</b>				
Interest on pension liabilities	-	23,731	-	23,551
(Profit)/loss on disposal of property, plant & equipment	5	1,627	-	4,249
(Profit)/loss on disposal of intangibles	-	-	-	8
Revaluations	-	81,215	-	8,256
Share of (profits)/losses on joint ventures and associates	-	-	-	(5)
(Gains)/losses on net asset transfers	-	-	8,300	-
Write offs/(write backs)	-	351	-	(1,525)
Unrealised foreign exchange rate (gains)/ losses	-	(51)	-	-
Other non-cash charges	-	-	-	1
<b>Sub-total: Non-cash items</b>	<b>5</b>	<b>106,873</b>	<b>8,300</b>	<b>34,535</b>
<b>Total: Other operating expenditure</b>	<b>44,231</b>	<b>2,877,101</b>	<b>63,094</b>	<b>2,959,468</b>

\*IFRS 16 has been implemented within 2019-20, the finance costs for leases of £2,719k (core department) and £62,668k (departmental group) are reported in note 20 in the current period with no changes to comparative data. The £13.1m reduction in interest payable is the result of this change to accounting treatment only.

The decrease in Broadcasting and Media spend of £92.6m is due to a reduction in major International Sporting Competitions occurring in the reporting year (2018/19 saw the FIFA World Cup and Commonwealth Games).

Tourism expense decreased by £9.5m to £40.6m as a result of the Covid-19 outbreak.

The increase in early departure cost was due to the ongoing efficiency programme at the BBC.

Revaluations increased by £72.9m, the majority of the movement was related to investment properties held by the BBC with the remainder due to movements in derivatives.

## 5. Income

### 5.1 Revenue from contracts with customers and current grant income

	2019-20		2018-19	
	Core department £'000	Departmental group £'000	Core department £'000	Departmental group £'000
Goods and services	16,560	203,993	7,448	216,366
Rental income	19	15,509	18	50,768
Fees, charges and duties	26,607	160,595	30,614	147,978
Levies	-	103,087	-	77,483
Royalties	-	41,707	-	33,694
Charity Income - sponsorship and trading	-	89,710	-	79,458
<b>Total: Income from contracts with customers</b>	<b>43,186</b>	<b>614,601</b>	<b>38,080</b>	<b>605,747</b>
Current grant income	93,778	191,375	91,092	196,254
<b>Total income from contracts with customers and current grants</b>	<b>136,964</b>	<b>805,976</b>	<b>129,172</b>	<b>802,001</b>

Income from contracts with customers for the group totalled £614.6m in the year. Contract income received by the BBC makes up £188.9m of this total (2018-19: £231.7m), of which £137.0m (2018-19: £152.7m) relates to Broadcasting services, being content and format sales, production income and subscription fees. The remainder is royalties of £40.0m (2018-19: £32.0m) and rental income of £11.9m (2018-19: £47.0m), the latter of which has seen a decrease due to the reclassification of an investment property held to a lease receivable following the implementation of IFRS 16 (see note 10). Income from commercial activities totalled £18.0m (2018-19: £22.9m) for British Tourist Authority.

Where by statute or Treasury consent, an entity is permitted to retain the revenue from taxation, fines and penalties, this revenue is treated as arising from a contract and accounted for under IFRS 15. This applies even though there is no associated performance obligation. Levies, duties and legislative fees have been reclassified accordingly. Fees include administration, application and regulatory fees at Ofcom (£46.6m), data protection fees at Information Commissioner's Office (£48.7m), and operator annual licence fees at Gambling Commission (£19.9m).

Total levy income for the year is £103.1m, of which the Horserace Betting Levy Board makes up £98.0m (2018-2019: £82.7m). This increase is due to the effects of the Equine Influenza outbreak in the prior year, which lowered the levy amount received.

## 5.1.1 Transaction price allocated to remaining performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that are (partially) unsatisfied at the reporting date:

Revenue expected to be received	2020-21 £'000	2021-22 £'000	2022-23 £'000	2023-24 £'000	2024-25 £'000	2025 onwards £'000
Broadcasting services	32,235	23,808	21,639	160,343	-	-

The Department applies the practical expedient allowable by paragraph 121 of IFRS 15 and does not disclose information about the remaining performance obligations that have expected durations of one year or less. Substantially all reportable obligations are in relation to the broadcasting services contracts (BBC and BFI).

Further details of relevant policies in relation to performance obligations are disclosed in the BBC Group Financial Statements (Note H – accounting policies).

## 5.2 Other operating income

	2019-20		2018-19	
	Core department £'000	Departmental group £'000	Core department £'000	Departmental group £'000
Lottery income	-	1,670,814	-	1,505,607
Capital grant income	2,757	18,283	-	10,367
Recoveries	60	61,348	5,265	65,027
Property Sales proceeds/overages	333	333	-	-
Fees for licences and broadcast licences	10,007	268,221	20,112	484,330
Charity income - donations	12	139,014	-	140,923
Interest	1,290	34,785	1,340	27,629
Dividends	-	75,259	-	67,938
Charity income - other	-	55,215	-	58,015
Other operating income	141	136,987	546	132,561
<b>Sub-total: cash items</b>	<b>14,600</b>	<b>2,460,259</b>	<b>27,263</b>	<b>2,492,397</b>
<b>Non-cash items</b>				
Profit/(loss) on disposal of assets:				
Financial assets	-	2,737	-	1,315
Inventories	-	-	-	5
Share of profit/(loss) on joint ventures and associates	-	(2,181)	-	605
Revaluation of financial assets/liabilities	-	2,047	-	149
Charity income - asset donations	-	35,894	-	25,385
<b>Sub-total: Non-cash items</b>	<b>-</b>	<b>38,497</b>	<b>-</b>	<b>27,459</b>
<b>Total: Other operating income</b>	<b>14,600</b>	<b>2,498,756</b>	<b>27,263</b>	<b>2,519,856</b>

\*IFRS 16 has been implemented within 2019-20. Income from sub-leasing right-of-use assets of £104k (core department) and £13,369k (departmental group) are reported in note 20 in the current period with no changes to comparative data.

### **Significant movements in income**

Lottery income – of the £165.2m increase, £70.6m relates to National Lottery Community Fund, £35.3m relates to National Lottery Heritage Fund, £24.6m relates to Arts Council England Lottery and £21.9m relates to Sport England Lottery.

Fees for licences and broadcast licences – income has fallen by £216.1m, driven by a £215.4m decrease in BBC's licence fee income resulting from the phasing out of the DWP contribution for concessionary licences for over 75's, with 2019-20 being the final year of contributions. The core department has also seen a £10.0m decrease primarily due to a decrease in BBC's contribution to broadband as per the 2010 Licence Fee Settlement. The core department collected £10.0m from the BBC for contributions for broadband (2018-19: £20.0m), which was eliminated in the group accounts. This money was paid over to the Consolidated Fund, see SoPS Note 4.1 in the primary statements to the accounts.

## 6. Property, plant and equipment

	Land £'000	Buildings £'000	Dwellings £'000	Information technology £'000	Plant & machinery £'000	Furniture & fittings £'000	Antiques, works of art & collections £'000	Assets under construction £'000	Total £'000
<b>Cost or valuation</b>									
At 1 April 2019	1,674,449	4,306,657	3,551	101,821	2,062,411	455,247	865	183,383	8,788,384
Transferred to right of use assets on 1 April 2019	(10,182)	(1,104,206)	-	-	(7,623)	(3,982)	-	-	(1,125,993)
Additions	-	12,587	-	7,319	8,054	12,087	-	173,133	213,180
Disposals	(1,792)	(9,442)	(306)	(5,405)	(92,838)	(11,471)	-	(589)	(121,843)
Revaluations	(73,131)	143,145	114	21	623	955	-	-	71,727
Impairments	-	11	-	-	1,610	(1)	-	-	1,620
Reclassifications	-	5,255	-	1,622	67,252	4,567	-	(78,696)	-
Transfers (to)/from assets held for sale/ intangibles/investment properties/heritage assets/ right of use assets	(3,184)	205,567	-	3,275	(12,108)	4,757	-	(32,854)	165,453
<b>At 31 March 2020</b>	<b>1,586,160</b>	<b>3,559,574</b>	<b>3,359</b>	<b>108,653</b>	<b>2,027,381</b>	<b>462,159</b>	<b>865</b>	<b>244,377</b>	<b>7,992,528</b>
<b>Depreciation</b>									
At 1 April 2019	206	177,737	847	84,785	897,875	316,604	-	-	1,478,054
Transferred to right of use assets on 1 April 2019	(206)	(56,241)	-	-	(4,959)	(249)	-	-	(61,655)
Charged in year	-	82,741	151	7,463	122,261	25,340	-	-	237,956
Disposals	-	(8,580)	(37)	(5,160)	(92,529)	(11,268)	-	-	(117,574)
Revaluations	-	(30,006)	36	32	(47,025)	405	-	-	(76,558)
Impairments	-	688	-	-	264	-	-	-	952
Reclassifications	-	43	-	-	(16)	(27)	-	-	-
Transfers (to)/from assets held for sale/ intangibles/investment properties/heritage assets/ right of use assets	-	90,380	-	1,865	(8,757)	819	-	-	84,307
<b>At 31 March 2020</b>	<b>-</b>	<b>256,762</b>	<b>997</b>	<b>88,985</b>	<b>867,114</b>	<b>331,624</b>	<b>-</b>	<b>-</b>	<b>1,545,482</b>
<b>Carrying amount:</b>									
<b>31 March 2020</b>	<b>1,586,160</b>	<b>3,302,812</b>	<b>2,362</b>	<b>19,668</b>	<b>1,160,267</b>	<b>130,535</b>	<b>865</b>	<b>244,377</b>	<b>6,447,046</b>
<b>31 March 2019</b>	<b>1,674,243</b>	<b>4,128,920</b>	<b>2,704</b>	<b>17,036</b>	<b>1,164,536</b>	<b>138,643</b>	<b>865</b>	<b>183,383</b>	<b>7,310,330</b>
<b>Of which:</b>									
Core department	7,374	18,002	-	2,552	951	974	-	-	29,853
Arm's length bodies	1,578,786	3,284,810	2,362	17,116	1,159,316	129,561	865	244,377	6,417,193
<b>Carrying amount at 31 March 2020</b>	<b>1,586,160</b>	<b>3,302,812</b>	<b>2,362</b>	<b>19,668</b>	<b>1,160,267</b>	<b>130,535</b>	<b>865</b>	<b>244,377</b>	<b>6,447,046</b>

## 6. Property, plant and equipment (continued)

	2018-19									
	Land £'000	Buildings £'000	Dwellings £'000	Information technology £'000	Plant & machinery £'000	Furniture & fittings £'000	Antiques, works of art & collections £'000	Assets under construction £'000	Total £'000	
<b>Cost or valuation</b>										
At 1 April 2018	1,480,868	4,194,118	3,401	103,656	2,274,991	426,676	827	160,727	8,645,264	
Additions	4,400	17,974	-	4,429	18,912	10,489	-	204,211	260,415	
Disposals	(1,400)	(15,571)	-	(6,768)	(102,113)	(8,721)	-	(1,617)	(136,190)	
Revaluations	167,067	(29,975)	150	22	(59,796)	12	-	-	77,480	
Impairments	14	(26,774)	-	-	(23,977)	5	38	-	(50,694)	
Reclassifications	23,500	156,823	-	479	(48,850)	26,213	-	(158,165)	-	
Transfers (to)/from assets held for sale/ intangibles/investment properties/heritage assets	-	10,062	-	3	3,244	573	-	(21,773)	(7,891)	
<b>At 31 March 2019</b>	<b>1,674,449</b>	<b>4,306,657</b>	<b>3,551</b>	<b>101,821</b>	<b>2,062,411</b>	<b>455,247</b>	<b>865</b>	<b>183,383</b>	<b>8,788,384</b>	
<b>Depreciation</b>										
At 1 April 2018	206	155,176	694	84,045	978,534	300,026	-	-	1,518,681	
Charged in year	-	121,894	153	7,464	124,833	25,080	-	-	279,424	
Disposals	-	(14,201)	-	(6,744)	(66,414)	(8,479)	-	-	(95,838)	
Revaluations	-	(85,534)	-	21	(139,471)	(26)	-	-	(225,010)	
Impairments	-	402	-	-	393	2	-	-	797	
Reclassifications	-	-	-	(1)	-	1	-	-	-	
<b>At 31 March 2019</b>	<b>206</b>	<b>177,737</b>	<b>847</b>	<b>84,785</b>	<b>897,875</b>	<b>316,604</b>	<b>-</b>	<b>-</b>	<b>1,478,054</b>	
<b>Carrying amount:</b>										
<b>31 March 2019</b>	<b>1,674,243</b>	<b>4,128,920</b>	<b>2,704</b>	<b>17,036</b>	<b>1,164,536</b>	<b>138,643</b>	<b>865</b>	<b>183,383</b>	<b>7,310,330</b>	
<b>31 March 2018</b>	<b>1,480,662</b>	<b>4,038,942</b>	<b>2,707</b>	<b>19,611</b>	<b>1,296,457</b>	<b>126,650</b>	<b>827</b>	<b>160,727</b>	<b>7,126,583</b>	
<b>Asset financing:</b>										
Owned	1,664,267	3,080,955	2,704	17,036	1,161,872	134,910	865	183,383	6,245,992	
Finance leased	9,976	1,047,965	-	-	2,664	3,733	-	-	1,064,338	
<b>Carrying amount at 31 March 2019</b>	<b>1,674,243</b>	<b>4,128,920</b>	<b>2,704</b>	<b>17,036</b>	<b>1,164,536</b>	<b>138,643</b>	<b>865</b>	<b>183,383</b>	<b>7,310,330</b>	
<b>Of which:</b>										
Core department	7,374	18,750	-	2,016	991	1,538	-	-	30,669	
Arm's length bodies	1,666,869	4,110,170	2,704	15,020	1,163,545	137,105	865	183,383	7,279,661	
<b>Carrying amount at 31 March 2019</b>	<b>1,674,243</b>	<b>4,128,920</b>	<b>2,704</b>	<b>17,036</b>	<b>1,164,536</b>	<b>138,643</b>	<b>865</b>	<b>183,383</b>	<b>7,310,330</b>	

## Land & buildings valuation

The professional valuations of land and buildings undertaken within the group were prepared in accordance with the Royal Institute of Chartered Surveyors (RICS) Red Book. Land and buildings are revalued every five years by independent property consultants and, where appropriate, in the intervening periods relevant indices are used. Further information can be found in the individual financial statements of the ALBs.

Some ALBs have valued their land and buildings at modified historical cost as a proxy for fair value as it is considered not to be materially different to fair value.

The operational assets held by DCMS and its ALBs and used to deliver front line services and back office functions (as both PPE and Right of Use Assets) include a wide range of sites with specialised functions.

Apart from the BBC, the owned estate is predominantly accounted for by the value of land, buildings and plant and equipment for the museums, galleries and libraries, Historic England's operational non-heritage assets, and Sport England's National Sports Centres. These are all specialised assets for which there is no readily ascertainable market value in existing use.

In arriving at a current value in existing use, some 85% of the group's owned assets are therefore valued using estimates of the present value of these asset's remaining service potential. In practice, this has meant that valuers have adopted a depreciated replacement cost methodology.

Of the BBC's owned and right of use land and buildings, over three quarters have been valued using a depreciated replacement cost valuation due to the specialised nature of these assets. The material uncertainty highlighted in the final paragraph below also applies to the BBC's right of use land and building assets as included in note 7. Details of the valuation method applied by the BBC are included in the accounting policies note 1.8.

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11 March 2020, has impacted global financial markets. Valuation reports consider less weight can be attached to previous market evidence for comparison purposes, to inform opinions of value. Some valuations are therefore reported as being subject to 'material valuation uncertainty' as set out in the RICS Valuation – Global Standards. The inclusion of the 'material valuation uncertainty' declaration in valuation reports does not mean that the valuation cannot be relied upon; rather to ensure transparency of the fact that, in the current extraordinary circumstances, less certainty can be attached to the valuation than would otherwise be the case, and that valuations should be kept under review.

For valuation methods such as depreciated replacement cost, that are based on building cost indices, the indices used as at 31 March 2020 include the valuer's judgement of the impact of Covid-19. As at the valuation date, less weight to previous market evidence and published build cost information for comparison purposes can be given to inform estimation of asset values which means less certainty and a higher degree of caution should be attached to the indices.

## Land

Land includes the Tate Gallery portfolio with a carrying value of £475.5m (31 March 2019: £504.0m); the British Library of £226.5m (31 March 2019: £240.6m); the Natural History Museum of £190.7m (31 March 2019: £200.7m); and the British Museum of £188.2m (31 March 2019: £201.6m).

## Buildings

Buildings includes the BBC with a carrying value of £143.2m (31 March 2019: £958.4m); the Tate Gallery of £427.7m (31 March 2019: £432.1m); the British Library of £425.0m (31 March 2019: £418.3m); the British Museum of £454.9m (31 March 2019: £424.3m); the Victoria and Albert Museum of £349.9m (31 March 2019: £324.0m) and the Natural History Museum of £330.5m (31 March 2019: £309.4m).

The £826.1m decrease in the carrying value of Buildings is primarily due to the adoption of IFRS 16. The IFRS 16 transition adjustment (line 'transferred to right of use assets on 1 April 2019) of £1,048.0m comprises primarily of a £935.1m transfer to right of use assets within the BBC and a £71.9m transfer to right of use assets at National Museums Liverpool. This was offset by a £34.2m revaluation uplift in the carrying value of buildings at the BBC.

## Plant & machinery

Plant & machinery includes the Tate Gallery with a carrying value of £229.6m (31 March 2019: £237.8m); the BBC of £259.1m (31 March 2019: £264.1m); and the British Library of £227.5m (31 March 2019: £225.5m).

## Assets under construction

Assets under construction includes a large number of projects at the BBC with a carrying value of £125.9m (31 March 2019: £117.4m), the British Museum of £25.5m (31 March 2019: £9.4m) and the Science Museum group of £31.8m (31 March 2019: £27.7m).

The major components of the £61.0m increase are: £16.1m relating to the construction of the British Museum Archaeological Research Collection, £9.1m increase at the Imperial War Museum relating to the construction of new workplace accommodation and the re-development of WW2 galleries, £8.5m increase at the BBC for various projects, £7.7m increase for building work undertaken as part of the Victoria & Albert Museum Here East development, £7.2m increase at National Gallery for the accommodation hub and relocation from St Vincent House, and a £6.8m increase at Natural History Museum for various projects.

## 7. Right of Use Assets

	Land £'000	Buildings £'000	Information technology £'000	Plant & machinery £'000	Furniture & fittings £'000	Other £'000	Total £'000
<b>Cost or valuation</b>							
At 1 April 2019	-	-	-	-	-	-	-
Transferred from property, plant and equipment on 1 April 2019	10,182	1,104,206	-	7,623	3,982	-	1,125,993
Cumulative Catch Up	(6,567)	712,012	468	5,480	126	345	711,864
Additions	54,971	779,858	25	2,307	112	-	837,273
Disposals	-	(1,406)	-	(4,444)	-	-	(5,850)
Revaluations	(45)	(401,010)	-	-	156	-	(400,899)
Impairments	(28,703)	(580,275)	-	-	-	-	(608,978)
Transfers (to)/from assets held for sale/intangibles/ investment properties/heritage assets/property, plant and equipment	-	(187,978)	-	-	-	-	(187,978)
<b>At 31 March 2020</b>	<b>29,838</b>	<b>1,425,407</b>	<b>493</b>	<b>10,966</b>	<b>4,376</b>	<b>345</b>	<b>1,471,425</b>
<b>Depreciation</b>							
At 1 April 2019*	-	-	-	-	-	-	-
Transferred from property, plant and equipment on 1 April 2019	206	56,241	-	4,959	249	-	61,655
Charged in year	535	109,272	171	2,997	301	138	113,414
Disposals	-	(1,105)	-	(2,693)	-	-	(3,798)
Revaluations	-	(967)	-	-	20	-	(947)
Impairments	-	(9,677)	-	-	-	-	(9,677)
Transfers (to)/from assets held for sale/intangibles/ investment properties/heritage assets/property, plant and equipment	(692)	(90,480)	-	-	-	-	(91,172)
<b>At 31 March 2020</b>	<b>49</b>	<b>63,284</b>	<b>171</b>	<b>5,263</b>	<b>570</b>	<b>138</b>	<b>69,475</b>
<b>Carrying amount:</b>							
<b>31 March 2020</b>	<b>29,789</b>	<b>1,362,123</b>	<b>322</b>	<b>5,703</b>	<b>3,806</b>	<b>207</b>	<b>1,401,950</b>
<b>31 March 2019</b>	-	-	-	-	-	-	-
<b>Asset financing:</b>							
Owned	-	-	-	-	-	-	-
Finance leased	29,789	1,362,123	322	5,703	3,806	207	1,401,950
<b>Carrying amount at 31 March 2020</b>	<b>29,789</b>	<b>1,362,123</b>	<b>322</b>	<b>5,703</b>	<b>3,806</b>	<b>207</b>	<b>1,401,950</b>
<b>Of which:</b>							
Core department	-	22,706	-	-	-	-	22,706
Arm's length bodies	29,789	1,339,417	322	5,703	3,806	207	1,379,244
<b>Carrying amount at 31 March 2020</b>	<b>29,789</b>	<b>1,362,123</b>	<b>322</b>	<b>5,703</b>	<b>3,806</b>	<b>207</b>	<b>1,401,950</b>

This is a new note for 2019-20 as this is the first year of adoption of IFRS 16 - Leases within the DCMS group. See Note 1 – Accounting policies for more information on the adoption of this standard.

See Note 6 – Property, Plant and Equipment for the valuation methods undertaken within the group. Of the BBC's owned and right of use land and buildings, over three quarters have been valued using a depreciated replacement cost valuation due to the specialised nature of these assets.

## Land

Land mainly comprises the Victoria and Albert Museum's Here East development site with a carrying value of £24.2m.

## Buildings

Buildings includes the BBC with a carrying value of £1,043.0m; Ofcom - £47.3m; Historic England - £36.9m; the Victoria and Albert Museum - £32.6m and DCMS Core - £22.7m.

## 8. Heritage assets

The heritage assets owned by the group are split between land, buildings and other (which includes antiques, works of art and scientific and natural history collections) as shown in the table below. Further analysis of the heritage assets is included in note 8.1.

