



Department  
for Culture  
Media & Sport

# **DCMS Mid-Year Report to Parliament**

**April to September 2013**

**Sue Owen  
Permanent Secretary**



## Contents

Foreword	5
Executive Summary	7
Financial Performance	15
Major Projects	19
People	21
Annex A - Input and Impact Indicators	25
Annex B - Expenditure by Key Programme/Major Policy Area	27
Annex C - Key Findings of UK Broadband Impact Study	31
Glossary	33



## Foreword



I am pleased to introduce the Department for Culture, Media and Sport's first Mid-Year Report to Parliament.

Joining the department as Permanent Secretary on 1 October 2013, I am still amazed at the breadth of what we do; it is a complex, challenging, fascinating portfolio that affects everyone in the UK.

In the first six months of 2013-14 the Department has achieved significant milestones. The announcement of the City of Culture 2017 begins Hull's journey to realising benefits like those we have seen in Derry-Londonderry this year. During a successful visit to China, the Secretary of State signed a cultural agreement between the UK and China and recently launched an initiative to make Britain the most welcoming destination in Europe for Chinese visitors. In Government we are leading plans to commemorate the centenary of the First World War. We have secured a settlement for arts organisations, announced plans to reform English Heritage, supported by £80m of Government investment and secured an important package of operational and financial freedoms for our National Museums and Galleries as part of the Spending Round. And we also engaged in cultural diplomacy, working with the Foreign and Commonwealth Office, British Council, UK Trade and Investment (UKTI), VisitBritain and partners in other countries to promote the excellence of our arts and culture and attract tourist and business visitors.

The publication of the UK Broadband Impact Study showed that the UK will benefit by £20 for every £1 we are investing in broadband. We made good progress on the Gambling Bill that will require all remote gambling operators, such as gambling websites and betting call centres, to obtain a Gambling Commission licence if they want to offer their services to British customers, regardless of the country in which the operator is based. We published the Cross Party Royal Charter on self-regulation of the press and the Women and the Economy Action Plan. The Marriage (Same Sex Couples) Act 2013 received Royal Assent. And the successful Remembrance Sunday Ceremony at the Cenotaph demonstrated our continued ability to deliver operationally.

We have continued to build on the legacy of the 2012 Olympic and Paralympic Games. The London Anniversary Games and IPC Para-Athletics Grand Prix Final, held on the Olympic Park to celebrate a year on, once again saw elite athletes gracing the Olympic Stadium. We again showed the world that the UK can run

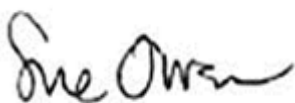
major events – from the ICC Champions Trophy in cricket to the Rugby League World Cup, and other world-class events in rowing, canoeing, netball, hockey and triathlon.

The creative industries are a great success story for the UK and we have continued our support through funding and promoting the importance of the sector. The latest statistics show that the creative industries are going from strength to strength, outperforming other sectors of our economy, with the core sector (excluding those working in creative jobs in non-creative industries) worth £71.4 billion in 2012, (5.2% of the UK economy), accounting for 1.68 million jobs that year (5.6% of the total number of UK jobs).

The Department has also made significant progress in meeting its corporate obligations. We laid our unqualified Group Annual Report & Accounts in November, an important undertaking covering 43 Arms-Length Bodies (ALBs) as well as the core Department. The Department's people engagement index rose from 45% to 51%.

Looking forward, we have a major and exciting programme of work ahead with a strong focus on supporting the emerging economic growth, by investing in communications infrastructure, capitalising on the value of Britain's arts, culture and creative industries, increasing tourism at home and abroad, improving the competitiveness of the creative economy, commemorating historic events and enabling people to realise their full potential.

Internally, we are strengthening our governance arrangements to formalise arrangements and reflect a greater focus on engagement with our ALBs, structural and senior staff changes. We will continue to work through the detailed implications of the Autumn Statement for DCMS and the ALBs that we fund. And, because an engaged, skilled and capable workforce is key to delivering our significant work programme, I committed to further improvement in our people engagement score.



**Sue Owen**

**Permanent Secretary and Accounting Officer\***

\*Sir Jonathan Stephens was Permanent Secretary and Accounting Officer until 31 August 2013. Sue Owen was appointed Permanent Secretary and Accounting Officer on 1 October 2013. Clare Pillman, Director, was appointed interim Accounting Officer during the intervening period, from 1 to 30 September.

## Executive Summary

DCMS sits at the heart of Britain's social, sporting and cultural lives and our sectors are helping us maintain the UK's cultural, artistic and heritage assets as well as selling Britain abroad, contribute to economic growth and drive investment. The sectors DCMS supports are hugely important in people's lives. These sectors account for 12% of gross value added to the economy and 15% of the UK's employment. We are transforming the nation's digital infrastructure, selling Britain to the world's tourists and ensuring our creative industries remain the envy of the world. 78% of adults attend or participate in the arts, a significant increase since 2005/06. DCMS is playing a key part in rebalancing our economy to achieve strong, lasting growth. We are not only making Britain a great place to live and do business but also making sure the rest of the world knows it.

The Government's investment in telecoms infrastructure is now showing real returns. The UK Broadband Impact Study<sup>[1]</sup> found that for every £1 the government is investing in broadband, the UK economy will benefit by £20. Similarly, the 2012 Games meta-evaluation report<sup>[2]</sup> showed that hosting the London 2012 Olympic and Paralympic Games could generate up to a £41 billion gross value added (GVA) windfall to the economy by 2020. And, between January and September 2013, inbound visitors to the UK increased by 6% on the same period last year to 24.8 million, and spend increased by 11% to just under £16 billion.

The cultural sector in the UK is incredibly diverse and enjoys a global reputation attracting visitors from all over the world. The arts, heritage, museums and galleries directly contribute to individual wellbeing and provide social benefits such as good health, educational skills and positive social behaviour. Culture enriches people's lives in such a unique way which is why DCMS continues to champion the role that arts and culture play in communities up and down the country and to advocate the value of culture in policy and funding decisions. During 2013, Derry-Londonderry delivered an excellent inaugural UK City of Culture, and in November, the Secretary of State announced that Hull would take on the mantle in 2017. The Government will be consulting on a tax relief for theatre, announced at the Autumn Statement 2013. Despite difficult financial conditions, the Government remains a committed supporter of the arts and museums. In 2015/16, some £570m will be available to be invested in these sectors by Arts Council England. And we worked with others to promote our arts and culture abroad.

As part of the successful UK trade mission to China, the Secretary of State announced an initiative to make Britain the most welcoming destination in Europe for Chinese visitors, signed a cultural agreement between the UK and China and also agreed a film co-production treaty with China to be ratified later this year. A football deal was also agreed during the visit between the UK Premier League and the Chinese Super League to build up football at an elite, youth and community level.

On sport, we have continued to build on the inspiration of the 2012 London Games by bringing major events to the UK – from the London Anniversary Games and IPC Para-Athletics Grand Prix Final on the Olympic Park, to World and European championships in a range of sports from cricket to badminton. All eight of the Park venues have operators in place and the Copper Box Arena reopened in July. Up to July 2013, elite funded athletes had given more than 4,000 days to community and school sport since London 2012. 1.5 million more people are doing sport than when we won the bid in 2005; over 18,000 schools have registered for the school

---

[1] Broadband Impact Study <https://www.gov.uk/government/publications/uk-broadband-impact-study--2>

[2] 2012 Games meta-evaluation report <https://www.gov.uk/government/news/olympic-games-legacy-boosts-economy-by-billions>

games, and 1,400 of our best young athletes competed in the school games national finals in Sheffield in September. £150m per year ring-fenced funding is going direct to primary schools for head teachers to spend on PE and sports provision. Sport England have allocated an additional £8m of National Lottery funding to give disabled people across the country more opportunities to get into sport.

Following an extensive review of the communications sector, we introduced a new communications strategy to ensure that the communications framework is fit for the digital age, supports innovation and protects consumers, including cracking down on nuisance calls, ending 'bill shock' and protecting children online. We also published the Cross Party Royal Charter on self-regulation of the press.

The Marriage (Same Sex Couples) Act 2013 received Royal Assent and the department has been working closely with other government departments and organisations to enable same sex couples to marry in March 2014.

2014 marks 100 years since the start of the First World War and, within government, the department is leading plans to commemorate this significant milestone in world history. We will take forward plans announced in June to reform English Heritage, setting up a charity by the end of 2014-15 to manage the National Heritage Collection of buildings and sites supported by £80m of Government investment. In the coming year, we will develop plans with the Secretary of State to manage the BBC Charter Review. For the next three months, priorities will include key policy areas such as the Gambling Bill, English Heritage, First World War Centenary preparations, Broadband roll-out, the retrofit and handover of the Olympic village and preparing for the Referendum on Scottish independence. And on the corporate side, we will be implementing the further resource reduction announced in the Autumn Statement, implementing the shared services programme to provide more joined up corporate functions and improving the department's capability at all levels as part of our Departmental Improvement Plan.



