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**Department for Culture,  
Media and Sport**

**Annual Report and Accounts  
2011-12**

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# Department for Culture, Media and Sport

## Annual Report and Accounts 2011-12

(For the year ended 31 March 2012)

Accounts presented to the House of Commons pursuant to Section 6(4) of the Government Resources and Accounts Act 2000, as amended by the Government Resources and Accounts Act 2000 (Alteration of Timetables for Accounts) Order 2013

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

Annual Report and Accounts presented to the House of Lords by Command of Her Majesty

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## Foreword 2011-12



**Rt Hon Maria Miller**  
Secretary of State for Olympics, Culture, Media and Sport

This year has been an amazing one for DCMS.

We have not only celebrated the Queen's Diamond Jubilee in style but also put on a safe and successful Olympic and Paralympic Games – showing the world what we can do in a way that has set the standards for future host cities.

The legacy of the Games, however, will continue long into the future and we are looking forward to leading this legacy of sport, sporting facilities and a sporting culture among our younger generation.

But the Olympic and Paralympic Games were not just about sport. Let's not forget the London 2012 Festival that showcased a range of cultural events to celebrate the Games. It brought together artists from across the world and enabled us to enjoy a breath-taking range of spectacles and events celebrating our amazing cultural heritage.

Not only did the Olympics bring tourism to the UK this year but the GREAT campaign, the biggest ever advertising campaign promoting the UK as a holiday destination, will see many overseas visitors choose Britain as a holiday and business destination for years to come.



**Jonathan Stephens**  
Permanent Secretary

Our preparations for giving the UK the best and fastest broadband network in Europe have significantly progressed and we are on track to deliver by 2015.

We saw the successful transition from analogue to digital TV seeing the last analogue signal cease in October 2012.

And don't forget that during all of these amazing achievements DCMS has been going through a rigorous change programme to reduce its running costs by 50 per cent by 2015. We have introduced a fully flexible structure that enables resources to be quickly directed to where they will make the most difference and have the biggest impact.

So where do we go from here?

Looking to the future, we will continue to push the Government's growth agenda.

We will move forward on turning our broadband ambitions into reality. This will drive the country's economic revival as well as transforming the day-to-day lives of almost everyone in the country.

We will continue to deliver a lasting legacy from London's Games. That includes continuing the great sporting culture that the Olympics has brought to the country and building on the GREAT campaign to ensure that the UK is a number one tourist destination.

We will ensure that we continue to create an environment where the finest creative work in the world can flourish.

And we will work to build a fair and equal society.

## Lead Non Executive's Report

### Governance Structures

The new Departmental Board was formed on 31 March 2011 in line with the new Corporate Governance Code. The Board consists of twelve members, which includes an equal number of Ministers, Non-Executive Directors and senior officials.

In November 2011, a Performance and Capability Sub-Group (PCG) to the Board was formed. The PCG focuses on Departmental performance and risk. In addition, the Board is supported by the Executive Board, Audit and Risk Committee, and Pay Committee.

### Board Review

In 2011-12, the DCMS Board met six times at two monthly intervals. At the meetings the Board took an in-depth look at key Departmental policy delivery areas and projects such as Broadband Delivery, Local TV, Philanthropy, Tourism, the Olympics, and School Sport. The Board also looked at the Department's internal management including its Change Programme, and Departmental performance and risks.

### Departmental Review

The Non-Executive Directors have formed the following views on DCMS's performance this year:

- **Strategic Clarity and Results Focus:**

Following 7 years of preparation, the DCMS led and coordinated the Government's role in the highly successful Olympics and Paralympics Games this summer. At the height of the Games 300 DCMS staff members were engaged in roles supporting their delivery. The Department responded positively to the pressures the Games placed on its resources, while continuing to deliver against its other priority areas.

The Department has maintained high performance against its Structural Reform Plan (SRP) milestones and has high Ministerial satisfaction with delivery. The Department has risen to the challenge of taking on new areas of funding and additional responsibility including the Royal Wedding, the Leveson Enquiry, World War I commemoration, and the Youth Sport Strategy, and built on the major portfolio change following the Machinery of Government change in December 2010. The Capability Review identified delivery and implementation of policy and projects as a key strengths of the Department.

The Department remains on track to deliver a 50% reduction in administration costs over the spending review period through its on-going Change Programme. The Department has completed and implemented the Arm's Length Body Sponsorship Review, which pioneers a fully risk-based approach to engagement with the Department's entire portfolio of ALBs. The Department has set out its vision and approach for a smaller, more focused organisation post-Olympics. This vision captures a growing economic focus for the Department, particularly following the Machinery of Government Change at the end of 2010. With input from the Board, work is now underway to develop the detailed agenda beyond this, identifying the opportunities and challenges ahead.



- **Commercial Sense:**

The Department worked with LOCOG and ODA to deliver the £9.3 billion Olympics and Paralympics Games on time and under budget. The Department has responded positively and innovatively to economic challenges presented by the Games and made best use of combination of private and public sector resources. The Games were described as “the best-managed project ever” by the Major Project Authority. The Department has started to build its in-house procurement and economic expertise as part of its Broadband delivery agenda, but this will need to be developed further over the next year.

- **Talented People:**

The Change Programme is more than half way through implementation. The Senior Civil Servants (SCS) within DCMS has been reduced by 50% to a smaller, more focused but highly motivated senior management team, and a programme of voluntary staff reductions has taken place. The Change Programme has a strong focus on ensuring that the Department has the right capability and people beyond the Games and further staff reductions. In April 2011, the Department adopted Flexible Resourcing, which has allowed the organisation to deploy its people according to priority. The Department is the first in Whitehall to successfully apply this model to the whole organisation. This has been supported by the introduction of a new Performance and Development Policy, which has a greater focus on performance management.

- **Management Information:**

Over the last year, the Department has improved and developed new management information to support an evidence-based management approach across its new structures and systems. There has been a clear emphasis on using visual management techniques, to providing a clear line of sight through the Department’s governance structures and making management information more immediate and responsive to the organisation’s needs.

# Annual Report

## Introduction

This publication presents the Annual Report and Accounts for the Department for Culture, Media and Sport (DCMS) over the twelve months to 31 March 2012. The Annual Report and Accounts set out the plans, priorities, progress and performance against the Department's major responsibilities as reported in the Department's Business Plan published on our website at:

[http://www.culture.gov.uk/about\\_us/dcms\\_business\\_plan.aspx](http://www.culture.gov.uk/about_us/dcms_business_plan.aspx)

The Annual Report provides an overview of our focus, achievements and future plans in line with the key actions required to implement the Coalition's priorities for the Department detailed in the 2010 Structural Reform Plans (SRP). The SRP sets out the priorities for DCMS as follows;

- Deliver the 2012 Olympics and Paralympics
- Create a sporting legacy from the Olympic and Paralympic Games
- Create the conditions for growth
- Boost the Big Society and strengthen cultural organisations
- Facilitate the delivery of universal broadband and improved mobile coverage

The Accounts provide detailed information on both the Department and its Arm's Length Bodies' expenditure relating to its primary responsibilities and major projects for the financial year to 31 March 2012.

## Our Focus

In 2011-12 the Department:

- Kept to time and within budget the construction of the venues and infrastructure for the Olympic Games with expected savings to be realised in the region of £377m. Some Olympic venues were completed and opened to the public as early as April 2011.
- Ensured integration, testing and readiness of the operational planning across government and other agencies for London 2012
- Worked in conjunction with other sports bodies to bid successfully to host the 2017 IAAF World Athletics Championships at the Olympics Stadium in London.
- Worked in conjunction with the Royal Household and other agencies to prepare for the Royal wedding between Prince William and Miss Catherine Middleton, and to mark the Queen's Diamond Jubilee
- Planned the investment of a further £530m in the UK's broadband network designed to give the UK the best superfast broadband network in Europe by 2015. This investment is vital to economic growth, conducting our everyday lives and the delivery of public services effectively.

- Stimulated growth in the tourism and creative industries by establishing partnerships with other countries and supporting the regional growth fund programmes that effectively market English tourist destinations
- Secured the sporting legacy of the Olympic Games 2012 by establishing the School Games and providing extra funding for sports, sporting facilities and protecting playing fields
- Implemented the revised EU regulations on electronic communication that will create a level playing field for UK firms to compete equally with the rest of Europe
- Increased funding measures that will make art accessible to millions of people and improve cultural education among young people. The funding also enabled arts and cultural organisations to promote the use of digital technologies to explore new ways of working and connect with wider audiences.
- Promoted our ALBs' work, initiatives and dynamic content be it London 2012, broadband rollout or arts funding through the use of social media channels

The excitement generated across the UK in the run up to the Diamond Jubilee and the Olympic and Paralympic Games was harnessed to boost economic growth by increasing tourism, creating a lasting sports legacy, developing excellent communication channels, educating and providing opportunities for the future generation by promoting culture, media, sports and tourism.

## **Achievements**

In 2011-12, we have successfully delivered a range of programmes against our SRP actions as follows

### **1) Deliver the 2012 Olympics and Paralympics**

- i. Published the final Olympic and Paralympic Transport Plan
- ii. Completion of the Olympic Village
- iii. Handed over the Olympic Park venues for operation

### **2) Create a sporting legacy from the Olympic and Paralympic Games**

- i. Introduced a programme of improvements and protection for playing fields as part of the community sports legacy
- ii. Published the finalized framework and rules for each level of the School Games competition and held nine county level events
- iii. Published proposals for improving governance in sports

### **3) Create the conditions for growth**

- i. Encouraged private sector contribution to a new match-funded marketing initiative to promote tourism from overseas
- ii. Established a Creative Industries Council to provide a voice for the sector in the financial community and overseas markets
- iii. Improved the protection of copyright material online including, where appropriate, implementing relevant provisions of the Digital Economy Act

**4) Boost the Big Society and strengthen cultural organisations**

- i. Identified options for relinquishing control and sponsorship of each non-national museum currently funded by DCMS
- ii. Published best practice guidance around community delivery of public library services
- iii. Implemented measures to facilitate fundraising by cultural and charitable institutions: implementing new framework and establishing trusts

**5) Facilitate the delivery of universal broadband and improved mobile coverage**

- i. Started market-testing superfast broadband community-led pilots in Scotland and a number of English counties
- ii. Worked with the Office of Communication (Ofcom) to require BT and other infrastructure providers allow the use of their assets to deliver super-fast broadband.
- iii. Published a policy paper setting out the lessons learnt from the community-led pilots and the Government's approach to investment in broadband until 2015.

**Future Plans**

A major priority was to successfully co-ordinate the Government's role for Her Majesty's Diamond Jubilee celebrations in June 2012.

For the Olympic and Paralympics Games 2012, preparations began by staging the Olympic Torch Relay in May. This was followed by a safe and successful delivery of an event that showcased the best of Britain, provided opportunities for a significant boost to the economy and created a lasting legacy beyond 2012. After the Games, the Olympic Park is being transformed into the Queen Elizabeth Olympic Park, offering a range of activities from sporting and leisure events, to residential, employment and commercial opportunities.

The Secretary of State is accelerating the implementation of the superfast broadband, and State Aid clearance has been secured. We are working with more local bodies, mobile operators and private sector organisations to ensure local and urban communities get fast broadband that is essential for growth, and is key to the country's economic future.

We are continuing to work with Ofcom to speed up the roll-out of 4G mobile broadband services anticipated to come in in the first half of 2013, which is vital to the Government's economic growth strategy. The deal will generate significant benefits for the UK economy, and will create enormous opportunities for businesses and consumers.

The 20.12% tourism discount deal launched in March provided new investments for the national tourism legacy. It kick started a new tourism campaign to boost tourism to maximise the economic legacy of the London's Games for the whole country, that is expected to create 12,000 new jobs and generate £500million extra tourist spending over the next three years.

The first ever School Games finals were held at the Olympics stadium in May and the London 2012 Cultural Festival was hosted from June to September 2012.

We are supporting our ALBs in the delivery of the five year youth and community sport strategy and international inspiration programme that will inspire a generation and counter the declining participation rates in youth sports.

## Our Performance

The Department's Business Plan was published on 31 May 2012. It sets out the programme of work we plan to carry out over the next three years to support the Coalition Government's objectives. It contains information on our structure, budget and the way we measure our performance.

The department as part of its Transparency agenda publishes its performance using a variety of measures in the Business Plan Quarterly Data Summary- ([http://www.culture.gov.uk/about\\_us/dcms\\_business\\_plan/dcms\\_business\\_plan\\_quarterly\\_data\\_summaries.aspx](http://www.culture.gov.uk/about_us/dcms_business_plan/dcms_business_plan_quarterly_data_summaries.aspx)).

## Progress against the Structural Reform Plan

Although performance is reported on our website on a quarterly basis, the table below shows the status of the actions undertaken in our Structural Reform Plan for the year to March 2012.

<b>Structural Reform Plan Actions</b>	2011-12	2010-11
Total number of actions completed during the year	36	25
Total number of actions overdue at the end of the year	1	2
Number of overdue actions that are attributable to external factors	1	-
Total number of actions on going	21	28
Total number of actions in the business plan that have yet to start	-	-

By the end of March 2012, we had completed 96% of the actions with most actions completed on time. A few actions slipped slightly, by no more than a month, because of the need to address new issues raised during the policy process - for example, a second round of consultations was required as the local TV policy was developed. In addition, there was the need to wait for responses from key external stakeholders - for example, the Government position on football governance which could not be finalised until the Select Committee had published its report on the subject.

We had one action which missed the deadlines because of policy clearance which was being sought on the consultation on moving the first Bank holiday in May. The Museums, Libraries and Archives Council (MLA) was abolished in summer 2012 and the process included transferring essential functions to another body.

For further information, our structural reform plan is updated monthly with actions, deadlines and progress. The most recent plan can be found at [http://www.culture.gov.uk/about\\_us/dcms\\_business\\_plan/dcms\\_structural\\_reform\\_plan.aspx](http://www.culture.gov.uk/about_us/dcms_business_plan/dcms_structural_reform_plan.aspx)

## Performance Indicators

We use a number of indicators to measure our performance. These are split into **input** and **impact** indicators.

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

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

The Input and Impact indicators published at the time of preparing these accounts are based on quarterly data releases, the most recent release published in Dec 2012. Updates and previous releases can be found at [http://www.culture.gov.uk/about\\_us/our\\_performance.aspx](http://www.culture.gov.uk/about_us/our_performance.aspx)

### Input indicators

Input indicator	Latest release	Data for previous period	Data source
Public funding per eligible student at schools participating in the School Games (£ per student).	By 1 August 2012 8,341 <sup>1</sup> schools, with 3.85 million eligible students, were participating in the School Games. In 2011-12 there was £50.8m of public funding announced for the School Games. This equates to an average public sector cost of £13.20 per eligible student at schools participating in the School Games in 2011-12.	N/A	<a href="#">School Games 2011-12</a>
Ratio of charitable giving to grant-in-aid for cultural institutions funded by DCMS (Arts Council England, English Heritage, National Museums and Galleries).	For every £1 of Grant-in-Aid received by DCMS-funded cultural institutions in 2010-11, around 24 pence was received in fundraising/contributed income by these institutions.	In 2009/10 this was around 22 pence for every £1 of Grant-in-Aid received.	<a href="#">Charitable Giving Indicators Report 2010-11</a>
Progress towards delivery on time and to budget of Olympic and Paralympic Games (ratio of actual spend as	As of 31 December 2011, the actual spend on the ODA capital programme was £4.87bn and the Current Baseline Budget for the total capital programme, including post games transformation,	At the end of September 2011, the ratio of spend to progress on the Olympic Delivery	<a href="#">Quarterly Olympic Indicator</a>

<sup>1</sup> 8,341 schools had registered on the new database. In addition, a further 5,860 schools had registered before January 2012.

percentage of anticipated final cost to percentage of actual progress of Olympic Delivery Authority programme).	was £5.24bn (93% of the budget). The percentage progress on the ODA total capital programme was 93.5%. Therefore the ratio of spend to progress was $93.0/93.5 = 0.995$ (a figure less than one means that progress achieved is greater than actual spend).	Authority (ODA) capital programme was 0.998.	
Number of premises covered per £million of broadband delivery programme expenditure.	N/A	N/A	<a href="#">Broadband Delivery UK</a>

### Impact indicators

Impact indicator	Latest release	Change since last release	Data source
Proportion of children participating in competitive sport.	In 2011-12, 80% of 5-15 year old children had done some form of competitive sport in the last 12 months. Over three quarters (76.9%) had taken part in competitive sport in school, whilst 37% had taken part outside of school.	In January to March 2011, 79.5% of 5-15 year old children had done some form of competitive sport in the last 12 months. Almost three quarters (74.9%) had taken part in competitive sport in school, whilst 40.6% had taken part outside of school.	<a href="#">Taking Part Survey</a>
Total amount of charitable giving (donations and sponsorship) to cultural institutions funded by DCMS.	In 2010-11 DCMS-funded cultural institutions raised around £250.4m in contributed income. £17m of this was from donated objects.	In 2009-10, £234.9m was raised in contributed income. £18m of this was from donated objects.	<a href="#">Charitable Giving Indicators Report 2010/11</a>
Proportion of people directly employed in tourism.	The ONS Tourism Satellite Account estimated that there were 1,797,300 jobs directly supported by tourism expenditure in the UK in 2009. This equates to around 1,425,500 Full Time Equivalent (FTEs) in direct tourism employment.	The ONS Tourism Satellite Account estimated that there were 1,722,700 jobs directly supported by tourism expenditure in the UK in 2008. This equates to around 1,346,700 Full Time Equivalent (FTEs) in direct tourism employment.	<a href="#">Tourism Intelligence Unit ONS, UK Tourism Satellite Account</a> (Table 7 Excel data sheet)
Broadband Delivery UK's Best-in-Europe scorecard (measuring Coverage, Speed, Price and Choice of broadband service).	N/A	N/A	<a href="#">Broadband Delivery UK</a>

## Olympic Input Indicators

The two bodies with the primary responsibility for delivering the Games, and resulting legacy, are the Olympic Delivery Authority (ODA) and the London Organising Committee of the Olympic and Paralympic Games (LOCOG). The ODA is the public body responsible for developing and building the new venues and infrastructure for the Games and their use after 2012. LOCOG is responsible for preparing and staging the London 2012 Games.

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

### ODA – Progress to date<sup>2</sup>

This indicator reports progress towards delivery on time and to budget of the ODA's capital and other programmes. This shows how much of the ODA's Anticipated Final Cost (AFC) has been spent at the end of the financial year and the percentage completion.

To 31 March 2012 the ODA has spent £6,419m, of which £1,271m was spent in 2011-12. The venues and infrastructure capital programme was 97.4 per cent complete. Spend to 31 March 2012 accounts for 95 per cent of the net ODA AFC of £6,761 million.

### Total spend to go against the ODA's AFC

	Actual to March 2012 £m	Spend to go £m	AFC as at March 2012 £m
Site preparation and infrastructure	1,778	44	1,822
Venues	1,074	32	1,106
Transport	541	353	894
Other Park-wide projects	733	163	896
IBC/MPC	293	2	295
Athletes' Village	1,334	(399)	935
Programme delivery, taxation and interest	666	59	725
Contingency	-	88	88
<b>Total</b>	<b>6,419</b>	<b>342</b>	<b>6,761</b>

By the end of December 2011, ODA handed over the venues and park to LOCOG. ODA's outstanding work is to retrofit the Olympic and Paralympic village for its legacy use and complete the sale of the village.

### LOCOG – Progress to date

This indicator reports progress on LOCOG's budget.

<sup>2</sup> Prior to the establishment of the ODA by the 2006 Act, a number of Games and regeneration activities had to be undertaken. These were carried out by a separate division of the London Development Authority known as the Interim Olympic Delivery Authority (iODA). In February 2007, the assets and liabilities of the iODA were transferred to the ODA at nil cost and revalued in the ODA's accounts, and contracts being undertaken by the iODA were novated to the ODA. In reporting progress against budget, the activities and costs of the iODA are included in those of the ODA.



To 31 March 2012 LOCOG has earned revenues of £904.5m and spent £1,114.5m. Of these for 2011-12, revenue was £434.3m and spend was £624m.

The LOCOG's programme, at 31 March 2012 was on target. In respect of the revenues required it had earned 38% of the net budget and spent 47% of that budget. This was on target as the major revenues and spending take place in the financial year 2012-13 when the Games are staged.

	Actual to March 2012 £m	Revenue / Spend to go £m	Budget as at March 2012 £m
Total Revenue	904.5	1,449.0	2,353.5
Total Expenditure	1,114.5	1,239.0	2,353.5
<b>Surplus / (Deficit)</b>	<b>(210)</b>	<b>210</b>	<b>0</b>

### Tourism Impact Indicator

The tourism impact indicator reports the number of people directly employed in tourism. The ONS Tourism Satellite Account (TSA) estimated that there were 1.8 million jobs directly supported by tourism expenditure in the UK in 2009<sup>3</sup>. This equates to around 1.4 million Full Time Equivalent (FTEs) in direct tourism employment. This TSA also estimated the total employment in tourism related industries in 2009 was 3.2 million, so around half of these were directly supported by tourism expenditure.

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

Tourism Satellite Account	Number of Jobs by status in Employment (000s)						Employees (full/part time)			
	Employees			Self Employed			Full time	Part time	Tourism Direct Employment	Tourism Direct FTEs
2009	Male	Female	Total	Male	Female	Total				
<b>Tourism Characteristic Service Activities</b>										
Accommodation services	177.5	208.3	385.8	27.0	31.7	58.8	220.8	160.8	443.6	352.1
Food and beverage serving	667.0	815.2	1,482.1	47.4	57.9	105.3	568.3	909.0	505.6	335.0
Railway passenger transport	37.2	9.3	46.5	1.7	0.4	2.2	44.2	2.4	26.3	25.8
Road passenger transport	74.3	21.0	95.3	129.6	36.6	166.2	73.7	22.2	104.0	98.8
Water passenger transport	5.2	3.5	8.7	0.4	0.3	0.7	7.4	1.5	1.5	1.5
Air passenger transport	43.4	34.1	77.4	0.3	0.2	0.5	60.4	17.6	49.2	44.3
Transport equipment rental	23.7	11.1	34.8	1.5	0.7	2.2	30.6	4.4	2.3	2.2
Travel agencies & other	30.8	57.2	88.1	5.8	10.8	16.6	65.9	22.9	98.4	88.3
Cultural activities	54.4	69.2	123.6	65.1	82.9	148.0	75.8	49.5	150.5	135.0
Sport and recreation	127.7	144.0	271.6	13.4	15.1	28.6	124.3	152.3	47.8	34.8
Exhibitions & Conferences	10.9	11.8	22.6	1.2	1.2	2.4	16.4	6.2	0.3	0.3
Other Consumption Products	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	367.7	307.4
<b>Tourism Totals</b>	<b>1,251.9</b>	<b>1,384.6</b>	<b>2,636.5</b>	<b>293.5</b>	<b>238.0</b>	<b>531.5</b>	<b>1,287.8</b>	<b>1,348.7</b>	<b>1,797.3</b>	<b>1,425.5</b>

<sup>3</sup> This experimental Tourism Satellite Account (TSA) is based on the UK National Accounts and is published three years after the reference date (2009 TSA data were published in June 2012).

The key findings of UK direct tourism employment in 2009 are:

- There were 1.8 million jobs directly supported by tourism (direct tourism employment)
- This equates to around 1.4 million Full Time Equivalent (FTEs)
- Half a million jobs supported by tourism were in food and beverage serving activities (28%). The next highest number of jobs (440,000) was in accommodation services for visitors (25%).
- Females accounted for around 52% of jobs directly supported by tourism and males 48%.
- Females dominated travel agencies & other reservation service jobs (65%). However, there were nearly 102,000 male workers in transport activities (water, railway, road transport and transport equipment rental sectors) compared to just 28,000 female workers.
- Under half (43%) of the 1.8m direct tourism jobs were full-time posts, with 38% part-time posts, and the remaining 18% self-employed jobs.
- Road passenger transport activities had the highest percentage of self-employed jobs (63%); 28% full time employee jobs and just 8% part time employee jobs.
- Railway passenger transport services had the highest percentage of full time posts (90%).
- There were 1.6 part-time jobs per full-time job in food and beverage serving activities (the highest ratio). Over half (57%) of all food and beverage serving were part time employee jobs (290,000), with 36% full time employee jobs and 7% self-employed jobs.

## How we have performed

The Business Plan Quarterly Data Summaries (QDS) provide the latest data on indicators included in Departmental Business Plans as well as other published data and management information. The QDS are designed to provide a quarterly snapshot on how each department is spending its budget, the results it has achieved and how it deploys its workforce.

However, the table below summarises over the 12 months to March 2012 our performance against budget, common areas of spend, financial indicators, major projects, and workforce size comparing it to the previous year.

DEL totals are shown net of income. Some of the constituent elements (e.g. payroll within Resource DEL) are shown gross and may, therefore, sum to more than the DEL total itself.

## SPENDING

Outturn Vs. Budget – DCMS ONLY		2011-12		2010-11	
		Actual £m	Budget £m	Actual £m	Budget £m
<b>Total Departmental Expenditure Limit (DEL)</b>		2,681	2,752	1,988	2,134
of which Resource DEL (excl. Depreciation)		1,443	1,476	1,408	1,490
Up to top 5 contributory elements	A: Arts	382	384	417	405
	B: Museums	393	464	455	479
	C: Heritage	153	155	173	185
	D: Sport	139	141	142	145
	E: Tourism	45	48	41	42
Purchase of goods and services within Resource DEL		971	611	727	766
Payroll within Resource DEL		550	363	568	487
Grants within Resource DEL		638	558	656	699
<b>of which Capital DEL</b>		1,257	1,276	580	645
Up to top 5 contributory elements	A: Olympics	952	1,025	368	375
	B: Museums	174	117	83	92
	C: Heritage	27	25	37	31
	D: Sport	36	34	43	42
	E: Media	52	60	12	67
<b>Total Annually Managed Expenditure (AME)</b>		4,486	5,186	4,409	5,189
Up to top 5 contributory elements	A: National Lottery Distribution	1,484	1,400	1,200	1,413
	B: Olympic Lottery Distribution <sup>1</sup>	-	351*	-	399
	C: BBC (licence fee funded)	3,139	3,437	2,955	3,335

<sup>1</sup>The Olympic Lottery Distribution Budget for 2011-12 was not included in the Final Voted Estimate for 2011-12 but was added later (as the Lottery data is classed as non-voted).

<b>Common Areas of Spend<sup>2</sup> – DCMS ONLY</b>		2011-12	2010-11
Estate Costs <sup>3</sup>	Total office estate (m <sup>2</sup> )	6,371	8,049
	Total cost of office estate (£m)	6.88	7.23
	Cost per FTE (£)	12,356	12,064
	Cost per m <sup>2</sup> (£)	1,080	898
Procurement	Total Procurement Spend (£m) <sup>4</sup>	24.28	26.22
	Price of standard box of A4 white copier paper (£/2500 sheets)	11.34	13.45
	Average price of energy (£/KWH)	0.06	0.05
IT	Total 3rd Party ICT Cost (£m)	3.26	3.27
	Cost of desktop provision per FTE (£) <sup>5</sup>	872	2,589
Corporate Service Cost (£m)	Human Resources	1.51	1.70
	Finance	1.09	0.86
	Procurement	0.14	0.20
	Legal	2.09	2.60
	Communications	2.72	1.99
Fraud, Error, Debt <sup>6</sup>	Total Identified Fraud (£m)	0.02	0.0
	Total Debt (£m)	0.07	0.10
Voluntary and community sector (VCS)/Small and medium enterprises (SME)	Procurement spend with SME (£m)	6.90	7.10
	Procurement spend with VCS (£m)	0.23	0.01
	Grants to VCS (£m) <sup>7</sup>	19.56	20.90

<sup>2</sup> Data in this table is for the core Department only. Some published QDS data for individual quarters included data for Arms' Length Bodies, and has been restated here for consistency

<sup>3</sup> Office estate costs are presented in the published QDS a year in arrears. They therefore do not correspond to numbers for accommodation costs presented in the financial statements.

<sup>4</sup> Procurement spend includes capital additions for the core department and purchases for operating activities.

<sup>5</sup> The cost of desktop provision in 2011-12 was a more accurate estimate of the costs of supporting staff desktops. The figure for 2010-11 included the costs of corporate databases and other information management systems.

<sup>6</sup> Debt relating to fraud is for the recovery of costs in historic cases that were awaiting the resolution of litigation and recovery actions.

<sup>7</sup> Grant to VCS exclude the Listed Places of Worship and Memorial Grants schemes for reimbursement of VAT incurred.

<b>Financial Indicators</b>	2011-12	2010-11
Accuracy of Cash Forecasting ( +/- %)	3.55	2.49

Major Projects (Top 5)	2011-12 £m
Project A: Olympics (£m)	9,298
Project B: Rural Broadband (£m)	530
Project C: Spectrum Clearance (£m)	280
Project D: Transforming Tate Modern (£m)	215
Project E: Mobile Infrastructure Project (£m)	150
<b>£m whole life cost of ALL major projects</b>	<b>10,708</b>

- Olympic and Paralympic Games** – The Olympic Delivery Authority (ODA) was established and charged with building the Olympic Park, venues and infrastructure needed for the Games. The project aims to deliver long-term benefits and a legacy that includes new permanent venues for the Games and for use afterwards, improvement works to existing sports venues and new transport infrastructure across London. Transforming and regenerating a historic part of East London, building more than 2,800 homes of which over 1,300 will be affordable together with a school, and a health centre. We also anticipate that the benefits will spread across the UK with more than 98% of ODA suppliers being UK based.
- Rural Broadband** – The project aims to support economic growth in the UK, including in rural areas. It will be the fastest Broadband in Europe with an aim of 90% superfast availability, as well as ensuring the delivery of Standard Broadband to virtually all communities in the UK. In addition, the project will assist other Government initiatives which are dependent upon customers' ability to access Broadband based services.
- Spectrum Clearance** – The project aims to make the 800MHz and 2.6GHz spectrum bands available by clearing existing users. Holding an auction for new licenses for the competitive provision of next generation wireless broadband services across the whole of the UK as soon as practically possible, with minimal restriction, whilst appropriately mitigating and managing the risk of harmful interference to neighbouring spectrum users.
- Transforming Tate Modern** – The project aims to create more space to welcome people and create a wide range of high quality social spaces where people can congregate, relax and reflect. To place learning at the heart of the institution and to open visual learning to different audiences in a range of spaces available to accommodate the increasingly wide range of works in the Collection. To create a new public route across the Turbine Hall, this will be open 12 hours a day linking the City of London and river walkway with the heartland of Southwark. Transform Tate Modern's setting and its relationship with the locality through transforming the public realm and landscape to the South and West. The building will be a model of environmental sustainability, setting new benchmarks for museums and galleries in the UK.
- Mobile Infrastructure Project** – On 3 October 2011, the Government announced £150m funding to improve mobile coverage and quality across the UK – known as the Mobile Infrastructure Project (MIP). The intention is that this will improve voice and data coverage, whilst ensuring technical solutions are compatible with future developments such as 4G. We are also seeking to utilise the

momentum gained by this work to support the Department for Transport and Mobile Network Operators in improving user experience of mobile coverage on the Railways. The MIP is dependent upon achieving consensus from the existing licence holders and gaining state aid clearance for the proposed approach.

## PEOPLE

DCMS Workforce Size	31 Mar 2012	31 Mar 2011
DCMS Payroll Staff (FTE) <sup>1</sup>	456.9	483.6
Average Staff Costs (per FTE)	£55,961	£50,045
DCMS Contingent Labour <sup>2</sup>	30	21

DCMS Workforce Shape		Year ended 31 March 12	Year ended 31 March 11
Workforce Shape (%)	Administrative Assistants and Administrative Officers	5.12	5.97
	Executive Officers	14.58	18.49
	Higher and Senior Executive Officers	37.95	34.97
	Grade 7/6	33.32	30.5
	Senior Civil Servants	9.02	10.07
	Part Time	6.54	7.19
	Annual Turnover Rate <sup>3</sup>	21.0	17.5
Workforce Diversity (%)	Black and Minority Ethnic	8.86	10.61
	Women	44.2	45.26
	Disabled	3.22	3.64
Workforce Diversity <sup>4</sup> (Senior Civil Servants only) (%)	Black and Minority Ethnic	2.22	3.94
	Women	49.04	38.38
	Women (SCS2 and above)	39.3	16.6
	Disabled	0.0	2.0
Attendance (AWDL) (%)	Actual	4.6	4.9

DCMS People Survey Metrics		2011 survey	2010 survey
Engagement Index (%)		54	56
Theme scores (%)	Leadership and Managing Change	39	33
	My Work	74	74
	My Line Manager	66	62
	Organisational Objectives & Purpose	71	63

<sup>1</sup>**DCMS Payroll staff** – the number of DCMS paid employees has reduced by 26.7 FTE in the 12 months to 31<sup>st</sup> March 2012. The FTE staff numbers for 31<sup>st</sup> March 2012 include some 56 additional employees, of whom 49 transferred during the year through a Machinery of Government Change (MOG) from BIS and 7 from Regional Development Agencies (RDAs). This means that if a like for like comparison was made with the previous year (without these additional 56 staff), the reduction in staff numbers would have been significantly greater. Voluntary Exit schemes provided the majority of leavers.

These actions meant a reduction in overall numbers of employees on payroll (contributing to the 50% admin savings required) and enabling the Department to quickly deploy our people to priority projects in order to meet ministerial objectives.

The DCMS Change Programme was launched in the autumn of 2010 to enable the Department to:

- Achieve a 50% reduction in DCMS' administrative budget over the spending review period
- Build a highly motivated, diverse and talented workforce
- Enable the Department to prioritise key deliverables, including the Olympic and Paralympic Games

During 2011 and 2012, the Department restructured its Senior Leadership Team, ran two Voluntary Exit schemes (in January 2011 and again in January 2012) and implemented a Flexible Resourcing Policy across the Department.

<sup>2</sup>**DCMS contingent labour** – shows the number of agency, interim and specialist contractors employed by the Department. The increase on 2011 figures reflects:

- Building DCMS capacity and capability to support delivery of the Olympic and Paralympic Games
- Increase in the time limited, specialist skills required to work on ministerial priorities, such as broadband delivery

<sup>3</sup>**Annual turnover** – turnover rate includes all permanent, loan ins, secondment ins and fixed term appointment exits during the year divided by year end headcount (x 100). The number of exits does not include exits of agency, interim or specialist non-payroll employees.

Turnover rates for DCMS are relatively high due to the flexible nature of its workforce. DCMS relies on meeting its resource requirements by recruiting employees from other Government Departments on loan and secondments. These are time limited and are linked to the delivery of a specific project.

The small increase in turnover between 2011 and 2012 is due to the restructure of the DCMS Senior Leadership Team, voluntary redundancy exits and the need to fully resource the Government Olympic Executive to support delivery of the Olympic and Paralympic Games.

<sup>4</sup>**Workforce diversity** – DCMS overall workforce diversity has remained relatively static during 2011/2012. However, there have been significant improvements in the percentage of SCS employees who are women (from 38% in 2011 to just under 50% in 2012), and a significant rise in the number of women represented on the DCMS Executive Board at SCS2 level (from 16.6% in 2011 to 39.3% in 2012)

## Reporting on Better Regulation

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

- transparent
- accountable
- proportionate
- consistent

- targeted – only at cases where action is needed

Where regulation supports growth, it can be hugely important for business but unnecessary red tape can stifle growth, so reducing it is critical to making the UK the best place to start and grow a business. The government's better regulation strategy is to:

- remove or simplify existing regulations that unnecessarily impede growth
- reduce the overall volume of new regulation by introducing regulation only as a last resort
- improve the quality of any remaining new regulation
- move to less onerous and less bureaucratic enforcement regimes where inspections are targeted and risk-based

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

### **One-in, One-out**

The Coalition Government has a One-in, One-out (OIOO) rule, which Departments must consider when considering regulation. OIOO means that no new primary or secondary UK legislation which imposes costs on business or civil society organisations can be brought in without the identification of existing regulations with an equivalent value that can be deregulated. *One-in, One-out* plays a vital role in ensuring businesses and civil society organisations can focus on growth, rather than being held back by red tape.

Regulation which is required to implement EU obligations and public sector regulation are currently not within the scope of OIOO, except any 'gold-plating' of EU obligations (i.e. where the regulation goes beyond what is required in the EU obligation), which will require an existing regulation of equivalent value to be deregulated.

The Government publishes the Statement of New Regulation (SNR) twice a year, which gives business prior notice of regulatory and deregulatory measures due to come into effect in the next six months. The Statement of New Regulation (SNR) covers all new regulatory measures that fall within the scope of One-in, One-out. The list contains a short description of each measure, the expected date of implementation and a link to the latest available impact assessment (where published). Measures have been broken down into three main categories, INs, OUTs and zero net costs.

In the first SNR, published in April 2011, the government set out its intentions to maintain a net zero, or better, cumulative cost for businesses from domestic regulation. The second SNR reports on the first year of application of the *One-in, One-out* rule to new domestic regulation. DCMS have published a summary of the regulations they intend to introduce, or have already introduced, between July and December 2011. This statement demonstrates that we have been successful in achieving that goal overall.



**1. Zeros\***

Impact Assessment Number	Lead Dept.	Title of the Measure	Purpose of the Measure	Date the measure is due to come in force	Equivalent Annual Net Cost to Business (£m, 2009)	Impact Assessment
DCMS10	DCMS	The Media Ownership (Radio and Cross media) order 2010	Removal of local cross media ownership rules	August 2011	£0m	<a href="#">The Media Ownership (Radio and Cross-media) Order 2011</a>

**2. Outs\***

Impact Assessment Number	Lead Dept.	Title of the Measure	Purpose of the Measure	Date the measure is due to come in force	Equivalent Annual Net Cost to Business (£m, 2009)	Impact Assessment
DCMS007	DCMS	Gambling Act 2005: Category B3 Gaming Machine	The government wants to give Adult Gaming Centres (AGCs) and bingo clubs more operational flexibility and freedom to take commercial decisions to prevent further closures and job losses.	July 2011	-£8.6m	<a href="#">The Gambling Act 2005 (Gaming Machines in Adult Gaming Centres and Bingo Premises) Order 2011</a>

*\*This summaries the deregulatory and regulatory measures introduced by DCMS between July and December 2011 and the net costs on business*

The SNR for the period between January 2011 and June 2012 included a total of 5 deregulatory "OUTs" DCMS measures, as well as 3 measures designated as "Zero Net Cost" to business. No new regulatory measures were brought forward. The net effect of this activity was to reduce regulatory burdens placed on business by a total of -£9.4m. This has left DCMS ranked fourth out of all Government Departments in terms of burden of regulation lifted at the end of the third Statement of New Regulation period.

**Regulatory Policy Committee (RPC)**

Impact Assessments (IAs) are prepared by Departments as part of the policy making process and provide an assessment of the costs, benefits and risks of a proposal on businesses, charities or the voluntary sector. Departments are required to publish IAs at different stages of the policy development process (at consultation, final and implementation stages).

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

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

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

Between January 2011 and December 2011 DCMS received 34 RPC opinions on submitted IAs, which were:

- 4 'red' RPC opinions for consultation stage IAs;
- 7 'amber' RPC opinions for consultation stage IAs;
- 2 'green' RPC opinions for consultation stage IAs;
- 4 'red' RPC opinions for final stage IAs;
- 3 'amber' RPC opinions for final stage IAs
- 14 'green' RPC opinions for final stage IAs.

For this period DCMS had the highest proportion of 'Green' ratings of any Government Department.

## **Red Tape Challenge**

Over the years, the bureaucracy and inspections of regulations have spiraled out of control slowly eroding the impact of any good regulations. This excessive regulation has ended up hurting businesses and in turn doing real damage to our economy and our society.

In order to reverse this trend and encourage greater responsibility in our society, the government is determined to cut red tape by reducing the overall burden of regulation. The Red Tape Challenge launched by the Prime Minister on 7 April 2011 encourages all government departments to make tackling unnecessary regulation a key priority for the whole government, which will give the public the chance to have their say on some of the more than 21,000 regulations that affect their everyday lives.

The Department has been working on two measures proposed as part of the Retail theme from the Red Tape Challenge. The measures are

- Regulated Entertainment
- The Repeal of the TV Retailers Licence Notification

## **Regulated Entertainment**

Hundreds of live music venues were made exempt from licensing laws as part of the Live Music Act 2012. The Act saw the removal of regulatory burdens and costs from hundreds of venues including pubs and clubs, making it easier to stage live music. Live unamplified music performed in any location, and live amplified music in on-licensed premises and workplaces for audiences of up to 200 people no longer needs a specific licence between 08:00 and 23:00hrs.

## **The Repeal of TV Licence Notification**

The repeal of the requirement on retailers of television sets to notify TV Licensing of sales and rentals of television sets is being delivered through the Enterprise and Regulatory Reform Bill (TV Licensing is the BBC Agency responsible for the collection of the television licence fee and the enforcement of the television licensing system). The notification requirement is unnecessary, outdated and imposes a cost on retailers. In practical terms, almost all customers already have a TV licence and so any gain to TV Licensing in this regard is minimal. TV Licensing has a number of other tools for reducing evasion and non-payment, which they will use in an attempt to make up for any losses.