	2019-20			
	Land £'000	Buildings £'000	Other £'000	Total £'000
<b>Cost or valuation</b>				
At 1 April 2019	2,400	73,723	1,568,853	1,644,976
Additions	-	7,178	32,584	39,762
Donations	-	-	35,725	35,725
Disposals	-	-	(71)	(71)
Revaluations	-	4,703	22,695	27,398
Impairments	-	62	(4)	58
<b>At 31 March 2020</b>	<b>2,400</b>	<b>85,666</b>	<b>1,659,782</b>	<b>1,747,848</b>
<b>Depreciation</b>				
At 1 April 2019	-	660	86	746
Charged in year	-	-	-	-
<b>At 31 March 2020</b>	<b>-</b>	<b>660</b>	<b>86</b>	<b>746</b>
<b>Carrying amount:</b>				
31 March 2020	2,400	85,006	1,659,696	1,747,102
31 March 2019	2,400	73,063	1,568,767	1,644,230
<b>Asset financing:</b>				
Owned	2,400	85,006	1,659,696	1,747,102
<b>Carrying amount at 31 March 2020</b>	<b>2,400</b>	<b>85,006</b>	<b>1,659,696</b>	<b>1,747,102</b>
<b>Of which:</b>				
Core department	-	-	15,680	15,680
Arm's length bodies	2,400	85,006	1,644,016	1,731,422
<b>Carrying amount at 31 March 2020</b>	<b>2,400</b>	<b>85,006</b>	<b>1,659,696</b>	<b>1,747,102</b>

## Heritage Assets (continued)

	2018-19			
	Land £'000	Buildings £'000	Other £'000	Total £'000
<b>Cost or valuation</b>				
At 1 April 2018	2,400	64,415	1,439,986	1,506,801
Additions	-	3,285	19,759	23,044
Donations	-	-	25,385	25,385
Disposals	-	-	(32)	(32)
Revaluations	-	5,992	83,755	89,747
Impairments	-	31	-	31
<b>At 31 March 2019</b>	<b>2,400</b>	<b>73,723</b>	<b>1,568,853</b>	<b>1,644,976</b>
<b>Depreciation</b>				
At 1 April 2018	-	660	86	746
Charged in year	-	-	-	-
<b>At 31 March 2019</b>	<b>-</b>	<b>660</b>	<b>86</b>	<b>746</b>
<b>Carrying amount:</b>				
31 March 2019	2,400	73,063	1,568,767	1,644,230
31 March 2018	2,400	63,755	1,439,900	1,506,055
<b>Asset financing:</b>				
Owned	2,400	73,063	1,568,767	1,644,230
<b>Carrying amount at 31 March 2019</b>	<b>2,400</b>	<b>73,063</b>	<b>1,568,767</b>	<b>1,644,230</b>
<b>Of which:</b>				
Core department	-	-	15,221	15,221
Arm's length bodies	2,400	73,063	1,553,546	1,629,009
<b>Carrying amount at 31 March 2019</b>	<b>2,400</b>	<b>73,063</b>	<b>1,568,767</b>	<b>1,644,230</b>

## 8.1 Heritage assets

	Non-operational		Operational		Total heritage assets £'000
	At cost £'000	At valuation £'000	At cost £'000	At valuation £'000	
<b>Cost or valuation</b>					
Balance at 1 April 2019	410,143	1,158,569	20,650	55,614	1,644,976
Additions	31,983	601	7,165	13	39,762
Donations	21,194	14,531	-	-	35,725
Disposals	(71)	-	-	-	(71)
Impairments	-	(4)	-	62	58
Revaluations	56	22,639	-	4,703	27,398
<b>Balance at 31 March 2020</b>	<b>463,305</b>	<b>1,196,336</b>	<b>27,815</b>	<b>60,392</b>	<b>1,747,848</b>
<b>Depreciation</b>					
Balance at 1 April 2019	-	-	746	-	746
Depreciation charge for the year	-	-	-	-	-
<b>Balance at 31 March 2020</b>	<b>-</b>	<b>-</b>	<b>746</b>	<b>-</b>	<b>746</b>
<b>Net book value at 31 March 2020</b>	<b>463,305</b>	<b>1,196,336</b>	<b>27,069</b>	<b>60,392</b>	<b>1,747,102</b>

	Non-operational		Operational		Total heritage assets £'000
	At cost £'000	At valuation £'000	At cost £'000	At valuation £'000	
<b>Cost or valuation</b>					
Balance at 1 April 2018	389,113	1,050,701	17,396	49,591	1,506,801
Additions	19,143	616	3,285	-	23,044
Donations	1,887	23,498	-	-	25,385
Disposals	-	(1)	(31)	-	(32)
Impairments	-	-	-	31	31
Revaluations	-	83,755	-	5,992	89,747
<b>Balance at 31 March 2019</b>	<b>410,143</b>	<b>1,158,569</b>	<b>20,650</b>	<b>55,614</b>	<b>1,644,976</b>
<b>Depreciation</b>					
Balance at 1 April 2018	-	-	746	-	746
Depreciation charge for the year	-	-	-	-	-
<b>Balance at 31 March 2019</b>	<b>-</b>	<b>-</b>	<b>746</b>	<b>-</b>	<b>746</b>
<b>Net book value at 31 March 2019</b>	<b>410,143</b>	<b>1,158,569</b>	<b>19,904</b>	<b>55,614</b>	<b>1,644,230</b>

Summary of heritage asset transactions	2019-20 £000	2018-19 £000	2017-18 £000	2016-17 £000	2015-16 £000
Purchased assets	39,762	23,044	32,313	27,364	23,021
Donated assets	35,725	25,385	19,178	94,869	16,961
Disposals	(71)	(32)	(230)	(605)	-
Impairments	58	31	183	(750)	(412)

### Classification

Heritage assets are classified under the FReM as either:

- Non-operational heritage assets, which are held for the maintenance of the country's heritage
- Operational heritage assets, which are held for the maintenance of the country's heritage and are also used for other activities, or to provide other services

Non-operational and operational heritage assets within the SoFP are split between heritage assets held at cost and held at valuation. For more detailed information on heritage assets please refer to the financial statements of the individual ALBs listed at note 28.

### **8.1.1 Non-operational heritage assets**

Non-operational heritage assets acquired by the group prior to 1 April 2001 have not been valued and are not therefore included in the SoFP. The cost of valuing these assets is considered to be prohibitive and is not commensurate to the benefits, due to the size of the collections and/or the assets' uniqueness.

#### *Department*

The department's non-operational heritage assets include the Government Art Collection, other arts and antiques collections, land, buildings and monuments.

The majority of non-operational heritage assets held are valued at nil, because valuation information cannot be obtained at a cost commensurate with the benefits to users of the accounts; 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.

#### *Government Art Collection (GAC)*

The GAC's major works 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. Purchased additions to the GAC have been included at cost in the SoFP from 1 April 2000. Assets acquired prior to 1 April 2000 and donations to the GAC are valued at nil as the cost of obtaining valuations for these assets is not commensurate to the benefits.

#### *Other arts and antiques collections*

The department's non-operational heritage assets include the Heveningham Hall chattels at valuation. The most important items among the chattels are a suite of furniture designed by James Wyatt originally for Heveningham Hall, Suffolk, a Grade I listed building.

#### *Land, buildings, and monuments*

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 discharged through a series of management agreements:

- The Secretary of State has a contract with The Royal Parks Limited for the provision of maintenance and management of the Royal Parks; including 114 heritage assets. These assets consisted of statues, fountains, bridges, walls, bandstands, historic gates and monuments such as Albert Memorial in Kensington Gardens and the 7 July Memorial in Hyde Park. Four of these have been subject to major capital enhancements that are held at cost/valuation of £6m.
- 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 occupied royal palaces in England (Buckingham Palace, St James' Palace, Windsor Castle and some other smaller properties) are managed by the Royal Household. From 1 April 2012, although the Secretary of State retains legal responsibility for these properties, this funding has been aggregated with the Civil List into the Sovereign Grant paid by HM Treasury under the Sovereign Grant Act 2011.
- Marlborough House, used as the home of the Commonwealth Secretariat, is maintained by the Royal Household under an ongoing grant agreement.

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 Crown Lands Acts.

Under Section 34 of the National Heritage Act 1983, management responsibility is vested in the Historic Buildings and Monuments Commission for England (Historic England). There are close to 100 such properties, plus some 250 properties under the Secretary of State's guardianship (for which the freehold remains with private owners). The department also owns freeholds adjacent to some sites under guardianship, used for purposes ancillary to public access such as car parks.

The following (based on visitor numbers) are of particular importance:

- Stonehenge
- Dover Castle
- Hadrian's Wall
- Osborne House
- Tintagel Castle
- Kenwood House
- Audley End House
- Whitby Abbey
- Carisbrooke Castle
- Kenilworth Castle

#### *Arm's-Length Bodies*

The group owns a wide range of non-operational heritage assets. Further details are recorded in the respective ALBs' annual report and accounts (see note 28), the following illustrate the scope of these.

Tate Gallery held non-operational heritage assets at cost of £166.6m at 31 March 2020 (31 March 2019: £160.9m) and at valuation of £337.0m at 31 March 2020 (31 March 2019: £324.4m). Tate Gallery holds the National Collection of British Art from the 1500s and international modern and contemporary art from the 1900s. The collection embraces all media from painting, drawing, sculpture and prints, to photography, video and film, installation and performance. The collection currently consists of 74,525 works of art. Tate Gallery also houses the National Archive of British Art from 1900. The Tate Gallery Archive contains manuscripts, notebooks, sketches, prints, documentation and supporting material.

The National Gallery held non-operational heritage assets at a cost of £66.4m at 31 March 2020 (31 March 2019: £46.1m) and at valuation of £290.8m at 31 March 2020 (31 March 2019: £278.8m). The National Gallery houses one of the greatest collections of Western European paintings in the world. The collection contains over 2,300 works, including many iconic masterpieces and the work of some of the greatest painters.

The Arts Council England Exchequer held non-operational heritage assets at a cost of £45.1m (31 March 2019: £43.8m) and at valuation of £249.9m as at 31 March 2020 (31 March 2019: £241.0m). The works of art collection has been built up since 1946 and consists of 7,983 items at 31 March 2020. Works of exceptionally high value are valued every year; as are items that are on long term loan. All items are valued when loans are agreed as this provides the value for which the lender has to insure the item.

The British Museum held non-operational heritage assets at cost of £35.3m as at 31 March 2020 (31 March 2019: £33.9m) and at valuation of £68.9m as at 31 March 2020 (31 March 2019: £65.5m). The British Museum collection is a global one, and its great strength is the way it records the interrelated histories of humanity as a whole. The collection is estimated to contain about eight million objects.

The Victoria and Albert Museum held non-operational heritage assets at cost of £66.4m as at March 2020 (31 March 2019: £45.8m) and at valuation of £82.4m as at 31 March 2020 (31 March 2019: £68.0m). The Victoria and Albert Museum is the leading international museum of art and design, with 2.3 million objects, library items and archives in its collections.

The British Library held non-operational heritage assets at cost of £45.1m as at 31 March 2020 (31 March 2019: £43.8m) and at valuation of £30.3m as at 31 March 2020 (31 March 2019: £30.2m). The British Library is the national library of the UK and one of the world's greatest research libraries. The British Library is one of the six legal deposit libraries of the UK and it receives copies of all publications produced in the UK and the Republic of Ireland. The assets held at valuation reflect valuations made as part of the acquisition process.

The National Portrait Gallery held non-operational heritage assets at cost of £23.7m as at 31 March 2020 (31 March 2019: £23.5m) and at valuation of £9.1m as at 31 March 2020 (31 March 2019: £9.1m). The National Portrait Gallery holds two collections: a primary collection consisting mainly of paintings and sculpture and a reference collection containing more than 85,000 portraits.

Historic England has responsibility for the National Collection of buildings, monuments and sites. Since 1 April 2015, they are managed by Historic England's charitable subsidiary, The English Heritage Trust, using a mixture of Grant-in-Aid funding and self-generated income.

### **8.1.2 Operational heritage assets**

Where operational heritage assets have not been included in the SoFP, it is due to the prohibitive cost of valuing these assets, which is a reflection of the size of the collections and/or the assets uniqueness.

#### *Department*

The department holds the freehold to Somerset House, an operational heritage asset held at nil value.

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. The department 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.

#### *Arm's length bodies*

Historic England held 184 operational heritage assets of £58.0m at valuation (31 March 2019: £53.2m).

### 8.1.3 Acquisition, preservation, management and disposal policies

#### *Department*

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 and a planned programme of repairs and maintenance for historic buildings is set out in the '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 and liaise with the Government Historic Estates Unit (GHEU). GHEU is a team in Historic England providing advice and guidance at a national level to government departments and agencies, as well as other public bodies.

With the exception of Somerset House, and those non-operational assets listed in note 8.1.1, Historic England (via its charitable subsidiary, The English Heritage Trust) manages all the sites on behalf of the department. Historic England is obliged by the National Heritage Act 1983 "to secure the preservation of ancient monuments and historic buildings in England (including UK territorial waters adjacent to England)". In addition, the department agrees with Historic England a strategy for the conservation and maintenance of the sites. Historic England Commissioners have approved an updated asset management plan, 'Sustainable Conservation Strategy & Asset Management Plan 2019-23, which sets out the policy for maintaining the National Collection of Historic Properties in their care.

The Government Art Collection (GAC) is part of the department that funds collection, maintenance and management. 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, diplomatic posts abroad, embassies, residences, high commissions and consulates-general in most countries.

More details of the asset management undertaken by Government Art Collection can be found on their website: <https://www.artcollection.culture.gov.uk/reports/>

#### *Arm's length bodies*

The ALBs have detailed documented procedures in relation to acquisitions and disposals. These acquisitions and disposals take into account relevant guidelines and require the approval of the ALBs' board. There are restrictions placed on ALBs in relation to the disposal of heritage assets, a significant exception is where an item has deteriorated beyond usefulness for the purpose of the relevant collection. The relevant ALBs have established standards of care, which generally follow codes of practice for the preservation of collections. These policies and procedures are regularly reviewed. Conservation work includes assessment of the collection, preventive conservation (through environmental and light control), preventive maintenance and minor treatment. For further details of their acquisition, preservation, management and disposal policies please refer to the individual financial statements of the ALBs (see note 28).

#### **8.1.4 Heritage assets: records maintained and access**

##### *Department*

The GAC maintains a physical and online database of its collection. The GAC places works of art in major government buildings in the UK and around the world to promote British art, culture and history and, as a result, the public's access is limited.

##### *Arm's length bodies*

Collection databases are maintained physically or online by the relevant ALBs. Most of these ALBs have a major part of their collections on public display, free of charge. For further details of the records maintained and the extent to which heritage assets can be accessed please refer to the individual financial statements of the ALBs.

#### **8.1.5 Nature and extent of significant donations of heritage assets**

Donated assets of £35.9m were received in 2019-20 (2018-19: £25.4m), the most significant of these are:

The Victoria and Albert Museum received donations of heritage assets with a value of £14.4m during 2019-20.

The Tate Gallery received donations of heritage assets with a value of £11.0m (2018-19: £10.7m).

The Science Museum Group received donations of heritage assets with a value of £6.3m during 2019-2020.

The British Museum received donations of heritage assets with a value of £2.8m (2018-19: £6.3m).

The National Gallery received donations of heritage assets with a value of £0.2m (2018-19: £5.1m).

## 9. Intangible assets

	2019-20			
	Licences £'000	Websites £'000	Development expenditure £'000	Total £'000
<b>Cost or valuation</b>				
At 1 April 2019	205,564	4,905	29,796	240,265
Additions	16,873	1,546	3,279	21,698
Disposals	(8,091)	-	(12,947)	(21,038)
Revaluations	6	-	42	48
Impairments	-	-	(84)	(84)
Transfers (to)/from property, plant & equipment/ROU assets	6,756	2,987	(3,113)	6,630
<b>At 31 March 2020</b>	<b>221,108</b>	<b>9,438</b>	<b>16,973</b>	<b>247,519</b>
<b>Amortisation</b>				
At 1 April 2019	147,852	3,143	23,628	174,623
Charged in year	21,326	594	2,453	24,373
Disposals	(7,832)	-	(12,217)	(20,049)
Revaluations	6	-	35	41
Transfers (to)/from property, plant & equipment/ROU assets	1,416	2,878	(2,923)	1,371
<b>At 31 March 2020</b>	<b>162,768</b>	<b>6,615</b>	<b>10,976</b>	<b>180,359</b>
<b>Carrying amount:</b>				
<b>31 March 2020</b>	<b>58,340</b>	<b>2,823</b>	<b>5,997</b>	<b>67,160</b>
<b>31 March 2019</b>	<b>57,712</b>	<b>1,762</b>	<b>6,168</b>	<b>65,642</b>
<b>Asset financing:</b>				
Owned	58,340	2,823	5,997	67,160
<b>Carrying amount at 31 March 2020</b>	<b>58,340</b>	<b>2,823</b>	<b>5,997</b>	<b>67,160</b>
<b>Of which:</b>				
Core department	435	-	-	435
Arm's length bodies	57,905	2,823	5,997	66,725
<b>Carrying amount at 31 March 2020</b>	<b>58,340</b>	<b>2,823</b>	<b>5,997</b>	<b>67,160</b>

## Intangible assets (continued)

	2018-19			
	Licences £'000	Websites £'000	Development expenditure £'000	Total £'000
<b>Cost or valuation</b>				
At 1 April 2018	191,997	4,263	28,887	225,147
Additions	11,905	507	1,427	13,839
Disposals	(6,108)	-	(543)	(6,651)
Revaluations	4	-	35	39
Reclassifications	(28)	28	-	-
Transfers (to)/from property, plant & equipment	7,794	107	(10)	7,891
<b>At 31 March 2019</b>	<b>205,564</b>	<b>4,905</b>	<b>29,796</b>	<b>240,265</b>
<b>Amortisation</b>				
At 1 April 2018	129,074	2,452	21,015	152,541
Charged in year	24,528	726	2,740	27,994
Disposals	(5,789)	-	(160)	(5,949)
Revaluations	4	-	33	37
Reclassifications	35	(35)	-	-
<b>At 31 March 2019</b>	<b>147,852</b>	<b>3,143</b>	<b>23,628</b>	<b>174,623</b>
<b>Carrying amount:</b>				
<b>31 March 2019</b>	<b>57,712</b>	<b>1,762</b>	<b>6,168</b>	<b>65,642</b>
<b>31 March 2018</b>	<b>62,923</b>	<b>1,811</b>	<b>7,872</b>	<b>72,606</b>
<b>Asset financing:</b>				
Owned	57,712	1,762	6,168	65,642
<b>Carrying amount at 31 March 2019</b>	<b>57,712</b>	<b>1,762</b>	<b>6,168</b>	<b>65,642</b>
<b>Of which:</b>				
Core department	1,001	-	-	1,001
Arm's length bodies	56,711	1,762	6,168	64,641
<b>Carrying amount at 31 March 2019</b>	<b>57,712</b>	<b>1,762</b>	<b>6,168</b>	<b>65,642</b>

The BBC held £48m of intangible software licences as at 31 March 2020 (31 March 2019: £49.1m).

## 10. Investment properties

	Core department £'000	Departmental group £'000
<b>Balance at 31 March 2018</b>	-	<b>196,781</b>
Revaluations	-	1,960
<b>Balance at 31 March 2019</b>	-	<b>198,741</b>
IFRS 16 cumulative catch-up	-	(173,234)
Additions	-	33,086
Revaluations	-	(35,993)
Transfers	-	10,401
<b>Balance at 31 March 2020</b>	-	<b>33,001</b>

The BBC holds investment properties as at 31 March 2020 valued at £3.1m (31 March 2019: £176.4m). The valuation of these investment properties was carried out by Lambert Smith Hampton, independent valuers not connected with the group, in accordance with the RICS Valuations – Professional Standards and International Valuation Standards. The year end revaluation of these investment properties and the implementation of IFRS 16 resulted in a decrease of £173.3m (31 March 2019: increase of £1.9m).

The property rental income earned by the BBC from its investment properties, which are leased out under operating leases, amounted to £2.4m (2018-19: £19.6m). Direct operating expenses incurred on the investment properties, which generated rental income during the year, amounted to £3.1m (2018-19: £19.5m). There were no direct operating expenses incurred on the investment properties, which did not generate rental income during the year (2018-19: £nil)

The British Museum holds investment properties valued at £29.9m as at 31 March 2020 (31 March 2019: £22.3m). The valuation of the investment properties at open market value as at 31 March 2020 was carried out by chartered surveyors Montagu Evans LLP. The valuation is in accordance with the RICS Red Book. The year-end revaluation of these investment properties resulted in a decrease of £2.8m (2018-19: increase of £0.1m). This was offset by the £10.4m transfer from Property, Plant and Equipment.

The valuation reports included a 'material valuation uncertainty' clause due to COVID-19, see Note 6 Property, Plant and Equipment for further details.

The group has adopted the fair value model in accordance with the FReM.

## 11. Financial instruments

	Note	31 March 2020		31 March 2019	
		Core department £'000	Departmental group £'000	Core department £'000	Departmental group £'000
<b>Financial assets</b>					
<b>Amortised costs</b>					
Cash and cash equivalents	17	24,467	2,017,498	85,744	2,195,426
Trade and other receivables	16	32,016	521,162	5,329	337,847
Contract assets		-	14,710	-	102
Loans	13, 16	42,368	289,482	43,386	206,660
Deposits	13	-	17,762	-	18,733
		<b>98,851</b>	<b>2,860,614</b>	<b>134,459</b>	<b>2,758,768</b>
<b>Fair value through other comprehensive income</b>					
Equity investments excluding investment in subsidiaries	13	-	269,361	-	268,119
Investment in subsidiaries	13	-	1,423,552	-	1,734,326
		-	<b>1,692,913</b>	-	<b>2,002,445</b>
<b>Fair value through profit or loss</b>					
Derivative financial instrument assets	13	-	400,534	-	449,337
Other financial assets (FI non derivative through profit or loss)	13	10,568	23,905	7,430	21,438
		<b>10,568</b>	<b>424,439</b>	<b>7,430</b>	<b>470,775</b>
<b>Financial liabilities</b>					
<b>Fair value through profit or loss</b>					
Derivative financial instrument liabilities	21	-	(547,938)	-	(551,516)
<b>Financial liabilities at amortised cost</b>					
Payables including contract liabilities	18	(12,157)	(3,245,814)	(25,811)	(4,203,942)
Lease Liabilities	20	(130,657)	(2,187,018)	-	-
<b>Total financial liabilities</b>		<b>(142,814)</b>	<b>(5,980,770)</b>	<b>(25,811)</b>	<b>(4,755,458)</b>
<b>Total net financial assets/(liabilities)</b>		<b>(33,395)</b>	<b>(1,002,804)</b>	<b>116,078</b>	<b>476,530</b>

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The amounts disclosed above as payables and receivables therefore exclude any assets or liabilities, which do not result from a contractual arrangement

The group's financial instruments, other than derivatives used for risk management purposes, comprise cash and cash equivalents, borrowings and other financial assets and liabilities including trade receivables and payables, that arise directly from operations, or to partially fund future operations. The group finances part of its operations from these financial instruments. The group does not undertake speculative financial transactions. There is a risk averse approach to the management of foreign currency trading.

The group has not reclassified any financial assets within the year.

The group has not derecognised any material equity investments within the year.

No material cumulative gains or losses between reserves have occurred within the year. Transfers between reserves are included within the SoCTE.

