



Department for Culture Media & Sport

Annual Report and Accounts

For the year ended 31 March 2013

Department for Culture, Media and Sport

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

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Contents

Foreword	1
Annual Report	4
<i>Our Performance</i>	7
Business Plan 2012-15	7
Delivering against our strategic priorities	8
Indicators in the Business Plan Quarterly Data Summaries	18
Performance Indicators	18
<i>Regulation</i>	21
Reporting on Better Regulation.....	21
Public Accounts Committee (PAC) recommendations	23
Transparency at DCMS.....	23
Complaints to the Parliamentary Ombudsman	23
<i>Management Commentary 2012-13</i>	24
The Environment.....	24
Correspondence performance	24
Spending Review	24
Departmental Reporting Cycle	24
Boundary and Classification changes.....	24
Basis of the Statement of Parliamentary Supply	25
Financial Commentary	25
Policy on payment of suppliers	26
Resources	27
Governance Statement	31
Remuneration Report: Core DCMS Only	45
Statement of Accounting Officer's Responsibilities	54
The Certificate and Report of the Comptroller and Auditor General to the House of Commons	56
Primary Statements	59
Notes	68
Appendix A to the Annual Report – Annual Summary of 2012-13 QDS	168
Appendix B to the Annual Report – Core Tables	173
Table 1 – Public Spending	175
Table 2 – Public Spending Control	180
Table 3 – Capital Employed.....	182
Table 4 – Administration Budgets	183
Table 5 – Staff In Post.....	184
Table 6 – Total spending by country and region.....	185
Table 7 – Total spending per head by country and region	186
Table 8 – Spending by function or programme, by country and region	187
Appendix C to the Annual Report – Sustainability Report	191

Foreword



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

The year covered by this report was, by any standards, a wonderful and momentous one for Britain. But it also offered huge challenges which, I am delighted to say, my Department responded to in fine style.

The task of delivering a safe, successful and memorable Olympic and Paralympic Games would have been a daunting one in any circumstances, but to do so under the watchful eyes of quite literally *billions* of television viewers took it into another league altogether. In the event, Britain delivered the best ever Olympic and Paralympic Games thanks to the fantastic hard work of hundreds of organisations and countless thousands of individuals – many of them tireless volunteers, don't forget – who, together, produced a summer of sporting excellence, world-beating cultural showcases, national pride and a feel-good factor that went way beyond our wildest expectations. DCMS led in Government on this project and I couldn't be more proud of what my Department achieved.

A few weeks before the Games' opening ceremony, the nation celebrated Her Majesty The Queen's Diamond Jubilee, which gave DCMS the opportunity to test and put into action some of our major event plans. Millions of visitors to the capital, an absolute imperative to get it right first time and, again, a massive live television audience – all coming together to showcase Britain at its best to the whole world.

And the success of these two big events, along with all the brilliant shows and exhibitions that packed people in across the year, and our priceless built heritage and iconic natural landscapes, are really important in our work to rebuild the economy. And that's because tourism, and the inward investment that comes with it, makes a huge contribution to our economy. So our award-winning GREAT campaign, which was promoting Britain in 2012-13 as a great place to come for business or pleasure (and will continue to do so in the future, by the way) was an absolutely crucial part of our spending mix.

And my department was helping business to get the economy back on its feet in other ways too. We oversaw the huge task of bringing about digital TV switch-over, and the close of analogue broadcasting, with the minimum fuss and bother, and we invested heavily in rolling out a massive programme to get superfast broadband available to homes and business right across the country. If we can deliver on this – and I know we can – the positive effect on the economy, and the new jobs that will come alongside it, will help set the foundations for a good and prosperous future for us all.

But DCMS has also played a big part in the on-going work across government to help create a fair and equal society. The 12 months covered in this report also saw legislation published and subsequently approved by Parliament (in July 2013) to introduce Equal Civil Marriage. It's reassuring to know that protecting arts and culture, the hard-nosed realities of promoting economic growth and the simple imperative for equality and the values of a civilised society can progress side-by-side.

So 2012-13 was a good year indeed for DCMS as we established ourselves in Government as a Department not just as the custodians in Government of arts and culture but, alongside that, a key player in the economic success of the future.



Sue Owen
Permanent Secretary

The Department for Culture, Media and Sport has responsibility for some of the things that we care about most as a country. Our sectors are vital in every sense of the word; they are vital for the economy, vital for society and are truly full of life. Whether grass roots sport or high-brow arts, new equalities or ancient castles, 'TV tourism' or fantastic films, I have found vibrant energy in every corner of the DCMS portfolio.

This vitality could not have been any more obvious over the past year with the great successes of the Olympic and Paralympic Games and the Diamond Jubilee. These showcased so much of what is great about Britain and also the best of the Department, working across different organisations to deliver complex, challenging and rewarding projects.

This track record of delivery is an indication of what the year ahead will hold. The business plan sets out the ambitious goals we have set and the Department is geared up to make these plans a reality. I am very much looking forward to working with the DCMS team and our range of partners to deliver this programme and make sure the UK continues to lead the world.



Lead Non-Executive Director's Report

David Verey

2012-13 was a year of great successes and challenge for the Department for Culture, Media and Sport. The Department led and co-ordinated the Government's role in the Olympic and Paralympic Games, oversaw The Queen's Diamond Jubilee and, with the Home Office, appointed Lord Justice Leveson to carry out an Inquiry on press regulation. The Department continued to deliver against the economic growth agenda through the Broadband programme and Women's Business Council in addition to programmes carried out across the fields of culture, media, sport and equalities.

Following the Olympic and Paralympic Games, DCMS considerably reduced in size and moved to new premises. The Department continues to adjust to the scale of the change as it manages and delivers programmes of work that both deliver economic growth and strengthen our cultural institutions. Over the next year, efforts must be maintained to bring the demands on the Department back in line with the resource available to deliver.

In 2012-13 the DCMS Board met four times. The Board evolved during this time with the arrival of a new Secretary of State in September 2012, the departure of two of our Non-Executive Directors (NEDs), Lord Coe (October 2012) and Sir Peter Bazalgette (January 2013), and the appointment of two successors – Ajay Chowdhury and Ruby McGregor-Smith (April 2013). The Equalities portfolio also moved to DCMS in September 2012 following a Machinery of Government change. This added two Ministers to the existing DCMS Ministerial team – Jo Swinson and Helen Grant who also carry portfolios in the Department for Business, Innovation and Skills and Ministry of Justice respectively.

The Board was ably supported by the Audit & Risk Committee, chaired by Dr Tracy Long, the Executive Board and the Pay Committee.

In March 2013, I carried out the annual review of the Board's effectiveness and concluded that the period of considerable change along with the addition of two new Non-Executive Directors to the Board created the opportunity to build a new team and refocus on providing challenge and support to the Department. I am delighted to report that action following this review has contributed to much improved performance reporting and strategic discussion at the Board and at the newly instituted Performance Review which comprises the Non-Executive Board Members and the Executive Board.

I would like to thank my fellow NEDs, past and present, for their engagement with DCMS and the time they have committed outside this forum in offering their support and expertise into the Department.

I would also like to place on record, on behalf of all the NEDs, our thanks and appreciation to Sir Jonathan Stephens for his leadership of DCMS and the way that he has closely involved us in the work of the Department. We wish him well for the future. We also look forward to working with the new Permanent Secretary, Sue Owen, following her recent appointment. She will provide new leadership and direction to the Department and I am looking forward to working with her over the next year.

Annual Report

Our Vision

The Department for Culture, Media and Sport (DCMS) is here to help make Britain the world's most creative and exciting place to live, visit and do business. DCMS protects and promotes our cultural and artistic heritage and helps businesses and communities to grow by investing in innovation and highlighting Britain as a fantastic place to visit. Alongside this, the Department protects our deeply held beliefs in freedom and equality. DCMS helps to give the UK a unique advantage in the global race for economic success.

Our Work

The Department has policy responsibility for museums, galleries and libraries, the built heritage, the arts, sport, broadcasting, and the National Lottery. Working in partnership with 44 Arm's Length Bodies, DCMS works to make it easier for everyone to enjoy our national culture, play sport and have access to world-leading mobile and online communications. It also sponsors the tourism, media, music, licensing, gambling and creative industries.

The Department is responsible for listing buildings of special architectural or historical interest, for the scheduling of ancient monuments, deciding applications for scheduled ancient monument consent, licensing the export of cultural goods and managing the Government Art Collection (GAC). The GAC places art in British government buildings and official residences around the world, to promote British art and history while contributing to cultural diplomacy.

The Department also has a number of ceremonial duties including co-ordinating aspects of state visits, the First World War Centenary, 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 including child internet safety.

The Department is also working to make Britain a fair, free and democratic society open to those who are willing to contribute to British life.

Strategic Priorities

The Department continues to fund and protect Britain's world class Arts, Heritage and Culture and ensure that our creative industries continue to be the best in the world. The Department's long term strategic aims are to:

- 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; and
- Promote equal treatment and equal opportunity.

During 2012-13, another major aim of the Department was to deliver the 2012 Olympics and Paralympics.

Our Ministers

**The Rt Hon Maria Miller MP**

Secretary of State for Culture, Media and Sport, Minister for Women and Equalities

Maria Miller was appointed as Secretary of State for Culture, Media and Sport in September 2012. She is the Conservative MP for Basingstoke.

**Ed Vaizey MP**

Parliamentary Under Secretary of State for Culture, Communication and Creative Industries

Ed Vaizey was appointed Minister for Culture, Communications and Creative Industries in May 2010. He is the Conservative MP for Wantage and Didcot.

**Helen Grant MP**

Parliamentary Under Secretary of State for Sport, Tourism and Equalities*

In September 2012, Helen Grant was named Women and Equalities Minister and was additionally appointed Minister for Sport, Tourism and Equalities in October 2013. She is the Conservative MP for Maidstone and the Weald in Kent.

**Jo Swinson MP**

Parliamentary Under Secretary of State for Women and Equalities

In September 2012, Jo Swinson became Minister for Employment Relations and Consumer Affairs in the Department for Business, Innovation and Skills and Women and Equalities Minister in the Department of Culture, Media and Sport. She is the Liberal Democrat MP for East Dunbartonshire.

**The Rt Hon Hugh Robertson MP**

Former Minister of State for Sport and Tourism

Hugh Robertson was Minister for Sport and Tourism until October 2013 when he moved to the Foreign Office. He is the Conservative MP for Faversham and Mid Kent.

*When referred to in the body of this annual report, the Ministers' titles as at 31 March 2013 will be used.

Our Management

Our Permanent Secretary

Sue Owen
(from 1 October 2013)



Our Executive Directors

David Brooker

Rachel Clark

Samantha Foley

Rita French

Helen MacNamara

Clare Pillman

Jon Zeff

Our Non-Executive Directors



David Verey
Lead Non-Executive Director*



Ajay Chowdhury
Non-Executive Director



Dr Tracy Long
Non-Executive Director*



Ruby McGregor-Smith CBE
Non-Executive Director

* In addition to Dr Tracy Long as Chair and David Verey, Michael Higgin and Chris Walton are the two co-opted independent members that complete the Audit and Risk Committee.

Our Performance

This section provides an overview of achievements and future plans in line with the Government's priorities for the Department (as laid out in the DCMS Business Plan and published on our website at www.gov.uk/government/publications/dcms-business-plan). It sets out the programme of work we plan to carry out for next three years to support the Government's objectives. It contains information on our structure, budget and the way we measure our performance.

The strategic priorities for DCMS for 2012-13 were:

- 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; and
- Promote equal treatment and equal opportunity.

Business Plan 2012-15

The table below shows the status of actions undertaken in our Business Plan for the year to March 2013.

Business Plan Actions	2012-13
Total number of actions due in 2012-13	47
Total number of actions due in 2012-13 and completed on time	33
Total number of actions due in 2012-13 and completed late	6
Total number of actions due in 2012-13 and overdue (as at April 2013)	8

By the end of March, we had completed 83% of actions due in 2012-13, with most completed on time. A few actions slipped because of the need to address new issues raised during the policy process. In addition, work on the media and telecommunications industry has evolved during the year rendering several actions redundant. The report, *Connectivity, content and consumers: Britain's digital platform for growth*, published in July 2013, following a comprehensive two year review, sets out the legislative changes the government will make and the issues they expect industry to address to ensure the consumer remains the key focus of an industry that has changed at an unprecedented pace over the last decade.

A few actions were amended and carried forward into the 2013-15 Business Plan, to take account of changes to policy or approach. For example, secondary legislation on overhead lines is now part of work with the Department for Communities and Local Government on measures to streamline planning procedures for fixed broadband infrastructure and new overhead lines.

For further information, progress against our Business Plan is reported monthly on the Number 10 website: <http://transparency.number10.gov.uk/>

Delivering against our strategic priorities

1. Deliver the 2012 Olympics and Paralympics

The Olympic and Paralympic Games were delivered safely and successfully, on time and under budget. British athletes won 65 Olympic medals and 120 Paralympic medals, a record achievement for our elite sportspeople. The Games attracted over 870,000 overseas visitors, and generated an estimated¹ £41 billion gross value added to the UK economy by 2010. The 1% increase in visits to the UK in 2012 compared to the previous year also meant that we are the first Summer Games hosts to see an increase in visitors in the year of the Games since Sydney in 2000. At least £28 billion of economic impact was secured through the construction and staging of the Games along with tourism, trade and inward investment. The London 2012 Festival provided 10 million opportunities to see 1,000 performances and events including the Government Art Collection exhibition at the Whitechapel Gallery.

The London 2012 Olympic and Paralympic Games

Between 2006-7 and 2013-14 DCMS will have provided around £5 billion in grant-in-aid to build the venues and infrastructure for the London 2012 Olympic and Paralympic Games and effect the post-Games transformation of the Olympic Park and Village. This investment, in partnership with investment of a further £1 billion in security funding from Home Office, £0.8 billion in funding from the Greater London Authority and £2 billion from the Lottery, had two important effects. First, it enabled the London Organising Committee of the Olympic and Paralympic Games (LOCOG) to raise £2 billion in private funding to run the Games. Secondly, it advanced by some 5-7 years a range of other private capital investment, for example the £1.45 billion Westfield (Stratford) shopping centre, creating an additional 10,000 jobs. It has been estimated by UK Trading & Investment (UKTI) that the public sector investment in the Games of £8.8 billion will help to secure an additional £11 billion in inward investment to the UK by July 2016². £9.9 billion of this had been achieved by July 2013. The meta-evaluation of the impacts and legacy of the London 2012 Olympic and Paralympic Games estimated that the public sector investment in the Games will deliver in total an increase in Gross Value Added of between £28 billion and £41 billion¹.

We successfully delivered a range of programmes against our published Business Plan actions:

- ✓ Worked with the Home Office, Mayor of London, security agencies, LOCOG and other partners to ensure that effective security plans and capabilities were in place and well integrated with wider operations;
- ✓ Worked with The Prince's Trust and London 2012 networks to implement 'Opportunity – inspired by – London 2012', a programme offering 500 disadvantaged young people a unique chance to develop their skills and be involved in London 2012 related events; and

¹ 2012 Games meta-evaluation report <https://www.gov.uk/government/news/olympic-games-legacy-boosts-economy-by-billions>

² "Turning Games into Gold: Government announces almost £10 billion economic boost from London 2012" <https://www.gov.uk/government/news/turning-the-games-into-gold-government-announces-almost-10-billion-economic-boost-from-london-2012>

- ✓ Worked with LOCOG and the Cultural Olympiad Board to deliver a successful and engaging cultural programme, including 10 million opportunities to see 1,000 performances and events through the London 2012 Festival, and evaluation.

Independent research, commissioned by DCMS, into the material impact the Games had across the UK, found that the investments made as host nation have already reaped substantial returns - both financial and cultural – and has set the foundations for an even stronger legacy in the years to come. In particular:

- More of us are participating in sport because of the Games, with 1.5 million more adults participating in sport and recreational activity since 2005-06;
- The Games inspired a generation of children and young people, with half of 11-15 year olds and a third of 5-10yr olds saying it motivated them to do more sport;
- The Games were the catalyst for improved elite sporting performance in the UK, driving changes to the management of elite performance which, with increased funding, resulted in medal successes;
- The 2012 Games set new standards for sustainability, both in construction and events management;
- The Games improved attitudes to disability and provided new opportunities for disabled people to participate in society, with unprecedented coverage and viewership of the Paralympics and 62% of people stating that they felt the Games will reduce prejudice;
- Communities across the UK engaged with the Games, including 15 million people seeing the Torch Relay and 43 million Cultural Olympiad attendances;
- The Games has increased enthusiasm for volunteering, as 20% of Games Makers volunteered for the first time and 45% indicated they would volunteer more in the future;
- The Games accelerated the physical transformation of East London, delivering the Park itself and numerous catalysed investments such as Westfield;
- Socio-economic change in East London has been shaped by the Games, with East London closing the gap on the rest of London on a range of socio-economic indicators; and
- The Games delivered many strategic benefits and lessons learnt across all levels of Government, particularly driving new ways of working together.

2. Create a sporting legacy from the Olympics and Paralympics

We have made substantial progress against the 10 point sports legacy action plan including: 11% increase in funding for elite sports; handover of the Olympic Park to the London Legacy Development Corporation for transformation into world class facilities; won the rights to deliver 6 major sporting events and successfully delivered two since the Games; increased the funding for Places People Play by £15 million to £150 million; increased school sport with more children participating in competitive sport; increased the number of disabled people playing sport and increased funding of disabled sport; and internationally there are some very promising indications of the success of International Inspiration, including trained 124,896 individuals as practitioners across 20 countries, including 28,530 young leaders,

created 180 safe spaces for sport in 5 countries and engaged and reached at least 11 million children and young people.

Sporting Legacy

Sport England operates a range of Lottery-funded grant schemes designed to help improve sports facilities. For example, the £30 million Iconic Facilities Fund is aimed at turning a small number of key local community sports facilities into some of the best in the country to help more people play sport. Another example is a grant of £1.5 million to the University of Worcester to transform a derelict site into the Worcester County Sports Arena. The total project cost was £15 million and the financing here was £13.5 million, of which £0.3 million was realised from private donations.

Between 2012 and 2017 Sport England is operating a £45 million Lottery-funded Improvement Fund aimed at delivering medium sized projects that will improve peoples' sporting experiences. This funding requires a minimum of 25% cash partnership towards the total project costs. In 2012-13 38 proposals across England for new and improved changing rooms and artificial pitches (e.g. a new artificial pitch at Durham University to improve sporting facilities for use by both the university and the local community) received grant support from the Improvement Fund of £150,000 to £500,000, totalling around £10 million. Each round will have a different focus.

Inspired Facilities is a £65 million Lottery-funded grant over several years aimed at voluntary or community groups and supporting the renovation and modernisation of local sports facilities – part of the Places People Play programme to deliver an Olympic legacy of increased mass participation in sport. In this case, Sport England makes clear that while partnership funding is preferred it is not essential because funding can be difficult for voluntary or community groups. Around £20 million of this funding was allocated in 2012-13 in rounds 2 and 3 of the programme. Examples include a new community use sports facility at Upton-by-Chester High School and the creation of 4 new changing rooms at Warrington Sports Club.

UK Sport provides funding to support the development of elite athletes. It operates partnerships in kind with BAE systems – which provides technology support – and with BUPA which provides specialist medical treatment for over 1,200 elite athletes on the World Class Performance Programme.

We successfully delivered a range of programmes against our published Business Plan actions:

- ✓ Established new School Games competition as an annual event;
- ✓ Through the Places People Play initiative, upgraded 1,000 local sports clubs/facilities;
- ✓ Recruited 40,000 sports leaders to organise and lead community sport;
- ✓ Agreed Payment by Result methodology to be used by Sport England in negotiation of 46 new Whole Sports Plans focusing on 14-25 year olds;
- ✓ Worked with Sport England to publish implementation plan for Youth Sport Strategy including details of open access community fund; and
- ✓ Developed revised measurement methodology for Whole Sports Plans and other elements of the strategy including setting baselines from 2013.

3. Create the conditions for growth

DCMS delivers positive social, sporting and cultural outcomes that benefit all in the UK and are responsible for a significant share of the UK economy (12% of Gross Value Added and 15% of employment – even greater than financial services). We have a £36 billion creative industry sector. Spectrum contributes £52 billion³ a year to the UK economy. The UK currently tops the global rankings for soft power in the world⁴. Tourism is central to the government's economic growth strategy. It is worth £115 billion to our economy a year⁵. Last year, Britain welcomed a record 31.1 million international tourists who spent £18.6 billion. Tourism also makes a significant contribution to employment in the UK with 2.7 million people employed in main or second jobs in tourism industries in 2011, 9.1% of the total for all industries⁶.

We facilitated agreement on a draft Royal Charter that would help deliver a new system of independent and robust press regulation in the UK following the Leveson Inquiry. We completed the five year implementation programme for TV switchover from analogue to digital on time and under budget. We also worked with the broadcasting and radar sectors to accelerate clearance of 800 MHz and 2.6 GHz spectrum in readiness for competitive 4G mobile broadband services, so enabling Ofcom to run the auction of the 4G spectrum, raising £2.37 billion for HM Treasury. We ensured the mobile network operators established a scheme to deal with interference from 4G services to TV and established an Oversight Board for the scheme.

We completed a comprehensive, two year review of the media and telecommunications sector in July 2013, publishing a report, *Connectivity, content and consumers: Britain's digital platform for growth*. This report sets out areas for action, marking the completion of a two year review of the legislative framework governing the media and telecommunications sectors. Following a consultation, we laid a draft Public Bodies Order in July to change some of Ofcom's duties and functions. The changes are meant to provide greater flexibility for the regulator, and to remove unnecessary duplication and spending. We consulted on fundamental questions about how media plurality should be measured, to ensure that the media landscape is not dominated by too few organisations. The consultation will inform the commissioning of a framework for measuring media plurality, which will be used to produce the first market analysis of plurality in the UK. We have repealed the requirement for TV dealers to notify TV Licensing that a television set has been sold or rented. We believe that this will lead to a reduction in costs for businesses, which means resources can be re-allocated to promote growth. In March 2013 Ofcom awarded 19 licences to operate local TV services in the initial round of applications. The first 19 local TV services will cover Belfast, Birmingham, Brighton & Hove, Bristol, Cardiff, Edinburgh, Glasgow, Grimsby, Leeds, Liverpool, London, Manchester, Newcastle, Norwich, Nottingham, Oxford, Preston, Sheffield and Southampton. The first channels are expected to begin broadcasting by the end of 2013. Ofcom is preparing to offer licences for a second group of towns and cities later in 2013. We also worked with Her Majesty's Treasury to deliver new tax reliefs to high-end TV and animation to support UK creative content and attract inward investment.

³ <https://www.gov.uk/government/publications/impact-of-radio-spectrum-on-the-uk-economy-and-factors-influencing-future-spectrum-demand>

⁴ Institute for Government report "The New Persuaders: A international ranking of soft power (http://www.instituteforgovernment.org.uk/sites/default/files/publications/The%20new%20persuaders_0.pdf)

⁵ Deloitte 2010

⁶ ONS Employment Characteristics of Tourism Industries 2011

We established ourselves as the lead Department in Government for the First World War Centenary commemorations, and have stimulated a wide range of centenary-related projects and activity across Government and set up the governance and co-ordination arrangements to ensure the delivery of an inclusive and publicly-engaging 4 year programme.

We promoted the commercially important art sector through the Government Art Collection arranging the display of work by leading contemporary British artists at the British Business Embassy (Lancaster House) which was seen by the world's most influential business leaders.

We successfully delivered a range of programmes against our published Business Plan actions:

- ✓ Restructured Visit Britain to ensure better targeting of high-value and emerging tourism markets, and to achieve significant reductions in its administration costs;
- ✓ Finalised and published a summary of government support available to sports bodies bidding for events;
- ✓ Secured a detailed arrangement to implement the new licence fee settlement, by amending the BBC Agreement and legislating to implement new funding commitments, including provisions on: (a) new partnership with the Welsh language TV channel (S4C) and (b) the BBC World Service;
- ✓ Implemented digital TV switchover in Meridian, London, Tyne Tees and Northern Ireland;
- ✓ Scoped and analysed the potential impact of transition to digital radio;
- ✓ Worked with OFCOM to publish an Information Memorandum setting out arrangements for sale of 800 MHz and 2.6 GHz spectrum;
- ✓ Removed requirements on retailers to notify TV Licensing when customers buy televisions;
- ✓ Secured protection for consumers and enhanced competition through negotiations on EU Roaming Regulation;
- ✓ Achieved an acceptable outcome for the UK at the World Conference on International Telecommunications;
- ✓ Promoted growth through an open and transparent internet where legitimate business can thrive and consumers and citizens enjoy a high level of confidence and security; and
- ✓ Consulted industry to agree the British Film Institute's Forward Plan document, to reflect Film Policy Review recommendations and the Government response.

4. Boost the Big Society and strengthen cultural organisation

To safeguard and nurture investment in culture, heritage and sport, the share of funding from the National Lottery for the arts and heritage was increased from 16% to 20% each. The Heritage Lottery Fund too, is now projected to receive £379 million in 2015, £160 million more than prior to 2010. And Sport England's projected income will be £235 million compared with £134 million prior to 2010. In 2011-12 DCMS funded cultural institutions

raised around £356.5 million in contributed income. £83 million of this was in the form of donated objects.

We supported and oversaw library services, run by local authorities to provide free resources that empower people with access to the borrowing of books and other materials. We also made changes to the legal deposit system to extend the regulations so that it also covers non-print works, such as content from the internet, an e-book or an electronic journal or works published in a physical form such as a CD-ROM, DVD-ROM or microfilm. Jointly with the Department for Education, we launched the National Plan for Cultural Education, setting out the government's plan for cultural education in England, and summarising opportunities open to schools and teachers to give all children access to a high-quality cultural education. We launched the competition to select the UK City of Culture for 2017 and, in partnership with the Department for Education and Arts Council England, launched Music Education Hubs. We also began a programme to increase the numbers of women appointed to our Boards from 38% to 50%.