## Core Tables

## Table 1 – Public Spending

## Total departmental spending , 2006-07 to 2014-15

	£'000								
	2006-07 OUTTURN	2007-08 OUTTURN	2008-09 OUTTURN	2009-10 OUTTURN	2010-11 OUTTURN	2011-12 OUTTURN	2012-13 PLANS	2013-14 PLANS	2014-15 PLANS
<b>Resource DEL</b>									
Support for the Museums and Galleries sector	4,532	12,619	4,230	4,170	3,831	13,336	17,895	20,571	21,120
Museums and Galleries sponsored bodies	342,921	334,044	278,988	357,425	361,853	306,816	374,636	399,996	384,924
Libraries sponsored bodies	100,913	99,452	104,277	103,587	106,243	113,172	117,535	116,456	116,227
Museums, libraries and archives council	48,525	59,804	61,838	58,376	64,474	43,741	-	332	124
Support for the Arts sector <sup>3</sup>	2,074	3,088	-1,273	-3,821	-1,737	2,373	-48,089	-62,552	-57,492
Arts and culture bodies	387,109	402,293	413,791	420,612	420,204	380,835	453,965	474,478	446,883
Support for the Sports sector	2,583	8,525	2,203	8,801	1,098	5,394	11,951	13,874	13,874
Sport sponsored bodies	111,731	141,744	161,154	151,945	148,362	136,077	154,772	120,187	121,087
Ceremonial and support for the Heritage sector	16,654	19,064	20,633	18,555	22,200	13,946	15,081	15,556	16,103
Heritage sponsored bodies	161,239	141,608	151,149	151,825	144,270	130,737	103,639	103,988	100,621
The Royal Parks	17,851	18,999	20,092	18,487	15,759	17,162	18,019	15,802	15,256
Support for the Tourism sector	1,925	1,985	2,230	127	2,362	16	-	-	-
Tourism sponsored bodies	52,980	53,848	52,985	50,450	39,479	45,494	44,354	31,668	29,316
Support for the Broadcasting and Media sector	1,154	4,417	2,722	2,624	1,561	3,370	17,077	4,410	4,220
Broadcasting and Media sponsored bodies	120,039	118,109	129,542	136,260	138,139	157,166	118,162	35,543	35,393
Administration and Research	53,910	53,309	56,476	56,448	53,406	58,429	66,589	36,110	34,268
Support for Horseracing and the Gambling sector	-11,015	-11,518	-5,121	-3,732	-4,020	2,700	-4,035	-	-
Grant to the National Lottery Commission	8,415	12,502	6,490	4,974	4,917	4,974	4,762	771	815
Gambling Commission	14,126	4,108	1,437	827	-810	-252	1,159	1,175	1,234
Olympics - legacy programmes <sup>4</sup>	154	459	-67	524	13,022	65,868	672,881	43,100	-
London 2012 <sup>5</sup>	20,249	24,130	-2,703	-35,363	-18,700	45,399	497,180	127,600	-
<b>Total Resource DEL</b>	<b>1,458,069</b>	<b>1,502,589</b>	<b>1,461,073</b>	<b>1,503,101</b>	<b>1,515,913</b>	<b>1,546,753</b>	<b>2,637,533</b>	<b>1,499,065</b>	<b>1,283,973</b>

	'000								
	2006-07 OUTTURN	2007-08 OUTTURN	2008-09 OUTTURN	2009-10 OUTTURN	2010-11 OUTTURN	2011-12 OUTTURN	2012-13 PLANS	2013-14 PLANS	2014-15 PLANS
<i>Of which:</i>									
Staff costs	508,044	594,229	556,739	570,091	573,624	549,825	247,331	222,378	193,083
Purchase of goods and services <sup>6</sup>	754,022	774,570	823,573	767,399	723,624	971,130	1,276,474	495,932	444,529
Income from sales of goods and services	-354,510	-393,395	-434,523	-370,951	-363,574	-401,050	-35,935	-	-
Current grants to local government (net)	25,174	48,672	91,378	38,415	57,507	-26,931	-	-	-
Current grants to persons and non-profit bodies (net)	497,304	569,559	569,369	643,673	597,605	576,693	533,123	517,646	497,467
Current grants abroad (net)	-649	-12,069	906	493	823	136	90	51	-
Subsidies to public corporations	-	-	-	-	82,590	61,093	72,602	64,000	64,300
Depreciation 1/5	101,589	106,463	26,840	113,217	107,594	103,243	635,600	295,300	175,500
Other resource <sup>7</sup>	-72,905	-185,440	-173,209	-259,236	-263,880	-287,386	-91,752	-96,242	-90,906
<b>Resource AME</b>									
British Broadcasting Corporation	2,797,000	2,962,800	2,868,987	3,020,000	3,121,360	2,966,507	3,413,325	3,395,178	3,392,531
New and adjustments to existing provisions and impairments	3,375	2,889	17,293	39,530	305,480	-100,249	2,303,100	-	-
Release of Provisions	-4,357	-4,944	-3,902	-2,646	-6,041	-6,885	-	-	-
Lottery Grants	837,047	882,351	1,010,728	1,000,814	994,845	1,104,968	1,141,205	932,084	932,084
Museums and Galleries sponsored bodies	-	-	-	-	-44,810	-	-	-	-
Gambling sponsored bodies	-	-	-	-	-	-30,535	-	-	-
<b>Total Resource AME</b>	<b>3,633,065</b>	<b>3,843,046</b>	<b>3,893,106</b>	<b>4,057,698</b>	<b>4,370,834</b>	<b>3,933,806</b>	<b>6,857,630</b>	<b>4,327,262</b>	<b>4,324,615</b>
<i>Of which:</i>									
Staff costs	916,000	1,097,800	974,130	1,248,000	1,053,000	1,199,758	1,141,649	1,035,556	1,070,067
Purchase of goods and services	2,411,000	2,375,000	2,410,870	2,279,000	2,630,510	1,776,387	2,910,973	2,873,736	2,821,444
Current grants to local government (net)	49,014	43,953	102,440	79,898	73,666	34,134	88,597	89,110	89,110
Current grants to persons and non-profit bodies (net)	735,187	729,672	784,288	784,245	761,179	1,070,834	829,308	842,974	842,974
Depreciation 1	35,000	35,000	84,787	93,000	69,585	133,741	2,430,296	162,286	176,020
Take up of provisions	7,028	4,527	17,283	39,571	294,680	-100,249	-	-	-
Release of provision	-8,010	-6,632	-3,892	-2,687	-6,041	-6,885	-	-	-
Other resource	-512,154	-436,274	-476,800	-463,329	-505,745	-173,914	-543,193	-676,400	-675,000
<b>Total Resource Budget</b>	<b>5,091,134</b>	<b>5,345,635</b>	<b>5,354,179</b>	<b>5,560,799</b>	<b>5,886,747</b>	<b>5,480,559</b>	<b>9,495,163</b>	<b>5,826,327</b>	<b>5,608,588</b>
<i>Of which:</i>									
Depreciation 1	136,589	141,463	111,627	206,217	177,179	236,984	3,065,896	457,586	351,520

	£'000								
	2006-07 OUTTURN	2007-08 OUTTURN	2008-09 OUTTURN	2009-10 OUTTURN	2010-11 OUTTURN	2011-12 OUTTURN	2012-13 PLANS	2013-14 PLANS	2014-15 PLANS
<b>Capital DEL</b>									
Support for the Museums and Galleries sector	23	2,734	-1,490	3,904	4,390	6,050	2,550	550	2,550
Museums and Galleries sponsored bodies	39,060	56,096	112,562	60,564	52,228	154,781	78,375	63,566	47,838
Libraries sponsored bodies	35,460	29,217	26,982	30,634	26,543	13,603	15,797	3,189	3,331
Museums, libraries and archives council	-	65	424	120	-	-	-	-	-
Support for the Arts sector	482	323	403	314	256	100	109	114	119
Arts and culture bodies	35,550	27,191	27,663	32,051	35,931	12,778	12,848	12,679	12,516
Support for the Sports sector	7,588	3,521	10,015	-	-	3,000	-	-	-
Sport sponsored bodies	42,493	41,997	53,578	55,306	42,532	32,965	25,999	26,038	26,129
Ceremonial and support for the Heritage sector	2,111	600	1,284	550	2,400	3,797	1,329	1,364	1,400
Heritage sponsored bodies	12,464	41,096	39,015	28,172	31,379	22,066	20,044	20,440	16,894
The Royal Parks	408	536	1,384	2,076	2,785	1,574	819	857	895
Tourism sponsored bodies	307	395	1,176	304	130	191	192	192	192
Support for the Broadcasting and Media sector	470	323	205	211	157	108	124,191	245,124	95,129
Broadcasting and Media sponsored bodies	4,044	1,571	3,898	7,265	11,420	52,368	118,286	54,231	10,275
Administration and Research	12,852	5,396	2,569	2,350	1,381	897	1,164	1,164	1,164
Support for Horseracing and the Gambling sector	-	-	-	-	-	-	-60	-	-
Grant to the National Lottery Commission	125	44	62	36	45	4	60	-	-
Gambling Commission	3,733	1,736	1,327	599	217	234	-	-	-
Olympics - legacy programmes	-	-	-432,530	-644,240	-654,845	35,143	-	-	-
London 2012	89,347	323,978	1,009,025	938,487	1,022,684	917,180	136,668	-24,300	-69,900
<b>Total Capital DEL</b>	<b>286,517</b>	<b>536,819</b>	<b>822,602</b>	<b>518,703</b>	<b>579,633</b>	<b>1,256,839</b>	<b>538,371</b>	<b>405,208</b>	<b>148,532</b>
<i>Of which:</i>									
Capital support for local government (net)	24,242	-42,778	-89,646	-86,871	-171,004	39,826	-	-	-
Capital grants to persons & non-profit bodies (net)	92,386	106,685	76,982	77,072	126,276	76,071	293,980	352,970	155,201
Capital grants abroad (net)	-36,752	-34,621	-	-	-	-	-	-	-
Capital support for public corporations	-	35	-	-	-	1,608	-	-	-
Purchase of assets	268,220	573,967	1,336,081	1,455,140	1,593,567	1,233,715	244,451	76,538	63,231
Income from sales of assets	-479	-2,489	-59,927	-822	-73,652	-6,227	-	-24,300	-69,900
Other capital	-61,100	-63,980	-440,888	-925,816	-895,554	-88,154	-60	-	-
									<b>£'000</b>

	2006-07 OUTTURN	2007-08 OUTTURN	2008-09 OUTTURN	2009-10 OUTTURN	2010-11 OUTTURN	2011-12 OUTTURN	2012-13 PLANS	2013-14 PLANS	2014-15 PLANS
<b>Capital AME</b>									
British Broadcasting Corporation	103,000	85,000	81,100	123,000	121,600	172,012	54,400	176,700	145,000
Lottery Grants	880,450	713,455	535,632	751,532	597,410	379,916	711,795	496,916	567,916
Museums, libraries and archives council	13,870	10,000	-	-	-	-	-	-	-
<b>Total Capital AME</b>	<b>997,320</b>	<b>808,455</b>	<b>571,532</b>	<b>874,532</b>	<b>719,010</b>	<b>551,928</b>	<b>766,195</b>	<b>673,616</b>	<b>712,916</b>
<i>Of which:</i>									
Capital support for local government (net)	82,611	293,462	277,019	231,576	149,864	96,688	263,526	241,902	241,902
Capital grants to persons & non-profit bodies (net)	745,117	352,830	257,613	277,427	208,546	283,228	318,569	326,014	326,014
Purchase of assets	116,870	95,000	81,100	123,000	121,600	172,012	54,400	176,700	145,000
Income from sales of assets	-	-	-45,200	-	-	-	-	-	-
Other capital	52,722	67,163	1,000	242,529	239,000	-	129,700	-71,000	-
<b>Total Capital Budget</b>	<b>1,283,837</b>	<b>1,345,274</b>	<b>1,394,134</b>	<b>1,393,235</b>	<b>1,298,643</b>	<b>1,808,767</b>	<b>1,304,566</b>	<b>1,078,824</b>	<b>861,448</b>
<b>Total departmental spending <sup>2</sup></b>	<b>6,238,382</b>	<b>6,549,446</b>	<b>6,636,686</b>	<b>6,747,817</b>	<b>7,008,211</b>	<b>7,052,342</b>	<b>7,733,833</b>	<b>6,447,565</b>	<b>6,118,516</b>
<i>Of which:</i>									
Total DEL	1,642,997	1,932,945	2,256,835	1,908,587	1,987,952	2,700,349	2,540,304	1,608,973	1,257,005
Total AME	4,595,385	4,616,501	4,379,851	4,839,230	5,020,259	4,351,993	5,193,529	4,838,592	4,861,511

<sup>1</sup> Includes impairments

<sup>2</sup> Total departmental spending is the sum of the resource budget and the capital budget less depreciation. Similarly, total DEL is the sum of the resource budget DEL and capital budget DEL less depreciation in DEL, and total AME is the sum of resource budget AME and capital budget AME less depreciation in AME.

<sup>3</sup> 2012-13 to 2014-15 - Predominantly income from Department for Education for "Music Hubs", "in Harmony" and Henley Review" projects, passed to Arts Council England

<sup>4</sup> 2012-13 - Resource Budget for the successful staging of the Olympic and Paralympic Games as well as legacy spend

<sup>5</sup> 2012-13 - Depreciation for the Olympic Delivery Authority Capital programme

<sup>6</sup> 2011-12 and 2012-13 increase as a result of Goods and Services purchased for the Olympic and Paralympic Games

<sup>7</sup> Mostly funding from the National Lottery and Charity Income

**Table 2 – Public Spending Control****Administration budget , 2005-06 to 2014-15**

£'000

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
	OUTTURN	OUTTURN	OUTTURN	OUTTURN	OUTTURN	OUTTURN	OUTTURN	PLANS	PLANS	PLANS
<b>Resource DEL</b>										
Libraries sponsored bodies	-	-	-	-	-	-	11,995	10,710	10,371	10,246
Museums, libraries and archives council	-	-	-	-	-	-	7,525	-	-	-
Support for the Arts sector	-	-	-	-	-	-	-	-143	-85	-40
Arts and culture bodies	-	-	-	-	-	-	24,518	24,098	21,494	16,776
Sport sponsored bodies	-	-	-	-	-	-	15,006	17,491	19,043	17,325
Ceremonial and support for the Heritage sector	-	-	-	-	-	-	208	250	245	245
Heritage sponsored bodies	-	-	-	-	-	-	18,901	19,685	20,448	17,981
The Royal Parks	-	-	-	-	-	-	2,315	3,003	2,819	2,706
Tourism sponsored bodies	-	-	-	-	-	-	37,524	33,799	31,224	29,024
Support for the Broadcasting and Media sector	-	-	-	-	-	-	12,346	10,375	1,000	1,000
Broadcasting and Media sponsored bodies	-	-	-	-	-	-	2,725	7,350	-	-
Administration and Research	-	49,392	51,009	53,213	53,612	49,852	55,650	52,156	35,610	33,768
<b>Total administration budget</b>	<b>-</b>	<b>49,392</b>	<b>51,009</b>	<b>53,213</b>	<b>53,612</b>	<b>49,852</b>	<b>188,713</b>	<b>178,774</b>	<b>142,169</b>	<b>129,031</b>
<i>Of which:</i>										
Staff costs	-	24,860	28,742	28,936	30,319	30,913	119,387	90,542	63,204	55,735
Purchase of goods and services	-	23,608	20,217	21,874	21,559	18,674	105,815	80,734	67,607	61,902
Income from sales of goods and services	-	-1,520	-1,284	-1,601	-2,399	-3,023	-32,700	-3,805	-	-
Current grants abroad (net)	-	-	-163	-	-	-	-	-	-	-
Depreciation	-	2,364	3,413	3,875	3,700	3,167	9,999	11,800	11,800	11,800
Other resource	-	80	84	129	433	121	-13,788	-497	-442	-406



**Table 3 – Staff in post<sup>1</sup>**

	<b>2006-07 Outturn</b>	<b>2007-08 Outturn</b>	<b>2008-09 Outturn</b>	<b>2009-10 Outturn</b>	<b>2010-11 Outturn</b>	<b>2011-12 Outturn</b>
<b>DCMS</b>						
FTEs <sup>3</sup>	517	464	453	469	484	457
Overtime <sup>2</sup>	11	10	10	8	1	2
<b>Total</b>	<b>528</b>	<b>474</b>	<b>463</b>	<b>477</b>	<b>485</b>	<b>459</b>
<b>The Royal Parks (TRP)</b>						
FTEs	92	99	101	125	124	121
Overtime <sup>2</sup>	2	1	2	2	0	0
Casual	5	0	0	0	0	0
<b>Total</b>	<b>99</b>	<b>100</b>	<b>103</b>	<b>127</b>	<b>124</b>	<b>121</b>

<sup>1</sup> These figures represent number of staff in post (FTE) on the last day of the financial year. Agency temps are excluded from these figures.

<sup>2</sup> Overtime FTE is a calculation based on total number of overtime units worked in the year divided by the total number of available hours a full-time person would work in a year

<sup>3</sup> The number of DCMS paid employees has reduced by 26.7 FTE in the 12 months to 31<sup>st</sup> March 2012. The FTE staff numbers for 31<sup>st</sup> March 2012 include some 56 additional employees, of whom 49 transferred during the year through a Machinery of Government Change from BIS and 7 from Regional Development Agencies. This means that if a like for like comparison was made with the previous year (without these additional 56 staff), the reduction in staff numbers would have been significantly greater.

**Table 4 – \*Total identifiable expenditure on services by country and region, 2006-07 to 2010-11**

Department for culture, media and sport	National Statistics					£ million
	2006-07 outturn	2007-08 outturn	2008-09 outturn	2009-10 outturn	2010-11 outturn	
North East	119	98	89	106	105	
North West	186	180	168	181	164	
Yorkshire and the Humber	172	147	144	162	155	
East Midlands	132	119	108	117	106	
West Midlands	215	152	140	129	147	
East	121	125	123	99	112	
London	593	574	493	526	583	
South East	213	202	198	185	199	
South West	190	158	146	175	161	
Total England	1,940	1,753	1,609	1,679	1,732	
Scotland	154	91	103	88	95	
Wales	199	148	164	152	168	
Northern Ireland	99	35	39	65	50	
UK identifiable expenditure	2,392	2,027	1,914	1,984	2,044	
Outside UK	182	230	246	206	200	
Total identifiable expenditure	2,574	2,258	2,159	2,190	2,245	
Non-identifiable expenditure	3,659	4,144	4,243	4,437	4,437	
Total expenditure on services	6,232	6,401	6,402	6,627	6,682	

**Table 5 – \*Total identifiable expenditure on services by country and region, per head 2006-07 to 2010-11**

Department for culture, media and sport	National Statistics					£ per head
	2006-07 outturn	2007-08 outturn	2008-09 outturn	2009-10 outturn	2010-11 outturn	
North East	46	38	35	41	40	
North West	27	26	25	26	24	
Yorkshire and the Humber	34	28	28	31	29	
East Midlands	30	27	24	26	24	
West Midlands	40	28	26	24	27	
East	22	22	22	17	19	
London	79	76	64	68	75	
South East	26	24	24	22	23	
South West	37	30	28	33	31	
England	38	34	31	32	33	
Scotland	30	18	20	17	18	
Wales	67	50	55	51	56	
Northern Ireland	57	20	22	36	28	
UK identifiable expenditure	39	33	31	32	33	

\*To produce the CRA, spending is allocated to regions and countries within the UK according to a methodology overseen by HM Treasury statisticians. The CRA is a statistical exercise and plays no direct role in resource allocation. As part of the PESA National Statistics and Command Paper releases, CRA data for 2009-10 and 2010-11 was published earlier in 2012.

The timetable for producing the CRA has now moved from the winter to the summer in order to improve timeliness and reduce burdens on departments. As a result, we expect the 2011-12 outturn to become available later in the year, but after these accounts have been published. When released the data will be available on the DCMS transparency website.

**Table 6 – Total identifiable expenditure on services by function, country and region, for 2010-11**

Data in this table are National Statistics

																		£ million	
Department for culture, media and sport	North East	North West	Yorkshire and The Humber	East Midlands	West Midlands	East	London	South East	South West	England	Scotland	Wales	Northern Ireland	UK Identifiable expenditure	OUTSIDE UK	Total identifiable expenditure	Not identifiable	Totals	
<b>Economic affairs</b>																			
General economic, commercial and labour affairs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-	0	
Other Industries	1	3	1	1	2	2	18	5	3	36	3	1	0	41	0	41	-	41	
<b>Total economic affairs</b>	<b>1</b>	<b>3</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>18</b>	<b>5</b>	<b>3</b>	<b>36</b>	<b>3</b>	<b>1</b>	<b>0</b>	<b>41</b>	<b>0</b>	<b>41</b>	<b>-</b>	<b>41</b>	
<b>Environment protection</b>																			
Environment protection n.e.c	4	8	6	4	6	4	17	5	4	59	9	8	5	82	-	82	-	82	
<b>Total environment protection</b>	<b>4</b>	<b>8</b>	<b>6</b>	<b>4</b>	<b>6</b>	<b>4</b>	<b>17</b>	<b>5</b>	<b>4</b>	<b>59</b>	<b>9</b>	<b>8</b>	<b>5</b>	<b>82</b>	<b>-</b>	<b>82</b>	<b>-</b>	<b>82</b>	
<b>Health</b>																			
Health n.e.c	2	4	3	2	3	2	8	3	2	29	5	4	3	40	-	40	-	40	
<b>Total health</b>	<b>2</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>3</b>	<b>2</b>	<b>8</b>	<b>3</b>	<b>2</b>	<b>29</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>40</b>	<b>-</b>	<b>40</b>	<b>-</b>	<b>40</b>	
<b>Recreation, culture and religion</b>																			
Recreational and sporting services	26	50	42	34	34	30	78	50	35	380	24	9	9	421	0	421	948	1,370	
Cultural services	73	111	111	79	114	101	378	176	141	1,284	51	27	18	1,379	186	1,565	-	1,565	
Broadcasting and publishing services	3	5	5	3	5	4	31	7	6	68	2	106	1	176	8	184	3,489	3,673	
Religious and other community services	1	3	2	2	2	3	1	4	2	19	2	1	1	23	-	23	-	23	
R&D recreation, culture and religion	0	0	0	0	0	0	1	0	0	3	0	0	0	3	1	4	-	4	
Recreation, culture and religion n.e.c	2	3	3	2	3	3	19	4	4	43	1	3	0	48	5	53	-	53	
<b>Total recreation, culture and religion</b>	<b>104</b>	<b>172</b>	<b>162</b>	<b>121</b>	<b>159</b>	<b>140</b>	<b>508</b>	<b>242</b>	<b>189</b>	<b>1,796</b>	<b>79</b>	<b>146</b>	<b>29</b>	<b>2,050</b>	<b>200</b>	<b>2,250</b>	<b>4,437</b>	<b>6,688</b>	
<b>Education</b>																			
Education n.e.c	2	5	4	2	4	2	10	3	3	35	6	5	3	49	-	49	-	49	
<b>Total education</b>	<b>2</b>	<b>5</b>	<b>4</b>	<b>2</b>	<b>4</b>	<b>2</b>	<b>10</b>	<b>3</b>	<b>3</b>	<b>35</b>	<b>6</b>	<b>5</b>	<b>3</b>	<b>49</b>	<b>-</b>	<b>49</b>	<b>-</b>	<b>49</b>	
<b>Social protection</b>																			
Old age	-24	-62	-47	-41	-50	-56	-47	-81	-58	-466	-46	-30	-13	-555	-	-555	-	-555	
<i>of which: pensions</i>	-24	-62	-47	-41	-50	-56	-47	-81	-58	-466	-46	-30	-13	-555	-	-555	-	-555	
Social protection n.e.c.	16	34	25	16	24	17	69	22	18	242	39	34	22	337	-	337	-	337	
<b>Total social protection</b>	<b>-8</b>	<b>-28</b>	<b>-21</b>	<b>-24</b>	<b>-26</b>	<b>-39</b>	<b>22</b>	<b>-59</b>	<b>-40</b>	<b>-224</b>	<b>-8</b>	<b>4</b>	<b>9</b>	<b>-218</b>	<b>-</b>	<b>-218</b>	<b>-</b>	<b>-218</b>	
<b>TOTAL DEPARTMENT FOR CULTURE, MEDIA AND SPORT</b>	<b>105</b>	<b>164</b>	<b>155</b>	<b>106</b>	<b>147</b>	<b>112</b>	<b>583</b>	<b>199</b>	<b>161</b>	<b>1,732</b>	<b>95</b>	<b>168</b>	<b>50</b>	<b>2,044</b>	<b>200</b>	<b>2,245</b>	<b>4,437</b>	<b>6,682</b>	

**Regional DR tables - Footnotes/Explanatory Text**

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

## Public Accounts Committee (PAC) recommendations

In line with best practice, the Department monitors and makes available the progress that it and its arm's length bodies have made in response to all current and outstanding PAC recommendations that are still incomplete or outstanding.

There was 1 PAC Hearing in the year to March 2011-12 (none in 2010-11). It covered the preparations for the London 2012 Olympic and Paralympic Games.

## Public Bodies

As at 31<sup>st</sup> March 2012, DCMS was responsible for 54 public bodies that help deliver the department's strategic aim and objectives. These non-departmental public bodies (NDPBs) include 10 advisory NDPB's, 36 executive NDPB's, 5 public corporations, 1 tribunal NDPB, 1 non-ministerial body and 1 other body

The Public Bodies Directory provides the details of these bodies including financial information and statistical data. Copies can be downloaded from <http://www.civilservice.gov.uk/about/resources/ndpb>

## Transparency at DCMS

DCMS is committed to providing the public with information on the performance and productivity of the Department and the impact of our policies on society to support the Government's vision for democratic accountability through the publication of data held by Central and Local Government Departments, which will enable the public to hold politicians and public bodies to account.

This transparency section of our website is the DCMS's repository for its data, and includes:

- data on the Department's and our Arm's Length Bodies' (ALBs) administrative spend and operational data
- data on the resource that is invested into programmes, policy and procurement
- information on the delivery and outcomes of major programmes and the impact of our policies on society
- individual expenditure above £500

Detailed information can be found on the department's transparency website pages - <http://www.transparency.culture.gov.uk/>. This also includes a link to the data published by our ALBs.

## Complaints to the Parliamentary Ombudsman

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

## The Environment

DCMS is committed to supporting and promoting sustainable development in all aspects of its work. This year, for the first time, the Department is reporting its progress against its Climate Change priorities and Sustainability performance in its Annual Report and Accounts as part of its Transparency agenda and in line with HM Treasury's guidance 'Public Sector Annual Reports: Sustainability Reporting' published at [http://www.hm-treasury.gov.uk/frem\\_sustainability.htm](http://www.hm-treasury.gov.uk/frem_sustainability.htm).

### Sustainability

#### Introduction

Our commitment to supporting and promoting sustainable development as it relates to the sectors for which we have responsibility includes taking account of the economic and social implications of our actions, promoting the principles of sustainable development by raising internal and external awareness of and engagement with environmental issues and carries out its purchasing activities in a responsible and sustainable manner by complying with appropriate legislation and encouraging a sustainable approach both internally and among suppliers.

As further demonstration of our commitment to sustainable development, we endeavour to reduce our use of materials and energy use, minimise waste production and water use, procure sustainably and minimise our carbon footprint. We also aspire to meet or exceed the targets set by the Sustainable Operations on the Government Estate (SOG E) initiative.

These measures reflected in our management programme which sets annual targets for improvement are as follows

- *Environmental Management System*

We are adopting a formal certification process known as ISO14001 by putting in place an Environmental Management System (EMS) which we will use to set targets and measure our performance for lessening our environmental impact. Our environmental performance will also be subjected to regular internal and external audits and setting yearly targets.

- *Energy and Carbon*

The programme to reduce our carbon footprint by reducing our energy usage and minimising our carbon dioxide emissions is supported through infrastructure changes and initiatives to raise staff awareness and improve efficiency and management controls. We will also work with our suppliers of goods and services to encourage them to be more aware of these issues and the impacts they have on the environment and wherever possible operate to similar standards as a minimum. Our most significant environmental/carbon impacts and progress will be monitored using formal auditing procedures where appropriate.

- *Waste*

At the end of the life of a product we will dispose of it responsibly, recycling where possible. Our aim is to reduce the amount of waste we generate as an organisation; where it is unavoidable we will minimise the amount sent to landfill and aim to increase the quantity for recycling.

- *Water*

We will further reduce our carbon footprint by monitoring our water use and by gradually installing water saving and retaining devices where possible. We will make staff and visitors aware of our policies and actions.

- *Pollution*

We are committed to reducing the polluting effects of our environmental operations as far as possible.

## Scope

Following the reporting requirements of the Greening Government commitments, the Department is required to match accounting boundary to departmental financial reporting boundary as detailed in the Government Financial Reporting Manual (FRoM). However, a number of our Arms Length Bodies (ALB) are exempted from this requirement because they fall within the de minimis threshold.

Therefore, the tables in the summary of performance section below present the results of the sustainability measures that have been undertaken as follows;

1. The performance results of the Department only for 2011-12
2. The summary results of the Department and the ALBs listed below split by those bodies who provided data for two comparative years (2011-12 and 2010-11) and those that had data available for one year (2011-12).

We have sought to show the 2011-12 results of those bodies that do not have any comparative figures for 2010-11 separately. If the data were to be combined with the results in any of the tables, we will be showing skewed results which will not depict the true performance. By showing this results separately, these bodies have begun the process of collecting the performance data which can then be used for future comparable years.

Therefore, the bodies in the scope of sustainability reporting are;

- DCMS estate (based in our Central London offices at 2-4 Cockspur Street)
- Arts Council of England
- British Library
- Natural History Museum
- National Museums Liverpool
- Olympic Delivery Authority
- Victoria & Albert Museum
- British Museum
- Tate
- Imperial War Museum
- Royal Parks
- Big Lottery Fund
- National Gallery
- Visit Britain
- British Film Institute
- Science Museum Group
- English Heritage
- National Maritime Museum

It should be noted that these ALBs are very different and undertake very different work. Furthermore, the different nature of each body's estates mean that comparable information cannot be collected in



many cases and some categories are only available on a combined basis. The figures for each body should not be regarded as directly comparable therefore.

## Summary of Performance

We have sought to report financial and non-financial performance against targets for DCMS and our ALBs in accordance with the Department's accounting boundary and the availability of data that conforms with the requirements of Greening Government Commitments (GCC).

### 1. The core Department's performance for the year is as follows;

Area		2011-12 Performance	
		Actual	Target
Greenhouse Gas emissions (scope 1,2,3) (tCO <sub>2</sub> e)		966.1	1221.6
Office Estate Energy	Consumption (kWh)	960.7	1215.6
	Expenditure - Gas (£)	20,381	-
	Expenditure - Electricity (£)	167,064	-
Office Estate Waste	Consumption (kWh)	71.8	78.8
	Expenditure (£)	11,826	-
Office Estate Water	Consumption (kWh)	6,703	7327.5
	Expenditure (£)	7,969	-

Aside from the Greening Government targets of 25% reduction by 2014/15 from 2009/10 baseline, we have included some more targets such as

- A 10% reduction from 9/10 baseline by 2011-12 for paper
- 20% reduction from 9/10 baseline by 14/15 for flights
- and report against best practice benchmarks for water consumption

The Department is making good progress at meeting its targets and has in some instances exceeding the 25% target reduction. The financial and non-financial performance of the Department over the last two years against the baseline year of 2009-10 is represented in the table below:

	Estate Carbon	Travel	Waste <sup>3</sup>	Water
Annual Percentage Reduction (2011-12 compared with 2009-10)	-28.87%	23.33 <sup>1</sup>	-17.98	13.4 <sup>2</sup>
Annual Percentage Reduction (2010-11 compared with 2009-10)	-21.21%	-2.77	-2.90	13.7 <sup>2</sup>
Accumulated Savings Initiatives (t) over 2 years	389.95	-7.00	15.74	624.53

<sup>1</sup>Total business travel in the year increased compared with previous years because extra travel was necessary due to work related to the London 2012 Olympic and Paralympic Games and the additional work taken on from BIS.

<sup>2</sup>Water usage is based on Actual FTE.

<sup>3</sup>It is not possible to split the waste figures between recycled and landfill waste as it is a combined contract.

**2. Detailed Performance Data (Department and its ALBs)**

The Department and its ALBs performance results are as follows

<b>TABLE 1 - GREENHOUSE GAS EMISSIONS</b>		<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>
Non-Financial Indicators (tCO <sub>2</sub> e)	Total gross emissions	n/a	114,234	107,061
	Total net emissions	n/a	n/a	n/a
	Gross emissions Scope 1 (direct)**	n/a	23,685	21,369
	Gross emissions Scope 2 & 3 (indirect)**	n/a	31,002	30,168
Related Energy Consumption (million KWh)	Electricity: Non-Renewable	n/a	159	151
	Electricity: Renewable	n/a	14	14
	Gas	n/a	55	45
	LPG	n/a	4	3
	Other	n/a	3	3
Financial Indicators (£)	Expenditure on Energy	n/a	16,049,025	16,761,599
	CRC License Expenditure (2010 onwards)	n/a	-	300,000
	Expenditure on accredited offsets	n/a	-	5,000
	Expenditure on official business travel	n/a	4,545,914	4,300,924

\*\*Not all ALBs provided data splitting emissions between Scope 1 and Scope 2 & 3

The ALBs included in the performance results in Table 1 are DCMS, Arts Council of England, British Library, Natural History Museum, Victoria & Albert Museum, British Museum, Tate, Imperial War Museum, Royal Parks, National Gallery, Visit Britain, British Film Institute, English Heritage

<b>TABLE 2 - GREENHOUSE GAS EMISSIONS</b>		<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>
Non-Financial Indicators (tCO <sub>2</sub> e)	Total gross emissions	n/a	n/a	46,667
	Total net emissions	n/a	n/a	n/a
	Gross emissions Scope 1 (direct)**	n/a	n/a	10,333
	Gross emissions Scope 2 & 3 (indirect)**	n/a	n/a	22,808
Related Energy Consumption (million KWh)	Electricity: Non-Renewable	n/a	n/a	14
	Electricity: Renewable	n/a	n/a	1
	Gas	n/a	n/a	18
	LPG	n/a	n/a	0
	Other	n/a	n/a	32
Financial Indicators (£)	Expenditure on Energy	n/a	n/a	8,697,090
	CRC License Expenditure (2010 onwards)	n/a	n/a	117,000
	Expenditure on accredited offsets	n/a	n/a	0
	Expenditure on official business travel	n/a	n/a	521,000

\*\*Not all ALBs provided data splitting emissions between Scope 1 and Scope 2 & 3

The ALBs included in the performance results in Table 2 are National Museums Liverpool, Olympic Delivery Authority, National Maritime Museum, Science Museum Group

**PERFORMANCE COMMENTARY (INCL MEASURES)**

In line with the published DCMS Climate Change Plan the Department and its ALBs are making good progress to collect a complete data set and to reduce its carbon emissions as part of the Government's road map to becoming part of low carbon country by 2020.

CONTROLLABLE IMPACTS COMMENTARY

The main direct impacts for the Department and its ALBs are in its electricity and fuel consumption, in particular the Department's museums and galleries. Strategies have been published to reduce this direct impact through efficiency programmes. A number of the Department's museums (Victoria and Albert Museum, the Natural History Museum) are involved in the HM Treasury Invest to Save project enabling the museums to install energy monitoring technology and develop a programme for cultural change in behaviour towards energy reduction and carbon emissions reduction

OVERVIEW OF INFLUENCED IMPACTS

The Department and its ALBs have continued to implement sustainable practices in the management of the Department's Estate. The Department's ALBs have made good progress measuring their own carbon emissions and adopting energy efficiency measures.

TABLE 3 - WASTE			2009-10	2010-11	2011-12
Non-Financial Indicators (tonnes)	Total waste		n/a	5,545	8,097 <sup>1</sup>
	Hazardous waste	Total	n/a	37	90 <sup>2</sup>
		Non-hazardous waste	Landfill	n/a	2,889
	Reused/Recycled		n/a	1,877	2,030
	Composted		n/a	141	196
	Incinerated with energy recovery		n/a	525	610
	Incinerated without energy recovery		n/a	0	0
Financial Indicators** (£k)	Total disposal cost (£)		n/a	1,039,574 <sup>3</sup>	1,541,158 <sup>3</sup>
	Hazardous waste		n/a	-	-
	Non-hazardous waste	Landfill	n/a	-	-
		Reused/Recycled	n/a	-	-
		Composted	n/a	-	-
		Incinerated with energy recovery	n/a	-	-
		Incinerated without energy recovery	n/a	-	-

<sup>1</sup> Figure includes increase of 2,509 tonnes due to British Library construction waste and 205 tonnes due to ACE premises rationalisation and integration of new responsibilities following relating to the closure of the museums and libraries archive council.

<sup>2</sup> Hazard waste relates to Asbestos removal programme at a British Library Site

<sup>3</sup> £200 per tonne has been assumed as disposal cost where data was not provided by ALBs.

\*\* Financial indicators data was not available for most ALBs therefore this information has not been included.

The ALBs included in the performance results in Table 3 are DCMS, Arts Council of England, British Library, British Museum, Tate, Imperial War Museum, Royal Parks, Visit Britain, BIG Lottery Fund, and English Heritage.

**TABLE 4 - WASTE**

			2009-10	2010-11	2011-12
Non-Financial Indicators (tonnes)	Total waste		n/a	n/a	10,657
	Hazardous waste	Total	n/a	n/a	10
		Non-hazardous waste	Landfill	n/a	n/a
	Reused/Recycled		n/a	n/a	8,567
	Composted		n/a	n/a	-
	Incinerated with energy recovery		n/a	n/a	1,113
	Incinerated without energy recovery	n/a	n/a	0	
Financial Indicators** (£k)	Total disposal cost (£)		n/a	n/a	891,797
	Hazardous waste		n/a	n/a	-
	Non-hazardous waste	Landfill	n/a	n/a	-
		Reused/Recycled	n/a	n/a	-
		Composted	n/a	n/a	-
		Incinerated with energy recovery	n/a	n/a	-
	Incinerated without energy recovery	n/a	n/a	-	

\*\* Financial indicators data was not available for most ALBs therefore this information has not been included

The ALBs included in the performance results in Table 4 are National Museums Liverpool, Olympic Delivery Authority, National Maritime Museum, Science Museum Group, National Gallery, Natural History Museum, Victoria & Albert Museum

#### PERFORMANCE COMMENTARY (INCL MEASURES)

The Department and its ALBs have been successful in reducing total waste across the group in line with the Department's aim to reduce the amount of waste generation across the organisation.

2011-12 increase reflects one-off increases in waste of 2,509 tonnes arising from British Library construction work on a new building and some smaller waste increases arising from office estate due to the impact of the closure and mergers of the some of the Department's ALBs.

#### CONTROLLABLE IMPACTS COMMENTARY

The main direct impacts of waste for the Department and its ALBs are in relation to estates' waste and operational waste from the Departments heritage and culture bodies (visitors, exhibition development and specialist equipment).

Office waste is expected to decrease following rationalisation of the Department and ALBs estates.

#### OVERVIEW OF INFLUENCED IMPACTS

The Department and its ALBs are able to place certain quality objectives on its suppliers in terms of their waste disposal performance. For example, The Natural History Museum is working with its suppliers to on take back schemes for specialist equipment and packaging.

**TABLE 5 - FINITE RESOURCE CONSUMPTION**

			2009-10	2010-11	2011-12
Non-Financial Indicators ('000 m <sup>3</sup> )	Water consumption (Office Estate)	Supplied	n/a	531	544 <sup>1</sup>
		Abstracted	n/a	49	10
		Per FTE	n/a	0.03	22
	Water consumption (non-Office Estate)	Supplied	n/a	285	307
		Abstracted	n/a	600	729
Financial Indicators (£k)	Water Supply Costs (Office Estate)		n/a	861	979
	Water Supply Costs (non-Office Estate)		n/a	453	474

<sup>1</sup> Figure includes 6000m<sup>3</sup> increase due to cleaning of V&A façade in 2011-12. There was also an increase due to the breakdown of the borehole pump between May and December 2011 at the Natural History Museum.

The ALBs included in the performance results in Table 5 are DCMS, Arts Council of England, British Library, Natural History Museum, Victoria & Albert Museum, British Museum, Tate, Imperial War Museum, Royal Parks, National Gallery, Visit Britain, British Film Institute, English Heritage

**TABLE 6 - FINITE RESOURCE CONSUMPTION**

			2009-10	2010-11	2011-12
Non-Financial Indicators ('000 m <sup>3</sup> )	Water consumption (Office Estate)	Supplied	n/a	n/a	208
		Abstracted	n/a	n/a	0
		Per FTE	n/a	n/a	90
	Water consumption (non-Office Estate)	Supplied	n/a	n/a	0
		Abstracted	n/a	n/a	0
Financial Indicators (£k)	Water Supply Costs (Office Estate)		n/a	n/a	325
	Water Supply Costs (non-Office Estate)		n/a	n/a	0

The ALBs included in the performance results in Table 6 are National Museums Liverpool, Olympic Delivery Authority, National Maritime Museum, Science Museum Group

### PERFORMANCE COMMENTARY (INCL MEASURES)

Water scarcity is becoming an increasing issue. Apart from one-off costs, the Department and its ALBs total water consumption has reduced over recent years but more work is required

### CONTROLLABLE IMPACTS COMMENTARY

The Department's and its ALBs major impacts in terms of water consumption are visitor water use at the Department's cultural and heritage sites and office consumption from toilets and cooling plants.

## OVERVIEW OF INFLUENCED IMPACTS

Staff awareness programmes are in place at a number of the Department's ALBs to minimise consumption. For example the Natural History Museum worked with Thames Water to deliver water efficiency awareness sessions that were open to all staff.

### **Climate Change**

A changing climate could have an economic and social impact on DCMS sectors resulting in damage to our historical and cultural assets, difficulties in maintaining public parks and sports pitches; and flooding of tourist destinations and leisure facilities. However, this changing climate could also provide opportunities. There could be a greater call for outside events and sports in summer, an increase in tourism and investment in sustainable architecture. We and our ALBs have a role to play in mitigating future damage by reducing carbon emissions and contributing to the overall UK and global, drive to create a more sustainable future.