Derivative financial instrument assets of £400.5m (31 March 2019: £449.3m) held by the BBC are designated as financial assets through profit and loss. Derivative financial instrument liabilities held by the BBC of £547.9m (31 March 2019: £551.5m) are designated as financial liabilities through profit and loss. Both asset and liability derivatives are predominantly cash flow swaps for the refinancing of New Broadcasting House. The BBC annual report and accounts gives further information on these assets and liabilities.

The group's other assets designated as financial assets through profit and loss are £13.3m (31 March 2019: £14.0m) of BFI film rights assets and an investment of £10.6m (31 March 2019: £7.4m) by the core department with Network Rail Infrastructure Ltd under the Local Full Fibre Network programme.

The group has no financial instruments that are offset.

The group has not pledged collateral for these financial liabilities.

The group has no loans or other borrowings payable other than those disclosed in note 18 Trade and Other Payables.

## 11.1 Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk largely arises from cash and cash equivalents, derivative financial instruments, equity investments, other financial assets and trade and other receivables. The group's maximum exposure to credit risk is limited to the value of these assets. The credit risk management policy in relation to trade receivables involves regularly assessing the financial reliability of customers, taking into account their financial position and historical credit risk.

The group assesses credit risk when setting the expected credit loss forward looking analysis which is expected to include macroeconomic assessments, historical data and fund managers where required for these assets. It has an immaterial expected credit loss on the assets that it holds and therefore has assessed the level of credit risk as low. It has an immaterial expectation of defaults, which it expects to be deemed as a failure to fulfil an obligation, especially to repay a loan or appear in a law court. It expects assets to be written off when it is no longer possible to recover the asset.

The changes in amortised cost assets are explained in their respective notes but are not as a result of material changes to credit risk assessments within the year.

The loan commitments have had immaterial expected credit loss allowances included within the valuations included above representing the group's review of the credit risk of these assets. Further information on these assets are included within note 13.

Lottery Bodies' cash holdings are predominantly held by the National Lottery Distribution Fund. Other deposits and cash holdings are held with the Government Banking Service or approved UK banks and are spread across institutions.

Transactions involving derivative financial instruments are entered into only with reputable banks, the credit ratings of which are taken into account to minimise credit risk.

## 11.2 Market risk (currency and other price risks)

The department and the group are principally domestic organisations with the majority of transactions, assets and liabilities arising in the UK and being sterling based. However, the group undertake some transactions in currencies other than sterling. Due to movements in exchange rates over time, the amount the group expects to receive or pay when it enters into a transaction may differ from the amount that it actually receives or pays when it settles the transaction. The most significant currency exposure by total value of transactions is US dollars, mainly relating to the BBC. However, due to the relative size of this exposure in comparison to the group's sterling dominated business, this is not considered significant for the group. The BBC generally enters into forward currency contracts to manage or hedge this currency risk, which allows it to settle transactions at known exchange rates, reducing further any uncertainty. The overall income or expenditure to be recognised in relation to contracts denominated in foreign currency and the related hedges is therefore relatively fixed; however where these contracts span financial years, the recognition of the fair value of the forward currency results in timing gains or losses in each financial year. The timing gains or losses are as a result of market conditions and not variances in underlying contract value. The BBC as a result has mitigated its underlying exposure to currency fluctuations and therefore the group has not presented sensitivity analysis as any potential variance is insignificant.

## 11.3 Interest rate risk

The group's main exposure to interest rate fluctuations arises on external borrowings, which are predominantly undertaken by BBC Commercial Holdings. By taking out a range of interest rate swaps, caps and collars the BBC has mitigated underlying exposure to interest rate fluctuations and hence no sensitivity analysis has been presented as any potential variation is insignificant.

## 11.4 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. As the cash requirements of the group are largely met through the Parliamentary Estimates process, there is minimal liquidity risk.

The BBC is subject to ceilings on its borrowings set by the Secretary of State in accordance with the agreement between the BBC and DCMS. In order to comply with these ceilings, together with the terms of any individual debt instruments, the BBC's treasury function manages the BBC's borrowings by regularly monitoring the BBC's cash flow forecasts. The BBC holds its surplus liquidity in term deposit accounts with highly rated financial institutions.

The bank loans of the BBC's commercial operations are subject to debt covenants based on the group's earnings before interest and taxation. The covenants are in respect of net borrowings and net interest coverage. The BBC is active in the monitoring of its debt covenants, which have been met at 31 March 2020.

The majority of funding for Arts Council England Lottery, British Film Institute Lottery, National Lottery Community Fund, National Lottery Heritage Fund, Sport England Lottery and UK Sport Lottery comes from the National Lottery. This liquidity risk is minimised by holding significant amounts of liquid assets and through cash-flow forecasting. Forward projections of lottery income are provided to these ALBs by the department and used to inform the distributors' decisions on forward grant commitments.

The Horserace Betting Levy Board is wholly funded by levy, and the Gambling Commission, ICO and Ofcom are largely funded by licence fees rather than through parliamentary funding. They mitigate this risk by monitoring cash requirements and holding sufficient amounts of cash and cash equivalents to meet their requirements.

## 11.5 Financial instruments – fair value hierarchy

The table below analyses financial instruments carried at fair value by the hierarchy set out in IFRS 13 *Fair Value Measurement*. The different levels are defined as follows:

- Level 1 – uses quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – uses inputs for the assets or liabilities other than quoted prices that are observable either directly or indirectly.
- Level 3 – uses inputs for the assets or liabilities that are not based on observable market data, such as internal models or other valuation method.

	31 March 2020				31 March 2019			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Financial assets</b>								
<i>Fair value through OCI</i>								
Equity investments excluding investment in subsidiaries	269,181	180	-	269,361	267,931	188	-	268,119
Investment in subsidiaries	-	-	1,423,552	1,423,552	-	-	1,734,326	1,734,326
<b>Total fair value through OCI financial assets</b>	<b>269,181</b>	<b>180</b>	<b>1,423,552</b>	<b>1,692,913</b>	<b>267,931</b>	<b>188</b>	<b>1,734,326</b>	<b>2,002,445</b>
<i>Fair value through profit or loss</i>								
Derivative financial instrument assets	5,217	395,317	-	400,534	2,233	447,104	-	449,337
Other financial assets (FI non derivative through profit or loss)	-	-	23,905	23,905	-	-	21,438	21,438
<b>Total financial assets: fair value through profit or loss</b>	<b>5,217</b>	<b>395,317</b>	<b>23,905</b>	<b>424,439</b>	<b>2,233</b>	<b>447,104</b>	<b>21,438</b>	<b>470,775</b>
<b>Total financial assets measured at fair value</b>	<b>274,398</b>	<b>395,497</b>	<b>1,447,457</b>	<b>2,117,352</b>	<b>270,164</b>	<b>447,292</b>	<b>1,755,764</b>	<b>2,473,220</b>
<b>Of which:</b>								
Core department	-	-	10,568	10,568	-	-	7,430	7,430
Arm's length bodies	274,398	395,497	1,436,889	2,106,784	270,164	447,292	1,748,334	2,465,790
<b>Total financial assets measured at fair value</b>	<b>274,398</b>	<b>395,497</b>	<b>1,447,457</b>	<b>2,117,352</b>	<b>270,164</b>	<b>447,292</b>	<b>1,755,764</b>	<b>2,473,220</b>
<b>Financial liabilities</b>								
<i>Fair value through profit or loss</i>								
Derivative financial instrument liabilities	(2,526)	(545,412)	-	(547,938)	(3,033)	(548,483)	-	(551,516)
<b>Total financial liabilities measured at fair value</b>	<b>(2,526)</b>	<b>(545,412)</b>	<b>-</b>	<b>(547,938)</b>	<b>(3,033)</b>	<b>(548,483)</b>	<b>-</b>	<b>(551,516)</b>
<b>Of which:</b>								
Core department	-	-	-	-	-	-	-	-
Arm's length bodies	(2,526)	(545,412)	-	(547,938)	(3,033)	(548,483)	-	(551,516)
<b>Total financial liabilities measured at fair value</b>	<b>(2,526)</b>	<b>(545,412)</b>	<b>-</b>	<b>(547,938)</b>	<b>(3,033)</b>	<b>(548,483)</b>	<b>-</b>	<b>(551,516)</b>

There were no transfers between level 1 and 2 during the year.

Specific valuation techniques used to value financial instruments include:

- quoted market prices or dealer quotes for similar instruments;
- the fair value of interest rate swaps, calculated as the present value of the estimated future cash flows based on observable yield curves;
- the fair value of forward foreign exchange contracts is determined using forward exchange rate at the reporting date, with the resulting value discounted back to present value;
- other techniques are used, such as discounted cash flow analysis or, for non-quoted ordinary shares that are not actively traded, the net assets of the company or historic cost. These are classified as level 3.

### *BBC derivatives*

The BBC hold cash flow swaps classified as Level 2 instruments representing derivative financial assets of £363.7m (2018-19: £425.9m) and derivative financial liabilities of £545.4m (2018-19: £548.5m) relating to the refinancing of New Broadcasting House. The swaps expire between 2033 and 2045, and are valued with reference to relevant SONIA and LIBOR yield curves, subject to appropriate credit risk adjustments.

An adjustment of 316 basis points is applied to a specific leg of the swaps to reflect credit risk as the arrangement with the counterparty is not collateralised. These assumptions and inputs are reviewed annually, along with the completion of sensitivity analysis. If an alternative adjustment of 327 basis points had been used to reflect a reasonably possible change based on market movements during the year, then this would result in a decrease in the net liability of £7.4m.

During the prior year an adjustment of 250 basis points was applied to reflect credit risk as the arrangement with the counterparty is not collateralised. A change in the credit risk adjustment, reflecting the cumulative market movements since the inception of the swap, would have resulted in an increase in the net liability of £2.0m. The net liability would have decreased by £6.6m had another appropriate index been used as a proxy for the credit risk adjustments, taking into account the cumulative movements since inception of the swap.

The following table presents the changes in level 3 instruments for the year ended 31 March 2020:

	Investment in subsidiaries £'000	Other financial assets (FI non derivative through profit or loss) £'000	Total financial assets £'000
<b>Balance at 1 April 2018</b>	<b>1,633,993</b>	<b>12,430</b>	<b>1,646,423</b>
Additions	8,957	27,898	<b>36,855</b>
Repayments/disposals	-	(4,134)	<b>(4,134)</b>
Gains and losses recognised in the CSoCNE	91,376	(14,756)	<b>76,620</b>
<b>Balance at 31 March 2019</b>	<b>1,734,326</b>	<b>21,438</b>	<b>1,755,764</b>
Additions	7	19,679	<b>19,686</b>
Repayments/disposals	(38)	(4,476)	<b>(4,514)</b>
Gains and losses recognised in the CSoCNE	(310,743)	(12,736)	<b>(323,479)</b>
<b>Balance at 31 March 2020</b>	<b>1,423,552</b>	<b>23,905</b>	<b>1,447,457</b>
<b>Of which:</b>			
Core department	-	10,568	<b>10,568</b>
Arm's length bodies	1,423,552	13,337	<b>1,436,889</b>
<b>Balance at 31 March 2020</b>	<b>1,423,552</b>	<b>23,905</b>	<b>1,447,457</b>

The most significant individual valuation using level 3 inputs in the DCMS group is the investment in subsidiaries of the BBC.

### 11.5.1 BBC's public corporations

BBC Commercial Holdings and its subsidiaries (including BBC Studios Limited (specifically its interest in BBC Studios Distribution Limited and BBC Studios Production Limited), BBC Global News Limited and BBC Studioworks Limited) are the commercial operations of the BBC which exist to exploit BBC content, formats, brands, channels, facilities, services and intellectual property to deliver benefit to BBC licence fee payers.

BBC Commercial Holdings and its direct subsidiary holding companies have been consolidated in these accounts. BBC Commercial Holdings' other subsidiaries have been (or it is believed would be) classified by the Office for National Statistics as public corporations and in accordance with the FReM are accounted for as financial assets under IFRS 9.

As the valuation of the BBC public corporations does not meet the IFRS 9 definition for amortised cost, the group has classified the assets as fair value through other comprehensive expenditure. The nature of these assets, not being held for trading, means this is allowable under IFRS 9.

Fair value through other comprehensive expenditure assets are financial instruments to be measured at fair value in the balance sheet.

### 11.5.2 Fair value hierarchy

The group has classified the valuation of the BBC's public corporations as level 3 of the fair value model (see note 11.5). The fair value is the estimated future cash flows that will be generated in perpetuity, discounted at the cost of capital. Cash flow projections, long term growth rates and the cost of capital at which cash flows are discounted are the key unobservable inputs in the valuation. The full market cost of capital has been determined by the BBC following comparisons to similar competitors, and discussions with the individual commercial subsidiaries classified as public corporations.

### 11.5.3 Significant unobservable inputs

Assets	31 March 2020 £m	31 March 2019 £m	Valuation technique	Unobservable inputs
BBC's public corporations	1,293	1,611	Discounted cash flow model	Long term growth rate: 2019-20: 1.50% 2018-19: 1.50%
				Discount Rate
				Cash flows

Below is a table showing the fair values for a selection of key input changes.

As at 31 March 2020		
Change in input	Impact on fair value £m	Adjusted total value £m
Growth rate increase by 100 bps	221	1,514
Growth rate decrease by 100 bps	(162)	1,131
Discount rate increase by 100 bps	(200)	1,093
Discount rate decrease by 100 bps	274	1,567
Increase in cash flows* by 5%	72	1,365
Decrease in cash flows* by 5%	(72)	1,221

As at 31 March 2019		
Change in input	Impact on fair value £m	Adjusted total value £m
Growth rate increase by 100 bps	249	1,860
Growth rate decrease by 100 bps	(184)	1,427
Discount rate increase by 100 bps	(227)	1,384
Discount rate decrease by 100 bps	309	1,920
Increase in cash flows* by 5%	109	1,720
Decrease in cash flows* by 5%	(110)	1,501

\*change in earnings before interest, depreciation and amortisation.

A 100 basis point (bps) rise or fall in growth rates or discount rates represents management's assessment of a large but realistic movement which can easily be multiplied to give sensitivities (it is also consistent with sensitivity analysis that other companies use when looking at these rates).

A 5% increase or decrease in cash flows is considered reasonable by management based on variations seen in the financial assets historically compared to budgeted information.

#### 11.5.4 Measurement

These financial assets are recognised at fair value. Since these subsidiaries are not traded on an active market and the fair value cannot be derived from the quoted prices of similar assets, fair value is determined using an internal model (i.e. level 3 of the fair value hierarchy). This model uses discounted cash flow projections to arrive at a net present value.

The cash flow projections initially use internal five year forecasts provided by the three commercial subsidiaries (BBC Studios Limited, BBC Global News Limited and BBC Studioworks Limited). The detailed business plans supporting the cash flow projections are compiled by the management teams of each individual subsidiary based on the extrapolation of historical trends in each business area, internal intelligence on expected customer activity and external information on expected future trends in the entertainment and communications industry in each territory.

The first three years of the forecast are reviewed by the BBC Board as part of the BBC budget process. The final two years are extrapolated out by the subsidiary management teams at a higher level. The historical accounts for each commercial subsidiary are publicly available but do not contain any forward-looking information that would link to the cash flow projections. Cash flow projections are considered commercially sensitive by the BBC and are not publicly available.

For this year, the BBC Board has considered the impact of COVID-19 on the cash flow projections as the pandemic occurred subsequent to the BBC budget process. The three commercial subsidiaries each presented an overlay to the BBC Board to take into account the operational and financial impact of COVID-19 for the 2020-21 financial year. This overlay considered the impact of COVID-19 (and the associated lockdown restrictions) and the mitigating actions that the subsidiaries are taking to offset that impact. The BBC then developed a subsequent valuation scenario for each of the subsidiaries for the financial years 2021-22 onwards that considered a likely recovery profile for each. The BBC assessed these recovery profiles by reference to external information on expected future recovery scenarios in the entertainment and communications industry in relation to the impact of COVID-19.

Corporate tax rate projections are set with reference to the latest future guidance from HMRC with an uplift applied to reflect the impact on the BBC's commercial subsidiaries of exposure to higher tax rates outside the UK. This uplift has been set with reference to the historic difference between effective and statutory tax rates owing to global tax rate differentials.

The valuation assumes that the financial assets have perpetual access to BBC content distribution rights as this is the basis on which the financial assets' business plans are based.

After the five year forecast period, the cash flow projections have a perpetual growth rate of 1.50% (2018-19: 1.50%) applied. The growth rate used is consistent with the long-term average growth rates for both the industry and the countries in which the assets are located and is appropriate because the assets are long-term businesses. It is referenced against the Bank of England's long-term inflation target and incorporates the considered view of BBC management about growth prospects for the BBC's commercial subsidiaries and the risk they are exposed to.

In determining the applicable discount rate, the BBC applied judgement in respect of several factors, which included, inter alia: assessing the risk attached to future cash flows and making reference to the capital asset pricing model. The BBC gave consideration to the selection of appropriate inputs to the capital asset pricing model, which included the latest market assumptions for:

1. Long-term country equity risk premium – using an assumption for mature markets;
2. Levered beta – from analysing a group of peers that the BBC has selected and their predicted beta when compared against their local indices;
3. Risk-free rate – with reference to UK Government 30-year Treasury Bond;
4. A debt spread – reflecting the risk premium attached to the BBC's commercial subsidiaries. Applies a credit rating assumption to get a benchmark spread when referencing long-term debt on non-financial companies;
5. Corporate tax rate – as per guidance from HMRC with the BBC's uplift applied to reflect exposure to higher tax rates outside the UK; and
6. A blend of debt and equity cost based on the levels of leverage that are achieved by the peer set looked at for the beta analysis (when analysing their net debt in comparison to their market values).

The peer group used for the analysis above includes a broad selection of listed cable networks, global media conglomerates, UK media companies, production companies, news media companies and studio operators (reflecting the full range of activities of the BBC's commercial subsidiaries).

The calculation gives a fair value of £1,293m (31 March 2019: £1,611m).

The £318m downwards revaluation primarily reflects the immediate impact on forecast cash flows in 2020-21 that the BBC expects to see as a result of COVID-19. The BBC's commercial subsidiaries have taken significant and immediate mitigating actions to address the impact of COVID-19, including a number of measures to reduce cash outflows in the short term. Notwithstanding these mitigating actions, forecast cash flows in 2020-21 are now expected to be lower than previously anticipated in the valuation as at 31 March 2019. The BBC expects a recovery towards previously anticipated levels of profitability and cash flow generation from 2021-22 onwards. As such, the valuation of the commercial subsidiaries has been reduced but we expect this to be a short-term impact in 2020-21 only.

Further detail on the performance of the BBC's commercial subsidiaries are available in the Annual Report and Consolidated Financial Statements for BBC Commercial Holdings Limited.

The growth and discount rates are highly subjective inputs to the valuation. This results in considerable, but unavoidable, uncertainties in the resulting fair value amount. The valuation is therefore a single estimate from a wide spread of possible values, as highlighted in the sensitivity analysis above.

### 11.5.5 Risks on the financial assets

The risks facing these BBC public corporations are disclosed in the BBC Commercial Holdings' Annual Report.

## 12. Investments in associates and joint ventures

	2019-20		2018-19	
	Core department £'000	Departmental group £'000	Core department £'000	Departmental group £'000
<b>Balance at 1 April</b>	-	34,347	-	13,557
Share of profit or loss	-	(2,181)	-	610
Revaluations	-	-	-	20,180
<b>Balance at 31 March</b>	-	<b>32,166</b>	-	<b>34,347</b>

Of the total investments in associates and joint ventures, £18.6m (2018-19: £20.7m) relates to the Victoria and Albert Museum (V&A) and £13.6m (2018-19: £13.6m) relates to the BBC.

The V&A's balance relates to an associate interest in the Gilbert Trust for the Arts, a charity that owns a collection of silver, gold, micromosaics and gold boxes, on long-term loan to the V&A.

### 13. Other Financial Assets

	Deposits £'000	Derivatives £'000	Equity investments excluding investment in subsidiaries £'000	Investment in subsidiaries (other than BBC public corporations) £'000	Investment in BBC public corporations £'000	Museum loans £'000	Other loans £'000	Other financial assets (Finon derivative through profit or loss) £'000	Total £'000
<b>Balance at 1 April 2018</b>	28,576	428,478	256,665	109,993	1,524,000	-	259,893	12,430	2,620,035
Cumulative catch up	-	-	-	-	-	-	-	-	-
Additions	156	-	36,616	-	-	-	242	27,898	64,912
Disposals	(10,005)	-	(33,981)	-	-	-	-	-	(43,986)
Revaluations	-	20,859	8,814	13,375	87,000	-	-	-	130,048
Impairments	-	-	-	(42)	-	-	-	(14,756)	(14,798)
Repayments	-	-	-	-	-	-	(57,996)	(4,134)	(62,130)
Reclassifications	-	-	-	-	-	-	-	-	-
Transfers in/(out) of group	-	-	-	-	-	-	-	-	-
FX Movements	6	-	5	-	-	-	-	-	11
Discounting	-	-	-	-	-	-	14	-	14
Expected credit loss	-	-	-	-	-	-	(943)	-	(943)
<b>Balance as at 31 March 2019</b>	<b>18,733</b>	<b>449,337</b>	<b>268,119</b>	<b>123,326</b>	<b>1,611,000</b>	-	<b>201,210</b>	<b>21,438</b>	<b>2,693,163</b>
Cumulative catch up	-	-	-	-	-	-	-	-	-
Additions	12	-	36,388	7	-	-	91,740	19,679	147,826
Disposals	(1,000)	-	(20,334)	-	(38)	-	-	-	(21,372)
Revaluations	-	(48,803)	(14,742)	7,219	(317,962)	-	-	-	(374,288)
Impairments	-	-	(70)	-	-	-	(644)	(12,736)	(13,450)
Repayments	-	-	-	-	-	-	(3,877)	(4,476)	(8,353)
FX Movements	17	-	-	-	-	-	-	-	17
Discounting	-	-	-	-	-	-	4	-	4
Expected credit loss	-	-	-	-	-	-	(685)	-	(685)
<b>Balance at 31 March 2020</b>	<b>17,762</b>	<b>400,534</b>	<b>269,361</b>	<b>130,552</b>	<b>1,293,000</b>	-	<b>287,748</b>	<b>23,905</b>	<b>2,422,862</b>
<b>Of which:</b>									
Core department	-	-	-	-	-	18,519	23,663	10,568	52,750
Arm's length bodies	17,762	400,534	269,361	130,552	1,293,000	(18,519)	264,085	13,337	2,370,112
<b>Carrying amount at 31 March 2020</b>	<b>17,762</b>	<b>400,534</b>	<b>269,361</b>	<b>130,552</b>	<b>1,293,000</b>	-	<b>287,748</b>	<b>23,905</b>	<b>2,422,862</b>
Within 12 months	17,696	4,168	25,589	-	-	-	263,677	13,337	324,467
Over 12 months	66	396,366	243,772	130,552	1,293,000	-	24,071	10,568	2,098,395
<b>Carrying amount at 31 March 2020</b>	<b>17,762</b>	<b>400,534</b>	<b>269,361</b>	<b>130,552</b>	<b>1,293,000</b>	-	<b>287,748</b>	<b>23,905</b>	<b>2,422,862</b>
Within 12 months	18,667	1,014	21,065	-	-	-	176,539	14,008	231,293
Over 12 months	66	448,323	247,054	123,326	1,611,000	-	24,671	7,430	2,461,870
<b>Carrying amount at 31 March 2019</b>	<b>18,733</b>	<b>449,337</b>	<b>268,119</b>	<b>123,326</b>	<b>1,611,000</b>	-	<b>201,210</b>	<b>21,438</b>	<b>2,693,163</b>

## Deposits

The British Library held deposits of £17.0m (31 March 2019: £18.0m) which have a maturity date of greater than three months.