The Enterprise and Regulatory Reform Act 2013 introduces a number of reforms to the heritage protection system in relation to listed buildings. These are designed to streamline its operation but retain current levels of protection.

Museums and Galleries

We issued grant-in-aid to National Museums and Galleries amounting to around £330 million. This allowed these organisations to generate an additional £184 million from trading and other business, and to obtain over £23 million in donations increasing their revenue spending capacity to over £537 million. The overall financing from grant-in-aid to National Museums and Galleries was 63% (i.e. 63p of additional income raised for every £1 of grant-in-aid). In the case of the best performing gallery the financing was 157%. A key factor in securing financing is that National Museums and Galleries are allowed to retain their non-grant income without any offsetting reduction in grant-in-aid.

Libraries

DCMS provides grant-in-aid of around £104 million per annum for the British Library, including support for the keeping of digital publications. In 2012-13 the British Library realised around £16 million in trading income and around £5 million in donations. The overall financing is 21%.

DCMS provided £12.4 million in Public Finance Initiative credits to six local authorities to support schemes designed to improve their local library facilities and to use the public funding available more efficiently.

The Arts

In 2012-13, the Arts Council England (a strategic Arm's Length Body, or ALB, of DCMS) received £470 million public funding and £270 million Lottery funding to provide a range of investment in arts development, capital projects and artistic innovation. Some of the highlights over the last year included Unlimited, celebrating the work of Deaf and disabled artists on an unprecedented scale; the global success of the Royal Shakespeare Company's *Matilda the Musical*; and helping many more children receive quality music instruction stemming out of the National Plan for Music Education.

DCMS is also engaged in cultural diplomacy where we work with the Foreign and Commonwealth Office, British Council, UK Trade & Industry (UKTI), VisitBritain and partners in other countries to promote the excellence of our arts and culture and attract tourist and

business visitors. In 2012, we supported UKNow, the largest ever festival of UK Culture across China, and in 2013 we supported the Qatar-UK Year of Culture. In summer 2012, DCMS and the Scottish Government invited culture Ministers from across the world to attend a summit in Edinburgh to coincide with the Olympic and Paralympic Games and the international festival that sought greater cultural exchange.

The last year also saw the culmination of the Cultural Olympiad which was an unprecedented programme of artistic and cultural events happening across the country. It is estimated that 43 million people participated in an event as part of the Cultural Olympiad which invested a budget of almost £154 million. DCMS supported the development of the Cultural Olympiad and worked in partnership with artistic directors, Arts Council England, regional cultural organisations and local authorities to showcase the best of what the UK has to offer.

Heritage

The UK's heritage is supported by English Heritage (EH) and the Heritage Lottery Fund (HLF). In 2012-13 DCMS issued £101.4 million to English Heritage allowing EH to raise a

further £53.4 million. During this period EH allocated £19.6 million in grants. EH also cares for and promotes enjoyment of the buildings, monuments, artefacts and archives in the National Heritage Collection and in 2012-13 5.10 million people visited an EH staffed site. In June 2012, the Heritage Lottery Fund announced grants of £0.5 million to £5.0 million to 18 organisations across the UK, a total grant of £27.5 million to help them to set up endowments and to attract private investment. For every pound acquired in private donations by grantees, Heritage Lottery Fund will match it pound for pound up to the value of the grant, giving organisations the opportunity to lever a further £27.5 million of funding from private sources, a levering investment of 100%.

In 2012-13, DCMS issued £2.8 million to the Churches Conservation Trust for the care of over 340 redundant places of worship, and to keep them open for public enjoyment.

Match funding for Arts and Heritage Endowments – the Catalyst Programme

As part of DCMS's drive to unlock higher levels of philanthropy across our sectors, DCMS has invested £30 million capital funding in the establishment of endowments in the cultural sector, using a tiered match-funding system. The Catalyst programme is run jointly by DCMS with Arts Council England and the Heritage Lottery Fund. In the first phase of the programme DCMS's £30 million was complemented by £15.5 million lottery funding from Arts Council England and £10.5 million lottery funding from the Heritage Lottery Fund. That £56 million combined investment was awarded to 34 cultural bodies, conditional upon them securing match-funding from private donors in varying ratios between 1:1 and 3:1 private to public. The £56 million will secure at least a further £106 million in private donations, public funding of £1.89 for every £1 of public funding invested and taxpayer funding of £132 million for £30 million of DCMS spending i.e. £4.40 for every £1 of taxpayers' funding invested.

Media

DCMS provides some £20 million of grant support to the British Film Institute annually. In 2012-13, trading income and donations amounted to £26.5 million, and financing of 132.5%.

In addition to giving grant-in-aid to Ofcom, DCMS supports Ofcom to deliver a Community Radio Fund, a small grant programme to help fund the core costs of running not-for-profit community radio stations.

Sport and Leisure

In 2012-13, DCMS is making available over £13 million in Public Finance Initiative credits to local authorities to enable them to enhance and improve leisure facilities in their areas and to use the public funding available more efficiently. DCMS provides grant-in-aid to the Royal Parks Agency, £14.4 million in 2012-13. This generated some £20.8 million in trading and other income, and financing of 144%.

We successfully delivered a range of programmes against our published Business Plan actions:

- ✓ Removed barriers preventing independent producers from owning a local TV broadcast licence and disapplied the 10% production quota to local TV
- ✓ Licensed first local TV stations
- ✓ Worked with Arts Council England to deliver wide ranging consultation on how people will interact with library services both now and in the future
- ✓ Abolished the Museums, Libraries and Archives Council, and transferred essential functions to Arts Council England
- ✓ Developed and laid before Parliament statutory guidance on changes introduced by Live Music Act
- ✓ Commenced the Live Music Act

5. Facilitate the delivery of universal broadband and improved mobile coverage

Through a combined investment of £1.5 billion (made up of funding from central and local Government, the European Regional Development Fund and through partnership with industry), we are working to ensure the UK has the best internet economy in the world.

DCMS is one of the top four central Government Departments delivering infrastructure for the economic future of the UK with its investment contribution in broadband and mobile infrastructure. This DCMS investment is comprised of:

- £530 million in the rural programme (together with local government and European funding, bringing the total investment to £1.2 billion);
- £150 million in the Urban Broadband Fund;
- £150 million in the mobile infrastructure project.

By 2012-13:

- the UK internet economy was worth £82 billion each year
- the internet contributed 8.3% to the UK economy as a whole (the highest proportion for any G8 country)
- 71% of the UK population bought goods and services online (more than any other country)

- 100,000 more homes and businesses were getting access each week
- 50,000 new superfast connections were being taken up per week

These changes will reinforce the UK's position as a leading digital economy and will help to create local jobs and national growth. The Government's own programmes will help to bring broadband to parts of the country that would not otherwise be reached by the private sector.

We are now exploring options for the superfast extension programme, with the Government committed to reaching 95% coverage by 2017 and assessing measures needed to achieve 99% coverage by 2018.

We successfully delivered a range of programmes against our published Business Plan actions:

- ✓ Completed two rounds of bids for the Rural Community Broadband Fund
- ✓ Confirmed level of Urban Broadband Fund funding awards to each of the 10 Round 1 cities
- ✓ Invited bids from other cities for additional £50 million funding
- ✓ Announced the winning bids for the second round of funding (for superfast cities)

6. Equal treatment and equal opportunity

We aim to create a society where the principles of equal treatment and equal opportunity are a reality for all, specifically through maximising women's contribution and potential; changing culture and attitudes; and simplifying, reforming and supporting the equalities framework. Women now account for 17.3% of directors of FTSE 100 companies, compared to 12.5% two years ago. Only 6 all-male Boards remain (down from 21 two years ago) and women now make up 13.3% of FTSE 250 boards, up from 9.4% last year. More than 1.8 million people are now working in organisations signed up to Think, Act, Report, our voluntary initiative to help improve gender equality in the workforce, demonstrating that the voluntary regime is working.

We successfully introduced legislation on same sex marriage, with the Marriage (same sex couples) Act receiving Royal Assent on 17 July 2013. The Women's Business Council published its report and recommendations for business and Government on how women's full economic potential can be realised. We established a £2 million fund to support childcare start-ups. As part of our work to reform the Equality and Human Rights Commission, we appointed a new Board and agreed a new budget and a new Framework document. We published the Government's first progress and good practice report on Body Confidence which promotes understanding why body confidence matters and what industry and the voluntary sector can do to support young people's resilience and self-esteem. We established an independent review of the operation of the public sector Equality Duty.

We secured the relevant legislative changes, through the Enterprise and Regulatory Reform Act, repealing provisions making employers liable for the harassment of their employees by third parties over whom they have no control and provision in the Equality Act to reduce the bureaucracy associated with employment tribunals for employers. We also implemented a ban on age discrimination in the provision of services and the exercise of public functions.

We successfully delivered a range of programmes against our published Business Plan actions:

- ✓ Funded the recruitment of 5,000 business mentors to support women wishing to start up and grow their business
- ✓ Published proposals following a review into access to finance for women entrepreneurs and pregnant women, working closely with the British Banking Association and others
- ✓ Developed action plan with the Department for Business, Innovation and Skills to support business efforts to increase the number of women on Boards, continuing to implement Lord Davies recommendations and publishing annual progress reviews with the Review steering group
- ✓ Secured support for new charter to tackle homophobia and transphobia in sport
- ✓ Improved support for disabled people who wish to stand for elected office, working with political parties and disability organisations
- ✓ Examined how groups who experience persistent or emerging disadvantage that has an intergenerational impact interact with Government and identify the barriers to progression
- ✓ Published Government's response following the consultation on repealing provisions making employers liable for the harassment of their employees by third parties over whom they have no control
- ✓ Published Government's response following consultation on the repeal of two provisions in the Equality Act to reduce the bureaucracy associated with employment tribunals for employers
- ✓ Implemented the Equality Advisory and Support Service to provide advice on equality and discrimination to individuals

Indicators in the Business Plan Quarterly Data Summaries

As part of the Government's transparency agenda, the Department publishes its performance using a variety of measures in the Business Plan Quarterly Data Summaries (QDS, available at <https://www.gov.uk/government/publications/business-plan-quarterly-data-summaries>).

The QDS provide the latest data on indicators included in Departmental Business Plans as well as other published data and management information. The tables in Appendix A summarise the QDS for the 12 months leading to March 2013 and give a snapshot of our performance against budget, common areas of spend, financial indicators, major projects, and workforce size, comparing it to the previous year.

Performance Indicators

We use several indicators to measure our performance. These are split into input and impact indicators. The indicators published here are based on the quarterly data release published by March 2013. Indicators may be published some time after the end of the financial period to which they apply - in some cases this can be up to twelve months later. Updates and previous years' releases can be found at <https://www.gov.uk/government/organisations/Department-for-culture-media-sport/series/performance-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.

- Public funding per eligible student at schools participating in the School Games (£ per student): By 1 August 2012 8,341⁷ schools, with 3.85 million eligible students, were participating in the School Games. In 2011-12 there was £50.8 million 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. (Source: <https://www.gov.uk/government/publications/school-games-indicator-2011-2012>).
- Ratio of charitable giving (donations and sponsorship) 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 2011-12, around 36 pence was received in fundraising/contributed income by these institutions. In 2010-11, this was around 24 pence for every £1 of grant-in-aid received. (Source: <https://www.gov.uk/government/publications/charitable-giving-indicators-2011-12>).
- Progress towards delivery of the Olympic and Paralympic Games on-time and to-budget (ratio of actual spend as percentage of anticipated final cost to percentage of actual progress of Olympic Delivery Authority, or ODA, programme): As of 31 December 2011, the actual spend on the ODA capital programme was £4.87 billion and the Current Baseline Budget for the total capital programme, including post games transformation, was £5.24 billion (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

⁷ 8,341 schools had registered on the new database. In addition, a further 5,860 schools had registered before January 2012.

achieved is greater than actual spend). At the end of September 2011, the ratio of spend to progress on the ODA capital programme was 0.998. (Source: <https://www.gov.uk/government/publications/progress-towards-delivery-on-time-and-to-budget-of-the-2012-olympic-and-paralympic-games-reporting-period-2011-2012>).

Olympic Input Indicators The two bodies with the primary responsibility for delivering the Games, and which also had important roles contributing to the resulting legacy, were the Olympic Delivery Authority (ODA) and the London Organising Committee of the Olympic and Paralympic Games (LOCOG). The ODA was the public body responsible for developing and building the new venues and infrastructure for the Games and their use after 2012. The ODA continues in existence to deliver the post-Games conversion and sale of the Olympic Village. LOCOG was responsible for preparing and staging the London 2012 Games and went into voluntary liquidation in May 2013 on successful conclusion of its business. The input indicator reported progress towards delivery on time and to budget of the Olympic Games capital programme. It showed how much of the ODA capital budget had been spent at the end of the reporting quarter, as a percentage of anticipated final costs divided by the percentage of ODA total capital programme completed.

- ODA - Progress to completion of the Games: This indicator reports how the ODA capital and other programmes delivered the Games on time and on budget, and shows the position at 30 September 2012 (shortly after the successful completion of the Olympic and Paralympic Games). This shows how much of the ODA's Anticipated Final Cost (AFC) had been spent by the end of September 2012. To 31 March 2012 the ODA had spent £6,419 million, of which £1,271 million was spent in 2011-12. The venues and infrastructure capital programme was 97.4 per cent complete. Spend to 31 March 2012 accounted for 95 per cent of the net ODA AFC of £6,761 million. As the Games have been delivered, this indicator is no longer updated and will not be included in the DCMS Annual Report after 2012-13.
- LOCOG: To 31 March 2013, LOCOG earned revenues of £2,410.5 million and spent £2,382.6 million, leaving a surplus of £27.9 million. As at the same date, the LOCOG programme was completed on target. In respect of the revenues required, it had earned 100% of the net budget and spent 99% of that budget. Of the surplus of £27.9 million, £5.3 million went to the British Olympic Association (BOA) and £2.6 million to the British Paralympic Association (BPA) in final fulfilment of LOCOG's contractual obligation to them. The remaining £20 million was passed to Government on fulfilment of LOCOG's obligations under its grant agreement with Government, when LOCOG went into solvent voluntary liquidation at the end of May 2013. LOCOG received £959 million in grants from Government, £809 million being funding for work carried out on behalf of Government, £114 million to meet the Government's obligation to meet 50% of the costs of the Paralympic Games, and £36 million for costs incurred in relation to the relocation and configuration of venues.

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.

- Proportion of children participating in competitive sport⁸: In 2012-13, 82.7% of 5-15 year old children had participated in competitive sport in the last 12 months; 78.6%

⁸ Updated to include data from the annual *Taking Part* child release published in August 2013

had taken part in competitive sport in school, whilst 37.1% took part outside school. In 2011-12, 80.0% of 5-15 year old children had participated in competitive sport in the last 12 months; 76.9% had taken part in competitive sport in school, whilst 37.0% took part outside school. (Source: <https://www.gov.uk/government/publications/taking-part-201213-annual-child-release>).

- Total amount of charitable giving to cultural institutions funded by DCMS: In 2011-12 DCMS funded cultural institutions raised around £357 million in contributed income (£83 million of this was from donated objects). In 2010-11, £250 million was raised in contributed income (£17 million of this was from donated objects). (Source: <https://www.gov.uk/government/publications/charitable-giving-indicators-2011-12>).
- Proportion of people directly employed in tourism⁹: The ONS Tourism Satellite Account estimated that there were 1,666,900 jobs directly supported by tourism expenditure in the UK in 2011. This equates to around 1,310,600 Full Time Equivalent (FTEs) in direct tourism employment. The ONS Tourism Satellite Account estimated 1,549,100 jobs are directly supported by tourism expenditure in the UK in 2010. This equates to around 1,222,100 FTEs in direct tourism employment. (Source: <http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcm%3A77-318475>).
- Broadband Delivery UK's Best-in-Europe scorecard (measuring Coverage, Speed, Price and Choice of broadband service): the latest scorecard (available at <http://stakeholders.ofcom.org.uk/binaries/research/broadband-research/scorecard.pdf>) shows European comparable indicators.

⁹ Updated to include data from the latest *ONS Tourism Satellite Account July 2013*

Regulation

Reporting on Better Regulation

The better regulation strategy states that good 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. 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 producing less regulation, better regulation and regulation only as a last resort.

One-in, Two-out

The Government has increased its ambition to deliver reductions to the stock of regulations that face business with a *One-in, Two-out* rule, which Departments must consider when considering regulatory policy. *One-in, Two-out* 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 twice the equivalent value that can be deregulated. *One-in, Two-out* plays a vital role in ensuring businesses and civil society organisations can focus on growth, rather than being held back by red tape.

In the first Statement of New Regulation, published in April 2011, the government set out its intention to reduce the impact of domestic regulation on business. Over subsequent Statement of New Regulation periods, DCMS has met this ambition. Between January 2011 and December 2012, DCMS reduced the burden on business by around £10 million per annum (under a *One-in, One-out* rule). More recently between January 2013 and June 2013 (under the first period covered by the *One-in, Two-out* rule) DCMS has reduced the burden on business by around £7 million. DCMS is focused on better regulation and will continue to build on this success over the rest of the Parliament. More details about the Government's reducing regulation agenda can be found in the latest Statement of New Regulation (available at <https://www.gov.uk/government/organisations/department-for-business-innovation-skills/series/one-in-two-out-statement-of-new-regulation>).

Regulatory Policy Committee

Impact Assessments are prepared by Departments as part of the policy making process. They provide an assessment of the costs, benefits and risks of a proposal on business, charities or the voluntary sector. Departments are required to publish Impact Assessments at

different stages of the policy development process (at consultation, final and implementation stages).

Since January 2011, the Regulatory Policy Committee has used a 'Red, Amber, Green' (RAG) rating to evaluate Impact Assessments submitted for consideration. The proportion of DCMS Impact Assessments that achieved a first time 'fit for purpose' rating was maintained at 80% - a strong performance. **Red tape challenge**

Over the years, the bureaucracy and inspections of regulations have grown incrementally slowly eroding the impact of any good regulations.

The government is determined to reduce the overall burden of regulation. The Red Tape Challenge launched by the Prime Minister on 7 April 2011 encourages all Government Departments to prioritise tackling unnecessary regulation and enable the public to have their say on some of the more than 21,000 regulations that affect their everyday lives. The default is that regulation should go unless it can be well defended. In DCMS we have considered:

Equalities

Progress on the package of measures for the equalities red tape challenge theme continues satisfactorily. This year, we completed reform of the EHRC, repealed measures in the Equality Act around third party harassment and statutory forms in discrimination cases and published a review of the public sector Equality Duty.

Sports and recreation

The Department expects to announce a package of measures to reduce the stock of sports and recreation regulations in Autumn 2013.

Regulated Entertainment

Following a consultation in 2011, DCMS announced in Parliament on 7 January 2013 that we would deregulate certain aspects of regulated entertainment current covered by the Licensing Act 2003, Schedule 1, in three phases.

The first phase was completed on 27 June 2013 with the commencement of the Licensing Act 2003 (Descriptions of Entertainment) (Amendment) Order 2013. It deregulated the following activities:

- Performance of a Play between 0800-2300 for audiences up to 500;
- Performance of Dance between 0800-2300 for audiences up to 500; and
- Exhibition of indoor sport 0800-2300 for audiences up to 1,000.

For the second phase, the Department intends shortly to issue a consultation document on a proposal to use a Legislative Reform Order to deregulate the following:

- Entertainment 1 activities hosted by local authorities, hospitals, nurseries and schools (except HE establishments) on own premises from licensing requirements between 0800-2300 with no audience limitations;
- Exempt live and recorded music activities held on local authority, hospital, nursery and school premises (except HE establishments) by others with their permission from regulation for live and recorded music between 0800-2300 for audiences up to 500;
- Exempt Community premises (e.g. church and village halls, etc.) from regulation for live and recorded music between 0800-2300 for audiences up to 500;

- Exempt tented circuses from regulation for live and recorded music, plays, dance and indoor sport (i.e. not boxing/wrestling or film) between 0800-2300 with no audience limitations; and
- Exempt Olympic style Greco-Roman and Freestyle wrestling from regulation between 0800-2300 with no audience limitations.

The third phase is consultation on partial deregulation for not-for-profit community film exhibition in community premises via a clause in the draft deregulation Bill currently before Parliament for pre-legislative scrutiny. This public consultation closed on 28th August and the Department is currently analysing the consultation responses.

Public Accounts Committee (PAC) recommendations

In line with best practice, the Department monitors and publishes the progress against all current and outstanding PAC recommendations.

A PAC Hearing, the “London 2012 Olympic and Paralympic Games: Post Games Review”, was held on 12 December 2012. The review concluded “the success of the Games demonstrates that it is possible for Government Departments to work together and with other bodies effectively to deliver complex programmes. The Government’s preparations were led by the Department for Culture, Media and Sport; the Olympic Delivery Authority delivered the construction programme on time and on budget; and the London Organising Committee (LOCOG) ensured the Olympic and Paralympic Games themselves were so well organised.”

It also concluded “the £9.298 billion Public Sector Funding Package for the Games (PSFP) is set to be underspent.”

On 16 July 2013 DCMS Ministers announced to Parliament an anticipated £528 million underspend in the PSFP.

Transparency at DCMS

DCMS remains committed to provide information on the Department and the impact of our policies on society, in support of the Government’s vision for democratic accountability.

The transparency section of our website provides the data, and was linked this year to data.gov.uk (<http://data.gov.uk/publisher/Department-for-culture-media-and-sport>) to help the public have access to them alongside comparable datasets from other Government Departments. Our data this year includes:

- Administrative spend and operational data for DCMS and our ALBs;
- Information on the delivery and outcomes of major programmes and the impact of our policies on society;
- Individual expenditure above £500; and
- Participation in the real time energy consumption and contracts finder.

Complaints to the Parliamentary Ombudsman

There have been no complaints against DCMS that have been accepted by the Parliamentary Ombudsman for investigation in 2012-13.

Management Commentary 2012-13

The Environment

From 2011-12, all Central Government bodies that fall within the scope of the 'Greening Government Commitments' and which produce Annual Reports and Accounts in accordance with HM Treasury's Government Financial Reporting Manual (FRoM) are required to produce a Sustainability Report. This is at Appendix C to the Annual Report and comprises progress of the Core Department, its supply financed Agency "The Royal Parks" and the Arm's Length Bodies that fall within the scope of the 'Greening Government Commitments'.

Correspondence performance

Correspondence from Parliamentarians and the public is a very high priority for DCMS. DCMS has generally been amongst the best performing Departments in Government in this field. But this year performance has deteriorated on account of high staff turnover in the central correspondence team in the first quarter of 2013 (as DCMS implemented its latest round of administrative spending cuts) and to serious failings with the management information system monitoring correspondence performance during this period, which delayed remedial action.

In 2012-13 DCMS received just over 12,000 items of correspondence, which includes Ministerial correspondence (where replies are approved and signed by Ministers) and Treat Official correspondence (where replies are by officials). The DCMS target is to reply to all correspondence within 20 working days. The breakdown of our results for 2012-13 is:

- Ministerial correspondence: 67% replied to within target
- Treat Officials: 94% replied to within target

DCMS has now implemented robust measures to address the problems that marked the first part of 2013. Our aim is to ensure that our future performance puts us once more amongst the top performers in this important area of work.

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. The latest version can be found at www.gov.uk/government/uploads/system/uploads/attachment_data/file/84124/DCMS_2012_BP.pdf.

Departmental Reporting Cycle

The Core Department no longer produces a set of annual report and accounts in its own right; these are now separately identified in these Group Accounts.

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 www.gov.uk/government/uploads/system/uploads/attachment_data/file/205092/Main_parliamentary_supply_estimates_2012-13.pdf, and www.gov.uk/government/uploads/system/uploads/attachment_data/file/220682/supplementary_estimates_1213_dcms.pdf.

Boundary and Classification changes

The Accounts of the Group have been impacted by a number of changes in the accounting boundary. Details of these and the impact are shown in Note 33 to the Accounts.

Basis of the Statement of Parliamentary Supply

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 voted Resource DEL outturn position, as reported in these Accounts, was £1,582 million lower than provided for in the Estimate. This is almost entirely due to the successful delivery of the 2012 Olympic and Paralympic Games and depreciation applied to the Olympic venues following the Olympic and Paralympic Games. The underspend in depreciation arose at the time of the Supplementary Estimates, when discussions were continuing between all parties involved around the manner in which the write-down of the costs of the venues and infrastructure would be shown in each organisation's books. It was, therefore, necessary to provide in the Estimates for the most costly scenario, which in the end did not materialise. The final position against the Olympic forecasts is, therefore, £1,499 million lower than provided for in the Estimates including £1,267 million of depreciation, as shown in Note 11 to the Accounts.

The Museums and Galleries line in Note 2 is shown with a £22 million underspend against its resource budget. This is mainly due to underspends against depreciation budgets, caused by revaluations of property that either resulted in reduced anticipated increases in depreciation costs or were fully absorbed within the revaluation reserves of museums and, therefore, did not impact budgets. Museums and Galleries have also benefited from higher than anticipated income during the year, both from trading and donations.

Further costs following the decision to close the Museums, Libraries and Archives Council (MLAC) were incurred during this financial year. These mainly related to legacy pension scheme costs that the MLAC had been discussing with the scheme actuaries at the time it was abolished.

Ceremonial costs and support for the Heritage sector were lower than the Estimate by around £10 million, because of the way in which the Listed Places of Worship scheme operates. The Department operates a scheme to refund the VAT costs of certain types of work on Listed Places of Worship. This is an open-ended scheme managed jointly by DCMS and the Treasury. As the Department is required to fund whatever costs are claimed by listed places of worship during the year, it is necessary to take a view at the time that the Supplementary Estimate is produced of the likely outturn. A range of estimates was produced and the more costly was used to inform the figure for the Estimate. In this financial year, the claims made by Listed Places of Worship were actually at the lower end of estimates, resulting in an underspend.