## COALITION PRIORITY: Promote UK growth

### Performance assessment

Green – on track with few risks

*DCMS sectors account for 12% of gross value added to the economy and 15% of the UK's employment. DCMS is playing a key part in rebalancing our economy to achieve strong, lasting growth. The UK's world-leading creative industries are now worth £71.4bn a year to the UK economy, growing by almost 10% in 2012 and accounted for 1.68m jobs in 2012, 5.6% of all UK jobs.*

- To support the UK's world-leading creative industries, we worked with HMT to introduce new tax reliefs for high end TV and animation and consulted on further tax support to the visual effects industry, published the Government response to extending age classification for DVDs and undertook a review of the Film Policy Review recommendations. In December, the Chancellor announced limited tax relief for theatre production and touring to regional theatres. The Government will be consulting on this shortly.
- Internationally, we promoted the UK view of a dynamic, innovative and secure internet and won international support for proposals on the roles of government in internet governance which promote economic growth, social development and freedom of expression.
- We introduced a new communications strategy to ensure that the operational framework is fit for the digital age, supports innovation and protects consumers, laid the Order to amend Ofcom's duties and functions, and published the Cross Party Royal Charter on self-regulation of the press.
- On TV and radio, we completed the Go Digital Trial to examine issues of digital radio conversion, particularly for older people and announced a package of measures including additional investment to provide more people with access to digital radio. The first local TV station went live in Grimsby in November 2013.
- We continued our work to strengthen philanthropy across the cultural sector. The Secretary of State set out the next steps of our programme in a major speech in Portsmouth, during which she welcomed the announcement of a £5 million donation to HMS Victory. This is one of 34 projects which are flourishing under our Catalyst Endowment programme, a match funding scheme which is leveraging over £100 million from private donors. We also established the new Cultural Gifts Scheme, the first ever scheme to incentivise lifetime giving to our public collections. Hunter Davies, the biographer of the Beatles, made the first gift under the scheme, donating John Lennon memorabilia to the British Library.
- In reforming our ALBs, we abolished the Registrar of Public Lending Rights and transferred functions to the British Library, merged the Gambling Commission and the National Lottery Commission, reformed the Equality and Human Rights Commission, and are on track to deliver 50% savings in the administrative budget of the Arts Council England. We announced a package of financial and operational freedoms for museums and plans to reform English Heritage.
- To improve regulation, we completed key Parliamentary stages of the Gambling Bill providing necessary public protection, laid a Statutory Instrument to partially deregulate plays, dance and indoor sport, and consulted on deregulating community film exhibition. As part of the Equalities Red Tape Challenge, we repealed the provisions around third party harassment and obtaining information procedures in the Equality Act 2010 as well as the duty to promote good relations, additional powers around the duty to promote good relations and the power to make arrangements to provide conciliations services in non-employment cases in the Equality Act 2006.
- We led work across government to produce an action plan on women and the economy, which includes commitments to extend the right to request flexible working, introduce a flexible system of shared parental leave, improve guidance on careers, help parents to ensure their children make well-informed career and subject choices, and support for those with caring responsibilities to stay in work where they wish or to set up their own small business. Delivery of the action plan is overseen by the Inter-Ministerial Group on Equalities which is chaired by the Secretary of State.

## COALITION PRIORITY: Facilitate the delivery of universal broadband and improved mobile coverage to promote growth

### Performance assessment

Amber – On track, if risks continue to be managed

*The internet contributes 8.3% to the UK economy, more than any other G8 country. We are investing £1.6 billion to equip the UK with the digital infrastructure we need to remain at the forefront of the internet economy. This investment will add £6.3 billion to the size of the economy and create 20,000 jobs by 2024, providing £20 for every £1 invested. It is transforming broadband with widespread access to dramatically higher speeds. This will create new opportunities for individuals, with teleworking allowing more flexible working patterns and reducing travel time.*

- The three major programmes (Mobile Infrastructure Programme, Super-Connected Cities Programme and Rural Broadband Programme) are on track. The projects have made significant progress since they were last assessed by the MPA and we expect this progress to continue.
- Around 10,000 new premises are gaining access to superfast broadband each week through the Government's Broadband Programme.
- To make it easier to put in broadband infrastructure, we worked with the Department for Communities and Local Government to streamline planning procedures for fixed broadband mobile infrastructure, speeding up the process and reducing costs for communications providers and in parallel, worked with industry to develop Codes of Practice for fixed and mobile infrastructure to ensure sensitive siting of infrastructure through early engagement between providers and local authorities.
- To provide superfast broadband to 95% of premises in the UK and to provide universal access to standard broadband with a speed of at least 2Mbps, we are supporting local authorities and devolved administrations to procure superfast broadband infrastructure for those areas which do not already have access. 43 out of 44 projects now have signed contracts in place and 8 have started providing access to superfast broadband in homes and businesses. Following the allocation of additional funding in the 2013 Spending Review, BDUK are currently defining how to utilise this fund to best meet the 95% objective.
- By the end of September 2013, 109,000 premises can now access a superfast broadband service as a result of local projects of the rural broadband programme.
- In the next two years we will see significant improvements in mobile coverage. The Mobile Infrastructure Project is expected to provide coverage to a significant proportion of those premises where no coverage is currently provided by any Mobile Network Operator. Additionally the four Mobile Network Operators are aiming to provide 4G coverage to 98% of the population by the end of 2015.
- 22 cities are now implementing their plans to become 'Super-Connected Cities' with better broadband connectivity and large areas of public wireless connectivity. Market tests for connection vouchers for SMEs have been conducted in 5 cities (Manchester, Salford, Edinburgh, Cardiff and Belfast) over summer 2013. The Connection Voucher Scheme was launched on 7 December 2013 in 10 cities as part of 'small business Saturday'. The remaining cities will launch their schemes by March 2014.

## COALITION PRIORITY: Market Britain across the world to promote growth

Performance assessment

Green – on track with few risks

- We are investing £55 million into the GREAT campaign to sell the UK as a great place to visit, study, and invest and do business. VisitBritain is working with others to encourage more visitors to the UK. VisitEngland is working with others to promote domestic tourism. And we are also making it easier for visitors from our key growth markets, including China, to apply for visas to visit.
- To commemorate the centenary of the First World War, we announced plans for the centenary commemoration, including a national series of commemorative events, a £5.3 million educational programme and £34 million from the Heritage Lottery Fund.
- To promote and protect Britain's cultural heritage, we led world heritage policy on behalf of the UK and represented UK interests at the UNESCO World Heritage Committee meeting, launched Non-Print Legal Deposit (British Library archive) and, working with the Department for Education and other partners, published the Government's plan for cultural education in England.
- We made good progress in pursuing cultural diplomacy in 2013, with the Secretary of State undertaking visits to the United States and China, the latter with the Prime Minister and a strong business and cultural delegation. During the China visit the Secretary of State signed an agreement which will underpin a new five year programme of cultural exchanges. The Secretary of State also visited Russia, and prepared the ground for the UK/Russia Year of Culture in 2014. A new bilateral agreement on creative industries was signed during the State Visit of President Park of Korea, and the Qatar-UK Year of Culture 2013 was widely welcomed in strengthening bilateral relations. The Secretary of State gave evidence to the House of Lords Inquiry on Soft Power, and signalled the strengthening of cultural activity through the GREAT campaign, announcing a new online calendar of UK cultural activity which will make our cultural engagement around the world more coherent in future.
- The Government is investing nearly £3billion in arts and culture over this Parliament. As part of our work to support vibrant and sustainable arts and culture we maximised the value of Government and Lottery investment in culture through DCMS ALBs including Arts Council England and Heritage Lottery Fund, and secured a good spending round settlement for 2015/16 with HM Treasury, resulting in funding for arts and national museums and galleries reducing by five per cent. This relatively small reduction recognises the enormous contribution cultural bodies make to our economy.
- National Lottery funding in the arts outside of London in 2012/13 was £174 million. If income remains buoyant, Arts Council England investment over the next five years will equate to £870 million of lottery funding outside of London. Partnerships with other organisations, for example local authorities (by far the biggest single funder of arts and culture in England), remain vital. Arts Council England takes a strategic approach to these partnerships across the country, and has been carrying this forward into its relationships with Local Enterprise Partnerships.
- Derry-Londonderry has delivered an excellent inaugural UK City of Culture in 2013. During 2013, the Department successfully ran a competition to select the UK City of Culture for 2017. Eleven bids were expertly and independently assessed culminating in November with the Secretary of State's announcement of Hull as the winner.
- The Olympics and Paralympics allowed us to showcase the best of the UK and we continue to do that through the GREAT campaign for sport, culture, heritage, technology and other aspects of national life.