DCMS have published a Climate Change Plan 2010-2012 that describes how we address the challenges of climate change through mitigation – carbon reduction and adaptation – managing the adverse effects of climate change. It sets out what actions we will deliver to adapt policy, departmental processes and estate to a changing climate, for ourselves and our Non-Departmental Public Bodies (NDPBs). The Plan can be found at

[http://webarchive.nationalarchives.gov.uk/+http://www.culture.gov.uk/reference\\_library/publications/6797.aspx](http://webarchive.nationalarchives.gov.uk/+http://www.culture.gov.uk/reference_library/publications/6797.aspx)

Our current priorities are to:

- provide our sectors with information, evidence and support to help effectively embed adaptation into business processes, capital investments and policy development. The risks of climate change and sustainability will be key considerations when making future capital investments, and in procurement and risk management. We are encouraging key strategic NDPBs to take a similar approach
- continue to play a positive role in raising awareness and generating debate in our sectors of the likely impacts of climate change and helping them to understand what they can do in response
- provide further forums for policy makers and front-line practitioners to promote and share best practice and identify emerging issues across the sectors
- continue to implement and promote sustainability, low carbon measures and adaptation with the planning for the London 2012 Olympic and Paralympic Games
- develop specific adaptation plans for our sectors

## Management Commentary 2011-12

### DCMS Responsibilities

The Department for Culture, Media and Sports has policy responsibility for museums, galleries and libraries, the built heritage, the arts, sport, broadcasting, and the National Lottery. It also sponsors the tourism, media, music, licensing, gambling and creative industries.

The Department is directly responsible for listing buildings of special architectural or historical interest, scheduling ancient monuments, deciding applications for scheduled ancient monument consent, licensing the export of cultural goods and managing the Government Art Collection.

The Department also has a number of ceremonial duties including co-ordinating aspects of state visits, the Diamond Jubilee, and the annual service of the national remembrance at the Cenotaph.

The Department is responsible for the telecoms industry, spectrum policy, broadband delivery (including Broadband Delivery UK) and internet policy and governance.

We are also responsible for fashion design, advertising and the arts market, as well as working on design issues and on relations with the computer games and publishing industries.

Most policy delivery in these fields is carried out through Non-Departmental Public Bodies (NDPBs). The Department funds over 46 public bodies to deliver direct sporting and cultural support to the public. The bodies include one Executive Agency – the Royal Parks, two public broadcasting authorities, three public corporations and 40 non-departmental public bodies (NDPB's)

As part of the review of the Arm's Length Bodies, the Secretary of State also decided to close the UK Film Council, transferring essential activities to another body whilst establishing a direct and less bureaucratic relationship with the British Film Institute; and abolish the Museums, Libraries and Archives Council in order to focus efforts on front-line, essential services and ensure greater value for money. The responsibilities for essential functions will transfer to Arts Council England.

### Priorities

DCMS published its refreshed Business plan for 2012-2015 on 31 May 2012 following which the six priorities that were previously identified became five;

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

## What we do

DCMS's policy responsibilities within Government are both broad and diverse ranging from the Arts and the Historic Environment to the National Lottery and Sport.

Brief descriptions of the main DCMS sectors are outlined below:

- *Telecoms, Creative and Media*

DCMS provides funding and support for the telecoms, creative and media industries. It manages spectrum and telecommunications policy, is responsible for issues around press regulation and promotes the UK's creative industries. It sponsors Ofcom and is the Government department with responsibility for the BBC.

- *The Arts*

DCMS provides support to the Arts and sponsors the Arts Council. It supported the 2012 Cultural Olympiad and the associated programme of events across the UK. DCMS is also responsible for the Government Art Collection. Works from the Collection are displayed in major public buildings both in the UK and around the world.

- *The National Lottery*

DCMS has policy responsibility for the National Lottery. It sponsors the National Lottery Commission and co-ordinates the activity of the organisations which distribute money from the National Lottery to the 'Good Causes'. The original good causes were: sports; the arts; heritage; charities; projects to mark the third Millennium.

- *Heritage, Libraries & Museums*

Our great historic collections are a priceless national asset and DCMS is responsible for conserving this rich inheritance and making it accessible to this and future generations. DCMS directly sponsors 17 national museums and galleries and is responsible for museums policy in England. In addition, DCMS has statutory responsibility to superintend the delivery of the English public library service by local authorities and promote its development.

- *Tourism*

Tourism is one of our largest industries and DCMS aims to be its champion in Government to help create a competitive world-class tourism industry in Britain. The Department sponsors Visit Britain to promote Britain abroad.

- *Sport*

The Government has the highest aspirations for sport in this country. DCMS helps to deliver the Government's policy of encouraging the widest possible participation in sport at all levels, and realise its ambitions for sporting success at the highest levels. The Department oversees the work of Sport England and UK Sport and it helps set the Government strategy for a whole range of sporting issues from sports in schools to international sports policy.

- *The Royal Parks Agency*

The Agency carries out the Secretary of State's duty of care for the Royal Parks which comprise: Hyde Park, St James's Park, Kensington Gardens, The Green Park, Regent's Park, Greenwich Park, Primrose Hill, Bushy Park and Richmond Park. The Agency is committed to enhancing, protecting and preserving the Royal Parks for the benefit of this and future generations.



- *Public Bodies*

DCMS provides funding for other public bodies to deliver direct sporting and cultural support to the public. The list of public bodies is provided in detail in in note 29 of the notes to the accounts.

## **Departmental Reporting Cycle**

The department produces a set of annual report and accounts which is laid before the Parliamentary summer recess on an annual basis. However, work on the Olympics and Paralympics created substantial pressure particularly for DCMS with the majority of our resources focusing on the Games from May until September 2012. In the light of this, it was clear that it would not be realistic for us to seek to lay the 2011-12 group accounts before January 2013.

The department also lays before Parliament an annual Main Estimate, along with a Supplementary Estimate later in the year. Copies of the Main and Supplementary Estimates can be found on the Treasury website at: [http://www.hm-treasury.gov.uk/psr\\_estimates\\_mainindex.htm](http://www.hm-treasury.gov.uk/psr_estimates_mainindex.htm) and [http://www.hm-treasury.gov.uk/psr\\_estimates\\_supplementary.htm](http://www.hm-treasury.gov.uk/psr_estimates_supplementary.htm)

## **Spending Review**

The Department has set out its planned expenditure over the next spending review period, as agreed with the Treasury, in its Business Plan 2011-2015. The Business Plan was refreshed on 31 May 2012 which sets out the programme of work for the next three years; the latest version can be found at - [http://www.culture.gov.uk/about\\_us/dcms\\_business\\_plan.aspx](http://www.culture.gov.uk/about_us/dcms_business_plan.aspx)

## **Progress against Business Plan**

The Department's priorities, key actions and performance indicators are set out in its published business plan, based on the Spending Review 2010. The progress and performance against these key actions and priorities are reported in the achievements section of this annual report with more detail provided on new Number10 transparency website - <http://transparency.number10.gov.uk/>

## **Basis of Preparation of the Resource Accounts**

The Department's responsibilities are based on their Voted and Non-Voted Expenditure in accordance with the Main and Supplementary Estimates as such the accounts have been prepared on this basis.

### ***Voted Expenditure***

This covers the Department's own administration costs, the grant-in-aid funding to our sponsored bodies, the allocation of the TV Licence fee income to the BBC, and grants given to other bodies and their associated costs.

### ***Non-Voted Expenditure***

This covers the grants provided by the Lottery distributors through the Olympic Lottery Distribution Fund and the National Lottery Distribution Fund to support the Olympics and local and grassroots projects.

## Financial Commentary

The Department is accountable to Parliament for its expenditure. Parliamentary approval for its spending plans was sought through Supply Estimates presented to the House of Commons, specifying the estimated expenditure and requesting the necessary funds. The Department then drew down funds in year from the Consolidated Fund as required. These funds are used for departmental expenditure including support of our Arms-Length Bodies. The Estimate includes forecasts of spending financed by income from the lottery, which is not expenditure voted by Parliamentary for control purposes.

DCMS's budget comprises two types of expenditure:

- Departmental Expenditure Limit (DEL): firm, planned budgets set for multi-year periods
- Annually Managed Expenditure (AME): volatile, or demand-led budgets.

Following the completion of the Clear Line of Sight project, the format and contents of the Estimate have changed. The outturn figures shown now represent the net expenditure of both the Department and its Arm's Length Bodies. The elimination of intra-Group transactions has had an impact on spend by Estimate line, although this is reversed out where one party to an elimination reports in a different control framework.

For the first year of the DCMS group, comprised of the departmental core, one agency and forty three other bodies, has reported gross assets to the value of £14bn, and had expenditure of £8bn. This included both funds voted by Parliament from the Consolidated Fund and lottery transactions.

The Consolidated Statement of Cash Flows analyses the net cash flow from operating activities, identifies cash spent by the Department on capital expenditure and investment and shows the funding that the Department drew down in order to finance its activities during the year. The Statement of Parliamentary Supply in the Accounts shows outturn figures against Estimate.

The Resource DEL outturn position for 2011-12 was £77m underspent and this position is shown below:

£000	Estimate			Outturn			Outturn compared with Estimate Saving/(Excess)
	Voted	Non-Voted	Total	Voted	Non-Voted	Total	
Resource	1,624,014	-	1,624,014	1,546,753	-	1,546,753	77,261

Note 2.1 shows more detail of the individual lines that are included within this total. This saving on Estimate was mainly as a result of lower depreciation charges across the range of DCMS's Arm's Length bodies than anticipated.

An adjustment was made to reflect a transaction between Sport England and LOCOG. This created compensating variances on the sport and Olympic lines (lines H and U).

The other major variance in the resource DEL table was a £87m underspend on the museums and Galleries sponsored bodies line B, which was mainly due to lower depreciation charges in year than anticipated.

Payments to OFCOM by DCMS were not offset by income from Wireless Telegraphy Act fees, as the income was surrendered direct to the Treasury, as shown in the Media sponsored bodies line O.

The Capital DEL outturn position for 2011-12 was £19m underspent (more detail is shown in Note 2.2), and this position is shown below:

£000	Estimate			Outturn			Outturn compared with Estimate Saving/(Excess)
	Voted	Non-Voted	Total	Voted	Non-Voted	Total	
Capital	1,276,124	-	1,276,124	1,256,839	-	1,256,839	19,285

This saving was mainly caused by an underspend by the Olympic Delivery Authority, which still delivered the Games on time and under budget.

Purchases by a small number of museums resulted in an overspend against the Museums and Galleries sponsored bodies line B.

There were also some variances between the AME forecasts and the final outturn. The vast majority of the voted AME expenditure relates to the BBC. This included expenditure on the BBC Pension Scheme. The outcomes for this are shown below:

£000	Estimate			Outturn			Outturn compared with Estimate Saving/(Excess)
	Voted	Non-Voted	Total	Voted	Non-Voted	Total	
Resource	3,262,907		3,262,907	2,828,838		2,838,838	434,069
Capital	191,500	-	191,500	172,012	-	172,012	19,488

The underspend against Resource AME was due to savings by the BBC as well as the release of provisions by DCMS's Arm's Length Bodies, most notably by the Olympic Delivery Authority.

#### *Non-voted*

Outturn expenditure by lottery distributors was higher than forecast, this reflects an increase in drawdown to pay grants against commitments made earlier. Lottery distributors' expenditure is not limited by Parliamentary or Treasury control totals but is only constrained by the amount of lottery funding held for them in the National Lottery Distribution Fund. The non-voted data are essentially in the Estimate and Statement of Parliamentary Supply for information purposes only.

The Department's Net Cash Requirement is the amount of cash needed to support the Department's activities. The Statement of Parliamentary Supply provides a reconciliation of the Estimate to the Net Cash Requirement and shows an overall variance of £24.4m (0.42 per cent) against the Estimate provision for the Net Cash Requirement of £5,854m.

In 2011-12 the Treasury introduced a new system to enable the transfer of budgets between financial years. The Department used this new Budget Exchange mechanism to transfer £5m of Resource DEL and £63.6m of Capital DEL funding from 2011-12 into 2012-13.

### **Clear Line of Sight (CLOS) boundary and Machinery of Government (MoG)**

The accounts of the Departmental Group have been impacted in 2011-12 by the changes in the accounting boundary under the Treasury CLOS initiative, Transfers of Functions following MoG changes and by classification changes introduced as part of the 2010 spending review. Further details are given below and where there is an impact on the Department's accounts this is shown in Note 1.35.

### *CLOS Boundary changes*

Under the CLOS initiative to align the rules governing budgets, accounts and estimates the accounts of Departmental bodies included in the Designation Order (The Government Resources and Accounts Act 2000 (Estimates and Accounts) (Amendment) Order 2011 - SI 3004) have been consolidated with those of the Department. Transactions between the bodies within the consolidation have been eliminated.

### *Machinery of Government (MoG) changes*

MoG changes are applied to the accounts under merger accounting principles in line with the FReM and HMT requirements. Where a transfer of function is applied under merger accounting principles, the accounts are produced to reflect the position as if the function had always been in existence in the receiving body's accounts and, conversely, as if it had never been in existence in the transferring body's accounts. The impact of this application is that prior year comparative financial data (but not staff numbers) in the accounts is restated. One MoG change has been incorporated in the Department's accounts during 2011-12:

With effect from 1 April 2011 responsibility for the Information Economy programme budget and 49 staff moved from the Department for Business, Innovation and Skills (BIS) to DCMS. This included responsibility for sponsorship of OFCOM.

### *Classification changes*

As a result of the 2010 spending review the classification of programme and administration income and expenditure has been changed to ensure that expenditure and income which is administration in nature, eg agency running costs, forms part of the DCMS administration costs. This change requires that 2010-11 outturn reported last year is restated to align with the new definitions.

### *Accounting policy change*

As reported in Note 1.5 to the accounts the treatment of government grants and donated assets has changed and such accounting policy changes would be expected to result in prior period adjustments. In the Department's case neither change requires adjustment in the amounts reported since separate balances were not maintained for either a government grant or donated asset reserve, the relevant balances being held within the general reserve. The abolition of these reserves therefore does not affect balances reported in reserves at 31 March 2010 or 31 March 2011.

### **Retention of Income previously paid over to the Consolidated Fund**

As a result of the 2010 spending review, Departments are allowed to retain income which is within the ambit of the Vote and where the income does not exceed 20% of the overall income allowable within the Estimate. In order to provide meaningful comparative data, these accounts have been restated to present the prior year position as if income, previously surrendered to the Consolidated Fund, had been retained.

### **NDPB Closure**

During or at the end of 2011-12 a number of departmental NDPBs were closed or were reorganised such that they lost operational activities. The Department has considered these changes against the requirements of IFRS 5 - Non-current assets held for sale and discontinued operations. It has determined that none of these changes should be recognised as a discontinued operation because neither of the criteria expressed in IFRS 5 – that the change represents a separate major line of business or major geographical area of operations – has been met.

The impact of these closures on these accounts is as below

### *CABE*

Under The Commission for Architecture and the Built Environment (Dissolution) Order 2012 CABE was dissolved on 21 January 2012. CABE had ceased almost all of its operations on 31 March 2011. As

far as possible it had cleared all its assets and paid off all liabilities as at 21 January 2012. All CBE bank balances were returned to the Department on 21 January 2012. The Department has taken on CBE's final closing receivables, liabilities and reserves and will receive cash for the receivables and discharge the liabilities as they fall due.

### *MLA*

The functions of MLA, a departmental NDPB and limited company, were closed or passed to other bodies in early 2012. MLA went into voluntary liquidation on 6 July 2012. MLA's accounts to 31 March 2012 include all liabilities expected to be recognised before final closure and are consolidated into these accounts.

## **Policy on payment of suppliers**

Following Budget 2010, the Government has announced a new target for central Government Departments to pay 80% of valid invoices within 5 working days to build upon the success of the 10 day target which was introduced in late 2008. There is also the expectation is that all "arms-length bodies" under the financial direction of central Departments also have plans in place to pay within five days.

DCMS (department only) performance against the target of valid invoices paid within 5 days in 2011-12 was 83.2% (2010-11: 72.6%) whilst total payment of invoices paid within 30days in 2011-12 was 100% (2010-11: 99.5%).

## **Consultancy and Temporary Staff**

Consultancy spend for 2011-12 was £2.22m against last year's figure of £0.35m. The bulk of the increase in expenditure from 2010-11 (£1.58m) is accounted for by Broadband Delivery UK (BDUK), who transferred to DCMS from BIS at the start of 2011-12. The remainder of the increase (£0.29m) largely relates to ramp up of Olympics costs in the run-up to the 2012 Games.

As well as consultancy spend during the year, the department spent £0.66m (£50,000 on BDUK) on temporary staff and £4.044m on interim managers (£2.894m on BDUK). The bulk of the expenditure relates to the 'ramp-up' of Olympic costs in the run up to the Games, as a Games Readiness & Strategic Risk Assessment project was carried out in 2011-12.

## **Resources**

### **Health & Safety Reporting**

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

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

### **Sickness Absence Data**

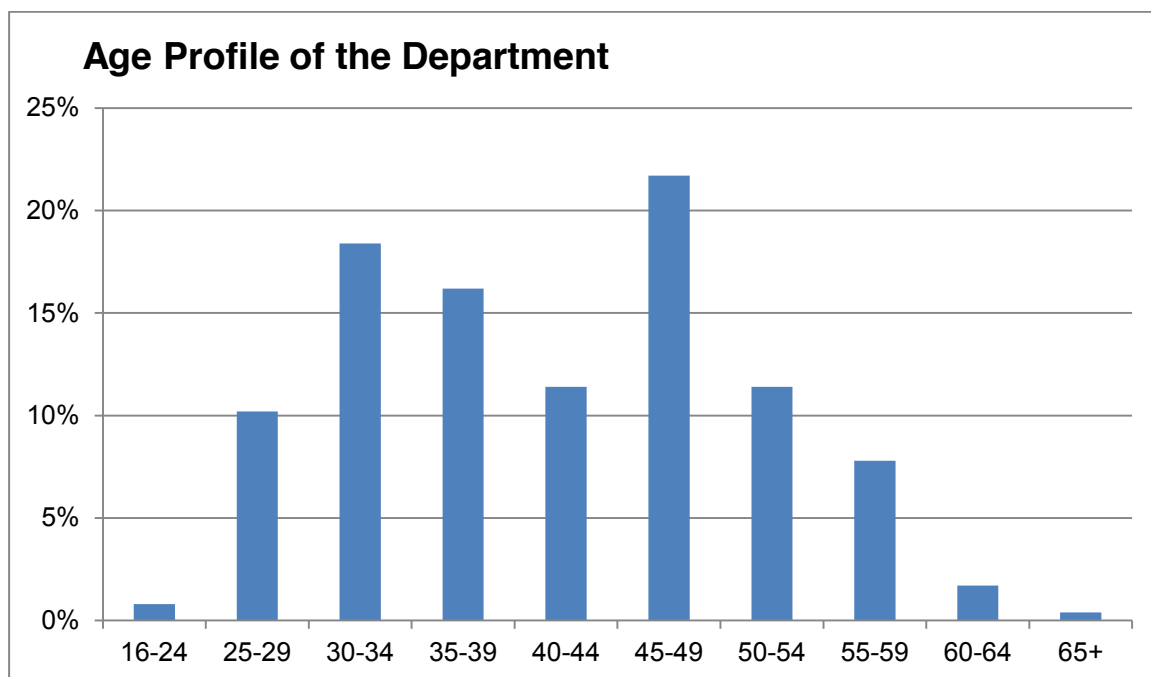
Average day's sickness absence per full time equivalent employed by DCMS during the year was 4.9 days (2010-11: 4.8 days)

## **Workforce size and composition**

DCMS is a small government department with an almost wholly strategic function, where policy development, industry sponsorship and stewardship of its many sponsored bodies form the core functions, with a small number of staff in support dealing with accommodation, human resources, finance etc. Significant programmes include the 2012 Olympic Games and Broadband delivery The workforce reflects these tasks in grade structure and qualifications, with 78.2% of staff in 2011-12 (2010-11: 73.1%) employed at middle-management level, professional and senior management roles.

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

Age	16-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65+	Total
%	0.8	10.2	18.4	16.2	11.4	21.7	11.4	7.8	1.7	0.4	100



The profile has been based on full time equivalent staff in post as at 31 March 2012 and excludes agency staff.

The grading structure for the Department is as follows:

Grade	Payroll staff at 31 March 2012 (FTE)	Payroll staff at 31 March 2011 (FTE)
Permanent Secretary	1	1
Senior Civil Service pay band 3	1	2
Senior Civil Service pay band 2	7.9	9.0
Senior Civil Service pay band 1	31.3	35.6
Grade A(Upper) (Grade 6)	29.9	31.2
Grade A (Grade 7)	124.2	117.3
Grade B (HEOD fast stream)	9.7	13.0
Grade B (HEO/SEO)	162.3	156.1
Grade C (EO)	66.6	89.4
Grade D (AO/AA)	23.0	28.9
<b>Total</b>	<b>456.9</b>	<b>483.5</b>

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

48 senior civil servants were in post and on the department's payroll as at 1 April 2012. Subsequently,

1 senior civil servant left in the first quarter of the 2012-13 financial year. The table below shows the number of staff paid £50,000 or above, in £5,000 increments, during the financial year 2011-12

Salary Band	Number of Staff
£55,000 – £59,999	23
£60,000 – £64,999	16
£65,000 – £69,999	8
£70,000 – £74,999	3
Over £75,000	20

The table below further shows the number of staff in the Department split between male and female for the year to 31 March 2012 of which the proportion of women on the executive board excluding ministers was 57%.

FTE year to 31 March 2012			
Grade	Female	Male	Total
SCS	21.7	28.1	49.8
A(U)	13.2	19	32.2
A	50.9	65.5	116.4
B	71.3	92.8	164.1
HEOD	5.4	8	13.4
C	37.9	41.9	79.8
D	12	13	25
<b>Grand Total</b>	<b>212.4</b>	<b>268.3</b>	<b>480.7</b>

### Equal opportunities and diversity

The department is an equal opportunities employer. We do not discriminate against staff or eligible applicants for posts on the grounds of gender, marital status, race, colour, nationality, ethnic origin, religion, disability, age or sexual orientation. All staff are treated equally and fairly and decisions on recruitment, selection, training, promotion and career management are based solely on objective and job-related criteria. DCMS encourages arrangements for flexible working patterns and is committed to creating a culture where individual differences are valued and respected. The department does not tolerate any form of discrimination, harassment or victimisation.

The department has a programme of equal opportunities awareness training for all staff and promotes equality and diversity. This is reviewed annually.

More information on both these and the equality scheme can be found at this site:

[http://www.culture.gov.uk/about\\_us/working\\_with\\_us/7266.aspx](http://www.culture.gov.uk/about_us/working_with_us/7266.aspx).

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

### Employment of disabled persons

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

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

A disability reference group reviews related issues.

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

## Correspondence performance

DCMS has continued to build on last year's success by further streamlining correspondence procedures and improving handling processes. The result of which has meant that almost two-thirds of the 20,000 items of correspondence received during the course of the year were responded to within 48 hours. Despite this remarkable performance, the ambition is to increase this further and work toward a target of 70 per cent. No other Whitehall department comes close to matching this performance. Further success has been achieved with performance against the Department's new target of 90 per cent of all correspondence answered within 10 working days having already been met. This has all been accomplished alongside making progress ahead of schedule in reducing resources.

The breakdown of our results are:

- Performance for both Treat Official correspondence (where replies are by officials) and the Ministerial correspondence (approved and signed by Ministers) to 10 working days = 90%
- Performance as above to 48 hours = 64%

## Reporting of Personal Data Related Incidents

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

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

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

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

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

<b>TABLE 1: SUMMARY OF PROTECTED PERSONAL DATA RELATED INCIDENTS FORMALLY REPORTED TO THE INFORMATION COMMISSIONER'S OFFICE IN 2011-12</b>				
<b>Statement on information risk</b>	The Department holds very little personal data, and its information risks have been identified and are mitigated in line with Cabinet Office requirements.			
<b>Date of incident (month)</b>	<b>Nature of incident</b>	<b>Nature of data involved</b>	<b>Number of people potentially affected</b>	<b>Notification steps</b>
NONE				
<b>Further action on information risk</b>				



<b>TABLE 2: SUMMARY OF OTHER PROTECTED PERSONAL DATA RELATED INCIDENTS IN 2011-12</b>		
Incidents deemed by the Data Controller not to fall within the criteria for report to the Information Commissioner's Office but recorded centrally within the Department are set out in the table below. Small, localised incidents are not recorded centrally and are not cited in these figures.		
<b>Category</b>	<b>Nature of incident</b>	<b>Total</b>
<b>I</b>	Loss of inadequately protected electronic equipment, devices or paper documents from secured Government premises	NONE
<b>II</b>	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured Government premises	NONE
<b>III</b>	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	NONE
<b>IV</b>	Unauthorised disclosure	NONE
<b>V</b>	Other	NONE

## Auditors

These accounts have been audited by the Comptroller and Auditor General (C&AG). The audit fee for the core Department is £635k in total (2010-11: £121k). In the prior year, charges were for the departmental audit work only, including WGA and the implementation of IFRS. The non-cash audit fee for TRP was £41k (2010-11: £41k).

The total cost of audit for all the bodies across the departmental group is £3,776k of which £3,100k is a cash charge and £676k is a notional charge (2010-11: total £3,798k comprising £3,636k cash costs and £162k notional charge).

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

The audit of the designated bodies was carried out by NAO under various statutes and the costs are included in the figures disclosed above. Further details are given in the accounts of the bodies concerned.

## Remuneration Report: Core DCMS Only

Equivalent information relating to The Royal Parks agency is given in its separate accounts. Other ALBs give equivalent information in their own accounts where required to do so by the FReM.

### Service Contracts

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

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

Further information about the work of the Civil Service Commission can be found at [www.civilservicecommission.org.uk](http://www.civilservicecommission.org.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 (i.e. Board members) of the department.

### Remuneration (salary and payments in kind)

#### Ministers

	2011 – 12	2010 -11
	Salary £	Salary (full year equivalent) £
Rt Hon Jeremy Hunt MP Secretary of State	68,827	61,056 (68,827)
John Penrose MP (Minister for Tourism and Heritage)	23,697	20,894 (23,697)
Hugh Robertson MP (Minister for Sport and the Olympics)	23,697	20,894 (23,697)
Ed Vaizey MP (Minister for Culture, Communications and Creative Industries)	23,697	20,894 (23,697)

There were no benefits in kind paid.

**Officials**

	2011-12		2010 - 11	
	Salary	Performance Related Payments	Salary	Performance Related Payments
	£000	£000	£000	£000
* Jonathan Stephens Permanent Secretary	155 – 160	-	155 – 160	-
* Jeremy Beeton Director General	225 – 230	195 - 200	225 – 230	130 - 135
* Simon Judge Director	95 – 100	-	95 - 100	5 - 10
Clare Pillman Director	95 – 100	-		
Jon Zeff Director	90 – 95	5 – 10		
* Helen MacNamara Director	80 - 85 (Full time full year equivalent 85 - 90)	5 – 10		
David Brooker Director	96 – 100	-		
Rita French Director From 1 October 2011	40 – 45 (Full year equivalent 85 - 90)	5 - 10		
Andrew Ramsay (to 31 March 2011)	-	-	130 – 135	-

	2011-12	2010-11
Band of highest paid Director's total remuneration	425 - 430	350 - 355
Median total actual remuneration (FTE)	£33,495	£33,251
Ratio	12.76	10.60

\* Jonathan Stephens, Jeremy Beeton, Simon Judge and Helen MacNamara were also members of the Departmental Board.

The pay multiple included above and in the table would change to 8.15 (2010-11:8.45) if the performance bonus of Jeremy Beeton was excluded. The performance bonus represents payments made as part of a fixed term contract and was tied to his work on the Olympic Games. The performance payments included a long-term performance element related to performance over the years 2007 – 2011, and not just to performance in 2011-12. This performance bonus was specific to the package of remuneration designed to recruit someone to help ensure a successful Olympic Games, and does not represent the norm across the department.

Clare Pillman, Jon Zeff, Helen MacNamara and David Brooker were appointed to the Executive Board with effect from 1 April 2011. Their remuneration details are disclosed with effect from that date. Rita French was appointed to the Executive Board with effect from 1 October 2011.

The remuneration details for Clare Pillman include a one-off relocation allowance.

Jeremy Beeton was appointed in 2007, following an external competition supervised by the Civil Service Commissioners, on a fixed term contract ending in 2012 after the Olympic and Paralympic games. His remuneration, agreed with HM Treasury and the Cabinet Office, reflects his extensive experience in the construction industry with the unique challenge of delivering the Olympics to a fixed deadline. His annual salary is in the range of £225k - £230k and he is additionally eligible for both an

annual bonus scheme linked to achievement of specific annual performance targets, and a long term bonus scheme linked to achievement of specific measurable performance targets in 2010, 2011 and 2012.

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

### **Pay Multiple**

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.

No employees received remuneration in excess of the highest-paid director during 2011-12 or 2010-11.

Total remuneration includes salary, non-consolidated performance-related pay which relates solely to the 2011 – 2012 performance year, benefits-in-kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions. The long-term pay awards made to the Director General for GOE have been included in the calculation of the pay multiple in the table. These payments were made undercontractual arrangements linked to targets that span financial years.

The ratio is calculated by dividing the midpoint of the highest paid director's remuneration band by the median of the total annualised March 2012 remuneration of all staff (permanently employed and others). The latter is reported to the nearest £1,000 although the calculation of the ratio uses the exact number. The ratio has changed because of additional recruitment on fixed term appointments and on loan from other departments for the duration of the Olympic and Paralympic Games.

### **Non-Executive Directors**

<b>Remuneration and full year equivalent</b>		
	<b>2011 – 12 £000</b>	<b>2010 – 11 £000</b>
David Verey CBE	20 – 25	5 - 10 (20-25)
Peter Bazalgette	15-20	0 - 5 (15-20)
Tracy Long	15-20	5 - 10
Lord Coe	-	-
Ann Green (to 31 December 2010)	-	5 - 10

Lord Coe did not receive any remuneration.

### **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 (£65,738 from 1 April 2010) 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.

### **Performance pay awards**

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2011-12 relate to performance in 2010-11 and the comparative bonuses reported for 2010-11 relate to the performance in 2009-10.

### **Ministerial pensions**

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

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

Benefits for Ministers are payable at the same time as MPs' benefits become payable under the PCPF or, for those who are not MPs, on retirement from Ministerial office from age 65. Pensions are re-valued annually in line with Pensions Increase legislation. From 1 April 2009 members pay contributions of 5.9% of their Ministerial salary if they have opted for the 1/60<sup>th</sup> accrual rate, 7.9% of salary if they have opted for the 1/50th accrual rate or 11.9% of salary if they have opted for the 1/40th accrual rate. There is also an employer contribution of 28.7% of the Ministerial salary paid by the Exchequer representing the balance of cost as advised by the Government Actuary. Increases to member and Exchequer contributions will apply from 1 April 2012.

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

### **The Cash Equivalent Transfer Value (CETV)**

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. 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****Ministers (those in post during the financial year)**

Minister	Accrued pension at age 65 as at 31/3/12	Real increase in pension at age 65	CETV at 31/3/12	CETV at 31/3/11	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Rt Hon Jeremy Hunt MP Secretary of State	0 - 5	0 - 5	32	14	9
John Penrose MP (Minister for Tourism and Heritage)	0-5	0 - 5	16	8	4
Hugh Robertson MP (Minister for Sport and the Olympics)	0-5	0 - 5	11	6	4
Ed Vaizey MP (Minister for Culture, Communications and Creative Industries)	0-5	0 - 5	14	7	3

**Civil Service Pensions**

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

Employee contributions are set at the rate of 1.5% of pensionable earnings for **classic** and 3.5% for **premium**, **classic plus** and **nuvos**. Increases to employee contributions will apply from 1 April 2012. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

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

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

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

### **Cash Equivalent Transfer Values**

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

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out 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.

### **Real increase in CETV**

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

### **Compensation for loss of office**

Compensation for loss of office was not paid to any Board Members.

**Officials (in post during the financial year)**

<b>Board Member</b>	<b>Accrued pension at pension age as at 31/3/12 and related lump sum</b>	<b>Real increase in pension and related lump sum at pension age</b>	<b>CETV at 31/3/12</b>	<b>CETV at 31/3/11</b>	<b>Real increase in CETV as funded by the employer</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Jonathan Stephens Permanent Secretary	55 – 60 plus Lump sum of 175 - 180	-	1,076	1,003	No increase
Jeremy Beeton Director General	25 – 30	0-5	308	235	48
Simon Judge Director	35 – 40 plus a lump sum of 105 - 110	No increase	642	597	No increase
Clare Pillman Director	20 – 25 plus a lump sum of 70 – 75	0 - 5 plus a real increase in lump sum of 2.5 – 5.	384	332	24
Jon Zeff Director	20 – 25 plus a lump sum of 70 - 75	No increase	367	341	No increase
Helen MacNamara Director	5 - 10 plus a lump sum of 25 - 30	0 – 5 plus real increase in lump sum of 5 – 7.5.	111	90	19
Rita French Director	10 – 15 plus lump sum of 35 - 40	0 – 5 Plus real increase in lump sum of 0 – 2.5	141	128	9
David Brooker Director	40 – 45 plus a lump sum of 130 to 135	No increase	992	937	No increase



**Reporting of Civil Service and other compensation schemes – exit packages**

Exit package cost band	Core Department		
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	-	-	-
£10,000 - £25,000	-	5	5
£25,000 - £50,000	-	4	4
£50,000 - £100,000	-	11	11
£100,000 - £150,000	-	4	4
£150,000 - £200,000	-	1	1
£200,000 - £250,000	-	1	1
<b>Total number of exit packages</b>	-	<b>26</b>	<b>26</b>
<b>Total cost /£</b>	-	<b>£1,906,281</b>	<b>26</b>

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where the department has agreed early retirements, the additional costs are met by the department and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

Signed and approved

Jonathan Stephens  
Accounting Officer

Date 25 February 2013

## Statement of Accounting Officer's Responsibilities

Under the Government Resources and Accounts Act 2000 (the GRAA), HM Treasury has directed the Department for Culture, Media and Sport to prepare, for each financial year, consolidated accounts detailing the resources acquired, held, or disposed of and the use of resources during the year by the Department (inclusive of its executive agency) and its sponsored non-departmental and other arms length public bodies designated by order made under the GRAA by Statutory Instrument 2011 nos 723 and 2004 (together known as the 'departmental group', consisting of the Department and bodies listed in Note 29 to the accounts). The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Department and the departmental group and of the net resource outturn, resources applied to objectives, recognized gains and losses and cash flows of the departmental group for the financial year.

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

- observe the Accounts Direction issued by 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 arms 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;
- and
- prepare the accounts on a going concern basis.

The Treasury has appointed Jonathan Stephens, the Permanent Head of the Department, as Accounting Officer of the Department for 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 arms length public bodies as Accounting Officers of those bodies. The Accounting Officer of the Department is responsible for ensuring that appropriate systems and controls are in place to ensure that any grants that the Department makes to its sponsored bodies are applied for the purposes intended and that all income and expenditure of the sponsored bodies is properly accounted for, for the purposes of consolidation within the accounts. 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.

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 for Culture, Media and Sport or non-departmental or other arms length public body for which the Accounting Officer is responsible, are set out in *Managing Public Money* published by HM Treasury.

## Governance Statement

### GOVERNANCE STRUCTURE

The governance structure set out below applies to the core Department, also referred to as DCMS in this statement.

#### Ministers

The Ministers who had responsibility for the Department during the year and to the date of account signature were:

Rt Hon Jeremy Hunt MP	Secretary of State for Culture, Olympics, Media and Sport (until 4 September 2012)
Rt Hon Maria Miller MP	Secretary of State for Culture, Media and Sport, and Women and Equalities (from 4 September 2012)
Rt Hon Hugh Robertson MP	Minister for Sport and Tourism (until 13 August 2012 Minister for Sport and the Olympics)
Ed Vaizey MP	Minister for Culture, Communications and Creative Industries
John Penrose MP	Minister for Tourism and Heritage (until 4 September 2012)

#### Senior staff

Senior staff\* on the DCMS Board for were:

Jonathan Stephens	Permanent Secretary
Andrew Ramsay	Director General, Programmes and Partnerships (until April 2011)
Jeremy Beeton	Director General, Government Olympic Executive (until 3 November 2012)
Simon Judge	Director, Finance (until 12 July 2012)
Helen MacNamara	Director
Samantha Foley	Director, Finance (from 19 September 2012)
Jon Zeff	Director (from 19 September 2012)

\* Other Directors on the Executive Board were: Clare Pillman, Rita French (to November 2012) and David Brooker. Ministers do not sit on the Executive Board.

## Non-Executive Board Members

The Non-Executive Board Members on the DCMS Board were:

David Verey	Lead Non-Executive Board Member
Sir Peter Bazalgette	Non-Executive Board Member
Dr Tracy Long	Non-Executive Board Member; Chair of the Audit and Risk Committee
Lord Coe	Ex officio <sup>11</sup> (until 18 October 2012)

<sup>11</sup> by virtue of his position as Chair of LOCOG.

The Department's ALBs are governed by their own independent Boards, and each has separate governance and internal assurance structures, whose details can be found in their individual annual report and accounts (which are all individually reviewed as part of the process of preparing the Group Accounts). There are greater levels of independence for the public corporations and public broadcasting authorities. With respect to the National Lottery, both the Department and the National Lottery Commission (the independent regulator) exercise appropriate controls. Where this statement refers to the DCMS Group, or includes DCMS's ALBs, that is made explicit.

The BBC is established by Royal Charter expiring in 2016. It receives funding via the TV licence fee, with the current licence fee settlement running from 2011 to 2016. Under the Charter, Ministers appoint the members of the BBC Trust who are responsible and accountable for the use of the licence fee monies. Neither Ministers nor the Department have any responsibility or accountability for BBC expenditure, respecting the importance of its constitutional independence.

With respect to the National Lottery, both the Department and the National Lottery Commission (the independent regulator) exercise appropriate controls.

DCMS has enhanced its Departmental Board ('the Board'), which provides advice and challenge to the Department and its Ministers on strategic and operational issues. The Board is chaired by the Secretary of State and is composed of an equal number of Ministers, Senior Executives and Non-Executive Directors. The Board is supported by the:

- Executive Board: provides corporate leadership to the Department and ensures delivery of the business plan in support of the Ministers' objectives. Executive Board monitors budgets both internally and across the Group. Management accounts covering including data submitted by ALBs are considered monthly. In addition, the sub-committees of the Executive Board are:
  - *Corporate Committee* – manages DCMS resources and infrastructure
  - *Policy Committee* – provides project/programme assurance and allocates the flexible resourcing pool
  - *Investment Committee* – approves and monitors major capital projects (Department and its Arm's Length Bodies)].
- Audit and Risk Committee: reports to and advises the Departmental Board on governance, risk management and control; comprises a Non-Executive Board Member (NEBM) as chair, plus one other NEBM and two other independent members.
- Pay Committee: advises on decisions on senior remuneration and reward.

## Appointment of head of the department and the DCMS board

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

## Disclosure of Senior Salaries and Production of Organograms

As part of the Government's Transparency agenda, DCMS and its executive NDPBs have published data on the remuneration of senior staff within their organisations as at 31 March 2012, as well as organisation charts which give the senior staff structure and summary information for staff at junior levels. These can be found on the DCMS Transparency website. [www.transparency.culture.gov.uk/category/staff/](http://www.transparency.culture.gov.uk/category/staff/)

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

## Directorships and other significant interests

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

## Ministers and board members' remuneration

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

In 2011-12 the new governance structures described above were set up and significant progress was made in bedding them down. David Verey, the Lead NEBM, carried out a review of the Board's effectiveness in March 2012. It concluded that the Board collectively had a clear understanding of DCMS's work and strategy, but that it was too soon to quantify the value added by the Board. It also found that further work was needed in developing the agendas and papers for the Board. Overall, the boards and committees have been effective in delivering policy, projects/programmes and operational priorities. There has been real progress in providing the right management information to the boards and committees and developing its flow through the Department. Next year the focus and format of board and committee meetings will improve, especially flow of risks and issues through the structure.

Attendance of Board members at the six meetings in 2011-12 was:

Ministers		NEBMs		Officials	
<i>Jeremy Hunt</i>	6	<i>David Verey</i>	6	<i>Jonathan Stephens</i>	6
<i>John Penrose</i>	2	<i>Dr Tracy Long</i>	4	<i>Simon Judge</i>	6
<i>Hugh Robertson</i>	4	<i>Peter Bazalgette</i>	5	<i>Helen MacNamara/ Rita French</i>	4
<i>Ed Vaizey</i>	3	<i>Lord Coe</i>	2	<i>Jeremy Beeton</i>	4

The Audit and Risk Committee (ARC) met five times during the year, and also met with the Chairs of the 50 DCMS ALB Audit Committees. Its membership included two board members (Dr Tracy Long as chair, and David Verey), and two co-opted members (Michael Higgin and Chris Walton). In line with the ARC's Terms of Reference the ARC supports the Accounting Officer and the DCMS Board in their responsibilities for governance, risk management and control. The ARC focused its attention primarily on priority risks, including the Olympics, broadband and spectrum projects, Arm's Length Body sponsorship, Internal Audit plans and reports, and legal risks. No major weaknesses were identified. In addition, the ARC commissioned an independent review of the Department's Internal Audit service ;the review was positive, and its recommendations are being taken forward. In discharging her

responsibility, the ARC Chair meets regularly with the Finance Director, members of the Executive Board, Internal Audit and the NAO, and holds a strategic risk workshop with senior management bi-annually.

## COMPLIANCE WITH CORPORATE GOVERNANCE CODE

DCMS is fully compliant with the Code of Corporate Governance except in the following areas.

- The Department does not have a Nominations and Governance Committee. The Committee's functions, of ensuring systems are in place for identifying and developing leadership and high potential, and scrutinising the incentive structure and succession planning for senior leadership in Department, are fulfilled by the Department's Senior Pay Committee. The Senior Pay Committee consists of the Permanent Secretary and two of the NEBMs. Advice on and scrutiny of the Department's governance structures is undertaken by the Audit and Risk Committee.
- The Head of Internal Audit has not been invited to attend the Board meetings, but regularly attends the Audit and Risk Committee, which is chaired by one of our NEBMs.

## INTERNAL CONTROLS, RISK MANAGEMENT AND ASSURANCE

### Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Department for Culture, Media and Sport's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in *Managing Public Money*. That also applies across the DCMS Group, within the context of the governance arrangements applicable to each body within the Group.