The administration budget was underspent by £27 million during the 2012-13 financial year. This is a consequence of a high degree of estimation related to the costs of restructuring DCMS and its ALBs to meet the reduced budgets set at the time of the 2010 Spending Review. In the final analysis, the restructuring costs were lower than originally anticipated. Also contributing to this position were significant underspends against the administration budgets of the Spectrum Clearance and Awards Programme, testament to the ability of the cross-organisation programme team to reduce and restrict the costs of this exercise. The final contributory factor of note is that the Department and its ALBs were able to exit from property assets relatively swiftly, as required to meet budget targets in future years, reducing the costs of depreciation charged against the budget in this financial year.

Voted AME was also underspent by £291 million during the year. £226 million of this relates to a BBC underspend. Of the remainder, the majority relates to the release of provisions by ALBs as they affected restructuring plans required to meet the reduction in budgets over the Spending Review period.

The voted Capital DEL budgets were underspent by £92 million as a result of savings on the delivery of the Olympic Games and the careful management of the Spectrum Clearance and Awards Programme. DCMS aims to deliver such projects and programmes at the lowest possible cost to the taxpayer and the underspend shown here demonstrates success in this respect.

The underspend within the Spectrum Clearance and Awards programme is shown across two lines in Note 2 (M and N) as the project is managed jointly by Ofcom and DCMS. DCMS's costs are in line M and Ofcom's costs in line N; both are underspent as a direct result of the successful management of the project and its costs. 2012-13 was the second in a four year programme to clear and sell the spectrum at 2.6 GHz and 800 MHz for the use of Mobile Network Operators in providing 4G mobile phone coverage. The sale was successfully completed on 1st March 2013 and generated receipts for government of £2.37 billion.

The reported outturn (showing a net underspend) on lines S and T in Note 2 to the Accounts is a result of the successful delivery of the 2012 Olympic and Paralympic Games. The net underspend of £30 million relates to savings achieved within the total budget in the delivery of the venues for the Games and infrastructure.

Voted Capital AME was underspent by £198 million. The BBC underspent its capital provision by £189 million during the year as a result of the disposal of Television Centre which generated capital income of £161 million and various other smaller disposals. The underspend on the Net Cash Requirement of £339 million is also mostly a result of a BBC underspend on both its resource and capital budgets.

Policy on payment of suppliers

Following Budget 2010, the Government announced a new target for central Government Departments to pay 80% of valid invoices within 5 working days, building upon the success of the 10 day target introduced in late 2008. Arm's Length Bodies under the financial direction of central Departments are also expected to have plans in place to pay within five days.

DCMS's (Department only) performance against the target in 2012-13 was 82.3% (2011-12: 83.1%) whilst total payment of invoices paid within 30 days in 2012-13 was 99.7% (2011-12: 99.8%).

Resources

Health and 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 3.8 days (2011-12: 4.9 days) well below the Government average.

Workforce size and composition

DCMS is a 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 few staff in support dealing with accommodation, human resources, finance, etc. Significant delivery programmes include the 2012 Olympic Games and Broadband rollout. The workforce reflects these tasks in grade structure and qualifications.

1. The grading structure of the Department based on full time equivalent staff in post as at 31 March 2013:

Grade	FTE Payroll staff¹ at 31 March 2013²	FTE Payroll staff¹ at 31 March 2012²
Permanent Secretary	1	1
Senior Civil Service pay band 3	0	1
Senior Civil Service pay band 2	8	7.9
Senior Civil Service pay band 1	28	31.3
Grade A (Upper) (Grade 6)	18	29.9
Grade A (Grade 7)	106.5	124.2
Grade B (HEOD fast stream)	5	9.7
Grade B (HEO/SEO)	136	162.3
Grade C (EO)	52	66.6
Grade D (AO/AA)	22	23.0
Total	376.5	456.9

1 The number of DCMS paid employees at 31 March 2013 has reduced by 80.4 FTE. End of loan, end of fixed term contracts after the Olympic Games as well as Voluntary Exit schemes provided the majority of leavers. These actions³ 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.

2 The Government Equalities Office (GEO) joined DCMS on 4 September 2012. This means that if a like-for-like comparison was made with the previous year, the reduction in staff numbers would have been significantly greater.

3 DCMS restructured its Senior Leadership Team and ran two Voluntary Exit schemes in January and September 2012.

2. The percentage number of staff employed at middle-management level, professional and senior management roles was 76.8% (78.2% in 2011-12).
3. As at 1 April 2013:

Number of senior civil servants in post	39 headcount (32 FTE)
Number of senior civil servants that left in the first quarter of the 2013-14 financial year	0

4. The number of staff paid £50,000 or above in £5,000 increments during the year to 31 March 2013.

Salary Band	Number of Staff
£55,000 – £59,999	16.6
£60,000 – £64,999	10.8
£65,000 – £69,999	11
£70,000 – £74,999	5
Over £75,000	12

5. The number of staff split between male and female from 1 April 2012 to 31 March 2013.

FTE year to 31 March 2013

Grade	Female	Male	Total
SCS	22	15	37
A(U)	8	10	18
A	43.3	63.2	106.5
B	68	68	136
HEOD	3	2	5
C	28	24	52
D	10	12	22
Grand Total	182.3	194.2	376.5

6. The proportion of women on the executive board (excluding ministers) was two thirds.
7. The age profile of the Department based on full time equivalent staff in post as at 31 March 2013:

Age	%
16-24	2.67%
25-29	7.73%
30-34	18.99%
35-39	17.02%
40-44	11.01%
45-49	19.55%
50-54	11.89%
55-59	9.01%
60-64	1.87%
65+	0.27%
Total	100% (of 376.5 FTE)

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.

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.

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. 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.

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. In 2012-13, DCMS did not report any personal data related incidents to the Information Commissioner's Office. DCMS did, however, report two 'Unauthorised Disclosure' incidents.

Auditors

The Accounts have been audited by the Comptroller and Auditor General (C&AG). The audit fee for the Core Department is £445,000 (2011-12: £635,000) in total. The non-cash audit fee for The Royal Parks was £41,000 (2011-12: £41,000).

The total cost of audit for all the bodies across the Departmental Group is £3.081 million of which £2.595 million is a cash charge and £0.486 million is a notional charge (2011-12, adjusted for the movement in DCMS's accounting boundary: total £3.940 million comprising £3.264 million cash costs and £0.676 million 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 she ought to have taken to make herself 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.

Governance Statement

This Statement sets out the governance structures, risk management and internal control procedures that have operated within DCMS during the financial year 2012-13 and accords to HM Treasury guidance. It also integrates material information about the Department's Arm's Length Bodies (ALBs) included in the Department's Consolidated Accounts for 2012-13.

DCMS has undergone significant changes since 2010, driven largely within the core Department by our requirement to deliver a 50% reduction of our administration budget by 2014-15. DCMS's governance structures, risk management and internal control procedures have needed to reflect this changing context, and we have made some reforms to adapt to the new requirements of a smaller, leaner Department.

How we have managed DCMS

In order to manage the Department efficiently, I am supported by formal governance structures with clear remits. These governance structures comprise the Departmental and Executive Boards, Committees and a Programme Board for BDUK, designed to maintain clarity and accountability, delegate authority to the relevant level and to allow me and other Board and Committee members to make decisions, monitor performance and manage resources and risk.

Ministers

Rt Hon Maria Miller MP	Secretary of State for Culture, Media and Sport; and Minister for Women and Equalities (from 4 September 2012)
Rt Hon Hugh Robertson MP	Ministers for Sport and Tourism, (until 7 October 2013); previously Minister for Sport and the Olympics
Ed Vaizey MP	Minister for Culture, Communications and Creative Industries
Jo Swinson MP	Minister for Women and Equalities and also Minister for Employment Relations and Consumer Affairs in the Department for Business, Innovation and Skills
Helen Grant MP	Minister for Sport and Equalities (from 7 October 2013); previously Minister for Women and Equalities (from 4 September 2012), and also Minister for Victims and the Courts in the Ministry of Justice
Rt Hon Jeremy Hunt MP	Secretary of State for Culture, Media, Sport, and Olympics (until 4 September 2012)
John Penrose MP	Minister for Tourism and Heritage (until 4 September 2012)

Senior staff

Sue Owen	Permanent Secretary and Accounting Officer from 1 October 2013
Sir Jonathan Stephens*	Permanent Secretary and Accounting Officer until 31 August 2013**
Jeremy Beeton*	Director General, Government Olympic Executive (until 3 November 2012)
Jonathan Rees	Director General, Government Equalities Office (from 4 September 2012 until 31 January 2013)
Simon Judge*	Director, Finance (until 12 July 2012)
Helen MacNamara*	Director
Samantha Foley*	Director, Finance (from 19 September 2012)
Jon Zeff*	Director
Clare Pillman**	Director
Rita French	Director (until November 2012)
David Brooker	Director
Debbie Gupta	Director, Equalities (from 4 September 2012 until 27 September 2012)
Rachel Clark	Director, Equalities (from 4 February)

* Senior staff who are or were members of the Departmental Board.

** Clare Pillman, Director, was appointed interim Accounting Officer from 1 to 30 September 2013.

Non-executive board members

David Verey	Lead Non-Executive Board Member
Sir Peter Bazalgette	Non-Executive Board Member (until 31 January 2013)
Dr Tracy Long	Non-Executive Board Member and Chair of the Audit and Risk Committee
Lord Coe	Ex officio (until 18 October 2012)

Following the departure of Sir Peter Bazalgette and Lord Coe, the Department appointed two new Non-Executive Board Members, Ruby McGregor-Smith and Ajay Chowdhury on 1 April 2013.

Audit and Risk Committee members

Dr Tracy Long	Chair of Audit & Risk Committee
David Verey	Lead Non-Executive Board Member
Michael Higgin	Co-opted independent member
Chris Walton	Co-opted independent member

Pay Committee members

Sir Jonathan Stephens	Permanent Secretary
David Verey	Lead Non-Executive Board Member
Dr Tracy Long	Non-Executive Board Member

Governance structure

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

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). The Department completes a formal six monthly risk assessment of ALBs which is discussed at the Departmental Board, supported by regular engagement throughout the year.

The Department is responsible for the oversight of the National Lottery regime. During 2012-13, the activities of the National Lottery licence holder are regulated by the National Lottery Commission (the independent regulator) over which the Department exercised appropriate controls through its Framework or other management documents. On 1 October 2013, the National Lottery Commission was merged with the Gambling Commission; the Department now exercises its oversight of the National Lottery regime through controls on the Gambling Commission. The amounts raised for Good Causes are paid into the Lottery Distribution Funds (comprising the Olympic Lottery Distribution Fund and the National Lottery Distribution Fund) which are managed and run by staff employed by DCMS. The management of the Lottery Distribution Funds follows the normal processes for DCMS, and consequently the governance policies of the DCMS operate with regard to both the Olympic Lottery Distribution Fund (OLDF) and the National Lottery Distribution Fund (NLDF) in the same way. Lottery funds are independent of Government and are distributed by independent distributors, for example the Olympic Lottery Distributor (OLD) distributed Lottery funding to support the London 2012 Olympic and Paralympic Games. The OLD was dissolved on 1 April 2013 on completion of its task. Again, DCMS implements appropriate controls over Lottery Distributors, including Financial Directions, to ensure propriety, regularity and accountability in their handling of Lottery monies drawdown.

The BBC is established by Royal Charter, with the current Charter expiring in 2016. It is funded through the TV licence fee. In 2010, as part of the wider Spending Review, the Government decided to freeze the licence fee at £145.50 until March 2017. 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 as this role is vested in the BBC Trust, under the Charter and Agreement.

DCMS has enhanced its Departmental Board ('the Board') in May 2013, with the introduction of a Performance Review Group, comprising Non-Executive Board Members, the Permanent Secretary and Directors, which scrutinises performance and delivery challenges, reporting the key issues to the Board. The Board 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 Ministers, Senior Executives and Non-Executive Board Members. Committees of the Board include:

- **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.

The Board is also supported by the:

- **Executive Board:** provides corporate leadership to the Department and ensures delivery of the business plan in support of the Ministers' objectives. The Executive Board regularly reviews budgets and management internally and across the group. In addition, the sub-committees of the Executive Board are:
 - **Corporate Committee** – manages DCMS resources and infrastructure
 - **Delivery and Resourcing Committee** – provides project/programme assurance and allocates the flexible resourcing pool
 - **Investment Committee** – approves and monitors major capital projects (for the Department and its ALBs)

Attendance of Board members at the four meetings in 2012-13 was:

Ministerial Board Members		Non-Executive Board Members		Executive Board Members	
Rt. Hon. Jeremy Hunt	2/2	David Verey	4/4	Sir Jonathan Stephens	4/4
Rt. Hon. Maria Miller	2/2	Dr Tracy Long	4/4	Simon Judge	1/2
John Penrose	2/2	Sir Peter Bazalgette	1/3	Jeremy Beeton	2/2
Rt. Hon. Hugh Robertson	4/4	Lord Coe	0/2	Helen MacNamara	4/4
Ed Vaizey	3/4			Samantha Foley	2/2
Jo Swinson	0/2			Jon Zeff	2/2
Helen Grant	1/2				

Note: meeting attendance per Board member of meetings eligible to attend.

Attendance of Audit & Risk Committee members at the four meetings in 2012-13 was:

Members	
Dr Tracy Long (Chair)	4/4
David Verey	3/4
Michael Higgin	3/4
Chris Walton	4/4

Note: meeting attendance per Committee member of meetings eligible to attend.

Attendance of Pay Committee members at the two meetings in 2012-13 was:

Members	
Sir Jonathan Stephens	2/2
David Verey	2/2
Dr Tracy Long	2/2

Note: meeting attendance per Committee member of meetings eligible to attend.

During 2012-13 the boards and committees have been effective in delivering policy, projects/programmes and operational priorities. The Board focused its attention on delivery of Olympics and Paralympics, Olympic legacy, reform of ALBs, strategic planning and prioritisation, the transfer of the equalities work into the Department and the change programme. David Verey, the Lead NEBM, carried out the annual review of the Board's effectiveness in March 2013. It concluded that DCMS has been through a period of considerable change and, with the addition of 2 new non-executive board members, there is the opportunity to build a new team and refocus on providing challenge and support to the Department on direction setting, change, performance, strategic risk management and succession planning. To maximise board effectiveness, there are still significant improvements to be made around basic discipline (prioritising board meetings, having a clear operating framework) and ensuring that board can focus on the right issues in time to make a difference (high quality papers, clear and relevant management information).

The Audit and Risk Committee (ARC) met four times during the year. Additionally, the chair of the ARC met with chairs of DCMS ALB Audit Committees. In line with the ARC's Terms of Reference to support the Accounting Officer and the DCMS Board in their responsibilities for governance, risk management and control, the ARC focused its attention primarily on high risk and high profile items, especially the Olympics, broadband and spectrum projects, Arm's Length Body sponsorship, Internal Audit plans and reports, and legal risks. No major weaknesses were identified. The ARC also provided substantial advice and challenge to the Department in the preparation of the Department's first set of consolidated Group Accounts and has continued to do so for this report. In discharging her responsibility, the ARC Chair meets regularly with the Accounting Officer, Finance Director, members of the Executive Board, Internal Audit and the NAO, and holds a strategic risk workshop with senior management bi-annually.

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 staff salaries and production of organisation charts

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 2013, as well as organisation charts which give senior staff structure and summary information for staff at junior levels. These can be found on the DCMS Transparency website www.transparency.culture.gov.uk/category/staff/ Each executive NDPB entry includes a link to where its own data can be accessed.

Directorships and other significant interests

Board members completed their annual declarations of interest. Board members are asked to declare any relevant interests in agenda items at the start of each Board meeting and absent themselves from those discussions. No directorships or other significant interests were held by Executive 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.

Compliance with the Corporate Governance Code

DCMS fully complies with the Code of Corporate Governance with the following variations:

- The Pay Committee, which comprises the Permanent Secretary and two NEBMs, fulfils the role of the Nominations and Governance Committee, focusing primarily so far on scrutinising the incentive structure, and is supported by the Senior People Development Committee.
- The Head of Internal Audit attends the Audit and Risk Committee and attended the Departmental Board meeting in September 2013. The Chair of the Audit and Risk Committee regularly reports to the Board on key issues.

Quality of data received by the Board

The Departmental Board received regular updates on departmental performance in addition to corporate information covering finance, human resources and correspondence. The information provided to the board was sourced from the departmental performance plan and the Integra and Oracle databases. Work continues to ensure that data going to the board are signed off by the relevant committee or member of the Executive Board. DCMS receives a considerable number of data requests from the Cabinet Office and HM Treasury as well as other Government Departments, and following a comprehensive data audit is focussing on improving the quality and coverage of critical returns, in particular the Quarterly Departmental Summary (QDS).

Key Governance Issues

Machinery of Government changes

The Government Equalities Office (GEO) joined DCMS on 4 September 2012. Previously part of the Home Office when the Home Secretary was also the Minister for Women and Equalities, responsibility for Equalities, including sponsorship of the Equality and Human Rights Commission, transferred to DCMS when the Secretary of State for Culture, Media and Sport was appointed Minister for Women and Equalities. Affected staff moved out of Home Office accommodation on 28 May 2013. GEO has been integrated into the core governance and management systems of the Department, including oversight by the Departmental Board, finance, HR, risk management and ALB governance and sponsorship. Its work programme and budget are included in the overall DCMS work programme and budget, although are agreed with ministers separately. Home Office Internal Audit has provided a "high" assurance rating on the basis of the work they undertook on the GEO prior to the transfer of responsibilities to DCMS. DCMS Internal Audit will follow up on any outstanding actions from this work. The internal audit coverage of GEO has now been incorporated into the Department's internal audit plan for 2013/2014.

Tax policy for off-payroll appointees

The Government's review of the tax arrangements of public sector appointees highlighted the possibility for artificial arrangements to enable tax avoidance, such as by the use of personal service companies. The results and recommendations of the review were published on 23 May 2012, including measures for Departments to implement by 23 August 2012.

In response, we have promulgated the central guidance across the DCMS family. All new contracts and contract renewals have been amended to include a clause which allows us to gain assurance that individuals are paying the correct amount of tax.

Tax assurance evidence has been sought and continues to be scrutinised to ensure it is sufficient, the expectation is that where this is not the case contracts will be terminated. Our Partner Organisations have also been asked to provide assurance of compliance with this tax policy.

A summary of the DCMS Tax Assurance Data is available at <https://www.gov.uk/government/publications/dcms-tax-arrangements-for-off-payroll-appointees-august-2012-to-march-2013>

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 extremely 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 the running costs of the core Department as it was in 2010 by 2014-15 and developing into a model Government Department with a highly motivated and talented workforce, while prioritising critical deliverables. 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 and the DCMS's executive 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 or other control document; 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; public corporations and public broadcasting bodies – which have greater levels of independence; and other 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). The National Lottery Commission was merged with the Gambling Commission on the 30th September 2013, which now carries out these functions. An Olympic Lottery Distributor (OLD) was established to distribute Lottery Funding to the Olympic Delivery Bodies and other organisations associated with the delivery of the London 2012 Olympic and Paralympic Games. Arrangements were established within the former Government Olympic Executive of DCMS to oversee the OLD and to arrange for its dissolution on completion of its work. The OLD was dissolved on 1 April 2013.

For those areas significant to the Group's Accounts, an overview of the governance arrangements is set out below:

- The BBC – under the terms of its Charter, responsibility for governance of the BBC 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 (and a dividend from BBC Worldwide), 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 2010-2017. The BBC has responsibility for collection of the licence fee.
- 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 in the case of the Olympics went to the Olympic Lottery Distribution Fund), which are DCMS related parties, and for which I held a separate Accounting Officer responsibility.
- A special organisation within Government, the Government Olympic Executive (GOE), was established as part of DCMS to lead, oversee and assure the arrangements for the London 2012 Olympic and Paralympic Games including programme and risk management, across Government, covering an extensive range of Government Departments and other bodies. GOE had particular responsibilities for oversight of the Olympic Delivery Authority (the Non-Departmental Public body responsible for delivering the venues and infrastructure for the Games and supporting transport services during the Games themselves). It was represented on the Board and on the Audit Committee of the ODA, chaired the Olympic Project Review Group, with members from other relevant Government Departments

assessing major projects and chaired the Cross (Government) Programme Finance Group. GOE managed the Government's relations with the London Organising Committee of the Olympic and Paralympic Games (LOCOG). The Secretary of State was a stakeholder in LOCOG and, through GOE, managed the Government's role as ultimate financial guarantor of the Games. The Secretary of State met LOCOG's Chair regularly and the Permanent Secretary DCMS had regular meetings with its Chief Executive. GOE also oversaw the Olympic Lottery Distributor. GOE was wound up on 31 October 2012 and its residual functions were absorbed by mainstream DCMS. The Public Accounts Committee commented that "the success of the Games demonstrates that it is possible for Government departments to work together and with other bodies effectively to deliver complex programmes. The Government's preparations were led by the department for Culture, Media and Sport. The Olympic Delivery Authority delivered the construction programme on time and within budget and the LOCOG ensured that the events themselves were so well organised".

During 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. In 2012-13, the Department closed the Olympic Lottery Distributor, and liquidated the UK Film Council and Commission for Architecture and the Built Environment, and the Museums, Libraries and Archives Council (with residual functions absorbed by the Arts Council England), completed the reform of the Equalities and Human Rights Commission, and reviewed the shape of Sport England and UK Sport as well as implementing risk-based sponsorship arrangements. 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 2013 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. The loss to DCMS and its ALBs from fraud is relatively low, largely because most DCMS funding goes to other public bodies which are subject to the same rigorous expenditure controls and safeguards as DCMS itself. No significant issues have arisen during the year. Going forward, and notwithstanding the low incidence and value of fraud against DCMS and its ALBs the Department has developed an action plan to address it. The main emphasis is on keeping staff alert to the risks.

Capacity to handle risk

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

Within the core Department, risk is managed actively and risk management is embedded into all Departmental processes. The Department's risk framework identifies risk management as a key role of the Board, the Executive Board and its sub-committees. Policy and guidance are available to staff on the intranet and risk management master-classes have been provided. The Corporate Committee has overall responsibility for the risk management framework.

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 Committee. The Corporate Committee maintains its own risk register and manages red rated operational risks within the corporate area. The Investment Committee considers the financial implications of and risks inherent in individual large DCMS and ALB capital projects. Senior Responsible Officers and project/programme boards monitor major programmes such as the Change Programme and Broadband delivery, as well as ALB risk.
- Risks escalated by the Corporate Committee, 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.

In addition, while responsibility for risk remains with ALBs, the Department has a system of regularly reviewing known ALB risks. The outputs of these reviews were discussed by the Departmental Board, and are used to set the level of Departmental engagement with individual ALBs.

An Internal Audit review of the Department's risk management systems carried out in March 2013 found that they provided reasonable assurance. It concluded that the Department understood and was managing key business risks for business as usual and programme activities. However, differing approaches to risk management methodology shows there is not universal compliance with the agreed risk management framework or single risk severity scoring method, and that it needed to develop a more structured and consistent approach to monitoring and comparing risks in these areas.

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 and the roles and responsibilities of staff.

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 Royal Parks and all directly funded ALBs setting out the Departments' expectations in return for the public funds supplied, and associated financial arrangements or accountability lines. Lottery Distributors have similar arrangements relating to their own circumstances.

I make Accounting Officers of all ALBs 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. During the financial year (or after the year end and before the Department's Accounts are signed), they are required to notify me of significant internal control weaknesses or issues arising. To provide me with assurance at the year end, they must incorporate a governance statement in their Accounts. 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, the accounting Officer's interests were protected by the Government Olympic Executive (GOE) within DCMS and, following the wind-up of GOE on 31 October 2012, by a small team of former GOE staff 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, alongside the Olympic Delivery Authority (ODA), the London Organising Committee of the Olympic and Paralympic Games (LOCOG); the Olympic Lottery Distributor (OLD), the Greater London Authority and other Government Departments, local authorities and a range of other organisations. Each of these bodies had their own governance arrangements. The governance arrangements introduced for the Games simplified control and decision-making and delivered greater integration across the programme. 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, and following the wind-up of GOE, has switched to enabling the successful management of risks to the Olympic Village retrofit and completion of sale and the 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. At that point the forecast anticipated final cost of the Olympic and Paralympic Programme was £8,921 million indicating a £377 million saving against the £9,298 million Public Sector Funding Package (PSFP). After subsequent reductions in the costs of venue-security, following LOCOG's settlement with G4S, further savings on security and policing outside the Olympic Park; and other savings by LOCOG, the revised forecast, as at end May 2013 is for an anticipated final cost of £8,770 million, indicating a £528 million saving against the PSFP. This was announced to Parliament in a written Ministerial Statement on 16 July 2013. LOCOG went into voluntary liquidation at the end of May 2013, following the completion of its activities and the publication of its final Annual Report and Accounts. The Olympic Lottery Distributor was dissolved on 31 March 2013. Its final accounts will be produced by DCMS. The Olympic Lottery Distribution Fund will remain in being until July 2014 to receive a share of the receipts from the sale of the Olympic Village. The ODA will continue in operation until the end of June 2014 to deliver the retrofit and sale of the Olympic village.

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 mid-year exercise was audited and reported to the Audit and Risk Committee. Internal

Audit audited the end of year responses and reported that they were content with the end of year assurance process, the response to completing the returns and the handling of the issues raised in the completed returns. Three recommendations were identified that the department should address in respect of:

- Handover processes;
- The need to ensure that the assurance process properly reflects the new departmental structures; and
- The need to consider if the current checklist properly reflects delegated roles and responsibilities

These will be addressed by the development of clear briefing and process notes for handover, when senior staff leave or join; and by undertaking a review of the current assurance process including the checklist 1 and reporting back to the ARC early in the new year.

The only significant control issue was a leak of supplier information from BDUK. Internal investigation showed this was an isolated incident, caused by mistake. This was reported to the Audit and Risk Committee and appropriate action put in place to mitigate the risk of a repetition of this.