*Tourism is one of Britain's biggest industries, worth £115 billion a year and employing over a million people. Our heritage and world class museums attract visitors from all over the world and all over the UK, contributing £26 billion to the economy and supporting 742,000 jobs. Our Arts sector is integral to our country. It enriches our society, attracts tourists and is a key driver of economic growth. It supports over 110,000 jobs and contributes £5.9 billion every year to the economy.*

**COALITION PRIORITY: Create a sporting legacy from the Olympic and Paralympic Games**

Performance assessment

Green – on track with few risks

*The Games generated an estimated £41 billion gross value added to the UK economy by 2010. A year on from London 2012, the inspirational power of the Olympic and Paralympic Games is delivering lasting change in sport, communities, the economy, East London and awareness and perceptions around disability.*

- The Government is engaged in creating a lasting legacy from the 2012 Olympic and Paralympic Games across 5 areas: economic growth; sport and healthy living; communities; East London regeneration and Paralympic legacy.
- We have made substantial progress against the 10 point sports legacy action plan including:
  - 13% increase in funding for elite sports;
  - the handover of the Olympic Park to the London Legacy Development Corporation for transformation into world class facilities - all eight of the park venues, including the five sporting venues, now have operators in place;
  - since the Games, we have staged World and European Championship events in varied Olympic disciplines and we have also successfully hosted the UEFA Champions League Final, ICC Champions Trophy Cricket and Rugby League World Cup. The UK has secured the rights to host over 25 further events in the next 6 years which includes the Tour De France, Rugby World Cup, World Athletics Championships and further World/European events;
  - increased the funding for Inspired Facilities by a further £40 million to extend the programme until 2017; increased school sport and more children participating in competitive sport;
  - 15.5 million people play sport regularly, an increase of 1.5 million since London won the bid in 2005
  - increased the number of disabled people playing sport to a record 1.67 million and increased funding of disabled sport; and
  - internationally, there are some very promising indications of the success of International Inspiration, including trained 236,192 individuals as practitioners across 20 countries, as well as over 42,000 young leaders, created 277 safe spaces for sport and engaged and reached 15.6 million children and young people.
- 29 major sporting events are planned including the Commonwealth Games, Tour de France and the Rugby Union World Cup.
- To encourage greater involvement of women in sport and to raise the profile of women's sport, we established a Ministerial Advisory Group of experts in the areas of sport, business and broadcasting: to see more women participating in sport; to raise the profile of women's sport in the media and to increase the number of women on sports boards.
- To deepen co-operation across a range of sports, UK and Russian sports ministers signed a Memorandum of Understanding on Sport, covering elite sport, mass participation sport and major sporting events.
- We are making sound progress with the Olympic Village retrofit and handover, with the first apartments handed over to the purchaser and the first residents moving in during November.
- Through Arts Council England, we are investing nearly £60m in cultural legacy programmes that seek to build on the success of the Cultural Olympiad, promoting its assets nationally and internationally.

**COALITION PRIORITY: Creating a fair and equal Britain**

Performance assessment

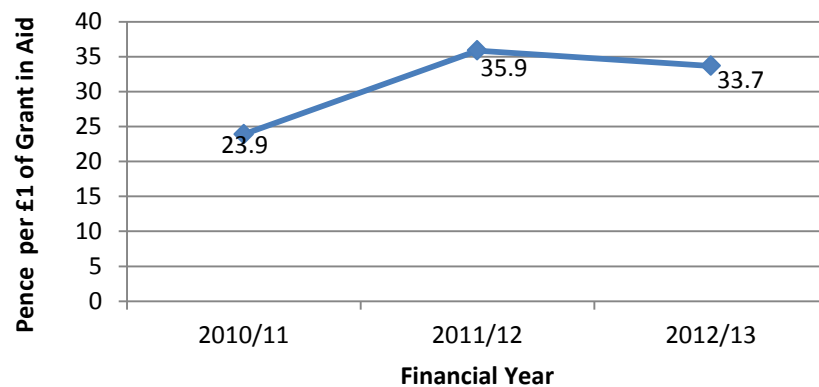
Green – on track with few risks

- We published the independent Women's Business Council report. The Council was established by the Government in 2012 and its remit was to assess the existing context of women's economic activity, identify the barriers experienced by girls and women in achieving their career aspirations and make recommendations for both the Government and the business community to implement, to bring about lasting change. We are responding to the recommendations and continuing to work with the Council to develop industry led initiatives.
- We led work across Government to produce an action plan on women and the economy (more details on women's contribution to growth are shown on page 9).
- Over 140 major UK employers, covering almost 2 million employees have pledged to improve gender equality in the workplace by signing up to the Think, Act, Report initiative that drives home the business case for equality.
- We appeared before the United Nations' Committee on Elimination of Discrimination Against Women in Geneva to explain how the UK is fulfilling its obligations under the convention and our reporting requirements.
- We led the UK's delegation to the Commonwealth Women's Ministers meeting in Bangladesh which promoted women's economic empowerment and enterprise
- We brought the voice of women to Government through our women's engagement programme holding a series of conferences, roundtables and meetings to debate current issues of relevance to women and their families.
- The Childcare Business Grants Scheme attracted nearly 2,000 applications by the end of September.
- We are working closely with others to ensure that arrangements are in place to implement the Marriage (Same Sex Couples) Act that received Royal Assent on 17 July. The UK was recognised, for the second year in a row, as number one in Europe on LGB&T rights by the International Lesbian and Gay Association
- We worked with a range of sectors (media, retail, advertising, fitness, fashion and beauty) to raise awareness of the harm associated with poor body image and encourage voluntary action to promote healthy bodies and to represent and celebrate a wider range of sizes, shapes and ethnicity in images of men, women and children. This work included publishing the Government's Body Confidence Campaign Progress Report, hosting an international academic seminar to discuss the existing evidence on body image, and publishing a rapid evidence review of body image literature.
- To simplify, reform and support the equalities framework, we completed the review of the public sector Equality Duty and delivered a national programme of Equality Red Tape Challenge roadshows with the British Chamber of Commerce, to help businesses understand equality legislation.
- We have completed the reform of the EHRC, with the new Board in place, changes in legislation, and a new budget and Framework agreed to enable the Commission to deliver its statutory duties effectively and efficiently.

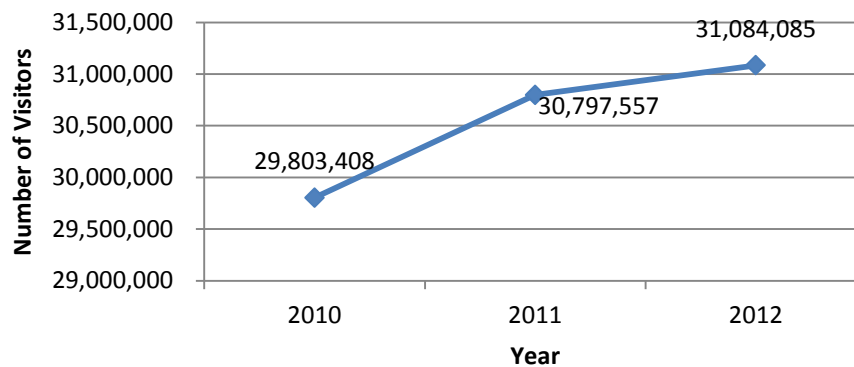
*Growth will not materialise unless the skills and talents of all are reflected in the UK workforce and entrepreneurial community. Women have a lower rate of economic participation than men. Equalising labour market participation would add 10% to economic growth by 2030.*

## Key impact indicators

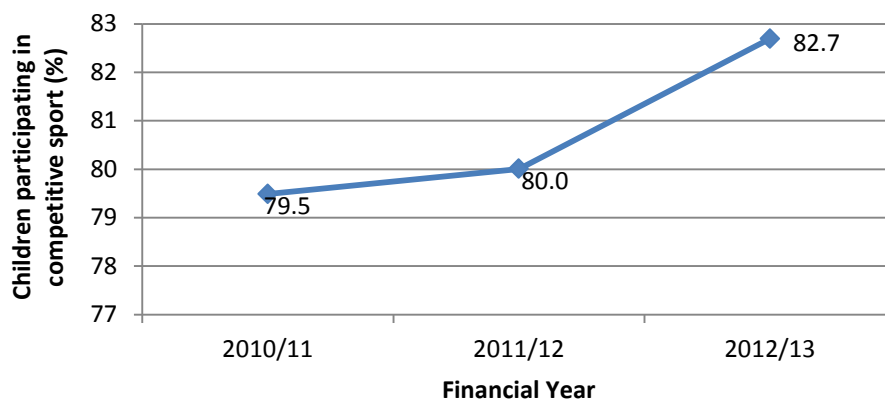
**Impact indicator: Ratio of charitable giving (donations and sponsorship) to Grant-in-Aid for cultural institutions funded by DCMS (pence per £1 of Grant in Aid)**