The Department is undertaking an ambitious four year change programme to meet public sector spending challenges and best manage other changes in the sectors for which we have responsibility. This includes halving running costs by 2014-15 and developing into a model Government Department with a highly motivated and talented workforce, while prioritising critical deliverables - notably the 2012 Olympic and Paralympic Games - and absorbing major new responsibilities for the digital and telecoms sectors. When considering the Department's control systems and risk management I have taken into account the impact of this major change. Staff are closely involved in the change process and receive regular communication to help reduce the associated risks.

I work closely with Ministers, meeting them to discuss significant matters individually or at the Board. I alert them promptly to risks, especially those strategic to DCMS or its major policies and to potential regularity, propriety or value for money implications of their decisions.

I have designated the Chief Executives of The Royal Parks (TRP) and DCMS's executive Non-Departmental Public Bodies (NDPBs) as Accounting Officers for their respective bodies, responsible for: signing their own governance statements and annual accounts – now consolidated within the Department's Accounts; fulfilling the terms of their Management Agreement; and promptly reporting any significant internal control systems breakdowns to me. The Department regularly monitors these, alongside taking a risk-based approach to engagement with the bodies.

The Department is also responsible for some advisory NDPBs; unclassified bodies that receive Exchequer funding; public corporations and public broadcasting authorities – which have greater levels of independence; and other Arm's Length Bodies (ALBs) that receive DCMS grant funding. In addition, the Department has oversight of the National Lottery and exercises appropriate controls, working with the National Lottery Commission (the independent regulator). In view of the significance of the preparations for the 2012 Olympic and Paralympic Games, additional arrangements were in place to ensure effective internal control and risk management.

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

- a) The BBC – under the terms of its Charter, responsibility for its governance is vested in the BBC Trust, which has responsibility for the BBC's value for money. The BBC is funded through the TV licence fee, which is set and received by Government and paid to the BBC via Grant-in-Aid in accordance with the licence fee settlement made for 2011-2016. The BBC has responsibility for collection of the licence fee.
- b) National Lottery – income is collected by the operator, Camelot, and overseen by the National Lottery Commission, a DCMS ALB; it is passed to the National Lottery Distribution Fund (and Olympics equivalent), which note 27 to these Accounts explains are DCMS related parties, and for which I hold a separate Accounting Officer responsibility.
- c) The Olympics – appropriate arrangements were in place during the year to ensure effective internal control and risk management in respect of the Olympic Delivery Authority (ODA – an ALB), and the London Organising Committee of the Olympic Games and Paralympic Games (LOCOG – a company limited by guarantee). For the ODA, the Government Olympic Executive (GOE – part of DCMS) was represented at Audit Committee and Board meetings, and also on the Olympic Project Review Group, which also included members from other relevant Government Departments. For LOCOG the Secretary of State is a stakeholder in the company, managed the Government's role as ultimate financial guarantor of the Games, met LOCOG's Chair regularly (as did I its Chief Executive) and nominates a member of the LOCOG Board (who also sits on its Audit Committee). The GOE was also responsible for oversight and assurance of the arrangements for delivery of the whole Olympic and Paralympic Games programme, including programme and risk management arrangements that cover an extensive range of Government Departments and other bodies.

In 2011-12 and during the rest of the current Spending Review period the Department is undertaking a major programme of reform to its ALBs, including abolitions, mergers and transfers to other public bodies. Associated risks are being identified and managed. This programme is expected to deliver increased accountability, greater transparency and increased value for money.

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

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Department for the year ended 31 March 2012 and up to the date of approval of the Accounts, and accords with Treasury guidance. Similarly, individual Accounting Officers and Boards are responsible for maintaining adequate systems of internal control within their own organisations.

### **Managing the risk of fraud in the DCMS**

The Department maintains a "zero-tolerance" culture in respect of fraud, corruption and malpractice in the Department and its ALBs, who are required to report all incidences of fraud or suspected fraud promptly to the Department. In line with the cross-Government initiative, DCMS has a Fraud, Error & Debt Champion, supported by an Alerts System Coordinator. They keep up with and disseminate good practice across DCMS and its ALBs, including lessons arising from fraud investigations, and inform the National Fraud Intelligence Bureau of frauds. No significant issues have arisen during the year.

## Capacity to handle risk

As Accounting Officer, my responsibility for high standards of corporate governance includes effective management of risk throughout the Department.

The Department's organisational structure changed in 2011-12, and the risk management structure and guidance were reviewed accordingly. Meanwhile, the Department continued with its previous risk management system: Deputy Directors were accountable for team risk registers and the Finance Team maintained overall responsibility for improving management of risk, disseminating best practice and maintaining the Strategic Risk Register.

A new risk framework was introduced in March 2012 and approved by the Audit and Risk Committee; it identifies risk management as a key role of the Board, the Executive Board and its sub-committees. Responsibility for the risk management system moved to the Corporate Committee. Policy and guidance are available to staff on the intranet and risk management masterclasses have been provided.

The Risk Management framework consists of three management levels at which risks are managed: Local/Project, Committee, and Board levels.

- At the Local level, risk is managed and risk registers maintained by policy and operational teams and by project and programme teams across the Department.
- At the Committee level risk is managed by the Corporate, Policy and Investment Committees. The Corporate Committee maintains its own risk register and manages red rated operational risks within the corporate area. Senior Responsible Officers and project/programme boards monitor individual policy and programme risks. The Policy Committee maintains an overview of collective project and programme red risks across the Department's portfolio. The Investment Committee considers the financial implications of and risks inherent in individual large DCMS and ALB capital projects.
- Risks escalated by these Committees, and Department-wide operational, delivery and strategic risks are managed by the Executive Board, which also discusses risk at six-monthly workshops facilitated by the Chair of the Audit and Risk Committee.

The Department has also developed a new risk-based approach to its engagement with its ALBs, which focuses resources on higher risk organisations. This approach has been highlighted by the NEBM network as best practice and is being adopted by other Departments. Individual ALBs are responsible for their own risk management, in line with best practice.

An Internal Audit review of the Department's risk management systems carried out in March 2012 found that they provided reasonable assurance. It concluded that the Department was moving in the right direction with the new risk framework and approach but that the system had not yet been fully bedded in.

## The risk and control framework

The Department's Risk Management Policy Statement and Guidance defines what "risk" and "risk management" mean and outlines the key principles underpinning our approach to risk management, the hierarchy for managing risks, the risk identification and management process, the roles and responsibilities of staff etc.

The Department aims to be an organisation that assesses and manages risk effectively. The combined impact and likelihood scores provide a risk rating scale of green, amber-green, amber and red. Risk tolerance is amber-green, above which all risks must be actively monitored.



In line with the scope of my responsibility, the Department has agreements with the TRP and all directly funded ALBs setting out the Department's expectations in return for the public funds supplied, and associated financial arrangements or accountability lines. Lottery Distributors have similar agreements relating to their own circumstances.

I make Accounting Officers of all these bodies aware of the continual importance of managing risks proportionately, maintaining a sound internal control system and ensuring propriety, regularity and value for money in all aspects of governance, decision-making and financial management. To provide me with assurance at the year end, they must incorporate a governance statement in their accounts and notify me of significant internal control weaknesses or issues arising during the financial year (or after the year end and before the Department's accounts are signed). I take prompt follow up action as necessary on any matters identified from these governance statements or notifications. Matters of sufficient significance are considered for disclosure in this statement. In addition, the Department's ALBs have their own Audit Committees.

For the bodies associated with Olympic and Paralympic Games, my interests have been protected by the Government Olympic Executive (GOE) within DCMS. GOE was responsible for oversight and assurance of the programme and risk management arrangements for delivery of the whole Olympic and Paralympic Games programme, including an extensive range of other bodies such as the Olympic Delivery Authority (ODA) and the London Organising Committee of the Olympic and Paralympic Games (LOCOG) – the principal delivery bodies, who each have their own governance arrangements, and many other Government departments. Improved governance arrangements introduced for the Games simplified control and decision-making and delivered greater integration across the programme during 2011-12. The Cross Programme Finance Group monitored all financial risks and requests for use of contingency funds. These measures ensured that the Games were ultimately delivered on time, within budget and to universal plaudits. Focus since the Games has switched to enabling the successful management of risks to the post-Games transformation works and delivery of the Legacy programme.

The last GOE quarterly economic report, published in October 2012, for the period up to 30 September 2012, confirmed that the Olympic and Paralympic Games programme was delivered on time and within budget. The forecast anticipated final cost of the Olympic and Paralympic Programme is £8,921 million. If confirmed this would represent a saving of £377 million against the Public Sector Funding Package of £9,298 million.

Assurance reporting exercises supplement the Department's risk management process. Senior managers and Directors must report six-monthly on their compliance with internal control procedures and must identify any significant exceptions. Those responsible for key internal control systems must indicate what main risks exist and their responses to them. The exercises are audited and reported to the Audit and Risk Committee. No major concerns were identified.

The Department has a large portfolio of projects and programmes. Staff are trained to take a rigorous project management approach in line with best practice, including management of risk. The Department has a good strategic relationship with the Efficiency Reform Group and a number of high profile programmes and projects were subject to Gateway reviews during the year.

BDUK maintained a risk register covering key risks including those with suppliers and local authorities, who will have responsibility for delivery of broadband projects. One major strand of work to help minimise risks was the procurement of the Broadband Delivery Framework, which was near to being agreed in March 2012, and which allows for a streamlined and more standardised approach to procurement by local authorities. A second strand was BDUK's negotiation with the European Commission of an umbrella state aid notification for broadband projects. In addition, BDUK developed a standardised assurance system for local broadband projects so that the Department could be confident that local broadband projects will deliver the targeted outputs and provide value for money in return for the funding that is provided through BDUK.

The following external reviews have been carried out on the Department, with their results published and no significant outstanding recommendations:

- The NAO's report *Preparations for the London 2012 Olympic and Paralympic Games: Progress report December 2011* – NAO findings included:
  - The ODA remained on track to deliver its work on the Olympic Park on time, within budget and to the standard required
  - Good progress was being made across almost all of the operational work streams but some new operational requirements and risks to delivery had emerged including a 13,700 increase in the number of security guards and a near doubling of venues security costs
  - The likelihood that the Games could still be funded from within the Public sector Funding Package was finely balanced.The Department notes that, in practice, the Games were delivered on time, within budget and with the security risk being successfully managed.
- The Department also makes every effort to respond to PAC recommendations within realistic timescales.

In addition:

- Following a Prime Ministerial announcement on 13 July 2011, the first part of the Leveson inquiry commenced, examining the culture, practices and ethics of the media, including especially the relationship of the press with the public, police and politicians. The report was published on 29 November 2012.

The Department holds very little personal data; its information risks have been identified and are mitigated in line with Cabinet Office requirements. DCMS has continued its programme of work to improve management of information risk, embedding this within organisational culture. During the year Information Assurance maturity was independently assessed by Internal Audit Services, who found DCMS compliant with the requirements of the Data Handling Review.

### **Review of effectiveness**

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

- Key elements of the Department's governance structure: the DCMS Ministerial Board, the Executive Board and the Audit and Risk Committee
- The work of the internal auditors and all executive managers within the Department who have responsibility for the development and maintenance of the internal control framework
- Comments made by the external auditors in their management letter and other reports
- Relationships with DCMS's ALBs, including reviews of their own individual accounts, and any information passed to me via the ALB audit committees.

Despite all the systems, processes and controls that I have put in place, which Accounting Officers appointed for the Department's ALBs should similarly have established, exceptions do occur, and I have emphasised that I need to be promptly alerted to any significant ones. I consider all such control issues for potential inclusion in this statement and for wider dissemination to minimise the likelihood of similar occurrences.

Apart from the issue discussed in the following paragraphs, no significant control issues relating to DCMS or its ALBs merit mention in this statement.

*Royal Armouries Museum*

Lt General Jonathon Riley was The Accounting Officer and Director General & Master of the Royal Armouries Museum during the period 1 April 2011 – 31 March 2012. Subsequent to the year end, Jonathon Riley was suspended whilst an independent review was carried out. The Board appointed an Interim Chief Executive Officer to undertake the duties of the Director General, and DCMS in turn appointed the Interim CEO as Accounting Officer. The Board of Royal Armouries has worked closely with DCMS and the Armouries Executive Team during this period and the Chair of the Board, Wesley Paul and the Executive Team has put in place systems of internal control to ensure that appropriate governance arrangements are both maintained and improved. Jonathon Riley subsequently left the Royal Armouries in November 2012. An operational review has been undertaken by the Royal Armouries Board and lessons learnt from the independent review process has helped put in place an improved control system. The Chair of the Board met regularly with DCMS who have provided support and guidance throughout.

***Production of the Financial Statements***

The 2011-12 was the first year that DCMS, alongside other central government departments was required to produce financial statements for both its core departmental activities (similar to the previous Resource Accounts) and for its wider Group.

For DCMS there are a number of very particular challenges in this process, including the large number of bodies to be included (over 40 direct bodies, plus over 100 of their own subsidiary organisations, and investments in other organisations), and the size of the portfolio (with gross assets valued at over £14bn). However the most challenging aspects have been definition of the Group, given the volume of changes to the sector in recent years, and the sheer complexity of accounting policies and conventions across such a diverse sector which includes registered charities, lottery distributors and funds, and unique organisations such as the BBC, S4C and the Olympic Delivery Authority, not all of whom are under the direct control of the department. These organisations are legitimately following a number of different accounting conventions – eg International Accounting Standards, the specific regime allowed for Charities, unique rules for Lottery Distributors, all of which have now to be revisited to produce Group statements for DCMS on a single set of principles.

Work on the hugely successful London Olympics created unprecedented pressures on resources for DCMS during 2011-12 and particularly from April until September 2012. It was critical to staging the Olympic Games that all non-essential work stopped, and staff were deployed to work on organising and hosting the Games. It was therefore agreed with HM Treasury, the Public Accounts Committee and our own Select Committee in January 2012 that DCMS would not seek to produce its financial statements until Christmas 2012, acknowledging that this approach presented some level of risk.

In November 2012 it became clear that the department had under-estimated the scale of the changes, and activity, required both within the department and in the wider Group that were needed to guarantee delivery by the statutory deadline of end January 2013. While the department then applied significantly increased resources to the project, and has been grateful for the assistance provided by both HM Treasury and the National Audit Office to try to complete the process, we were unable to produce accounts of sufficient quality by the deadline and needed to request a 3 week extension. This was approved by HM Treasury on the basis that the extra time would significantly improve transparency and accountability to Parliament, and on the basis of a commitment by DCMS to improve the systems for future years.

Planning for the financial year 2012-13 has already started. The Department is in the process of completing a lessons learned review and will be reporting back to the Chair of its Audit and Risk Committee actions to be taken to deliver the Report and Accounts by the summer recess 2013 and is committed to meeting the hugely challenging pre-recess timetable.

Internal Audit Services (IAS) operates to Government Internal Audit Standards, and is provided by the Department for Communities and Local Government. IAS discusses its programme of work with the Department to focus it most efficiently on key Departmental risks. IAS submits regular reports, which

include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of arrangements for risk management, control and governance, plus actions for improvement agreed with management. Implementation within agreed timescales of these actions is monitored by IAS but is a management responsibility. For the year ended 31 March 2012, although IAS identified significant control weaknesses in the Security Policy Framework systems and processes, it did not consider these to be pervasive in their effect on the system of internal control. On that basis, and as a consequence of their work, it gave a substantial (amber-green) assurance on the adequacy and effectiveness of the system of internal control over the course of the year.

Signed and approved

Jonathan Stephens  
Accounting Officer

25 February 2013

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

I certify that I have audited the financial statements of the Department for Culture, Media and Sport and of its Departmental Group for the year ended 31 March 2012 under the Government Resources and Accounts Act 2000. The Department consists of the core Department and its agencies. 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 2011. The financial statements comprise: the Department's and Departmental Group's Statements of Comprehensive Net Expenditure, the Department's and Departmental Group's Statements of Financial Position, the Departmental Group's Statement of Cash Flows, the Department's and Departmental Group's Statements of Changes in Taxpayers' Equity; and the related notes. I have also audited the Statement of Parliamentary Supply and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

## Respective responsibilities of the Accounting Officer and auditor

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

## Scope of the audit of the financial statements

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

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.

## 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 2012 and shows that those totals have not been exceeded; and
- 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.

**Basis for qualified opinion on group financial statements**

I have qualified my opinion on the group financial statements because the Department for Culture, Media and Sport has not complied with the Financial Reporting Framework as it has not accounted for certain non-current assets held by a consolidated entity in accordance with the Government Financial Reporting Manual. The Department for Culture, Media and Sport has recorded a proportion of its group assets in its Statement of Financial Position as at 31 March 2011 and 31 March 2012 at historic cost rather than fair value. The depreciation charge on these specific assets recorded in the Statement of Comprehensive Net Expenditure for 2011-12 has been calculated based on historic cost rather than fair value. I am unable to quantify the impact on the financial statements because the Department for Culture, Media and Sport has not maintained the records or obtained the information required to comply with the Financial Reporting Framework in this respect.

**Qualified opinion on group financial statements**

In my opinion, except for the effects of the matters described in the basis for qualified opinion on the group financial statements paragraph:

- the financial statements give a true and fair view of the state of the Departmental Group's affairs as at 31 March 2012 and of the Departmental Group's net operating cost for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

My report, which follows, provides further detail of my qualified opinion on the group financial statements.

**Opinion on parent Department financial statements**

In my opinion:

- the parent financial statements give a true and fair view of the state of the Department's affairs as at 31 March 2012 and of the Department's net operating cost for the year then ended; and
- the parent 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: IAS 8 and comparative restatement under the Clear Line of Sight initiative**

- Without qualifying my opinion, I draw attention to the disclosures in note 1 to the financial statements regarding the Department's decision when presenting comparative information for the consolidation of additional entities required by the Clear Line of Sight project (CLOS). The Department applied the exemption from restatement permitted under International Accounting Standard 8. Further detail is provided within my report.

**Opinion on other matters**

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- the information given in the sections entitled Ministers, Senior Staff, Management Commentary, Environment, and Our Performance for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which I report by exception**

In respect solely of the absence of accounting records held by the Department to support the proper valuation of a proportion of the non-current assets in the group financial statements:

- Proper accounting records have not been maintained.

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

- I have not received all the information and explanations that I considered necessary for the purposes of my audit;
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

**Amyas C E Morse**  
**Comptroller and Auditor General**

**25 February 2013**

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

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

### Introduction

1. The Department for Culture, Media and Sport (DCMS) has policy responsibility for museums, galleries and libraries, the built heritage, the arts, sport (incorporating lead responsibility for the Olympic and Paralympic Games), broadcasting and the National Lottery. It also sponsors the tourism, media, music, licensing, gambling and creative industries.
2. Most policy delivered in these fields is carried out through Non-Departmental Public Bodies (NDPBs). DCMS funds over 50 public bodies to deliver key aspects of its policy, and these bodies include one Executive Agency, two public broadcasting authorities, three public corporations and 40 NDPBs.
3. Treasury initiated a Clear Line of Sight project which sought to align the annual financial statements to the budgets set by Treasury and the revised Parliamentary Supply process. As a result of these changes the number of bodies which are consolidated into DCMS's accounts has increased. These changes were applicable for the 2011-12 financial statements.
4. In 2011-12 DCMS was responsible for £4 billion of net operating costs and assets of some £14 billion, mainly consisting of property plant and equipment, together with gross liabilities of some £7 billion.
5. The purpose of this report is as follows:
  - a. To inform Parliament that DCMS has requested an extension to the statutory reporting timetable in respect of its 2011-12 accounts;
  - b. To explain the basis of my qualified opinion on the group financial statements; and
  - c. To draw attention to DCMS's decision to apply an exemption in respect of the comparative information presented in the group financial statements.

### Extension of the statutory deadline for delivery of accounts

6. Under the Government Resources and Accounts Act 2000, the Accounting Officer of DCMS is required to submit to me, as the Comptroller and Auditor General, signed accounts for 2011-12 by 30 November 2012. I am required by the Act to certify the accounts by 15 January 2013 and to send them to the Treasury. The Treasury is required to lay the accounts before the House of Commons by 31 January 2013.
7. DCMS was unable to provide a complete draft of the accounts to meet the statutory deadline, and consequently on 28 January 2013 the Accounting Officer wrote to the Chair of the Committee of Public Accounts, and the Chair of the Culture, Media and Sport Committee outlining his intention to delay the laying of the accounts. This decision was predicated on the Department's clear assurances that the extension of time would lead to it being able to provide materially better information to Parliament.
8. Based upon these assurances, and following consultation with myself, the Treasury agreed to an extension of the statutory deadline. This was enacted by an Order under the Government Resources and Accounts Act 2000, amending the date for the laying of the 2011-12 accounts from 31 January to not later than 25 February<sup>4</sup>.
9. As a result of this extension, the Department was able to provide accounts of a suitable quality that enabled me to conclude my audit and to form an opinion on the accounts.

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<sup>4</sup> The Order was made on 28 January, laid before the House of Commons on 29 January, and came into force on 30 January 2013.



10. The preparation of the 2011-12 group accounts represented a significant challenge for DCMS. The consolidation is complex, necessitating the inclusion of 46 separate bodies, which themselves include subsidiary bodies, while the exact definition of the accounting boundary took time to conclude. Many of the bodies apply different accounting frameworks to the Department: the museums and galleries sector apply the Charities SORP; the Lottery distributing bodies apply commitment accounting under an accounts direction issued by HM Treasury; and the public broadcasting authorities apply International Financial Reporting Standards. This required adjustments to bring the accounting policies of these bodies into line with those of the Department.
11. DCMS's focus on the delivery of the 2012 Olympic and Paralympic Games over the spring and summer of 2012 meant that it had originally planned to prepare the accounts in the autumn and lay them in December. Notwithstanding the complexities faced by the Department, this still allowed a period of over four months to prepare the accounts. As disclosed in its Governance Statement, the Department underestimated the complexity of the consolidation process. Weaknesses in its project management meant that known issues were not addressed early enough in the process. It was also evident that the Department lacked the necessary capacity in its finance function, and as a result it had to purchase external resource to help bring the project to its conclusion.
12. It is vital that DCMS learns the lessons for future years, and I welcome the Department's commitment to undertake a full review of the 2011-12 process. This needs to address project management, capability and capacity issues. The results of this review should inform a realistic project plan which ensures that the Department is able to account to Parliament in an accurate, timely and consistent basis. My audit in 2012-13 will review the Department's progress.

### **Qualification of my opinion on the group financial statements: accounting for non-current assets**

13. As reported above, many of the bodies consolidated into the group financial statements apply different accounting frameworks to DCMS and therefore DCMS needs to make accounting adjustments to bring the accounting policies into line with the Department. One of those bodies is the BBC. The BBC is not required to apply government accounting standards and prepares its accounts under International Financial Reporting Standards. Under these standards, the BBC is entitled to record its tangible non-current assets (mainly land and buildings, plant and machinery and fixtures and fittings) at depreciated historic cost and does so. In accordance with the Financial Reporting Manual, the Department is required to record the tangible non-current assets of the group at fair value. Both treatments are correct within the respective accounting frameworks applied.
14. The BBC has indicated to the Department that it will supply figures on a fair value basis for future years. A limited exercise was performed this year, however assets recorded in the Department's group Statement of Financial Position with a net book value of £755.5 million at 31 March 2012 have not been recorded at the required fair value.
15. While I am unable to quantify the financial impact of this non-compliance due to the absence of reliable valuation information, given the cost of the assets involved, there is likely to be a material misstatement of assets recognised in the Group Statement of Financial Position. As a consequence, I have qualified my opinion on the group financial statements because the Department has not complied with the required accounting treatment for non-current assets under the Financial Reporting Manual and has therefore misstated the assets in its Consolidated Statement of Financial Position. Nor have I been able to quantify the impact of this non-compliance on the depreciation charge for the year. Consequently, there may be a material misstatement of the Group Statement of Comprehensive Net Expenditure for 2011-12.

## **Emphasis of matter on the group financial statements: restatement of group comparative figures**

16. The DCMS group financial statements in 2011-12 consolidate 46 entities. The 2010-11 group financial statements consolidated 2 entities. In order to ensure that that the prior year figures were compatible, DCMS was required to restate the prior year comparative information to include these additional entities. Treasury guidance stipulated that the Department should apply the principles outlined in International Accounting Standard 8 'Accounting Policies, Changes in Accounting Estimates and Errors' to the restatement exercise.
17. The Department has made a significant effort but has been unable to restate the comparative information and therefore has utilised the exemption included in International Accounting Standard 8, which can be applied when a robust restatement exercise is considered impracticable. This assessment was based upon the complexity of the consolidation exercise which, as referred to above, impacted upon the Department's ability to meet its statutory deadline for the 2011-12 financial statements. I have considered the use of the exemption and I agree that it would be impractical to produce robust comparative information because the time and cost to reproduce this data would be prohibitive.
18. As outlined in Note 1 to the financial statements, the Department has opted to include group comparative information which is presented on a 'best endeavours' basis as opposed to including the 2010-11 audited figures. This was on the basis that the Clear Line of Sight Initiative had a fundamental impact on the size and scale of the Department and that the previously audited financial information was therefore of limited use to the user of the accounts in the context of the current year.
19. Whilst the comparative data is not robust I have been able to audit it to the extent required to provide an unqualified audit opinion on the current year financial statements. My audit opinion does not extend to the comparative information as this is not required to be presented since the Department has applied the International Accounting Standard 8 exemption. My audit opinion on the Department's 2010-11 group financial statements, which did not include the 46 bodies consolidated in 2011-12, was unqualified.

***Amyas CE Morse***

**Comptroller and Auditor General**

National Audit Office

157 – 197 Buckingham Palace Road

Victoria, London SW1W 9SP

25 February 2013

## Consolidated Accounts

### Statement of Parliamentary Supply

#### Summary of Resource and Capital Outturn 2011-12

£000	Note	2011-12						2010-11	
		Estimate			Outturn			Outturn compared with Estimate: saving/(excess)	Outturn Unaudited Restated
		Voted	Non-Voted	Total	Voted	Non-Voted	Total	Net Total	
<b>Departmental Expenditure Limit (DEL)</b>									
Resource	2.1	1,624,014	-	1,624,014	1,546,753	-	1,546,753	77,261	1,784,167
Capital	2.2	1,276,124	-	1,276,124	1,256,839	-	1,256,839	19,285	717,880
<b>Total DEL</b>		<b>2,900,138</b>	<b>-</b>	<b>2,900,138</b>	<b>2,803,592</b>	<b>-</b>	<b>2,803,592</b>	<b>96,546</b>	<b>2,502,047</b>
<b>Spending in Annually Managed Expenditure (AME)</b>									
Resource	2.1	3,262,907	-	3,262,907	2,828,838	-	2,828,838	434,069	3,161,929
Capital	2.2	191,500	-	191,500	172,012	-	172,012	19,488	508,414
<b>Total AME Budget</b>		<b>3,454,407</b>	<b>-</b>	<b>3,454,407</b>	<b>3,000,850</b>	<b>-</b>	<b>3,000,850</b>	<b>453,557</b>	<b>3,670,343</b>
Non voted: -									
Resource	2.1	-	930,499	930,499	-	1,334,509	1,334,509	(404,010)	680,147
Capital	2.2	-	469,501	469,501	-	379,916	379,916	89,585	254,750
<b>Total AME</b>		<b>3,454,407</b>	<b>1,400,000</b>	<b>4,854,407</b>	<b>3,000,850</b>	<b>1,714,425</b>	<b>4,715,275</b>	<b>139,132</b>	<b>4,605,240</b>
Total Resource	2.1	4,886,921	930,499	5,817,420	4,375,591	1,334,509	5,710,100	107,320	5,626,243
Total Capital	2.2	1,467,624	469,501	1,937,125	1,428,851	379,916	1,808,767	128,358	1,481,044
<b>Total</b>		<b>6,354,545</b>	<b>1,400,000</b>	<b>7,754,545</b>	<b>5,804,442</b>	<b>1,714,425</b>	<b>7,518,867</b>	<b>235,678</b>	<b>7,107,287</b>

The amount recorded as the Estimate for non-voted AME represents a forecast only, and is not a control total reportable to Parliament.

#### Net Cash Requirement 2011-12

£'000	Note	2011-12			2010-11
		Estimate	Outturn	Outturn compared with Estimate: saving/(excess)	Unaudited Restated
Net Cash Requirement	4	5,854,031	5,829,652	24,379	4,962,013

#### Administration Costs 2011-12

£'000	Note	2011-12			2010-11
		Estimate	Outturn	Outturn compared with Estimate: saving/(excess)	Unaudited Restated
Administration Costs	3.2	207,054	171,264	35,790	161,283

An analysis of variances between Estimate and outturn are given in Note 2 and explanations provided in the Financial Commentary

## Consolidated Statement of Comprehensive Net Expenditure for the year ended 31 March 2012

£000	Note	2011-12			2010-11 Unaudited Restated		
		Core Department	Core Department & Agency	Departmental Group	Core Department	Core Department & Agency	Departmental Group
Administration Costs							
Staff Costs	7	31,430	32,840	92,503	31,300	31,300	95,338
Other Costs	8	35,191	36,804	116,887	26,309	26,309	109,888
Income	10	(2,939)	(3,798)	(39,139)	(3,023)	(3,023)	(43,943)
Programme Costs							
Staff Costs	7	72	4,143	1,590,144	4	5,404	1,569,567
Other Costs	9	204,771	231,654	6,346,043	116,812	140,987	6,033,271
Income	10	(563,405)	(581,215)	(3,863,528)	(848,024)	(861,189)	(3,982,075)
Grant and subsidies to Sponsored Bodies	9	5,593,188	5,581,884	143,652	5,706,878	5,689,784	114,652
<b>Net Operating Costs for the year ended 31 March</b>		<b>5,298,308</b>	<b>5,302,312</b>	<b>4,386,562</b>	<b>5,030,256</b>	<b>5,029,572</b>	<b>3,896,698</b>
Total Expenditure		5,864,652	5,887,325	8,289,229	5,881,303	5,893,784	7,922,716
Total Income		(566,344)	(585,013)	(3,902,667)	(851,047)	(864,212)	(4,026,018)
<b>Net Operating Costs for the year ended 31 March</b>		<b>5,298,308</b>	<b>5,302,312</b>	<b>4,386,562</b>	<b>5,030,256</b>	<b>5,029,572</b>	<b>3,896,698</b>
<b>Other Comprehensive Net Expenditure</b>							
Net (Gain) / Loss on:							
- Revaluation of property, plant and equipment and intangible assets		(98)	(1,098)	(169,314)	-	466	(61,726)
- impairments		-	-	940	-	315	8,034
- Revaluation of available for sale financial assets		-	-	(16,549)	-	-	1,472
- Actuarial (gains)/losses on defined benefit pension scheme		-	-	508,543	-	-	(333,613)
<b>Total comprehensive expenditure for the year ended 31 March</b>		<b>5,298,210</b>	<b>5,301,214</b>	<b>4,710,182</b>	<b>5,030,256</b>	<b>5,030,353</b>	<b>3,510,865</b>

For more explanation about revaluation policy applied in "Other Comprehensive Net Expenditure" please refer to the accounting policy note 1.11.

Programme staff costs for DCMS relate to expenditure on the "Nations & Regions" programme.

The notes on pages 88 to 169 form part of these accounts

**Consolidated Statement of Financial Position**

as at 31 March 2012

£000	Note	31-Mar-12			31-Mar-2011 Unaudited Restated			31-Mar-2010 Unaudited Restated
		Core Department	Core Department & Agency	Departmental Group	Core Department	Core Department & Agency	Departmental Group	Departmental Group
<b>Non-current assets</b>								
Property, plant and equipment	11	9,587	58,899	9,121,617	16,818	63,926	8,354,889	6,843,283
Intangible assets	12	33	273	80,207	245	489	55,863	55,638
Investments in associates and joint ventures	14.3	-	-	100,300	-	-	76,900	-
Investment Properties	14.4	-	-	3,263	-	-	3,005	2,802
Trade and other receivables	18	214,159	214,159	188,062	54	54	24,808	24,952
Financial assets	14.1	-	-	487,003	-	-	508,260	513,973
<b>Total non-current assets</b>		<b>223,779</b>	<b>273,331</b>	<b>9,980,452</b>	<b>17,117</b>	<b>64,469</b>	<b>9,023,725</b>	<b>7,440,648</b>
<b>Current assets</b>								
Assets classified as held for sale	17	-	-	79,411	-	-	6,203	-
Inventories	16	-	-	608,835	-	8	564,726	629,925
Trade and other receivables	18	183,079	185,692	1,006,458	65,375	68,329	966,297	1,779,813
Financial assets	14.2	-	-	57,540	-	-	44,248	52,230
Cash and cash equivalents	18.2	5,440	5,124	2,232,446	122,555	125,168	2,337,703	1,779,826
<b>Total current assets</b>		<b>188,519</b>	<b>190,816</b>	<b>3,984,690</b>	<b>187,930</b>	<b>193,505</b>	<b>3,919,177</b>	<b>4,241,794</b>
<b>Total assets</b>		<b>412,298</b>	<b>464,147</b>	<b>13,965,142</b>	<b>205,047</b>	<b>257,974</b>	<b>12,942,902</b>	<b>11,682,442</b>
<b>Current liabilities</b>								
Trade and other payables	19	(266,503)	(275,269)	(2,894,081)	(206,829)	(213,817)	(2,914,812)	(3,487,856)
Provisions	20	(3,510)	(3,960)	(614,558)	(1,831)	(2,162)	(591,208)	-
Financial liabilities	19.2	-	-	(1,827)	-	-	(3,713)	(2,101)
<b>Total current liabilities</b>		<b>(270,013)</b>	<b>(279,229)</b>	<b>(3,510,466)</b>	<b>(208,660)</b>	<b>(215,979)</b>	<b>(3,509,733)</b>	<b>(3,489,957)</b>
<b>Non-current assets plus/less net current assets/liabilities</b>		<b>142,285</b>	<b>184,918</b>	<b>10,454,676</b>	<b>(3,613)</b>	<b>41,995</b>	<b>9,433,169</b>	<b>8,192,485</b>
<b>Non-current liabilities</b>								
Provisions	20	(536)	(684)	(811,789)	(1,505)	(1,666)	(739,951)	(1,443,860)
Trade and other payables	19	(155,427)	(155,427)	(1,194,119)	(11,000)	(11,000)	(2,012,781)	(1,578,681)
Financial liabilities	19.2	-	-	(57,337)	-	-	(1,599)	(973)
Pension liabilities	21	-	-	(1,292,083)	-	-	(1,000,621)	(1,781,732)
<b>Total non current liabilities</b>		<b>(155,963)</b>	<b>(156,111)</b>	<b>(3,355,328)</b>	<b>(12,505)</b>	<b>(12,666)</b>	<b>(3,754,952)</b>	<b>(4,805,246)</b>
<b>Assets less liabilities</b>		<b>(13,678)</b>	<b>28,807</b>	<b>7,099,348</b>	<b>(16,118)</b>	<b>29,329</b>	<b>5,678,217</b>	<b>3,387,239</b>
<b>Reserves</b>								
<b>Taxpayers' funds</b>								
General fund	CSoTE	(16,378)	12,099	6,536,568	(18,720)	13,257	4,504,601	2,517,030
Pension reserve	CSoTE	-	-	(1,186,139)	-	-	(927,118)	(1,652,450)
Revaluation reserve	CSoTE	2,700	16,708	17,470	2,602	16,072	17,238	18,619
Other reserves	CSoTE	-	-	95,750	-	-	77,150	250
<b>Total Taxpayers' Equity</b>		<b>(13,678)</b>	<b>28,807</b>	<b>5,463,649</b>	<b>(16,118)</b>	<b>29,329</b>	<b>3,671,871</b>	<b>883,449</b>
Lottery funds	CSoTE	-	-	(779,372)	-	-	(1,334,152)	(1,961,829)
Charitable funds	CSoTE	-	-	2,415,071	-	-	3,340,498	4,465,619
<b>Total reserves</b>	CSoTE	<b>(13,678)</b>	<b>28,807</b>	<b>7,099,348</b>	<b>(16,118)</b>	<b>29,329</b>	<b>5,678,217</b>	<b>3,387,239</b>

The notes on pages 88 to 169 form part of these accounts

(Signed) .....