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

- The NAO's report The London 2012 Olympic Games and Paralympic Games : post Games review - 5 December 2012 - NAO found that :
 - By any reasonable measure the Games were a success and the big picture is that they have delivered value for money. LOCOG sold 1 million tickets and our athletes excelled. The contribution of the ceremonies and the volunteers was a huge part of the success and we do not underestimate the work involved. Crucially, the Games passed off without major transport disruption or security incident. The scale of the construction programme and the fact that it was completed on time and within budget is impressive. The government's preparations and management of the £9.3 billion Public Sector Funding Package have been led throughout by DCMS.
 - As the programme closes the Department must continue to keep tight financial control over remaining expenditure, with a view to maximising the final unspent figure.
 - The government should use the skills gained by officials who have worked on the Games, by deploying people to roles that use this experience.

The Government has shared the lessons of the Games with the planners of major events and in summer 2013 published its final report of the meta-evaluation of the Games. This showed that the Games have provided a substantial boost to the UK economy, generating a forecast additional £28 billion to £48 billion in Gross Value added by 2020, as well as encouraging additional participation in sport and an increased enthusiasm in volunteering.

The Department holds very little personal data; its information risks have been identified and are mitigated in line with Cabinet Office requirements. Internal Audit Services were unable to provide assurance on Information Assurance maturity as the Department has not completed

the Information Assurance Model. The Department completed the Information Assurance Model in Summer 2013 and as part of the external IT health check, the Department has addressed the technical information-related risks rated as high or medium. The Information Assurance Model will be completed in February 2014 to provide assurance in time for the 2014 Governance Statement.

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 concerning the Royal Armouries discussed in the following paragraphs, no significant control issues relating to ALBs over which the Department has control merit mention in this statement. I do not report on any governance issues for the BBC as it is independent of Government and publishes its own Annual Report & Accounts (available at <http://www.bbc.co.uk/annualreport/2013/home/>).

Royal Armouries

The Accounting Officer resigned on 16 November 2012 following his suspension on 7 May 2012 due to investigations into allegations relating to the regularity of certain transactions.

The Chair of the Board, Wesley Paul, and the Chair of the Audit Committee, Chris Case, worked closely with the Accounting Officers, DCMS and the Executive team to ensure that an effective control environment and appropriate governance arrangements were maintained during this challenging period and to support the interim Accounting Officer.

Internal audit Services

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 2013, as a consequence of their work, IAS gave a substantial (amber-green) assurance on the adequacy and effectiveness of the system of internal control over the course of the year. During the year, Internal Audit rated one part of the key financial controls assurance as amber-red during 2012-13. This was during a period of exceptional volatility for DCMS as it led for government in staging the Olympic and Paralympic Games and then swiftly reduced its staffing compliment by 50%. The amber-red rating related to weaknesses (as opposed to failings) in the control environment during that period. The key financial controls have since been fully reviewed and revised.

Production of financial statements

The 2011-2012 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. This year, we brought forward the speed of production of the Group Annual Report and Accounts. And for the first time, the Annual Report and Accounts for all the ALBs for which the Department has control were published before Summer Recess.

Signed and approved

6 November 2013

Sue Owen

Permanent Secretary and Accounting Officer*,

Department for Culture, Media and Sport

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

Remuneration Report: Core DCMS Only

Equivalent information relating to The Royal Parks is given in its separate accounts. Other Arm's Length Bodies (ALBs) provide equivalent information in their own accounts where required to do so.

Remuneration Policy

The remuneration arrangements for Senior Civil Servants are set by the Prime Minister following independent advice from the Senior Salaries Review Body.

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

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

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

The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations. Further information about the work of the Review Body can be found at www.ome.uk.com.

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.

Information about the work of the Civil Service Commission can be found at 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. Executive Board members) of the Department.

Remuneration (salary and payments in kind - audited)**Ministers**

	2012 – 13 Salary £	2011 -12 Salary £
Rt Hon Maria Miller MP, Secretary of State from 4 September 2012	39,575 (FYE* 68,827)	-
Rt Hon Hugh Robertson MP, Minister of State for Sport and Tourism	29,022	23,697
Ed Vaizey MP, Parliamentary Under Secretary of State for Culture, Communications and Creative Industries	23,697	23,697
Rt Hon Jeremy Hunt MP, Secretary of State until 3 September 2012	34,414 (FYE* 68,827)	68,827
John Penrose MP, Parliamentary Under Secretary of State for Tourism and Heritage until 3 September 2012	11,849 (FYE* 23,697)	23,697

* FYE: Full Year
Equivalent

These figures relate to the salary Ministers receive in addition to their MP salary. There were no benefits in kind paid.

Jo Swinson MP is the Parliamentary Under Secretary of State for Women and Equalities, and is based at the Department of Business, Innovation and Skills (BIS). Her remuneration details are disclosed in the BIS accounts.

Helen Grant MP is the Parliamentary Under Secretary of State for Women and Equalities, and is based at the Ministry of Justice (MoJ). Her remuneration details are disclosed in the MoJ accounts.

Senior Management

	2012-13		2011 - 12	
	Salary	Performance Related Payments	Salary	Performance Related Payments
	£'000	£'000	£'000	£'000
Sir Jonathan Stephens Permanent Secretary* ^α	155 – 160	-	155 – 160	-
Jeremy Beeton ^α Director General until 3 November 2012	135 - 140 (FYE [‡] 225 - 230)	280 - 285	225 – 230	195 - 200
Simon Judge ^α Director until 31 July 2012	30 – 35 (FYE [‡] 95 – 100)	-	95 – 100	-
Clare Pillman Director	85 – 90	-	95 – 100	-
Jon Zeff Director	90 – 95	-	90 – 95	5 – 10
Helen MacNamara ^α Director	85 – 90	5 - 10	80 - 85 (FYE [‡] 85 - 90)	5 – 10
David Brooker Director	95 – 100	-	95 – 100	-
Rita French Director	85 – 90	5 - 10	40 – 45 (FYE [‡] 85 - 90)	5 - 10
Samantha Foley Director from 19 September 2012	45 – 50 (FYE [‡] 85 – 90)	-	-	-
Rachel Clark Director from 1 February 2013	15 – 20 (FYE [‡] 85 – 90)	-	-	-

* Sir Jonathan Stephens stood down as Permanent Secretary after the end of the 2012-13 financial year. Sue Owen commenced as Permanent Secretary in October 2013.

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

[‡] FYE: Full year equivalent.

	2012-13	2011-12
Band of highest paid Director's total remuneration (£'000s)	420 – 425	425 - 430
Median total actual remuneration (FTE)	£34,845	£33,495
Ratio	12.13	12.76

The performance bonus for Jeremy Beeton 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 – 2012, and not just to performance in 2012-13. 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

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, reflected his extensive experience in the construction industry with the unique challenge of delivering the Olympics to a fixed deadline. His annual salary was in the range of £225,000 - £230,000 and he was 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 a salary of £185,000 - £190,000 and similar annual and long term bonus arrangements (performance related payments were in the £155,000 – £160,000 band).

Jeremy Beeton and David Goldstone left the Department on 3 November 2012.

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 2012 – 13 or 2011 – 2012.

Total remuneration includes salary, non-consolidated performance-related pay which relates solely to the 2012 – 2013 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 under contractual 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 2013 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

Remuneration and full year equivalent	2012 –13 £'000	2011 – 12 £'000
David Verey CBE	20 – 25	20 – 25
Peter Bazalgette (until 31 January 2013)	10 – 15 (Full Year equivalent 20-25)	15-20
Tracy Long	15 - 20	15-20
Lord Coe	Lord Coe did not receive any remuneration.	

Ajay Chowdhury and Ruby McGregor-Smith were appointed as Non-Executive Directors after 1 April 2013.

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 2012-13 relate to performance in 2011-12 and the comparative bonuses reported for 2011-12 relate to the performance in 2010-11.

Ministerial pensions

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

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

Benefits for Ministers are payable at the same time as MPs' benefits become payable under the PCPF or, for those who are not MPs, on retirement from Ministerial office from age 65. Pensions are re-valued annually in line with Pensions Increase legislation. From 1 April 2009 members pay contributions of 5.9% of their Ministerial salary if they have opted for the 1/60th

accrual rate, 7.9% of salary if they have opted for the 1/50th accrual rate or 11.9% of salary if they have opted for the 1/40th accrual rate. There is also an employer contribution 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 - audited)

Minister	Accrued pension at age 65 as at 31/3/13 £'000	Real increase in pension at age 65 £'000	CETV at 31/3/13 £'000	CETV at 31/3/12 £'000	Real increase in CETV £'000
Rt Hon Maria Miller MP Secretary of State from 4 September 2012	0 - 5	0 – 2.5	27	16	9
Hugh Robertson MP (Minister of State for Sport and Tourism)	0 - 5	0 - 2.5	16	11	3
Ed Vaizey MP (Parliamentary Under Secretary of State for Culture, Communications and Creative Industries)	0 - 5	0 – 2.5	18	14	3

Rt Hon Jeremy Hunt MP, Secretary of State until 30 September 2012	0 - 5	0 – 2.5	45	32	9
John Penrose MP (Parliamentary Under Secretary of State for Tourism and Heritage) until 3 September 2012	0 - 5	0 – 2.5	18	16	1

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

A statutory redundancy payment of £3,225 was made to Jeremy Beeton at the end of his fixed term contract.

Officials (in post during the financial year)

	Accrued pension at pension age as at 31/3/13 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/3/13 £'000	CETV at 31/3/12 £'000	Real increase in CETV as funded by the employer £'000
Sir Jonathan Stephens Permanent Secretary	60 – 65 plus a lump sum of 180 - 185	0 – 2.5 plus a lump sum of 2.5 -5	1,154	1,076	7
Jeremy Beeton Director General until 3 November 2012	30 – 35 No lump sum	2.5 – 5 No lump sum	451	308	37
Simon Judge Director until 31 July 2012	35 – 40 plus a lump sum of 105 – 110	0 – 2.5 plus a lump sum of 0 – 2.5	652	642	2
Clare Pillman Director	25 – 30 plus a lump sum of 75 – 80	0 – 2.5 plus a lump sum of 0 – 2.5	414	384	6
Jon Zeff Director	25 -30 plus a lump sum of 75 -80	0 – 2.5 plus a lump sum of 0 – 2.5	395	367	6
Helen MacNamara Director	10-15 plus a lump sum of 30 – 35	0 – 2.5 plus a lump sum of 0 – 2.5	132	111	-
David Brooker Director	45 – 50 plus a lump sum of 135 – 140	0 – 2.5 plus a lump sum of 0 – 2.5	1,050	992	2
Rita French Director	15 – 20 plus a lump sum of 45 – 50	2.5 - 5 plus a lump sum of 10 – 12.5	189	141	38
Samantha Foley Director from 19 September 2012	25 -30 plus a lump sum of 80 – 85	0 – 2.5 plus a lump sum of 5 -7.5	432	397	29
Rachel Clark Director from 1 February 2013	15 – 20 plus a lump sum of 55 – 60	0 – 2.5 plus a lump sum of 2.5 – 5	270	253	16

Signed and approved

6 November 2013

Sue Owen

Permanent Secretary and Accounting Officer*,

Department for Culture, Media and Sport

* Sir Jonathan Stephens was Permanent Secretary and Accounting Officer until 31 August 2013. Sue Owen was appointed Permanent Secretary and Accounting Office on 1 October 2013. Clare Pillman, Director, was appointed interim Accounting Officer during the intervening period, from 1 to 30 September 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 resource accounts detailing the resources acquired, held or disposed of, and the use of resources, during the year by the Department (inclusive of its executive agencies) and its sponsored non-Departmental and other arm's length public bodies designated by order made under the GRAA by Statutory Instrument 2013 No. 1796 (together known as the 'Departmental group', consisting of the Department and sponsored bodies listed at Note 34 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, application of resources, changes in taxpayers' equity and cash flows of the Departmental Group for the financial year.

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

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

HM Treasury has appointed the Permanent Head of the Department as Accounting Officer of the Department for Culture, Media and Sport.

The Accounting Officer of the Department has also appointed the Chief Executives or equivalents of its sponsored non-Departmental and other arm's length public bodies as Accounting Officers of those bodies. The 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 such expenditure and the other income and expenditure of the sponsored bodies are properly accounted for, for the purposes of consolidation within the resource 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 or non-Departmental or other arm's length public body for which the Accounting Officer is responsible, are set out in *Managing Public Money* published by HM Treasury.

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 2013 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 2012. The financial statements comprise: the Department's and Departmental Group's Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. 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 2013 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.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Department's and the Departmental Group's affairs as at 31 March 2013 and of the Department's net operating cost and 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.

Emphasis of matter: prior period restatement

Without qualifying my opinion, I draw attention to the disclosures in Note 33 to the financial statements regarding restatement of the Statement of Financial Position. I qualified my opinion on the Department's 2011-12 group financial statements because assets owned by the BBC had been recognised in the Group Statement of Financial Position at historic cost rather than fair value and this was not in compliance with the Government Financial Reporting Manual. The action described in Note 33 restates the Statements of Financial Position for the years ended 31 March 2012 and 31 March 2011 such that these assets are recognised at their fair value.

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 Annual Report and Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

Amyas C E Morse

7 November 2013

Comptroller and Auditor General

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

Primary Statements

Statement of Parliamentary Supply

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

Summary of Resource and Capital Outturn 2012-13

	Note	2012-13						2011-12	
		Estimate			Outturn			Restated	
		Voted £'000	Non-Voted £'000	Total £'000	Voted £'000	Non-Voted £'000	Total £'000	Voted outturn compared with Estimate: saving/(excess) £'000	Outturn Total £'000
Departmental Expenditure Limit (DEL)									
Resource	2.1	5,172,764	(66,800)	5,105,964	3,591,162	(60,142)	3,531,020	1,581,602	1,610,390
Capital	2.2	434,328	-	434,328	341,877	-	341,877	92,451	1,256,938
Total DEL budget		5,607,092	(66,800)	5,540,292	3,933,039	(60,142)	3,872,897	1,674,053	2,867,328
Annually Managed Expenditure (AME)									
Resource	2.1	3,322,076	1,141,205	4,463,281	3,031,318	1,449,621	4,480,939	290,758	4,150,599
Capital	2.2	109,000	711,795	820,795	(88,791)	536,954	448,163	197,791	551,928
Total AME budget		3,431,076	1,853,000	5,284,076	2,942,527	1,986,575	4,929,102	488,549	4,702,527
Non-budget									
Resource	2.1	-	-	-	(358,047)	-	(358,047)	358,047	-
Capital	2.2	-	-	-	-	-	-	-	-
Total non-budget		-	-	-	(358,047)	-	(358,047)	358,047	-
Total		9,038,168	1,786,200	10,824,368	6,517,519	1,926,433	8,443,952	2,520,649	7,569,855
Total resource	2.1	8,494,840	1,074,405	9,569,245	6,264,433	1,389,479	7,653,912	2,230,407	5,760,989
Total capital	2.2	543,328	711,795	1,255,123	253,086	536,954	790,040	290,242	1,808,866
Total		9,038,168	1,786,200	10,824,368	6,517,519	1,926,433	8,443,952	2,520,649	7,569,855

Net Cash Requirement 2012-13

	Note	2012-13			2011-12
		Estimate £'000	Outturn £'000	Outturn compared with Estimate: saving/(excess) £'000	Outturn £'000
Net Cash Requirement	4	5,840,784	5,502,155	338,629	5,829,652

Administration Costs 2012-13

	Note	2012-13						2011-12 Restated	
		Estimate			Outturn			Outturn	
		Voted £'000	Non-Voted £'000	Total £'000	Voted £'000	Non-Voted £'000	Total £'000	Voted outturn compared with Estimate: saving/(excess) £'000	Total £'000
Administration costs	3.2	296,175	(66,800)	229,375	269,261	(60,142)	209,119	26,914	286,868

Prior Period Adjustment

Prior period adjustment description	Resource/ Capital	DEL/AME	Amount £'000
Change in treatment of BBC DSO receipts	Resource	AME	(358,047)

An analysis of variances between the Estimate and the Outturn is given in Note 2 and explanations are provided in the Financial Commentary pages 25-26.

Prior Period Adjustments (PPAs) that have resulted from an error, from a change in accounting policy initiated by the Department or which is otherwise the result of departmental action have a potential impact on net budgets. As detailed in Note 33, the prior year Statements of Financial Position and Comprehensive Net Expenditure have been restated for a change in the treatment of Digital Switchover (DSO) receipts. Had this treatment been adopted in 2011-12 then outturn against the voted Resource AME control total would have been reduced by £358m. The restatement has been included in the voted non-budget line in the 2012-13 Statement of Parliamentary Supply.

The prior year outturn figures have been restated following Machinery of Government (MoG) changes for the Government Equalities Office (GEO), the Equality and Human Rights Commission (EHRC) and for the ONS reclassification of Ofcom to Central Government. Additional information is included in Note 33.

Consolidated Statement of Comprehensive Net Expenditure for the year ended 31 March 2013

	Note	2012-13			2011-12 Restated		
		Core Department £'000	Core Department & Agency £'000	Departmental Group £'000	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000
Administration costs							
Staff costs	7	35,765	37,514	166,423	36,941	38,351	175,190
Other costs	8	40,618	42,147	192,565	37,010	38,623	188,709
Income	10	(7,166)	(8,144)	(76,390)	(4,081)	(4,940)	(89,687)
Programme costs							
Staff costs	7	158	4,319	1,431,411	72	4,143	1,504,012
Other costs	9	110,968	141,651	10,155,521	156,947	183,830	6,758,723
Income	10	(48,000)	(67,839)	(4,500,011)	(205,358)	(223,168)	(4,181,232)
Grant and subsidies to sponsored bodies	9	5,429,845	5,415,433	522,976	5,464,379	5,453,075	78,223
Net operating costs for the year ended 31 March		5,562,188	5,565,081	7,892,495	5,485,910	5,489,914	4,433,938
Total expenditure		5,617,354	5,641,064	12,468,896	5,695,349	5,718,022	8,704,857
Total income		(55,166)	(75,983)	(4,576,401)	(209,439)	(228,108)	(4,270,919)
Net operating costs for the year ended 31 March		5,562,188	5,565,081	7,892,495	5,485,910	5,489,914	4,433,938
Other comprehensive net expenditure							
Net (gain)/loss on:							
- revaluation of property, plant & equipment and intangible assets		-	(1,288)	(68,170)	(98)	(1,098)	(291,091)
- impairments		-	-	-	-	-	940
- revaluation of available for sale financial assets		-	-	(28,803)	-	-	(16,549)
- actuarial (gains)/losses on defined benefit pension scheme		-	-	690,034	-	-	509,189
Total other comprehensive net expenditure		-	(1,288)	593,061	(98)	(1,098)	202,489
Total comprehensive expenditure for the period		5,562,188	5,563,793	8,485,556	5,485,812	5,488,816	4,636,427

The Notes on pages 68 to 167 form part of these Accounts.

Consolidated Statement of Financial Position as at 31 March 2013

	Note	31 March 2013			31 March 2012 Restated			31 March 2011 Unaudited Restated		
		Core Department £'000	Core Department & Agency £'000	Departmental Group £'000	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000
Non-current assets										
Property, plant & equipment	11	9,640	59,764	6,224,463	9,587	58,899	9,257,392	16,818	63,926	8,453,656
Intangible assets	13	15	221	45,565	33	273	87,648	245	489	67,799
Investments in associates and joint ventures	15	-	-	231	-	-	100,300	-	-	76,900
Investment properties	12	-	-	2,886	-	-	3,263	-	-	3,005
Trade and other receivables	19	82,918	82,918	167,591	161,512	161,512	191,779	54	54	28,801
Other financial assets	16	-	-	299,392	-	-	193,883	-	-	215,140
Total non-current assets		92,573	142,903	6,740,128	171,132	220,684	9,834,265	17,117	64,469	8,845,301
Current assets										
Assets classified as held for sale	20	-	-	1,454	-	-	161,410	-	-	6,203
Inventories	18	-	-	822,984	-	-	608,835	-	8	564,996
Trade and other receivables	19	4,140	6,287	1,136,977	91,826	94,439	1,018,122	65,886	68,840	976,151
Other financial assets	16	-	-	56,452	-	-	57,541	-	-	44,248
Cash and cash equivalents	21	20,571	22,921	2,430,644	6,580	6,264	2,248,278	123,328	125,941	2,370,907
Total current assets		24,711	29,208	4,448,511	98,406	100,703	4,094,186	189,214	194,789	3,962,505
Total assets		117,284	172,111	11,188,639	269,538	321,387	13,928,451	206,331	259,258	12,807,806
Current liabilities										
Trade and other payables	22	(87,993)	(103,797)	(2,595,349)	(175,220)	(183,986)	(2,828,827)	(207,356)	(214,344)	(2,948,656)
Provisions	23	(1,579)	(1,899)	(466,554)	(3,661)	(4,111)	(609,837)	(1,831)	(2,162)	(591,208)
Other financial liabilities	26	-	-	(352)	-	-	(1,827)	-	-	(3,713)
Total current liabilities		(89,572)	(105,696)	(3,062,255)	(178,881)	(188,097)	(3,440,491)	(209,187)	(216,506)	(3,543,577)
Non-current assets plus/(less) net current assets/liabilities		27,712	66,415	8,126,384	90,657	133,290	10,487,960	(2,856)	42,752	9,264,229

Consolidated Statement of Financial Position (continued)

	Note	31 March 2013			31 March 2012 Restated			31 March 2011 Unaudited Restated		
		Core Department £'000	Core Department & Agency £'000	Departmental Group £'000	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000
Non-current liabilities										
Provisions	23	(206)	(338)	(617,036)	(385)	(533)	(815,775)	(1,505)	(1,666)	(741,642)
Trade and other payables	22	(82,918)	(82,918)	(1,370,485)	(102,780)	(102,780)	(1,149,142)	(11,000)	(11,000)	(2,022,659)
Other financial liabilities	26	-	-	(59,885)	-	-	(57,337)	-	-	(1,599)
Pension liabilities	25	-	-	(1,797,549)	-	-	(1,262,224)	-	-	(981,703)
Deferred tax liability	24	-	-	-	-	-	(7,959)	-	-	(6,509)
Total non-current liabilities		(83,124)	(83,256)	(3,844,955)	(103,165)	(103,313)	(3,292,437)	(12,505)	(12,666)	(3,754,112)
Total assets less liabilities		(55,412)	(16,841)	4,281,429	(12,508)	29,977	7,195,523	(15,361)	30,086	5,510,117
Taxpayers' equity and other reserves										
Taxpayers' funds										
General fund	SoCTE	(58,112)	(35,206)	2,154,352	(15,208)	13,269	5,188,668	(17,963)	14,014	3,408,011
Revaluation reserve	SoCTE	2,700	18,365	219,427	2,700	16,708	262,831	2,602	16,072	185,693
Total taxpayers' equity		(55,412)	(16,841)	2,373,779	(12,508)	29,977	5,451,499	(15,361)	30,086	3,593,704
Lottery funds	SoCTE	-	-	(711,801)	-	-	(761,951)	-	-	(1,287,755)
Charitable funds	SoCTE	-	-	2,619,451	-	-	2,505,975	-	-	3,204,168
Total reserves	SoCTE	(55,412)	(16,841)	4,281,429	(12,508)	29,977	7,195,523	(15,361)	30,086	5,510,117

Sue Owen (Accounting Officer)

6 November 2013

The Notes on pages 68 to 167 form part of these Accounts.

Consolidated Statement of Cash Flows for the year ended 31 March 2013

	Note	2012-13		2011-12 Restated	
		Core Department & Agency £'000	Departmental Group £'000	Core Department & Agency £'000	Departmental Group £'000
Cash flows from operating activities					
Net operating cost	SoCNE	(5,565,081)	(7,892,495)	(5,489,914)	(4,433,938)
Adjustments for non-cash admin expenditure	8	2,439	18,140	9,219	29,652
Adjustments for non-cash programme expenditure	9	883	2,840,607	5,243	1,756,013
Adjustments for non-cash admin income	10	-	-	-	(464)
Adjustments for non-cash programme income	10	25,414	(694,455)	12,351	(684,936)
Adjustments for non-cash pension costs		-	(45,815)	-	113,083
Reserves released to net operating costs		-	(2,069)	-	(91)
Adjustment for items shown in other sections of cash flow		(5,650)	12,985	-	(81,693)
(Increase)/decrease in inventories	18	-	(214,149)	8	(43,839)
Movements in inventories adjustment	18	-	693,567	(8)	(20)
(Increase)/decrease in trade and other receivables	19	166,746	(94,667)	(187,057)	(204,949)
Movements in receivables not passing through the SoCNE		(81,079)	(29,118)	82,666	(73,963)
Movements in bad debt provision		(173)	(474)	118	57
Increase/(decrease) in trade payables	22	(100,051)	(12,135)	61,422	(993,346)
Movements in payables not passing through the SoCNE		53,058	222,881	(103,724)	457,243
Utilisation of provisions	23	(739)	(949,721)	(2,229)	(774,105)
Payments for unfunded pensions	25	-	(114)	-	(300)
Deferred tax settled	24	-	-	-	(6,409)
Net cash outflow from operating activities		(5,504,233)	(6,147,032)	(5,611,905)	(4,942,005)
Cash flows from investing activities					
Purchase of property, plant & equipment		(3,560)	(541,497)	(4,252)	(935,516)
Purchase of investment property		-	-	-	(141)
Purchase of intangible assets		(33)	(17,206)	(38)	(52,724)
Investments in financial assets		-	(120,257)	-	(157,514)
Proceeds from disposal of property, plant & equipment		21	1,284,562	3	178,448
Proceeds from disposal of intangible assets		-	-	(1)	71
Proceeds from disposal of assets held for sale		-	104,427	-	6,203
Repayments and disposals of financial assets		-	128,566	-	145,471
Interest and dividend income		5,650	69,383	-	163,357
Net cash inflow/(outflow) from investing activities		2,078	907,978	(4,288)	(652,345)

Consolidated Statement of Cash Flows (continued)

	Note	2012-13		2011-12 Restated	
		Core Department & Agency £'000	Departmental Group £'000	Core Department & Agency £'000	Departmental Group £'000
Cash flows from financing activities					
From the Consolidated Fund (supply) - current year	SoCTE	5,518,600	5,518,600	5,556,969	5,556,969
From the Consolidated Fund (supply) - prior year	SoCTE	81,079	81,079	21,573	21,573
Capital element of payments in respect of finance leases		-	(16,455)	-	-
Increase in financial liabilities		-	1,814	-	56,917
Interest on finance leases		-	(82,368)	-	(81,664)
Net cash inflow from financing activities		5,599,679	5,502,670	5,578,542	5,553,795
Cash transferred in/(out) of the group		-	(383)	-	(48)
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		97,524	263,233	(37,651)	(40,603)
Cash flow from non-financing activities					
Receipts due to the Consolidated Fund which are outside the scope of the department's activities		2,620,515	2,620,515	275,188	275,188
Payments of amounts to the Consolidated Fund	5.2	(2,701,382)	(2,701,382)	(357,214)	(357,214)
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		16,657	182,366	(119,677)	(122,629)
Cash and cash equivalents at the beginning of the period	21	6,264	2,248,278	125,941	2,370,907
Cash and cash equivalents at the end of the period	21	22,921	2,430,644	6,264	2,248,278

The Notes on pages 68 to 167 form part of these Accounts.