## Derivatives

The derivative balance relates to the BBC, in particular their refinancing of New Broadcasting House.

## Equity Investments excluding investment in subsidiaries

The British Museum held investment funds with a fair value of £96.9m (31 March 2019: £87.9m). These investments consist of investment funds, fixed income and unlisted equities.

The National Heritage Memorial Fund held investment funds with a fair value of £39.3m (31 March 2019: £45.1m). The funds are invested in a wide variety of investment trusts, unit trusts, hedge funds and cash.

The Victoria and Albert Museum held investment funds with a fair value of £28.5m (31 March 2019: £29.4m) which mainly consist of government stocks, corporate bonds and investment funds managed by Partners Capital LLP.

The British Library held investment funds with a fair value of £21.9m (31 March 2019: £24.1m) which are shares and equity type investments held with Baillie Gifford and Investec.

The Science Museum held investment funds with a fair value of £21.4m (31 March 2019: £22.3m) which consist of corporate bonds, cash, and equity type investments held with Legal and General Investment Management.

## Investments in subsidiaries (other than BBC public corporations)

ALBs' subsidiaries are included in the accounts at their fair value with the net assets used as a proxy for fair value.

The significant investments in subsidiaries are as follows:

The English Heritage Trust is a 100% controlled subsidiary of Historic England. The Trust looks after the National Heritage Collection of more than 400 state-owned historic sites and monuments across England under licence from Historic England. The fair value of the Trust was £83.4m (31 March 2019: £77.1m).

S4C holds four subsidiaries with a fair value of £17.4m (31 March 2019: £17.4m).

## Investment in BBC public corporations

Refer to section 11.5.4 for further details.

### 13.1 Museum Loans

The core department issues loans to museums within the group. The following ALB's held outstanding loan amounts:

Arm's length body	2019-20	2018-19
	Museum loan £'000	Museum loan £'000
Science Museum Group	5,364	6,398
Imperial War Museum	2,000	-
National Maritime Museum	5,453	5,700
Natural History Museum	1,096	1,643
Geffrye Museum (Museum of the Home)	773	303
National Portrait Gallery	2,622	2,632
Royal Armouries Museum	1,211	1,203
<b>Total museum loans issued</b>	<b>18,519</b>	<b>17,879</b>

These loans are eliminated upon consolidation and therefore no assets or liabilities are reported for the group.

### Other loans

The BBC had loans outstanding to its trading subsidiaries as at 31 March 2020 of £262.9m (31 March 2019: £174.2m).

The core department includes within other loans the loan book of Futurebuilders England Limited (FBE). FBE is a social investment business funded by DCMS to make loans to third sector organisations delivering public services. Applications for new loans are closed. The outstanding loan amount as at 31 March 2020 was £25.3m (31 March 2019: £23.8m).

### Other financial assets

The balance is made up of £10.6m (2018-19: £7.4m) relating to the core department's funding of the Local Full Fibre Network project and £13.3m (2018-19: £14.0m) relating to the recoverable amount from Lottery film right awards for British Film Institute Lottery.

## 14. Impairments

	Note	31 March 2020		31 March 2019	
		Core department £'000	Departmental group £'000	Core department £'000	Departmental group £'000
Property, plant & equipment	6	-	668	-	(48,746)
Right of use assets	7	(98,684)	(599,301)	-	-
Heritage assets	8	-	58	-	31
Intangible assets	9	-	(84)	-	-
Other financial assets	13	1,478	(13,450)	(42)	(14,798)
Inventories	15	-	-	-	23
<b>Total impairments</b>		<b>(97,206)</b>	<b>(612,109)</b>	<b>(42)</b>	<b>(63,490)</b>

### Right of use assets

£436.8m (2018-19: £nil) of the impairment relates to assets held by the BBC (on adoption of IFRS 16), £98.7m (£nil) relates to the core departments lease on 100 Parliament Street and £63.8m (£nil) relates to the Victoria and Albert Museum's Collection and Research Centre.

## 15. Inventories

	2019-20		2018-19	
	Core department £'000	Departmental group £'000	Core department £'000	Departmental group £'000
<b>Balance at 1 April</b>	-	181,614	-	191,301
Additions	-	2,253,753	-	2,335,020
Disposals	-	(2,263,204)	-	(2,344,730)
Impairments (note 14)	-	-	-	23
<b>Carrying amount at 31 March</b>	-	<b>172,163</b>	-	<b>181,614</b>
Work in intermediate stages of completion	-	49,728	-	47,274
Raw materials and consumables	-	167	-	160
Goods for resale and finished inventories	-	122,268	-	134,180
<b>Total inventories and work in progress</b>	-	<b>172,163</b>	-	<b>181,614</b>

As at 31 March 2020 the BBC held £146.8m (31 March 2019: £162.6m) and S4C held £13.3m (31 March 2019: £11.1m) in inventories in respect of programmes which were either in the course of production or ready for broadcast but not yet aired. Additions for these two entities relate to programmes which have been completed, whilst disposals relate to those broadcast during the year.

## 16. Trade and other receivables

	31 March 2020		31 March 2019	
	Core department £'000	Departmental group £'000	Core department £'000	Departmental group £'000
<b>Amounts falling due within one year:</b>				
Trade receivables	27,379	67,406	5,080	54,668
VAT receivables	5,421	59,660	728	77,107
Other receivables	2,028	252,259	249	275,501
Prepayments	1,601	566,454	478	625,596
Accrued income	580	78,975	6,767	112,566
Interest receivable	-	28	-	43
Staff loans and advances	186	1,734	133	5,450
Taxation and duties due	-	11,460	-	1,475
Consolidated Fund receivables	13,405	10,215	25,076	10,625
	<b>50,600</b>	<b>1,048,191</b>	<b>38,511</b>	<b>1,163,031</b>
<b>Amounts falling due after more than one year:</b>				
Taxation and duties due	-	-	-	38
Other receivables	2,609	204,124	-	8,168
Prepayments	-	-	-	1,697
Accrued income	-	11,423	-	10,163
	<b>2,609</b>	<b>215,540</b>	-	<b>20,066</b>
<b>Total before expected credit loss</b>	<b>53,209</b>	<b>1,263,731</b>	<b>38,511</b>	<b>1,183,097</b>
Expected credit loss	-	(2,648)	-	(533)
<b>Total</b>	<b>53,209</b>	<b>1,261,083</b>	<b>38,511</b>	<b>1,182,564</b>

Included in trade receivables at 31 March 2020 is a balance due to DCMS of £21.2m from the Department of Education. Included in trade receivables at 31 March 2020 is a balance due to the BBC of £15.7m (31 March 2019: £14.5m).

Included in VAT receivables at 31 March 2020 is a balance due to the BBC of £32.9m (31 March 2019: £54.9m).

Included in other receivables due within one year at 31 March 2020 is a balance due to the BBC of £81.5m (31 March 2019: £112.0m).

The BBC had prepayments due within one year of £510.1m at 31 March 2020 (31 March 2019: £581.5m). The 2018-19 balance included £65m early payment of rights contract and licence fee collection costs.

Included in other receivables due after more than one year, is a balance due to the BBC of £200.1m (2018-19: £4.1m). The increase is mainly due to implementation of IFRS 16 Leases, where an investment property (previously party to sub-leasing arrangements) was reclassified as a lease receivable. Within the total other receivables balance, the BBC held total lease receivables of £7.0m (current) and £188.6m (non-current).

## 17. Cash and cash equivalents

	2019-20		2018-19	
	Core department £'000	Departmental group £'000	Core department £'000	Departmental group £'000
<b>Balance at 1 April</b>	85,744	2,195,426	212,456	2,318,248
Net change in cash and cash equivalent balances	(61,277)	(177,928)	(126,712)	(122,822)
<b>Balance at 31 March</b>	<b>24,467</b>	<b>2,017,498</b>	<b>85,744</b>	<b>2,195,426</b>
<b>The following balances at 31 March were held with:</b>				
Government Banking Service	20,121	42,460	79,872	105,362
Commercial banks and cash in hand	-	804,021	-	886,522
Liquid deposits	4,346	33,977	5,872	38,166
<b>Sub-total</b>	<b>24,467</b>	<b>880,458</b>	<b>85,744</b>	<b>1,030,050</b>
Balance held by NLDF	-	1,137,040	-	1,165,376
<b>Balance at 31 March</b>	<b>24,467</b>	<b>2,017,498</b>	<b>85,744</b>	<b>2,195,426</b>
Bank overdraft	-	-	-	-
<b>Total</b>	<b>24,467</b>	<b>2,017,498</b>	<b>85,744</b>	<b>2,195,426</b>

Balances held with commercial banks and cash in hand of £804.0m (2019: £886.5m) includes:

<b>Commercial banks and cash in hand held by:</b>	<b>2019-20 £'000</b>	<b>2018-19 £'000</b>
BBC	354,342	412,277
National Lottery Community Fund	79,951	95,412
National Citizen Service	33,354	8,305
UK Sport Lottery	21,067	1,158
Arts Council England Exchequer	14,389	93,264
Horseshoe Betting Levy Board	52,727	69,247
British Library	28,252	27,595
Gambling Commission	16,605	25,760
Ofcom	13,827	7,685

Cash and cash equivalents also include £nil (31 March 2019: £nil) for funds held on behalf of third parties (see note 27).

The cash balance held by the National Lottery Distribution Fund (NLDF) is under the stewardship of the Secretary of State for Digital, Culture, Media and Sport. This fund is managed by the Commissioners for the Reduction of the National Debt, who invest the funds as call notice deposits with the Debt Management Office.

## 18. Trade and other payables

	31 March 2020		31 March 2019	
	Core department £'000	Departmental group £'000	Core department £'000	Departmental group £'000
<b>Amounts falling due within one year:</b>				
Taxation and social security	1,800	43,852	1,637	34,833
Trade payables	1,819	167,518	19,427	172,212
Other payables	10,338	196,304	6,384	226,051
Accruals & deferred income	113,368	463,559	110,116	467,571
Grants payable	-	1,292,645	-	1,415,801
Obligations under finance leases: amounts payable within 1 year*	-	-	-	22,552
Supply payable	19,443	19,443	74,826	74,826
Loans and borrowings: amounts payable within 1 year	-	289,240	-	66,478
Consolidated Fund payables	14,082	14,082	30,122	30,122
	<b>160,850</b>	<b>2,486,643</b>	<b>242,512</b>	<b>2,510,446</b>
<b>Amounts falling due after more than one year:</b>				
Other payables	-	1,874	-	9,952
Accruals & deferred income	-	28,979	-	33,732
Grants payable	-	1,282,338	-	1,445,108
Bank and other borrowings	-	-	-	192,545
Obligations under finance leases: amounts payable after more than 1 year*	-	-	-	651,535
	-	<b>1,313,191</b>	-	<b>2,332,872</b>
<b>Total</b>	<b>160,850</b>	<b>3,799,834</b>	<b>242,512</b>	<b>4,843,318</b>

\*IFRS 16 has been implemented within 2019-20, specific details regarding lease liabilities are included within note 20. There have been no changes to comparative data. This accounts for the decrease in obligations under finance leases payable of more than one year from £651.5m to £nil.

Trade payables falling due within one year include £100.2m (31 March 2019: £106.5m) in respect of the BBC.

Other payables falling due within one year include £118.3m (31 March 2019: £146.2m) in respect of the BBC.

As at 31 March 2020 £2,426.7m (31 March 2019: £2,707.6m) of current and non-current grants payable were attributable to lottery bodies.

The core department supply payable of £19.4m (31 March 2019: £74.8m) is Parliamentary funding drawn down which has not been spent within the year. This decrease reflects the decrease in the working cash balance held due to a number of Covid-19 related payments in the run up to year-end.

## 19. Provision for liabilities and charges

Total provisions by type	Grant commitments £'000	Legal claims	Early departures and redundancies	Other	Total
		£'000	£'000	£'000	£'000
<b>Balance at 1 April 2019</b>	112,714	232,362	2,770	133,988	481,834
Provided in the year	86,507	3,000	1,188	67,694	158,389
Provisions utilised in year	(111,302)	(232,334)	(2,540)	(28,602)	(374,778)
Provisions not required written back	(10)	(28)	(5)	(22,337)	(22,380)
Unwinding of discounts	-	-	17	8	25
<b>Balance at 31 March 2020</b>	<b>87,909</b>	<b>3,000</b>	<b>1,430</b>	<b>150,751</b>	<b>243,090</b>
<b>Comprising:</b>					
<b>Current liabilities</b>					
Not later than one year	87,909	3,000	1,248	80,029	172,186
<b>Non-current liabilities</b>					
Later than one year and not later than five years	-	-	63	28,068	28,131
Later than five years	-	-	119	42,654	42,773
<b>Balance at 31 March 2020</b>	<b>87,909</b>	<b>3,000</b>	<b>1,430</b>	<b>150,751</b>	<b>243,090</b>
<b>Of the total:</b>					
Core department	-	-	32	-	32
Arm's length bodies	87,909	3,000	1,398	150,751	243,058
<b>Balance at 31 March 2020</b>	<b>87,909</b>	<b>3,000</b>	<b>1,430</b>	<b>150,751</b>	<b>243,090</b>

Total provisions by type	Grant commitments £'000	Legal claims	Early departures and redundancies	Other	Total
		£'000	£'000	£'000	£'000
<b>Balance at 31 March 2018</b>	70,282	2	1,903	101,789	173,976
Provided in the year	112,568	232,362	2,529	83,031	430,490
Provisions not required written back	-	-	(21)	(12,004)	(12,025)
Provisions utilised in year	(70,136)	(2)	(1,641)	(38,828)	(110,607)
Unwinding of discounts	-	-	-	-	-
<b>Balance at 31 March 2019</b>	<b>112,714</b>	<b>232,362</b>	<b>2,770</b>	<b>133,988</b>	<b>481,834</b>
<b>Comprising:</b>					
<b>Current liabilities</b>					
Not later than one year	112,714	232,362	2,543	66,558	414,177
<b>Non-current liabilities</b>					
Later than one year and not later than five years	-	-	122	26,102	26,224
Later than five years	-	-	105	41,328	41,433
<b>Balance at 31 March 2019</b>	<b>112,714</b>	<b>232,362</b>	<b>2,770</b>	<b>133,988</b>	<b>481,834</b>
<b>Of the total:</b>					
Core department	-	-	34	-	34
Arm's length bodies	112,714	232,362	2,736	133,988	481,800
<b>Balance at 31 March 2019</b>	<b>112,714</b>	<b>232,362</b>	<b>2,770</b>	<b>133,988</b>	<b>481,834</b>

## Provision for liabilities and charges (continued)

Total provisions	31 March 2020		31 March 2019	
	Core department £'000	Departmental group £'000	Core department £'000	Departmental group £'000
<b>Balance at 1 April</b>	34	481,834	30	173,976
Provided in the year	-	158,389	155	430,490
Provisions utilised in year	(2)	(374,778)	(151)	(110,607)
Provisions not required written back	-	(22,380)	-	(12,025)
Unwinding of discounts	-	25	-	-
<b>Balance at reporting date</b>	<b>32</b>	<b>243,090</b>	<b>34</b>	<b>481,834</b>
<b>Comprising:</b>				
<b>Current liabilities:</b>				
Not later than one year	32	172,186	-	414,177
<b>Non-current liabilities</b>				
Later than one year and not later than five years	-	28,131	34	26,224
Later than five years	-	42,773	-	41,433
<b>Subtotal: non-current liabilities</b>	<b>-</b>	<b>70,904</b>	<b>34</b>	<b>67,657</b>
<b>Balance at reporting date</b>	<b>32</b>	<b>243,090</b>	<b>34</b>	<b>481,834</b>

### 19.1 Grant commitments

National Lottery Community Fund has provisions of £71.1m (2018-19: £93.3m) principally relating to awards made of dormant account money to Big Society Capital.

British Film Institute Lottery has provisions of £16.8m (31 March 2019: £19.4m) for non-film rights awards which have been made, but at the reporting date, either contracts have not been signed and/or the conditions have not been met. As a result, these transactions are recognised as an award commitment and included within provisions.

### 19.2 Legal claims

At 31st March 2019 Ofcom was involved with ongoing litigation regarding the restitution of annual licence fees following the Court of Appeal judgment in November 2017 to quash regulations that Ofcom made in September 2015 to revise fees for use of 900/1800 MHz spectrum bands. The Mobile Network Operators brought claims against Ofcom seeking restitution of the increase in fees paid between September 2015 and November 2017.

The restitution case was heard in the High Court in May 2019 which found in favour of the Mobile Network Operators and ordered repayment of the increase in fees that had been collected under the quashed 2015 Regulations. The High Court granted Ofcom permission to appeal and Ofcom lodged an appeal with the court on 7 June 2019. As a result, the cost of the annual licence fee repayments, related interest and legal costs of £232.0m was included as a provision in the prior year's financial statements.

The appeal was heard on 19 February 2020 where the original decision was upheld, meaning the amounts previously held as a provision were fully utilised in the year.

### 19.3 Early departures and redundancies

The group meets the additional costs of benefits beyond the normal PCSPS benefits in respect of employees who retire early by paying the required amounts annually to the relevant pension fund over the period between early departure and normal retirement date.

The liabilities extend for up to ten years. The group provides for this when the early retirement programme becomes binding, by creating a provision for the estimated payments discounted using HM Treasury's post-employment benefit discount rate.

### 19.4 Other provisions

#### *BBC restructuring and property provisions*

This relates to various restructuring, decommissioning and dilapidation provisions within the BBC. The value of this provision as at 31 March 2020 was £85.1m (31 March 2019: £69.5m).

#### *BBC taxation, litigation and insurance*

The BBC taxation, litigation and insurance provisions as at 31 March 2020 were £37.5m (31 March 2019: £40.3m).

## 20. Lease liabilities

Total future lease payments under leases are given in the table below:

Obligations for the following periods comprise:	31 March 2020		31 March 2019	
	Core department £'000	Departmental group £'000	Core department £'000	Departmental group £'000
<b>Land</b>				
Not later than one year	-	1,771	-	-
Later than one year and not later than five years	-	3,540	-	-
Later than five years	-	675,950	-	-
	-	681,261	-	-
Less interest element	-	(612,833)	-	-
<b>Present value of obligations</b>	-	<b>68,428</b>	-	-
<b>Buildings</b>				
Not later than one year	13,846	179,388	-	-
Later than one year and not later than five years	44,469	667,865	-	-
Later than five years	93,736	1,768,568	-	-
	152,051	2,615,821	-	-
Less interest element	(21,394)	(509,056)	-	-
<b>Present value of obligations</b>	<b>130,657</b>	<b>2,106,765</b>	-	-
<b>Other</b>				
Not later than one year	-	3,563	-	-
Later than one year and not later than five years	-	5,086	-	-
Later than five years	-	2,928	-	-
	-	11,577	-	-
Less interest element	-	248	-	-
<b>Present value of obligations</b>	-	<b>11,825</b>	-	-
<b>Total present value of obligations</b>	<b>130,657</b>	<b>2,187,018</b>	-	-
<b>Current</b>	<b>11,293</b>	<b>130,088</b>	-	-
<b>Non current</b>	<b>119,364</b>	<b>2,056,930</b>	-	-

For government bodies reporting under the FReM, IFRS 16 is due to be implemented with effect on 1 April 2021 and replaces IAS 17 (Leases). DCMS has elected, with HMT authority, to early adopt IFRS 16 (as adapted by the 2020-21 FReM/HMT's IFRS 16 leases application guidance).

The group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17. IAS 17 operating leases are included within our statement of financial position as a lease liability and right of use asset for the first time with changes made through the general fund as a cumulative catch up adjustment. Refer to Note 1.23 Leases for further details.

Leases are discounted using the rate implicit in the lease. Where that rate cannot be readily determined, leases are discounted at the entity's incremental borrowing rate.

Where an entity has no borrowings (which is the case for all entities consolidated into the departmental group, with the exception of the BBC), HM Treasury issues discount rates to be used. These cover calendar years and were 1.99% for 2019 and 1.27% for 2020.

Lease liabilities are held by the BBC of £1,756.1m. This consists of lease liabilities (inclusive of interest) of £93.6m due in one year, £254.5m due in more than one and not later than five years and £1,407.9m due in more than five years. The interest element of these finance leases is £536.7m.

The core department holds lease liabilities (inclusive of interest) of £130.7m, all of which relates to buildings. The interest element for this finance lease is £21.4m.

Amounts recognised in SoCNE	SoCNE line item disclosure	31 March 2020		31 March 2019	
		Core department £'000	Departmental group £'000	Core department £'000	Departmental group £'000
Interest on lease liabilities - Finance Cost*	Finance costs	2,719	62,668	-	-
Variable lease payments not included in measurement of lease liabilities	Purchase of goods and services	-	241	-	-
Income of sub-leasing right-of-use assets	Other operating income	(104)	(13,369)	-	-
Expenses relating to short term liabilities	Purchase of goods and services	-	5,687	-	-
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	Purchase of goods and services	1,289	8,547	-	-
<b>Total</b>		<b>3,904</b>	<b>63,774</b>	-	-

\*IFRS 16 has been implemented within 2019-20, no changes to comparative data has been made which include IAS 17 finance leases only.

## 21. Other financial liabilities

	Total derivatives £'000
<b>Balance at 31 March 2018</b>	520,393
Revaluations	31,123
<b>Balance at 31 March 2019</b>	<b>551,516</b>
Revaluations	(3,578)
<b>Balance at 31 March 2020</b>	<b>547,938</b>
<b>Of the total:</b>	
Core department	-
Arm's length bodies	547,938
<b>Balance at 31 March 2020</b>	<b>547,938</b>
Due within 12 months	480
Due after 12 months	547,458
<b>Balance at 31 March 2020</b>	<b>547,938</b>
Due within 12 months	662
Due after 12 months	550,854
<b>Balance at 31 March 2019</b>	<b>551,516</b>

The BBC held financial derivatives of £547.9m (31 March 2019: £551.5m). The largest element of these derivatives relates to the refinancing of New Broadcasting House of £545.4m (31 March 2019: £548.5m).