Jonathan Stephens (Accounting Officer)

25 February 2013

**Consolidated Statement of Cash Flows**

for the year ended 31 March 2012

	Note	2011-12 £'000	2010-11 Unaudited Restated £'000
<b>Cash Flows from Operating Activities</b>			
Net Operating Cost	SoCNE	(4,386,562)	(3,896,699)
Depreciation and amortisation	11 & 12	295,359	241,914
Adjustments for non-cash transactions		1,414,274	1,627,199
(Increase)/Decrease in inventories	16	(44,109)	65,199
(Increase)/Decrease in trade and other receivables	18	(203,415)	813,660
Movements in bad debt provision		908	2,971
Increase/(Decrease) in trade payables	19	(839,393)	(35,349)
Movements in payables not passing through the SoCNE		(68,985)	(103,595)
Movement in provisions (utilised)	20	(778,457)	(626,648)
Pension movements	21	291,462	(781,111)
Notional charges	8 & 9	676	162
Income and Corporation Taxes		3,606	(330)
<b>Net Cash outflow from operating activities</b>		<b>(4,314,636)</b>	<b>(2,692,627)</b>
<b>Cash flows from Investing Activities</b>			
Purchase of property, plant and equipment	11	(992,142)	(1,782,649)
Purchase of intangible assets	12	(45,965)	(14,366)
Adjustments to non-current & current assets (increase)/decrease		(668)	(299)
Purchase of Investments	14	(157,241)	(55,051)
Proceeds from disposal of property, plant and equipment		20,093	3,464
Proceeds from disposal of intangible assets		93	(69)
Adjustments to capital proceeds		6,203	-
Purchase of non-current and current financial assets		(414)	-
Proceeds from disposal of non-current and current financial assets		(142,762)	(59,791)
Interest and dividend income (net) (excluding finance leases)		161,662	129,567
Other adjustments		2,100	953
<b>Net Cash inflow / (outflow) from investing activities</b>		<b>(1,149,041)</b>	<b>(1,778,241)</b>
<b>Cash Flows from Financing Activities</b>			
From the consolidated fund (supply) - current year		5,727,000	4,987,147
From the consolidated fund (supply) - prior year		-	-
Lottery net funding		84,574	112,424
Other adjustments - financing activities		75,654	15,817
Interest and dividend income (net) for Finance Leases		(81,664)	(58,100)
<b>Net Cash inflow from financing activities</b>		<b>5,805,564</b>	<b>5,057,288</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>341,887</b>	<b>586,420</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		(164,655)	(33,643)
Payments of amounts to the Consolidated Fund - current year		(282,489)	5,100
<b>Net increase/decrease in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund</b>		<b>(105,257)</b>	<b>557,877</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>18.2</b>	<b>2,337,703</b>	<b>1,779,826</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>18.2</b>	<b>2,232,446</b>	<b>2,337,703</b>

The notes on pages 88 to 169 form part of these accounts

**Consolidated Statement of Changes in Taxpayers' Equity**

for the core department

2011-12 £000	Note	General Fund	Revaluation Reserve	Donated Asset Reserve	Total Reserve
<b>Balance at 31 March 2011</b>		<b>18,720</b>	<b>(2,602)</b>	<b>-</b>	<b>16,118</b>
<b>Changes in taxpayers' equity for 2011-12</b>					
Other comprehensive expenditure		-	(98)	-	(98)
Transfers between reserves		-	-	-	-
Other movements		1,414	-	-	1,414
Net operating cost for the year	SoCNE	5,298,308	-	-	5,298,308
<b>Total comprehensive expenditure</b>		<b>5,299,722</b>	<b>(98)</b>	<b>-</b>	<b>5,299,624</b>
Non-cash charges - auditor's remuneration	8.9	(635)	-	-	(635)
<b>Total recognised income and expense for 2011-12</b>		<b>5,299,087</b>	<b>(98)</b>	<b>-</b>	<b>5,298,989</b>
Net Parliamentary Funding - drawn down		(5,727,000)	-	-	(5,727,000)
Net Parliamentary Funding - deemed supply		(21,573)	-	-	(21,573)
Supply payable/(receivable) adjustment		(81,079)	-	-	(81,079)
CFERs payable to the Consolidated Fund		528,223	-	-	528,223
Restricted funding to Lottery Distributors		-	-	-	-
<b>Sub Total</b>		<b>(5,301,429)</b>	<b>-</b>	<b>-</b>	<b>(5,301,429)</b>
<b>Balance at 31 March 2012</b>		<b>16,378</b>	<b>(2,700)</b>	<b>-</b>	<b>13,678</b>

2010-11 Unaudited Restated £000	Note	General Fund	Revaluation Reserve	Donated Asset Reserve	Total Reserve
<b>Balance at 1 April 2010</b>		<b>(25,561)</b>	<b>(2,602)</b>	<b>(4,046)</b>	<b>(32,209)</b>
Prior period adjustment		(31,600)	-	4,046	(27,554)
<b>Restated Balance at 1 April 2010</b>		<b>(57,161)</b>	<b>(2,602)</b>	<b>-</b>	<b>(59,763)</b>
<b>Changes in taxpayers' equity for 2010-11</b>					
Other comprehensive expenditure		-	-	-	-
Transfers between reserves		-	-	-	-
Other movements		4,350	-	-	4,350
Net operating cost for the year	SoCNE	5,030,256	-	-	5,030,256
<b>Total comprehensive expenditure</b>		<b>5,034,606</b>	<b>-</b>	<b>-</b>	<b>5,034,606</b>
Non-cash charges - auditor's remuneration	8.9	(121)	-	-	(121)
Other adjustments to reserves		-	-	-	-
<b>Total recognised income and expense for 2010-11</b>		<b>5,034,485</b>	<b>-</b>	<b>-</b>	<b>5,034,485</b>
Net Parliamentary Funding - drawn down		(4,987,147)	-	-	(4,987,147)
Net Parliamentary Funding - deemed supply		-	-	-	-
Supply payable/receivable adjustment		(5,213)	-	-	(5,213)
Supply adjustment to reserves		2,143	-	-	2,143
CFERs payable to the consolidated fund		31,613	-	-	31,613
Restricted funding to Lottery Distributors		-	-	-	-
<b>Sub Total</b>		<b>(4,958,604)</b>	<b>-</b>	<b>-</b>	<b>(4,958,604)</b>
<b>Balance at 31 March 2011</b>		<b>18,720</b>	<b>(2,602)</b>	<b>-</b>	<b>16,118</b>

The notes on pages 88 to 169 form part of these accounts



## for the core department and its agency

2011-12 £000	Note	General Fund	Revaluation Reserve	Donated Asset Reserve	Total Reserve
<b>Balance at 31 March 2011</b>		<b>(13,257)</b>	<b>(16,072)</b>	-	<b>(29,329)</b>
<b>Changes in taxpayers' equity for 2011- 12</b>					
Other comprehensive expenditure		-	(1,098)	-	(1,098)
Transfers between reserves		(462)	462	-	-
Other movements		1,413	-	-	1,413
Net operating cost for the year	SoCNE	5,302,312	-	-	5,302,312
<b>Total comprehensive expenditure</b>		<b>5,303,263</b>	<b>(636)</b>	-	<b>5,302,627</b>
Non-cash charges - auditor's remuneration	8,9	(676)	-	-	(676)
<b>Total recognised income and expense for 2011- 12</b>		<b>5,302,587</b>	<b>(636)</b>	-	<b>5,301,951</b>
Net Parliamentary Funding - drawn down		(5,727,000)	-	-	(5,727,000)
Net Parliamentary Funding - deemed supply		(2,1573)	-	-	(2,1573)
Supply payable/(receivable) adjustment		(81,079)	-	-	(81,079)
CFERs payable to the Consolidated Fund		528,223	-	-	528,223
Restricted funding to Lottery Distributors		-	-	-	-
<b>Sub Total</b>		<b>(5,301,429)</b>	-	-	<b>(5,301,429)</b>
<b>Balance at 31 March 2012</b>		<b>(12,099)</b>	<b>(16,708)</b>	-	<b>(28,807)</b>

2010-11 Unaudited Restated £000	Note	General Fund	Revaluation Reserve	Donated Asset Reserve	Total Reserve
<b>Balance at 1 April 2010</b>		<b>(49,330)</b>	<b>(17,385)</b>	<b>(10,999)</b>	<b>(77,714)</b>
Prior period adjustment		(38,553)	-	10,999	(27,554)
<b>Restated Balance at 1 April 2010</b>		<b>(87,883)</b>	<b>(17,385)</b>	-	<b>(105,268)</b>
<b>Changes in taxpayers' equity for 2010- 11</b>					
Other comprehensive expenditure		-	781	-	781
Transfers between reserves		(532)	532	-	-
Other movements		4,352	-	-	4,352
Net operating cost for the year	SoCNE	5,029,572	-	-	5,029,572
<b>Total comprehensive expenditure</b>		<b>5,033,392</b>	<b>1,313</b>	-	<b>5,034,705</b>
Non-cash charges - auditor's remuneration	8.9	(162)	-	-	(162)
Other adjustments to reserves		-	-	-	-
<b>Total recognised income and expense for 2010- 11</b>		<b>5,033,230</b>	<b>1,313</b>	-	<b>5,034,543</b>
Net Parliamentary Funding - drawn down		(4,987,147)	-	-	(4,987,147)
Net Parliamentary Funding - deemed supply		-	-	-	-
Supply payable/receivable adjustment		(5,213)	-	-	(5,213)
Supply adjustment to reserves		2,143	-	-	2,143
CFERs payable to the consolidated fund		31,613	-	-	31,613
Restricted funding to Lottery Distributors		-	-	-	-
<b>Sub Total</b>		<b>(4,958,604)</b>	-	-	<b>(4,958,604)</b>
<b>Balance at 31 March 2011</b>		<b>(13,257)</b>	<b>(16,072)</b>	-	<b>(29,329)</b>

The notes on pages 88 to 169 form part of these accounts

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

**Consolidated Statement of Changes in Taxpayers' Equity  
for the departmental group**

<b>Taxpayers' Funds 2011-12</b>	Note	<b>General Fund</b>	<b>Pension reserve</b>	<b>Revaluation reserve</b>	<b>Donated assets reserve</b>	<b>Government grant reserve</b>	<b>Available for sale asset reserve</b>	<b>Minority interest reserve</b>	<b>Total Taxpayers' Equity</b>	<b>Lottery Funds</b>	<b>Charity Funds</b>	<b>Total reserves</b>
<b>£'000</b>												
Balance at 31 March 2011		(4,504,601)	927,118	(17,238)	-	-	(76,900)	(250)	(3,671,871)	1,334,152	(3,340,498)	(5,678,217)
Adjustment to balance brought forward		38,416	-	-	-	-	-	-	38,416	(611,676)	-	(573,260)
<b>Restated balance at 31 March 2011</b>		<b>(4,466,185)</b>	<b>927,118</b>	<b>(17,238)</b>	<b>-</b>	<b>-</b>	<b>(76,900)</b>	<b>(250)</b>	<b>(3,633,455)</b>	<b>722,476</b>	<b>(3,340,498)</b>	<b>(6,251,477)</b>
Other Comprehensive Exp		-	473,025	(1,111)	-	-	(18,300)	-	453,614	11,596	(141,590)	323,620
Transfers between reserves		(967)	88	879	-	-	-	-	-	(4,145)	4,145	-
Other movements		(38,638)	(214,092)	-	-	-	-	(300)	(253,030)	(5,099)	2,181	(255,948)
NOC for the Year	SoCNE	3,271,327	-	-	-	-	-	-	3,271,327	54,544	1,060,691	4,386,562
Total Comprehensive Expenditure		3,231,722	259,021	(232)	-	-	(18,300)	(300)	3,471,911	56,896	925,427	4,454,234
Auditors' remuneration	8, 9	(676)	-	-	-	-	-	-	(676)	-	-	(676)
<b>Total recognised Income &amp; Expenditure</b>		<b>3,269,462</b>	<b>259,021</b>	<b>(232)</b>	<b>-</b>	<b>-</b>	<b>(18,300)</b>	<b>(300)</b>	<b>3,509,651</b>	<b>(554,780)</b>	<b>925,427</b>	<b>3,880,298</b>
Net Parliamentary funding - drawn down		(5,727,000)	-	-	-	-	-	-	(5,727,000)	-	-	(5,727,000)
Net Parliamentary funding - deemed		(21,573)	-	-	-	-	-	-	(21,573)	-	-	(21,573)
Supply payable/receivable adjustment		(81,079)	-	-	-	-	-	-	(81,079)	-	-	(81,079)
CFERs payable		528,223	-	-	-	-	-	-	528,223	-	-	528,223
sub-total		(5,301,429)	-	-	-	-	-	-	(5,301,429)	-	-	(5,301,429)
<b>Balance at 31 March 2012</b>		<b>(6,536,568)</b>	<b>1,186,139</b>	<b>(17,470)</b>	<b>-</b>	<b>-</b>	<b>(95,200)</b>	<b>(550)</b>	<b>(5,463,649)</b>	<b>779,372</b>	<b>(2,415,071)</b>	<b>(7,099,348)</b>

The notes on pages 88 to 169 form part of these accounts

<b>Taxpayers' Funds 2010-11</b>												
Unaudited Restated	Note	General Fund	Pension reserve	Revaluation reserve	Donated assets reserve	Government grant reserve	Available for sale asset reserve	Minority interest reserve	Total Taxpayers' Equity	Lottery Funds	Charity Funds	Total reserves
£'000												
Balance at 31 March 2010		(1,959,945)	1,656,992	(18,619)	(10,999)	(487,546)	-	(250)	(820,367)	1,926,301	(4,465,619)	(3,359,685)
Prior period adjust		(526,099)	-	-	10,999	487,546	-	-	(27,554)	-	-	(27,554)
<b>Restated balance at 31 March 2010</b>		<b>(2,486,044)</b>	<b>1,656,992</b>	<b>(18,619)</b>	-	-	-	<b>(250)</b>	<b>(847,921)</b>	<b>1,926,301</b>	<b>(4,465,619)</b>	<b>(3,387,239)</b>
Other Comprehensive Exp		-	(311,999)	736	-	-	-	-	(311,263)	(4,492)	(70,078)	(385,833)
Transfers between reserves		3,677	149	645	-	-	-	-	4,471	(4,471)	-	-
Other movements		(369,586)	(418,024)	-	-	-	(76,900)	-	(864,510)	34,146	(12,714)	(843,078)
NOC for the Year	SoCNE	3,306,118	-	-	-	-	-	-	3,306,118	(617,332)	1,207,913	3,896,699
Total Comprehensive Expenditure		2,940,209	(729,874)	1,381	-	-	(76,900)	-	2,134,816	(592,149)	1,125,121	2,667,788
Auditors' remuneration	8, 9	(162)	-	-	-	-	-	-	(162)	-	-	(162)
<b>Total recognised Income &amp; Expenditure</b>		<b>2,940,047</b>	<b>(729,874)</b>	<b>1,381</b>	-	-	<b>(76,900)</b>	-	<b>2,134,654</b>	<b>(592,149)</b>	<b>1,125,121</b>	<b>2,667,626</b>
Net Parliamentary funding - drawn down		(4,987,147)	-	-	-	-	-	-	(4,987,147)	-	-	(4,987,147)
Net Parliamentary funding - deemed		-	-	-	-	-	-	-	-	-	-	-
Supply payable/receivable adjustment		26,400	-	-	-	-	-	-	26,400	-	-	26,400
CFERs payable		2,143	-	-	-	-	-	-	2,143	-	-	2,143
sub-total		(4,958,604)	-	-	-	-	-	-	(4,958,604)	-	-	(4,958,604)
<b>Balance at 31 March 2011</b>		<b>(4,504,601)</b>	<b>927,118</b>	<b>(17,238)</b>	-	-	<b>(76,900)</b>	<b>(250)</b>	<b>(3,671,871)</b>	<b>1,334,152</b>	<b>(3,340,498)</b>	<b>(5,678,217)</b>

The notes on pages 88 to 169 form part of these accounts

## Notes to the Accounts

### Accounting Policies for the Department and the Group

#### 1. Statement of Accounting Policies

##### 1.1 Basis of Preparation

These financial statements have been prepared in accordance with the *2011-12 Government Financial Reporting Manual (FReM)* issued by HM Treasury. The accounting policies contained in the *FReM* apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. The use of IFRS includes International Accounting Standards (IAS) and Interpretations of IAS and IFRS issued by the Standards Interpretations Committee (SIC) or the International Financial Reporting Interpretations Committee (IFRIC).

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 group for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Department and the group are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

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

Whilst not a *FReM* departure, the Department has applied the impracticability exemption allowed under IAS 8 *Accounting policies, accounting estimates and errors* in respect of the requirement to produce full restated financial statements for 2010-11, and a 2009-10 Consolidated Statement of Financial Position. All consolidated prior period figures are unaudited as a result. Due to the Alignment legislation, the accounting boundary of the Department has changed significantly in 2011-12 (following clarification of the legislation) as trading subsidiaries of ALBs not individually named on the Designation Order have had to be excluded. In 2010-12 this issue was not identified when completing the alignment returns. Therefore, in 2011-12, despite the Department having carried out alignment exercises to try to obtain the information required to restate its 2010-11 and 2009-10 financial statements, a material mismatch has remained. As the Department has made every reasonable effort to produce the data required for accurate elimination of excluded trading subsidiaries of ALBs, it has chosen to apply the IAS 8 impracticability exemption for 2010-11 and 2009-10.

Under the IAS 8 exemption, the Department has adopted a “best endeavours” approach to restating its comparators, under which prior year figures have been restated to the greatest extent possible, whilst recognising that they cannot be restated to a fully comparable level due to the remaining material mismatch. All practicable restatements have been made, and the Department has replicated, as far as possible, the elimination techniques applied in the current accounting period, thereby producing prior

period comparative figures that are as comparable, accurate and meaningful to the users of the accounts as possible.

## 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, its supply financed agency “The Royal Parks Agency” 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 individual reporting entities and their subsidiaries.

### BBC

The BBC results consolidated within these accounts are based on that part of the wider BBC funded by the Exchequer through the grant in aid mechanism (where the amount is based on TV Licence Fees collected). For the purposes of these accounts the Exchequer funded part of the BBC is taken to be the UK Public Services Broadcasting (PSB) division which is responsible for all the services provided by the BBC for the purpose of promoting its Public Purposes, except any which:

- (a) are commercial services,
- (b) form part of the World Service,
- (c) are services provided at the request of, and funded by, Other Government Departments (OGDs) and included in their consolidated accounts, or
- (d) are aimed primarily at users outside the UK.

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

The only body preparing financial statements to a calendar year is the Welsh Fourth Channel (S4C). There are no material adjustments required for transactions or events that have occurred since the most recent financial year end of S4C and that are significant for these accounts. Other than S4C all consolidated entities have accounting reference dates that align with the core department.

A list of all the ALBs within the departmental accounting boundary, and included in the group results (along with DCMS and its agency), is given at note 29.

## 1.4 Going Concern

In common with other government departments, DCMS'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 2.2.15, it has been concluded as appropriate to adopt the going concern basis of preparation for these Accounts.

## 1.5 Change of Accounting Policy

These financial statements represent the department's first time adoption of a change in the consolidation boundary as a result of HM Treasury's Clear Line of Sight (CLOS) reforms:

The Departmental boundary has been extended to include those bodies designated by order of HM Treasury under Statutory Instrument. The accounting boundary of the Department now includes the financial statements of the DCMS Arm's Length Bodies to make up the group after taking into account any material adjustments, eliminations, different accounting policies, and relevant disclosures. This is in accordance with IAS 8.14b and FReM 2.3.2.

In prior years, National Lottery funds were recognised as income within individual consolidated entities rather than within the core Department. From 2011-12, as a consequence of the Clear Line of Sight (alignment) legislation, National Lottery funds are classified as funding rather than income, and are therefore credited to the general fund upon receipt. Comparator figures for 2010-11 have been restated as appropriate to reflect this change and to ensure comparability with the current year.

### *Donated Asset Reserve and Government Grant Reserve*

The option to recognise donated assets (IAS 16 Property, plant and equipment) and Capital Government Grants (IAS 20 Government Grants) in reserves was removed from the FReM in 2011-12. The option provided in International Accounting Standard (IAS) 20 to defer grant income related to an asset is restricted to income where the grantor imposes a condition that the future economic benefits embodied in the grant are consumed as specified by the grantor or must be returned to them.

The impact of the removal of Government Grant and Donated Asset reserves is that all comparative amounts relating to these reserves have been adjusted to show the results and financial position in the prior period as if the new accounting policy had always been applied.

## 1.6 Application of newly issued accounting standards not yet effective

The department has not adopted the following standards, amendments and interpretations that have been issued but are not yet effective, on the grounds that the changes would have no, or an immaterial, effect on these accounts and would not provide additional information that would aid the reader:

- IAS 1 Presentation of Financial Statements – Other Comprehensive Expenditure. effective for financial years beginning on or after 1 July 2012

- IAS 19 Post-Employment Benefits – presentation and disclosures concerning defined benefit plans. *Effective date 1 January 2013.*
- IFRS 7 Financial instruments disclosures: *Effective date 1 January 2013.*
  - Disclosures about transfer of financial assets
  - Enhancing disclosures about offsetting assets and liabilities
  - Enhancing disclosures about initial application of IFRS 9
  - Classification and measurement of financial assets
- IFRS 9 Financial Instruments: *Effective date 1 January 2015.*
  - Classification and measurement of financial assets
  - Accounting for liabilities and deregulation
- IFRS 10 - Consolidated Financial Statements. *Effective date 1 January 2013.*
- IFRS 11 - Joint Arrangements *Effective date 1 January 2013.*
- IFRS 12 - Disclosure of interests in other entities *Effective date 1 January 2013.*
- IFRS 13 – Fair Value measurement. *Effective date 1 January 2013.*

The Department will amend all applicable policies relating to new standards and interpretations when they are issued.

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

## 1.7 Administration and Programme Expenditure

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

Administration expenditure reflects the costs of running the Department, and those of its ALBs allocated an administration budget in the Spending Round 2010. Some categories of ALBs did not have an administration budget allocation, and therefore they report only programme costs. Programme costs reflect non administration expenditure, and include payments of grants and expenditure on ALBs objectives.

## 1.8 Pensions

### Funded pension schemes

A number of group entities participate in defined benefit pension schemes as described in Note 21. 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 the Statement of Other Comprehensive Expenditure. The most significant funded defined benefit scheme in the group is operated by the BBC.

### *BBC Pension Scheme*

The BBC operates a defined benefit plan, of which the majority of BBC staff are members; this provides 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 that fund in advance of members' retirement.

### Unfunded pension schemes

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

A number of the employees of the Core Department and the consolidated bodies are covered by the provisions of the Principal Civil Service Pension Schemes (PCSPS) as described in Note 7.

The PCSPS defined benefit schemes are unfunded. The participating bodies within the Departmental Group recognise the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution elements of the Schemes, the Departmental Group recognises the contributions payable for one year. Contributions to the defined benefit pension scheme are charged to the Consolidated Statement of Comprehensive Net Expenditure in accordance with actuarial recommendations so as to spread the cost of the pensions over the employees' expected working lives.

### Other unfunded defined benefit pension schemes

The employees of some of the consolidated bodies are members of other unfunded defined benefit pension schemes, but the participating employers are unable to identify their share of the underlying liability. Employer contributions to the defined benefit schemes are charged to the Consolidated Statement of Comprehensive Net Expenditure in the period to which they relate.

### Core department early departure costs

For past early departure schemes, DCMS 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 PCSPS over the period between early departure and normal retirement date. The total cost is provided for in full when the early departure programme has been announced and is binding on DCMS.

From 22 December 2010, all exit costs to be paid by DCMS under the Civil Service compensation terms consist of lump sum payments only.

## **1.9 Property, Plant and Equipment**

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



Freehold land and buildings are restated to current value every five years on a rolling basis, and valuations are carried out by professional valuers. In the intervening periods, the value of land and buildings are updated annually using appropriate indices, where there are material movements. The valuation approach adopted follows the Royal Institution of Chartered Surveyors (RICS Appraisal and Valuation Standards).

Information regarding the date of last valuation undertaken and valuers engaged by entities within the group to carry out the valuation can be found in the published annual accounts of the individual entities. All other tangible assets (non-property) are carried at fair value using appropriate indices, where material. Some ALBs have used depreciated historical cost as an acceptable proxy for fair value only when they deem the fair value adjustment is not materially different from the depreciated historic cost and so these tangible non-current assets are not restated.

### *BBC*

Unlike other bodies within the DCMS Group the BBC does not have a policy of revaluation and the non-current assets are recorded in the group accounts at depreciated historical cost, which is not in accordance with the Group accounting policy.

For more details see Note 11.

### *Specialised Assets*

Some ALBs have buildings and infrastructure classified as specialised and non-specialised assets. These assets are held at cost in assets under construction until they are physically complete. On completion they are revalued and measured at fair value. Any impairment arising on revaluation will be charged to the Statement of Comprehensive Net Expenditure whilst any uplift in value will be credited to the revaluation reserve. When these assets are brought into use, they may be held by that body, transferred to another body or sold. Where the asset is transferred to another body, it may be transferred at nil consideration if appropriate and subject to DCMS approval. Where an asset is transferred to another body or sold a disposal is recorded in the financial statements.

The policy on heritage assets is disclosed at note 1.17.

## **1.10 Depreciation and Amortisation**

Depreciation is provided to write off the cost of each class of asset, less its estimated residual value, over its estimated useful life. The depreciation method used is that which provides a realistic reflection of the consumption of that asset.

The major categories of non-current assets are depreciated as follows:

- Freehold and long leasehold land                      Not depreciated

• Freehold buildings	Up to 100 years <sup>5</sup>
• Leasehold improvements/ buildings	(term of the lease)
• Plant & machinery	(3-30yrs)
• Furniture & fittings	(3-20yrs)
• Information Technology	(3-5yrs)
• Intangible assets	(2-3yrs)
• Assets under construction	Not depreciated until the asset is brought into use
• Antiques, works of art& collections	Not depreciated

Depreciation methods, estimated useful lives and residual values are reviewed at each reporting date.

### 1.11 Revaluation and Impairment of Non Current Assets

Increases in value are credited to the Revaluation Reserve, unless it is a reversal of a previous impairment, which is credited to the Consolidated Statement of Comprehensive Net Expenditure to the extent of the previous impairment and then to the Revaluation Reserve, in accordance with IAS 36. Impairments of revalued assets that do not result from a clear consumption of economic benefits are debited to the Revaluation Reserve up to the level of depreciated historical cost. Any excess devaluation is charged to the Consolidated Statement of Comprehensive Net Expenditure. 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 Consolidated Statement of Comprehensive Net Expenditure. 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 Consolidated Statement of Comprehensive Net Expenditure.

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.

Impairments are analysed between Departmental Expenditure Limits (DEL) and Annually Managed Expenditure (AME) from 2011-12. This is necessary to comply with HM Treasury's budgeting

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<sup>5</sup> For specific details on building lives, please refer to individual published annual accounts of bodies within the group.

guidance. DEL limits are set in each Spending Review, and Departments may not exceed the limits that they have been set. AME budgets are set by HM Treasury and may be reviewed with departments in the run-up to the Budget. Departments need to monitor AME closely and inform HM Treasury if they expect AME spending to rise above the level forecast.

### **1.12 Investment Properties**

The Group holds a number of properties which have been classified as investment properties and are not depreciated in accordance with IAS40, 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 desk top review carried out in intervening periods. Gains or losses arising in fair value of investment property are recognised in the consolidated statement of comprehensive net expenditure.

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 (CSoFP). The lease revenue is recognised over the term of the lease on a straight-line-basis

### **1.13 Investment in Subsidiaries**

Investment in subsidiaries where classified as public sector are stated at cost less, where appropriate, provision for impairment. Any investments in subsidiaries that are not classified as public sector are held at fair value. Details of the accounting treatment for subsidiaries can be found in the financial statements of the ALBs.

### **1.14 Investment in Associates and Interests in Joint Ventures**

The Departmental Group has investments in associates that are entities in which it has significant influence but are neither a subsidiary nor an interest in joint venture. Significant influence gives the Departmental Group power to participate in the financial and operating policy decisions of the investee but not to control or have joint control over policies.

The Departmental Group has interests in joint ventures that are contractual arrangements in which the group and other parties undertake economic activity that is subject to control (i.e. when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control).

The results and assets and liabilities of associates and interests in joint ventures where material and deemed to have a significant impact to the Department group accounts are incorporated into the consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'.

The equity method means the Departmental Group presents its interest in the joint venture or associate as a single line in the consolidated statement of financial position, measured at cost of investment plus share of net surplus or deficit, less dividends received. The equity accounted surplus or deficit for the year is presented as a single line item in the consolidated statement of comprehensive net expenditure.

### 1.15 Intangible Non-Current Assets

In accordance with FReM, all intangible assets are carried at fair value. Intangible assets held by the Department and the group mainly relate to software licenses and trademarks. These use Depreciated Historic Cost (DHC) as a proxy for fair value. The Departmental Group considers the depreciated replacement cost basis of valuation as not materially different from fair value.

Income generating intangibles are capitalised based on their expected income streams which is provided by the relevant entities.

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

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

Other development expenditure that do not meet these criteria are 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 consolidated statement of comprehensive net expenditure in the period in which it is incurred.

#### Capitalisation thresholds

The thresholds across the Departmental Group range from £1,000 to £10,000 (including irrecoverable VAT). The Core Department's capitalisation threshold is £2,000 whilst that of the Royal Parks Agency is £5,000

### **1.17 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 DCMS group consists of historic artefacts and archives, works of art, collection items, historic land and buildings.

Operational heritage assets (mainly comprise of buildings and works of art) 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 such as buildings.

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 stated at cost or value depending on the availability of information. The assets being reported at cost and those being reported at valuation should be presented separately in the Statement of Financial Position. Heritage assets reported at valuation are reviewed frequently and any changes in the valuation are recognised in the Other Comprehensive Expenditure section of the SOCNE except for impairment losses.

Where information is not available to place a value on heritage assets then this fact is reported in the individual financial statements of the body holding the asset.

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 more detail regarding individual heritage assets please refer to the individual financial statements of the body holding the asset, where the policy on depreciation will be disclosed.

Non-heritage assets will comply with Note 1.9 above.

### **1.18 Donated Assets**

Donated assets are capitalised at fair value on receipt, and this value is credited to the consolidated statement of comprehensive net expenditure. Non-current donated assets are revalued, depreciated and subject to impairment in the same manner as other non-current assets. Donated services or facilities: including gifts in kind, are included in the consolidated statement of comprehensive net expenditure at the value to the Group where this can be quantified. Cash donations are recorded on cash received basis.

### **1.19 Inventories and Work in Progress**

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 they either 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. Inventories used by the public sector broadcasting authorities 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 untransmitted are carried forward as stock, after providing for expenditure on material which is unlikely to be transmitted. For a series of programmes, the allocation of stock 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 cost is defined as payments made or due to production companies or programme suppliers.

## **1.20 Assets held for sale**

In accordance with IFRS 5 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 Statement of Financial Position 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.

## **1.21 Operating Income and Revenue Recognition**

Operating income is income which relates to the operating activities of the Departmental Group and includes both budgetary and non-budgetary income. Non-budgetary income is outside the ambit of the Group budget and is due to the Consolidated Fund as Consolidated Fund Extra Receipts (CFers), more details are included in Note 5.

Revenue is measured at the fair value of consideration received or receivable and comprises primarily fees and charges for services rendered on a full cost basis. Operating income is stated net of VAT. The major categories of operating income include fees and charges (e.g. admission fees and membership income), trading income (e.g. retail and catering income), donations (in the form of cash or assets), gifts in kind, sponsorship income and non-governmental grants (both revenue and capital). Revenue is reduced for estimated allowances.

Revenue received in advance of work performed is held on the Statement of Financial Position (under trade and other payables as payments received on account) and released to the consolidated statement of comprehensive net expenditure when work is completed and the liability extinguished.

*Income received by entities within the group*

Grants are recognised by ALBs within the group to meet estimated expenditure in the year but unexpended amounts for the year, within predetermined limits, are not liable to be repaid back to the grantor. The grants are recognised as income in the financial year that they relate to. These grants are recognised as income consistently with the related costs, provided that there is reasonable assurance that the ALBs within the group will comply with any conditions attached to the grant.

Grants when received are deferred and only utilised in the year to match their estimated expenditure.

**1.22 Leases**

A distinction is made between finance leases and operating leases in accordance with IAS 17.

*Finance Leases*

Leases where DCMS substantially retains all the risks and rewards incidental to ownership of an asset are classified as Finance leases. At inception of the lease term, the finance lease assets and liabilities are capitalised at the lower of the fair value of the leased asset and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges with the corresponding rental obligations, net of finance charges included in either current or non-current payables depending on the dates DCMS is contractually obliged to make rental payments. The interest element of the finance cost is charged to the consolidated statement of comprehensive expenditure over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The assets acquired under finance leases are classed as property, plant and equipment and depreciated over the shorter of the useful economic life of the asset and the lease term.

*Operating Leases*

Leases other than finance leases are classified as operating leases. Rental payments made under operating leases are charged to the consolidated statement of comprehensive net expenditure over the period of the lease. Benefits received or receivable as an incentive to enter into an operating lease are also spread over the lease term.

**1.23 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 you to buy or sell a currency at a fixed exchange rate with delivery made on a given date or dates in the future.

The Department and the group hold various derivative and non-derivative financial instruments (including assets such as trade investments and liabilities such as borrowings). The accounting policy for major categories of financial instruments is set out below.

### *Derivative financial instruments*

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

Derivative financial instruments, excluding derivatives held as qualifying hedges are initially recognised at fair value and are subsequently re-measured to fair value annually with movements recorded in the Statement of Comprehensive Net Expenditure (SOCNE).

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

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

### *Hedge accounting*

Where a financial instrument is designated and effective as a net investment hedge of a foreign operation or a cash flow hedge of purchases or sales in a foreign currency, any exchange differences arising on the retranslation of the financial instrument will be recognised directly in the SOCNE. Any ineffective portion is recognised immediately in the statement of comprehensive net expenditure. Interest rate caps protect against interest rates rising, by setting an upper limit (cap) on the floating interest rate, while still allowing the benefit of falling interest rates. Interest rate collars are the same as interest rate caps except that there is also a lower limit set to the floating interest rate. Interest rate swaps effectively swap a floating rate loan into a fixed rate loan, or vice versa.

### *Embedded derivatives*

Derivatives which are embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts, and the host contracts are not carried at fair value. Embedded derivatives are carried on the Consolidated Statement of Financial Position at fair value from inception of the host contract. Unrealised changes in fair value are recognised as gains/losses within the SOCNE during the period in which they arise.

### *Trade and other payables*

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, where it is significant long term

### *Trade and other receivables*

These are recognised initially at fair value and subsequently measured at the fair value of directly attributable transaction costs less an allowance for estimated impairment. The allowance is based on objective evidence that the Department and the group will not be able to recover all amounts due (bad debt). Changes in the carrying amount of the allowance are recognised in the SOCNE.



*Investments in equity securities – (Trade and Non-traded)*

Investments in equity securities held by the Department and the group are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognised in the SOCNE, except for impairment losses. When these investments are derecognised the cumulative gain or loss is recognised in the SOCNE.

**1.24 Grants*****Grant in Aid***

Financing to DCMS's Arms-Length-Bodies 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 Core Department to its ALBs as well as any intra-group grants between the consolidated bodies are fully eliminated within the Departmental 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 (refer to Note 1.25) depending on the timing of the payment and the terms of the grant.

**Grants payable by Lottery Distributor Bodies**

Commitment accounting has been adopted for individual lottery distributors under accounts directions issued by HM Treasury. To bring the reporting of grant commitments in line with IFRS for these accounts, the accounting treatment of these commitments will follow accruals accounting where they previously followed commitment accounting. The result is that most commitments are therefore reflected on the balance sheet as a liability (either as an accrual or a provision). The treatment will depend on the terms of the grant agreement and varies between lottery distributors.

**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 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). Each year the financing charges in the consolidated statement of comprehensive net expenditure include the adjustments to unwind one year's discount so that liabilities are shown at current price levels

## 1.26 Contingent Liabilities

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

These comprise:

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

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

## 1.27 Taxation

### Value Added Tax

VAT is paid or received in accordance with the prevalent tax rules. In general, most of the activities of DCMS are outside the scope of VAT and output tax does not normally apply. But some ALBs have trading activities where VAT is charged at the prevailing rate and where related input VAT costs are deemed recoverable. Input VAT is also recoverable on certain contracted-out services.

Irrecoverable VAT is charged to the relevant expenditure category or, if appropriate, capitalised with additions to fixed assets.

### Corporation Tax

Corporation Tax is liable on the taxable activities of the Departmental 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 consolidated statement of comprehensive net expenditure except where they relate to items recognised directly in taxpayer's equity, in which case they are recognised in taxpayer's equity.

Current tax is the expected tax payable for the year by the Departmental 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.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding bases used in the computation of the taxable surplus.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable surplus will be available to allow all or part of the asset to be recovered.

## 1.28 Reserves

The Consolidated Statement of Changes in Taxpayers Equity comprises the reserves for the Core Department, Department and Agency, and the Departmental group.

These reserves include

- The General Fund reserve represents the departmental group's total taxpayers' equity not including the ALBs charitable reserves and the restricted lottery reserves. 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, assets held in charitable funds and lottery reserves).
- The Charity Funds are the total reserves of the charitable ALBs within the group. The charity funds 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 charity ALBs.
- The Lottery Funds are the total reserves of the lottery distributors within the group. The lottery funds comprise the general fund, and revaluation reserve held by the lottery distributor. These reserves are shown in the departmental consolidated accounts as a combined figure as they are reserves only for use by the lottery distributors.
- A Pension Reserve will exist when there is a surplus or a deficit on a defined benefit pension scheme that results in an asset or a liability being recognised by the body. This reserve will be negative in the case of a liability. If the pension asset or liability relates only to unrestricted funds then this reserve will be part of unrestricted funds.

## 1.29 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.

## 1.30 Third Party Assets

The department holds, as custodian or trustee, certain assets belonging to third parties. These are not recognised in the accounts, since the department does not have a direct beneficial interest in them.

Any third party monies held at the Government Banking Service (GBS) or Office of HM Paymaster General at end of reporting period are recognised as both Cash and cash equivalents (refer to Note 18.2) and Trade and other payables (refer to Note 19), and therefore have no net impact on the consolidated statement of financial position.

### **1.31 Cash and Cash Equivalents**

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

### **1.32 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 Board.

The segmental analysis at Note 6 presents the financial information based on the structure reported to the Board. The segments reflect the operational structure within the Department

### **1.33 Accounting Estimates and Judgments**

#### *Critical accounting estimates and judgements*

The preparation of the Department's consolidated financial statements requires management of the Core Department and the consolidated bodies to make judgements, estimates and assumptions that affect the reported amounts of assets and 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 Departmental Group's property, plant and equipment and intangibles is 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 Departmental 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 replacement cost to a modern equivalent basis.

#### *Pension costs*

The present value of the net pension liability detailed in Note 21 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.

#### *Provisions for liabilities and charges*

The provisions for liabilities and charges reported in Note 20 reflect judgements about the likelihood that a future transfer of economic benefits will arise as a result of past events. Where the likelihood of a liability crystallising is deemed probable and where it is possible to quantify the effect with reasonable certainty, a provision is recognised. Where the likelihood of potential liabilities crystallising is judged to be possible, a contingent liability is disclosed.

Critical judgements in applying DCMS's accounting policies

#### *Grants*

The classification on initial recognition of grants payable by the ALBs is subject to a degree of judgement for multi-year grants and performance related grants. Management reviews the awards documentation to determine whether the terms give rise to a contractual obligation. If they do, the Departmental Group accounts for the grants on an accruals basis provides for the probable outflow of economic benefit.

#### *Lease accounting*

Judgement is required on initial classification of leases as either operating leases or finance leases. Where a lease is taken out for land and buildings combined, both the building and land elements may be capitalised as separate finance leases. If the contracted lease payments are not split between land and buildings in the lease contract, the split is made based on the market values of land and buildings at the inception of the lease.

### **1.34 Machinery of Government Changes**

As part of the transfer of responsibilities to DCMS from BIS certain liabilities were transferred under Machinery of Government (MoG) terms.

The transfer comprised

- merger and competition cases relating to the media, broadcasting, digital and telecoms sectors
- sponsorship of the telecoms sector, mobile and fixed
- sponsorship of all content industries, including computer games and publishing
- telecoms policy, including implementation of the EU framework
- broadband policy and delivery (including Broadband Delivery UK)
- internet policy and governance, including implementation of the Digital Economy Act
- Spectrum
- BT Pension Crown Guarantee

- responsibility for sponsorship of Ofcom (except in relation to postal regulation)<sup>6</sup>
- full responsibility for the Digital TV switchover and Digital Radio Action Plan

Such transactions are outside the scope of IFRS 3 Business Combinations. HM Treasury requires that merger accounting is to be applied in these circumstances. Merger accounting involves: the presentation of the current year's results as if the recipient of the functions had exercised those functions from the commencement of the year, whatever the actual date of the transfer.

As such, appropriate adjustments are made to the carrying value of the assets and liabilities of the combining functions to achieve uniformity of accounting policies. Restatement of comparatives including the results of all the combined functions for the period is provided in accordance with IAS 1.

### 1.35 Prior Period Adjustments

A number of accounting policy changes have arisen in-year, primarily as a result of changes to FReM requirements driven by HM Treasury Clear Line of Sight (alignment) legislation. Except where explicitly agreed with the Financial Reporting Advisory Board and HM Treasury, in line with IAS 8 requirements, these accounting policy changes have been applied retrospectively and prior period comparators restated to ensure comparability. Additionally, there has been a Machinery of Government (MoG) change that requires a prior year adjustment. The overall impact of the restatement on the 2010-11 Consolidated Statement of Comprehensive Net Expenditure and Consolidated Statement of Financial Position as at 31 March 2011 is shown below. An explanation of the nature and value of the various items contributing to the restatement is also provided:

Restatement: For the year ended 31 March 2011

	Published 2010-11	Machinery of Government Changes 2010-11	Clear Line of Sight adjustments 2010-11	Other <sup>7</sup> 2010-11	Unaudited Restated 2010-11
	£000	£000	£000	£000	£000
Non-current assets	64,466		8,959,256	4	9,023,726
Current assets	35,380	158,129	3,725,672	(4)	3,919,177
<b>Total assets</b>	<b>99,846</b>	<b>158,129</b>	<b>12,684,928</b>	<b>-</b>	<b>12,942,903</b>
Current liabilities	(55,617)	(158,200)	(3,293,754)	(2,162)	(3,509,733)
Non-current liabilities	(14,828)		(3,742,286)	2,162	(3,754,952)
<b>Total liabilities</b>	<b>(70,445)</b>	<b>(158,200)</b>	<b>(7,036,040)</b>	<b>-</b>	<b>(7,264,685)</b>
<b>Assets less liabilities</b>	<b>29,401</b>	<b>(71)</b>	<b>5,648,888</b>	<b>-</b>	<b>5,678,218</b>
<b>Reserves</b>					

<sup>6</sup> OFCOM was designated to central government by ONS in 2011-12, and included within the DCMS consolidation beginning with the 2012-13 financial year.

<sup>7</sup> Other in 2010-11 relates to restatements for DCMS and The Royal Parks. The movement in the Other Reserves relates to the removal of the Donated Asset Reserve and the Government Grant Reserve which was moved to the General Reserve and the Revaluation Reserve.

General Reserve	3,153	(71)	1,156,594	10,176	1,169,852
Pension Scheme Reserve			(985,345)		(985,345)
Revaluation Reserve	15,912		1,309,042	160	1,325,114
Lottery Funds			1,411,427		1,411,427
Charitable Funds			2,680,020		2,680,020
Other Reserves	10,336		77,150	(10,336)	77,150
<b>Total Reserves</b>	<b>29,401</b>	<b>(71)</b>	<b>5,648,888</b>	<b>0</b>	<b>5,678,218</b>

	Published 2009-10	Machinery of Government Changes 2009-10	Clear Line of Sight adjustments 2009-10	Other <sup>8</sup> 2009-10	Unaudited Restated 2009-10
	£000	£000	£000	£000	£000
Non-current assets	65,934		7,374,714		7,440,648
Current assets	64,029	193,848	3,983,917		4,241,794
<b>Total assets</b>	<b>129,963</b>	<b>193,848</b>	<b>11,358,631</b>	<b>0</b>	<b>11,682,442</b>
Current liabilities	(51,070)	(166,294)	(3,272,593)		(3,489,957)
Non-current liabilities	(1,180)		(4,804,066)		(4,805,246)
<b>Total liabilities</b>	<b>(52,250)</b>	<b>(166,294)</b>	<b>(8,076,659)</b>	<b>0</b>	<b>(8,295,203)</b>
<b>Assets less liabilities</b>	<b>77,713</b>	<b>27,554</b>	<b>3,281,972</b>	<b>0</b>	<b>3,387,239</b>
<b>Reserves</b>					
General Reserve	49,327	27,554	1,781,045	659,104	2,517,030
Pension Scheme Reserve			(1,652,450)	0	(1,652,450)
Revaluation Reserve	17,387		1,232	0	18,619
Lottery Funds			(1,961,829)		(1,961,829)
Charitable Funds			4,072,051	393,568	4,465,619
Other Reserves	10,999		1,041,923	(1,052,672)	250
<b>Total Reserves</b>	<b>77,713</b>	<b>27,554</b>	<b>3,281,972</b>	<b>0</b>	<b>3,387,239</b>

The Department's Annual Report and Accounts have been restated in respect of the following:

- Under HM Treasury's Clear Line of Sight (alignment) legislation the Departmental Group has expanded to include ALBs.
- Following a change in the interpretation of IAS 20 for the public sector context, the 2011-12 FReM changes the accounting treatment in respect of government grants and donations. From 2011-12, Group bodies will no longer hold Government Grant or Donated Asset Reserves. The balances on such reserves have been transferred to the General Fund and Revaluation Reserve as appropriate. Where assets are funded by government grant or donation the financing element of the transaction is now recognised as income and taken through the CSCNE. The closure of these reserves means

<sup>8</sup> Other in 2009-10 relates to the prior year adjustments for removal of the Donated Asset Reserve and the Government Grant Reserve.

that there will no longer be any release from the reserves to current year income to, for example, offset depreciation and loss on disposal transactions. The restatement of prior period comparators, so as to present these figures as if the new accounting policy had always applied, relates solely to certain Departmental Group bodies as the Core Department does not hold donated or government granted assets.

- In the course of 2011-12, certain functions were transferred to DCMS from BIS. This transfer was accounted for under the Machinery of Government (MoG) process.
- As mentioned in Note 1.1 Statement of accounting policies the Department has applied the impracticability exemption allowed under IAS 8 Accounting policies, changes in estimates and errors. By this: “Applying a requirement is impracticable when the entity cannot apply it after making every reasonable effort to do so.” In applying the IAS 8 impracticability exemption, the Department recognises that its consolidated prior period income, expenditure, payable and receivable figures cannot be restated to a fully comparable level. Given these figures may not represent a true and fair view of the activities of the Departmental Group the consolidated prior period figures have not been audited, with each consolidated comparative column headed “unaudited” to highlight this. The Department has nevertheless adopted a “best endeavours” approach to producing prior period comparators for its 2011-12 accounts.