**Impact indicator: Number of overseas visitors to the UK (Annual)**



**Impact Indicator: Proportion of children participating in competitive sport (per cent of 5-15 year old children doing some form of competitive sport in the last 12 months)**



# Financial Performance

Financial Performance	Resources (£'000)			Capital (£'000)		
	Annual Plan 2013-14	Actual April to September 2013-14	Actual April to September 2012-13	Annual Plan 2013-14	Actual April to September 2013-14	Actual April to September 2012-13
<b>Total Departmental Expenditure Limit (DEL) - Voted</b>	<b>1,596,974</b>	<b>665,333</b>	<b>1,354,660</b>	<b>154,118</b>	<b>165,571</b>	<b>252,260</b>
Museums, Galleries and Libraries – support and sponsored bodies	536,661	223,434	215,481	27,946	15,310	23,816
Arts support and Arts sponsored bodies	381,137	220,531	215,105	19,843	1,366	210
Sports support and Sports sponsored bodies	128,356	82,716	100,546	26,038	20,032	25,473
Heritage support and Heritage sponsored bodies	112,979	39,134	41,119	25,876	17,061	6,576
The Royal Parks	15,575	4,462	4,287	857	790	364
Support for Tourism and Tourism sponsored bodies	31,381	21,513	24,813	192	0	0
Support for Broadcasting and Media, Media and Broadcasting sponsored bodies	109,716	51,385	27,379	232,292	3,674	18,151
Administration and Research	53,354	17,572	28,733	1,164	210	479
Support for Gambling and Horseracing and Gambling bodies (National Lottery Commission, Gambling Commission)	2,946	2,306	353	9,000	9,000	9,000
Olympic Legacy and London 2012	170,968	-16,697	678,710	-190,090	97,889	168,180
Government Equalities Office and the Equality and Human Rights Commission	53,901	18,977	18,134	1,000	239	11
<b>Total Departmental Expenditure Limit (DEL)- Non Voted- Spectrum Management receipts</b>	<b>-62,300</b>	<b>-26,030</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>1,534,674</b>	<b>639,303</b>	<b>1,354,660</b>	<b>154,118</b>	<b>165,571*</b>	<b>252,260</b>

\*Not including income from the sale of the Olympic Village that will be accrued to 2013-14 at the end of the financial year.



Financial Performance	Resources (£'000)			Capital (£'000)		
	Annual Plan Approved by Parliament 2013-14	Actual April to September 2013-14	Actual April to September 2012-13	Annual Plan Approved by Parliament 2013-14	Actual April to September 2013-14	Actual April to September 2012-13
<b>Total Annually Managed Expenditure (AME)- Voted</b>	<b>3,213,438</b>	<b>1,670,387</b>	<b>1,711,532</b>	<b>138,138</b>	<b>66,306</b>	<b>54,498</b>
British Broadcasting Corporation	3,179,759	1,665,115	1,707,618	138,138	66,306	54,498
Provision Release and New and Adjustments to existing provisions	576	-599	-5,003	0	0	0
Other AME costs	33,103	5,871	8,917	0	0	0
<b>Total Annually Managed Expenditure (AME) – Non Voted – Lottery Grants</b>	<b>932,084</b>	<b>458,891</b>	<b>570,539</b>	<b>496,916</b>	<b>355,824</b>	<b>248,393</b>
<b>Total</b>	<b>4,145,522</b>	<b>2,129,278</b>	<b>2,282,071</b>	<b>635,054</b>	<b>410,322</b>	<b>314,699</b>

<b>Of Which Admin</b>	<b>175,350</b>	<b>80,301</b>	<b>94,196</b>
-----------------------	----------------	---------------	---------------

<b>Net Cash Requirement</b>	<b>4,877,691</b>	<b>2,453,731</b>	<b>3,042,438</b>
-----------------------------	------------------	------------------	------------------

Source: DCMS Finance



## Financial commentary

The profile of expenditure over this reporting period is heavily distorted by the costs of staging the Olympic and Paralympic Games. Trends in both capital and resource expenditure are affected by the costs of constructing assets and of staging the Games. In 2012-13, the capital costs can be seen to drop away as the construction was largely completed, while the resource costs rise during the staging of the Games and the subsequent wind-down, including a significant depreciation charge. Costs will continue to appear for the wind-down of organisations involved in the Games and the retrofit and sale of the Olympic Village, which it is anticipated will be completed during 2014.

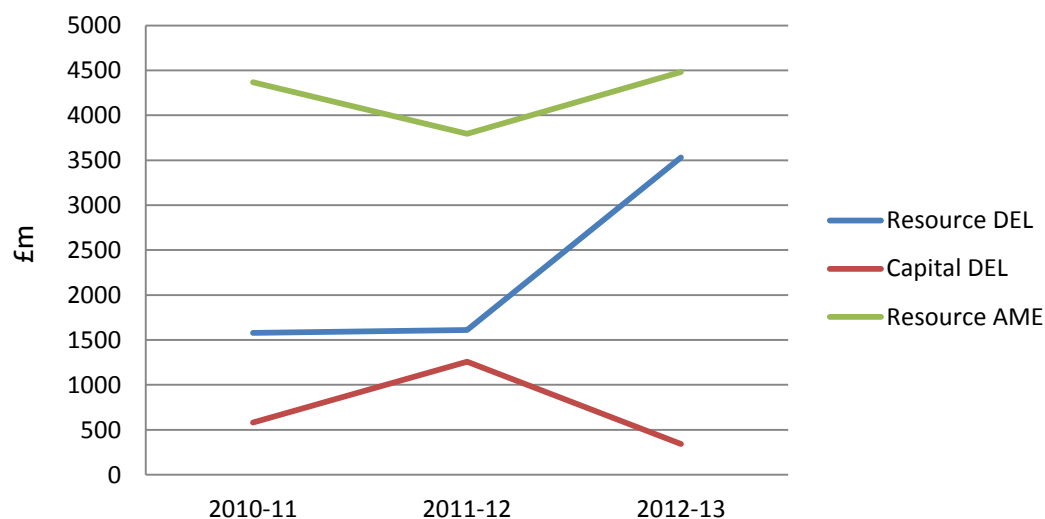
Another significant source of expenditure for the Department over this period is the rural broadband project, which began in 2010-11 and will run in its current form to 2015-16. At the mid-year point of 2013-14, the vast majority of the 44 local projects now have signed contracts and the programme is firmly in its delivery stage. Alongside this, two additional infrastructure projects are being run by the Department, namely the Super-Connected Cities programme, which seeks to put in place structures to enable super-fast broadband in specific urban environments around the UK, and the Mobile Infrastructure Project, which seeks to expand the coverage of mobile communications in the more remote and sparsely populated areas of the UK.

Alongside these major capital projects, DCMS is implementing the efficiencies, new models of working, closure and mergers of its various ALBs, following the outcome of the 2010 and 2013 Spending Reviews and subsequent announcements at the time of Autumn Statements and Budgets by the Chancellor. The Department as it was in May 2010 will have reduced its costs by 50% over this Spending Review period and has seen two Machinery of Government transfers. The form and structure of the Department and its family of ALBs has changed significantly since 2010 and this process will continue throughout the current Spending Review period. These changes are reflected in a reducing budget and expenditure on its functions through to 2015-16.

The Secretary of State wrote to the Chief Secretary to the Treasury in December 2013 to formally request a budget exchange between financial years, to make a claim on the reserve and to agree certain reprofiling of expenditure; all being in line with the 2013-14 Supplementary Estimate procedures.