## 22. Retirement benefit obligations

	2019-20			2018-19		
	Funded £'000	Unfunded £'000	Total £'000	Funded £'000	Unfunded £'000	Total £'000
<b>Analysis of movement in scheme liabilities</b>						
<b>Balance at 1 April</b>	18,721,433	11,813	18,733,246	17,990,258	11,914	18,002,172
Current service cost	240,472	-	240,472	222,083	158	222,241
Past service cost	3,359	-	3,359	19,232	-	19,232
Interest cost on pension scheme liabilities	424,867	33	424,900	426,272	77	426,349
Administration cost	7,970	-	7,970	7,263	-	7,263
Benefits paid	(537,926)	(275)	(538,201)	(541,109)	(198)	(541,307)
Contributions by members	2,708	-	2,708	2,587	-	2,587
Contributions by employer	-	-	-	-	(158)	(158)
(Gains)/losses on settlements and curtailments	369	-	369	-	-	-
Remeasurements:						
Experience (gains)/losses on defined benefit obligation	(365,049)	(504)	(365,553)	(59,471)	(1)	(59,472)
Change in demographic assumptions	(181,013)	(28)	(181,041)	(39,603)	(20)	(39,623)
Change in financial assumptions	(429,679)	(77)	(429,756)	693,921	41	693,962
Transfer to funded pension scheme reserve	3,307	-	3,307	-	-	-
<b>Pension liabilities at 31 March</b>	<b>17,890,818</b>	<b>10,962</b>	<b>17,901,780</b>	<b>18,721,433</b>	<b>11,813</b>	<b>18,733,246</b>
<b>Analysis of movement in scheme assets</b>						
<b>Balance at 1 April</b>	(18,029,025)	-	(18,029,025)	(17,285,332)	-	(17,285,332)
Interest on assets	(410,739)	-	(410,739)	(411,123)	-	(411,123)
Administration cost	1,600	-	1,600	1,062	-	1,062
Benefits paid	539,353	-	539,353	542,507	-	542,507
Contributions by members	(4,128)	-	(4,128)	(3,859)	-	(3,859)
Contributions by employer	(166,406)	-	(166,406)	(201,327)	-	(201,327)
Change in actuarial assumptions	11,982	-	11,982	-	-	-
Return on assets	59,826	-	59,826	(670,953)	-	(670,953)
Transfer to funded pension scheme reserve	(2,489)	-	(2,489)	-	-	-
<b>Pension assets at 31 March</b>	<b>(18,000,026)</b>	<b>-</b>	<b>(18,000,026)</b>	<b>(18,029,025)</b>	<b>-</b>	<b>(18,029,025)</b>
<b>Net pension liability/(asset) at 31 March</b>	<b>(109,208)</b>	<b>10,962</b>	<b>(98,246)</b>	<b>692,408</b>	<b>11,813</b>	<b>704,221</b>
<b>Of the total:</b>						
Core department	-	-	-	-	-	-
Arm's length bodies	(109,208)	10,962	(98,246)	692,408	11,813	704,221
<b>Balance at 31 March</b>	<b>(109,208)</b>	<b>10,962</b>	<b>(98,246)</b>	<b>692,408</b>	<b>11,813</b>	<b>704,221</b>
<b>Comprising:</b>						
BBC	(254,800)	7,600	(247,200)	521,500	8,100	529,600
BFI	59,971	2,072	62,043	62,470	2,228	64,698
Sport England	41,273	-	41,273	42,215	-	42,215
BTA	1,849	120	1,969	10,189	148	10,337
UK Sport	44,459	(133)	44,326	53,152	(100)	53,052
Ofcom	(22,426)	1,085	(21,341)	(17,691)	1,211	(16,480)
Other ALBs	20,466	218	20,684	20,573	226	20,799
<b>Total</b>	<b>(109,208)</b>	<b>10,962</b>	<b>(98,246)</b>	<b>692,408</b>	<b>11,813</b>	<b>704,221</b>

## 22.1 Analysis of total pension cost recognised in the Consolidated Statement of Comprehensive Net Expenditure

	2019-20 £'000	2018-19 £'000
<b>Pension cost recognised in Net Operating Cost</b>		
Current service cost	240,472	222,241
Past service cost	3,359	19,232
Enhancements and (gains)/losses on settlements and curtailments	369	-
Net interest cost on Pension Scheme	14,161	15,226
Administration Cost	9,570	8,325
<b>Total</b>	<b>267,931</b>	<b>265,024</b>

	2019-20 £'000	2018-19 £'000
<b>Remeasurements recognised in Other Comprehensive Net Expenditure</b>		
<b>Pension liabilities:</b>		
Experience (gains)/losses on defined benefit obligation	(365,553)	(59,472)
Change in demographic assumptions	(181,041)	(39,623)
Change in financial assumptions	(429,756)	693,962
<b>Pension assets:</b>		
Change in actuarial assumptions	11,982	-
Return on assets	59,826	(670,953)
<b>Total</b>	<b>(904,542)</b>	<b>(76,086)</b>

### 22.1.1 Funded pension schemes

A number of the ALBs operate funded pension schemes, details of the most significant schemes are included below.

The range of future employer contributions for funded schemes are shown below:

	Future employer contributions
BBC	31.4%
BFI	11.5%
Sport England <sup>1</sup>	16%
BTA	13.1% - 24.4%
UK Sport	12%
Ofcom (benefits accruals have ceased see note 23.5)	£555k
Other ALBs	12% - 27.2%

[1]Employer contribution rate of 16.1% in 2020 reduced to 16% in 2021

Further information in relation to these funded pension schemes are set out in the published accounts of the ALBs.

## 22.2 BBC pension scheme

Whilst these accounts include only the elements of the BBC classified as central government, it is not possible to allocate the scheme's deficit shown below across individual divisions of the BBC. Accordingly, the DCMS group accounts include the entire BBC pension scheme in accordance with IAS 19 *Employee Benefits*. However, no guarantee has been given by either the department or HM Government in respect of this scheme. Pension contributions are paid into a trust fund (BBC Pension Trust Limited) and these contributions are invested by the trustees to produce income from which benefits are paid. The fund is separate from the finances of the BBC and participating employers. It is used to provide benefits for the scheme's members and their dependants.

The scheme, a defined benefit scheme, is now closed to new entrants. The scheme provides pensionable salary related benefits on a defined benefit basis funded from assets held in separate trustee-administered funds. The scheme trustees manage the plan in the short, medium and long term. They make funding decisions based on valuations which take a longer-term view of the assets required to fund the scheme's liabilities. Valuations of the scheme are performed by Willis Towers Watson, consulting actuaries. Formal valuations are undertaken at least every three years. The scheme's net pension asset represents the majority of the BBC's net pension asset, with details below:

BBC pension scheme financial position as at:			
	2020	2019	2018
	£m	£m	£m
Scheme assets	17,202.9	17,183.9	16,476.3
Scheme liabilities	(16,948.1)	(17,705.4)	(16,986.5)
<b>Surplus/(Deficit)</b>	<b>254.8</b>	<b>(521.5)</b>	<b>(510.2)</b>
Percentage by which scheme assets cover liabilities	102%	97%	97%

Note G.2.3 of the BBC accounts includes details on the allocation of assets by the pension fund Trustees, governed by the need to manage risk against the desire for high returns and any liquidity needs.

### 22.2.1 Funding the BBC scheme

The most recent triennial actuarial valuation of the pension scheme at 1 April 2019 by Willis Towers Watson showed a funding shortfall of £1,138m. A recovery plan was agreed between the BBC and the pension scheme Trustees which details the additional contributions to be paid by the BBC through to December 2028.

	Projection 2021	2020	2019	2018
	%	%	%	%
Employer	31.4	31.4	31.4	16.7
Employee (old and new benefits)	7.5	7.5	7.5	7.5
Employee (career average benefits 2006)	4.0	4.0	4.0	4.0
Employee (career average benefits 2011)	6.0	6.0	6.0	6.0

## 22.2.2 Principal actuarial assumptions of the BBC scheme

The calculation of the scheme liabilities and pension charges, for IAS 19 purposes, requires a number of financial and demographic assumptions to be made. The principal assumptions used by the actuaries, were:

Principal financial assumptions	2020 %	2019 %	2018 %
Rate of increase in salaries	1.0	1.0	1.0
<b>Rate of increase in pension payments:</b>			
Old Benefits	3.0	3.2	3.1
New Benefits	2.8	3.0	2.9
Career Average Benefits (2006)	2.4	2.4	2.4
Career Average Benefits (2011)	2.0	2.1	2.0
Inflation assumption (RPI)	2.8	3.2	3.1
Inflation assumption (CPI)	2.0	2.2	2.1
Discount rate	2.2	2.3	2.4

The average life expectancy assumptions, for members after retirement at 60 years of age, are as follows:

Principal demographic assumptions	2020 Number of years	2019 Number of years	2018 Number of years
<b>Retiring today:</b>			
Male	26.9	27.2	27.1
Female	29.2	29.5	28.6
<b>Retiring in 20 years:</b>			
Male	28.4	28.7	29.4
Female	30.8	31.1	31.0

The sensitivities of the scheme's liabilities to changes in the principal assumptions are set out below:

	Assumption used %	Movement	Impact on Scheme liabilities %	Impact on Scheme liabilities £m
Discount rate	2.2	Increase/decrease 0.1%	1.7/2.0	295/(339)
Retail price inflation rate	2.8	Increase/decrease 0.1%	1.8/1.7	(304)/296
Mortality rate	1.25*	Increase/decrease 1 year	4.5/4.8	(760)/813

\* A long term trend of 1.25% for both males and females has been applied to the life expectancy reported above

Note C7 of the BBC accounts details the actuarial risks relating to the BBC pension scheme, covering investment, currency, counterparty, interest, longevity, inflation, liquidity and custody risk. Current and ongoing economic uncertainty arising from the coronavirus pandemic means that asset valuation techniques that rely on unobservable inputs are reported on the basis of 'material valuation uncertainty' as transactional activity in the market is currently below normal levels. Level 3 assets are valued in line with industry standard guidelines, including RICS methodology for Property and International Private Equity and Venture Capital guidelines for Private Equity. At 31 March 2020 Direct and Pooled property was valued at £1,572.3m and a 5% reduction would equate to £78.6m. Private Equity mandates were valued at £799.6m and a 5% reduction would equate to £40.0m.

The details on the fair value of plan assets, risk management strategies, funding arrangements and maturity profile for the scheme assets and liabilities can be found in the BBC annual accounts.

### **22.3 Local Government Pension Scheme**

A number of ALBs participate in the Local Government Pension Scheme (LGPS) operated by the London Pension Fund Authority (LPFA).

The LGPS is a funded defined benefit scheme, benefits are based on final salary and the scheme remains open to existing members for ongoing accrual of benefits.

The scheme is subject to triennial valuations by the consulting actuaries to the LPFA and the latest valuation was at 31 March 2019. The next formal valuation is due on 31 March 2022.

Most of the LPFA's assets have quoted prices in active markets, but there are unquoted property, infrastructure and private equity assets. The property and infrastructure assets are subject to valuation by external valuers and due to the unprecedented impact of Covid-19 on the market and wider economy, the valuers have advised the pension fund that these assets are subject to material valuation uncertainty at 31 March 2020. The pension fund auditors have also included a material uncertainty clause in their opinion related to the valuation of the private equity assets, again due to the impact of Covid-19 on these assets. Consequently, a higher degree of caution should be attached to the valuation of those assets within the overall scheme and, in turn, the proportionate value of those assets in these accounts, than would normally be the case. This impacts a subset of the total LGPS pension asset value in these accounts (BFI, Sport England and UK Sport reflect a share of the LGPS assets in their accounts which are also material to the DCMS group accounts).

The details on the fair value of plan assets, risk management strategies, funding arrangements and maturity profile for the scheme assets and liabilities can be found in the individual accounts for each of the bodies that are part of the LPFA.

#### **22.3.1 British Film Institute (BFI) pension schemes**

BFI participates in the Local Government Pension Scheme (LGPS), operated by the London Pension Fund Authority (LPFA).

The BFI has accounted in full for pension benefits in the year ended 31 March 2020. Therefore, as at 31 March 2020, BFI's share of the pension deficit was £62.0m (2019: £64.7m). BFI's agreed schedule of contributions is 11.5% of member employees' salary per year plus a monetary amount of £891k (2019: £870k).

From 1 January 2014, the BFI also operates a defined contribution pension scheme which is available to all employees not already in the defined benefit scheme. Employee contributions for members of the scheme for the year ended 31 March 2020 were £457k (31 March 2019: £364k).

#### **22.3.2 Sport England pension schemes**

Sport England also participates in the LGPS.

It is a funded defined benefit scheme which was closed to new members on 30 September 2005. Benefits are based on final salary until 31 March 2014, and on a career average salary basis from 1 April 2014. Sport England's share of the net pension deficit was £41.2m (31 March 2019: £42.2m).

Additional employer contributions are paid into the scheme to reduce the scheme's deficit as advised by the scheme's actuaries based on the triennial valuation. In addition, Sport England makes voluntary contributions that are dependent on available funds.

Sport England also operates a Group Personal Pension Plan defined contribution scheme run by Aviva. This is available to employees who commenced service on or after 1 October 2005. Employee contributions for members of this scheme for the year ended 31 March 2020 were £821k (31 March 2019: £923k).

### 22.3.3 UK Sport pension schemes

UK Sport operates the following pension schemes:

#### *UK Sport:*

The majority of staff of UK Sport (both Exchequer and Lottery funded) are members of the LGPS.

The pension scheme is a funded defined benefit scheme open to all staff. The scheme is based on average salary throughout membership. UK Sport's share of the pension scheme liability as at the year end is £14.0m (31 March 2019: £15.8m). As a result of the triennial valuation in March 2016 it was agreed that in order to reduce the deficit on the scheme, UK Sport was to make secondary contributions into the LPFA fund covering the period to 31 March 2020. An additional pension contribution of £174k (2018-19: £171k) has been made in the year. Following the most recent triennial valuation (31 March 2019) it was determined that for the period to the next valuation additional contributions are no longer required.

#### *The English Institute of Sport:*

The English Institute of Sport (EIS) is a subsidiary of UK Sport. EIS also participates in the LGPS. The pension scheme is a funded defined benefit scheme which is open to all staff.

EIS's share of the pension scheme liability as at the year end is £26.3m (31 March 2019: £32.7m).

### 22.3.4 Other participating members of LGPS

Other ALBs participating in the Local Government Pension Scheme are:

- Geffrye Museum (Museum of the Home)
- Horniman Public Museum and Public Park Trust; and
- UK Anti-Doping

### 22.4 British Tourist Authority (BTA) pension schemes

BTA participates in the British Tourist Boards' Pension Scheme (BTBP). The BTBP Scheme is a multi-employer scheme which includes other Tourist Boards. It is a defined benefit final salary pension scheme, which is closed to new entrants from 1 April 2017.

In accordance with IAS 19, BTA's share of the deficit of the funded scheme as at 31 March 2020 is £1.9m (31 March 2019: £10.2m). These figures include the US pension scheme. For the UK pension scheme (BTBPs), the correct deficit at 31 March 2020 is £2k (31 March 2019: £16.0m). The decrease is due to a change in the actuarial assumptions including RPI and the discount rate.

BTA also operates defined contribution schemes in other parts of the world, outside of the USA.

### 22.5 Ofcom pension schemes

Ofcom operates the following pension schemes:

#### *Defined benefit schemes:*

- The Ofcom Defined Benefit Pension Plan.
- The Ofcom (Former ITC) Pension Plan which Ofcom jointly participates in with S4C, S4C Masnachol and the Advertising Standards Authority.

Both of these plans are closed to new entrants and benefit accruals ceased on 31 May 2011. From this time all existing members were provided with access to the Ofcom stakeholder plan, which is a defined contribution scheme (see below).

As at 31 March 2020 these schemes had a net pension surplus of £22.4m (31 March 2019: £17.7m). These schemes had an additional net pension asset of £8.4m (31 March 2019: £8.3m) that has not been recognised. IAS19 *Employee Benefits (revised)* only allows the pension asset to be recognised if an economic benefit is available to the body as a result of the surplus. Per the Ofcom (Former ITC) Plan's Trust Deed and Rules a refund of any surplus is not available to Ofcom, and therefore a reduction of the pension asset is required, as such only £22.4m is included in the accounts.

The scheme is administered by a board of Trustees that is independent of Ofcom. Ofcom operates a feeder trust account which sets aside funds in order to make future contributions to the running of the plan.

#### *Defined contribution scheme:*

Ofcom also operates a defined contribution plan which is the stakeholder pension plan. This is now the primary means of providing pension benefits to staff. Employer contributions of £6.1m were made in the year ended 31 March 2020 (31 March 2019: £5.7m).

## 22.6 Unfunded pension schemes

The BBC, British Film Institute, British Tourist Authority, UK Sport, Ofcom and Gambling Commission have unfunded pension schemes. For more details on these schemes refer to the published accounts of the individual ALBs (see Note 28).

## 23. Capital, other commitments and lessor arrangements

### 23.1 Capital commitments

Contracted capital commitments not otherwise included in these financial statements:	31 March 2020		31 March 2019	
	Core department £'000	Departmental group £'000	Core department £'000	Departmental group £'000
Property, plant & equipment	-	108,540	-	93,020
Intangible assets	-	1,374	-	289
<b>Total</b>	-	<b>109,914</b>	-	<b>93,309</b>

The property, plant and equipment commitments as at 31 March 2020 include the following significant commitments:

- BBC had commitments of £17.2m (31 March 2019: £36.4m)
- Science Museum Group had commitments of £11.3m (31 March 2019: £31.4m)
- Geffrye Museum (Museum of the Home) had commitments of £3.6m (31 March 2019: £9.2m)
- Imperial War Museum had commitments of £6.7m (31 March 2019: £7.2m)
- British Museum had commitments of £30.9m (31 March 2019: £0.5m)
- Victoria and Albert Museum had commitments of £29.2m (31 March 2019: £1.3m)

## 23.2 Commitments under leases

For government bodies reporting under the FReM, IFRS 16 is due to be brought into effect on 1 April 2021 and replaces IAS 17 (Leases). DCMS has elected, with HMT authority, to early adopt IFRS 16 (as adapted by the 2020-21 FReM/HMT's IFRS 16 leases application guidance). The group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17. IAS 17 operating leases are included within our statement of financial position as a lease liability and right of use asset for the first time with changes made through the general fund as a cumulative catch up adjustment. Refer to Note 1.23 Leases for further detail.

### 23.2.1 Operating leases

Total future minimum payments under operating leases at 31 March 2019 are given in the table below.

	31 March 2020		31 March 2019	
	Core department £'000	Departmental group £'000	Core department £'000	Departmental group £'000
<b>Land</b>				
Not later than one year	-	-	-	7,886
Later than one year and not later than five years	-	-	-	33,998
Later than five years	-	-	-	100,859
	-	-	-	<b>142,743</b>
<b>Buildings</b>				
Not later than one year	-	-	13,389	73,631
Later than one year and not later than five years	-	-	33,172	215,443
Later than five years	-	-	25,501	272,053
	-	-	<b>72,062</b>	<b>561,127</b>
<b>Other</b>				
Not later than one year	-	-	-	4,499
Later than one year and not later than five years	-	-	-	4,578
Later than five years	-	-	-	77
	-	-	-	<b>9,154</b>
<b>Total obligations under operating leases</b>	-	-	<b>72,062</b>	<b>713,024</b>

## 23.2.2 Finance leases

Total future minimum lease payments under finance leases at 31 March 2019 are given in the table below.

Obligations under finance leases for the following periods comprise:	31 March 2020		31 March 2019	
	Core department £'000	Departmental group £'000	Core department £'000	Departmental group £'000
<b>Land</b>				
Not later than one year	-	-	-	492
Later than one year and not later than five years	-	-	-	1,966
Later than five years	-	-	-	670,424
	-	-	-	672,882
Less interest element	-	-	-	(662,592)
<b>Present value of obligations</b>	-	-	-	<b>10,290</b>
<b>Buildings</b>				
Not later than one year	-	-	-	64,683
Later than one year and not later than five years	-	-	-	277,756
Later than five years	-	-	-	735,887
	-	-	-	1,078,326
Less interest element	-	-	-	(422,217)
<b>Present value of obligations</b>	-	-	-	<b>656,109</b>
<b>Other</b>				
Not later than one year	-	-	-	2,109
Later than one year and not later than five years	-	-	-	3,652
Later than five years	-	-	-	4,190
	-	-	-	9,951
Less interest element	-	-	-	(2,263)
<b>Present value of obligations</b>	-	-	-	<b>7,688</b>
<b>Total present value of obligations</b>	-	-	-	<b>674,087</b>

## Finance leases (continued)

Present value of obligations under finance lease comprise:	31 March 2020		31 March 2019	
	Core department £'000	Departmental group £'000	Core department £'000	Departmental group £'000
<b>Land</b>				
Not later than one year	-	-	-	492
Later than one year and not later than five years	-	-	-	1,703
Later than five years	-	-	-	8,095
<b>Present value of obligations</b>	-	-	-	<b>10,290</b>
<b>Buildings</b>				
Not later than one year	-	-	-	20,423
Later than one year and not later than five years	-	-	-	118,604
Later than five years	-	-	-	517,082
<b>Present value of obligations</b>	-	-	-	<b>656,109</b>
<b>Other</b>				
Not later than one year	-	-	-	1,706
Later than one year and not later than five years	-	-	-	2,598
Later than five years	-	-	-	3,384
<b>Present value of obligations</b>	-	-	-	<b>7,688</b>
<b>Total present value of obligations</b>	-	-	-	<b>674,087</b>

### 23.2.3 Operating leases as lessor

Future minimum lease payments under non-cancellable operating leases comprise:	31 March 2020		31 March 2019	
	Core department £'000	Departmental group £'000	Core department £'000	Departmental group £'000
Not later than one year	-	8,776	-	26,752
Later than one year and not later than five years	-	23,456	-	115,884
Later than five years	-	34,633	-	240,767
<b>Total operating leases as a lessor</b>	-	<b>66,865</b>	-	<b>383,403</b>

The significant component of the group lessor balance is the BBC holding £59.4m (31 March 2019: £371.2m).

The BBC's leases relate to various property sub-lease arrangements. Contingent rent recognised as income during the period amounted to £nil (2018-19: £0.6m).

The significant decrease in the BBC's leases relates to the implementation of IFRS 16, where an investment property (previously party to sub-leasing arrangements), was reclassified as a lease receivable.

### 23.3 Commitments under PFI contracts and other service concession arrangements off-balance sheet (Consolidated Statement of Financial Position)

The group has entered into the following non-cancellable off-balance sheet PFI contract:

In 2010, the National Museums Liverpool (NML) entered into a 17 year standard form of PFI contractual arrangement for the provision of energy services and is making quarterly unitary payments over this period for a Combined Heat Power plant that came into use in October 2010. Further details can be found in NML's accounts.