## 2. Analysis of Net Outturn by Section

### 2.1 Analysis of net resource outturn by section

	2011-12									2010-11
	Outturn							Estimate		Outturn
	Administration			Programme			Total	Net Total	Net total compared to Estimate	Total
	Gross	Income	Net	Gross	Income	Net	Total			
<b>Spending in Departmental Expenditure Limit (DEL)</b>										
<b>Voted expenditure</b>										
A Support for the Museums and Galleries sector	-	-	-	13,344	(8)	13,336	13,336	14,123	787	3,804
B Museums and Galleries sponsored bodies	-	-	-	306,816	-	306,816	306,816	393,537	86,721	302,947
C Libraries sponsored bodies	9,936	-	9,936	103,236	-	103,236	113,172	115,330	2,158	123,135
D Museums, libraries and archives council	5,142	-	5,142	38,599	-	38,599	43,741	51,236	7,495	58,702
E Support for the Arts sector	13	(13)	-	2,576	(203)	2,373	2,373	2,083	(290)	(1,669)
F Arts sponsored bodies	22,783	-	22,783	358,052	-	358,052	380,835	381,593	758	453,545
G Support for the Sports sector	-	-	-	12,398	(7,004)	5,394	5,394	2,788	(2,606)	(1,561)
H Sport sponsored bodies	13,304	-	13,304	122,773	-	122,773	136,077	144,646	8,569	73,707
I Ceremonial and support for the Heritage sector	208	-	208	14,851	(1,113)	13,738	13,946	10,139	(3,807)	23,956
J Heritage sponsored bodies	18,182	-	18,182	112,555	-	112,555	130,737	136,896	6,159	165,524
K The Royal Parks	3,006	(859)	2,147	30,478	(15,463)	15,015	17,162	17,329	167	15,635
L Support for the Tourism sector	-	-	-	16	-	16	16	10	(6)	2,436
M Tourism sponsored bodies	34,494	-	34,494	11,000	-	11,000	45,494	48,415	2,921	40,729
N Support for the Broadcasting and Media sector	7,714	-	7,714	2,335	(6,679)	(4,344)	3,370	6,739	3,369	7,288
O Broadcasting and Media sponsored bodies	1,122	(13)	1,109	197,749	(41,692)	156,057	157,166	135,637	(21,529)	183,875
P Administration and Research	59,171	(2,926)	56,245	2,215	(31)	2,184	58,429	62,064	3,635	57,979
Q Support for the Gambling Sector	-	-	-	13,348	(10,648)	2,700	2,700	489	(2,211)	(54,977)
R Grant to the National Lottery Commission	-	-	-	4,974	-	4,974	4,974	7,196	2,222	4,906
S Gambling Commission	-	-	-	(252)	-	(252)	(252)	1,127	1,379	(565)
T Olympics - legacy programmes	-	-	-	66,152	(284)	65,868	65,868	67,737	1,869	13,022
U London 2012	-	-	-	45,399	-	45,399	45,399	24,900	(20,499)	311,749
<b>Total spending in DEL</b>	<b>175,075</b>	<b>(3,811)</b>	<b>171,264</b>	<b>1,458,614</b>	<b>(83,125)</b>	<b>1,375,489</b>	<b>1,546,753</b>	<b>1,624,014</b>	<b>77,261</b>	<b>1,784,167</b>
<b>Spending in Annually Managed Expenditure (AME)</b>										
<b>Voted expenditure</b>										
V Broadcasting and Media (net)	-	-	-	2,966,507	-	2,966,507	2,966,507	3,245,902	279,395	2,958,411
W New and adjustments to existing provisions	-	-	-	(100,249)	-	(100,249)	(100,249)	19,405	119,654	207,623
X Release of Provisions	-	-	-	(6,885)	-	(6,885)	(6,885)	(2,400)	4,485	(4,233)
S Gambling sponsored bodies	-	-	-	(30,535)	-	(30,535)	(30,535)	-	30,535	128
<b>non-Voted expenditure</b>										
Y Lottery Grants	-	-	-	1,334,509	-	1,334,509	1,334,509	930,499	(404,010)	680,147
<b>Total spending in AME</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,163,347</b>	<b>-</b>	<b>4,163,347</b>	<b>4,163,347</b>	<b>4,193,406</b>	<b>30,059</b>	<b>3,842,076</b>
<b>Total</b>	<b>175,075</b>	<b>(3,811)</b>	<b>171,264</b>	<b>5,621,961</b>	<b>(83,125)</b>	<b>5,538,836</b>	<b>5,710,100</b>	<b>5,817,420</b>	<b>107,320</b>	<b>5,626,243</b>

In line with the FReM ALB expenditure is shown net of their income.

Lottery grant expenditure excludes NLDF / OLDF lottery is net of non-lottery income such as rental income.

## 2.2 Analysis of net capital outturn by section

	2011-12					2010-11
	Outturn			Estimates		Unaudited Resated
	Gross	Income	Net	Net	Net Total Compared with Estimate	Net
<b>Spending in Departmental Expenditure Limit (DEL)</b>						
<b>Voted:</b>						
A Support for the Museums and Galleries sector	6,050	-	6,050	5,550	(500)	4,390
B Museums and Galleries sponsored bodies	154,781	-	154,781	102,019	(52,762)	112,501
C Libraries sponsored bodies	13,603	-	13,603	9,228	(4,375)	14,199
D Museums, libraries and archives council	-	-	-	77	77	-
E Support for the Arts sector	100	-	100	104	4	13
F Arts sponsored bodies	12,778	-	12,778	13,032	254	1,767
G Support for the Sports sector	3,000	-	3,000	3,000	-	-
H Sport sponsored bodies	32,965	-	32,965	31,296	(1,669)	42,144
I Ceremonial and support for the Heritage sector	3,797	-	3,797	2,428	(1,369)	568
J Heritage sponsored bodies	22,066	-	22,066	21,948	(118)	5,446
K The Royal Parks	3,310	(1,736)	1,574	1,081	(493)	2,785
L Support for the Tourism sector	-	-	-	-	-	-
M Tourism sponsored bodies	191	-	191	192	1	130
N Support for the Broadcasting and Media sector	108	-	108	140	32	157
O Broadcasting and Media sponsored bodies	73,189	(20,821)	52,368	60,314	7,946	(13,876)
P Administration and Research	918	(21)	897	1,166	269	1,587
Q Support for the Gambling Sector	-	-	-	(60)	(60)	60,064
R Grant to the National Lottery Commission	4	-	4	60	56	44
S Gambling Commission	234	-	234	-	(234)	217
T Olympics - legacy programmes	35,143	-	35,143	16,649	(18,494)	(654,841)
U London 2012	979,436	(62,256)	917,180	1,007,900	90,720	1,140,585
<b>Total spending in DEL</b>	<b>1,341,673</b>	<b>(84,834)</b>	<b>1,256,839</b>	<b>1,276,124</b>	<b>19,285</b>	<b>717,880</b>
<b>Annually Managed Expenditure (AME)</b>						
<b>Voted expenditure:</b>						
V Broadcasting and media (net)	172,012	-	172,012	191,500	19,488	508,414
§ Gambling sponsored bodies	-	-	-	-	-	-
<b>Non-voted expenditure</b>						
Y Lottery grants	379,916	-	379,916	469,501	89,585	254,750
<b>Total spending in AME</b>	<b>551,928</b>	<b>-</b>	<b>551,928</b>	<b>661,001</b>	<b>109,073</b>	<b>763,164</b>
<b>Total</b>	<b>1,893,601</b>	<b>(84,834)</b>	<b>1,808,767</b>	<b>1,937,125</b>	<b>128,358</b>	<b>1,481,044</b>

Capital is all recorded under Programme

In line with the FReM ALB expenditure is shown net of their income

Lottery grant expenditure excludes NLDF / OLDF income but is net of non-lottery income such as rental income.

### 3. Reconciliation of Outturn to Net Operating Cost and against Administration Budget

#### 3.1 Reconciliation of net resource outturn to net operating cost

	Notes	2011-12 £000 Outturn	2010-11 £000 Unaudited Restated Outturn
Total resource outturn in Statement of Parliamentary Supply	2.1	5,710,100	5,626,243
Add:			
Capital Grants		762,019	(223,321)
Other (Grant in Aid)		-	-
Income from NLDF		(1,623,902)	(1,493,924)
Income payable to the Consolidated Fund	5	(528,203)	(31,613)
Charity income: donations		(9,566)	2,174
Other adjustments		76,114	17,139
<b>Net Operating Costs in Consolidated Statement of Comprehensive Net Expenditure</b>		<b>4,386,562</b>	<b>3,896,698</b>

#### 3.2 Outturn against final Administration Budget and Administration net operating cost

		2011-12 £'000	2010-11 Unaudited Restated £'000
<b>Estimate - Administration Costs Limit</b>		<b>207,054</b>	<b>54,392</b>
Outturn Gross Administration Costs		210,403	205,226
Outturn - Gross Income Relating to Administration Costs		(39,139)	(43,943)
<b>Outturn - Net Administration Costs</b>	2.1	<b>171,264</b>	<b>161,283</b>
<b>Reconciliation to Operating Costs:</b>			
Plus: other administration items not within Note 2.1		1,646	-
Less: Utilisation of provisions classified as administration		(2,659)	-
<b>Administration Net Operating Costs</b>	SoCNE	<b>170,251</b>	<b>161,283</b>

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

	2011-12	2010-11
	Outturn	Outturn Unaudited Restated
	£'000	£'000
<b>Net cash requirement - core department and agency</b>	<b>(5,829,652)</b>	<b>(4,962,013)</b>
From the Consolidated Fund (Supply) - current year	5,727,000	4,987,147
From the Consolidated Fund (Supply) - prior year	-	-
Amounts due to the Consolidated Fund received and not paid over	86,203	103,595
Amounts due to the Consolidated Fund received in prior year and paid over	(103,595)	(15,887)
Other adjustments	-	-
<b>Increase/(decrease) in cash held by core department and agency</b>	<b>(120,044)</b>	<b>112,842</b>
Add - increase/(decrease) in cash held by Designated Bodies	14,787	445,035
<b>Net increase/(decrease) in cash held by Departmental Group</b>	<b>(105,257)</b>	<b>557,877</b>

#### 5. Income Payable to the Consolidated Fund

##### 5.1 Analysis of income payable to the Consolidated Fund

In addition to income retained by the department, the following income relates to the department and is payable to the Consolidated Fund (cash receipts being shown in italics)

	Notes	Outturn 2011-12		Outturn 2010-11	
		Income	Receipts	Income	Receipts
		£'000	£'000	Unaudited	Restated
		Income	Receipts	Income	Receipts
Operating income outside the ambit of the Estimate		-	-	-	-
Other amounts collectable on behalf of the Consolidated Fund		528,203	<i>282,469</i>	31,613	<i>31,613</i>
Excess cash surrenderable to the Consolidated Fund		-	-	-	-
<b>Total income payable to the Consolidated Fund</b>		<b>528,203</b>	<b><i>282,469</i></b>	<b>31,613</b>	<b><i>31,613</i></b>

The receipted amounts collectable on behalf of the Consolidated Fund included in the table above relate to the surrender of proceeds from the sale of the Tote of £68.96m, the underspent ring-fenced Digital Switch Over (DSO) funds returned by the BBC to the Consolidated Fund via DCMS of £213.50m and the licence income from the Sports Ground Safety Authority (SGSA) of £9k. The income amounts are therefore a total of the receipts plus the deferred income for DSO of £144.55m and £102.78m (including the unwinding of discount of £13.94m) for Tote. Further information can be found in Note 28.

## 5.2 Consolidated Fund Income

Consolidated fund income shown in note 5.1 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 financial statements) were as below.

	Notes	2011-12 £'000	2010-11 £'000
<b>Taxes and licence fees</b>			
Wireless Telegraphy Act (WTA)		273,558	103,595
Dormant Funds (BIG)		1,630	
		<b>275,188</b>	<b>103,595</b>
Balance held at start of year		103,595	-
Payments to the Consolidated Fund		288,225	-
Balance held on trust at end of year		<b>90,558</b>	<b>103,595</b>

The amounts shown within Note 5.2 relate to Wireless Telegraphy Act (WTA) fees surrendered to the Consolidated Fund by OFCOM via DCMS. More details are included in the Section 400 Licence Fees and Penalties Account 2011-12 produced by OFCOM. Also included in Note 5.2 are payments made to the Consolidated Fund on behalf of Big Lottery Fund in respect of Dormant Accounts. Further information can be found in Note 28.

## 6. Reporting by Operating Segment

	Note	2011-12					2010-11 Unaudited Restated				
		Core £'000	BBC £'000	Other £'000	Amounts eliminated on consolidation £'000	Total £'000	Core £'000	BBC £'000	Other £'000	Amounts eliminated on consolidation £'000	Total £'000
Gross expenditure	SoCNE	5,864,652	3,894,762	4,305,755	(5,775,940)	8,289,229	5,881,303	3,747,662	3,885,310	(5,591,559)	7,922,716
Income	SoCNE	(566,344)	(928,255)	(2,734,472)	326,404	(3,902,667)	(851,047)	(789,251)	(2,405,143)	19,423	(4,026,018)
<b>Net expenditure</b>		<b>5,298,308</b>	<b>2,966,507</b>	<b>1,571,283</b>	<b>(5,449,536)</b>	<b>4,386,562</b>	<b>5,030,256</b>	<b>2,958,411</b>	<b>1,480,167</b>	<b>(5,572,136)</b>	<b>3,896,698</b>
Total assets	SoFP	412,298	3,490,466	10,212,134	(149,756)	13,965,142	205,047	3,470,934	9,284,697	(17,776)	12,942,902
Total liabilities	SoFP	(425,976)	(3,103,742)	(3,485,832)	149,756	(6,865,794)	(221,165)	(3,000,414)	(4,060,882)	17,776	(7,264,685)
<b>Net assets</b>	SoFP	<b>(13,678)</b>	<b>386,724</b>	<b>6,726,302</b>	<b>-</b>	<b>7,099,348</b>	<b>(16,118)</b>	<b>470,520</b>	<b>5,223,815</b>	<b>-</b>	<b>5,678,217</b>

The Core (Department only) reports its expenditure by operating segment in accordance with IFRS 8 *Operating Segments*. The operating segments included above are those reviewed regularly by the DCMS Board. Recorded within the segment "Other" are all those bodies within the boundary apart from DCMS and the BBC. The net liability of the core department reflects the excess of current liabilities over current assets.

## 7. Staff Numbers and Related Costs

	2011-12					2010-11
	Permanently Employed Staff	Others	Ministers	Special Advisors	Total	Unaudited Restated £'000
					£'000	£'000
Wages & Salaries	1,277,375	82,310	140	69	1,359,894	1,504,675
Social Security Costs	103,977	1,772	9	7	105,765	111,946
Pension Costs	216,038	925	10	15	216,988	48,284
<b>Total Costs</b>	<b>1,597,390</b>	<b>85,007</b>	<b>159</b>	<b>91</b>	<b>1,682,647</b>	<b>1,664,905</b>
Less Recoveries in respect of outward secondments	(45)	-	-	-	(45)	(79)
<b>Total Net Costs</b>	<b>1,597,345</b>	<b>85,007</b>	<b>159</b>	<b>91</b>	<b>1,682,602</b>	<b>1,664,826</b>
Of which:						
Core Department	25,443	5,809	159	91	31,502	31,304
Agency	5,019	462	-	-	5,481	5,400
Designated bodies	1,566,883	78,736	-	-	1,645,619	1,628,122

Staff costs for the Departmental group comprise:

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but DCMS is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2007. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservice.gov.uk/pensions](http://www.civilservice.gov.uk/pensions)).

For 2011-12, employers' contributions of £4,424k for core DCMS plus £699k for TRP (2010-11: £4,289k DCMS plus £729k TRP) were payable to the PCSPS at one of four rates in the range 16.7% to 24.3% of pensionable pay, based on salary bands. Across the group employers' contributions of £43,057k (2010-11: £48,233k) were payable. 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 2011-12 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 or a stakeholder pension with an employer contribution. Employers' contributions by core DCMS were nil for partnership pensions in both years (TRP £1k in both years). For DCMS there were £22k plus £8k for TRP (2010-11: DCMS £13k plus TRP £12k) paid to one or more of the panel of three appointed stakeholder pension providers. Total contributions across the group were £453k (2010-11: £490k). Employer contributions are age-related and range from 3% to 12.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay.

In addition, employer contributions of £1k on behalf of DCMS plus for TRP contributions of £0.5k (2010-11: £1k plus £1k), representing 0.8% 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 the DCMS and TRP employees. Across the group the total contribution was £166k. (2010-11: £166k).

Contributions due to the partnership pension providers at the balance sheet date were £nil in both years for DCMS, for TRP the contributions were £1k in both years. Contributions prepaid at that date were £nil (2010-11: nil). Across the group the contributions were £14k (2010-11: £15k).

No (2010-11:none) individuals retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted for DCMS and TRP to £nil (2010-11: nil). Across the group the amounts were £230k (2010-11: £226k).

### Average number of persons employed

The average number of whole-time equivalent persons employed during the year was as follows. These figures include those working in the department as well as in agencies and other bodies included within the consolidated departmental resource account.

#### 7b. Average number of persons employed

	2011-12					2010-11
	Total	Permanent employed staff	Others	Ministers	Special Advisors	Unaudited Restated Number
Staff employed	32,529	30,744	1,779	4	2	33,706
Staff engaged on capital projects	-	-	-	-	-	-
<b>Total</b>	<b>32,529</b>	<b>30,744</b>	<b>1,779</b>	<b>4</b>	<b>2</b>	<b>33,706</b>
Of which:						
Core department	515	369	140	4	2	488
The Royal Parks	121	95	26	-	-	124
Other designated bodies	31,893	30,280	1,613	-	-	33,094

The total number of staff employed at the BBC is 16,284 permanent, and 574 other staff. For 2010-11 the numbers were 16,668 permanent and 618 other staff.

### 7.1 Reporting of Civil service and other compensation schemes – exit packages

Exit package cost band	Core Department			Core Department		
	2011-12			2010-11 Unaudited Restated		
	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
	Numbers	Numbers	Numbers	Numbers	Numbers	Numbers
<£10,000	-	-	-	-	10	10
£10,001 - £25,000	-	5	5	-	8	8
£25,001 - £50,000	-	4	4	-	16	16
£50,001 - £100,000	-	11	11	-	7	7
£100,001 - £150,000	-	4	4	-	2	2
£150,001 - £200,000	-	1	1	-	-	-
£200,001 onwards	-	1	1	-	1	1
<b>Total number of exit packages</b>	<b>-</b>	<b>26</b>	<b>26</b>	<b>-</b>	<b>44</b>	<b>44</b>
Total cost of exit packages (£'000)	-	1,906	1,906	-	2,891	2,891

Exit package cost band	Core Department and Agency			Core Department and Agency		
	2011-12			2010-11 Unaudited Restated		
	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
	Numbers	Numbers	Numbers	Numbers	Numbers	Numbers
<£10,000	-	-	-	-	10	10
£10,001 - £25,000	-	6	6	-	8	8
£25,001 - £50,000	5	6	11	-	16	16
£50,001 - £100,000	-	11	11	-	7	7
£100,001 - £150,000	-	4	4	-	2	2
£150,001 - £200,000	-	1	1	-	-	-
£200,001 onwards	-	1	1	-	1	1
<b>Total number of exit packages</b>	<b>5</b>	<b>29</b>	<b>34</b>	<b>-</b>	<b>44</b>	<b>44</b>
Total cost of exit packages (£'000)	165	2,002	2,167	-	2,891	2,891

Exit package cost band	Departmental Group			Departmental Group		
	2011-12			2010-11 Unaudited Restated		
	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
	Numbers	Numbers	Numbers	Numbers	Numbers	Numbers
<£10,000	137	81	218	83	65	148
£10,001 - £25,000	131	140	271	109	98	207
£25,001 - £50,000	73	116	189	63	79	142
£50,001 - £100,000	23	64	87	53	43	96
£100,001 - £150,000	4	8	12	13	8	21
£150,001 - £200,000	1	1	2	12	-	12
£200,001 onwards	1	1	2	10	1	11
<b>Total number of exit packages</b>	<b>370</b>	<b>411</b>	<b>781</b>	<b>343</b>	<b>294</b>	<b>637</b>
Total cost of exit packages (£'000)	8,092	11,908	20,000	15,196	9,919	25,115

<b>Total number of exit packages</b>						
<i>Of which:</i> Arms Length Bodies	365	382	747	343	250	593
<b>Total cost of exit packages (£'000)</b>						
<i>Of which:</i> Arms Length Bodies	7,927	9,906	17,833	15,196	7,028	22,224

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where the department has agreed early retirements, the additional costs are met by the department and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

Some of the Arms' Length Bodies 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 Arms Length Bodies. In addition, provisions were made for early departures relating to the departmental group in 2011-12 amounting to £10,122k which are included in note 20 of these accounts.



## 8. Other Administration Costs

	Notes	2011-12			2010-11		
		Core Department	Core Department & Agency	Departmental Group	Core Department	Core Department & Agency	Departmental Group
		£'000			Unaudited Restated £'000		
Rentals under operating leases		6,955	6,957	17,728	6,952	6,952	12,414
Professional services		5,978	6,025	10,237	3,291	3,291	8,746
Audit services		365	365	950	180	180	646
Human Resources		499	629	2,929	876	876	2,841
Marketing and media		670	746	33,783	178	178	471
Premises expenses		2,180	2,429	5,503	1,982	1,982	8,716
Utilities		170	210	578	204	204	820
IT maintenance and support		4,051	4,330	12,326	3,560	3,560	9,287
Travelling and subsistence		554	555	3,158	437	437	2,385
Business rates		1,992	2,118	2,069	1,867	1,867	3,136
Sport and tourism administration		-	-	10,290	-	-	44,143
Early departure costs		1,739	1,767	5,296	2,891	2,891	4,372
Interest		-	-	-	-	-	551
Other administration costs		1,129	1,454	(6,202)	603	603	5,272
<b>Sub-Total</b>		<b>26,282</b>	<b>27,585</b>	<b>98,645</b>	<b>23,021</b>	<b>23,021</b>	<b>103,800</b>
<b>Non-cash Items</b>							
Depreciation		2,777	2,907	11,111	2,812	2,812	8,559
Amortisation		238	238	683	-	-	387
Impairment		5,522	5,702	6,167	338	338	341
Revaluation		-	-	(385)	-	-	395
(Profit) or loss on disposal		18	18	256	17	17	936
Auditor's remuneration - audit		354	354	354	121	121	121
Auditor's remuneration - other		-	-	-	-	-	-
Write offs		-	-	50	-	-	-
Pension costs		-	-	6	-	-	(4,651)
<b>Total non-cash items</b>		<b>8,909</b>	<b>9,219</b>	<b>18,242</b>	<b>3,288</b>	<b>3,288</b>	<b>6,088</b>
<b>Total Administration Expenses</b>		<b>35,191</b>	<b>36,804</b>	<b>116,887</b>	<b>26,309</b>	<b>26,309</b>	<b>109,888</b>

During the year the department did not purchase non-audit services from its auditor.

The BBC paid KPMG for non-audit services relating to taxation, corporate finance, IT services, actuarial advice, and other services in addition to payment for audit of their accounts. The non-audit fees are recorded under the "professional services" heading.

## 9. Programme Costs

	Notes	2011-12			2010-11		
		Core Department	Core Department & Agency	Departmental Group	Core Department	Core Department & Agency	Departmental Group
				£'000			Unaudited Restated £'000
Capital grants		123,209	123,209	844,025	5,235	5,235	458,216
Current grants		64,596	64,596	1,001,929	84,571	84,571	498,414
Subsidies to private sector		-	-	1,296	-	-	544,730
Other current expenditure		1,581	13,458	78,792	-	37	259,108
Rentals under operating leases		-	114	116,351	-	150	116,787
Professional services		6,673	6,938	171,686	1,615	10,485	84,044
Audit services		-	-	2,448	-	21	2,990
Human Resources		52	250	8,933	(26)	157	5,359
Marketing and media		1,303	1,522	15,071	(20)	302	1,494
Premises expenses		-	10,205	156,834	1	8,573	84,571
Utilities		-	937	22,231	-	905	11,555
IT maintenance and support		-	241	30,698	8	388	22,499
Travelling and subsistence		8	27	14,171	8	22	13,646
Business rates		-	20	9,560	-	110	9,654
Broadcasting production		-	-	2,541,702	-	-	2,545,692
Sports activities		-	-	21,548	-	-	16,970
Tourism activities		-	-	11,706	-	-	(3,792)
Art and exhibits		355	355	99,685	21,642	21,642	117,499
Ceremonial and cultural events		2,960	3,225	18,575	781	1,277	2,861
Historical and heritage activities		-	-	-	-	-	19,909
Museums and galleries		-	-	36	-	-	15,404
Libraries		-	-	-	-	-	6,775
Olympics		444	444	444	-	-	440,524
Early departure costs		-	216	2,815	-	12	11,659
Interest payable		-	-	83,160	-	-	58,477
Other expenses		275	654	14,906	212	2,063	10,771
Grant in aid		2,337,327	2,326,023	-	2,490,324	2,473,230	-
Subsidies to public corporations		3,255,861	3,255,861	143,652	3,216,554	3,216,554	114,653
<b>Sub-Total</b>		<b>5,794,644</b>	<b>5,808,295</b>	<b>5,412,253</b>	<b>5,820,905</b>	<b>5,825,734</b>	<b>5,470,469</b>
<b>Non-Cash Items</b>							
Depreciation		-	1,350	262,588	-	1,374	216,427
Amortisation		-	68	20,977	-	64	16,541
Impairment		-	380	19,318	-	446	18,914
Revaluation non-current assets		-	-	(19,276)	-	-	(2,633)
(Profit)/loss on disposal		-	3	614	(4)	58	92,529
Auditor's remuneration - audit		281	322	322	-	41	41
Auditor's remuneration - other		-	-	-	-	-	-
Write offs		-	23	149	-	60	185
Movement in provisions		1,441	1,504	906,004	2,789	2,994	401,022
Movement in pensions		-	-	(114,847)	-	-	(65,572)
Other non-cash charges		1,593	1,593	1,593	-	-	-
<b>Total non-cash items</b>		<b>3,315</b>	<b>5,243</b>	<b>1,077,442</b>	<b>2,785</b>	<b>5,037</b>	<b>677,454</b>
<b>Total</b>		<b>5,797,959</b>	<b>5,813,538</b>	<b>6,489,695</b>	<b>5,823,690</b>	<b>5,830,771</b>	<b>6,147,923</b>

Broadcasting production costs of £2.6bn incurred by the BBC is the largest element of the BBC's expenditure and represents the cost of programmes and other content supplied to audiences and users under the 28 service licences the Trust uses to hold BBC management to account.

The 2010-11 published accounts for DCMS had included amortisation within depreciation now disclosed separately within these accounts.

## 9.1 Grant-in-Aid, Subsidies and Funding given by DCMS

### Grant-in-Aid

	<b>2011-2012 Estimate</b>	<b>2011-2012 Outturn</b>	<b>2010-2011 Outturn Unaudited</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Description			
Arts Council of England*	389,103	393,602	437,523
BBC	3,117,600	3,112,209	3,101,901
British Film Institute*	31,389	33,589	-
British Library	107,473	101,873	105,847
British Museum*	56,051	56,051	46,343
Church Conservation Trust	2,926	2,926	3,066
Commission for Architecture and the Built Environment (CABE).	7,451	3,515	16,127
English Heritage*	120,693	121,193	129,854
Gambling Commission	-	-	481
Geffrye Museum	1,674	1,674	1,773
Horniman Museum*	4,275	4,385	4,518
Imperial War Museum*	21,706	21,961	23,910
Museum of Science & Industry in Manchester	3,998	3,332	4,882
Museums, Libraries and Archives Council, Renaissance & Other Regional Funds	52,093	56,495	61,554
National Gallery*	26,744	26,744	28,201
National Lottery Commission	6,571	5,100	5,220
National Maritime Museum*	17,058	17,258	19,002
National Museum of Science & Industry*	37,588	38,254	40,153
National Museums Liverpool*	21,875	21,875	23,712
National Portrait Gallery*	7,398	7,398	7,577
Natural History Museum*	46,480	46,480	48,586
Olympic Delivery Authority	1,066,100	952,853	971,200
Public Lending Right (PLR)	7,218	7,206	7,451
Royal Armouries Museum*	7,901	7,901	8,389
Sir John Soane's Museum*	1,130	1,130	1,169
Sport England	98,066	97,571	121,389
Sports Ground Safety Authority	1,197	898	980
Strategic Commissioning - MLA	-	-	3,797
Tate Gallery*	35,305	45,105	54,729
UK Film Council	2,100	550	45,563
UK Sport*	60,651	60,651	55,363
United Kingdom Anti-Doping	6,344	6,344	6,372
Victoria and Albert Museum*	41,355	41,355	44,318
Visit Britain*	36,642	47,771	40,323
Wallace Collection*	2,983	2,983	4,212
Welsh Fourth Channel Authority	90,234	90,000	99,647
The Royal Parks	16,310	11,304	17,094
<b>Sub-total Grant-in-Aid</b>	<b>5,553,682</b>	<b>5,449,536</b>	<b>5,592,226</b>

\*these figures are in accordance with the revised allocation letters

GIA given to bodies within the group are eliminated upon consolidation.

**Grants and Subsidies**

	<b>2011-12 Estimate</b>	<b>2011-12 Outturn</b>	<b>2010-11 Outturn Unaudited</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Royal Household	15,414	15,414	15,624
OFCOM	-	62,194	-
LOCOG	-	64,620	-
Other Bodies	36,882	1,424	99,029
<b>Sub-total Grants and Subsidies</b>	<b>52,296</b>	<b>143,652</b>	<b>114,653</b>
<b>TOTAL</b>	<b>5,605,978</b>	<b>5,593,188</b>	<b>5,706,879</b>

The Grants and Subsidies given to other bodies outside of the group includes Royal Household, OFCOM and LOCOG. These are not eliminated upon consolidation.

## 10. Income

	Notes	2011-12			2010-11		
		Core Department	Core Department & Agency	Departmental Group	Core Department	Core Department & Agency	Departmental Group
		£'000			Unaudited Restated £'000		
<b>Administration income</b>							
Current grant income		8	8	224	-	-	961
Capital grant income		-	-	-	-	-	-
Goods and Services		284	284	25,167	567	567	22,138
Recoveries		318	318	601	438	438	11,494
Rental income		2,305	2,305	2,839	2,018	2,018	2,949
Interest		-	-	252	-	-	561
Dividends		-	-	17	-	-	7
Other income		24	883	10,039	-	-	5,814
<b>Sub-Total</b>		<b>2,939</b>	<b>3,798</b>	<b>39,139</b>	<b>3,023</b>	<b>3,023</b>	<b>43,924</b>
<b>Non Cash Items</b>							
Gain on Sale of assets		-	-	-	-	-	19
<b>Total Non Cash Items</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19</b>
<b>Total Administration income</b>		<b>2,939</b>	<b>3,798</b>	<b>39,139</b>	<b>3,023</b>	<b>3,023</b>	<b>43,943</b>
<b>Programme income</b>							
Lottery income		-	-	135,582	-	-	106,676
Current grant income		21,442	22,492	72,193	82,032	82,352	370,753
Capital grant income		-	1,734	82,006	654,948	654,948	681,537
Goods and Services		116,168	116,168	222,998	2	2	159,369
Recoveries		5,148	5,249	17,438	4,020	4,080	15,280
Rental income		-	-	8,836	-	-	14,577
Fees and charges		-	11,164	37,906	-	8,311	34,133
Levies		-	-	67,889	-	-	59,985
Fees for licences and broadcast licences		358,056	360,589	867,949	106,197	109,433	536,195
Royalties		-	-	13,520	-	-	2,955
Charity income		-	22	119,958	-	10	98,170
Interest		-	-	16,580	-	-	13,408
Dividends		-	-	146,309	-	-	116,519
Other operating income		74,942	76,148	2,045,224	825	2,053	1,775,765
<b>Sub-Total</b>		<b>575,756</b>	<b>593,566</b>	<b>3,854,388</b>	<b>848,024</b>	<b>861,189</b>	<b>3,985,322</b>
<b>Non Cash Items</b>							
Gain on Sale of assets		-	-	1,424	-	-	2,364
Other non-cash income		(12,351)	(12,351)	7,716	-	-	(5,611)
<b>Total Non Cash Items</b>		<b>(12,351)</b>	<b>(12,351)</b>	<b>9,140</b>	<b>-</b>	<b>-</b>	<b>(3,247)</b>
<b>Total Programme income</b>		<b>563,405</b>	<b>581,215</b>	<b>3,863,528</b>	<b>848,024</b>	<b>861,189</b>	<b>3,982,075</b>

In the year ended 31 March 2012, a dividend of £145.2m (2011: £113.9m) was primarily generated by BBC Worldwide and paid/proposed to the BBC UK PSB Group.

## 11. Property, plant and equipment - departmental group

	31 March 2012								
	Land	Buildings	Dwellings	Information Technology	Plant & Machinery	Furniture & Fittings	Antiques, works of art & collections	Assets under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>									
At 1 April 2011	774,850	3,537,036	27,272	84,690	1,302,352	379,268	711,796	2,890,258	9,707,522
Additions	7,059	36,168	381	8,384	59,155	20,671	57,394	802,930	992,142
Donations	-	-	-	-	-	-	9,565	-	9,565
Disposals	-	(13,744)	-	(3,983)	(32,329)	(3,703)	(42)	(12,903)	(66,704)
Impairments	-	(5,714)	(11)	(31)	(648)	(294)	(531)	(9)	(7,238)
Reclassifications	-	(87,126)	188	-	(68,552)	(31,274)	-	(6,700)	(193,464)
Transfers	7,186	110,757	82	(1,735)	111,879	43,863	-	(272,042)	(10)
Revaluations	12,318	5,273	1,142	9	16,541	29	75,589	-	110,901
<b>At 31 March 2012</b>	<b>801,413</b>	<b>3,582,650</b>	<b>29,054</b>	<b>87,334</b>	<b>1,388,398</b>	<b>408,560</b>	<b>853,771</b>	<b>3,401,534</b>	<b>10,552,714</b>
<b>Depreciation</b>									
At 1 April 2011	-	422,436	13,572	57,643	620,445	238,539	-	-	1,352,635
Charged in year	-	94,566	589	12,588	134,726	31,230	-	-	273,699
Disposals	-	(9,229)	-	(3,586)	(30,585)	(2,587)	-	-	(45,987)
Impairments	-	345	(12)	-	(22)	(97)	-	-	214
Reclassifications	-	(42,442)	-	-	(47,300)	(25,021)	-	-	(114,763)
Transfers	-	(45)	-	(1,696)	44	1,696	-	-	(1)
Revaluations	-	(32,587)	1,227	(245)	(3,207)	112	-	-	(34,700)
<b>At 31 March 2012</b>	<b>-</b>	<b>433,044</b>	<b>15,376</b>	<b>64,704</b>	<b>674,101</b>	<b>243,872</b>	<b>-</b>	<b>-</b>	<b>1,431,097</b>
<b>Net book value:</b>									
<b>31 March 2012</b>	<b>801,413</b>	<b>3,149,606</b>	<b>13,678</b>	<b>22,630</b>	<b>714,297</b>	<b>164,688</b>	<b>853,771</b>	<b>3,401,534</b>	<b>9,121,617</b>
<b>31 March 2011</b>	<b>774,850</b>	<b>3,114,600</b>	<b>13,700</b>	<b>27,047</b>	<b>681,907</b>	<b>140,729</b>	<b>711,796</b>	<b>2,890,258</b>	<b>8,354,887</b>
<b>Asset Financing:</b>									
Ow ned	800,109	1,974,282	10,676	22,595	692,100	159,791	853,771	3,401,534	7,914,858
Finance leased	1,304	1,175,324	3,002	35	22,197	4,897	-	-	1,206,759
<b>Net book value at 31 March 2012</b>	<b>801,413</b>	<b>3,149,606</b>	<b>13,678</b>	<b>22,630</b>	<b>714,297</b>	<b>164,688</b>	<b>853,771</b>	<b>3,401,534</b>	<b>9,121,617</b>
<b>Of the total:</b>									
Core Department	-	686	-	2,074	216	115	6,496	-	9,587
Agencies	23	38,910	6,286	136	2,000	1,093	-	864	49,312
Designated bodies	801,390	3,107,388	7,392	20,415	712,370	165,818	847,275	3,400,670	9,062,718
<b>Net book value at 31 March 2012</b>	<b>801,413</b>	<b>3,149,606</b>	<b>13,678</b>	<b>22,630</b>	<b>714,297</b>	<b>164,688</b>	<b>853,771</b>	<b>3,401,534</b>	<b>9,121,617</b>

The value of £79m in 2011-12 has been reclassified to Assets Held for Sale in Note 17. These assets held for sale belong largely to the BBC.

	31 March 2011 Unaudited Restated								
	Land	Buildings	Dwellings	Information Technology	Plant & Machinery	Furniture & Fittings	Antiques, works of art & collections	Assets under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>									
At 1 April 2010	762,088	3,088,004	13,978	80,674	1,267,628	372,776	723,962	1,730,716	8,039,826
Additions	10,103	400,277	103	10,120	33,502	18,583	21,856	1,288,105	1,782,649
Donations	-	-	-	-	-	-	14,778	-	14,778
Impairments	-	(1,130)	(82)	(128)	-	(8)	-	(189)	(1,537)
Disposals	(11,900)	(13,105)	-	(6,581)	(20,451)	(17,683)	-	(74,173)	(143,893)
Revaluations	21,754	24,754	1,942	222	(627)	759	4,086	-	52,890
Reclassifications	(7,195)	37,159	11,331	153	213	138	(52,886)	(3,342)	(14,429)
Transfers	-	1,077	-	230	22,089	4,701	-	(50,859)	(22,762)
<b>At 31 March 2011</b>	<b>774,850</b>	<b>3,537,036</b>	<b>27,272</b>	<b>84,690</b>	<b>1,302,354</b>	<b>379,266</b>	<b>711,796</b>	<b>2,890,258</b>	<b>9,707,522</b>
<b>Depreciation</b>									
At 1 April 2010	-	345,409	6,723	53,812	536,372	225,694	28,533	-	1,196,543
Charged in year	-	84,188	117	10,016	102,145	28,272	248	-	224,986
Impairments	-	289	-	(1)	-	-	-	-	288
Disposals	-	(7,355)	-	(5,264)	(13,422)	(15,467)	-	-	(41,508)
Revaluations	-	(11,304)	77	(54)	(4,223)	323	(118)	-	(15,299)
Reclassifications	-	14,277	6,655	(1,016)	(1)	(76)	(28,663)	-	(8,824)
Transfers	-	(3,069)	-	150	(425)	(209)	-	-	(3,553)
<b>At 31 March 2011</b>	<b>-</b>	<b>422,435</b>	<b>13,572</b>	<b>57,643</b>	<b>620,446</b>	<b>238,537</b>	<b>-</b>	<b>-</b>	<b>1,352,633</b>
<b>Net book value:</b>									
<b>31 March 2011</b>	<b>774,850</b>	<b>3,114,601</b>	<b>13,700</b>	<b>27,047</b>	<b>681,908</b>	<b>140,729</b>	<b>711,796</b>	<b>2,890,258</b>	<b>8,354,889</b>
<b>31 March 2010</b>	<b>762,088</b>	<b>2,742,595</b>	<b>7,255</b>	<b>26,862</b>	<b>731,256</b>	<b>147,082</b>	<b>695,429</b>	<b>1,730,716</b>	<b>6,843,283</b>
<b>Asset Financing:</b>									
Ow ned	772,572	1,903,839	10,337	26,969	658,080	135,418	711,796	2,890,258	7,109,269
Finance leased	2,278	1,210,762	3,363	78	23,828	5,311	-	-	1,245,620
<b>Net book value at 31 March 2011</b>	<b>774,850</b>	<b>3,114,601</b>	<b>13,700</b>	<b>27,047</b>	<b>681,908</b>	<b>140,729</b>	<b>711,796</b>	<b>2,890,258</b>	<b>8,354,889</b>
<b>Of the total:</b>									
Core Department	-	6,468	-	2,860	569	422	6,499	-	16,818
Agency	23	37,270	5,975	90	443	1,260	-	2,047	47,108
Designated bodies	774,827	3,070,863	7,725	24,097	680,896	139,047	705,297	2,888,211	8,290,963
<b>Net book value at 31 March 2011</b>	<b>774,850</b>	<b>3,114,601</b>	<b>13,700</b>	<b>27,047</b>	<b>681,908</b>	<b>140,729</b>	<b>711,796</b>	<b>2,890,258</b>	<b>8,354,889</b>

## Non Current Assets

Non-Current assets include Olympic Development Agency assets totalling £3,154m (2010-11: £2,573m) . Included within these assets are costs relating to Assets under construction £3,114m (2010-11: £2,535m). In January 2012 the ODA made the venues available to LOCOG for use during the London 2012 Games. This does not constitute a de-recognition of the amounts concerned.

## Land & Building Valuation

Some ALBs within the Departmental group have not undertaken a revaluation of their assets based on fair value but have used modified historical cost accounting which serves as a proxy for fair value as it is not thought to be materially different. Some of our smaller bodies (charities) have followed historical cost accounting standard as the adjustments required to bring the fixed assets value to the current cost are not considered to be material

The valuation approach adopted by the Departmental group follows the RICS appraisal and valuation standard. Details regarding the date of last valuation undertaken and valuers engaged by entities within the group to carry out the valuation can be found in the published annual accounts of the individual entities. Further information on revaluations can be found in Note 1.11.

## BBC

Unlike other bodies within the DCMS Group the BBC does not have a policy of revaluation, instead at each year end the BBC reviews the carrying amount of those assets that are subject to amortisation to determine whether there is an indication that any of those assets has suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. An impairment occurs when the carrying value of an asset is higher than the amount that is recoverable from its use or sale. The recoverable amount of an asset is the higher of fair value less costs to sell and value in use.

The BBC is governed by Royal Charter and an associated Agreement with Government. These arrangements reflect the Corporation's independent status and its unique accountability directly to the licence fee payer. 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.

Under the Charter, Ministers appoint the members of the BBC Trust who are responsible and accountable for the use of the licence fee monies. Neither Ministers nor the Department have any responsibility or accountability for BBC expenditure, respecting the importance of its constitutional independence.

Until January 2006 the BBC was classified by ONS as a public corporation, after this point it was classified to central government and became a public broadcasting authority. The term Public Broadcasting Authority is a unique public body category encompassing the British Broadcasting Corporation and S4C (Sianel Pedwar Cymru, the Welsh Fourth Channel Authority).



## Heritage Assets

The Heritage Assets owned by the ALBs are split and reconcile between Land and Building and Antiques and Works of Art as shown in the table below and reconciles to the Heritage Assets table in Note 11.1.