**Statement of Changes in Taxpayers' Equity (Core Department and Agency)
for the year ended 31 March 2013**

	Note	Core Department			Core Department & Agency		
		General Fund £'000	Revaluation Reserve £'000	Total Reserves £'000	General Fund £'000	Revaluation Reserve £'000	Total Reserves £'000
Restated balance at 1 April 2011		17,963	(2,602)	15,361	(14,014)	(16,072)	(30,086)
Net parliamentary funding - drawn down		(5,556,969)	-	(5,556,969)	(5,556,969)	-	(5,556,969)
Net parliamentary funding - deemed supply		(21,573)	-	(21,573)	(21,573)	-	(21,573)
Supply payable/(receivable) adjustment	19	(81,079)	-	(81,079)	(81,079)	-	(81,079)
CFERs payable to the Consolidated Fund	5	170,176	-	170,176	170,176	-	170,176
Net operating costs for the year	SoCNE	5,485,910	-	5,485,910	5,489,914	-	5,489,914
Non-cash adjustments:							
Auditors' remuneration	8, 9	(635)	-	(635)	(676)	-	(676)
Movements in reserves:							
Other comprehensive net expenditure	SoCNE	-	(98)	(98)	-	(1,098)	(1,098)
Transfers between reserves		-	-	-	(462)	462	-
Other movements		1,415	-	1,415	1,414	-	1,414
Restated balance at 31 March 2012		15,208	(2,700)	12,508	(13,269)	(16,708)	(29,977)
Net parliamentary funding - drawn down		(5,518,600)	-	(5,518,600)	(5,518,600)	-	(5,518,600)
Supply payable/(receivable) adjustment	22	19,624	-	19,624	21,974	-	21,974
CFERs payable to the Consolidated Fund	5	(19,863)	-	(19,863)	(19,863)	-	(19,863)
Net operating costs for the year	SoCNE	5,562,188	-	5,562,188	5,565,081	-	5,565,081
Non-cash adjustments:							
Auditors' remuneration	8, 9	(445)	-	(445)	(486)	-	(486)
Movements in reserves:							
Other comprehensive net expenditure	SoCNE	-	-	-	-	(1,288)	(1,288)
Transfers between reserves		-	-	-	369	(369)	-
Balance at 31 March 2013		58,112	(2,700)	55,412	35,206	(18,365)	16,841

The Notes on pages 68 to 167 form part of these Accounts.

Consolidated Statement of Changes in Taxpayers' Equity (Departmental Group) for the year ended 31 March 2013

	Note	Departmental Group					
		General Fund £'000	Revaluation Reserve £'000	Total Taxpayers' Equity £'000	Lottery Funds £'000	Charitable Funds £'000	Total Reserves £'000
Balance at 31 March 2011 before PPAs		(3,621,579)	(94,313)	(3,715,892)	1,334,152	(3,340,498)	(5,722,238)
Prior period adjustments		213,568	(91,380)	122,188	(46,397)	136,330	212,121
Restated balance at 1 April 2011		(3,408,011)	(185,693)	(3,593,704)	1,287,755	(3,204,168)	(5,510,117)
Net parliamentary funding - drawn down		(5,556,969)	-	(5,556,969)	-	-	(5,556,969)
Net parliamentary funding - deemed supply		(21,573)	-	(21,573)	-	-	(21,573)
Supply payable/(receivable) adjustment	19	(81,079)	-	(81,079)	-	-	(81,079)
CFERs payable to the Consolidated Fund	5	170,176	-	170,176	-	-	170,176
Net operating costs for the year	SoCNE	3,411,646	-	3,411,646	83,449	938,843	4,433,938
Non-cash adjustments:							
Auditors' remuneration	8, 9	(676)	-	(676)	-	-	(676)
Movements in reserves:							
Other comprehensive net expenditure	SoCNE	480,843	(77,731)	403,112	12,801	(213,424)	202,489
Transfers between reserves		(593)	593	-	(4,145)	4,145	-
Transfer to SoCNE		-	-	-	-	91	91
Other movements		(182,432)	-	(182,432)	(617,909)	(31,462)	(831,803)
Restated balance at 31 March 2012		(5,188,668)	(262,831)	(5,451,499)	761,951	(2,505,975)	(7,195,523)
Net parliamentary funding - drawn down		(5,518,600)	-	(5,518,600)	-	-	(5,518,600)
Supply payable/(receivable) adjustment	22	21,974	-	21,974	-	-	21,974
CFERs payable to the Consolidated Fund	5	(19,863)	-	(19,863)	-	-	(19,863)
Net operating costs for the year	SoCNE	7,950,307	-	7,950,307	5,131	(62,943)	7,892,495
Non-cash adjustments:							
Auditors' remuneration	8, 9	(486)	-	(486)	-	-	(486)
Movements in reserves:							
Other comprehensive net expenditure	SoCNE	690,078	(45,363)	644,715	1,374	(53,028)	593,061
Transfers in/out of boundary		(2)	-	(2)	-	236	234
Transfers between reserves		(88,761)	88,767	6	-	(6)	-
Transfer to SoCNE		-	-	-	(190)	2,259	2,069
Other movements		(331)	-	(331)	(56,465)	6	(56,790)
Balance at 31 March 2013		(2,154,352)	(219,427)	(2,373,779)	711,801	(2,619,451)	(4,281,429)

The Notes on pages 68 to 167 form part of these Accounts

Notes

1. Statement of accounting policies

1.1 Basis of Preparation

These Accounts have been prepared in accordance with the 2012-13 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, the Agency and the Arm's Length Bodies (the Group) for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Group are described below. They have been applied consistently in dealing with items that are considered material to the Accounts.

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 Resource and Capital budgets and non-budget expenditure and the Net Cash Requirement.

The Consolidated Statement of Financial Position for the Group as at 31 March 2011 is unaudited as the Department previously applied the exemption under IAS 8 *Accounting Policies, Accounting Estimates and Errors* not to produce full restated financial statements for the year then ended.

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 Presentational Currency

The Accounts are presented in pounds sterling, the functional currency of the Group, and all values are rounded to the nearest thousand pound (£'000).

1.4 Basis of Consolidation

The Group Accounts comprise a consolidation of the Core Department, its supply financed Agency, The Royal Parks (TRP) and the Arm's Length Bodies (ALBs) and their various subsidiaries which fall within the Departmental boundary.

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

British Broadcasting Corporation Public Services Broadcasting Group (BBC PSB Group)

The BBC PSB Group 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 BBC PSB Group 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 Accounts 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 Arm's Length Bodies within the Departmental boundary, and included in the Group results (along with the Department and its Agency), is given at Note 34.

1.5 Going Concern

In common with other government departments, the Group's liabilities are expected to be met by future grants of supply and the application of future income, both to be approved annually by Parliament. There is no reason to believe that future Parliamentary approval will not be forthcoming, and therefore, in accordance with FReM 2.2.15, it has been concluded as appropriate to adopt the going concern basis of preparation for these Accounts.

1.6 Change of Accounting Policy

In accordance with the FReM changes, the Group's investments in public sector bodies outside of the Departmental boundary are now carried at fair value. Prior to 2012-13 they were carried at historical cost. The Group has not restated the prior year for this change as it was determined not to be material. Any gains or losses as a result of the change have been treated as in year movements.

1.7 Administration and Programme Expenditure and Income

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 definitions 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. 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 Grants

Grant-in-aid

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

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

Grants

Grants payable or receivable by the ALBs are accounted for on an accruals basis. Grants receivable include funding from lottery funds. Grants payable include multi-year grants and performance related grants which are classified as either current or non-current provisions (Note 1.29) depending on the timing of the payment and the terms of the grant.

Grants payable by Lottery Distributor Bodies

In accordance with the Accounts Directions issued by HM Treasury the lottery distributors follow commitment accounting. The reporting of grants by these bodies has been aligned with the FReM. Where they meet the recognition criteria, commitments are reflected in the Consolidated Statement of Financial Position as a liability (either an accrual or a provision) and where they do not meet the criteria are carried as other financial commitments in the notes.

1.9 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.

1.10 Operating Income and Revenue Recognition

Operating income is income which relates to the operating activities of the 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).

Grants received by entities within the Group

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

1.11 Deferred Income

Deferred income relates to payments received in advance of the accounting period to which they relate or where grant conditions have not yet been met and the contract includes provisions for the return of funds. The deferred income is released to the Consolidated Statement of Comprehensive Net Expenditure in the period to which it relates.

1.12 Property, Plant and Equipment

In accordance with the 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 revalued to fair 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 the last valuation undertaken and valuers engaged by ALBs within the Group to carry out the valuation can be found in either the Group Accounts or the published Annual Accounts of the ALBs. All other tangible assets (non-property) are carried at fair value using appropriate indices, where material. Some ALBs have used depreciated historic cost as a proxy for fair value on short life/low value assets when they deem the fair value adjustment is not materially different from the depreciated historic cost. As such these tangible non-current assets are not revalued.

Specialised Assets

Some ALBs have assets classified as specialised. As allowed under the FReM, full IAS 16 *Property, Plant and Equipment* has been applied to specialised assets. Olympic venues and villages are classed as a group of specialised assets and have been separately disclosed. Detailed narrative on these is included in Note 11.

Assets under Construction

Assets under construction are held at cost 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 Consolidated 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 ALB, transferred to another ALB or sold. Where the asset is transferred to another ALB, it may be transferred at nil consideration if appropriate and subject to Departmental approval. Where an asset is transferred to another ALB or sold a disposal is recorded in the Accounts.

The policy on heritage assets is disclosed at Note 1.14.

Capitalisation thresholds

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

1.13 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 |
| • Leasehold improvements/buildings | Term of the lease |
| • Information technology | 3-5 years |
| • Plant and machinery | 3-30 years |
| • Furniture and fittings | 3-20 years |
| • Antiques, works of art and collections | Not depreciated |
| • Assets under construction | Not depreciated until the asset is brought into use |
| • Intangible assets | 2-3 years |

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

Olympic venues and villages

Assets are depreciated at rates calculated to write them down to estimated residual value on a straight-line basis over their estimated useful life to the Group. For permanent venues, temporary venues and infrastructure, the useful life was the period of the Games.

1.14 Heritage Assets

Heritage assets are assets held to preserve the nation's heritage and are maintained for their contribution to knowledge and culture. Heritage assets held by the Group consist of historic artefacts and archives, works of art, collection items, historic land and buildings. Operational heritage assets (mainly comprise of buildings) are used by the Group to generate revenue or to provide other services. Operational heritage assets are valued and depreciated in the same way as other assets of that type 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 are presented separately in Note 11.2. Heritage assets reported at valuation are reviewed frequently and any changes in the valuation are recognised in the Other Comprehensive Expenditure section of the Consolidated Statement of Comprehensive Net Expenditure except for impairment losses.

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

For the collections that existed at March 2001, the Group is of the opinion that valuation information cannot be obtained at a cost commensurate with the benefits to users of the Accounts. Therefore valuation is not practicable and the Group has adopted a non-recognition approach. Assets acquired since March 2001 have been capitalised.

1.15 Donated Assets

Donated assets are capitalised at fair value on receipt, and this value is credited to the Consolidated Statement of Comprehensive Net Expenditure. 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 a cash received basis.

1.16 Investment Properties

The Group holds a number of properties which have been classified as investment properties and are not depreciated in accordance with IAS 40 *Investment Properties*, 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. The lease revenue is recognised over the term of the lease on a straight-line basis in the Consolidated Statement of Comprehensive Net Expenditure.

1.17 Intangible Non-current Assets

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

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

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

1.18 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. Reversals are credited to the Consolidated Statement of Comprehensive Net Expenditure to the extent of the previous impairment and any excess is credited to the Revaluation Reserve, in accordance with IAS 36 *Impairment of Assets*.

Impairments of revalued assets that do not result from a clear consumption of economic benefits are 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.

1.19 Investments in Subsidiaries

Investments in subsidiaries which have been classified as public sector, are stated at fair value in accordance with the FReM. Where the fair value is not available, the net assets of the subsidiary have been used as a proxy.

1.20 Investments in Associates and Interests in Joint Ventures

The 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 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 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 Group Accounts are incorporated into the Accounts 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 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.

1.21 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;
- The Group 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.

1.22 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand and other short term highly liquid investments which are readily convertible to known amounts of cash 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.

1.23 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 inventories cannot or will not be used. Work in progress is valued at the lower of cost and net realisable value.

Inventories across the Group consist of raw materials, work in progress, finished goods and consumable stores. Inventories used by the Public 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 inventory, 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.

1.24 Assets Held for Sale

In accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* where an asset is actively being marketed for sale, the carrying amount of an asset is to be recovered by sale rather than continuing use and a sale is expected to be completed within one year of the reporting date, the asset is reclassified as an asset held for sale. Such assets are disclosed separately in the Consolidated 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.

1.25 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 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 Group do 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 and 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 Consolidated Statement of Comprehensive Net Expenditure.

The fair value of interest rate swaps, caps and collars is the estimated amount that the Group would receive or pay to terminate the swap, cap or collar at the balance sheet date, taking into account current interest rates 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 as a hedging instrument that is determined to be an effective 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 other comprehensive net expenditure. 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 Consolidated Statement of Comprehensive Net Expenditure 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 they are significant and 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 Group will not be able to recover all amounts due. Changes in the carrying amount of the allowance are recognised in the Consolidated Statement of Comprehensive Net Expenditure.

Investments in equity securities (traded and non-traded)

Investments in equity securities held by 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 Consolidated Statement of Comprehensive Net Expenditure, except for impairment losses. When these investments are derecognised the cumulative gain or loss is recognised in the Consolidated Statement of Comprehensive Net Expenditure.

Investment Funds

Investment funds are classed as 'available for sale' financial assets. They are included in non-current assets unless the Group intends to dispose of, or realise, the investment within 12 months of balance date.

These investments are measured at their fair value, with gains and losses recognised in Other Comprehensive Net Expenditure, except for impairment losses, which are recognised in the Consolidated Statement of Comprehensive Net Expenditure.

On derecognition, the cumulative gain or loss previously recognised in Other Comprehensive Net Expenditure is reclassified from equity to the Consolidated Statement of Comprehensive Net Expenditure.

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 Statement of Financial Position 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 objective evidence exists that a financial instrument is impaired, or 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 Consolidated Statement of Comprehensive Net Expenditure.

1.26 Employee Benefits

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

1.27 Leases

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

Finance leases

Where the Group substantially retains all the risks and rewards incidental to ownership of an asset, leases 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 the Group is contractually obliged to make rental payments. The interest element of the finance cost is charged to the Consolidated Statement of Comprehensive Net 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.

1.28 Pensions

1.28.1 *Funded pension schemes*

A number of ALBs participate in defined benefit pension schemes as described in Note 25. 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 Consolidated 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.

1.28.2 *Unfunded pension schemes*

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

The PCSPS defined benefit schemes are unfunded. The participating bodies within the 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 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.

1.28.3 Other unfunded defined benefit pension schemes

The employees of some ALBs 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.

1.28.4 Early departure costs

For past early departure schemes, the Group meets the additional costs of benefits beyond the normal PCSPS benefits, in respect of employees who 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 the Group.

1.29 Provisions

In accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle that obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). 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.

1.30 Taxation

Value Added Tax

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

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

Corporation Tax

Corporation tax is liable on the taxable activities of the Group that fall within the scope of corporation tax. The tax charge represents the sum of currently payable and deferred tax which is recognised in the 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 the Consolidated Statement of Taxpayers' Equity.

Current tax is the expected tax payable for the year by the Group, using tax rates that are enacted or substantively enacted at the accounting date, and any adjustment to tax payable in respect of previous years.

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

The carrying amount of deferred tax assets is reviewed at each Statement of Financial Position date 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.

1.31 Reserves

The Consolidated Statement of Taxpayers' Equity comprises the reserves for the Core Department, Department and Agency, and the Group.

These reserves include:

- The General Fund reserve represents the Group's total taxpayers' equity not including the Charitable and Lottery Funds. These reserves are made up of total assets less liabilities, to the extent that the total is not represented by other reserves and financing items.
- The Revaluation Reserve reflects the unrealised balance of the cumulative indexation and revaluation adjustments to assets (other than donated assets, assets funded by grants, and assets held in Charitable or Lottery Funds).
- The Lottery Funds are the total reserves of the lottery distributors within the Group. As these are presented after Elimination they will not agree back to the individual ALB accounts. The Lottery Funds comprise the General Fund, and Revaluation Reserve held by the lottery distributor. These reserves are shown in the Accounts as a combined figure as they are reserves only for use by the lottery distributors.
- The Charity Funds are the total reserves of the charitable ALBs within the Group. As these are presented after Elimination they will not agree back to the individual ALB accounts. These comprise the Charity General Funds, Restricted Reserves, Unrestricted Reserves, and any pension or revaluation reserve held by the charity ALBs. These reserves are shown in the Departmental Consolidated Accounts as a combined figure as they are reserves only for use by the charitable ALBs.

1.32 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 Group.

1.33 Third Party Assets

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

Any third party monies held at the Government Banking Service (GBS) or Office of HM Paymaster General at the end of the reporting period are recognised as both cash and cash equivalents (Note 21) and trade and other payables (Note 22), and therefore have no net impact on the Consolidated Statement of Financial Position.

1.34 Contingent Liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, 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.

1.35 Accounting Estimates and Judgements

Critical accounting estimates and judgements

The preparation of the Group's Accounts requires management of the Core Department, the Agency and the ALBs to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenditure. The resulting accounting estimates will, by definition, seldom equal the related actual results. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Valuation of non-current assets

The value of the Group's property, plant and equipment 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 Group has a number of buildings and works of art that are classed as heritage assets. These specialised non-current assets have a restricted use and cannot be sold on the open market. Consequently they are, where possible, valued using the depreciated current replacement cost to a modern equivalent basis.

The valuation of the BBC PSB Group's property assets are based on future rental income. Inherent in this valuation are estimates of future rental which is subject to movements in the rental market. Specialist adaptations (e.g. studios) have been valued on depreciated current replacement cost.

The Olympic Venues were re-valued at their date of transfer to London Legacy Development Corporation (LLDC) and the Lea Valley Regional Park Authority (LVRPA). The International

Business Centre and the Main Press Centre were valued on a market (income capitalisation) basis. Future income streams are inherently uncertain in nature and in this case are based upon an LLDC business plan that was at a relatively early stage. All other venues and infrastructure were valued using the depreciated replacement cost method as there was insufficient evidence of recent market transactions, and the expected future cash flows were insufficiently mature to be able to impute a capital value. The estimation of depreciated current replacement cost requires consideration of the additional expenditure to prepare the asset for its legacy use, and the use, as appropriate, of industry benchmarks to establish an estimated construction cost. In most cases the estimates are based upon the Olympic Delivery Authority incurred costs adjusted for inflation and an understanding of the costs required to prepare the asset for its legacy use.

Depreciation was applied to the Olympic Village to write off the cost of the asset, less its estimated residual value, over the period of the Games. The residual value was estimated on a market (sales) basis by reference to the sales agreements with QDD Athletes Village UK Limited (QDD), Triathlon Homes Limited and NHS Newham, and the consideration of the future costs required to complete the asset to the specification required by these sales agreements. At the end of the Olympic Games the East Village was reclassified as inventory as it was held primarily for sale. The inventory valuation at the reporting date was estimated using the same methodology.

Pension costs

The present value of the net pension liability detailed in Note 25 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 23 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.

1.36 Machinery of Government Changes

Machinery of Government (MoG) changes which involve the transfer of functions or responsibilities between two or more Government Departments are accounted for using merger accounting in accordance with the FReM. 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 *Presentation of Financial Statements*.

Following a change in Ministerial responsibilities, the Equalities and Human Rights Commission and Government Equalities Office transferred from the Home Office, as MoG changes, to the Department for Culture, Media and Sport.

Prior year comparatives have been revised to include EHRC and GEO results. See Note 33.

1.37 Changes to accounting standards not yet effective

The following changes to or new standards will be adopted by the Group in full, when they are adopted by the FReM, unless the requirements are interpreted or adapted by the FReM:

- IAS 19 *Employee Benefits* has been amended to make significant changes to the recognition and measurement of defined benefit pension expense and termination benefits and to the disclosures for all employee benefits.
- IAS 28 *Investments in Associates and Joint Ventures* defines “significant influence” and provides guidance on how the equity method of accounting is to be applied, including exemptions from applying the equity method in some cases.
- IFRS 7: *Financial Instruments: Disclosures*, has been amended with respect to netting arrangements.
- IFRS 9: *Financial instruments*, will replace IAS 39 *Financial Instruments: Recognition and Measurement* in its entirety when complete. IFRS 9 is expected to improve and simplify the reporting of financial instruments.
- IFRS 10 *Consolidated Financial Statements* and IFRS 11 *Joint Arrangements* cover the definition of and the accounting treatment required for subsidiaries and jointly controlled operations.
- IFRS 12 *Disclosure of Interests in Other Entities* requires disclosure of arrangements where the reporting body owns a majority of shares but does not consolidate and arrangements where the reporting body owns more than 20% of shares but does not equity account, and vice versa.
- IFRS 13 *Fair Value Measurement* sets out an IFRS framework for measuring fair value.