Total future minimum payments to which the group is committed, as at 31 March 2020, analysed by the period during which commitments expire are as follows:

Obligations for off-balance sheet (SoFP) PFI and other service concession arrangements for the following periods comprise:	31 March 2020		31 March 2019	
	Core department £'000	Departmental group £'000	Core department £'000	Departmental group £'000
Not later than one year	-	612	-	581
Later than one year and not later than five years	-	2,606	-	2,471
Later than five years	-	1,048	-	1,675
<b>Total</b>	-	<b>4,266</b>	-	<b>4,727</b>

### 23.4 Other financial commitments

The group entered into non-cancellable contracts which are not leases, PFI contracts or other service concession arrangements. The payments to which the group are committed as at 2019-20, analysed by the period during which the commitments expire, are as follows:

	31 March 2020		Restated 31 March 2019	
	Core department £'000	Departmental group £'000	Core department £'000	Departmental group £'000
Not later than one year	-	953,758	-	963,732
Later than one year and not later than five years	-	1,674,480	-	1,988,217
Later than five years	-	616,737	-	833,727
<b>Total</b>	-	<b>3,244,975</b>	-	<b>3,785,676</b>

The BBC as at 31 March 2020 had commitments of £3,126.9m (31 March 2019 restated: £3,619.4m) relating to long term outsourcing contracts including IT support, content distribution and transmission, facilities management and elements of finance support. Commitments compared to the previous year have been restated. This is due to the BBC's revised methodology to include rights payments within the scope of this disclosure (previously excluded).

Sport England Exchequer as at 31 March 2020 had commitments of £36.5m (31 March 2019: £92.4m) relating to grants awarded in respect of approved programmes. UK Sport Exchequer as at 31 March 2020 had commitments of £10.3m (31 March 2019: £30.0m) relating to grant commitments which are subject to an annual review process.

Historic England as at 31 March 2020 had commitments of £27.3m (31 March 2019: £20.3m) relating to grants in respect of approved programmes.

National Citizen Service as at 31 March 2020 had commitments of £28.2m (31 March 2019: £nil) relating to contracts for programme delivery partners.

## 24. Contingent assets and liabilities

### 24.1 Contingent liabilities disclosed under IAS 37

#### 24.1.1 Quantifiable

##### Core Department

###### *Building Digital UK (BDUK)*

The contingent liability for a potential clawback in relation to European Regional Development Fund (ERDF) funding for two broadband projects which were procured through change requests to existing contracts with BT remains in place. The contracts were agreed under the 2012 State Aid National Broadband Scheme (NBS) which expired in June 2015. However, the England ERDF Operational Programme for the 2014-2020 period was not agreed until later in 2015 and therefore the funding was added to the contracts in 2016.

The department believes the funding meets the ERDF criteria given that the contracts had state aid clearance and provision for the extra ERDF funding was included. However, it is possible that the ERDF auditors decide that the additional funding was not in compliance with ERDF criteria as it was added to the contracts after the expiration of the NBS. Advice from the Ministry of Housing, Communities and Local Government (MHCLG) is that the maximum level of possible fines or penalties would be £2.5m. The outcome will not be known until the relevant audits have taken place, with the potential of an audit challenge remaining in place until 2026.

###### *Underwrite of UK Sport*

The department has agreed to underwrite UK Sport up to £25m each year for the years 2017-18 to 2020-21 in the lead up to the 2021 Tokyo Olympic and Paralympic Games. This constitutes a contingent liability for the core department only, as the agreement is with another department body, resulting in an intra-group arrangement and therefore no contingent liability for the group. For the 2019-20 financial year, UK Sport drew down £7.4m (2018-19: £8.2m) of the £25m that was potentially available for that year of the Tokyo funding cycle. See UK Sports' Annual Report and Accounts for further details.

##### Group

###### *Lottery Distribution Bodies (LDBs)*

In 2019-20, the LDBs have contingent liabilities relating to future grant payments. The estimated value is £345m (2018-19: £509m) of which £219m (2018-19: £286m) relates to the National Lottery Heritage Fund. The LDBs include British Film Institute, The National Lottery Community Fund (formerly Big Lottery Fund), The National Lottery Heritage Fund, Sport England, and UK Sport.

The contingent liabilities as at 31 March 2020 relate to awards offered that have been approved in principle but are yet to be accepted by the recipient. For more detailed information on contingent liabilities, please refer to the financial statements of the individual LDBs.

### *Local Government Pension Scheme (McCloud judgement)*

On 27 June 2019 the Supreme Court rejected the government's request to appeal, regarding age discrimination arising from public sector pension scheme transition arrangements. Court of appeal judgements were made in cases affecting judge's pensions (e.g. McCloud) and firefighter pensions (e.g. Sergeant) which had previously been considered by employment tribunals. The rulings have implications for ALBs which operate Local Government Pension Schemes including British Film Institute (BFI), British Film Institute Lottery, Geffrye Museum (Museum of the Home), Horniman Public Museum and Public Park Trust, Sport England, UK Sport and UK Anti-Doping.

For some ALBs, the effects of this judgement are incorporated in the updated valuation of the pension funds, however there are still contingent liabilities disclosed in the BFI and the Geffrye museum's (Museum of the Home) accounts amounting to £620k combined.

### *Guarantee of British Horseracing Authority (BHA) Pension Scheme*

The Horserace Betting Levy Board (HBLB) entered into an agreement with the British Horseracing Authority (BHA), the Jockey Club, and Trustees of the Jockey Club Pension Fund and Life Assurance Scheme, now known as the BHA Pension Scheme (the 'Scheme'), to guarantee the payments by the BHA of certain contributions to the Scheme. The most recent triennial valuation of the Scheme as at 31 December 2017 showed a total deficit of £9.4m.

Accordingly, the HBLB has a contingent liability in the event of the BHA becoming unable to meet its obligations and has agreed if such circumstances arise to:

- a. meet the entire annual deficit contributions of £1.2m during the period ending 31 December 2019, and £0.6m per annum for the period from 1 January 2020 and ending on 30 September 2024
- b. guarantee until the earlier of (i) 31 December 2024 and (ii) the date a future actuarial valuation of the BHA scheme discloses that there is no longer a past deficit on the basis of the December 2006 actuarial assumptions. The guarantee applies to the full scheme wind-up liabilities; up to a maximum of £30.3m in total, payable in five equal annual instalments, only in the event that the scheme is wound up by its trustees as a result of the BHA becoming unable to maintain contributions, or terminates its participation in the scheme, without substituting an alternative Principal Employer (Rule 66 of the scheme). This guarantee does not apply if the scheme is wound up for any other reason

HBLB no longer has a contingent liability in respect of the BHA's future service contributions to the Scheme.

### *The British Museum*

The British Museum is currently contesting a case relating to the withdrawal of charitable relief against business rates on elements of the Bloomsbury site. The possible obligation is estimated at £1.4m. The hearing of the contested issues is expected within the 2020-21 financial year. The same liability was reported as at 31 March 2019 with an estimated obligation of circa £1.3m.

The result of the hearing could set a precedent for other museums and galleries with commercial areas. However, as at 31 March 2020, the department does not consider any other bodies in the group to have a contingent liability related to business rates.

## *Sport England*

In 1979, the Football Association (FA) contributed £0.5m towards the construction of a hostel at Lilleshall National Sports and Conferencing Centre. A management agreement with the FA was entered into by Sport England which enabled the FA to run the Vauxhall School at the Centre which closed in July 1999. The Management Agreement continues to remain in place and at the present time the accommodation is used by the FA's Medical and Education Units. If Sport England were to terminate the agreement at any time before 2039, then a proportion of the £0.5m would fall due to be paid to the FA calculated by the reference to time. It is considered unlikely that the agreement will be terminated by Sport England.

## *National Portrait Gallery*

As part of the Inspiring People programme, the Gallery will close for 3 years from the end of June 2020. As a result, some roles will not be required and therefore the Gallery initiated a redundancy programme in November 2019. Staff impacted by this scheme will know that their job has been impacted in the 2019-20 year end but will not receive their redundancy compensation offer until 29 April 2020. Therefore a constructive obligation will exist at year end in relation to the voluntary redundancy payments to be made to staff. It is highly probable that this liability will crystallise with a maximum liability of £1.5m.

## **24.1.2 Unquantifiable**

### **Core Department**

#### *Hague Convention and Cultural Property (Armed Conflicts) Act 2017*

The government has ratified the 1954 Hague Convention for the Protection of Cultural Property in the Event of Armed Conflict and accede to its two Protocols. The Cultural Property (Armed Conflicts) Act 2017 created a number of new criminal offences in domestic law to enable the UK to ratify the Convention and accede to the Protocols. The offences include a serious breach of the Second Protocol, unauthorised use of the Cultural Emblem and the offence of dealing in unlawfully exported cultural property. The department has an unquantifiable contingent liability for the additional costs related to imprisonment and legal costs incurred by the Ministry of Justice for prosecutions brought solely under this new legislation. The department also has an unquantifiable contingent liability for any costs it may be required to cover relating to compensation which may be payable to buyers of 'good faith' that forfeit any cultural property.

#### *The Royal Parks historic liabilities*

On 15 March 2017, an agreement to manage the Royal Parks was signed between The Royal Parks Limited and the Secretary of State setting out the elements transferred from The Royal Parks Agency (TRPA) and additional obligations and arrangements. Under the terms of the agreement, the core department retains responsibility for the cost of historic liabilities of TRPA for 10 years. There is an unquantifiable contingent liability in respect of an incident in one of the Royal Parks. There is insufficient information to assess the value of the liability at this time.

## Group

### *The British Library*

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

The supplier has warranted in its 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 £5m.

DCMS 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.

### *The National Gallery*

The National Gallery is recognising an unquantifiable liability in respect of funds received from Ronald S Lauder. The funds enabled the Gallery to purchase the painting 'Scenes from the Lives of the Virgin and other Saints' by Giovanni da Rimini in July 2015. The deed between the Gallery and the donor states that a part of the consideration is in relation to the lease of the painting to the donor in the period from the acquisition of the painting for the remainder of the donor's lifetime. The Gallery is unable to measure the value of the obligation so it is recorded as unquantifiable liability.

### *Arts Council England*

Previously, an export licence was sought from Arts Council England to export a painting to Switzerland from the UK. The Arts Council (in consultation with DCMS) refused to grant the licence on the basis that it was not the competent authority for the purposes of the relevant EU legislation to grant the claimant a licence, and it was not satisfied that the painting was in the UK following 'lawful and definitive dispatch from another Member State'. The claimant challenged this decision by way of judicial review on the 28 June 2018. The judicial review found in favour of the Arts Council and there has been a number of subsequent unsuccessful appeals by the claimant. The claimant has now appealed to the Supreme Court and we await a hearing date/outcome of that appeal application. The potential liability is not quantifiable.

### *British Tourist Authority*

There is a claim to copyright infringement due to unauthorized use of videos and other images of artwork by BTA in an advertising campaign between 2015 and 2017. Legal proceedings were initiated in 2020 at the Munich district court for copyright infringement. The claimant estimates the amount in dispute totals around £833k. There is also a chance the claimant will also claim for damages that cannot yet be quantified.

### *New Fair Deal – Natural History Museum*

The Natural History Museum outsourced the provision of soft maintenance services to Servest Ltd. in 2009. This required a number of employees to be transferred out of the Museum's employment and into the employment of Servest under the Transfer of Undertakings (Protection of Employment) Regulations 2006. These employees had to be enrolled by the new employer into a pension scheme broadly comparable to the Civil Service Pension scheme which they were enrolled in whilst in the Museum's employment. The contract was retendered and awarded to Total Support Services Ltd in July 2016 which under the New Fair Deal Policy triggered the opportunity for the transferred staff to transfer the pension benefits earned in the Servest scheme back into the Civil Service Pension scheme.

As the contracting authority, the Natural History Museum will have a liability to pay the shortfall between the transfer in and transfer out values. The value of the liability will depend on negotiation with the Servest scheme provider and the number of individuals who take up the option to transfer. The Government Actuary's Department have been engaged to undertake this process on the Museum's behalf.

## 24.2 Contingent assets

### Group

#### *Land sales on the Greenwich Peninsula*

As successor to the Millennium Commission, the National Lottery Community Fund is entitled to a share of the proceeds of land sales on the Greenwich Peninsula made by the Greater London Authority, once certain costs have been covered. Payments of £32m are forecast to be received between 2016 and 2037, of which £7.9m had been received by the end of 2019-20. £47k was forecast to be received in 2019-20, which has been accrued for at 31 March 2020 as it had not yet been received.

#### *Sale of Olympic Park*

The National Lottery Distributors are entitled to receive a share of receipts from the sale of land on Queen Elizabeth Olympic Park in return for their contribution of an additional £675m to the funding of the London 2012 Olympic and Paralympic Games. The arrangements are set out in a legal agreement between the Secretary of State and the Greater London Authority (GLA) dated 29 March 2012 which sets out the distribution of funds between the GLA and the Lottery Distributors (via the core department). The GLA has now advised that the land sales on the Olympic Park are now forecast to return less than £200m with payment beginning in 2026-27.

#### *British Museum Legacies*

A significant legacy was bequeathed to the British Museum for advancing the post-1800 collection of decorative arts and design in Britain, Europe and Prehistory. The amount and timing of this payment are uncertain, as the museum's interest is in the residuary estate, but is estimated at around £2.0m. Two other residuary legacies, estimated at around £200k and £100k, have also been bequeathed to the museum.

#### *Arts Council – Pension Transfer Payments*

The Arts Council has taken legal advice to see if their current pension scheme (WYPF) is owed money from two other Local Government Pension Scheme bodies for staff who transferred from these bodies to the Arts Council in 2002. The estimated amount paid out would be around £2m, though the likelihood of this is currently uncertain.

## 25. Related party transactions

### Core department

At 31 March 2020, DCMS was the sponsor of the ALBs listed in Note 28. These bodies are regarded as related parties, with which the department has had various material transactions during the year. All of these transactions were conducted in the normal course of business and on an arm's length basis.

The department made a number of material transactions with other government bodies, these are set out below:

Related Party	Nature of Transaction
Cabinet Office	Provision of Information Technology services under a shared service agreement.
Department for Business, Energy & Industrial Strategy (BEIS)	DCMS provided funding for Digital Economy programmes delivered by BEIS sponsored research councils and Innovate UK.
Department for Education (DfE)	Contributions from DfE for a number of Arts and Culture programmes (Music Hubs, In Harmony and implementing response to the Henley review of cultural education). DCMS Contribution to DfE for the Primary School Sports Premium.
Department of Health and Social Care (DoH)	DoH contributions to School Games Organisers programme, amounts passed on to Sport England.
Department for International Trade (DIT)	Payments from DCMS to DIT relate to contributions to various cyber security programmes.
Government Legal Department	Government Legal Department provides legal services to DCMS and over 180 central government departments and other publicly funded bodies in England and Wales.
HM Revenue and Customs (HMRC)	Payments from DCMS to HMRC relating to DCMS leasing office space at 100 Parliament Street.
Local Authorities	Payments to 26 councils or their subsidiaries who are responsible for administering and enabling the broadband rollout in their area and 5 councils as part of the local full fibre programme.
Ministry of Housing, Communities & Local Government (MHCLG)	DCMS contributions to cover local government Libraries and Sports PFI projects that are distributed by MHCLG.
Network Rail Infrastructure Ltd	Payments to Network Rail as part of the local full fibre programme.
The Northern Ireland Executive	Payment to the Northern Ireland Executive for their share of the Wireless and Telegraphic Act licence fee receipts.
Security & Intelligence Agencies	Payments from DCMS to Security & Intelligence Agencies relate to contributions to various cyber security programmes.

The National Lottery Distribution Fund is maintained under the control and management of the Secretary of State. During the year, a number of staff employed by the core department worked on National Lottery Distribution related activities and also used systems owned by the department. These costs were recharged to the fund by the department.

Departmental Ministers make specific disclosure of financial interests as required by the Ministerial Code of Conduct. DCMS Non-Executive Board members must declare to the Permanent Secretary any personal or business interest which may, or may be perceived to, influence their judgement as a board member.

## **Departmental Group**

Other than those listed below, no Minister, Board Member, or other related parties have undertaken any material transactions with the group during the year.

### *Ministers*

Margot James MP, Minister of State for Digital and Creative Industries (resigned 18 July 2019), is a Lay Governor for London School of Economics & Political Science (LSE), which received £10k from the Core Department.

John Whittingdale MP, Minister of State for Media and Data, (appointed 14 February 2020) is a Fellow of the Royal Society of Arts which received £50k (£100k payable at year end) from the Arts Council.

### *Non-Executive Board Members*

Fields Wicker-Miurin OBE (former Non-Executive Board Member and Chair of the Audit and Risk Committee – resigned 10 January 2020) is also a Non-Executive Director at BNP Paribas, which received £1,632k from various DCMS entities during the year, notably £1,600k from Historic England and £22k from the BBC. During the year, BNP Paribas donated £200k to Tate Gallery for sponsorship, £23k to Victoria and Albert Museum and £20k to National Gallery (£16k payable at year end) for corporate membership.

Neil Mendoza (Non-Executive Board Member) is the Chairman of the Board of Trustees of the Landmark Trust, which received £150k from National Lottery Heritage Fund (£575k receivable at year end). Neil Mendoza is also on the Board of Visitors of the Ashmolean Museum which is one of four Oxford University Museums that together received a grant of £1,317k from Arts Council England.

Sherry Coutu (Non-Executive Board Member) is a Trustee of Raspberry Pi Foundation, which received £42k from National Citizen Service Trust, and an Advisory Board Member of The Royal Society, which received £15k from The Science Museum Group.

Matthew Campbell-Hill (Non-Executive Board Member) is a member of the Anaesthesia Section Council of the Royal Society of Medicine which received £24k (£24k payable at year end) from UK Sport.

### *Audit and Risk Committee Members*

Hemant Patel (Non-Executive Board Member and Audit Risk Committee Chair) (appointed 19 March 2020) is the Finance Director of Premier Inn at Whitbread PLC which received £226k from UK Sport, £14k from Sports Grounds Safety Authority, £13k from Royal Armouries Museum and £11k from Imperial War Museum.

### *Permanent Secretary*

Dame Sue Owen (retired with effect from 24 April 2019) is a Trustee of Windsor Leadership Trust, which received £16k from the Core Department.

### *Executive Board Members*

Susannah Storey (appointed 19 August 2019) is a Trustee of The Charities Aid Foundation which received £387k from the Core Department and also paid £101k to the National Gallery and £22k to Imperial War Museum.

Scott McPherson (appointed to a temporary position 17 March 2020) is married to a Trustee of Epsom Riding for the Disabled which is owed £75k by Sport England Exchequer at the year end.

The Remuneration Report (page 63) contains details of payments made to key personnel.

## **26. Events after the reporting period**

In accordance with the requirements of IAS 10 *Events after the Reporting Period*, post year end events are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General.

The following events occurred after the reporting period:

### *Changes to Executive*

Scott McPherson (Director General, Volunteering and Civil Society) held a temporary position to support the COVID-19 response between 17 March 2020 and 9 July 2020.

On 2 November 2020, Emma Squire was appointed as Interim Director General, Culture, Sports and Civil Society, replacing Helen Judge who left on 15 November 2020.

### *COVID-19 impact*

On 11 March 2020 the World Health Organisation officially declared the outbreak of COVID-19 a pandemic and on 20 March 2020 the UK government introduced lockdown measures in response. On 5 July 2020, a £1.57bn financial support package targeted at the arts, culture and heritage sector was announced to help mitigate the impact of COVID-19. Decisions on the distribution of awards will be made by DCMS working alongside expert independent figures from the sector, with access to these emergency grants and loans being made through application. This includes access to a financial support package for eligible Arm's Length Bodies.

Since the start of the COVID-19 crisis, the department has adapted to alternative working arrangements. The department believes COVID-19 has had no material impact on the basis for going concern. The financial statements impact has been limited due to the timing of the pandemic.

### *Horserace Betting Levy Board (HBLB)*

The outbreak of COVID-19 in the UK led to horseracing being suspended from 18 March 2020 until 1 June 2020. Racing resumed behind closed doors on a changed fixture programme from that date. The suspension will reduce levy yield for 2020-21 although the total reduction will not be known for some time. HBLB, together with the Racing Foundation, therefore agreed a series of cashflow/hardship funding support offers to racecourses. These consisted of: advance payment to racecourses of grants for raceday services; loans to and permitting racecourses with capital credit balances to draw on them, assisting with immediate cash requirements. The total offer value was a maximum of £20.1m. Actual drawdown of the facilities offered, as at 30 June, totalled £5.4m. HBLB also agreed to increase its contribution to prize money by an estimated 23% for the first ten weeks of racing's fixtures when the sport resumed on 1 June 2020. During July 2020, the Board agreed a substantial increase in its prize money allocation for the remainder of 2020 the contribution from 1 September to 31 December 2020 will rise by 50% on the originally allocated sum in this period. HBLB will contribute £26.6m over the four months instead of the £17.7m as originally planned.

### *National Citizen Service Trust (NCS)*

The Summer 2020 NCS Programme was officially cancelled on 7 April 2020, at which point NCS had paid out £3.6m worth of deposits to 44 accommodation venues. Due to Procurement Policy Note 02/20 and contractual obligations, the deposits are being treated as non-refundable. Three suppliers were also due to receive the balance of their deposits in March but these were held back due to COVID and the subsequent lockdown. In accordance with NCS's contractual terms, HM Treasury advised that these additional obligations of £3.7m should also be honoured. Due to Covid restrictions, NCS is unable to offer its usual residential programmes in 2020; they have worked with providers to repurpose offers using funds already committed.

### *Birmingham Organising Committee for the 2022 Commonwealth Games*

On 1 May 2020 a Special Purpose Vehicle "Festival 2022 Limited" was incorporated by Birmingham Organising Committee for the 2022 Commonwealth Games. This is a 100% owned subsidiary, and as such will feature in the DCMS group accounts in 2020-21.

### **Date accounts authorised for issue**

The accounts were authorised for issue on the date the Comptroller and Auditor General certified the accounts. The accounts do not reflect events after this date.

### **27. Third-party assets**

The core department does not hold third party assets.

The group holds, as custodian or trustee, certain assets belonging to third parties. These are not recognised in the accounts, since the group does not have a direct beneficial interest in them.

As at 31 March 2020 the National Lottery Community Fund (NLCF) held assets of £10.3m (31 March 2019: £8.5m), these assets represent third party bank balances for whom NLCF manage grant programmes.

## 28. List of bodies within the group

The entities within the group during 2019-20 listed below, comprised the core department, and those bodies included in the Government Resources and Accounts Act 2000 (Estimates and Accounts) Order 2019.

There were no changes to the Group Designation Order for 2019-20.