<b>Heritage Assets</b>			
	<b>Land &amp; Building</b>	<b>Antiques &amp; Works of Art</b>	
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Core Department	-	6,496	6,496
TRP	25,102	-	25,102
Sponsored Bodies	27,273	846,320	873,593
<b>Total</b>	<b>52,375</b>	<b>852,816</b>	<b>905,191</b>
<b>Antiques &amp; Works of Art not classified as heritage assets</b>			
Sponsored Bodies	-	955	955
<b>Gross Total</b>	<b>52,375</b>	<b>853,771</b>	<b>906,146</b>

The Total Heritage Assets of £905m is shown in Note 11.1 whilst the Total Antiques and Works of Art of £853m is shown in Note 11.

Sport England has a collection of art works, furniture and fittings at Bisham Abbey dating from the 16th Century. The historical significance classifies the collection as Art Works and Antiques, however it is not categorized as heritage assets..

Further information on operational non-heritage assets can be found in Note 11.1.

## 11.1 Heritage Assets

The table below lists the consolidated cost and valuation of the Heritage Assets with additions for the years 2009-10 to 2011-12.

Heritage Assets							
	Cost or Valuation	NON OPERATIONAL		OPERATIONAL		TOTAL HERITAGE ASSETS	
		At Cost	At Valuation	At Cost	At Valuation	At Valuation	
		£000's	£000's	£000's	£000's	£000's	
2011-12	<b>Opening Balance 01/04/11</b>	126,319	324,998	103,384	238,319	793,020	
	Additions	8,958	113,319	5,745	3,484	131,506	
	Movements	268	7,405	(1,476)	2,289	8,486	
	<b>Closing Balance 31/03/12</b>	<b>135,545</b>	<b>445,722</b>	<b>107,653</b>	<b>244,092</b>	<b>933,012</b>	
	<b><u>Depreciation</u></b>						
	<b>Opening Balance 01/04/11</b>	-	70	215	28,427	28,712	
	Depreciation charge for the year	-	-	128	176	304	
	Movements	-	-	(11)	(1,184)	(1,195)	
	<b>Closing Balance 31/03/12</b>	<b>-</b>	<b>70</b>	<b>332</b>	<b>27,419</b>	<b>27,821</b>	
	<b>Net Book Value at 31/03/12</b>	<b>135,545</b>	<b>445,652</b>	<b>107,321</b>	<b>216,673</b>	<b>905,191</b>	
<b><u>Cost or valuation</u></b> Unaudited - Restated							
2010-11	<b>Opening Balance 01/04/10</b>	109,145	310,139	98,994	228,846	747,124	
	Additions	16,652	5,491	4,390	4,363	30,896	
	Movements	522	9,368	-	5,110	15,000	
	<b>Closing Balance 31/03/11</b>	<b>126,319</b>	<b>324,998</b>	<b>103,384</b>	<b>238,319</b>	<b>793,020</b>	
	<b><u>Depreciation</u></b>						
	<b>Opening Balance 01/04/10</b>	-	70	84	28,378	28,532	
	Depreciation charge for the year	-	-	106	167	273	
	Movements	-	-	25	(118)	(93)	
	<b>Closing Balance 31/03/11</b>	<b>-</b>	<b>70</b>	<b>215</b>	<b>28,427</b>	<b>28,712</b>	
	<b>Net Book Value at 31/03/11</b>	<b>126,319</b>	<b>324,928</b>	<b>103,168</b>	<b>209,892</b>	<b>764,307</b>	

Summary of Heritage Asset Transactions			
	2011-12	2010-11	2009-10
	£000's	£000's	£000's
Purchased Assets	131,506	30,896	30,214
Donated Assets	5,601	5,739	4,064
Disposals	(39)	-	-
Impairments	(2,342)	(752)	(53)

Heritage Assets that are held at cost or valuation on the Statement of Financial Position are included in note 11 under either "Land, Buildings" and "Antiques, Works of Art & Collections", depending on the type of asset.

### **Classification**

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

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

The figures above show the amounts valued in the Statement of Financial Position of each group member. Detailed information on those assets that are valued is also held in the published accounts of the relevant bodies.

For further information and an assessment of those assets not valued please also refer to the published accounts of the bodies.

#### **• Operational Heritage Assets**

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

##### *Blythe House*

Blythe House is currently occupied by the British Museum, Science Museum and the Victoria and Albert Museum. The freehold title is held in the name of the Secretary of State for the Environment, although ministerial responsibility for all museum estate issues has transferred to the Secretary of State for Culture, Olympics, Media and Sport. Each of the institutions holds a share in this property. Their shares were separately professionally valued by Knight Frank or Gerald Eve at a combined value of £18.4m as at 31 March 2009. In accordance with International Financial Reporting Standard IAS 16, the share is disclosed in each of the balance sheets of the three occupying museums. The combined valuation of Blythe House in the balance sheets of the three museums, including mechanical and electrical installations for their own fit-out purposes, is £18.4m as at 31 March 2011.

##### *Somerset House*

The Somerset House Trust, a private company limited by guarantee and a registered charity, was established in 1997 to conserve and develop Somerset House and the open spaces around it to the public. DCMS manages the Government's freehold interest in Somerset House and ensures the Somerset House Trust fulfils the terms of its lease which it holds until 2125. Somerset House Trust lets the property and uses the rental income to maintain the building. DCMS does not receive any income from this arrangement.

#### **• Non-operational Heritage Assets**

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

## Government Art Collection

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

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

## 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 Royal Parks are managed by The Royal Parks Agency and improvements to assets are reported in accordance with the FReM;
- The Occupied Royal Palaces in England (Buckingham Palace, St James Palace, Windsor Castle and some other smaller properties) and managed by the Royal Household to whom the Secretary of State pays Grant-in-Aid. From 1 April 2012, although the Secretary of State retains legal responsibility, 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 on-going grant agreement.
- 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;

During the year, the Fusiliers Building at HM Tower of London which is occupied as the ceremonial headquarter of the Royal Regiment of Fusiliers and the Royal Fusiliers Museum- was reclassified as a non-operational heritage asset for consistent accounting treatment with the adjacent buildings managed by Historic Royal Palaces.

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

access to sites under guardianship, such as car parks. The freehold of these properties lies with DCMS.

The following (based on visitor numbers) are of particular importance:

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

Other non-operational Heritage Assets not forming part of the Government Art Collection or Royal Estate but managed by the Department are:

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

#### *Asset management policy*

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

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

With the exceptions noted above, English Heritage manages all the sites on behalf of the department. English Heritage is obliged by the National Heritage Act 1983 to “to secure the preservation of ancient monuments and historic buildings in England (including UK territorial waters adjacent to England)”. In addition DCMS agrees with English Heritage a strategy for the conservation and maintenance of the sites.

English Heritage has a published Asset Management Plan 2011-15 which sets out the policy for maintaining the National Collection of Historic Properties in their care:

<http://www.english-heritage.org.uk/about/who-we-are/corporate-information/plan-maintaining-our-historic-estate/>

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

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

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

Preservation of the Collection is on-going, and during 2011-12, £331k was spent maintaining the Collection (£260k in 2010-11). More details of the asset management undertaken by GAC, along with recent acquisitions can be found on their website via the link below,

[www.gac.culture.gov.uk/resources/reports](http://www.gac.culture.gov.uk/resources/reports)

### *Additions*

During 2011-12, because of budgetary constraints GAC had a moratorium on new purchases for the Collection. Additions to the Collection were confined to three purchases initiated before the moratorium, a low-cost print required for the exhibition archive display (paid for from the separate exhibition budget), and fifteen accessions at no cost including donations by Tracey Emin and the family of Harry Weinberger. During 2010-11 75 works were acquired by GAC, some of which were gifts below the capitalisation threshold. Purchases were £241k from GAC funds, £75k with Foreign & Commonwealth Office funds, and £75k with Ministry of Justice funds. For 2009-10 30 works were acquired by GAC, costing £201k.

It is not practicable to provide information for earlier years.

### *Disposals*

None

## **The Royal Parks**

Non-operational heritage land and buildings held by The Royal Parks in pursuit of its overall objectives, are included as non-current assets in the Statement of Financial Position where a reliable valuation is possible, otherwise they are held at nil value. The Royal Parks consider that the costs of ascertaining current values of these unique and varied assets cannot be justified.

Non-operational heritage assets include monuments, statues, fountains, bridges, walls, band stands and historic gates. They include both historic and recent monuments such as the Albert Memorial in Kensington Gardens and the 7-7 Memorial in Hyde Park. The Royal Parks has 97 of such assets which have not been included in the Statement of Financial Position, excluding bridges and walls, which are not individually recorded. Most of The Royal Parks land and heritage assets, other than buildings, are not valued. Expenditure on creating new heritage assets is capitalised at cost, expenditure on maintaining them is expensed.

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

- **Operational non heritage Assets**

Operational (non-heritage) land and buildings are professionally valued and form part of the balance in Note 11 and the the Statement of Financial Position.

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

### **The Royal Parks**

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

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

Depreciation has not been charged on freehold land, which is stated at its 1999 valuation of £20k plus £3k for land purchased in 1999-2000.

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

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

Assets under construction include costs of refurbishment of some residential dwellings

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

## 12. Intangible assets

		31 March 2012							
		Information Technology	Licences	Websites	Development Expenditure	Licences, Trademarks and Artistic Originals	Patents	Goodwill	Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>									
At 1 April 2011		15,179	98,048	560	19,434	1,468	-	71	134,760
Additions		850	38,187	28	6,900	-	-	-	45,965
Disposals		(301)	(466)	-	-	-	-	-	(767)
Impairments		-	-	-	-	(334)	-	7	(327)
Reclassifications		-	31	-	(31)	-	-	-	-
Transfers		51	(90)	-	-	-	-	-	(39)
Revaluations		-	1	-	897	-	-	-	898
<b>At 31 March 2012</b>		<b>15,779</b>	<b>135,711</b>	<b>588</b>	<b>27,200</b>	<b>1,134</b>	<b>-</b>	<b>78</b>	<b>180,490</b>
<b>Amortisation</b>									
At 1 April 2011		10,213	53,904	188	13,502	1,090	-	-	78,897
Charged in year		2,117	19,041	135	349	18	-	-	21,660
Disposals		(285)	(375)	-	-	-	-	-	(660)
Impairment		-	-	-	-	-	-	-	-
Reclassifications		-	-	-	-	-	-	-	-
Transfers		-	(7)	-	-	-	-	-	(7)
Revaluations		-	1	-	392	-	-	-	393
<b>At 31 March 2012</b>		<b>12,045</b>	<b>72,564</b>	<b>323</b>	<b>14,243</b>	<b>1,108</b>	<b>-</b>	<b>-</b>	<b>100,283</b>
<b>Net book value:</b>									
<b>31 March 2012</b>		<b>3,734</b>	<b>63,147</b>	<b>265</b>	<b>12,957</b>	<b>26</b>	<b>-</b>	<b>78</b>	<b>80,207</b>
<b>31 March 2011</b>		<b>4,966</b>	<b>44,144</b>	<b>372</b>	<b>5,932</b>	<b>378</b>	<b>-</b>	<b>71</b>	<b>55,863</b>
<b>Asset Financing:</b>									
Owned		3,734	63,147	265	12,957	26	-	78	80,207
Finance Leased		-	-	-	-	-	-	-	-
<b>Net book value at 31 March 2012</b>		<b>3,734</b>	<b>63,147</b>	<b>265</b>	<b>12,957</b>	<b>26</b>	<b>-</b>	<b>78</b>	<b>80,207</b>
<b>Of Which:</b>									
Core Department		-	33	-	-	-	-	-	33
Agencies		240	-	-	-	-	-	-	240
Designated bodies		3,494	63,114	265	12,957	26	-	78	79,934
<b>Net book value at 31 March 2012</b>		<b>3,734</b>	<b>63,147</b>	<b>265</b>	<b>12,957</b>	<b>26</b>	<b>-</b>	<b>78</b>	<b>80,207</b>



	31 March 2011 Unaudited Restated							
	Information Technology	Licences	Websites	Development Expenditure	Licences, Trademarks and Artistic Originals	Patents	Goodwill	Total
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Cost or valuation</b>								
At 1 April 2010	15,114	82,530	498	16,426	1,625	(14)	104	116,283
Additions	1,056	9,904	62	3,330	-	14	-	14,366
Disposals	(1,026)	(2,098)	-	-	-	-	-	(3,124)
Impairment	-	-	-	-	(157)	-	(33)	(190)
Reclassifications	1,366	62	-	(467)	-	-	-	961
Transfers	-	7,757	-	145	-	-	-	7,902
Revaluation	(1,331)	(107)	-	-	-	-	-	(1,438)
<b>At 31 March 2011</b>	<b>15,179</b>	<b>98,048</b>	<b>560</b>	<b>19,434</b>	<b>1,468</b>	<b>-</b>	<b>71</b>	<b>134,760</b>
<b>Amortisation</b>								
At 1 April 2010	8,138	38,236	70	13,209	996	(4)	-	60,645
Charged in year	3,232	13,364	118	116	94	4	-	16,928
Disposals	(766)	(2,167)	-	-	-	-	-	(2,933)
Impairment	22	300	-	-	-	-	-	322
Reclassifications	872	32	-	-	-	-	-	904
Transfers	-	4,238	-	177	-	-	-	4,415
Revaluation	(1,285)	(99)	-	-	-	-	-	(1,384)
<b>At 31 March 2011</b>	<b>10,213</b>	<b>53,904</b>	<b>188</b>	<b>13,502</b>	<b>1,090</b>	<b>-</b>	<b>-</b>	<b>78,897</b>
<b>Net book value:</b>								
<b>31 March 2011</b>	<b>4,966</b>	<b>44,144</b>	<b>372</b>	<b>5,932</b>	<b>378</b>	<b>-</b>	<b>71</b>	<b>55,863</b>
<b>31 March 2010</b>	<b>6,976</b>	<b>44,294</b>	<b>428</b>	<b>3,217</b>	<b>629</b>	<b>(10)</b>	<b>104</b>	<b>55,638</b>
<b>Asset Financing:</b>								
Ow ned	4,966	44,144	372	5,932	378	-	71	55,863
Finance Leased	-	-	-	-	-	-	-	-
<b>Net book value at 31 March 2011</b>	<b>4,966</b>	<b>44,144</b>	<b>372</b>	<b>5,932</b>	<b>378</b>	<b>-</b>	<b>71</b>	<b>55,863</b>
<b>Of Which:</b>								
Core Department	-	245	-	-	-	-	-	245
Agencies	244	-	-	-	-	-	-	244
Designated bodies	4,722	43,899	372	5,932	378	-	71	55,374
<b>Net book value at 31 March 2011</b>	<b>4,966</b>	<b>44,144</b>	<b>372</b>	<b>5,932</b>	<b>378</b>	<b>-</b>	<b>71</b>	<b>55,863</b>

### 13. Financial Instruments

Department and Agency:

As the cash requirements of the department are met through the Estimates process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body of a similar size. The majority of financial instruments relate to contracts for non-financial items in line with the Department's expected purchase and usage requirements and the Department is therefore exposed to little credit, liquidity or market risk.

Consolidated DCMS group:

The Group's financial instruments, other than those used for risk management purposes, comprise cash and cash equivalents, borrowings and various items such as trade receivables and payables that arise directly from operations. The Group finances part of its operations (mainly the BBC) 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.

#### **Market Risk (currency and other price risks)**

The Group is principally a domestic organisation with the majority of transactions, assets and liabilities arising in the UK and being sterling based. However the Group undertakes 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. However, due to the relative size of this exposure in comparison to the Group's sterling dominated business this is not considered to be significant for the Group. The Group does, however, enter into forward currency contracts to manage, or hedge, this currency risk, which allows the Group 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 fixed, however where these contracts span financial years, the recognition of fair value of the forward currency contracts results in timing gains/losses in each financial year. These timing gains/losses are therefore a result of market conditions as opposed to variances in underlying contract value. As a result of the certainty of cash flows the Group has mitigated its underlying sensitivity to currency fluctuations and therefore has not presented sensitivity analysis as any potential variation is insignificant.

#### **Interest rate risk**

The Group's main exposure to interest rate fluctuations arises on external borrowings, again mainly by the BBC. The Group borrows at floating rates of interest and then using interest rate swaps, caps and collars to manage the Group's exposure to interest rate fluctuations and provide greater certainty of cash flows.

Interest rate swaps, caps and collars, are taken out based on projected borrowing requirements, therefore differences will occur between the notional amount of the swaps, caps and collars and the actual borrowing requirements. The effect of taking out the interest rate swaps, caps and collars is that in the longer term the Group has no significant underlying sensitivity to interest rate fluctuations and hence no sensitivity analysis has been presented.

**Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from cash and cash equivalents, derivative financial instruments, available for sale financial assets, trade and other receivables. The carrying amount of these financial assets included in the financial statements represents the Group's maximum exposure to credit risk. The Group's credit risk management policy in relation to trade receivables involves regularly assessing the financial reliability of customers, taking into account several factors such as their financial position and historical performance. The Group limits its exposure to credit risk by investing in liquid securities and the Group has no liquidity risk to meet its financial obligations as they fall due as the Group is financed by resources voted annually by Parliament.

Where the Group has entered into derivative financial instruments, depending on how exchange rates and interest rates move between the time the Group enters into the transaction and the year-end, these derivatives can either be profitable ('in the money') or loss-making in their own right. However the rationale in entering into these derivatives is not to profit from currency markets or interest rate fluctuations, but to provide stability to cash flows. Other than where hedge accounting is applied the movements relating to these derivatives (ie. where they are either in profit or loss-making) are taken to the Group's statement of income and expenditure for the year.

In accordance with IAS 39 the Group has reviewed contracts for embedded derivatives that are required to be separately accounted for if they do not meet certain requirements set out in the standard. Any such embedded derivatives have been recognised at fair value.

In relation to the future income streams due from Betfred under the contract for the sale of the Tote, the department does not consider there to be any significant medium to long-term financial risk of a default. The final payment under the contract with Betfred is due in January 2019. Payments are due in intermediate years starting in 2016. The income stream has been discounted to net present value on the Statement of Financial Position.

## 14. Financial assets

These are the financial assets of the departmental group

### 14.1 Non-current Financial assets

	Derivatives	Shares & equity type investments	Loans	Other non-current financial assets	Assets available for sale	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2011	2,140	444,804	-	20,363	40,954	508,261
Additions	-	112,999	-	168	(26)	113,141
Disposals	-	(118,984)	-	(433)	(2,937)	(122,354)
Repayments	-	-	-	-	-	-
Impairments	-	(10)	-	905	-	895
Revaluations	(1,840)	(2,639)	-	(8,468)	7	(12,940)
<b>Balance at 31 March 2012</b>	<b>300</b>	<b>436,170</b>	<b>-</b>	<b>12,535</b>	<b>37,998</b>	<b>487,003</b>

Unaudited Restated	Derivatives	Shares & equity type investments	Loans	Other non-current financial assets	Assets available for sale	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2010	7,218	437,307	-	26,634	42,815	513,974
Additions	-	39,585	-	320	-	39,905
Disposals	-	(35,709)	-	-	-	(35,709)
Repayments	-	-	-	(2,000)	-	(2,000)
Impairments	-	-	-	627	-	627
Revaluations	(5,078)	3,621	-	(5,218)	(1,861)	(8,536)
<b>Balance at 31 March 2011</b>	<b>2,140</b>	<b>444,804</b>	<b>-</b>	<b>20,363</b>	<b>40,954</b>	<b>508,261</b>

### 14.2 Current Financial assets

	Deposits	Derivatives	Shares & equity type investments	Loans	Other current financial assets	Other investments	Assets available for sale	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2011	6,604	6,844	18,472	175	11,403	750	-	44,248
Additions	69	-	2,651	2,300	38,913	-	-	43,933
Disposals	-	-	(6,017)	-	(15,571)	-	-	(21,588)
Repayments	-	-	-	(175)	-	-	-	(175)
Impairments	-	-	-	-	(17,041)	-	-	(17,041)
Transfers	-	-	-	-	-	440	-	440
Revaluations	-	(5,352)	1,190	-	11,886	-	-	7,724
<b>Balance at 31 March 2012</b>	<b>6,673</b>	<b>1,492</b>	<b>16,296</b>	<b>2,300</b>	<b>29,590</b>	<b>1,190</b>	<b>-</b>	<b>57,541</b>

	Deposits	Derivatives	Shares & equity type investments	Loans	Other current financial assets	Other investments	Assets available for sale	Total
Unaudited Restated	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2010	5,756	10,424	20,866	3,031	11,403	750	-	52,230
Additions	848	-	7,675	6,623	-	-	-	15,146
Disposals	-	(89)	(10,477)	-	-	-	-	(10,566)
Repayments	-	-	-	(15,234)	-	-	-	(15,234)
Impairments	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Revaluations	-	(3,491)	408	5,755	-	-	-	2,672
<b>Balance at 31 March 2011</b>	<b>6,604</b>	<b>6,844</b>	<b>18,472</b>	<b>175</b>	<b>11,403</b>	<b>750</b>	<b>-</b>	<b>44,248</b>

### 14.3 Investment in Associates and Joint Ventures

	Core department	Core department & agency	Departmental group
Unaudited Restated	£'000	£'000	£'000
Balance at 1 April 2011	-	-	76,900
Acquisitions	-	-	-
Share of profit or loss	-	-	-
Reclassifications	-	-	23,400
Dividends	-	-	-
Disposals	-	-	-
<b>Balance at 31 March 2012</b>	<b>-</b>	<b>-</b>	<b>100,300</b>

	Core department	Core department & agency	Departmental group
Unaudited Restated	£'000	£'000	£'000
Balance at 1 April 2010	-	-	-
Acquisitions	-	-	-
Share of profit or loss	-	-	-
Reclassifications	-	-	76,900
Dividends	-	-	-
Disposals	-	-	-
<b>Balance at 31 March 2011</b>	<b>-</b>	<b>-</b>	<b>76,900</b>

The value of £100.3m as at 31 March 2012 (£76.9m in 2010-11) relates to investments in joint ventures held by the BBC.

## 14.4 Investment Properties

	Core Department	Core Department & Agency	Departmental Group £'000
<b>Balance at 1 April 2010</b>	-	-	2,802
Additions	-	-	-
Revaluations	-	-	203
<b>Balance at 31 March 2011</b>	-	-	<b>3,005</b>
Additions	-	-	141
Revaluations	-	-	117
<b>Balance at 31 March 2012</b>	-	-	<b>3,263</b>

## 15. Impairments

**Impairment of Financial Assets**

An assessment of whether there is objective evidence of impairment is carried out for material financial assets or groups of financial assets at the balance sheet date. 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 this objective evidence that a financial instrument is impaired 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. The impairment loss is recognised in the Statement of Comprehensive Net Expenditure.

**Impairment of non-financial Assets**

At each accounting date, there is a review of the carrying amount of those assets that are subject to amortisation to determine whether there is an indication that any of these assets has suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss.

For goodwill the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset is the higher of fair value less costs to sell and value in use. An impairment loss is recognised in the financial statements for the amount by which the asset's carrying amount exceeds its recoverable amount.

Impairment losses in respect of goodwill are not reversed. In respect of assets other than goodwill, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

**16. Inventories**

	31 March 2012			31 March 2011 Unaudited Restated		
	Core department	Core department & agency	Departmental group £'000	Core department	Core department & agency	Departmental group £'000
Work in intermediate stages of completion	-	-	153,023	-	-	283,336
Raw materials and consumables	-	-	15,174	-	-	16,507
Goods for resale and finished inventories	-	-	440,638	-	8	264,883
<b>Total inventories and WIP</b>	-	-	<b>608,835</b>	-	<b>8</b>	<b>564,726</b>

Included within inventories are costs for BBC and S4C in respect of programmes in the course of production and programmes that are ready for broadcast but not yet aired.

**17. Assets held for Sale**

	31 March 2012			31 March 2011 Unaudited Restated		
	Core department	Core department & agency	Departmental group £'000	Core department	Core department & agency	Departmental group £'000
Property, plant and equipment	-	-	79,411	-	-	6,203
Intangible assets	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
<b>Total Assets held for sale</b>	-	-	<b>79,411</b>	-	-	<b>6,203</b>

The value of £79m in 2011-12 has been reclassified from PPE recorded in Note 11. These assets held for sale belong largely to the BBC.

**18. Trade receivables and other current assets**

	31-Mar-12			31 March 2011		
	£'000			Unaudited Restated £'000		
	Core Department	Core Department & Agency	Departmental Group	Core Department	Core Department & Agency	Departmental Group
<b>Amount falling due within one year:</b>						
Trade receivables	1,427	2,567	78,780	6,273	8,259	62,399
VAT receivables	679	1,057	63,981	564	1,108	60,385
Other receivables	92,198	92,198	569,377	482	482	420,578
Prepayments	7,523	8,584	250,177	57,843	58,241	287,681
Accrued income	-	-	208	-	-	134,775
Interest receivable	-	-	78	-	-	168
Staff loans and advances	173	207	1,099	213	239	305
Taxation and duties due	-	-	-	-	-	-
Government grant receivables	-	-	(38,321)	-	-	6
Supply receivable	81,079	81,079	81,079	-	-	-
<b>Sub Total</b>	<b>183,079</b>	<b>185,692</b>	<b>1,006,458</b>	<b>65,375</b>	<b>68,329</b>	<b>966,297</b>
<b>Amounts falling due after more than one year:</b>						
Trade receivables	25	25	385	-	-	435
Taxation and duties due	-	-	132	-	-	(29)
Other receivables	214,134	214,134	176,688	54	54	18,715
Prepayments	-	-	10,857	-	-	5,687
Accrued income	-	-	-	-	-	-
Interest receivable	-	-	-	-	-	-
Government grant receivables	-	-	-	-	-	-
<b>Sub Total</b>	<b>214,159</b>	<b>214,159</b>	<b>188,062</b>	<b>54</b>	<b>54</b>	<b>24,808</b>
<b>Total</b>	<b>397,238</b>	<b>399,851</b>	<b>1,194,520</b>	<b>65,429</b>	<b>68,383</b>	<b>991,105</b>

A bad debt provision of £2,063k in 2011-12 and £2,971k has been included within the amounts falling due within the year. The movement of £908k is reflected in the Cash Flow Statement within Trade and Other Receivables.



**18.2 Cash and cash equivalents**

	2011-12			2010-11 Unaudited Restated		
	£'000			£'000		
	Core Department	Core Department & Agency	Departmental Group	Core Department	Core Department & Agency	Departmental Group
Balance at 1 April	122,555	125,168	2,337,703	106,734	111,304	1,779,826
Net change in cash and cash equivalent balances	(117,115)	(120,044)	(105,257)	15,821	13,864	557,877
Bank overdraft	-	-	-	-	-	-
<b>Balance at 31 March</b>	<b>5,440</b>	<b>5,124</b>	<b>2,232,446</b>	<b>122,555</b>	<b>125,168</b>	<b>2,337,703</b>

	2011-12			2010-11 Unaudited Restated		
	£'000			£'000		
The following balances at 31 March were held at:	Core Department	Core Department & Agency	Departmental Group	Core Department	Core Department & Agency	Departmental Group
Government Banking Service	5,440	5,066	55,385	18,960	19,634	54,731
Commercial banks and cash in hand	-	58	681,060	103,595	105,534	871,545
<b>Sub- total</b>	<b>5,440</b>	<b>5,124</b>	<b>736,445</b>	<b>122,555</b>	<b>125,168</b>	<b>926,276</b>
Balance with NLDF/OLDF	-	-	1,496,001	-	-	1,411,427
<b>Balance at 31 March</b>	<b>5,440</b>	<b>5,124</b>	<b>2,232,446</b>	<b>122,555</b>	<b>125,168</b>	<b>2,337,703</b>

The majority of the cash is held by lottery distributors as funds held at the National Lottery Distribution Fund, and invested with the Commissioners for the Reduction of the National Debt.

**18.3 Intra-Government Balances: Receivables**

	2011-12	2010-11 Unaudited Restated
	£'000	£'000
Balances with other central government bodies	108,870	43,058
Balances with local authorities	11,038	9,906
Balances with NHS bodies	183	-
Balances with public corporations and trading funds	4,811	27
<b><i>Intra-government balances</i></b>	<b>124,902</b>	<b>52,991</b>
Balances with bodies external to government	1,069,618	938,114
<b>Total Receivables at 31 March</b>	<b>1,194,520</b>	<b>991,105</b>

**19. Trade payables and other current liabilities**

	31 March 2012			31 March 2011		
	£'000			Unaudited Restated £'000		
	Core Department	Core Department & Agency	Departmental Group	Core Department	Core Department & Agency	Departmental Group
<b>Amounts falling due within one year:</b>						
Taxation and Social Security	552	734	36,213	643	643	31,893
Trade payables	2,834	3,276	347,885	5,653	6,481	322,063
Other payables	70,103	70,243	367,245	23,310	25,926	784,310
Receipts in advance	-	-	32,672	-	-	27,174
Accruals	13,627	21,040	996,624	20,055	22,958	451,730
Grants payable	3,554	3,554	359,346	3,066	3,066	616,687
Deferred income	375	964	571,477	28,934	29,575	552,353
Bank overdraft	-	-	-	-	-	-
Obligations under finance leases: amounts payable within 1 year	-	-	908	-	-	950
Loans and borrowings: amounts payable within 1 year	-	-	6,253	-	-	2,484
Amount issued from the Consolidated Fund for supply but not spent	-	-	-	21,573	21,573	21,573
Consolidation Fund payables	175,458	175,458	175,458	103,595	103,595	103,595
<b>Sub Total (&lt; 1 year)</b>	<b>266,503</b>	<b>275,269</b>	<b>2,894,081</b>	<b>206,829</b>	<b>213,817</b>	<b>2,914,812</b>
<b>Amounts falling due after more than one year:</b>						
Taxation and social security	-	-	-	-	-	-
Trade payables	-	-	-	-	-	-
Other Payables	102,780	102,780	194,384	-	-	691,567
Receipts in advance	-	-	11,767	-	-	6,721
Accruals	52,647	52,647	52,647	-	-	63
Grants payable	-	-	43,521	11,000	11,000	406,637
Interest payable	-	-	-	-	-	-
Bank and other borrowings	-	-	878,250	-	-	893,931
Obligations under finance leases: amounts payable after more than 1 year	-	-	13,550	-	-	13,862
Loans and borrowings: amounts payable after more than 1 year	-	-	-	-	-	-
<b>Sub Total (&gt; 1 year)</b>	<b>155,427</b>	<b>155,427</b>	<b>1,194,119</b>	<b>11,000</b>	<b>11,000</b>	<b>2,012,781</b>
<b>Total</b>	<b>421,930</b>	<b>430,696</b>	<b>4,088,200</b>	<b>217,829</b>	<b>224,817</b>	<b>4,927,593</b>

Bank and other borrowings included in the above table as falling due after more than one year include loans at bank and borrowings amounting to £883m by the BBC (£894m in 2010-11).

## 19.2 Other Financial Liabilities

These are the other financial liabilities of the departmental group

### Current financial liabilities

	Derivatives	Other current financial liabilities	Total
	£'000	£'000	£'000
Balance at 1 April 2011	3,713	-	3,713
Additions	-	-	-
Disposals	-	-	-
Repayments	-	-	-
Impairments	-	-	-
Revaluations	(1,886)	-	(1,886)
<b>Balance at 31 March 2012</b>	<b>1,827</b>	<b>-</b>	<b>1,827</b>

	Derivatives	Other current financial liabilities	Total
Unaudited Restated	£'000	£'000	£'000
Balance at 1 April 2010	2,101	-	2,101
Additions	-	-	-
Disposals	-	-	-
Repayments	-	-	-
Impairments	-	-	-
Revaluations	1,612	-	1,612
<b>Balance at 31 March 2011</b>	<b>3,713</b>	<b>-</b>	<b>3,713</b>

### Non-current financial liabilities

	Derivatives	Other non-current financial liabilities	Total
	£'000	£'000	£'000
Balance at 1 April 2011	1,599	-	1,599
Additions	-	56,917	56,917
Disposals	-	-	-
Repayments	-	-	-
Impairments	-	-	-
Revaluations	(1,179)	-	(1,179)
<b>Balance at 31 March 2012</b>	<b>420</b>	<b>56,917</b>	<b>57,337</b>

Unaudited Restated	Derivatives	Other non-current financial liabilities	Total
	£'000	£'000	£'000
Balance at 1 April 2010	973	-	973
Additions	-	-	-
Disposals	-	-	-
Repayments	-	-	-
Impairments	-	-	-
Revaluations	626	-	626
<b>Balance at 31 March 2011</b>	<b>1,599</b>	<b>-</b>	<b>1,599</b>

### 19.3 Intra-Government Balances: Payables

	2011-12	2010-11 Unaudited Restated
	£'000	£'000
Balances with other central government bodies	129,250	57,074
Balances with local authorities	12,914	7,048
Balances with NHS bodies	11	2
Balances with public corporations and trading funds	6,460	21,398
<i>Intra-government balances</i>	<b>148,635</b>	<b>85,522</b>
Balances with bodies external to government	3,939,565	4,842,071
<b>Total Payables at 31 March</b>	<b>4,088,200</b>	<b>4,927,593</b>

## 20. Provisions for liabilities and charges

### 20.1 Early Departure

Early Departure	2011-12			2010-11 Unaudited Restated		
	Core Department	Core Department & Agency	Departmental Group	Core Department	Core Department & Agency	Departmental Group
	£'000			£'000		
<b>Open balance at 1 April</b>	(3,336)	(3,514)	(24,277)	(714)	(912)	(17,576)
Increase	(1,107)	(1,112)	(3,992)	(2,790)	(2,790)	(12,220)
Utilisation	2,131	2,148	14,282	168	188	5,346
Reversal	1,776	1,776	3,865	-	-	165
Unwinding	-	-	-	-	-	8
<b>Balance at 31 March</b>	<b>(536)</b>	<b>(702)</b>	<b>(10,122)</b>	<b>(3,336)</b>	<b>(3,514)</b>	<b>(24,277)</b>
Comprising:						
Current liabilities	-	(18)	(3,299)	(1,831)	(1,848)	(15,140)
Non-current liabilities	(536)	(684)	(6,823)	(1,505)	(1,666)	(9,137)
<b>Balance at 31 March</b>	<b>(536)</b>	<b>(702)</b>	<b>(10,122)</b>	<b>(3,336)</b>	<b>(3,514)</b>	<b>(24,277)</b>

**20.2 Deferred Corporation Tax**

Deferred corporation tax	2011- 12			Unaudited			2010- 11
	Core Department	Core Department & Agency	Departmental Group	Core Department	Core Department & Agency	Departmental Group	Restated
							£'000
<b>Open balance at 1 April</b>	-	-	(6,509)	-	-	-	(29,188)
Increase	-	-	(7,859)	-	-	-	(5,514)
Utilisation	-	-	6,409	-	-	-	28,193
Reversal	-	-	-	-	-	-	-
Unwinding	-	-	-	-	-	-	-
<b>Balance at 31 March</b>	-	-	<b>(7,959)</b>	-	-	-	<b>(6,509)</b>
Comprising:							
Current liabilities	-	-	(7,859)	-	-	-	(5,514)
Non-current liabilities	-	-	(100)	-	-	-	(995)
<b>Balance at 31 March</b>	-	-	<b>(7,959)</b>	-	-	-	<b>(6,509)</b>

**20.3 Legal claims**

Legal claims	2011- 12			Unaudited			2010- 11
	Core Department	Core Department & Agency	Departmental Group	Core Department	Core Department & Agency	Departmental Group	Restated
							£'000
<b>Open balance at 1 April</b>	-	(314)	(123,850)	-	(267)	-	(892)
Increase	-	(228)	(21,015)	-	(242)	-	(123,887)
Utilisation	-	81	122,598	-	132	-	160
Reversal	-	29	140	-	63	-	769
Unwinding	-	-	-	-	-	-	-
<b>Balance at 31 March</b>	-	<b>(432)</b>	<b>(22,127)</b>	-	<b>(314)</b>	-	<b>(123,850)</b>
Comprising:							
Current liabilities	-	(432)	(700)	-	(314)	-	(664)
Non-current liabilities	-	-	(21,427)	-	-	-	(123,186)
<b>Balance at 31 March</b>	-	<b>(432)</b>	<b>(22,127)</b>	-	<b>(314)</b>	-	<b>(123,850)</b>

**20.4 Other provisions**

Other provisions	2011- 12			Unaudited			2010- 11
	Core Department	Core Department & Agency	Departmental Group	Core Department	Core Department & Agency	Departmental Group	Restated
							£'000
<b>Open balance at 1 April</b>	-	-	(1,176,523)	-	-	-	(1,396,204)
Increase	(3,510)	(3,510)	(919,886)	-	-	-	(388,637)
Utilisation	-	-	634,368	-	-	-	591,931
Reversal	-	-	76,001	-	-	-	16,576
Unwinding	-	-	(99)	-	-	-	(189)
<b>Balance at 31 March</b>	<b>(3,510)</b>	<b>(3,510)</b>	<b>(1,386,139)</b>	-	-	-	<b>(1,176,523)</b>
Comprising:							
Current liabilities	(3,510)	(3,510)	(602,700)	-	-	-	(569,890)
Non-current liabilities	-	-	(783,439)	-	-	-	(606,633)
<b>Balance at 31 March</b>	<b>(3,510)</b>	<b>(3,510)</b>	<b>(1,386,139)</b>	-	-	-	<b>(1,176,523)</b>

Other Provisions does not include bad debt provisions; however, it does incorporate a number of types of provision including, amongst others:

### **Lottery grant commitments**

In order to align accounting policies on accruals as per Note 1.24 lottery distributors have converted commitments to either accruals or provisions – depending on the wording of their grant conditions. The increase in provisions shown in note 20.4 includes £1.1bn of commitments converted to provisions under this policy.

### **Dilapidations**

During the year, the Department adopted an accommodation strategy to reduce its office space occupation to reflect the reduction of staff numbers anticipated after the London 2012 games, and consolidate core Department staff into shared accommodation with another Government department before the end of 2012-13.

Dilapidations provisions have therefore been recognised for costs that will potentially be incurred on vacating various leasehold properties, although the Department is continuing work to minimise any liability.

### **VAT**

In December 2010, the former Commission for Architecture & the Built Environment (CABE) was approached by HM Revenue & Customs (HMRC) as part of a review they were undertaking on all closing Arms Length Bodies (ALBs). On 28 March 2011 HMRC issued a letter, stating that all Service Level Agreements (SLA), partnerships and sponsorships were subject to VAT and that grants paid by CABE should have been subject to input VAT. Based on the determination contained in the letter CABE were required to re-analyse all relevant transactions relating to the last 4 financial years and pay over outstanding VAT. CABE's external advisors challenged this decision and in the event of the ruling from HMRC standing input tax will be able to be reclaimed to offset the liability. On 8 August the Inspector issued a further letter requesting payment of £1.1m in VAT and a further £0.3m in interest and fines.

A provision was made by CABE as prescribed by IAS 37 since HMRC are considering the case that CABE had an obligation to pay VAT on as a result of its past activities for which the liability is of uncertain timing and amount. However, it is probable that an outflow of resources will be required in settlement and a reliable estimate has been made of the amount.

Further negotiations and clarification with HMRC are under way. At the time that the Commission for Architecture & the Built Environment was wound up by statutory order in January 2012, agreement had not been reached with HMRC, and responsibility for the provision was taken on by the Department to allow CABE to be wound up. At 31 March 2012, agreement had still not been reached with HMRC, and a final conclusion on the matter is still awaited.

### **Reversal of Other Provisions**

This is mainly provisions previously set up and not now required and so written back for £58,616K for the Olympic Delivery Authority (ODA). This comprised £58,498K for Legacy conversion and £118K for Dilapidations (being the estimated costs of making good dilapidations to leasehold properties held by the ODA at the end of their lease term).

Of these the material item was the Legacy conversion. This arose from provisions provided by the ODA against the estimated cost of the removal of temporary venues and the legacy conversion of temporary elements of permanent venues that the ODA had constructed to stage the 2012 London Olympic and Paralympic Games. However the responsibility for legacy conversion has transferred to the London Legacy Development Corporation (LLDC). This has resulted in the release of the majority of the provision. Further information is provided in the Notes the ODA's Accounts for 2011-12.