## Trend Analysis

### DEL and AME Expenditure 2010-11 to 2012-13

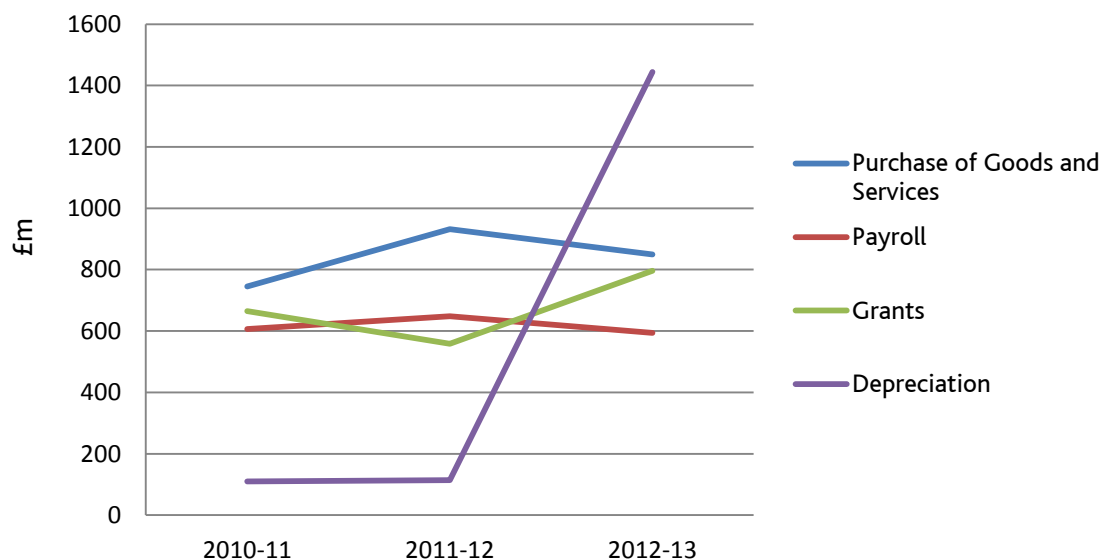


Source: DCMS Finance

The Resource and Capital DEL figures reflect expenditure relating to the staging of the Olympic and Paralympic Games in 2012. Capital DEL shows investment in building the Olympic Park in 2011-12. Resource DEL reflects costs associated with running the Olympic and Paralympic Games in 2012, plus £1.3bn in 2012-13 relating to the change in value arising from the revaluation of the Olympic venues accounted for as depreciation by the Olympic Delivery Authority.

The reduced AME expenditure in 2011-12 is mainly due to Digital Switchover (DSO) receipts of £0.4bn being restated, following a change in accounting policy.

### Analysis of Resource DEL by type of expenditure 2010-11 to 2012-13



Source: DCMS Finance

Depreciation has significantly increased in 2012-13, predominantly (£1.3bn) related to the change in value arising from the revaluation of the Olympic venues accounted for as depreciation by the Olympic Delivery Authority. Both payroll and purchase of goods and services reflect the reductions announced in 2011-12 Autumn Statement.

The increase in grants in 2012-13 relates to the amounts payable to LOCOG and other organisations involved in staging the Olympic and Paralympic Games 2012.

## Major Projects

The Government's transparency policy, which was agreed by Cabinet, governs the publication of data relating to major project delivery performance. It requires departments to publish the Major Project Authority's (MPA) delivery confidence assessments for Government's major projects, accompanied by the department's project narrative every 12 months, six months in arrears. DCMS's Major Projects Portfolio data can be found at <https://www.gov.uk/government/publications/government-major-projects-portfolio-data-for-dcms-2013>

The MPA publishes its Annual Report at the same time (the first MPA Annual Report was published in May 2013 and can be found at <https://www.gov.uk/government/collections/major-projects-data>.)

Information on major project performance more recent than that published in the annual report is not permitted to be released into the public domain. The transparency policy and exemptions guidance is published at: <https://www.gov.uk/government/publications/major-projects-transparency-policy-and-exemptions-guidance>.

The next publication of the MPA Annual Report will be in May 2014, and will report on Q2 2013-14 data. This will be published on [www.gov.uk](http://www.gov.uk).

Since September 2012, we have made good progress on our major projects portfolio:

### **Spectrum Clearance and Awards Programme**

4G spectrum licences were successfully granted on 1 March 2013. Actual expenditure was below budget due to delivery of outcomes for less cost, providing better value for money.

### **Rural Broadband Programme**

43 out of 44 local projects now have signed contracts, with the remaining one due to complete shortly and had 8 have begun providing access to superfast broadband to homes and businesses. Following the allocation of additional funding in the 2013 Spending Review, BDUK are currently defining how to utilise this fund to best meet the objective (to ensure 95% of the UK receive Broadband of at least 24 Mbps) .

### **Mobile Infrastructure Project**

The Mobile Network Operators Agreement was signed in January 2013 and we awarded the contract to Arqiva in May 2013. The funding has been re-profiled to ensure it is available to support the delivery phase from May 2013 onwards. The first Mobile Infrastructure Project site went live ahead of schedule on 24 September 2013.

### **Super Connected Cities Programme**

The Connection Voucher Scheme was trialled in five Super-Connected Cities over the summer 2013. There was evidence of good demand for vouchers from SMEs and a high level of supplier participation, with over 60 suppliers registered. Planning is now underway to roll out the full scheme across all 22 cities. There are also a number of wireless concession projects now in operation in city centres.

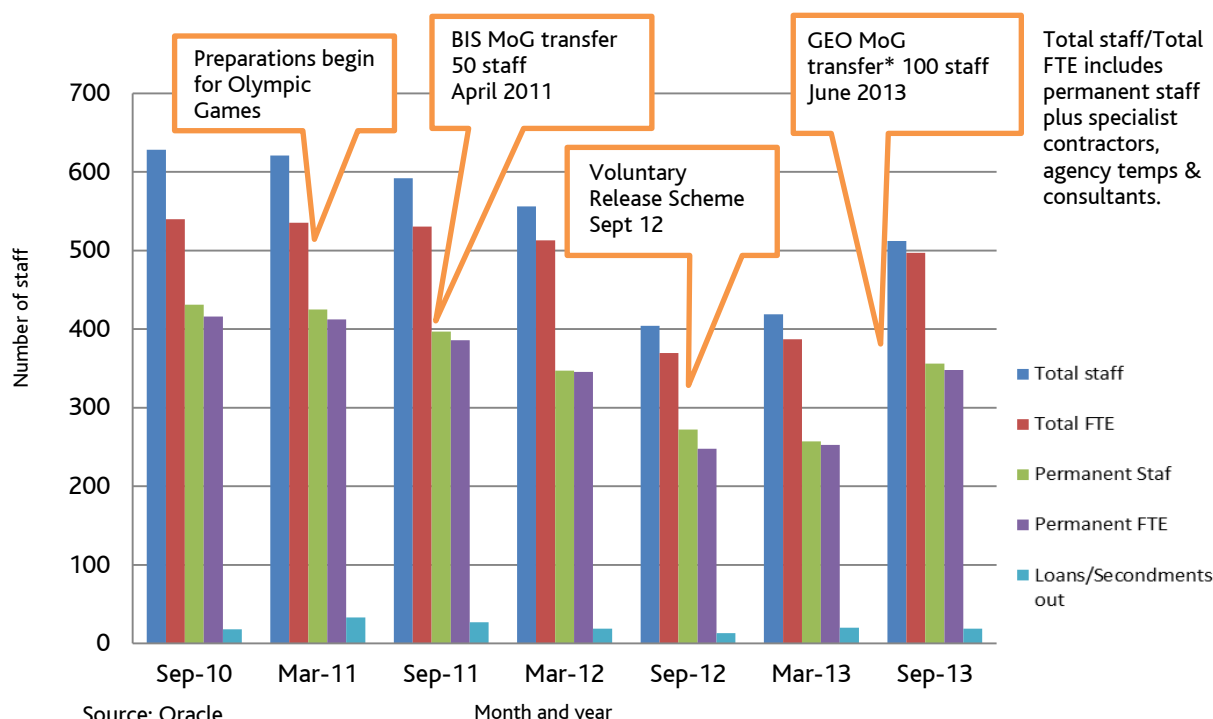


## People

All data included here relate to the core Department only. DCMS does not collect extensive data on ALB's workforce (amounting to 34,000 people).

It is the Department's ambition to continue to recruit and retain a highly motivated, diverse and talented workforce that is flexible and engaged in order to deliver key ministerial objectives. The Department allocates resources flexibly, reviewing resources and priorities every two months to ensure the most effective deployment of people against priorities. This flexibility was key in the successful delivery of the 2012 Olympic and Paralympic Games, and is essential in continuing to meet the key deliverables of the high priority Broadband programmes. This has therefore necessitated the use of interim workers, as well as loans and secondments from the wider Civil Service and the private sector. Although this has meant that the size of our contingent workforce has increased, it is anticipated that the number will reduce once our shorter-term projects have been completed.