Body name	Legal status	Website
<b>Heritage</b>		
The Historic Buildings and Monuments Commission for England (Historic England) *	Statutory Body	<a href="http://www.historicengland.org.uk">www.historicengland.org.uk</a>
National Heritage Memorial Fund (NHMF) <sup>48</sup> * <sup>5</sup>	Statutory Body	<a href="http://www.nhmf.org.uk">www.nhmf.org.uk</a>
Churches Conservation Trust	Statutory Body and Registered Charity	<a href="http://www.visitchurches.org.uk">www.visitchurches.org.uk</a>
<b>Regulators</b>		
Office of Communications (Ofcom)	Statutory Body	<a href="http://www.ofcom.org.uk">www.ofcom.org.uk</a>
Information Commissioner's Office *	Statutory Body	<a href="http://www.ico.org.uk">www.ico.org.uk</a>
<b>Media/Creative Industries</b>		
British Broadcasting Corporation (BBC) <sup>49</sup>	Royal Charter Body	<a href="http://www.bbc.co.uk">www.bbc.co.uk</a>
S4C (Sianel Pedwar Cymru) <sup>50</sup>	Statutory Body	<a href="http://www.s4c.cymru">www.s4c.cymru</a>
British Film Institute * <sup>5</sup>	Royal Charter Body and Registered Charity	<a href="http://www.bfi.org.uk">www.bfi.org.uk</a>
<b>Museums and Galleries</b>		
British Museum *	Statutory Body and Exempt Charity	<a href="http://www.britishmuseum.org">www.britishmuseum.org</a>
Geffrye Museum (Museum of the Home)*	Limited Company and Registered Charity	<a href="http://www.museumofthehome.org.uk">www.museumofthehome.org.uk</a>
Horniman Public Museum and Public Park Trust *	Limited Company and Registered Charity	<a href="http://www.horniman.ac.uk">www.horniman.ac.uk</a>
Imperial War Museum *	Statutory Body and Exempt Charity	<a href="http://www.iwm.org.uk">www.iwm.org.uk</a>
National Gallery *	Statutory Body and Exempt Charity	<a href="http://www.nationalgallery.org.uk">www.nationalgallery.org.uk</a>
National Museums Liverpool *	Statutory Body and Exempt Charity	<a href="http://www.liverpoolmuseums.org.uk">www.liverpoolmuseums.org.uk</a>
National Portrait Gallery *	Statutory Body and Exempt Charity	<a href="http://www.npg.org.uk">www.npg.org.uk</a>
Royal Armouries Museum *	Statutory Body and Exempt Charity	<a href="http://www.royalarmouries.org">www.royalarmouries.org</a>
National Maritime Museum (Royal Museums Greenwich) *	Statutory Body and Exempt Charity	<a href="http://www.rmg.co.uk">www.rmg.co.uk</a>
Science Museum Group *	Statutory Body and Exempt Charity	<a href="http://www.sciencemuseum.org.uk">www.sciencemuseum.org.uk</a>
Sir John Soane's Museum *	Registered Charity	<a href="http://www.soane.org">www.soane.org</a>
Tate Gallery (Tate) *	Statutory Body and Exempt Charity	<a href="http://www.tate.org.uk">www.tate.org.uk</a>
Victoria and Albert Museum *	Statutory Body and Exempt Charity	<a href="http://www.vam.ac.uk">www.vam.ac.uk</a>
Wallace Collection *	Statutory Body and Exempt Charity	<a href="http://www.wallacecollection.org">www.wallacecollection.org</a>

48 NHMF carries out its lottery distribution activities as the National Lottery Heritage Fund.

49 The BBC is governed by Royal Charter and an associated Framework 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. The definition of the BBC as consolidated in these accounts is provided in Note 1.3 (Basis of Consolidation).

50 S4C is a statutory corporation, and the Welsh Fourth Channel Authority (Awdurdod Sianel Pedwar Cymru) is responsible for S4C's strategic policy and for ensuring the fulfilment of its statutory functions.

Body name	Legal status	Website
Natural History Museum *	Statutory Body and Exempt Charity	<a href="http://www.nhm.ac.uk">www.nhm.ac.uk</a>
<b>Sport</b>		
UK Anti-Doping <sup>51</sup> *	Limited Company	<a href="http://www.ukad.org.uk">www.ukad.org.uk</a>
Birmingham Organising Committee for the 2022 Commonwealth Games (Birmingham 2022) <sup>51</sup>	Limited Company	<a href="http://www.birmingham2022.com">www.birmingham2022.com</a>
The English Sports Council (Sport England) * <sup>§</sup>	Royal Charter Body	<a href="http://www.sportengland.org">www.sportengland.org</a>
The United Kingdom Sports Council (UK Sport) * <sup>§</sup>	Royal Charter Body	<a href="http://www.uk sport.gov.uk">www.uk sport.gov.uk</a>
Sports Grounds Safety Authority *	Statutory Body	<a href="http://www.sgsa.org.uk">www.sgsa.org.uk</a>
<b>Tourism</b>		
British Tourist Authority (operating as VisitBritain * and VisitEngland *)	Statutory Body	<a href="http://www.visitbritain.org">www.visitbritain.org</a>
<b>Gambling</b>		
Gambling Commission *	Statutory Body	<a href="http://www.gamblingcommission.gov.uk">www.gamblingcommission.gov.uk</a>
Horseshoe Betting Levy Board *	Statutory Body	<a href="http://www.hblb.org.uk">www.hblb.org.uk</a>
<b>Arts and Libraries</b>		
Arts Council England * <sup>§</sup>	Royal Charter Body and Registered Charity	<a href="http://www.artscouncil.org.uk">www.artscouncil.org.uk</a>
British Library *	Statutory Body and Exempt Charity	<a href="http://www.bl.uk">www.bl.uk</a>
<b>Civil Society</b>		
Big Lottery Fund (operating as National Lottery Community Fund)*	Statutory Body	<a href="http://www.tnlcommunityfund.org.uk">www.tnlcommunityfund.org.uk</a>
National Citizen Service Trust	Royal Charter Body	<a href="http://www.ncsyes.co.uk">www.ncsyes.co.uk</a>
<b>Cultural Property</b>		
Reviewing Committee on the Export of Works of Art and Objects of Cultural Interest †	Committee funded by the department	<a href="http://www.artscouncil.org.uk/collections/reviewing-committee">www.artscouncil.org.uk/collections/reviewing-committee</a>
Treasure Valuation Committee †	Committee funded by the department	<a href="http://www.gov.uk/government/organisations/treasure-valuation-committee">www.gov.uk/government/organisations/treasure-valuation-committee</a>
<b>Other</b>		
Phone-paid Services Authority	Limited Company	<a href="http://www.psauthority.org.uk">www.psauthority.org.uk</a>

\* Executive NDPBs per Cabinet Office's **Public Bodies 2019 report**

† Advisory NDPBs per Cabinet Office's **Public Bodies 2019 report**

§ These bodies also produce a lottery distribution account

Eight bodies (Churches Conservation Trust, Phone-paid Services Authority, Sports Grounds Safety Authority, Horniman Public Museum and Public Park Trust, Royal Armouries Museum, Sir John Soane's Museum, Wallace Collection and UK Anti-Doping) have not been consolidated in the 2019-20 or 2018-19 DCMS group accounts on a line-by-line basis on the grounds of materiality.

<sup>51</sup> United Kingdom Anti-Doping Limited and Birmingham 2022 are companies limited by guarantee of which the Secretary of State for Digital, Culture, Media and Sport is the sole member.

## 28.1 Bodies excluded from the boundary

The public sector bodies that are outside the departmental accounting boundary, and for which the department had lead policy responsibility during the year, are listed below together with their status.

### 28.1.1 Non-ministerial government departments

Non-Ministerial government departments are not consolidated within the group accounts.

- The Charity Commission for England and Wales. The Charity Commission's annual report and accounts can be found at <https://www.gov.uk/government/publications/charity-commission-annual-report-and-accounts-2019-to-2020>
- The National Archives. The National Archives annual report and accounts can be found at <https://nationalarchives.gov.uk/about/news/publication-of-our-annual-report-and-accounts-2019-20/>

### 28.1.2 Public Corporations sponsored by DCMS

Public corporations, as defined by the Office for National Statistics, are market bodies that derive more than 50% of their income from the sale of goods and services and they have substantial day to day operating independence:

- Channel Four Television Corporation\*
- Historic Royal Palaces\*
- The Royal Parks Limited\*

\*Since the department has no financial asset in these public corporations, they are not recognised as financial investments in the group accounts.

In addition, a large number of bodies within the departmental accounting boundary have subsidiaries that are trading companies which are, or we expect would be, classified as public corporations.

### 28.1.3 National Lottery Distribution Fund

The department is responsible for the operation of a lottery fund which is separately accounted for and is not consolidated in these accounts. The accounts can be found at: <https://www.gov.uk/government/publications/national-lottery-distribution-fund-account-2019-2020>

# ANNEXES

## Annex A – Core tables

These tables present actual expenditure by the department for the years 2015-16 to 2019-20 and planned expenditure for the year 2020-21 (derived from the Spending Review (SR) 2019 and subsequent fiscal events). The data relates to the department's expenditure on an Estimate and budgeting basis.

The format of the tables is determined by HM Treasury, and the disclosure in Tables 1 and 2 follow that of the Supply Estimate functions.

All years have been restated for the effect of Machinery of Government changes and the change in budgetary treatment of research and development (from resource to capital).

**Table 1 Public spending** – summarises expenditure on functions administered by the department. Consumption of resources includes Departmental Expenditure Limits (DEL) for administration, programme and capital costs, and Annually Managed Expenditure (AME) both voted and non-voted expenditure. The figures are derived from the Online System for Central Accounting and Reporting (OSCAR) database and the mappings replicate the lines in SoPS Note 1.

**Table 2 Administration budgets** – provides a more detailed analysis of the administration costs of the department. It retains the high level functional analysis used in table 1. The figures are derived from the OSCAR database and the mappings replicate the lines in SoPS Note 1.

**Table 1 Public Spending**

Resource DEL (£'000s)	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
	Outturn	Outturn	Outturn	Outturn	Outturn	Plans
Support for the Museums and Galleries sector	20,314	16,198	24,745	28,678	25,719	26,817
Museums and Galleries sponsored ALBs (net)	339,528	362,966	363,201	362,569	369,006	395,974
Libraries sponsored ALBs (net)	113,571	115,172	117,386	106,827	117,105	134,284
Support for the Arts sector <sup>52</sup>	(79,113)	(76,979)	(77,566)	(77,197)	(79,289)	(81,086)
Arts and culture ALBs (net)	439,548	442,231	432,551	452,905	465,976	463,327
Support for the Sports sector	11,159	7,585	11,520	7,087	5,061	15,397
Sport sponsored ALBs (net)	106,112	128,683	146,677	140,174	142,204	127,724
Ceremonial and support for the Heritage sector <sup>53</sup>	53,141	48,451	67,739	55,178	50,936	27,897
Heritage sponsored ALBs (net)	84,350	99,814	76,762	75,789	72,039	79,801
The Royal Parks <sup>54</sup>	12,320	6,022	-	-	-	-
Support for the Tourism sector	-	-	-	-	-	-
Tourism sponsored ALBs (net) <sup>55</sup>	66,374	57,095	59,835	68,320	51,654	40,005
Support for the Broadcasting and Media sector <sup>56</sup>	20,290	29,154	41,924	61,628	75,560	94,860
Broadcasting and Media sponsored ALBs (net) <sup>57</sup>	95,600	82,204	65,330	30,064	66,244	77,820
Administration and Research <sup>58</sup>	54,081	57,898	64,333	86,438	100,733	148,115
Support for Horseracing and the Gambling sector <sup>59</sup>	(2,858)	(2,539)	(3,714)	(6,721)	(16,161)	(4,730)
Gambling Commission (net) <sup>59</sup>	365	1,197	3,222	8,490	17,598	6,026
Olympics - legacy programmes <sup>60</sup>	(55,210)	(30,408)	(26)	-	-	-
London 2012 (net) <sup>60</sup>	-	-	-	-	-	-
Office for Civil Society <sup>61</sup>	162,582	255,511	224,460	176,310	58,472	70,825
National Citizen Service <sup>62</sup>	-	-	-	64,771	151,723	177,811
Birmingham 2022 <sup>63</sup>	-	-	-	17,183	15,434	54,967
Spectrum Management Receipts <sup>64</sup>	(52,139)	(49,645)	(33,299)	-	-	-
<b>Total Resource DEL</b>	<b>1,390,015</b>	<b>1,550,610</b>	<b>1,585,080</b>	<b>1,658,493</b>	<b>1,690,014</b>	<b>1,855,834</b>

52 Support for the Arts Sector. The income relates to contributions from the Department for Education towards the cost of Music Hubs and other programmes managed by the Arts Council England.

53 Ceremonial and Support for the Heritage sector included funding for World War One commemorations in 2015-16 through to 2017-18. The Listed Places of Worship budget for 2020-21 will be provided for at the Supplementary Estimate 2020-21.

54 On 15 March 2017, The Royal Parks Limited took over the role of managing the parks from The Royal Parks Agency. The charity manages the parks on behalf of the government, however it now receives less exchequer funding than it raises in commercial income, consequently it has been reclassified as outside of central government and removed from the DCMS Supply Estimate. As a result, The Royal Parks Agency has no planned expenditure after 2016-17.

55 Tourism sponsored ALBs line shows a drop in expenditure in 2019-20 which reflects the end of the current Discover England funding stream. GREAT funding for 2020-21 will be provided for at the Supplementary Estimate 2020-21.

56 On 1 April 2018, the Data Policy and Governance functions of the Government Digital Service (GDS) were transferred from the Cabinet Office to DCMS. The Core Tables have been restated (2015-16 to 2017-18) as required by HM Treasury, however the financial accounts have not been restated as the impact was considered immaterial. In the 2020 Budget statement, the Government confirmed its commitment to invest a total of £5bn to roll out gigabit-capable broadband in the most difficult to reach areas of the UK.

57 Broadcasting and Media sponsored ALBs line shows a drop in expenditure in 2017-18 due to Ofcom becoming self-funding from October 2017 and therefore not needing Exchequer funding from this point. The increase in 2019-20 relates to the Contestable Fund and S4C payment of VAT.

58 The rise in Administration and Research expenditure since 2017-18 reflects the substantial growth of the department since the 2015 spending review, particularly in the digital and data protection areas. There have also been administration funding uplifts relating to EU Exit and Festival 2022.

59 Support for the Horse Racing and Gambling Sector, and the Gambling Commission. The National Lottery Commission and the subsequent income it receives is recorded on a year by year basis.

60 Olympics legacy and London 2012 relate to the staging of the Olympic and Paralympic games 2012. This includes income from the sale of the Olympic Village, residual costs and final settlements with the Greater London Authority (GLA) and Olympic Lottery Distribution Fund (OLDF), most of which concluded by 2016-17.

61 On 15 July 2016 the Office for Civil Society moved from the Cabinet Office to the Department for Digital, Culture Media and Sport via a Machinery of Government transfer.

62 On 1 December 2018, The National Citizen Service Trust was set up as an Arm's Length Body, with expenditure for the National Citizen Service moving from the Office for Civil Society. The large increase in funding from 2018-19 to 2019-20 reflects the full year budget for 2019-20 in comparison to the funding from 1 December 2018 for 2018-19.

63 On 1 February 2019, the Birmingham Organising Committee for the 2022 Commonwealth Games Ltd was set up as an Arm's Length Body

64 Spectrum Management receipts which partially offset Broadcasting Administration expenditure, are treated as income by Ofcom from 2018-19.

Resource DEL (£'000s)	2015-16 Outturn	2016-17 Outturn	2017-18 Outturn	2018-19 Outturn	2019-20 Outturn	2020-21 Plans
<b>Total Resource DEL</b> (brought forward from previous page)	<b>1,390,015</b>	<b>1,550,610</b>	<b>1,585,080</b>	<b>1,658,493</b>	<b>1,690,014</b>	<b>1,855,834</b>
<i>Of which:</i>						
Staff costs <sup>65</sup>	551,076	564,505	581,505	650,729	718,014	[ ]
Purchase of goods and services <sup>65</sup>	565,276	600,059	613,920	736,859	802,264	[ ]
Income from sales of goods and services	(55,343)	(57,591)	(58,480)	(64,368)	(67,518)	(90,416)
Current grants to local government (net)	46,224	69,566	44,881	17,237	65,150	-
Current grants to persons and non-profit (net)	630,433	758,716	790,068	782,659	640,431	588,400
Current grants abroad (net)	(1,820)	(3,787)	(785)	(22)	(1,092)	-
Subsidies to public corporations	44,951	30,227	14,443	13,568	13,296	-
Net public service pensions	6,763	-	-	8,970	6,658	-
Rentals	24,188	19,699	23,832	26,225	4,076	-
Depreciation <sup>66</sup>	127,561	143,221	149,256	134,988	155,075	205,329
Take up of provisions	-	-	-	1	-	-
Change in pension scheme liabilities <sup>67</sup>	-	158	-	-	-	-
Unwinding of discount rate on pension scheme liabilities <sup>67</sup>	1,389	813	843	915	1,445	-
Other resource	(550,683)	(574,976)	(574,403)	(649,268)	(647,785)	-

65 Figures for Plans for staff costs and purchase of goods and services are redacted to avoid publishing any assumptions about future price or pay movements.

66 Depreciation includes impairments.

67 Pension schemes report under IAS 19 Employee Benefits accounting requirements. These figures, therefore, include cash payments made and contributions received, as well as certain non-cash items.

<b>Resource AME (£'000s)</b>	<b>2015-16 Outturn</b>	<b>2016-17 Outturn</b>	<b>2017-18 Outturn</b>	<b>2018-19 Outturn</b>	<b>2019-20 Outturn</b>	<b>2020-21 Plans</b>
British Broadcasting Corporation (net) <sup>68</sup>	3,238,249	3,117,377	3,028,455	3,348,171	3,987,714	3,812,009
Provisions, Impairments and other AME spend <sup>69</sup>	31,006	14,024	43,569	314,679	211,575	44,954
Levy bodies <sup>70</sup>	8,139	7,490	(20,942)	3,518	(14,901)	2
London 2012 (net)	-	-	-	-	-	-
Lottery Grants <sup>71</sup>	1,070,465	1,294,717	1,214,041	1,072,400	1,110,895	1,143,630
<b>Total Resource AME</b>	<b>4,347,859</b>	<b>4,433,608</b>	<b>4,265,123</b>	<b>4,738,768</b>	<b>5,295,283</b>	<b>5,000,595</b>
<i>Of which:</i>						
Staff costs <sup>72</sup>	1,083,741	1,170,477	1,055,940	1,117,884	1,190,180	-
Purchase of goods and services <sup>72</sup>	2,647,535	2,412,420	2,478,429	2,617,994	2,498,997	5,000,595
Income from sales of goods and services	-	-	-	(152,656)	(137,000)	-
Current grants to local government (net)	24,145	21,787	25,345	48,097	27,310	-
Current grants to persons and non-profit (net)	949,267	1,260,754	1,177,008	904,161	984,298	-
Current grants abroad (net)	37	-	-	-	-	-
Subsidies to public corporations	7,245	-	1,795	2,477	6,150	-
Net public service pensions				(8,970)	-	-
Rentals	51,535	34,284	38,377	8,517	(60,040)	-
Depreciation	212,951	221,081	273,033	244,112	913,712	-
Take up of provisions	46,670	44,783	100,436	418,464	136,034	-
Release of provision	(6,886)	-	-	-	(2,961)	-
Change in pension scheme liabilities <sup>73</sup>	165,013	195,426	246,549	241,473	244,200	-
Unwinding of discount rate on pension scheme liabilities <sup>73</sup>	43,439	47,882	39,540	22,636	22,286	-
Release of provisions covering pension benefits <sup>73</sup>	(6,763)	-	-	-	(6,658)	-
Other resource	(870,070)	(975,286)	(1,171,329)	(725,421)	(521,225)	-
<b>Total Resource Budget<sup>74</sup></b>	<b>5,737,874</b>	<b>5,984,218</b>	<b>5,850,203</b>	<b>6,397,261</b>	<b>6,985,297</b>	<b>6,856,429</b>
<i>Of which:</i>						
Depreciation <sup>75</sup>	340,512	364,302	422,289	379,100	1,068,787	205,329

68 British Broadcasting Corporation: BBC Commercial Holdings and its holding companies have been consolidated in these accounts, reflected in the outturn from 2017-18.

69 Provisions, impairments and other AME spend: The increase from 2017-18 to 2018-19 relates to Ofcom provision for litigation costs (see note 19.2). The 2019-20 figures contain the impact of lease impairments on the initial adoption of IFRS 16.

70 Levy Bodies: Levy Expenditure is only recorded at year end via the annual accounts, hence no forward plans data.

71 Lottery Grants: The group accounts exclude the Devolved Administrations and records expenditure on an accruals basis since 2014-15.

72 2020-21 plans are not split by expense type and have been allocated to purchase of goods and services.

73 Pension schemes report under IAS 19 Employee Benefits accounting requirements. These figures, therefore, include cash payments made and contributions received, as well as certain non-cash items.

74 Total Resource Budget is the sum of the Resource DEL budget and the Resource AME budget, including depreciation.

75 Depreciation includes impairments.

Capital DEL (£'000s)	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
	Outturn	Outturn	Outturn	Outturn	Outturn	Plans
Support for the Museums and Galleries sector	1,170	3,118	145	4,477	1,800	5,000
Museums and Galleries sponsored ALBs (net) <sup>76</sup>	30,031	65,867	62,061	47,297	230,985	79,079
Libraries sponsored ALBs (net)	3,408	8,050	2,126	4,900	3,281	3,437
Support for the Arts sector	723	314	323	3,657	4,498	326
Arts and culture ALBs (net) <sup>77</sup>	21,413	49,316	61,507	34,398	26,625	52,565
Support for the Sports sector	154	-	-	1,600	(13)	-
Sport sponsored ALBs (net)	38,916	37,131	38,800	46,747	46,034	45,246
Ceremonial and support for the Heritage sector	5,491	5,056	1,291	510	2,055	1,500
Heritage sponsored ALBs (net)	17,421	25,401	23,675	23,361	38,801	38,284
The Royal Parks <sup>78</sup>	3,577	5,201	-	-	-	-
Tourism sponsored ALBs (net)	253	1,184	1,208	693	365	14,897
Support for the Broadcasting and Media sector <sup>79</sup>	213,138	51,779	66,326	114,107	121,006	348,071
Broadcasting and Media sponsored ALBs (net) <sup>80</sup>	4,720	30,522	91,491	82,317	75,890	39,194
Administration and Research	1,800	1,424	2,409	5,080	901	(1,525)
Support for Horseracing and the Gambling sector	-	-	-	-	-	-
Gambling Commission (net)	633	724	947	423	783	-
Olympics - legacy programmes <sup>81</sup>	-	(6,435)	-	-	-	-
London 2012 (net) <sup>81</sup>	-	-	-	-	-	-
Office for Civil Society <sup>82</sup>	6,136	(3,705)	(1,674)	(3,470)	1,487	-
National Citizen Service <sup>83</sup>	-	-	-	23	9	3,706
Birmingham 2022 <sup>84</sup>	-	-	-	45	(3,812)	-
<b>Total Capital DEL</b>	<b>348,984</b>	<b>274,947</b>	<b>350,635</b>	<b>366,165</b>	<b>550,695</b>	<b>629,780</b>

76 Museums and Galleries Sponsored ALBs were allocated additional Capital funding for 2016-17 in the Spending Review 2015, with reserves access granted to them as part of the new Museums Freedoms programme. The Museums Freedoms Reserves can only be accessed at the Supplementary Estimate stage and so are not yet incorporated in funding data for 2020-21. The higher outturn in 2019-20 is due to the initial recognition of lease assets under IFRS16.