## 20.5 Total provisions

Total Provisions	2011-12			2010-11		
	Core Department	Core Department & Agency	Departmental Group	Core Department	Core Department & Agency	Departmental Group
	£'000			Unaudited Restated £'000		
<b>Open balance at 1 April</b>	(3,336)	(3,828)	(1,331,159)	(714)	(1,179)	(1,443,860)
Increase	(4,617)	(4,850)	(952,752)	(2,790)	(3,032)	(530,258)
Utilisation	2,131	2,229	777,657	168	320	625,630
Reversal	1,776	1,805	80,006	-	63	17,510
Unwinding	-	-	(99)	-	-	(181)
<b>Balance at 31 March</b>	<b>(4,046)</b>	<b>(4,644)</b>	<b>(1,426,347)</b>	<b>(3,336)</b>	<b>(3,828)</b>	<b>(1,331,159)</b>
Comprising:	-	-	-	-	-	-
Current liabilities	(3,510)	(3,960)	(614,558)	(1,831)	(2,162)	(591,208)
Non-current liabilities	(536)	(684)	(811,789)	(1,505)	(1,666)	(739,951)
<b>Balance at 31 March</b>	<b>(4,046)</b>	<b>(4,644)</b>	<b>(1,426,347)</b>	<b>(3,336)</b>	<b>(3,828)</b>	<b>(1,331,159)</b>

## 20.6 Analysis of expected timings

### Analysis of expected timing of discounted cashflows

	2011-12				
	Early Departure	Deferred Corporation Tax	Legal claims	Other Provisions	Total
	Unaudited Restated				
	£000				
Not later than one year	(3,299)	(7,859)	(700)	(602,700)	(614,558)
Later than one year but not later than five years	(4,446)	(100)	(21,427)	(780,336)	(806,309)
Later than five years	(2,377)	-	-	(3,103)	(5,480)
<b>Balance at 31 March</b>	<b>(10,122)</b>	<b>(7,959)</b>	<b>(22,127)</b>	<b>(1,386,139)</b>	<b>(1,426,347)</b>
Comprising:					
Current liabilities	(3,299)	(7,859)	(700)	(602,700)	(614,558)
Non-current liabilities	(6,823)	(100)	(21,427)	(783,439)	(811,789)
<b>Balance at 31 March</b>	<b>(10,122)</b>	<b>(7,959)</b>	<b>(22,127)</b>	<b>(1,386,139)</b>	<b>(1,426,347)</b>

					2010-11 Unaudited Restated
	Early Departure	Deferred Corporation Tax	Legal claims	Other Provisions	
	£000	£000	£000	£000	£000
Not later than one year	(15,140)	(5,514)	(664)	(569,890)	(591,208)
Later than one year but not later than five years	(6,738)	(995)	(123,186)	(602,907)	(733,826)
Later than five years	(2,399)	-	-	(3,726)	(6,125)
<b>Balance at 31 March</b>	<b>(24,277)</b>	<b>(6,509)</b>	<b>(123,850)</b>	<b>(1,176,523)</b>	<b>(1,331,159)</b>
Comprising:					
Current liabilities	(15,140)	(5,514)	(664)	(569,890)	(591,208)
Non-current liabilities	(9,137)	(995)	(123,186)	(606,633)	(739,951)
<b>Balance at 31 March</b>	<b>(24,277)</b>	<b>(6,509)</b>	<b>(123,850)</b>	<b>(1,176,523)</b>	<b>(1,331,159)</b>

## 21. Pension Costs and Liabilities

### 21.1 Pension assets and liabilities recognised in the Statement of Financial Position

	2011-12			2010-11 Unaudited Restated		
	£'000			£'000		
	Funded	Unfunded	Total	Funded	Unfunded	Total
<b>Analysis of movement in scheme liabilities at 1 April</b>	(10,161,281)	(9,150)	(10,170,431)	(10,247,438)	(9,135)	(10,256,573)
Current service cost	(166,395)	55	(166,340)	(202,107)	11	(202,096)
Past service cost	(4,994)	-	(4,994)	7,093	21	7,114
Past service cost - enhancements	(409)	-	(409)	-	-	-
Interest cost on pension scheme liabilities	(549,796)	(12)	(549,808)	(553,453)	(12)	(553,465)
Transfers in	(19,510)	-	(19,510)	-	-	-
Transfers out - group transfers to other schemes	10,259	-	10,259	9,521	-	9,521
Transfers out - individual to other schemes and refunds for members leaving	-	-	-	-	-	-
Pension payments made - UK staff	352,544	156	352,700	340,534	157	340,691
Pension payments made - locally employed staff	232	-	232	110	-	110
Contributions by members	(5,698)	-	(5,698)	(7,472)	-	(7,472)
Contributions by employer	(107)	(141)	(248)	(85)	(142)	(227)
Gains/losses on settlements and curtailments	46,305	7	46,312	249,732	22	249,754
Experience gains/losses on scheme liabilities	(14,580)	-	(14,580)	4,070	-	4,070
Change in actuarial assumptions	(331,804)	(307)	(332,111)	238,214	(72)	238,142
Impact of limitation on balance sheet asset	-	-	-	-	-	-
Change in discount rate	-	-	-	-	-	-
<b>Pension liabilities at 31 March</b>	<b>(10,845,234)</b>	<b>(9,392)</b>	<b>(10,854,626)</b>	<b>(10,161,281)</b>	<b>(9,150)</b>	<b>(10,170,431)</b>



<b>Analysis of movement in scheme assets</b>						
<b>at 1 April</b>	9,169,810	-	9,169,810	8,474,841	-	8,474,841
Expected return on assets	664,649	-	664,649	623,688	-	623,688
Pension payments made - UK staff	(352,489)	-	(352,489)	(340,292)	-	(340,292)
Pension payments made - locally employed staff	(232)	-	(232)	(110)	-	(110)
Contributions by members	4,261	-	4,261	9,839	-	9,839
Contributions by employer	230,989	-	230,989	317,720	-	317,720
Gains/losses on settlements and curtailments	(10)	-	(10)	(39)	-	(39)
Change in actuarial assumptions	(162,220)	-	(162,220)	92,069	-	92,069
Impact of limitation on balance sheet asset	-	-	-	-	-	-
Difference between expected and actual return on assets	13	-	13	(134)	-	(134)
Transfers in	16,068	-	16,068	-	-	-
Transfers out	(8,296)	-	(8,296)	(7,772)	-	(7,772)
<b>Pension assets at 31 March</b>	<b>9,562,543</b>	<b>-</b>	<b>9,562,543</b>	<b>9,169,810</b>	<b>-</b>	<b>9,169,810</b>
<b>Net Pension (liability)/asset at 31 March</b>	<b>(1,282,691)</b>	<b>(9,392)</b>	<b>(1,292,083)</b>	<b>(991,471)</b>	<b>(9,150)</b>	<b>(1,000,621)</b>

## 21.2 Analysis of total Pension Cost recognised in the Statement of Comprehensive Net Expenditure

	2011-12	2010-11
	£'000	Unaudited Restated £'000
<b>Pension cost recognised in Net Operating Cost</b>		
Current service costs	119,440	202,096
Past service costs	5,403	(7,114)
Past service costs enhancements	(46,302)	(249,715)
Recognised actuarial gains or losses	-	-
Transfers in	-	-
Pension benefits payable	-	-
Expected return on pension scheme assets	(664,649)	(623,688)
Interest cost on scheme liabilities	549,808	553,465
<b>Total</b>	<b>(36,300)</b>	<b>(124,956)</b>

### Pension Liabilities

There are a number of different pension liabilities held by entities within the group. As well as the PCSPS (referred to elsewhere) these include, amongst others:

#### **Local Government Pension Scheme**

A number of group entities participate in the Local Government Pension Scheme, administered by the London Pension Fund Authority (LPFA). The scheme is of the defined benefit type and is funded by employees and employers at actuarially determined rates. The scheme is subject to triennial valuations by the consulting actuaries of the LPFA and the latest valuation was at 31/03/10, with the next formal

valuation due at 31/03/13. The actuarial method used is market related, based on average yields and market values in the 12 months leading up to the valuation date.

#### Actuarial Assumptions

	31 March 2012	31 March 2011
Price increases	3.3%	3.5%
Salary increases	4.2%	4.5%
Pension increases	2.5%	2.7%
Discount rate	4.6%	5.5%

#### British Tourist Authority trading as VisitBritain and VisitEngland

The valuation of the main pension scheme, the British Tourist Boards Pension (BTBP) Scheme, BTA's share of the deficit was £18.837m as at 31 March 2012 compared to £14.472m deficit last year. This scheme is a multi-employer pension scheme in which the actuary is able to split the share of each employer on a consistent and reasonable basis. The increase in the deficit compared to last year is primarily due to changes in financial conditions over the year resulting in changes in the assumptions used to value the scheme assets and liabilities. The increase in the BTBP Scheme deficit is essentially reflected in the actuarial loss for the year, largely caused by changes in economic and market conditions from 2010-11. In this regard both the present value of plan liabilities increased substantially and the fair value of plan assets reduced as a result of key assumption changes from last year to this year.

Following the 2009 full valuation of the scheme the employers have agreed a deficit recovery plan with the trustees. The plan requires BTA to pay in proportion to its share of the deficit. BTA's cost for 2011-12 is £618k and increases annually by inflation. The employer contribution in respect of future service is 17.3%. BTA also has an additional pension liability of £293k for pension payments to former chairmen which are included in the Statement of Financial Position.

The US pension scheme valuation reported a surplus of £183k (2010-11 £584k capped to £359k).

#### BBC Pension Scheme

Pension contributions are paid into a trust fund which is invested by the Trustees to produce income from which benefits are paid. The fund is quite separate from the finances of the BBC and participating employers. It is used to provide benefits for the Scheme's members and their dependants.

BBC Pension Trust Limited is the sole Trustee of the Scheme. Its board, commonly referred to as 'the Trustees', consists of nine directors:

- one appointed by the BBC Trust;
- four appointed by the BBC
- three elected by active members; and
- one elected by the pensioners.

The member elected directors serve for six years and retire in rotation. The pensioner director serves for four years. The Trustees are responsible for stewardship of the Scheme's assets. Their main objectives are to ensure that:

- all beneficiaries receive the benefits to which they are entitled under the Rules of the Scheme; and
- there are sufficient assets to meet the Scheme's liabilities as they fall due.

ONS has classified the scheme as being within the private sector, even though it covers employment in a public sector area as the scheme is managed in a similar way to the private sector. As a consequence the pension scheme assets and liabilities are incorporated within these accounts in accordance with IAS 19.

The BBC Pension Scheme, a defined benefit scheme, is now closed to new entrants. This plan provides pensionable salary related benefits on a defined benefit basis funded from assets held in separate trustee-administered funds. The pension 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 Towers Watson, consulting actuaries. Formal valuations are undertaken at least every three years.

Scheme financial position	2012 £m	2011 £m	2010 £m	2009 £m	2008 £m
Scheme assets*	9,198.5	8,835.8	8,154.8	6,454.0	8,042.0
Scheme liabilities	(10,370.5)	(9,756.3)	(9,795.7)	(6,592.6)	(7,513.6)
(Deficit)/Surplus	(1,172.0)	(920.5)	(1,640.9)	(138.6)	528.4
Percentage by which scheme assets cover liabilities	89%	91%	83%	98%	107%

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	5.2%	Decrease 0.1%	2.0	(205)
Discount rate	5.2%	Increase 0.1%	1.6	166
Retail price inflation rate	3.5%	Increase/(decrease) 0.1%	1.8	187/(186)
Mortality rate	See note 7c vi	Increase/(decrease) 1 year	3.0	315/(316)

The 2010 actuarial valuation by Towers Watson of the pension scheme showed a funding shortfall of £1,131m. Consequently a recovery plan was agreed between the BBC and the pension scheme Trustees where additional contributions totalling £905m will be paid by the BBC over an 11 year period commencing in 2011. The next formal actuarial valuation is expected to be performed as at 1 April 2013.

The next formal actuarial valuation is expected to be performed as at 1 April 2013.

	2013 %	2012 %	2011 * %	2010 * %	2009 * %
Employer**	14.5	14.5/15.5	18.15	18.9	19.1/19.65
Employee (Old and New Benefits)	7.5	7.5	7.5	6.75	6.0
Employee (Career Average Benefits 2006)	4.0	4.0	4.0	4.0	4.0
Employee (Career Average Benefits 2011)	6.0	6.0	–	–	–

\* Restated to include BBC AVC plus contributions.

\*\* Includes an allowance for BBC AVC matching contributions of 0.1%/0.3% (2011: 0.3%) but excludes the cost effectively paid for by the employee via the salary sacrifice arrangement.

On the basis of pension assumptions made above, contributions totalling £136.8million are expected to be paid in 2012/13.

Scheme cash flows (day to day liquidity)

Below are the cash flows of the BBC Pension Scheme (not included in the Group results). The second additional contribution of £60million was paid in March 2012 (2011: £110million) to address the funding shortfall identified in the 2010 actuarial valuation by Towers Watson. Allowing for the reduction in this payment from the prior year, the net cash inflow saw a decrease of £44million compared to 2011. This fall is generated by the reduction in the employer's contribution percentage during the year and the closing of the scheme to new entrants (as members retire, there are no new entrants to replace the reduction in employee and employer contributions).

	2012 £m	2011 £m
Contributions including additional voluntary (employer and employee)	218.6	317.4
Investment income	216.7	214.8
Cash inflows	435.3	532.2
Payments of pensions and transfers out	(334.6)	(326.1)
Expenses	(41.7)	(53.0)
Net cash inflow	59.0	153.1

It is not possible to allocate the deficit shown above across individual divisions of the BBC.

Despite the BBC Pension Scheme being in the private sector and outside the boundary of the DCMS group, in accordance with IAS 19 the exposure/liability of the BBC Pension Scheme is included in the group accounts. However, in line with the details above, there is no guarantee being given by either DCMS or H.M Government in respect to this Scheme.

Further information on the analysis of the BBC Pension Scheme assets and the assumptions underlying the liabilities are set out in the published accounts of the BBC.

For more details on pensions please refer to the individual accounts published by the ALBs

## 22. Capital and other commitments

### 22.1 Capital commitments

Contracted capital commitments at 31 March not otherwise included in these financial statements

Contracted capital commitments not otherwise included in these financial statements	2011-12			Unaudited Restated 2010-11		
	Core Department	Core Department & Agency	Departmental Group	Core Department	Core Department & Agency	Departmental Group
	£'000	£'000	£'000	£'000	£'000	£'000
Property, plant and equipment	-	289	367,929	162	1,011	853,109
Intangible Asset Additions	-	-	-	-	-	240
<b>Total Capital Commitments</b>	<b>-</b>	<b>289</b>	<b>367,929</b>	<b>162</b>	<b>1,011</b>	<b>853,349</b>

## 22.2 Commitments under leases

### 22.2.1 Operating leases

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

			2011-12		Unaudited Restated 2010-11
	Core Department	Core Department & Agency	Departmental Group	Core Department	Core Department & Agency
	£000	£000	£000	£000	Departmental Group
					£000
<b>Land and Buildings</b>					
Not later than one year	5,678	6,672	62,104	6,672	6,672
Later than one year and not later than five years	19,718	20,675	191,773	20,675	20,675
Later than five years	2,357	7,078	531,170	7,078	7,078
<b>Total Land and Buildings</b>	<b>27,753</b>	<b>34,425</b>	<b>785,047</b>	<b>34,425</b>	<b>34,425</b>
<b>Other</b>					
Not later than one year	-	83	45,194	3	81
Later than one year and not later than five years	-	34	89,341	-	-
Later than five years	-	-	66,096	-	92
<b>Total Other</b>	<b>-</b>	<b>117</b>	<b>200,631</b>	<b>3</b>	<b>173</b>
<b>Total obligations under operating leases</b>	<b>27,753</b>	<b>34,542</b>	<b>985,678</b>	<b>34,428</b>	<b>34,598</b>

The DCMS Group leases various land and buildings, comprised of mostly of BBC facilities, under non-cancellable operating lease agreements. The operating leases do not have purchase options, although some have escalation clauses and terms of renewal. Renewals are negotiated with the lessor in accordance with the provisions of the individual lease agreements.

ALBs that prepare their accounts on a UK GAAP basis, only the next year's lease commitments are disclosed, rather than the more extensive disclosures required by IAS 17, in particular that the total of future minimum lease payments should be disclosed.

**22.2 Finance leases**

The present value of obligations under finance lease for the following periods comprise:

<b>2011-12 - Commitments under Leases - Finance Leases</b>	<b>2011-12</b>					<b>Unaudited Restated 2010-11</b>
	<b>Core Department</b>	<b>Core Department &amp; Agency</b>	<b>Departmental Group</b>	<b>Core Department</b>	<b>Core Department &amp; Agency</b>	<b>Departmental Group</b>
The present value of obligations under finance lease for the following periods comprise:	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Land and Buildings</b>						
Not later than one year	-	-	79,072	-	-	75,133
Later than one year and not later than five years	-	-	326,359	-	-	-
Later than five years	-	-	1,784,322	-	-	1,889,476
	-	-	2,189,753	-	-	1,964,609
<i>Less: interest element</i>			1,328,755			1,419,129
<b>Present value of obligations</b>	<b>-</b>	<b>-</b>	<b>860,998</b>	<b>-</b>	<b>-</b>	<b>545,480</b>
<b>Other</b>						
Not later than one year	-	-	10,334	-	-	10,343
Later than one year and not later than five years	-	-	-	-	-	34,650
Later than five years	-	-	5,580	-	-	5,338
	-	-	15,914	-	-	50,331
<i>Less: interest element</i>	-	-	9,699	-	-	13,792
<b>Present value of obligations</b>	<b>-</b>	<b>-</b>	<b>6,215</b>	<b>-</b>	<b>-</b>	<b>36,539</b>
<b>Total present value of obligations</b>	<b>-</b>	<b>-</b>	<b>867,213</b>	<b>-</b>	<b>-</b>	<b>582,019</b>

ALBs that prepare their accounts on a UK GAAP basis, only the next year's lease commitments are disclosed, rather than the more extensive disclosures required by IAS 17, in particular that the total of future minimum lease payments should be disclosed.

## 22.3 Other financial commitments

Entities within the group have entered into non-cancellable contracts (which are not leases, PFI contracts or other service concession arrangements). The payments to which the department and its agencies and NDPBs are committed are as follows.

2011-12 - Other Financial Commitments	2011-12					Restated Unaudited 2010-11
	Core Department	Core Department & Agency	Departmental Group	Core Department	Core Department & Agency	Departmental Group
	£000	£000	£000	£000	£000	£000
<b>Other Financial Commitments</b>						
Not later than one year	-	-	33,475	-	-	23,699
Later than one year and not later than five years	-	-	2,515	-	-	466
Later than five years	-	-	6,192	-	-	-
<b>Total Other Financial Commitments</b>	-	-	<b>42,182</b>	-	-	<b>24,165</b>

## 23. Financial Guarantees, indemnities and Letters of Comfort

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

### 23.1 Quantifiable

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

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

	01-Apr-11	Increase in year	Liabilities crystallised in year	Obligation expired in year	31-Mar-12	Amount reported to Parliament by Departmental Minute
	£m	£m	£m	£m	£m	£m
<b>Guarantees</b>						
Borrowing facility for Historic Royal Palaces	4.0	-	-	-	4.0	-
<b>Indemnities</b>						
Government Indemnity Scheme	3,908.2	8,298.8	0.2	6,736.5	5,470.3	5,470.3
Artworks on loan to the Government Art Collection	1.9	1.3	-	-	3.2	3.2
Artworks on loan from the Royal Collection	227.7	291.3	-	97.9	421.1	421.1
<b>Totals</b>	<b>4,141.8</b>	<b>8,591.4</b>	<b>0.2</b>	<b>6,834.4</b>	<b>5,898.6</b>	<b>5,894.6</b>

The Department reported £5,894.6m of contingent liabilities as at 31 March 2012 (2011: £4,141.8m) in its annual return to HM Treasury relating to the bodies it sponsors. This included: statutory liabilities under the Government Indemnity Scheme of £5,470.3m (2011: £3,908.2m) which indemnifies private lenders to museums, galleries and other institutions when mounting exhibitions or taking long-term loans for either study or display; non-statutory liabilities for indemnities granted in respect of works of art on loan from the Royal Collection of £421.1m (2011: £227.7m); £3.2m for items on loan to the Government Art Collection (2011: £1.9m). The change in liabilities in these indemnity schemes is driven by the number and value of the works of art on loan, which changes from year to year.

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

## 23.2 Unquantifiable

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

### Statutory Guarantee

There is a Crown Guarantee covering any liabilities imposed by section 68, telecommunications Act 1984.

### Non-statutory

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



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

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

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

### **Olympic and Paralympic games**

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

Following the Government's Spending Review, announced on 20 October 2010, the public sector funding package was set at £9.298bn (a reduction of £27m from the original funding package of £9.325bn). This included over £0.5bn held as Olympic contingency for cross-programme issues, including any material change in security circumstances.

From 1 April 2011 the funding package was reconfigured to make provisions for operational requirements, reflecting the changing focus of the programme from construction to operational delivery. The funding package included provisions for funding to LOCOG of £193.5m and £587m of contingency for cross-programme issues *of which £483m is held by HM Treasury*.

Excellent progress was made across the whole Olympic programme in 2011-12. At 31 March 2012 there remained £491m of uncommitted contingency.

The latest detailed position on the overall Public Sector Funding package is set out in the Government Olympic Executive (GOE) London 2012 Olympic and Paralympic Games Quarterly Report, October 2012, and which is available on the DCMS website at:

<http://www.culture.gov.uk/publications/9465.aspx>

In summary the report announced that the overall cost of the London 2012 Olympic and Paralympic Games is forecast at £8.921bn, a saving of £377m on the £9.298bn budget. Also an additional £103m of contingency is being held to cover the remaining risks in the programme, such as the retrofit of the Olympic Village for legacy use and closing out around 2,000 ODA and LOCOG contracts. In total therefore £480m of uncommitted contingency still remains within the Olympic and Paralympic budget.

### **ODA Olympic Park project**

In order to facilitate the redevelopment of the Olympic Park, the ODA relocated the railway siding at Thornton's Field to Orient Way. Eurostar, as the lessee of Orient Way can repossess the site any time between 1 July 2023 and the end of its lease on 30 June 2086. Should this occur, the ODA has agreed to meet 33 per cent of the cost of relocating the siding between 1 July 2023 and 30 June 2038 and 22 per cent of the cost between 1 July 2038 and 30 June 2086. This liability cannot be quantified reliably as it falls so far into the future.

In 2008 the ODA entered into an agreement with Westfield Holdings Limited and its wholly-owned subsidiary Stratford City Developments Limited (SCDL). Under the terms of this agreement, if, at the later of one year after the opening of the retail centre or 31 December 2012, the value of designated non-retail lands within Zone 1 of Stratford City falls below a certain threshold, the ODA will be obliged to make up any shortfall, or, if agreement on the quantum of the shortfall cannot be agreed, SCDL has recourse to a 'put' option obliging the ODA to purchase the land at the threshold price. The ODA also has a 'call' option enabling it to purchase the land at the threshold price. This agreement was entered

into at a time when the financial outlook was highly uncertain and asset prices were unstable. Given the subsequent stabilisation and improvement in the property market since this time, the ODA considers the likelihood of a liability crystallising as remote. The liability will be extinguished in the 2012–13 financial year.

The ODA has guaranteed the liabilities of its subsidiary Stratford Village Development (GP) Ltd to the extent that the developments costs of the Olympic and Paralympic Village are not covered by sales proceeds. When the ODA winds up in 2014 the contingent liabilities above will pass to DCMS (or its successor).

### **Rugby Union World Cup**

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

### **Tate Modern extension project**

To fund a major capital project to develop Tate Modern, and for upgrade work to Tate Britain, most of the expected total costs of £215m has been raised, with the funds being committed by private donors and from DCMS and the London Development Agency. Fundraising continues for the remainder with the expectation that the project will be completed at the latest by 31 December 2016.

The work on the Tate Modern Project is progressing well. The Tate Foundation, an independent charity, is providing the funding for the project. The anticipated dates for receipt of funds from private donors will not exactly match the anticipated dates for payments under the relevant construction and other associated contracts. In order to ensure the necessary flow of funds the Tate Foundation has taken out a bridging loan.

In order to service and repay this bridging loan Tate Foundation will rely on the donations to be received (which are expected to be sufficient for these purposes) and, if necessary, on its existing unrestricted funds. The lenders require guarantees and the Tate has entered into guarantees in favour of the lenders to repay the principal and interest on the bridging loan, and related costs, charges and expenses (if any).

The maximum value of the loan is £55m. Bearing in mind the flow of donation income to Tate Foundation and Tate Foundation's existing unrestricted funds, and the ability to extend the facility if necessary, it is considered very unlikely that Tate will be called upon to pay anything under the guarantees.

### **British Library Newspaper Digitisation project**

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

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

The Department has agreed to underwrite any liability which arises beyond that, for the duration that such claims might arise. It is considered that a claim in excess of £5m would be extremely unlikely but in

the event that the liability is called, provision for any payment will be sought through the normal Supply procedure.

### **Design Council**

DCMS has agreed to provide a guarantee from 1 April 2011 in respect of the transfer of 20 staff from CABE to the Design Council, up until September 2013. Provision has been made in this year for two redundancies to occur in 2012-13 leaving a contingency for redundancy costs of up to £544k payable to the Department for Communities and Local Government.

### **Jubilee Gardens**

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

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

### **Advantage Media production Fund (AMPF) – novation to Creative England**

The Advantage Media Production Fund (AMPF) was originally set up in 2007 by regional screen agency Screen West Midlands to support the development of the West Midlands as a hub for filmmaking in the UK. It is partly financed by the European Regional Development Funding (ERDF).

As part of the re-organisation of responsibilities within the sector the AMPF contract was transferred from Screen West Midlands to Creative England. Creative England became responsible for any irregularities uncovered whilst Screen West Midlands was the ERDF grant applicant. EU auditors can audit at any time up to the end of 2025. In the event that an irregularity is found, claw-back is mandatory and Creative England would be obliged to pay back the given amount to the European Commission. DCMS has agreed to meet any obligations that Creative England cannot. It is not expected that any irregularity might be found that could result in the guarantee being called upon.

### **BT pension**

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

The Trustee of the BT Pension Scheme (BTPS) has undertaken legal proceedings to clarify the terms and scope of the Crown Guarantee. The guarantee only applies if and when BT was to go into liquidation. The High Court proceedings are now concluded with a number of findings in favour of the Trustee and BT. The Government is considering whether to appeal.

## 24. Contingent liabilities disclosed under IAS 37

### The Royal Parks

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

### Legal cases

DCMS is involved in a small number of legal cases which are currently underway. The timing and value of any awards and costs if DCMS was unsuccessful are difficult to predict..

## 25. Contingent Assets

There are no contingent assets at 31 March 2012.

## 26. Losses, special payments and gifts

### 26.1 Losses Statement

	2011-12				2010-11					
	Core Department		Core Department & Agency		Core Department		Core Department & Agency		Consolidated	
	Cases	£'000	Cases	£'000	Cases	£'000	Cases	£'000	Cases	£'000
Cash Losses										
Claims abandoned	1	131	1	131	3	-	3	-	8	275
Fruitless payments										
Constructive losses										

There was one case over £250,000 (2010-11: nil cases).

Details of loss over £250k:

In November 2002, Heritage Lottery Fund (HLF) awarded £418k to the Finchley Arts Centre Trust (FACT) to restore The Bothy, a grade II listed Victorian building in Barnet, London. Unfortunately, after completion of the project, the relationship between FACT and the landlord of The Bothy broke down. As a result The Bothy is not accessible to the public. FACT no longer exists and so it is uneconomic for HLF to seek repayment of the grant.

## 26.2 Special Payments

There were no special payments in 2011-12, in 2010-11 there were a small number of immaterial special payments, and these have been included within the losses total for 2010-11 in Note 26.1 above.

## 26.3 Gifts

During the year the department made one gift of £10m to The Racing Foundation on 14 March 2012 for year 2011-2012. This was the first payment made as part of an agreement reached on the sale of the Tote. This agreement stated that the Government will pay £10m a year to the Racing industry for the next 3 years with future payments to be agreed in the next spending review. The annual payment will be split between the grant scheme and The Racing Foundation. The split will be decided annually by The British Horseracing Authority (BHA) Chairman's Committee in agreement with DCMS. DCMS draws down the £10m each year as Vote in order to make the gift.

This gift was notified to Parliament in Supplementary Estimate 2011-12 Note I.

## 27. Related-party transactions

The DCMS is a related party, regarded as parent of its agency and sponsor of its non-departmental public bodies, funds and other public corporations, to all the list of entities within the accounting boundary as per note 29. Those entities have had various material transactions with the DCMS and other bodies sponsored by DCMS. All these transactions were conducted in the normal course of business and at full arm's length.

During the year, certain entities entered into transactions, under normal business terms with organisations in which either a Trustee/Director or a key senior member of management was regarded as having an interest. Each individual entity publishes a list in their accounts of such transactions, and reference should be made to the note of Related Party Transactions contained therein for disclosure.

The rest of this related party note is restricted to the core accounts of DCMS.

The department made a number of material transactions with other government departments, central government bodies and local government organisations.

These are set out below:

Related party	Nature of transaction	Relationship
BIS	Receipt in connection with Digital Switch Over support	Partner department across government
Department for Communities & Local Government	A number of payments relating to PFI support channelled via DCLG	DCLG acts as primary support for PFI in local government
Department of Health	Receipt for School Sports Games	Funding partner
Home Office	A number of payments relating to the 2012 Olympic & Paralympic Games	Partner department across government

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.

Peter Bazalgette, a non-executive director, is Chair of the English National Opera which received £17m from Arts Council England (a DCMS ALB) in the year. He is also a trustee of the National Film and Television Foundation (the endowment arm of the National Film and TV School, funded by DCMS). DCMS made a grant of £2.9m to the National Film and TV School in 2011-12. Peter Bazalgette is

married to a trustee of the Charleston Trust, a registered charity which has received funding from the Heritage Lottery Fund.

David Verey CBE the lead DCMS non-executive director is Chair of The Art Fund. The Art Fund gives support to a number of the DCMS ALBs. David Verey is a Senior Adviser to Lazard & Co. Ltd, who were paid £1.7m by DCMS for advice on the sale of the Tote during 2011-12.

Sebastian Coe is ex-officio non-executive director by virtue of his position as Chairman of LOCOG (a body funded by DCMS ALBs). Sebastian Coe is also Vice President of the International Athletics Association.

Helen MacNamara a director on the Ministerial Board during the year, is married to the Deputy Director of the BBC Trust. Special arrangements have been put into place to avoid any real or perceived conflict of interest.

No minister, Board member, or other related parties has (other than those mentioned above) undertaken any material transactions with the Department or its sponsored bodies during the year. Departmental Ministers make specific disclosure of financial interests as required by the Ministerial Code of Conduct.

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

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

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

## **28. Consolidated Fund Extra Receipts (CFER) and third-party assets**

### **Where the Department acts as principal:**

#### *Digital Switch-Over Ring-fenced Scheme*

Following work commenced in 2005 with the BBC, the Digital Switchover Help Scheme was presented to Parliament on 4 May 2007. The Help Scheme is run by the BBC and helps everyone who is eligible disabled, aged 75 or over, registered blind or partially sighted or anyone who has lived in a care home for 6 months or more with everything they need to switch one TV to digital.

The 2007 Agreement between the Government and the BBC set out how the BBC was to operate the Scheme, which is funded out of the BBC licence fee. The BBC set up the company DSHS Ltd as a wholly owned subsidiary to run the Help Scheme.

Schedule 1, paragraph 1 (2) of the 2011 Revised Digital Switchover Help Scheme Agreement (Cm 7523)

states:

“The costs of the Scheme (including its overheads, financing, administrative and marketing/communication costs) estimated at £603m in nominal terms over the lifetime of the licence fee settlement (from 2007/8 to 2012/13), will be ring-fenced. These funds must only be used to pay for the Scheme.” Additionally “If scheme expenditure is forecast to be less than estimated budget of £603m, decisions on how this underspend is dealt with will be taken by the Secretary of State in consultation with the BBC.”

Schedule 2, paragraph 7(1) of the 2011 Revised Digital Switchover Help Scheme Agreement (Cm 7523) states: “The BBC will prepare annually a statement of accounts for the Scheme which sets out the expenditure incurred by the BBC under this agreement.”

Many of the people eligible for help with converting their television for digital switchover had already switched before the Help Scheme reached their area. As a result, spending on support for digital switchover has been lower than expected, and we will return the part of the licence fee cash that was ring-fenced for this purpose by the Department for Culture, Media and Sport (DCMS).

In their Annual Report and Accounts 2011-12 the BBC stated that “at the end of 2010/11, the amount due to the DCMS was £266m, and reflecting the repayment plan agreed, we returned £214m during 2011-12. We made further savings of £93m on the scheme during 2011-12, leaving a projected £145m due for repayment overall, £92m of which will be repaid in the coming year.”

On 29 March 2012 the BBC paid £213.4m to DCMS for surrender to the Consolidated Fund. DCMS paid the sum to the Consolidated Fund as a CFER payment on 29 March 2012. Full details of television licence fee income collected by the BBC as agent for the Consolidated Fund are in the *Television Licence Fee Trust Statement* for the year ending 31 March 2012 (HC383) published separately from but alongside the Corporation’s financial statements.

#### *Sale of the Tote*

On 14 July 2011 the government entered into a contractual arrangement for the sale of the Tote to BetFred Limited. An element of the consideration paid by BetFred is payable in future years and treated as a long-term receivable in future years. Such payments, when received, are payable to the Consolidated Fund, and a long-term payable is also recognized for future years on the Statement of Financial Position. Both long-term receivables and long-term payables have been discounted to net present value.

### **Where the Department acts as Agent for the Consolidated Fund:**

#### *Dormant Accounts Fund*

During 2011-12 DCMS agreed with Treasury, Cabinet office and Big Lottery to transfer £1,630k to Consolidated Fund as CFERs (Consolidated Funds Extra Receipts), as Big Lottery did not have a mechanism to undertake this process. Dormant Funds is not within the ambit of DCMS operations and therefore is treated as a third party transaction. Consequently this value has not been included in the DCMS accounts.

When BIG Lottery was created, they received voted funds from the Cabinet Office to cover their set up costs which would be repaid at a future date. The transfer to H. M. Treasury is to repay these set up costs. The £1,630m was included in Dormant Accounts in the BIG Lottery 11-12 accounts.

Under the Dormant Bank and Building Society Accounts Act 2008 ('the Act'), banks and building societies may pass funds from dormant accounts to Reclaim Fund Ltd, a not-for-profit entity authorised to act as the reclaim fund. Reclaim Fund Ltd transfers funds which it is satisfied are not required to meet future claims from the owners of the dormant accounts to BIG Lottery Fund. BIG Lottery Fund distributes those funds in accordance with the Act and directions issued to it by the Minister for the Cabinet Office ('the Minister') and the devolved administrations

### *Wireless Telegraphy Act Fees*

Under Section 400 of the Communications Act 2003, Ofcom is required to collect fees and payments. The revenue collected is from three sources:

- Wireless Telegraphy Act licence fees;
- Additional Payments from television and radio licensees; and
- Financial penalties.

These monies are passed to the UK Exchequer and to the Treasuries of the Isle of Man, the Bailiwick of Jersey, and the Bailiwick of Guernsey under Statutory Instrument 1991, Numbers 998, 1710 and 1709 respectively, either directly or (since 01 April 2011) the Department of Culture, Media and Sport (DCMS)

### **Restricted funds outside the Group**

The BBC holds a number of restricted funds on behalf of various organisations which are outside the boundary of the Group. These funds are:

- BBC Children in Need Appeal
- Grace Wyndham Goldie (BBC) Trust Fund
- BBC Benevolent Fund
- Friends of the National Orchestra of Wales
- BBC Wildlife Fund
- BBC Performing Arts Fund
- The Restoration Fund
- BBC Radio Cambridgeshire Trustline Fund
- British Wireless For The Blind
- Wavelength Charity Limited
- The Radio Merseyside Charitable Trust

As they are restricted funds held outside the Group, there is no requirement for inclusion in the consolidated accounts.

## **29. Entities within the departmental boundary**

The entities within the boundary during 2011-12 were as follows:

### ***Core department:***

The Department for Culture, Media and Sport (DCMS)

### ***Executive Agency:***

The Royal Parks(TRP)



**Public Broadcasting Authorities:**

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

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

**Executive Non-Departmental Public Bodies (NDPBs)**

NDPBs are grouped in the following way:

**Museums and Galleries**

British Museum  
Geffrye Museum  
Horniman Public Museum and Public Park Trust  
Imperial War Museum  
Museum of Science and Industry in Manchester<sup>9</sup>  
National Gallery  
National Maritime Museum  
National Museum of Science and Industry (NMSI)<sup>10</sup>  
National Museums Liverpool  
National Portrait Gallery  
Natural History Museum  
Royal Armouries  
Sir John Soane's Museum  
Tate  
Victoria and Albert Museum  
Wallace Collection

**Libraries**

British Library  
Museums, Libraries & Archives Council<sup>11</sup>  
Public Lending Right<sup>12</sup>

**Arts**

Arts Council of England

**Architecture and the Historic Environment**

Commission for Architecture and the Built Environment (CABE)<sup>13</sup>  
English Heritage  
National Heritage Memorial Fund (including the Heritage Lottery Fund)

**Tourism**

VisitBritain

<sup>9</sup> Merged with NMSI as of February 2012

<sup>10</sup> Renamed Science Museum Group as of February 2012

<sup>11</sup> Wound up as of July 2012

<sup>12</sup> Work is underway to transfer the PLR functions to another existing public body and the PLR would then be abolished.

<sup>13</sup> Wound up as of January 2012

**Creative industries**

British Film Institute  
UK Film Council<sup>14</sup>

**Sports**

Sports Ground Safety Authority<sup>15</sup>  
Sport England  
UK Sport  
United Kingdom Anti-Doping Limited

**Olympics**

Olympic Delivery Authority  
Olympic Lottery Distributor

**Gambling and national lottery**

Big Lottery Fund<sup>16</sup>  
Gambling Commission<sup>17</sup>  
Horserace Betting Levy Board  
National Lottery Commission **Error! Bookmark not defined.**

**Other bodies not classed as NDPBs:**

Churches Conservation Trust

During the year there were 5 advisory NDPBs and one tribunal NDPB funded through grant expenses:

Advisory Committee on National Historic Ships (declassified October 2011)  
Advisory Council on Libraries  
Advisory Committee on the Government Art Collection (reclassified as a Public Sector Working Group, May 2011)  
Reviewing Committee on the Export of Works of Art  
Treasure Valuation Committee  
Horserace Betting Levy Appeal Tribunal

In addition the following are not funded by DCMS directly:

Theatres Trust (funded by English Heritage)  
VisitEngland (expenses met from VisitBritain's financial resources)

In accordance with legal advice given to government on the implementation of the accounting boundary and following discussions with H.M. Treasury, subsidiary companies of entities within the boundary have been removed if they are not classified as central government by ONS, or are public corporations (self-financing with no Exchequer funding and no impact on central government budgets). In a number of instances ONS have not classified subsidiaries and a judgement has been made on whether the body is within central government and also whether it is fully self-financing.

<sup>14</sup> From 1 April 2011 a number of the UK Film Council's responsibilities were transferred to the British Film Institute (BFI) and Film London. UKFC was wound up as of June 2011

<sup>15</sup> Formerly the Football Licencing Authority

<sup>16</sup> As a consequence of the Government's Spending Review the Government has transferred policy responsibility for Big Lottery Fund from DCMS to the Cabinet Office, although DCMS retains the sponsor role.

<sup>17</sup> The Cabinet Office confirmed on 24 September 2010 that the National Lottery Commission and the Gambling Commission will be merged as part of the government's review of Public Bodies.

**Entities excluded from the boundary include:**

The public sector bodies that are outside the departmental accounting boundary, and for which DCMS had lead policy responsibility during the year, are listed below together with their status. More detail can be found in the Public Bodies Directory.

**Public Corporations sponsored by DCMS:**

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

Channel 4 Television Corporation  
Historic Royal Palaces  
Horserace Totalisator Board (Tote)<sup>18</sup>  
Office of Communications (OFCOM)<sup>19</sup>

**Other DCMS bodies**

The following bodies receive a grant from DCMS:

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

**During 2011-12 the following drew down grant-in-aid, similar to Executive NDPBs:**

Royal Household<sup>20</sup>

**Lottery Funds**

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

**30. Events after the reporting period**

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

**Changes to public sector bodies**

- The Museums Libraries and Archives council (MLAC) was placed in liquidation on 6th July 2012.

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<sup>18</sup> Sold July 2011

<sup>19</sup> Shared with the Department for Business, Innovation and Skills until the Machinery of Government change, when DCMS became fully responsible.

<sup>20</sup> Transferred to H.M. Treasury March 2012

- The Equalities and Human Rights Commission became a sponsored body of DCMS as a result of a Machinery of Government change on 4th September 2012 (see below).

### **Other proposed changes**

- Work is underway to transfer the Public Lending Right's functions to another public body, after which the Public Lending Right as an NDPB would be abolished.
- Digital UK ended more than 70 years of analogue broadcasting with the completion of digital television switchover on 24<sup>th</sup> October 2012.

### **Board changes**

The members of the Ministerial Board at 31<sup>st</sup> March 2012 and changes to membership since are shown below.

- Jeremy Hunt (until 4 September 2012)
- Maria Miller (from 4 September 2012)
- John Penrose (until 4 September 2012)
- Hugh Robertson
- Ed Vaizey
- David Verey
- Sir Peter Bazalgette
- Dr Tracy Long
- Lord Coe (until 19 October 2012)
- Jonathan Stephens
- Helen MacNamara
- Simon Judge (until 12 July 2012)
- Jeremy Beeton (until 3 November 2012)
- Sam Foley (from 19 September 2012)
- Jon Zeff (from 19 September 2012)

### **Ministerial changes**

- Maria Miller was appointed as the Secretary of State for Culture, Media & Sport and Minister for Women & Equalities on 4<sup>th</sup> September 2012.
- Hugh Robertson became Minister of State for Sport and Tourism in September 2012.
- Ed Vaizey remains Minister for Culture, Communications and the Creative Industries.
- Helen Grant is the Parliamentary Under-Secretary of State for Justice, Women and Equalities, shared jointly with the Ministry of Justice.
- Jo Swinson is the Minister for Women and Equalities, shared jointly with the Department for Business, Innovation and Skills.
- John Penrose left the position of Minister for Tourism and Heritage in September 2012.

### **Move of functions from Home Office to DCMS**

A Machinery of Government change was announced on 4<sup>th</sup> September 2012 moving the Equalities brief from the Home Office to DCMS. The two departments are in the process of discussing and agreeing the various actions necessary to give effect to this change.

### **Closure of Olympic Bodies**

In accordance with an Order to be laid before Parliament, by February 2013 the Olympic Lottery Distributor is planning to cease its operations and be wound up on the 31 March 2013. DCMS acts as OLD's successor body and will complete any residual activities should they be required. At present the planned wind-up date of the OLDF is the 31 July 2014. Ministers will decide, following a debate in both Houses of Parliament, how funds remaining in the OLDF will be paid into the NLDF for onward distribution to the lottery distributors.

At the start of the games, the ODA held permanent and temporary venues, the Athletes Village and infrastructure required to support the games, as specialised Olympic assets, valued at DRC (approximately equal to cost) on the Statement of Financial Position. In line with ODA's accounting policies, post games, the assets have been revalued. The London Legacy Development Corporation (LLDC) has taken responsibility for the majority of assets on the Olympic Park (with the exception of the media buildings which are scheduled to transfer to LLDC at the end of January), following which the assets will be written down to nil in the ODA's books. The Athletes Village will be revalued in line with existing sales agreements

### **BBC Television Centre**

On 16 July 2012 it was announced that the BBC Television Centre at White City London had been sold to property developers Stanhope plc.



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