2. Net Outturn

2.1 Analysis of net resource outturn by section

		2012-13										2011-12 Restated			
		Administration						Programme			Outturn	Estimate		Net total compared to Estimate, adjusted for virements	Outturn
		Gross £'000	Income £'000	Net £'000	Gross £'000	Income £'000	Net £'000	Total £'000	Net Total £'000	Net total compared to Estimate £'000	Net total compared to Estimate, adjusted for virements £'000	Total £'000			
													Total £'000	Net Total £'000	Total £'000
Spending in Departmental Expenditure Limit (DEL)															
Voted															
A	Support for the museums and galleries sector	-	-	-	12,664	-	12,664	12,664	13,906	1,242	1,242	13,336			
B	Museums and galleries sponsored bodies	-	-	-	359,754	-	359,754	359,754	382,038	22,284	34,052	306,816			
C	Libraries sponsored bodies	10,497	-	10,497	100,256	-	100,256	110,753	115,035	4,282	4,141	113,172			
§	Museums, libraries and archives council	7,808	-	7,808	824	-	824	8,632	-	(8,632)	-	43,741			
D	Support for the arts sector	350	(716)	(366)	1,833	(54,685)	(52,852)	(53,218)	(52,015)	1,203	1,203	2,373			
E	Arts and culture bodies	26,612	-	26,612	419,933	-	419,933	446,545	452,703	6,158	8,561	380,835			
F	Support for the sports sector	-	-	-	14,097	(7,250)	6,847	6,847	13,951	7,104	7,104	5,394			
G	Sport sponsored bodies	15,210	-	15,210	129,732	-	129,732	144,942	151,142	6,200	5,811	136,077			
H	Ceremonial and support for the heritage sector	222	-	222	23,465	(1,526)	21,939	22,161	32,213	10,052	10,059	13,946			
I	Heritage sponsored bodies	14,931	-	14,931	82,636	-	82,636	97,567	101,084	3,517	6,645	130,737			
J	The Royal Parks	3,296	(978)	2,318	34,307	(19,670)	14,637	16,955	18,318	1,363	1,146	17,162			
K	Support for the tourism sector	-	-	-	70	-	70	70	10	(60)	-	16			
L	Tourism sponsored bodies	31,967	-	31,967	15,857	-	15,857	47,824	49,434	1,610	888	45,494			
M	Support for the broadcasting and media sector	10,292	(1,085)	9,207	5,954	-	5,954	15,161	23,602	8,441	8,441	3,218			
N	Broadcasting and media sponsored bodies	67,989	-	67,989	115,604	-	115,604	183,593	179,777	(3,816)	6,688	170,893			
O	Administration and research	56,848	(5,922)	50,926	763	(10)	753	51,679	59,588	7,909	3,871	58,429			

2.1 Analysis of net resource outturn by section (continued)

		2012-13										2011-12
												Restated
		Administration			Programme			Outturn	Estimate		Net total compared to Estimate, adjusted for virements £'000	Outturn
		Gross £'000	Income £'000	Net £'000	Gross £'000	Income £'000	Net £'000	Total £'000	Net Total £'000	Net total compared to Estimate £'000		Total £'000
P	Support for horseracing and the gambling sector	-	-	-	803	(2,363)	(1,560)	(1,560)	(3,035)	(1,475)	-	2,700
Q	Grant to the National Lottery Commission	-	-	-	1,714	-	1,714	1,714	4,762	3,048	3,048	4,974
R	Gambling Commission	-	-	-	245	-	245	245	1,159	914	914	(252)
S	Olympics - legacy programmes	-	-	-	503,517	(1,889)	501,628	501,628	775,881	274,253	15,334	65,868
T	London 2012	-	-	-	1,575,240	-	1,575,240	1,575,240	2,800,280	1,225,040	1,458,504	45,399
U	Government Equalities Office	9,346	-	9,346	5,937	-	5,937	15,283	18,703	3,420	2,702	7,080
V	Equality and Human Rights Commission (EHRC)	22,594	-	22,594	4,089	-	4,089	26,683	34,228	7,545	1,248	42,982
	<i>Total voted</i>	<i>277,962</i>	<i>(8,701)</i>	<i>269,261</i>	<i>3,409,294</i>	<i>(87,393)</i>	<i>3,321,901</i>	<i>3,591,162</i>	<i>5,172,764</i>	<i>1,581,602</i>	<i>1,581,602</i>	<i>1,610,390</i>
Non-voted												
W	Spectrum management receipts	(60,142)	-	(60,142)	-	-	-	(60,142)	(66,800)	(6,658)	(6,658)	-
Total spending in DEL		217,820	(8,701)	209,119	3,409,294	(87,393)	3,321,901	3,531,020	5,105,964	1,574,944	1,574,944	1,610,390
Annually Managed Expenditure (AME)												
Voted expenditure												
X	British Broadcasting Corporation	-	-	-	3,053,802	-	3,053,802	3,053,802	3,279,376	225,574	225,574	2,966,507
Y	New and adjustments to existing provisions and impairments	-	-	-	(12,437)	-	(12,437)	(12,437)	5,721	18,158	4,153	(98,473)
Z	Museums and galleries sponsored bodies	-	-	-	25,325	-	25,325	25,325	30,944	5,619	5,619	-
AA	Libraries sponsored bodies	-	-	-	3	-	3	3	(109)	(112)	-	-
AB	Arts and culture bodies	-	-	-	-	-	-	-	5,075	5,075	5,075	-
AC	Sport sponsored bodies	-	-	-	4,061	-	4,061	4,061	519	(3,542)	-	-

2.1 Analysis of net resource outturn by section (continued)

		2012-13										2011-12 Restated	
		Administration							Programme			Net total compared to Estimate, adjusted for virements £'000	Outturn
		Administration			Programme				Total £'000	Net Total £'000	Estimate Net total compared to Estimate £'000		
		Gross £'000	Income £'000	Net £'000	Gross £'000	Income £'000	Net £'000	Total £'000				Net Total £'000	Estimate Net total compared to Estimate £'000
AD	The Royal Parks	-	-	-	702	-	702	702	210	(492)	39	-	
AE	Tourism sponsored bodies	-	-	-	1,937	-	1,937	1,937	340	(1,597)	340	-	
AG	Gambling levy bodies	-	-	-	(10,268)	-	(10,268)	(10,268)	-	10,268	10,268	(30,535)	
AI	Broadcasting and media sponsored bodies	-	-	-	7,343	-	7,343	7,343	-	(7,343)	-	(1,123)	
AJ	Horseracing and the gambling bodies	-	-	-	472	-	472	472	-	(472)	-	-	
AM	Equality and Human Rights Commission (EHRC)	-	-	-	68	-	68	68	-	(68)	-	86	
AN	London 2012	-	-	-	(142)	-	(142)	(142)	-	142	142	-	
AP	Release of provisions	-	-	-	(39,548)	-	(39,548)	(39,548)	-	39,548	39,548	(20,372)	
	<i>Total voted</i>	-	-	-	<i>3,031,318</i>	-	<i>3,031,318</i>	<i>3,031,318</i>	<i>3,322,076</i>	<i>290,758</i>	<i>290,758</i>	<i>2,816,090</i>	
Non-voted expenditure													
AF	Lottery grants	-	-	-	1,449,621	-	1,449,621	1,449,621	1,141,205	(308,416)	(308,416)	1,334,509	
Total spending in AME		-	-	-	4,480,939	-	4,480,939	4,480,939	4,463,281	(17,658)	(17,658)	4,150,599	
Non-budget													
Voted (AME)													
	Prior period adjustments				(358,047)	-	(358,047)	(358,047)	-	358,047	358,047	-	
Total		217,820	(8,701)	209,119	7,532,186	(87,393)	7,444,793	7,653,912	9,569,245	1,915,333	1,915,333	5,760,989	

Lottery grant expenditure excludes National Lottery Distribution Fund and Olympic Lottery Distribution Fund income but is net of non-lottery income such as rental income.

Explanations of the variances between the Outturn and Estimate are included in the Financial Commentary on pages 25-26.

2.2 Analysis of net capital outturn by section

		2012-13						2011-12
		Outturn			Estimate		Net total compared to Estimate, adjusted for virements	Restated
		Gross £'000	Income £'000	Net £'000	Net Total £'000	Net Total Compared with Estimate £'000		Outturn
							Total £'000	
Spending in Departmental Expenditure Limit (DEL)								
Voted:								
A	Support for the museums and galleries sector	2,100	-	2,100	2,000	(100)	-	6,050
B	Museums and galleries sponsored bodies	76,284	-	76,284	88,475	12,191	12,191	154,781
C	Libraries sponsored bodies	17,167	-	17,167	15,797	(1,370)	-	13,603
D	Support for the arts sector	-	-	-	109	109	109	100
E	Arts and culture bodies	18,222	-	18,222	21,898	3,676	3,676	12,778
F	Support for the sports sector	-	-	-	-	-	-	3,000
G	Sport sponsored bodies	31,698	-	31,698	30,177	(1,521)	-	32,965
H	Ceremonial and support for the heritage sector	7,671	(90)	7,581	1,829	(5,752)	-	3,797
I	Heritage sponsored bodies	29,079	-	29,079	20,044	(9,035)	-	22,066
J	The Royal Parks	1,752	(169)	1,583	819	(764)	-	1,574
L	Tourism sponsored bodies	189	-	189	192	3	3	191
M	Support for the broadcasting and media sector	9,136	-	9,136	40,952	31,816	12,537	108
N	Broadcasting and media sponsored bodies	40,667	-	40,667	73,789	33,122	33,122	51,097
O	Administration and research	1,830	-	1,830	1,922	92	92	897
P	Support for horseracing and the gambling sector	9,000	-	9,000	8,940	(60)	-	-
Q	Grant to the National Lottery Commission	427	-	427	60	(367)	-	4
R	Gambling Commission	310	-	310	-	(310)	-	234
S	Olympics - legacy programmes	42,103	(50)	42,053	-	(42,053)	-	35,143
T	London 2012	54,056	-	54,056	126,325	72,269	30,216	917,180
V	Equality and Human Rights Commission (EHRC)	495	-	495	1,000	505	505	1,370
Total spending in DEL		342,186	(309)	341,877	434,328	92,451	92,451	1,256,938
Annually Managed Expenditure (AME)								
Voted								
X	British Broadcasting Corporation	(80,380)	-	(80,380)	109,000	189,380	181,980	172,012
Y	New and adjustments to existing provisions and impairments	7,400	-	7,400	-	(7,400)	-	-
AG	Gambling levy bodies	(8,411)	-	(8,411)	-	8,411	8,411	-
AP	Release of provisions	(7,400)	-	(7,400)	-	7,400	7,400	-
	<i>Total voted</i>	<i>(88,791)</i>	<i>-</i>	<i>(88,791)</i>	<i>109,000</i>	<i>197,791</i>	<i>197,791</i>	<i>172,012</i>
Non-voted expenditure								
AF	Lottery grants	536,954	-	536,954	711,795	174,841	174,841	379,916
Total spending in AME		448,163	-	448,163	820,795	372,632	372,632	551,928
Total		790,349	(309)	790,040	1,255,123	465,083	465,083	1,808,866

Lottery grant expenditure excludes National Lottery Distribution Fund and Olympic Lottery Distribution Fund income but is net of non-lottery income, such as rental income.

Explanations of the variances between the Outturn and Estimate are included in the Financial Commentary on pages 25-26.

3. Reconciliation of outturn to net operating cost and against Administration Budget

3.1 Reconciliation of net outturn to net operating cost

	Note	2012-13 Outturn £'000	2011-12 Restated Outturn £'000
Total resource outturn in Statement of Parliamentary Supply	2.1	7,653,912	5,760,989
Add:			
Capital grants		1,966,570	713,323
Income from NLDF		(1,957,234)	(1,623,902)
Ofcom spectrum clearance & awards (capital grants elements)		36,458	45,183
Ofcom spectrum management receipts	2.1	60,142	-
Capital movement in provisions		7,400	-
Charity income (asset donations or cash donations for asset additions)		(131,093)	(9,566)
Income payable to the Consolidated Fund	5	19,863	(170,156)
Impact of intra-group transactions crossing budget categories		(121,570)	-
Prior year adjustment for Digital Switchover (DSO)		358,047	(358,047)
Other adjustments		-	76,114
Net operating costs in Consolidated Statement of Comprehensive Net Expenditure	SoCNE	7,892,495	4,433,938

3.2 Outturn against final Administration Budget and Administration net operating costs

	Note	2012-13 £'000	2011-12 Restated £'000
Estimate - administration costs - voted		296,175	207,054
Estimate - administration costs - non-voted		(66,800)	-
Estimate - administration costs		229,375	207,054
Outturn - gross administration costs		217,820	374,949
Outturn - gross income relating to administration costs		(8,701)	(88,081)
Outturn - net administration costs	2.1	209,119	286,868
Reconciliation to operating costs:			
Plus: Impact of intra-group transactions crossing budget categories		21,831	1,646
Plus: Ofcom spectrum management receipts	2.1	60,142	-
Less: Utilisation of provisions classified as administration		(8,494)	(14,302)
Administration net operating costs	SoCNE	282,598	274,212

4. Reconciliation of Net Resource Outturn to Net Cash Requirement

	Note	Estimate £'000	Departmental Group £'000	Net total outturn compared with Estimate: saving/(excess) £'000
Resource outturn	2.1	9,569,245	7,653,912	1,915,333
Capital outturn	2.2	1,255,123	790,040	465,083
		10,824,368	8,443,952	2,380,416
Accruals to cash adjustments:				
<i>Adjustments to remove non-cash items</i>				
Depreciation and amortisation	8, 9	(7,856)	(3,526)	(4,330)
New provisions and adjustments to previous provisions	9	(172)	2,168	(2,340)
Other non-cash items	8, 9	-	(1,189)	1,189
<i>Adjustments for NDPBs</i>				
Remove voted resource and capital		(8,044,865)	(7,788,295)	(256,570)
Cash grant-in-aid	9	4,765,443	4,906,869	(141,426)
Less: Agency funding (The Royal Parks)		-	(14,412)	14,412
<i>Adjustments to reflect movements in working balances</i>				
Increase/(decrease) in receivables		-	(85,667)	85,667
Movement on bad debts provision		-	173	(173)
(Increase)/decrease in payables		90,066	41,343	48,723
Utilisation of provisions	23	-	739	(739)
Removal of non-voted budget items				
Other adjustments		(1,786,200)	-	(1,786,200)
Net Cash Requirement		5,840,784	5,502,155	338,629

5. Income payable to the Consolidated Fund

5.1 Analysis of income payable to the Consolidated Fund

The Department acts as principal for any funds payable to the Consolidated Fund in relation to the sale of the Tote to BetFred Limited. In 2011-12 the Department also acted as principal for funds received as part of the Digital Switchover. In 2012-13, a change in the treatment of these funds has been undertaken and consequently prior year results have been restated to reflect this change (Note 33). The table below shows the restated position.

	Published 2011-12		Digital Switchover Restatement		Restated 2011-12	
	Income	Receipts	Income	Receipts	Income	Receipts
	£'000	£'000	£'000	£'000	£'000	£'000
Amounts collected on behalf of the Consolidated Fund	528,203	282,469	(358,047)	(213,500)	170,156	68,969

As part of the consideration payable by BetFred will be received in future years, a long-term receivable has been established along with a corresponding long term payable to the Consolidated Fund. Both the long-term receivable and long-term payable have been discounted to net present value. Each year a proportion of the discount is unwound and interest revenue accrued. £3.1m of the discounted value was unwound in 2012-13.

During 2011-12, the total discounted interest earned over the term of the contract was recognised in full. This treatment was reconsidered in 2012-13 and consequently an in year adjustment was made to reflect interest on an annual accrual basis. This resulted in the write back of income of £26.2m previously recognised in 2011-12. Interest of £3.2m was accrued for 2012-13.

	Outturn 2012-13		Restated 2011-12	
	Income	Receipts	Income	Receipts
	£'000	£'000	£'000	£'000
Amounts to be collected on behalf of Consolidated Fund	-	-	170,156	68,969
- 2011-12 income written back	(26,243)	-	-	-
- 2012-13 income	6,380	-	-	-
Total	(19,863)	-	170,156	68,969

5.2 Consolidated Fund Income

	2012-13 £'000	2011-12 £'000
Taxes and licence fees		
Wireless Telegraphy Act (WTA)	249,940	273,558
Dormant Funds (BIG)	-	1,630
Sports Ground Safety Authority (SGSA)	10	-
4G Spectrum	2,370,565	-
	2,620,515	275,188
Balance held at start of year	90,558	103,595
Adjustment to opening balance due to amount not being Consolidated Fund receipt	(8,743)	-
Payments to the Consolidated Fund	(2,701,382)	(288,225)
Balance held on trust at end of year	948	90,558

The amounts collected as agent for the Consolidated Fund (which are otherwise excluded from the Accounts) are included within Note 5.2 and relate to the sales proceeds from the auction of the 4G spectrum of £2,371m, and Wireless Telegraphy Act (WTA) fees of £250m. Both of these receipts were remitted by Ofcom to the Department for transfer to the Consolidated Fund. Sports Ground Safety Authority (SGSA) remitted £0.01m to the Department for transfer to the Consolidated Fund. These fees were charged by SGSA for the issue of licences to admit spectators to watch designated football matches.

6. Statement of Operating Costs by Operating Segment

6.1 Statement of Comprehensive Net Income by operating segment

	Note	2012-13						2011-12 Restated					
		Core Department £'000	BBC PSB Group £'000	Olympics £'000	Other £'000	Amounts eliminated on consolidation £'000	Total as per Group SoCNE £'000	Core Department £'000	BBC PSB Group £'000	Olympics £'000	Other £'000	Amounts eliminated on consolidation £'000	Total as per Group SoCNE £'000
Grant and subsidies to sponsored bodies		5,429,845	-	-	11	(4,906,869)	522,987	5,464,379	-	-	1,296	(5,386,156)	79,519
Other grants		98,468	-	1,771,444	1,720,950	(18,886)	3,571,976	74,513	-	277,217	455,264	(11,665)	795,329
Broadcasting and media expenditure		-	2,766,214	-	111,693	(8,258)	2,869,649	-	2,456,232	-	(222,345)	(5,049)	2,228,838
Depreciation and amortisation		1,795	139,658	1,335,296	136,280	-	1,613,029	3,015	135,145	27,481	140,594	-	306,235
Interest expense		-	82,863	1,814	426	-	85,103	-	82,400	712	48	-	83,160
Income tax expense		-	8,954	(142)	(848)	-	7,964	-	188	142	3,332	-	3,662
Other expenditure		87,246	1,687,715	197,669	2,093,175	(269,878)	3,795,927	153,442	1,861,997	311,468	3,188,797	(309,690)	5,206,014
Profit or loss of associates and joint ventures		-	2,261	-	-	-	2,261	-	2,100	-	-	-	2,100
Total expenditure	SoCNE	5,617,354	4,687,665	3,306,081	4,061,687	(5,203,891)	12,468,896	5,695,349	4,538,062	617,020	3,566,986	(5,712,560)	8,704,857
Grant income (excluding grant-in-aid)		(65,816)	(4,500)	(350,041)	(51,808)	276,872	(195,293)	(21,450)	(2,300)	(383,737)	(63,210)	316,093	(154,604)
Sale of the Tote		(838)	-	-	-	-	(838)	(241,262)	-	-	-	-	(241,262)
Broadcast licence		-	(597,260)	-	-	-	(597,260)	-	(494,091)	-	-	-	(494,091)
Property sale - East Village		-	-	(424,980)	-	-	(424,980)	-	-	-	-	-	-
Unwind of present value discount on sale of the Tote		25,513	-	-	-	-	25,513	13,944	-	-	-	-	13,944
Interest revenue		(5,650)	(9,146)	(162)	(4,124)	-	(19,082)	-	(12,008)	-	(5,023)	-	(17,031)
Other income		(8,375)	(1,019,404)	205,384	(2,562,195)	20,129	(3,364,461)	39,329	(1,063,156)	(8,350)	(2,356,009)	10,311	(3,377,875)
Total Income	SoCNE	(55,166)	(1,630,310)	(569,799)	(2,618,127)	297,001	(4,576,401)	(209,439)	(1,571,555)	(392,087)	(2,424,242)	326,404	(4,270,919)
Net operating costs for the year ended 31 March		5,562,188	3,057,355	2,736,282	1,443,560	(4,906,890)	7,892,495	5,485,910	2,966,507	224,933	1,142,744	(5,386,156)	4,433,938

6.2 Statement of financial position by operating segment

	Note	2012-13						2011-12 Restated					
		Core Department £'000	BBC PSB Group £'000	Olympics £'000	Other £'000	Amounts eliminated on consolidation £'000	Total as per Group SoFP £'000	Core Department £'000	BBC PSB Group £'000	Olympics £'000	Other £'000	Amounts eliminated on consolidation £'000	Total as per Group SoFP £'000
Current assets		24,711	1,726,170	624,726	2,198,771	(125,867)	4,448,511	98,406	1,816,368	71,301	2,113,320	(5,209)	4,094,186
Investment in associates and joint ventures		-	231	-	-	-	231	-	100,300	-	-	-	100,300
Other non-current assets		92,573	1,510,039	356	5,136,929	-	6,739,897	171,132	1,419,678	3,154,018	4,989,137	-	9,733,965
Total assets	SoFP	117,284	3,236,440	625,082	7,335,700	(125,867)	11,188,639	269,538	3,336,346	3,225,319	7,102,457	(5,209)	13,928,451
Current liabilities		(89,572)	(957,983)	(281,125)	(1,733,600)	25	(3,062,255)	(178,881)	(822,592)	(570,094)	(1,874,133)	5,209	(3,440,491)
Non-current liabilities		(83,124)	(2,647,097)	(58,731)	(1,181,845)	125,842	(3,844,955)	(103,165)	(2,281,150)	(56,917)	(851,205)	-	(3,292,437)
Total liabilities	SoFP	(172,696)	(3,605,080)	(339,856)	(2,915,445)	125,867	(6,907,210)	(282,046)	(3,103,742)	(627,011)	(2,725,338)	5,209	(6,732,928)
Total assets less liabilities	SoFP	(55,412)	(368,640)	285,226	4,420,255	-	4,281,429	(12,508)	232,604	2,598,308	4,377,119	-	7,195,523

The Department reports its expenditure by operating segment in accordance with IFRS 8 *Operating Segments*. The Group's operations are organised and managed by body. This includes the Department, its Agency and ALBs. The Group operating segments reflect the major bodies by expenditure within the Group, with the less significant bodies within the boundary being included within the operating segment 'Other'. Each reportable segment represents a business or corporate unit. The operating segments included above are those used for reporting to the Department's Board.

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.

Changes in reportable segments

The income, expenditure, assets and liabilities reported against reportable operating segments for 2011-12 have been restated to reflect changes in responsibilities, including those arising from Machinery of Government changes and changes to the Group boundary as detailed in Note 34. The Olympic Delivery Authority has been included as a separate operating segment to reflect its significant income, expenditure, assets and liabilities relative to the Group. In the 2011-12 Group Accounts it was included within the 'Other' operating segment.

7. Staff numbers and related costs

Staff costs comprise:	2012-13					2011-12 Restated
	Permanently employed staff £'000	Others £'000	Ministers £'000	Special Advisors £'000	Total £'000	Total £'000
Wages & salaries	1,164,432	90,737	143	163	1,255,475	1,341,029
Social security costs	115,372	1,555	11	8	116,946	112,945
Pension costs	232,347	382	22	14	232,765	225,273
Total costs	1,512,151	92,674	176	185	1,605,186	1,679,247
Less: Recoveries in respect of outward secondments	(7,352)	-	-	-	(7,352)	(45)
Total net costs	1,504,799	92,674	176	185	1,597,834	1,679,202
Of which:						
Core Department	28,641	6,953	176	153	35,923	37,013
Agency	4,529	1,381	-	-	5,910	5,481
Arms Length Bodies	1,471,629	84,340	-	32	1,556,001	1,636,708
Total Net Costs	1,504,799	92,674	176	185	1,597,834	1,679,202

	2012-13			2011-12 Restated		
	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000
Admin	35,765	37,514	166,423	36,941	38,351	175,190
Programme	158	4,319	1,431,411	72	4,143	1,504,012
Total net costs	35,923	41,833	1,597,834	37,013	42,494	1,679,202

In addition to staff costs above £723k was charged to capital (2011-12: £1,190k).

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

Principal Civil Service Pension Scheme (PCSPS)

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

For 2012-13, employers' contributions of £4,214k (2011-12: £4,728k) for the Department and £710k (2011-12: £699k) for the Agency 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. Group employers' contributions of £50,629k (2011-12: £53,343k) were payable to the PCSPS at rates in the range of 16.7% to 25.8% (2011-12: 16.7% to 25.5%). The Scheme Actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2012-13 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employer's contributions by the Department were nil in both years, by

TRP were £8k in both years and by the Group were £643k (2011-12: £607k). These contributions were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% (2011-12: 3% to 12.5%) of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay.

In addition, employer contributions of £1k (2011-12: £1k) for the Department, £nil (2011-12: £nil) for the Agency and £182k (2011-12: £182k) for the Group, 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 and ill health retirements of these employees.

For the Department and the Agency, nil (2011-12: nil) individuals retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to nil (2011-12: nil) for both the Department and the Agency. For the Group, 5 (2011-12: 5) individuals retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £4k (2011-12: £3k).

Other Pension Schemes

Employer contributions to other pension schemes by the Group in the year amounted to £207,532k (2011-12: £241,867k) (Note 25). A list of these bodies is provided in Note 34.

Average number of persons employed

The average number of whole-time equivalent persons employed during the year was as follows.

	2012-13					2011-12
	Permanently employed staff	Others	Ministers	Special Advisors	Total	Restated Total
Staff employed	30,805	848	3	2	31,658	32,442
Staff engaged on capital projects	142	87	-	-	229	256
Total	30,947	935	3	2	31,887	32,698
Of which:						
Core Department	487	89	3	2	581	592
Agency	96	31	-	-	127	121
Arms Length Bodies	30,364	815	-	-	31,179	31,985
Total	30,947	935	3	2	31,887	32,698

The total number of staff employed at the BBC PSB Group is 16,534 (2011-12: 16,858). The BBC PSB Group is included above within ALBs.

Staff Receivables

As at 31 March 2013, 2,088 employees (31 March 2012: 2,241 employees) of the Group were in receipt of advances of travel, housing or other loans which are repayable to the employer of £5,213k (31 March 2012: £4,928k).

7.1. Reporting of Civil Service and other compensation schemes – exit packages

Exit package cost band	2012-13								
	Core Department			Core Department & Agency			Departmental Group		
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
Less than £10,000	-	2	2	-	2	2	92	128	220
£10,000 - £25,000	-	9	9	1	10	11	135	278	413
£25,000 - £50,000	-	27	27	-	28	28	62	446	508
£50,000 - £100,000	-	25	25	-	25	25	27	245	272
£100,000 - £150,000	-	4	4	-	4	4	2	52	54
£150,000 - £200,000	-	2	2	-	2	2	-	13	13
More than £200,000	-	1	1	-	1	1	-	13	13
Total number of exit packages	-	70	70	1	72	73	318	1,175	1,493
Total cost (£'000)	-	4,104	4,104	21	4,148	4,169	6,782	50,297	57,079

Included above within other departures are costs of £38,285k relating to 813 departures agreed by the BBC PSB Group.

7.1. Reporting of Civil Service and other compensation schemes – exit packages (continued)

Exit package cost band	2011-12 Restated								
	Core Department			Core Department & Agency			Departmental Group		
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
Less than £10,000	-	-	-	-	-	-	139	209	348
£10,000 - £25,000	-	5	5	-	6	6	139	427	566
£25,000 - £50,000	-	4	4	5	6	11	75	507	582
£50,000 - £100,000	-	11	11	-	11	11	26	329	355
£100,000 - £150,000	-	4	4	-	4	4	6	61	67
£150,000 - £200,000	-	1	1	-	1	1	1	18	19
More than £200,000	-	1	1	-	1	1	1	10	11
Total number of exit packages	-	26	26	5	29	34	387	1,561	1,948
Total cost (£'000)	-	1,906	1,906	165	2,002	2,167	8,229	62,269	70,498

Included above within other departures are costs of £46,106k relating to 1,030 departures agreed by the BBC PSB Group.

Civil Service Compensation Scheme

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

Other Schemes

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

Provisions for early departures relating to the Group in 2012-13 amounting to £1,490k (2011-12: £4,061k), were made during the year and are included in Note 23 of the Accounts.