### Total Department Size



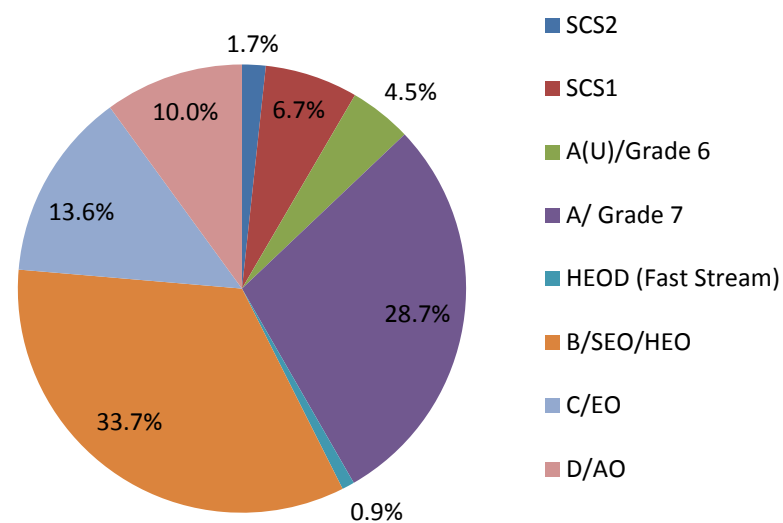
Workforce Dynamics							
Period	April-Sept 10	Oct 10 to Mar 11	April-Sept 11	Oct 11 to Mar-12	April - Sept-12	Oct 12 to Mar 13	April – Sept 13
Leavers	37	46	122	63	113	187	47
New recruits	34	36	64	46	63	49	168*
Recruitment Exceptions**	Data not available		4		12		7

Source: DCMS HR records

\* Including 100 staff transferred as part of Machinery of Government transfer (GEO)

\*\* In accordance with Civil Service Recruitment Principles, under which exceptions to fair and open recruitment can be made with agreement of the Civil Service commissioner

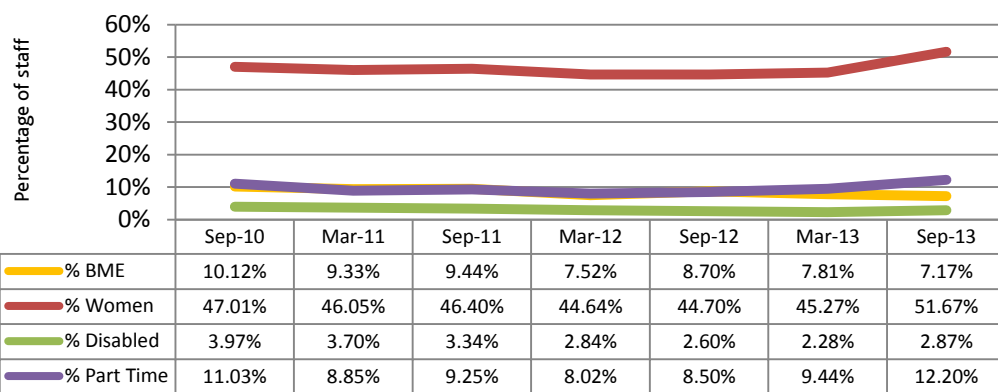
## Breakdown of workforce by Grade (30 September 2013)



Note: chart does not include Permanent Secretary Grade as the role was vacant on 30 September 2013. (Jonathan Stephens left on 31 August 2013. Sue Owen joined on 1 October)

Source: Oracle

## Workforce diversity

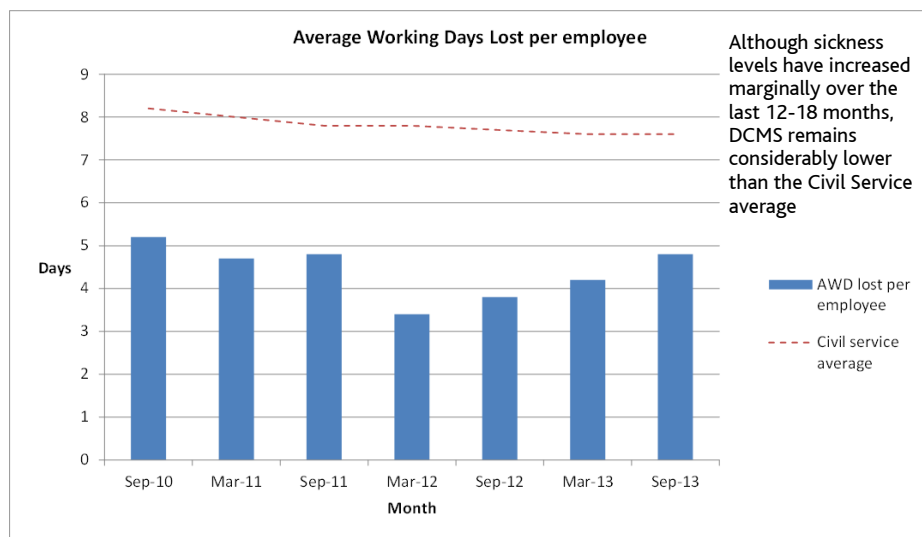


Source: Oracle

Month and year

Note: DCMS workforce diversity data reflects individual's disclosures. Whilst disclosure of diversity data is mandatory for all staff, staff can select the *prefer not to disclose* option for any category.

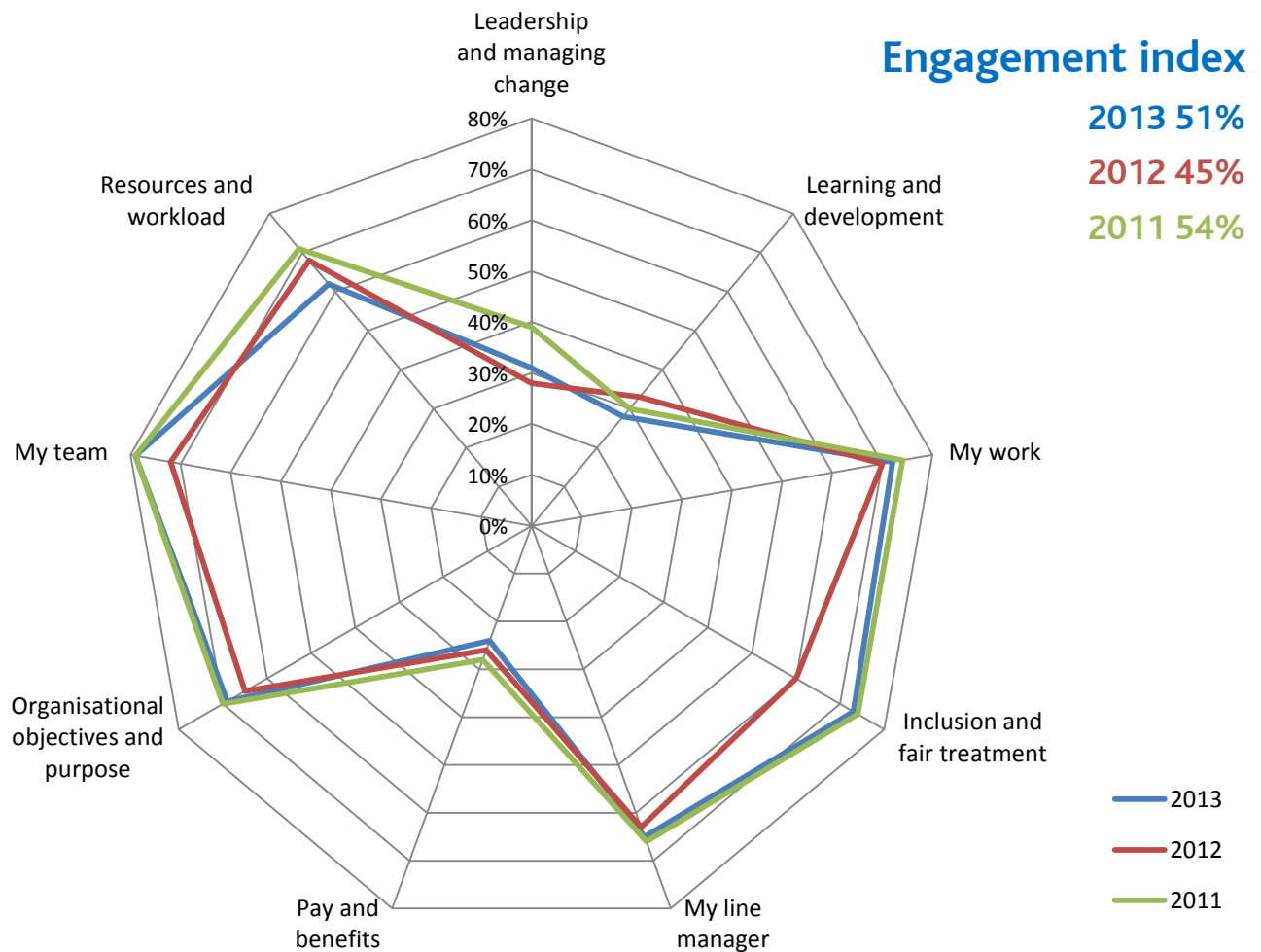
## Sickness absence



Although sickness levels have increased marginally over the last 12-18 months, DCMS remains considerably lower than the Civil Service average

Source: Oracle

## People Engagement



Source: DCMS People Surveys 2011, 2012 and 2013

People engagement dipped significantly in 2012 as the department implemented its ambitious change programme to reduce administrative costs which included an extensive redundancy programme. The people survey in October 2012 took place during a particularly challenging phase of the change programme, coinciding with voluntary exit schemes and a strong drive on managing poor performance. Results from October 2013 show some improvement across most areas, although securing improvements in leadership and managing change, and learning and development continue to be high priorities for the senior management team while pay and benefits remain challenging areas for all government departments in the current economic climate.