77 Arts and culture ALBs includes funding in 2016-17, 2017-18 and 2018-19 for the Factory Manchester as part of the Northern Powerhouse. At the Spring Budget 2020, the government confirmed a £250 million Cultural Investment Fund for culture, heritage, local museums, and neighbourhood libraries.

78 On 15 March 2017 The Royal Parks Limited took over the role of managing the parks from the Royal Parks Agency. The charity manages the parks on behalf of the government, however it now receives less exchequer funding than it raises in commercial income, consequently it has been reclassified as outside of central government and removed from the DCMS Supply Estimate. As a result, the Royal Parks Agency has no planned expenditure after 2016-17.

79 Support for Broadcasting and Media sector is related to Broadband Delivery UK (BDUK) programmes. In the 2020 Budget statement, the Government confirmed its commitment to invest a total of £5bn to roll out gigabit-capable broadband in the most difficult to reach areas of the UK's. 2020-21 plans are higher than 2019-20 due to programmes stepping up to full delivery and funding reprofiled from previous years.

80 Broadcasting and Media sponsored ALBs. In the 2015 Spending Review it was announced the government would invest up to £550m during this Spending Review period to make the 700 MHz spectrum band available for mobile broadband use. The increase from 2016-17 includes increased funding for clearance and auction of the band, with the project nearing completion in 2020-21.

81 Olympics legacy programmes relate to the staging of the Olympic and Paralympic games 2012. This includes income from the sale of the Olympic Village, residual costs and final settlements with the Greater London Authority and Olympic Lottery Distribution Fund.

82 On 15 July 2016 the Office for Civil Society moved from the Cabinet Office to the Department for Digital, Culture, Media and Sport via a Machinery of Government transfer. Any future year's expenditure will be reflected at the Supplementary Estimate. The change from net income in 2016-17 relates to loan repayments and fewer capital grants issued.

83 On 1 December 2018, The National Citizen Service Trust was set up as an Arm's Length Body, with expenditure for the National Citizen Service moving from the Office for Civil Society.

84 On 1 February 2019, the Birmingham Organising Committee for the 2022 Commonwealth Games Ltd was set up as an Arm's Length Body. Negative outturn in 2019-20 is driven by timing differences between matching capital additions to grant income, and the implementation of IFRS 16 leases.

<b>Capital DEL (£'000s)</b>	<b>2015-16 Outturn</b>	<b>2016-17 Outturn</b>	<b>2017-18 Outturn</b>	<b>2018-19 Outturn</b>	<b>2019-20 Outturn</b>	<b>2020-21 Plans</b>
<b>Total Capital DEL</b> (brought forward from previous page)	<b>348,984</b>	<b>274,947</b>	<b>350,635</b>	<b>366,165</b>	<b>550,695</b>	<b>629,780</b>
<i>Of which:</i>						
Staff costs <sup>85</sup>	10,660	-	8,004	8,973	8,676	[ ]
Purchase of goods and services <sup>85</sup>	3,900	14,521	6,250	6,280	5,400	[ ]
Income from sales of goods and services	-	-	(9,982)	(9,102)	(9,075)	-
Current grants to persons & non-profit (net)	-	-	7,309	7,290	7,336	-
Subsidies to public corporations	-	-	3,748	2,966	2,951	-
Capital support for local government (net)	202,988	82,509	93,785	78,233	77,678	21,506
Capital grants to persons & non-profit (net)	(81,098)	(76,394)	71,701	57,043	47,697	41,570
Capital grants to private sector companies (net)	43,204	(247)	18,713	63,123	65,415	332,348
Capital support for public corporations	-	-	(1,400)	-	2,909	6,400
Purchase of assets	191,711	276,438	160,704	153,731	337,159	227,956
Income from sales of assets	(43,645)	(3,322)	(7,020)	(6,088)	(5,327)	-
Net lending to the private sector and abroad	31,752	8,186	3,715	6,169	16,760	-
Other capital	(10,488)	(26,744)	(4,892)	(2,453)	(6,884)	-

85 Figures for Plans for staff costs and purchase of goods and services are redacted to avoid publishing any assumptions about future price or pay movements.

<b>Capital AME (£'000s)</b>	<b>2015-16 Outturn</b>	<b>2016-17 Outturn</b>	<b>2017-18 Outturn</b>	<b>2018-19 Outturn</b>	<b>2019-20 Outturn</b>	<b>2020-21 Plans</b>
British Broadcasting Corporation (net) <sup>86</sup>	45,226	143,691	158,060	95,496	941,101	370,912
Channel Four Television <sup>87</sup>	-	-	-	-	76,734	125,000
London 2012 (net)	-	-	-	-	-	-
Levy bodies <sup>88</sup>	(2,079)	(2,737)	(1,924)	(1,640)	(314)	-
Lottery Grants <sup>89</sup>	453,717	503,897	448,775	358,918	308,721	262,221
<b>Total Capital AME</b>	<b>496,864</b>	<b>644,851</b>	<b>604,911</b>	<b>452,774</b>	<b>1,326,242</b>	<b>758,133</b>
<i>Of which:</i>						
Staff costs <sup>90</sup>	23,078	-	12,565	13,065	13,338	[ ]
Purchase of goods and services <sup>90</sup>	-	14,000	6,904	4,129	3,535	[ ]
Income from sales of goods and services	-	-	(2,114)	(2,344)	(2,004)	-
Capital support for local government (net)	21,803	149,469	133,006	96,321	75,477	-
Capital grants to persons & non-profit (net)	379,110	280,753	270,423	222,998	181,414	-
Capital grants to private sector companies (net)	-	-	3,505	35	-	-
Capital support for public corporations	-	-	(20,151)	(50,717)	165,369	-
Purchase of assets	153,770	126,206	119,473	169,004	844,631	633,133
Income from sales of assets	(107,851)	(8,067)	(6,818)	(35,749)	(3,191)	-
Net lending to the private sector and abroad	20,554	33,471	65,874	18,775	18,234	-
Other capital	6,400	49,019	22,244	17,257	29,439	125,000
<b>Total Capital Budget<sup>91</sup></b>	<b>845,848</b>	<b>919,798</b>	<b>955,546</b>	<b>818,939</b>	<b>1,326,242</b>	<b>1,387,913</b>
<b>Total Departmental Spending<sup>92</sup></b>	<b>6,243,210</b>	<b>6,539,714</b>	<b>6,383,460</b>	<b>6,837,100</b>	<b>7,793,447</b>	<b>8,039,013</b>
<i>Of which:</i>						
Total DEL <sup>93</sup>	1,611,438	1,682,336	1,786,459	1,889,670	2,085,634	2,280,285
Total AME <sup>94</sup>	4,631,772	4,857,378	4,597,001	4,947,430	5,707,813	5,758,728

86 BBC Capital expenditure is net of property disposals including the sale of Television Centre in White City in 2015-16. BBC Commercial Holdings and its holding companies have been consolidated in these accounts, reflected in the outturn from 2017-18. There was a one-off impact in 2019-20 relating to asset recognition on the adoption of IFRS16.

87 Channel Four Television: This AME represents cover for commercial borrowings. This facility was not required prior to 2019-20

88 Levy Bodies: Levy Expenditure is only recorded at year end via the annual accounts, so there is no forward plans data.

89 Lottery Grants: The group accounts exclude the Devolved Administrations and records expenditure on an accruals basis since 2014-15. The funding profile is agreed on a year by year basis. Plans data will be refined at the 2020-21 Supplementary Estimate.

90 Figures for Plans for staff costs and purchase of goods and services are redacted to avoid publishing any assumptions about future price or pay movements.

91 Total Capital Budget is the sum of the Capital DEL budget and the Capital AME budget.

92 Total Departmental Spending is the sum of the resource budget and the capital budget less depreciation.

93 Total DEL is the sum of the resource budget DEL and capital budget DEL less depreciation in DEL.

94 Total AME is the sum of the resource budget AME and the capital budget AME less depreciation in AME.

## Table 2 – Administration Budgets

Resource DEL £'000s	2015-16 Outturn	2016-17 Outturn	2017-18 Outturn	2018-19 Outturn	2019-20 Outturn	2020-21 Plans
Libraries sponsored ALBs (net)	7,945	6,754	7,928	8,818	8,341	9,116
Support for the Arts sector	(340)	(680)	(310)	82	90	(680)
Arts and culture ALBs (net)	13,094	15,634	14,255	17,789	17,849	18,378
Sport sponsored ALBs (net)	11,355	11,134	12,788	13,087	13,467	15,035
Birmingham 2022 <sup>95</sup>	-	-	-	-	-	4,549
Ceremonial and support for the Heritage sector	769	516	550	694	597	220
Heritage sponsored ALBs (net)	16,704	16,037	16,378	13,954	15,021	17,652
The Royal Parks <sup>96</sup>	3,431	3,589	-	-	-	-
Tourism sponsored ALBs (net)	44,250	29,375	31,077	33,917	30,819	31,385
Support for the Broadcasting and Media sector	164	118	4,105	6,588	5,917	(40)
Broadcasting and Media sponsored ALBs (net) <sup>97</sup>	61,103	54,389	40,160	9,689	13,948	13,481
Administration and Research <sup>98</sup>	52,891	55,495	63,517	84,471	97,598	127,965
National Citizen Service (net) <sup>99</sup>	-	-	-	16,254	11,605	711
Spectrum Management Receipts <sup>100</sup>	(52,139)	(49,645)	(33,299)	-	-	-
<b>Total Administration Budget</b>	<b>159,227</b>	<b>142,716</b>	<b>157,149</b>	<b>205,343</b>	<b>215,252</b>	<b>237,772</b>
<i>Of which:</i>						
Staff costs <sup>101</sup>	127,842	129,583	128,737	141,814	164,962	[ ]
Purchase of goods and services <sup>101</sup>	105,330	101,145	98,753	102,932	85,372	[ ]
Income from sales of goods and services	(27,214)	(31,806)	(31,158)	(29,295)	(24,731)	(755)
Current grants to local government (net)	-	-	(25)	(68)	(91)	-
Current grants to persons and non-profit (net)	-	183	177	512	311	-
Current grants abroad (net)	3	-	-	-	-	-
Subsidies to Public corporations	5,354	-	-	-	-	-
Net public service pensions	-	-	-	2,975	799	-
Rentals	16,014	15,659	16,962	17,785	7,348	-
Depreciation	11,411	10,118	8,883	9,528	32,167	43,467
Change in pension scheme liabilities	-	-	-	-	-	-
Unwinding of discount rate on pension scheme liabilities	368	288	317	72	570	-
Other resource	(79,881)	(82,454)	(65,497)	(40,912)	(51,455)	-

95 Birmingham 2022 expenditure for the delivery unit is recorded on the Administration and Research line while the funding for 2020-21 is shown on this estimate line

96 On 15 March 2017 The Royal Parks Limited took over the role of managing the parks from The Royal Parks Agency. The charity manages the parks on behalf of the government, however it now receives less exchequer funding than it raises in commercial income, consequently it has been reclassified as outside of central government and removed from the DCMS Supply Estimate. As a result, The Royal Parks Agency has no planned expenditure after 2016-17.

97 Broadcasting and Media Sponsored ALBs shows a fall in spend from 2017-18 onwards because from this point Ofcom retained Spectrum Management Receipts as income.

98 The rise in Administration and Research expenditure since 2017-18 reflects the substantial growth of the department since the 2015 spending review, particularly in the digital and data protection areas. There have also been administration funding uplifts relating to EU Exit and Festival 2022.

99 On 1 December 2018, The National Citizen Service Trust was set up as an Arm's Length Body, with expenditure for the National Citizen Service moving from the Office for Civil Society. The administration funding is agreed on an annual basis and will be refined at the Supplementary Estimate 2020-21.

100 Spectrum Management receipts, which directly offset Broadcasting Administration expenditure, will be shown as income in the Broadcasting and Media Sponsored ALBs line from 2017-18.

101 Figures for plans for staff costs and purchase of goods and services are redacted to avoid publishing any assumptions about future price or pay movements.

# Annex B – Sustainability

## Greening Government for the Core Department

The core department's sustainability report has been prepared in line with the requirements under the Greening Government Commitments. The three tables below demonstrate our continuing commitment to sustainable development. We plan to reduce our use of materials and energy, minimise waste and water use and increase sustainable procurement to minimise our carbon footprint.

**Table A – 2019-20 Performance against 2009-10 Baseline**

	2020 Government target	Position as at 31 March 2020
Greenhouse gas emissions	57% reduction	10% reduction
Waste	Reduce from Baseline	16% reduction
Water	Reduce from Baseline	25% reduction
Paper	50% reduction	17% reduction
Domestic flights	30% reduction	144% increase

**Table B – 2019-20 Actuals to Target**

Area		2019-20 Performance	
		Target	Actual
Greenhouse gas emissions	Consumption (tCO <sup>2</sup> e)	581 <sup>102</sup>	508
Paper Purchased	Reams A4 Equivalent	2,551	4,240
Domestic flights	Number of Flights	118	412

**Table C – Performance against 2009-10 Baseline in prior years**

The non-financial performance of the core department over the last eight years against the 200910 baseline target is represented in the table below.

	Estate Carbon (Reduction to baseline for 2009-10)	Domestic flights (Number of flights)	Waste (Reduction to baseline for 2009-10)	Water (Usage per FTE)	Paper usage (Number of A4 reams)
2019-20	10%	412	16%	3.8 m <sup>3</sup>	4,240
2018-19	34%	428	19%	4.6 m <sup>3</sup>	4,512
2017-18	60%	219	67%	3.1 m <sup>3</sup>	4,364
2016-17	64%	260	75%	5.1 m <sup>3</sup>	4,071
2015-16	54%	224	63%	5.7 m <sup>3</sup>	1,508
2014-15	57%	398	55%	4.0 m <sup>3</sup>	2,960
2013-14	64%	221	71%	5.0 m <sup>3</sup>	2,723
2012-13	33%	146	53%	9.0 m <sup>3</sup>	2,493
2011-12	29%	241	18%	13.4 m <sup>3</sup>	4,968

102 The target is based on the Department's bespoke greenhouse gas emissions target of 57%.

Commentary relating to the core department's current year performance is provided below.

DCMS can report a 10% reduction in estate carbon emission. The Department has exceeded its target towards overall waste and water consumption.

Figures on building emissions (electricity, waste and water consumption) are reported as a percentage of the total figures for 100 Parliament St based on allocated seating in the building (810 of 2,250). DCMS building emission figures are not reported in Government totals as these are already counted under HMRC's figures. DCMS' data are indicative statistics and may not accurately represent the department's activities as DCMS does not have control over the building wide activities of other departments based at 100 Parliament St, or policies around building sustainability made by HMRC.

The Department pays a fixed price for utilities in parts of the building and a percentage of utilities in other areas.

The amount and type of travel in the department is determined by business needs and is restrained by a robust travel policy that requires all travel to be necessary and cost efficient; thus challenges arise with achieving the 30% reduction target. Domestic flights were higher in 2019-20, as a result of work on 5G, Local Full-Fibre Networks and Data Protection.

Paper usage decreased in 2019-20 despite an increase in the number of personnel and an increase in work associated with significant bills and policy papers.

### Sustainability Report - Group Performance

Data has only been included from ALBs that meet the required threshold for sustainability reporting. This sustainability report is not based on the same Departmental accounting boundary as the 2019-20 accounts. The ALBs exempt for 2019-20 and prior years are:

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Churches Conservation Trust	Sir John Soane's Museum
Geffrye Museum Trust Limited (Museum of the Home)	S4C
Horniman Public Museum & Public Park Trust	Sports Grounds Safety Authority
Royal Armouries Museum	UK Anti-Doping
The English Sports Council	Wallace Collection
UK Sports Council	Horserace Betting Levy Board
Birmingham Organising Committee for the 2022 Commonwealth Games	National Citizen Service Phone Paid Services Authority

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**Table 1 - Greenhouse Gas Emissions**

	2019-20		2018-19		2017-18		2016-17		2015-16		2014-15	
	Core	Group										
<b>Total gross emissions</b>	<b>0.9</b>	<b>140.5</b>	<b>0.6</b>	<b>154.9</b>	<b>0.5</b>	<b>168.2</b>	<b>0.5</b>	<b>198.4</b>	<b>0.6</b>	<b>216.4</b>	<b>0.6</b>	<b>240.1</b>
Gross emissions Scope 1 (direct) (gas, oil & fuel)	-	47.9	-	50.0	-	47.4	-	54.6	-	56.5	-	62.3
Gross emissions Scope 2 (indirect) (electricity)	0.5	81.3	0.5	93.3	0.4	109.3	0.4	132.9	0.5	148.7	0.6	165.4
Gross emission Scope 3 (indirect) (domestic business travel)	0.4	11.3	0.1	11.6	0.1	11.5	0.1	10.9	0.1	11.2	-	12.4
<b>Total energy consumption</b>	<b>2.8</b>	<b>595.0</b>	<b>2.6</b>	<b>596.0</b>	<b>1.4</b>	<b>584.5</b>	<b>1.5</b>	<b>604.0</b>	<b>2.1</b>	<b>611.9</b>	<b>1.4</b>	<b>652.0</b>
Electricity: non-renewable	1.6	125.6	1.5	162.1	0.8	162.8	0.9	333.6	1.5	338.8	1.0	342.4
Electricity: renewable	-	216.4	-	181.6	-	179.5	-	22.4	-	19.1	-	44.5
Gas	1.2	252.0	1.1	251.1	0.6	241.4	0.6	244.3	0.6	250.3	0.4	258.0
LPG	-	0.2	-	0.3	-	0.2	-	3.1	-	2.7	-	3.7
Other	-	0.8	-	0.9	-	0.6	-	0.6	-	1.0	-	3.4
<b>Total expenditure</b>	<b>1.2</b>	<b>85.1</b>	<b>1.2</b>	<b>88.2</b>	<b>0.6</b>	<b>80.8</b>	<b>0.4</b>	<b>86.6</b>	<b>0.8</b>	<b>85.7</b>	<b>0.6</b>	<b>92.3</b>
Expenditure on energy	0.2	45.8	0.2	43.5	0.2	39.2	0.2	42.6	0.2	42.2	0.1	46.7
CRC licence expenditure (2010 onwards)	-	0.1	-	0.9	-	1.2	-	1.4	-	1.6	-	1.3
Expenditure on accredited offsets	-	-	-	-	-	-	-	-	-	0.0	-	0.1
Expenditure on official business travel	1.0	39.2	1.0	43.8	0.4	40.4	0.2	42.6	0.6	41.9	0.5	44.2

**Table 2 -Waste**

	2019-20		2018-19		2017-18		2016-17		2015-16		2014-15	
	Core	Group	Core	Group	Core	Group	Core	Group	Core	Group	Core	Group
<b>Total waste</b>	<b>73.0</b>	<b>10,664.5</b>	<b>71.4</b>	<b>10,721.7</b>	<b>28.6</b>	<b>11,045.5</b>	<b>22.4</b>	<b>17,773.6</b>	<b>32.0</b>	<b>18,295.9</b>	<b>39.0</b>	<b>18,738.0</b>
Hazardous waste	-	15.5	-	8.9	-	29.9	-	22.3	-	31.3	-	67.4
Landfill	-	676.4	-	738.7	1.6	737.6	15.5	1,057.3	17.0	1,782.0	18.0	1,925.2
Reused/ recycled	41.0	5,659.7	42.5	5,434.0	27.0	6,030.9	6.9	9,058.3	15.0	8,032.5	21.0	7,861.3
Composted	-	591.1	-	553.0	-	496.0	-	2,750.7	-	3,514.2	-	4,740.8
Incinerated with energy recovery	32.0	3,721.8	28.9	3,978.4	-	3,747.1	-	4,868.7	-	4,899.9	-	4,045.3
Incinerated without energy recovery	-	-	-	8.7	-	4.0	-	16.3	-	36.0	-	98.0
<b>Total disposal cost</b>	<b>-</b>	<b>1,727.3</b>	<b>-</b>	<b>2,097.7</b>	<b>3.9</b>	<b>2,118.7</b>	<b>2.1</b>	<b>2,370.2</b>	<b>5.0</b>	<b>2,443.8</b>	<b>5.0</b>	<b>1,944.5</b>
Hazardous waste	-	28.0	-	48.9	-	30.1	-	344.0	-	295.0	-	8.4
Landfill	-	36.3	-	54.6	-	67.4	-	46.0	-	92.8	-	49.2
Reused/ recycled	-	385.3	-	365.4	-	377.8	-	428.8	-	345.0	-	284.4
Composted	-	49.1	-	39.9	-	42.3	-	41.1	-	50.4	-	28.9
Incinerated with energy recovery	-	337.2 <sup>103</sup>	-	307.5	-	516.3	-	300.7	-	332.3	-	267.3
Incinerated without energy recovery	-	33.0	-	-	-	4.0	-	-	-	-	-	-

**Non-financial indicators (tonnes)**

**Financial indicators (£'000)**

103 Total disposal costs include some costs that are not in the itemised lines. These were not provided by some ALBs due to limitations in their current service contracts

**Table 3 - Finite Resource Consumption**

	2019-20		2018-19		2017-18		2016-17		2015-16		2014-15	
	Core	Group	Core	Group	Core	Group	Core	Group	Core	Group	Core	Group
<b>Total water consumption</b>	<b>5.5</b>	<b>1,152.1</b>	<b>5.0</b>	<b>1,061.9</b>	<b>2.6</b>	<b>1,161.8</b>	<b>3.2</b>	<b>1,746.1</b>	<b>3.3</b>	<b>1,704.2</b>	<b>2.2</b>	<b>2,112.1</b>
Water consumption (office estate)												
Supplied	5.5	845.3	5.0	802.9	2.6	796.7	3.2	787.2	3.3	729.2	2.2	1,006.9
Abstracted	-	45.7	-	41.5	-	135.8	-	187.9	-	99.8	-	69.0
per FTE	0.004	0.023	0.005	0.022	0.003	0.023	0.005	0.029	0.006	0.022	0.004	0.031
Water consumption (non-office estate)												
Supplied	-	229.8	-	174.9	-	163.5	-	328.6	-	318.8	-	184.9
Abstracted	-	31.3	-	42.6	-	65.8	-	442.4	-	556.4	-	851.3
<b>Total water cost</b>	<b>16.8</b>	<b>2,535.7<sup>104</sup></b>	<b>11.6</b>	<b>2,513.0</b>	<b>-</b>	<b>2,618.8</b>	<b>-</b>	<b>2,067.1</b>	<b>-</b>	<b>2,533.1</b>	<b>1.4</b>	<b>2,484.2</b>
<b>Financial indicators (£'000)</b>												
Water supply costs (office estate)	16.8	1,912.7	11.6	2,067.7	-	2,176.9	-	1,515.1	-	1,943.7	1.4	2,174.3
Water supply costs (non-office estate)	-	623.0	-	445.3	-	441.9	-	552.0	-	589.4	-	309.9

<sup>104</sup> Total water cost in contrast with total water consumption may not align due to timing differences in relation to the receipt of utility invoices by ALBs.