8. Other Administration Costs

	2012-13			2011-12 Restated		
	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000
Current grants	-	-	479	-	-	842
Subsidies to private sector	-	-	11	-	-	-
Audit fees (statutory accounts) - cash	47	47	592	46	46	816
Professional services	12,696	12,918	30,433	7,739	7,786	27,065
Human resources	418	443	4,256	534	664	5,051
Marketing and media	764	788	29,130	670	746	38,555
Premises expenses	3,540	4,106	10,131	2,306	2,555	10,307
Business rates	2,378	2,378	4,841	1,992	2,118	1,469
Utilities	226	300	1,520	170	210	1,150
Rentals under operating leases (non PFI)	6,868	6,879	22,730	6,955	6,957	24,163
Finance costs	15	15	763	13	20	556
IT maintenance and support	4,897	5,078	23,774	4,194	4,473	22,583
Early departure costs	4,178	4,178	10,979	1,739	1,767	6,658
Travel and subsistence	701	703	6,811	604	605	5,417
Sport	-	-	112	-	-	-
Tourism	-	-	12,706	-	-	10,290
Ceremonial and cultural events	539	539	539	381	381	381
Museums, galleries, art & exhibits	129	129	130	147	147	149
Libraries	-	-	30	-	-	58
Olympic activities	42	42	42	52	52	52
Other expenditure	911	1,165	14,416	559	877	3,495
Sub-total	38,349	39,708	174,425	28,101	29,404	159,057

8. Other Administration Costs (continued)

	2012-13			2011-12 Restated		
	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000
Non-cash items						
Depreciation	1,771	1,939	12,770	2,777	2,907	16,720
Amortisation	24	26	4,633	238	238	5,950
Impairments	-	-	17	5,522	5,702	6,167
Revaluations	-	-	(100)	-	-	(309)
(Profit)/loss on disposal of property, plant & equipment	29	29	428	18	18	392
Losses on disposal of assets:						
Assets held for sale	-	-	43	-	-	-
Financial assets	-	-	3	-	-	1
Auditors' remuneration	445	445	445	354	354	354
Interest on pension liabilities	-	-	-	-	-	470
Write offs	-	-	(106)	-	-	(17)
Unrealised foreign exchange rate (gains)/losses	-	-	7	-	-	(76)
Total non-cash items	2,269	2,439	18,140	8,909	9,219	29,652
Total administration expenditure	40,618	42,147	192,565	37,010	38,623	188,709

9. Programme Costs

	2012-13			2011-12 Restated		
	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000
Capital grants	70,010	70,010	2,192,406	74,513	74,513	795,329
Current grants	28,458	28,458	1,379,091	64,626	64,626	1,001,129
Subsidies to private sector	-	-	-	-	-	1,296
Subsidies to public sector	522,976	522,976	522,976	78,223	78,223	78,223
Grant-in-aid to ALBs	4,906,869	4,892,457	-	5,386,156	5,374,852	-
Audit fees (statutory accounts) - cash	-	-	2,003	-	-	2,448
Professional services	1,706	2,814	174,510	6,715	6,980	172,676
Human resources	25	246	12,242	52	250	8,965
Marketing and media	254	331	15,991	1,538	1,757	15,690
Premises expenses	1,362	24,953	169,067	2	10,207	156,836
Business rates	-	161	9,919	-	20	9,560
Utilities	-	980	27,809	-	937	22,231
Rentals under operating leases (non PFI)	-	114	136,313	-	114	116,104
PFI service charges	-	-	1,188	-	-	885
Interest payable	-	-	85,103	-	-	83,160
Finance costs	-	22	1,348	1	2	934
IT maintenance and support	2	159	29,785	-	241	30,799
Early departure costs	(34)	23	31,215	-	216	91,987
Travel and subsistence	467	491	19,845	23	42	14,200
Broadcasting and media	-	-	2,869,649	-	-	2,228,838
Sport	-	15	25,085	-	-	21,548
Tourism	-	-	24,377	-	-	11,706
Ceremonial and cultural events	7,358	7,810	10,782	2,960	3,225	18,575
Historical and heritage	-	-	1,402	-	-	-
Museums, galleries, art & exhibits	76	76	50,802	355	355	99,721
Libraries	-	-	6,589	-	-	6,513
Olympic activities	631	631	806	444	444	444
Other expenditure	2,078	3,474	37,587	2,403	14,658	91,136
Sub-total	5,542,238	5,556,201	7,837,890	5,618,011	5,631,662	5,080,933

Capital grants, includes the transfer of £1,242m of Olympic Delivery Authority's (ODA) assets to legacy owners. There was also an increase in the capital grants provided by the Heritage Lottery Fund by £62m, and the ODA by £37m during 2012-13.

9. Programme Costs (continued)

	2012-13			2011-12 Restated		
	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000
Non-cash items						
Depreciation	-	1,487	1,568,926	-	1,350	262,588
Amortisation	-	74	26,700	-	68	20,977
Impairments	-	-	74,510	-	380	19,318
Revaluations	-	531	(7,098)	-	-	(19,152)
(Profit)/loss on disposal of property, plant & equipment	-	60	6,860	-	3	368
(Profit)/loss on disposal of intangibles	-	-	-	-	-	14
Losses on disposal of other assets:						
Assets held for sale	-	-	4,556	-	-	-
Financial assets	-	-	1,849	-	-	60
Share of losses on joint ventures and associates	-	-	2,261	-	-	2,100
(Gains)/losses on net asset transfers	685	685	-	-	-	-
Auditors' remuneration	-	41	41	281	322	322
Interest on pension liabilities	-	-	561,358	-	-	559,752
Provisions:						
Unwinding of discount	-	-	2	-	-	204
Provided for/(released)	(2,110)	(2,168)	599,738	1,441	1,645	907,870
Write offs	-	173	580	-	(118)	(40)
Unrealised foreign exchange rate (gains)/losses	-	-	(43)	-	-	39
Other non-cash charges	-	-	367	1,593	1,593	1,593
Total non-cash items	(1,425)	883	2,840,607	3,315	5,243	1,756,013
Total programme expenditure	5,540,813	5,557,084	10,678,497	5,621,326	5,636,905	6,836,946

Notional auditors' remuneration for the cost of the audit of the Group's accounts was £445k included in administration expenditure (2011-12: £635k – of which £354k was included in administration expenditure and £281k in programme expenditure).'

The significant increase in depreciation relates primarily to the depreciation recognised on the Olympic assets held by the Olympic Delivery Authority. Following the games, temporary venues were completely written off and the cost was included in depreciation charge for the year. Also, the East Village and the permanent venues and infrastructure were revalued following the games and the change in value arising on revaluation was accounted for by the ODA as depreciation. The depreciation recognised by the Olympic Delivery Authority during 2012-13 in relation to the Olympic assets was £1,267,876k.

9.1 Grant-in-aid, Subsidies and Funding given by the Department

Grant-in-aid

	2012-13 Estimate £'000	2012-13 Outturn £'000	2011-12 Outturn Restated £'000
Arts Council England	472,468	469,968	393,602
BBC PSB Group	3,141,100	2,959,064	2,898,709
British Film Institute	20,152	27,914	33,589
British Library	104,286	103,868	101,873
British Museum	45,378	45,378	56,051
Commission for Architecture and the Built Environment (CABE)	-	-	3,515
Churches Conservation Trust	2,828	2,828	2,926
English Heritage	101,437	101,437	121,193
Equality and Human Rights Commission (EHRC)	-	30,981	35,975
Geffrye Museum Trust Limited	1,645	1,645	1,674
Horniman Public Museum and Public Park Trust	4,199	4,199	4,385
Imperial War Museum	31,186	31,186	21,961
Museums and Libraries and Archives Council (MLAC)	-	6,702	56,495
National Gallery	26,320	26,320	26,744
National Heritage Memorial Fund	5,000	5,000	-
National Lottery Commission	4,095	1,958	5,100
National Maritime Museum	16,848	16,848	17,258
National Museums Liverpool	22,061	22,061	21,875
National Portrait Gallery	7,277	7,277	7,398
Natural History Museum	45,760	45,760	46,480
Office of Communications (Ofcom)	146,370	107,097	114,145
Olympic Delivery Authority	132,805	423,200	952,853
Public Lending Right (PLR)	7,084	7,084	7,206
Royal Armouries Museum	7,773	8,773	7,901
S4C	83,234	83,000	90,000
Science Museum Group	39,941	43,660	38,254
Sir John Soane's Museum	1,111	1,111	1,130
Sport England	100,814	99,814	97,571
Sports Ground Safety Authority	1,176	1,126	898
Tate Gallery	34,912	34,912	45,105
The Royal Parks (TRP)	-	14,411	11,304
UK Anti-Doping	6,696	6,498	6,344
UK Sport	65,966	65,966	60,651
Victoria and Albert Museum	40,705	48,205	41,355
British Tourist Authority (Visit Britain)	48,672	48,672	47,771
Wallace Collection	2,946	2,946	2,983
Museum of Science & Industry in Manchester (closed during 11-12)	-	-	3,332
UK Film Council (closed during 11-12)	-	-	550
Not allocated at the time of the Estimate	(6,802)	-	-
Sub-total Grant-in-Aid	4,765,443	4,906,869	5,386,156

Grant-in-aid given to ALBs within the Group were eliminated upon consolidation.

2011-12 Outturn has been restated to include Ofcom and EHRC which were outside the Group boundary.

9.1 Grant-in-aid, Subsidies and Funding given by the Department (continued)**Grants and Subsidies**

	2012-13 Estimate £'000	2012-13 Outturn £'000	2011-12 Outturn Restated £'000
Royal Household	470	382	15,414
LOCOG	361,200	323,037	62,194
Home Office	206,100	172,285	-
Other Bodies	26,700	27,272	614
Sub-total Grants	594,470	522,976	78,222
TOTAL	5,359,913	5,429,845	5,464,378

10. Income

	2012-13			2011-12 Restated		
	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000
Administration income						
Current grant income	1,756	1,756	1,062	8	8	405
Goods and services	60	60	22,570	294	294	31,335
Recoveries	1,990	1,990	2,001	318	318	615
Rental income	3,335	3,335	3,669	2,305	2,305	2,844
Fees and charges	-	-	33,086	-	-	30,327
Fees for licences and broadcast licences	-	729	11,577	-	657	18,092
Royalties	-	-	7	-	-	-
Charity income	-	-	30	-	-	30
Interest	-	-	506	-	-	451
Dividends	-	-	19	-	-	17
Other income	25	274	1,863	1,156	1,358	5,107
Sub-total	7,166	8,144	76,390	4,081	4,940	89,223
Non-cash items						
Expected return on pension scheme assets	-	-	-	-	-	464
Total non-cash items	-	-	-	-	-	464
Total administration income	7,166	8,144	76,390	4,081	4,940	89,687

10. Income (continued)

	2012-13			2011-12 Restated		
	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000
Programme income						
Lottery income	-	-	1,957,234	-	-	1,759,484
Current grant income	63,920	64,296	157,945	21,442	22,492	72,193
Capital grant income	140	210	36,286	-	1,734	82,006
Goods and services	419	419	51,443	190,628	190,628	267,313
Property sales – East Village	-	-	212,490	-	-	-
Recoveries	2,363	2,363	65,453	5,148	5,249	17,393
Rental income - other	-	957	11,241	-	-	8,836
Fees and charges	-	12,160	37,240	-	11,164	27,820
Levies	-	-	66,855	-	-	67,889
Fees for licences and broadcast licences	-	1,380	598,643	9	2,542	509,902
Royalties	-	-	14,725	-	-	13,520
Charity income - donations	-	50	121,886	-	22	112,178
Charity income - other	-	-	108,112	-	-	58,700
Interest	5,650	5,650	18,576	-	-	16,580
Dividends	-	-	50,282	-	-	146,309
Other operating income	1,021	5,768	297,145	482	1,688	336,173
Sub-total	73,513	93,253	3,805,556	217,709	235,519	3,496,296
Non-cash items						
Profit on disposal of assets:						
Financial assets	-	-	14	-	-	1,415
Revaluation of financial assets/liabilities	-	-	(4)	-	-	10,501
Charity income - asset donations	-	99	50,611	-	-	9,566
Expected return on pension scheme assets	-	-	669,678	-	-	675,805
Other non-cash income	(25,513)	(25,513)	(25,844)	(12,351)	(12,351)	(12,351)
Total non-cash items	(25,513)	(25,414)	694,455	(12,351)	(12,351)	684,936
Total programme income	48,000	67,839	4,500,011	205,358	223,168	4,181,232

In 2011-12 the Core Department's income from goods and services includes £177.2m from the sale of the Tote.

Dividends primarily relate to those received by the BBC PSB Group from BBC Worldwide during 2012-13 of £49.5m (2011-12: £145.2m). They were significantly more in 2011-12 as a result of increased returns following the disposal of the BBC Worldwide magazine business.

11. Property, Plant and Equipment

	2012-13										
	Land £'000	Buildings £'000	Dwellings £'000	Olympic Venues/ Village £'000	Information Technology £'000	Plant & Machinery £'000	Furniture & Fittings £'000	Heritage Assets £'000	Antiques, Works of Art & Collections £'000	Assets under Construction £'000	Total £'000
Cost or valuation											
At 1 April 2012	798,518	3,596,659	16,094	-	97,769	1,397,793	409,527	933,027	960	3,401,861	10,652,208
Additions	48	19,115	82	-	8,733	57,706	10,234	21,392	-	326,804	444,114
Donations	-	6	-	-	15	-	45	50,497	-	48	50,611
Disposals	(1)	(30,831)	-	(1,915,140)	(9,477)	(177,855)	(22,372)	-	-	(986)	(2,156,662)
Revaluations	16,505	(44,905)	474	-	202	14,391	(4,333)	5,895	-	-	(11,771)
Impairments	-	(315)	-	-	-	(8,800)	(17)	-	-	-	(9,132)
Reclassifications	(13,943)	26,549	(1,812)	3,203,700	100	112,602	4,306	2,307	-	(3,333,809)	-
Transfers to inventory	-	-	-	(1,288,560)	-	-	-	-	-	-	(1,288,560)
Transfers to/from assets held for sale/intangibles	-	-	-	-	-	(5,600)	-	-	-	(12,008)	(17,608)
Transfers in/out of group	-	(432)	-	-	(26)	(1)	(161)	-	-	-	(620)
At 31 March 2013	801,127	3,565,846	14,838	-	97,316	1,390,236	397,229	1,013,118	960	381,910	7,662,580
Depreciation											
At 1 April 2012	-	409,314	7,378	-	70,844	634,919	244,540	27,821	-	-	1,394,816
Charged in year	-	103,139	537	1,267,876	11,526	169,038	29,176	404	-	-	1,581,696
Disposals	-	(16,788)	-	(672,948)	(9,518)	(146,496)	(19,011)	-	-	-	(864,761)
Revaluations	-	(53,354)	152	-	41	(12,467)	(3,711)	(6,456)	-	-	(75,795)
Reclassifications	-	(3)	-	-	(128)	1,149	(1,018)	-	-	-	-
Transfers to inventory	-	-	-	(594,928)	-	-	-	-	-	-	(594,928)
Transfers to/from assets held for sale/intangibles	-	-	-	-	-	(2,400)	-	-	-	-	(2,400)
Transfers in/out of group	-	(434)	-	-	(26)	(1)	(50)	-	-	-	(511)
At 31 March 2013	-	441,874	8,067	-	72,739	643,742	249,926	21,769	-	-	1,438,117
Carrying amount:											
31 March 2013	801,127	3,123,972	6,771	-	24,577	746,494	147,303	991,349	960	381,910	6,224,463
31 March 2012	798,518	3,187,345	8,716	-	26,925	762,874	164,987	905,206	960	3,401,861	9,257,392
Asset financing:											
Owned	799,823	2,007,835	4,125	-	24,577	729,031	143,943	991,349	960	381,910	5,083,553
Finance leased	1,304	1,116,137	2,646	-	-	17,463	3,360	-	-	-	1,140,910
Carrying amount at 31 March 2013	801,127	3,123,972	6,771	-	24,577	746,494	147,303	991,349	960	381,910	6,224,463
Of which:											
Core Department	-	258	-	-	1,960	160	766	6,496	-	-	9,640
Agency	23	18,252	1,408	-	106	1,850	1,095	26,174	-	1,216	50,124
Arms Length Bodies	801,104	3,105,462	5,363	-	22,511	744,484	145,442	958,679	960	380,694	6,164,699
Carrying amount at 31 March 2013	801,127	3,123,972	6,771	-	24,577	746,494	147,303	991,349	960	381,910	6,224,463

11. Property, Plant and Equipment (continued)

	2011-12 Restated										
	Land £'000	Buildings £'000	Dwellings £'000	Olympic Venues/ Village £'000	Information Technology £'000	Plant & Machinery £'000	Furniture & Fittings £'000	Heritage Assets £'000	Antiques, Works of Art & Collections £'000	Assets under Construction £'000	Total £'000
Cost or valuation											
At 1 April 2011	770,153	3,572,038	15,941	-	96,718	1,316,462	381,200	791,669	960	2,889,895	9,835,036
Additions	7,059	37,441	99	-	8,409	60,059	20,693	57,047	-	802,899	993,706
Donations	-	-	-	-	-	-	-	11,014	-	-	11,014
Revaluations	14,120	22,080	161	-	299	(35,613)	(25,975)	74,806	-	355	50,233
Impairments	-	(5,694)	(11)	-	(31)	(657)	(294)	(551)	-	-	(7,238)
Disposals	-	(14,196)	-	-	(5,891)	(33,101)	(3,707)	(42)	-	(12,903)	(69,840)
Reclassifications	7,186	145,340	(96)	-	(1,735)	90,553	37,610	(916)	-	(277,942)	-
Transfers to/from assets held for sale/intangibles	-	(160,350)	-	-	-	90	-	-	-	(443)	(160,703)
At 31 March 2012	798,518	3,596,659	16,094	-	97,769	1,397,793	409,527	933,027	960	3,401,861	10,652,208
Depreciation											
At 1 April 2011	-	411,229	6,917	-	63,541	630,873	240,108	28,712	-	-	1,381,380
Charged in year	-	97,107	479	-	14,401	135,676	31,340	304	-	-	279,307
Revaluations	-	(89,790)	(6)	-	88	(100,305)	(25,916)	(1,195)	-	-	(217,124)
Impairments	-	345	(12)	-	-	(22)	(97)	-	-	-	214
Disposals	-	(9,533)	-	-	(5,490)	(31,354)	(2,591)	-	-	-	(48,968)
Reclassifications	-	(44)	-	-	(1,696)	44	1,696	-	-	-	-
Transfers to/from assets held for sale/intangibles	-	-	-	-	-	7	-	-	-	-	7
At 31 March 2012	-	409,314	7,378	-	70,844	634,919	244,540	27,821	-	-	1,394,816
Carrying amount:											
31 March 2012	798,518	3,187,345	8,716	-	26,925	762,874	164,987	905,206	960	3,401,861	9,257,392
31 March 2011	770,153	3,160,809	9,024	-	33,177	685,589	141,092	762,957	960	2,889,895	8,453,656
Asset financing:											
Owned	797,214	2,049,599	5,714	-	26,890	740,677	160,090	905,206	960	3,401,861	8,088,211
Finance leased	1,304	1,137,746	3,002	-	35	22,197	4,897	-	-	-	1,169,181
Carrying amount at 31 March 2012	798,518	3,187,345	8,716	-	26,925	762,874	164,987	905,206	960	3,401,861	9,257,392
Of which:											
Core Department	-	686	-	-	2,074	216	115	6,496	-	-	9,587
Agency	-	19,088	1,324	-	136	2,000	1,093	25,101	-	570	49,312
Arms Length Bodies	798,518	3,167,571	7,392	-	24,715	760,658	163,779	873,609	960	3,401,291	9,198,493
Carrying amount at 31 March 2012	798,518	3,187,345	8,716	-	26,925	762,874	164,987	905,206	960	3,401,861	9,257,392

BBC PSB Group

Included above are buildings for the BBC PSB Group, which had a carrying value as at 31 March 2013 of £933m (31 March 2012: £945m). These buildings provide regional broadcasting facilities for both television and radio.

BBC PSB Group – revaluation of non-current assets

To align with the Financial Reporting Manual, the BBC PSB Group undertook a revaluation of non-current assets as at 31 March 2013. The BBC PSB Group engaged Lambert Smith Hampton to undertake a professional valuation of its buildings at 31 March 2013 in accordance with the RICS Red Book principles. The valuations were predominantly undertaken on the basis of capitalised rental income streams, with specialised elements of the properties (e.g. studios) being valued using the depreciated replacement cost method. Leasehold improvements were valued at modified historic cost, and depreciated historic cost has been demonstrated to be a reasonable proxy for fair value for all other assets.

The BBC PSB Group deflated the 31 March 2013 buildings valuation to 31 March 2012 and 31 March 2011 through the application of relevant indices. As detailed in Note 33, prior period comparatives have been restated. As a consequence the value of assets held by the BBC PSB Group at 31 March 2012 is £58m greater than previously reported (31 March 2011: £81m). Buildings classified as held for sale at 31 March 2012 and sold during 2012-13 were also subject to the same valuation exercise, and the prior period comparative has been restated in Note 20 accordingly

Treatment of Olympic Venues and Villages

The Olympic Delivery Authority held Olympics related assets under construction of £3,114m as at 31 March 2012 consisting of the East Village, permanent venues, temporary venues and infrastructure. These were held at historic cost.

The permanent venues and infrastructure comprised the Olympic Stadium, the Aquatics Centre, the Velodrome, the Handball Arena, the International Broadcasting Centre and Main Press Centre (IBC/MPC), Eton Manor and structures, bridges and highways. These assets were transferred from assets under construction into the appropriate asset category at the start of the Games. For the period of the Games, these assets were treated as specialised Olympic assets and were held at cost as a proxy for fair value.

Following the Games:

- Temporary venues were completely written off and the cost charged as depreciation to the Consolidated Statement of Comprehensive Net Expenditure.
- The East Village was revalued as a non-specialised asset and transferred into inventory with a value of £693.6m.
- The permanent venues and infrastructure were revalued and disposed of to the London Legacy Development Corporation (LLDC) and Lee Valley Regional Park Authority (LVRPA) with a value of £1,242m.

The FReM requires non-current assets to be valued at fair value when first brought into use and on change of use. In view of the short time that the assets were in use for the Games, the ODA took the view that a single post-Games valuation would be sufficient:

- East Village was valued on a market (sales) basis by reference to the sales agreements with QDD Athletes Village UK Ltd, Triathlon Homes and NHS Newham.
- As proxies for fair value the IBC and MPC were valued on an income capitalisation basis.
- All other permanent venues and infrastructure were valued using the depreciated replacement cost method.

The change in value arising on revaluation was accounted for by the ODA as depreciation and was charged to the Consolidated Statement of Comprehensive Net Expenditure.

Land & Building Valuation

Some ALBs have valued their land and buildings at modified historical cost as a proxy for fair value, as it is considered not to be materially different to fair value.

The professional valuations of land and buildings undertaken within the Group were prepared in accordance with the Royal Institute of Chartered Surveyors (RICS) Valuation Standards (6th Edition) the 'Red Book'. Land and buildings are revalued every five years, and where appropriate, in the intervening periods relevant indices are used. Further information can be found in the individual financial statements of the ALBs.

11.1. Analysis of the Heritage Assets details recorded in Note 11

The heritage assets owned by the Group are split between land, buildings and other (which includes antiques and works of art) as shown in the table below, and reconciles to the heritage assets tables in Notes 11 and 11.2.

	Land £'000	Buildings £'000	Other £'000	Total £'000
At 31 March 2013				
Core Department	-	-	6,496	6,496
Agency	-	19,986	6,188	26,174
Arms Length Bodies	2,400	30,411	925,868	958,679
Total	2,400	50,397	938,552	991,349
At 31 March 2012 (Restated)				
Core Department	-	-	6,496	6,496
Agency	23	25,078	-	25,101
Arms Length Bodies	4,735	22,538	846,336	873,609
Total	4,758	47,616	852,832	905,206

11.2. Heritage Assets

	Non Operational		Operational		Total Heritage Assets £'000
	At Cost £'000	At Valuation £'000	At Cost £'000	At Valuation £'000	
Cost or valuation					
Balance at 1 April 2012	213,789	376,583	30,769	311,886	933,027
Additions	17,828	23,687	4,465	25,907	71,887
Movements	1	9,463	2,322	(3,582)	8,204
Balance at 31 March 2013	231,618	409,733	37,556	334,211	1,013,118
Depreciation					
Balance at 1 April 2012	-	-	74	27,747	27,821
Depreciation charge for the year	-	-	87	317	404
Movements	-	-	-	(6,456)	(6,456)
Balance at 31 March 2013	-	-	161	21,608	21,769
Net book value at 31 March 2013	231,618	409,733	37,395	312,603	991,349
Cost or valuation					
Restated balance at 1 April 2011	199,543	364,778	29,004	198,344	791,669
Additions	14,225	5,767	1,765	46,304	68,061
Movements	21	6,038	-	67,238	73,297
Balance at 31 March 2012	213,789	376,583	30,769	311,886	933,027
Depreciation					
Restated balance at 1 April 2011	-	-	49	28,663	28,712
Depreciation charge for the year	-	-	25	279	304
Movements	-	-	-	(1,195)	(1,195)
Balance at 31 March 2012	-	-	74	27,747	27,821
Net book value at 31 March 2012	213,789	376,583	30,695	284,139	905,206

In the above table, donated assets are included within additions.

Classification

The heritage assets are classified under the FReM as either:

- Non-operational heritage assets which are held for the maintenance of the country's heritage.
- Operational heritage assets which are held for the maintenance of the country's heritage and are also used for other activities, or to provide other services.

Non-operational and operational heritage assets within the Consolidated Statement of Financial Position are split between heritage assets held at cost and held at valuation. For more detailed information on heritage assets please refer to the financial statements of the individual ALBs listed at Note 34.

11.2.1 Non-operational heritage assets

Non-operational heritage assets acquired by the Group prior to 1 April 2001 have not been valued, and are therefore not included in the Consolidated Statement of Financial Position. The cost of valuing these assets is considered to be prohibitive, which is a reflection of the size of the collections and/or the assets' uniqueness.

Department

The Department's non-operational heritage assets includes the following assets which 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; or it is part of the Government Art Collection (GAC).

Government Art Collection

The GAC'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. Purchased additions to the GAC have been included at cost in the Consolidated Statement of Financial Position from 1st April 2000.

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 Agency and asset improvements and additions are reported at cost.
- The Occupied Royal Palaces in England (Buckingham Palace, St James' Palace, Windsor Castle and some other smaller properties) are 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 for these properties, this funding has been aggregated with the Civil List into the Sovereign Grant paid by HM Treasury under the Sovereign Grant Act 2011.
- Marlborough House, used as the home of the Commonwealth Secretariat, is maintained by the Royal Household under an 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.