To secure improvements in these key areas, we have a range of activities in place; all senior civil servants have begun a leadership training programme focussing on engaging people and influencing skills; we launched our 'knowledge is GREAT' learning and development programme with a monthly focus on each of the priority skills (commercial, project delivery, digital and change leadership); we are making good progress with our plans to harmonise pay, in particular to remove contractual progression pay by April 2014; and recognising the challenges people feel with flexible working, we are reviewing the flexible resourcing model and hot desking arrangements.





## Annex A - Input and Impact Indicators

<b>Input Indicators</b> Input indicators show what is being 'bought' with public money, i.e. the resources being invested into delivering the results that we and our partners are aiming to achieve.		
Indicator	Latest <sup>1</sup>	Previous <sup>2</sup>
Number of premises covered per £ millions of broadband delivery programme expenditure.	<b>Cumulative to September 2013</b> 10,821 (111,968 premises, £10,347,568 BDUK funding)	N/A
Ratio of charitable giving (donations and sponsorship) to Grant-in-Aid for cultural institutions funded by DCMS. (Pence per £1 of Grant-in-Aid).	<b>2012-13</b> 33.7	<b>2011-12</b> 35.9
Public Funding per Eligible Student at Schools Competing in School Games (£ per student)	<b>2012-13</b> £9.43 (5.41m students, £51.0m funding)	<b>2011-12</b> £13.20 (3.85m students, £50.8m funding)

1 Latest data and time period's data referred to are linked: <https://www.gov.uk/government/collections/performance-indicators>

2 N/A, indicator not available

<b>Impact Indicators</b> Impact indicators give information on the outcomes of our work. They reflect the quality and effectiveness of the programmes and priorities set out in our business plan and the impact they have on society. They provide a broad picture of performance, with a particular focus on whether fairness is being improved.		
Indicator	Latest <sup>1</sup>	Previous
Number of people directly employed in tourism in the UK <sup>2</sup>	<b>2011</b> 1,666,900	<b>2010</b> 1,549,100
Number of overseas visitors to the UK	<b>2012</b> 31,084,000	<b>2011</b> 30,798,000
Total Amount of Creative Employment (number of jobs) in the UK	<b>2012</b> 2,550,000	<b>2011</b> 2,407,000
Ofcom's European Broadband Scorecard <sup>3</sup>	See overview on page 21	N/A
Total amount of charitable giving (donations and sponsorship) to cultural institutions funded by DCMS (£ millions)	<b>2012-13</b> £348m	<b>2011-12</b> £357m
Total visits to DCMS sponsored museums and galleries	<b>2012-13</b> 46,924,860	<b>2011-12</b> 45,893,145
Proportion of children participating in competitive sport (per cent of 5-15 year old children doing some form of competitive sport in the last 12 months)	<b>2012-13</b> 82.7	<b>2011-12</b> 80
Percentage of employees within medium and large organisations (over 150 employees) recognised as supporting "Think, Act, Report" on gender equality	<b>March 2013</b> 12%	<b>July 2012</b> 8%

### Notes:

1 Latest data and time periods data refer to are linked: [www.gov.uk/government/collections/performance-indicators](http://www.gov.uk/government/collections/performance-indicators)

2 These tourism data are dependent on the ONS National Accounts data and therefore have a considerable lag of around 18 months from the reference period

3 Ofcom's European Broadband scorecard available from <http://stakeholders.ofcom.org.uk/binaries/research/broadband-research/scorecard.pdf>

## **Broadband - Overview of the UK's position on the Scorecard relative to EU5 countries (excluding pricing)**

Ofcom's European Broadband scorecard looks to measure performance of European countries' broadband against several categories. Against the EU5 countries (UK, France, Germany, Italy, and Spain), when it was published, the UK ranked:

- very strongly on choice, being rated first on market concentration in fixed broadband and joint first on mobile broadband markets
- strongly on coverage, being rated joint first on standard and mobile broadband coverage and third on superfast broadband coverage; and
- well on take-up and usage, being rated first on standard broadband take-up per 100 households, and first on percentages accessing internet regularly, never used internet and buying goods or services; second on mobile broadband take-up, and third on standard broadband take up per 100 people, superfast broadband take-up and on percentage interacted with public authorities.

Ofcom's full report containing detailed information about how broadband in the UK compares to other European countries can be found at <http://stakeholders.ofcom.org.uk/binaries/research/broadband-research/scorecard.pdf>

## Annex B - Expenditure by major programme

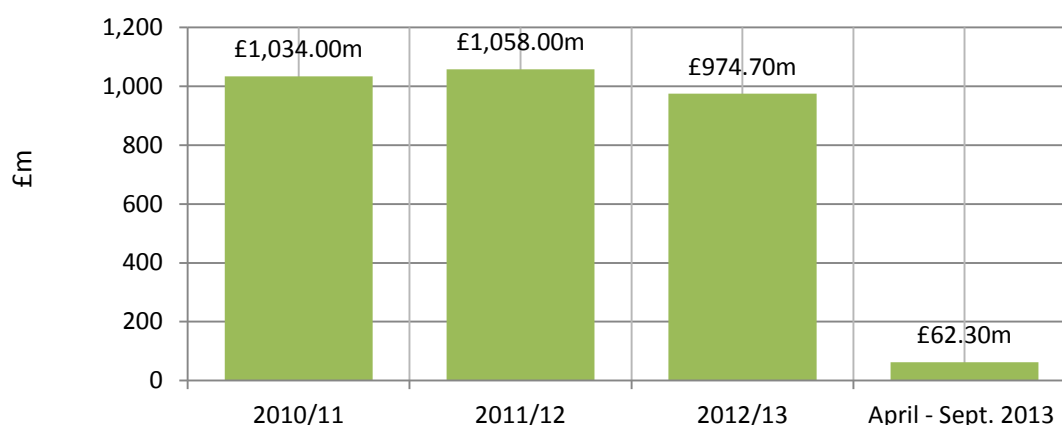
### Olympic and Paralympic Games

The Olympic programme runs from 2005-06 to 2014-15, encompassing planning for the Games, building of the venues and infrastructure, operations in the run-up to and during the Games; and the post-Games conversion and sale of the Olympic Village.

During 2010-11 the focus was on the delivery of capital works. These continued into 2011-12, but alongside significant resource expenditure on pre-Games operations. In 2012-13 the focus was largely on operations (resource expenditure) but with some capital expenditure, mainly on the Olympic Village and the start of the post-Games work to convert the Village into apartments. The focus in 2013-14 is on the post-Games conversion of the Village. In the first 6 months of financial year 2013-14 some £62 million of resource and capital DEL was spent as planned, primarily on works associated with the post-Games conversion of the Olympic Village. This expenditure will be more than offset by the capital receipts from the Village sale which is due to be completed in 2014.

There will be some limited expenditure in 2014-15 associated with close out of the remaining contracts and close down of the Olympic Delivery Authority.

### Programme Expenditure



Source: DCMS Finance

Note: figures are DCMS DEL only. They do not include Lottery funding, spend by Home Office or grant from GLA.

## Rural Broadband

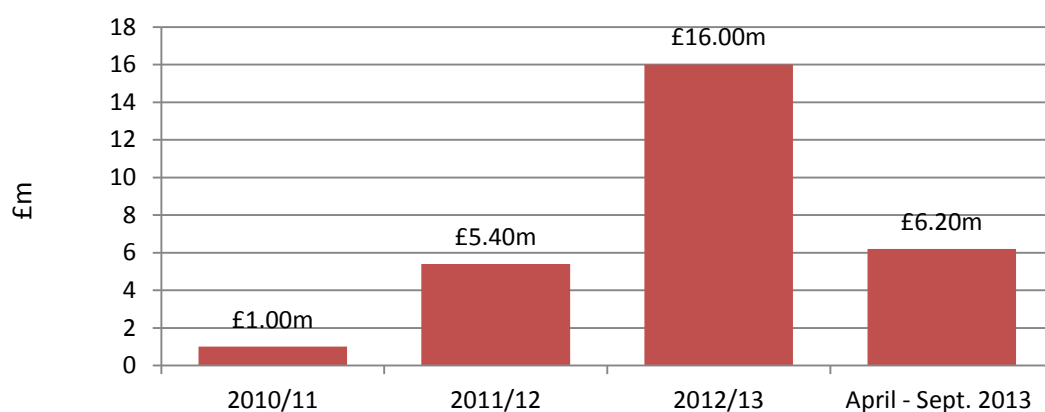
The Government is investing over £1 billion in better broadband and mobile infrastructure to deliver real benefits for jobs and growth and quality of life. As part of this, the Rural Broadband Programme has a budget of £530m to ensure everyone in the UK is able to access broadband speeds of at least 2 megabits per second (Mbps) and 90% of the UK receiving far greater speeds (at least 24 Mbps).

Fast broadband has transformed the way people live and do business. But it does not always make economic sense for private sector companies to invest in the infrastructure in rural areas or those that are harder to reach. So, the government is providing money to help stimulate private sector investment in broadband, and to ensure that the benefits of improved broadband infrastructure reach beyond the limits of where it is commercially viable to install it. We have allocated money to local authorities (and devolved administrations, in Scotland, Wales and Northern Ireland), that have set out plans to raise additional money locally. We then provide them with support to contract a private sector company to deliver broadband to those areas which do not already have access.

In 2010-11 the main focus was on set up and design, and in 2011-12 and 2012-13 on Local Authority and supplier engagement, achieving state aid clearance, and supporting local procurements (all resource expenditure). Procurement continued into the current financial year, with 43 of the 44 projects now having completed their procurements and signed contracts. The capital expenditure incurred by BDUK from 2012-13 onwards was for grant payments to projects as they reached implementation milestones, although funding for projects in the Devolved Administrations and to the DEFRA/DCMS Rural Community Broadband Fund were provided by budget transfer. DCMS capital expenditure is expected to ramp up significantly during this financial year, with up to £89m forecast to be spent by the end of 2013-14 and capital spend peaking in 2014-15.

The Spending Review announced a further £250m of funding to support increased coverage of superfast broadband to 95% of UK premises by 2017, with £150m available in 2015-16 and £100m in 2016-17.

## Programme expenditure



Source: DCMS Finance

Note: figures include funding transferred which may or may not have been spent in full.

## Spectrum Clearance

The objective of the Spectrum Clearance and Awards Programme is to clear or remediate the 800MHz and 2.6GHz spectrum bands for rollout of wireless broadband services across then UK as soon as practicable, enabling rollout of these services to consumers across as much of the UK as possible by the end of 2013, and across the whole of the UK as soon as possible thereafter.

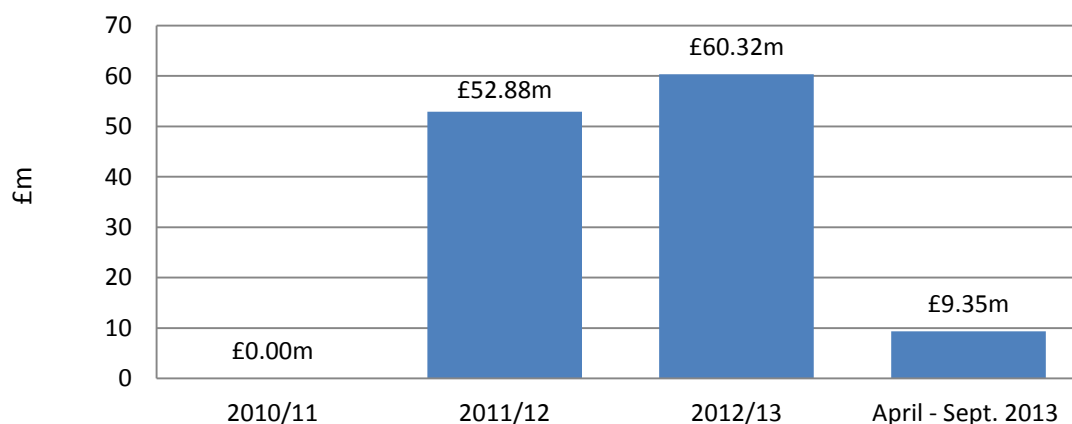
Early expenditure from 2011-12 focused on the grants to enable Channels 61 and 62 to be cleared of TV use in regions which had completed TV switchover before the decision was taken for all Europe to clear these channels. The final clearance event was on 31 July 2013. Programme Making and Special Events users also had to move out of the 800MHz band, assisted by grant funding for the replacement of equipment purchased before the decision to clear the band was taken.

Remediation of radars to clear the 2.6GHz band started in 2011-12, and of breathing apparatus telemetry equipment and Home Office services to clear the 800MHz band in 2012-13.

The award of the 800MHz and 2.6GHz spectrum bands concluded on 1 March 2013 with the granting of licences to five bodies following the auction which generated £2.37bn in receipts for the Exchequer. Services have launched in a number of places. 4G mobile services are likely to contribute around £20bn to the economy over the next ten years.

Clearance of the 800MHz band was completed on 31 July, and clearance of the 2.6GHz is on course to complete in early 2014 in accordance with the Information Memorandum which accompanied the auction of the licences.

## Programme Expenditure



Source: DCMS Finance



## Annex C – Key findings of Broadband impact study

UK Broadband Impact Study – Impact Report, by analysts SQW (with Cambridge Econometrics) says the Government's investment in superfast broadband will deliver a major boost to the UK economy.

The study is the most in-depth and rigorous examination of the impact of broadband in the UK, and looks at the economic, environmental and social benefits of superfast broadband. The report also reveals that in addition to offering outstanding value for taxpayer money the roll-out of superfast broadband nationwide will also make a real impact on the way we live - from working at home to watching TV content online.

Key findings on the impact of the Government's broadband investment include:

- excellent value for taxpayer money with a net return of £20 for every £1 spent by 2024
- significant short-term boost to the UK economy as the network construction adds around £1.5 billion to the economy; adding £0.5 billion and about 11,000 jobs in 2014 alone
- long-term growth to the UK economy with public investment increasing annual GVA by £6.3 billion and causing a net increase of 20,000 jobs in the UK by 2024
- household savings of £45 million a year by 2024 made through people being able to work from home more
- benefits to be shared across the UK, helping the rebalancing of our economy. Approximately 89% of the benefits will be in areas outside London and the South East of England with rural areas set to benefit most
- around 0.4 million tonnes a year of CO<sub>2</sub>e savings through reduced commuting, business travel and firms shifting to more energy-efficient cloud computing.





## Glossary

ALB	Arm's length body
AME	Annually Managed Expenditure
BBC	British Broadcasting Corporation
BBFC	British Board of Film Classification
BDUK	Broadband Delivery UK
BIS	Department for Business, Innovation and Skills
BME	Black and minority ethnic
DCLG	Department for Communities and Local Government
DEA	Digital Economy Act
DEFRA	Department for Environment, Food and Rural Affairs
DEL	Departmental Expenditure Limit
DSO	Digital Switch Over
DVD	Digital versatile disc
UEFA	Union of European Football Associations
EU	European Union
FTE	Full time equivalent
GHz	Gigahertz (one GHz represents one billion cycles per second)
GEO	Government Equalities Office
GLA	Greater London Authority
GVA	Gross Value Added
HMT	Her Majesty's Treasury
ICC	International Cricket Council
LGB&T	Lesbian, Gay, Bisexual and Transgender
LOCOG	London Organising Committee of the Olympic Games
MIP	Mobile Infrastructure Project
MoG	Machinery of Government
MHz	Megahertz (one MHz represents one million cycles per second)
MPA	Major Project Authority
ODA	Olympic Delivery Authority
OFCOM	Independent regulator and competition authority for the UK communications industries
QDS	Quarterly Data Sets
SMEs	Small and medium sized enterprises
TV	Television
UKTI	United Kingdom Trade and Investment
UK	United Kingdom
UN	United Nations
4G	4 <sup>th</sup> Generation (International Telecommunications Union specification for broadband mobile capabilities)



Department  
for Culture  
Media & Sport