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 the Department.

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

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

The Agency

The Agency held non-operational heritage assets at valuation of £6.2m as at 31 March 2013 (31 March 2012: £6.2m). TRP also had 120 heritage assets which have not been included in the Consolidated Statement of Financial Position. These assets consist of monuments, statues, fountains, bridges, walls, band stands, historic gates and monuments such as the Albert Memorial in Kensington Gardens and the 7 July Memorial in Hyde Park.

Arm's Length Bodies

The Group owns a wide range of non-operational heritage assets. Further details are recorded in the respective ALB's annual report and accounts (see Note 34), the following illustrate the scope of these.

Tate Gallery held non-operational heritage assets at cost of £99.2m as at 31 March 2013 (31 March 2012: £93.5m) and non-operational heritage assets at valuation of £192.9m (31 March 2012: £174.4m). 9% of the collection is included in the Consolidated Statement of Financial Position. Tate Gallery holds the National Collection of British Art from the 1500s and international modern and contemporary art from the 1900s. The collection embraces all forms from painting, drawing, sculpture and prints, to photography, video and film, installation and performance. The collection includes 69,215 works of art. Tate Gallery also houses the National Archive of British Art from 1900. The Tate Gallery Archive contains manuscripts, notebooks, sketches, prints, documentation and supporting material.

The Arts Council England held non-operational heritage assets at valuation as at 31 March 2013 of £118.6m (31 March 2012: £108.7m). ACE holds heritage assets consisting of 7,645 works of art which are reflected in the Consolidated Statement of Financial Position; 450 documentary films, which mainly reflect contemporary British art and a poetry collection of 100,000 poems from 1912 onwards. The film and poetry collections are not reflected in the Consolidated Statement of Financial Position. The collection is revalued on a rolling basis with the highest value items being revalued at least once every five years.

The British Library held non-operational heritage assets at cost as at 31 March 2013 of £30.1m (31 March 2012: £28.3m) and at valuation of £24.6m (31 March 2012: £24.5m). The British Library is the national library of the UK and one of the world's greatest research libraries. The British Library is one of the six legal deposit libraries of the UK and it receives copies of all publications produced in the UK and the Republic of Ireland. The assets held at valuation reflect valuations made as part of the acquisition process.

The British Museum held non-operational heritage assets at cost of £61.6m as at 31 March 2013 (31 March 2012: £53.5m). The British Museum collection is a truly global one, and its great strength is the way it records the interrelated histories of humanity as a whole.

11.2.2 Operational Heritage Assets

Where operational heritage assets have not been included in the Consolidated Statement of Financial Position, it is due to the prohibitive cost of valuing these assets which is a reflection of the size of the collections and/or the assets uniqueness.

Department

The Department holds the freehold to 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, Media and Sport.

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. The Department manages the Government's freehold interest in Somerset House and ensures the Somerset House Trust fulfils the terms of its lease, which it holds until 2125.

The Agency

The Agency held operational heritage assets at valuation as at 31 March 2013 of £20.0m (31 March 2012: £18.9m), comprising buildings in use by the Agency, tenants or concessionaires which, in addition to being held by the Agency for heritage purposes, are also used for revenue generating or other non-heritage purposes. These assets are subject to revaluation under a rolling five year programme.

Arm's Length Bodies

The Group owns a wide range of operational heritage assets. The National Gallery held operational heritage assets at cost of £3.9m as at 31 March 2013 (31 March 2012: £3.4m) and operational heritage assets at valuation of £264.6m (31 March 2012: £239.9m). Details of other ALBs heritage assets are recorded in the respective ALB's annual report and accounts (see Note 34).

11.2.3 Acquisition, preservation, management and disposal policies

Department

The Government is committed to setting an example in the conservation of its historic estate emphasising the importance of preventative maintenance as part of an integrated approach to the historic environment. The requirement for quadrennial condition surveys (QIs) and a planned programme of repairs and maintenance for historic buildings is set out in the *Protocol for the Care of the Government Historic Estate*. This *Protocol* requires Departments and Agencies to nominate a Departmental Conservation Officer to monitor conservation activity and liaise with the Government Historic Estates Unit (GHEU). GHEU is a team in English Heritage providing advice and guidance at a national level to government departments and agencies, as well as other bodies.

With the exceptions of Blythe House and Somerset House, English Heritage manages all the sites on behalf of the Department. English Heritage is obliged by the National Heritage Act 1983 "to secure the preservation of ancient monuments and historic buildings in England (including UK territorial waters adjacent to England)". In addition, the Department agrees with English Heritage a strategy for the conservation and maintenance of the sites. English Heritage has a published asset management plan, *Asset Management Plan for the*

Maintenance of the Historic Estate 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 is part of the Department, and receives annual funding directly from the Department. Other departments provide additional funding for major site-specific commissions for new or refurbished buildings. Works of art are displayed in approximately 400 Government buildings in the UK and abroad. This includes 10 Downing Street, Lancaster House, main Whitehall departments, diplomatic posts abroad, Embassies, Residences, High Commissions and Consulates-General in most countries.

More details of the asset management undertaken by Government Art Collection can be found on their website via the link below:

www.gac.culture.gov.uk/resources/reports

Agency

The Royal Parks has detailed documented procedures in relation to acquisitions and disposal of on balance sheet heritage assets.

For off balance sheet heritage assets the Agency has no disposal policy as they are inalienable, nor has it disposed of any heritage assets since it was formed in 1993.

The Agency has a programme of maintenance works undertaken which is informed by the Quadrennial Conservation report of all listed buildings and structures and condition surveys. In line with the Core Department it has adopted the "Protocol for the Care of the Historic Estate" appointed a Conservation Officer and uses specialist consultants and contractors where appropriate. Priorities are assessed each year, and the cost is expensed through the Statement of Comprehensive Net Expenditure. A schedule of backlog maintenance requirements is maintained and this is used to assess priorities. The work undertaken each year will include repair and preventative maintenance. Operational heritage land and buildings, comprising buildings in use by TRP, tenants or concessionaires, are 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.

Arm's Length Bodies

The ALBs have detailed documented procedures in relation to acquisitions and disposals. These acquisitions and disposals take into account relevant guidelines and require the approval of the ALB's Board. There are restrictions placed on ALBs in relation to the disposal of heritage assets, a significant exception is where an item has deteriorated beyond usefulness for the purpose of the relevant collection. The relevant ALBs have established standards of care which generally follow Codes of Practice for the preservation of collections. These policies and procedures are regularly reviewed. Conservation work includes assessment of the collection, preventive conservation (through environmental and light control), preventive maintenance and minor treatment. For further details of their acquisition, preservation, management and disposal policies please refer to the individual financial statements of the ALBs.

11.2.4 Heritage assets: records maintained and access

Department

The Government Art Collection maintains a physical and online database of its collection. The Government Art Collection places works of art in major Government buildings in the UK

and around the world to promote British art, culture and history, and as a result the public's access is limited.

The Agency

The Agency maintains a physical database of its collection. Given the Agency's heritage assets location in the Royal Parks and that visiting the Royal Parks is free, the public have significant access to these assets.

Arm's Length Bodies

Collection databases are maintained physically or online by the relevant ALBs. Most of these ALBs have a major part of their collections on public display, free of charge. For further details of the records maintained and the extent to which heritage assets can be accessed please refer to the individual financial statements of the ALBs.

11.2.5 Nature and extent of significant donations of heritage assets

The National Gallery received donations of operational heritage assets at a valuation of £19.9m. This included a collection of 25 baroque paintings from the estate of Sir Denis Mahon, transferred into the National Gallery's collection by the Art Fund. The paintings include works by Luca Giordano, Ludovico Carracci, Guercino, Domenichino and Guido Reni, which were already on long-term loan to the Gallery. These paintings have been included in the Accounts at a value of £18.4m.

The Tate Gallery received donations of operational heritage assets at a valuation of £18.5m, which included £10.5m of paintings, £2.2m of sculptures, £2.5m works on paper and £1.9m of installations. The paintings donated included a major gift from Mercedes and Ian Stoutzker of a group of pre-eminent British works.

12. Investment Properties

	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000
Balance at 1 April 2011	-	-	3,005
Additions	-	-	141
Revaluations	-	-	117
Balance at 31 March 2012	-	-	3,263
Revaluations	-	-	175
Reclassifications	-	-	(552)
Balance at 31 March 2013	-	-	2,886

The British Museum held investment properties as at 31 March 2013 valued at £2,886k (31 March 2012: £2,711k). The valuation of these investment properties was carried out by Kinney Green at 31 March 2013 in accordance with the RICS Appraisal and Valuation Manual. The investment properties comprise the freehold of various properties around the museum in Bloomsbury and were acquired in the nineteenth century. They are treated as having a zero historic cost, and are held for capital appreciation. In 2012-13 rental income of £37k (2011-12: £37k) and £42k (2011-12: £31k) of direct operating expenses were recognised in the Consolidated Statement of Comprehensive Net Expenditure.

The Group has adopted the fair value model in accordance with the FReM.

13. Intangible Assets

	2012-13					
	Licences £'000	Websites £'000	Development Expenditure £'000	Licences, Trademarks & Artistic Originals £'000	Goodwill £'000	Total £'000
Cost or valuation						
At 1 April 2012	182,118	627	28,402	1,134	78	212,359
Additions	8,620	148	8,017	421	-	17,206
Disposals	(239)	-	(109)	(1,555)	-	(1,903)
Revaluations	150	-	203	-	-	353
Impairments	(43,000)	-	-	-	-	(43,000)
Reclassifications	(507)	261	246	-	-	-
Transfers to/from property, plant & equipment	16,223	15	-	-	-	16,238
Transfers in/out of group	(183)	-	-	-	-	(183)
At 31 March 2013	163,182	1,051	36,759	-	78	201,070
Amortisation						
At 1 April 2012	109,013	347	14,243	1,108	-	124,711
Charged in year	29,763	158	965	447	-	31,333
Disposals	(239)	-	(109)	(1,555)	-	(1,903)
Revaluations	128	-	(981)	-	-	(853)
Reclassifications	(259)	4	255	-	-	-
Transfers to/from property, plant & equipment	2,400	-	-	-	-	2,400
Transfers in/out of group	(183)	-	-	-	-	(183)
At 31 March 2013	140,623	509	14,373	-	-	155,505
Carrying amount:						
31 March 2013	22,559	542	22,386	-	78	45,565
31 March 2012	73,105	280	14,159	26	78	87,648
Asset financing:						
Owned	22,559	542	22,386	-	78	45,565
Carrying amount at 31 March 2013	22,559	542	22,386	-	78	45,565
Of Which:						
Core Department	15	-	-	-	-	15
Agency	-	28	178	-	-	206
Arm's Length Bodies	22,544	514	22,208	-	78	45,344
Carrying amount at 31 March 2013	22,559	542	22,386	-	78	45,565

During the year the BBC PSB Group undertook a review of Digital Media Initiative (DMI) which resulted in an impairment of intangible assets of £43.0m.

13. Intangible Assets (continued)

	2011-12 Restated					
	Licences £'000	Websites £'000	Development Expenditure £'000	Licences, Trademarks & Artistic Originals £'000	Goodwill £'000	Total £'000
Cost or valuation						
At 1 April 2011	142,206	599	22,036	1,468	71	166,380
Additions	39,391	28	7,297	-	-	46,716
Disposals	(1,290)	-	-	-	-	(1,290)
Revaluations	1	-	918	-	-	919
Impairments	-	-	-	(334)	7	(327)
Reclassifications	1,849	-	(1,849)	-	-	-
Transfers to/from property, plant & equipment	(39)	-	-	-	-	(39)
Transfers in/out of group	-	-	-	-	-	-
At 31 March 2012	182,118	627	28,402	1,134	78	212,359
Amortisation						
At 1 April 2011	83,790	199	13,502	1,090	-	98,581
Charged in year	26,412	148	349	18	-	26,927
Disposals	(1,183)	-	-	-	-	(1,183)
Revaluations	1	-	392	-	-	393
Reclassifications	(14)	-	-	-	-	(14)
Transfers to/from property, plant & equipment	7	-	-	-	-	7
Transfers in/out of group	-	-	-	-	-	-
At 31 March 2012	109,013	347	14,243	1,108	-	124,711
Carrying amount:						
31 March 2012	73,105	280	14,159	26	78	87,648
31 March 2011	58,416	400	8,534	378	71	67,799
Asset financing:						
Owned	73,105	280	14,159	26	78	87,648
Carrying amount at 31 March 2012	73,105	280	14,159	26	78	87,648
Of which:						
Core Department	33	-	-	-	-	33
Agency	240	-	-	-	-	240
Arms Length Bodies	72,832	280	14,159	26	78	87,375
Carrying amount at 31 March 2012	73,105	280	14,159	26	78	87,648

The Department has a non-exclusive, non-transferable and limited trademark licence to use the London 2012 logo for the Olympic and Paralympic Games. This licence has not been included above as the Department did not pay for the licence and receives no economic benefit from its use.

The BIG Lottery Fund had intangible assets with a value of £18.2m as at 31 March 2013 (31 March 2012: £11.8m). This includes development expenditure with a value of £17.9m (31 March 2012: £11.8m) relating to Funding System Software, which is a unique grant management software product. This expenditure includes £4.6m of internally generated costs.

14. Financial Instruments

	Note	31 March 2013			31 March 2012 Restated		
		Core Department £'000	Core Department and Agency £'000	Departmental Group £'000	Core Department £'000	Core Department and Agency £'000	Departmental Group £'000
Financial assets							
Loans and receivables							
Cash and cash equivalents	21	20,571	22,921	2,430,644	6,580	6,264	2,248,278
Receivables	19	85,942	87,637	855,103	245,604	247,122	938,267
Loans	16	106	139	14,977	211	245	22,493
Deposits		-	-	15,216	-	-	6,673
		106,619	110,697	3,315,940	252,395	253,631	3,215,711
Available for sale							
Shares & equity type investments (listed and unlisted)	16	-	-	117,020	-	-	11,381
Investment in subsidiaries	16	-	-	14,453	-	-	-
Investment funds	16	-	-	175,310	-	-	189,309
Other financial assets	16	-	-	16,375	-	-	21,161
		-	-	323,158	-	-	221,851
Fair value through profit or loss							
Derivative financial instrument assets		-	-	7,087	-	-	1,792
Financial liabilities							
Fair value through profit or loss							
Derivative financial instrument liabilities	26	-	-	(1,506)	-	-	(2,247)
Financial liabilities at amortised cost							
Payables	22	(113,918)	(117,232)	(2,823,329)	(263,998)	(264,762)	(2,333,874)
Other financial liabilities	26	-	-	(58,731)	-	-	(56,917)
		(113,918)	(117,232)	(2,882,060)	(263,998)	(264,762)	(2,390,791)
Total		(7,299)	(6,535)	762,619	(11,603)	(11,131)	1,046,316

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The amounts disclosed above as payables and receivables therefore exclude any assets or liabilities which do not result from a contractual arrangement.

The Group's financial instruments, other than those used for risk management purposes, comprise cash and cash equivalents and other financial assets and liabilities including trade receivables and payables, that arise directly from operations, or to partially fund future operations. The Group finances part of its operations from these financial instruments. The Group does not undertake speculative financial transactions. There is a risk averse approach to the management of foreign currency trading.

Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk largely arises from cash and cash equivalents, derivative financial instruments, available for sale financial assets, trade and other receivables. The Group's credit risk management policy in relation to trade receivables involves regularly assessing the financial reliability of customers, taking into account their financial position and historical credit risk.

The BBC PSB Group's licence fee debtor of £404.9m as at 31 March 2013 is the most significant credit risk facing the Group. The BBC PSB Group mitigates this risk through a third party contractor who collects the licence fee on BBC PSB Group's behalf. The risk is mitigated by actively monitoring debtors, chasing payment defaulters who subsequently risk having their licence revoked and potentially facing prosecution.

Lottery Bodies' term deposits and cash holdings are placed with the National Lottery Distribution Fund/Olympic Lottery Distribution Fund, Government Banking Service or approved UK banks and are spread across institutions. Transactions involving derivative financial instruments are entered into only with reputable banks, the credit ratings of which are taken into account to minimise credit risk.

Market risk (currency and other price risks)

The Department, its Agency and the Group are principally domestic organisations with the majority of transactions, assets and liabilities arising in the UK and being sterling based. However, the Group undertake some transactions in currencies other than sterling. Due to movements in exchange rates over time, the amount the Group expects to receive or pay when it enters into a transaction may differ from the amount that it actually receives or pays when it settles the transaction. The most significant currency exposure by total value of transactions is US dollars, mainly relating to the BBC PSB Group. 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, generally 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 relatively fixed.

Interest rate risk

The Group has minimal exposure to interest rate risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. As the cash requirements of the Group are largely met through the Estimates process, there is minimal liquidity risk. The BBC PSB Group has the most significant liquidity risk, as it is subject to ceilings on its borrowings set by the Secretary of State in accordance with the Agreement between the BBC PSB Group and the Department. In order to comply with these ceilings together with the terms of any individual debt instruments, the BBC PSB Group's Treasury manages their borrowings by regularly monitoring cash flow forecasts. The BBC PSB Group holds its surplus liquidity in term deposit accounts with highly rated financial institutions. These measures mitigate the BBC PSB Group's liquidity risk.

The vast majority of funding for Arts Council England Lottery, British Film Institute Lottery, BIG Lottery Fund, Heritage Lottery Fund, Olympic Lottery Distributor, Sports England Lottery and UK Sport Lottery comes from the National Lottery. Their liquidity risk is minimised by holding significant amounts of liquid assets and through cash-flow forecasting. Forward forecasts of lottery income are provided to these ALBs by the Department.

The Horserace Betting Levy Board and the Gambling Commission are largely funded by means of a levy and licence fee respectively, rather than through the Estimates process. They mitigate this risk by monitoring cash requirements and holding sufficient amounts of cash and cash equivalents to meet their requirements.

15. Investments in Joint Ventures and Associates

	2012-13			2011-12		
	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000
Balance at 1 April	-	-	100,300	-	-	76,900
Share of profit or loss	-	-	(2,261)	-	-	-
Reclassifications	-	-	(97,808)	-	-	-
Other	-	-	-	-	-	23,400
Balance at 31 March	-	-	231	-	-	100,300

The BBC PSB Group had an investment relating to its shareholding in Daunus Limited, the entity that is redeveloping Broadcasting House, which at 31 March 2012 was classified as an investment in joint ventures. This has been reclassified as share and equity investments within non-current financial assets.

16. Other financial assets

16.1 Non-current financial assets

	Deposits £'000	Derivatives £'000	Investment funds £'000	Shares & equity type investments £'000	Investment in Subsidiaries £'000	Loans £'000	Total £'000
Restated balance at 1 April 2011	-	2,140	187,224	7,840	-	17,936	215,140
Additions	-	-	111,272	2,300	-	10	113,582
Disposals	-	-	(122,315)	(39)	-	-	(122,354)
Revaluations	-	(1,840)	(2,622)	(6)	-	-	(4,468)
Impairments	-	-	(10)	-	-	905	895
Reclassifications	-	-	(440)	-	-	-	(440)
Discounting	-	-	-	-	-	(8,472)	(8,472)
Restated balance at 31 March 2012	-	300	173,109	10,095	-	10,379	193,883
Additions	-	-	81,162	-	1,100	52	82,314
Disposals	-	-	(109,023)	-	-	-	(109,023)
Revaluations	-	4,134	13,848	16,078	3,720	-	37,780
Impairments	-	-	-	-	(118)	-	(118)
Repayments	-	-	-	-	-	(1)	(1)
Reclassifications	-	-	(203)	90,212	9,101	(5,083)	94,027
Transfers in/out of group	-	-	(128)	-	650	-	522
Foreign exchange movements	-	-	-	-	-	8	8
Balance at 31 March 2013	-	4,434	158,765	116,385	14,453	5,355	299,392
Of which:							
Core Department	-	-	-	-	-	-	-
Agency	-	-	-	-	-	-	-
Arms Length Bodies	-	4,434	158,765	116,385	14,453	5,355	299,392
Carrying amount at 31 March 2013	-	4,434	158,765	116,385	14,453	5,355	299,392

Derivatives

The BBC PSB Group had derivatives as at 31 March 2013 with a fair value of £4.4m (31 March 2012: £0.3m). The BBC PSB Group does not enter into speculative derivative contracts, however some derivative financial instruments are used to manage foreign currency exchange rates (foreign currency forward contracts and currency options). The BBC PSB Group have not formally designated these contracts as hedges, and have therefore classified these contracts as assets at fair value through profit or loss at initial recognition, in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*.

Share and Equity Investments

The BBC PSB Group had an investment as at 31 March 2013 with a fair value of £116.4m (31 March 2012: £2.5m) relating to its shareholding in Daunus Limited, the entity that is redeveloping Broadcasting House. The BBC PSB Group holds 10% share of the issued share capital (preferential in nature) of that company which is due to mature in 2033 at which point in time the BBC PSB Group receives certain rights in respect of the new Broadcasting House. The estimated interest rate used (linked to RPI) was 2.6% (2012: 5.0%) and the rate used to discount the future cash flows was 2.7% (2012: 3.2%).

Investments in Subsidiaries

Reclassification

Some trading subsidiaries of the Museums and Galleries were consolidated on a line by line basis in 2011-12, whereas in 2012-13 they have been reclassified as Investment in Subsidiaries. All Investment in Subsidiaries that were not classified as share and equity type investments in 2011-12, have been reclassified as Investment in Subsidiaries. The 2011-12 comparatives have not been restated as the impact is not significant.

Loans

The Horserace Betting Levy Board has provided loans to race courses as at 31 March 2013 with a value of £5.4m (31 March 2012: £10.4m). The loans granted prior to 1 April 2012 are interest free and loans granted subsequently attract an interest rate of 4%. Any loans greater than £0.2m are secured by legal charges against the borrower. In accordance with IAS 39, loans are classified as Loans and Receivables and are carried at amortised cost. This involves the gross value of the loans issued being discounted to net present value using the effective interest rate prescribed by HM Treasury of 2.2%.

Investment Funds

The British Museum had investment funds as at 31 March 2013 with a fair value of £72.3m (31 March 2012: £96.6m). These investments consist of investment funds, fixed income and unlisted equities. They are classified as available for sale assets in accordance with IAS 39.

The British Library held investments as at 31 March 2013 with a fair value of £13.2m (31 March 2012: £11.6m). These investments consist of unit trusts with shares and equity type investments. They are classified as available for sale assets in accordance with IAS 39.

The National Heritage Memorial Fund had investment funds as at 31 March 2013 with a fair value of £29.8m (31 March 2012: £26.4m). The funds are invested in Schroders' Charity Multi-Asset Fund, which invests in a range of over thirty unit and investment trusts across many asset types and geographic markets.

The Victoria and Albert Museum held investment funds at 31 March 2013 with a fair value of £15.3m (31 March 2012: £14.6m) which mainly consist of government stocks, corporate bonds and investment funds. They are classified as available for sale assets in accordance with IAS 39.

16.2 Current financial assets

	Deposits £'000	Derivatives £'000	Investment funds £'000	Shares & equity type investments £'000	Loans £'000	Other current financial assets £'000	Total £'000
Restated balance at 1 April 2011	6,604	6,844	14,569	4,653	11,578	-	44,248
Additions	69	-	2,615	36	2,318	38,895	43,933
Disposals	-	-	(2,583)	(3,434)	-	-	(6,017)
Revaluations	-	(5,352)	1,159	31	-	3,413	(749)
Impairments	-	-	-	-	105	(17,146)	(17,041)
Repayments	-	-	-	-	(11,745)	(4,001)	(15,746)
Reclassifications	-	-	440	-	-	-	440
Discounting	-	-	-	-	8,473	-	8,473
Restated balance at 31 March 2012	6,673	1,492	16,200	1,286	10,729	21,161	57,541
Additions	12,144	51	327	23	38	25,411	37,994
Disposals	(3,601)	-	(734)	-	-	-	(4,335)
Revaluations	-	1,110	752	76	-	(1,687)	251
Impairments	-	-	-	-	-	(22,277)	(22,277)
Repayments	-	-	-	-	(10,812)	(6,233)	(17,045)
Reclassifications	-	-	-	(750)	5,083	-	4,333
Discounting	-	-	-	-	(10)	-	(10)
Balance at 31 March 2013	15,216	2,653	16,545	635	5,028	16,375	56,452
Of which:							
Core Department	-	-	-	-	-	-	-
Agency	-	-	-	-	-	-	-
Arms Length Bodies	15,216	2,653	16,545	635	5,028	16,375	56,452
Carrying amount at 31 March 2013	15,216	2,653	16,545	635	5,028	16,375	56,452

Deposits

The deposits shown above relate to values deposited for longer than three months by the Imperial War Museum and the Horserace Betting Levy Board.

Derivatives

The BBC PSB Group held derivatives as at 31 March 2013 with a fair value of £2.5m (31 March 2012: £1.4m).

Investment Funds

The Victoria and Albert Museum held investment funds at 31 March 2013 with a fair value of £9.6m (31 March 2012: £9.2m) which mainly consists of government stocks and corporate bonds. They are classified as available for sale assets in accordance with IAS 39.

Loans

The Horserace Betting Levy Board had loans to race course as at 31 March 2013 with a value of £5.0m (31 March 2012: £8.4m).

Other Financial Assets

The British Film Institute (lottery) held film rights as at 31 March 2013 with a value of £16.4m (31 March 2012: £21.2m). Film rights represent loans paid and advances paid and payable to filmmakers, which are repayable under certain conditions.

17. Impairments

	Note	31 March 2013			31 March 2012 Restated		
		Core Department £'000	Core Department & Agency £'000	Departmental Group £'000	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000
Property, plant & equipment	11	-	-	(9,132)	(5,522)	(5,522)	(7,452)
Intangible assets	13	-	-	(43,000)	-	-	(327)
Inventories	18	-	-	-	-	(8)	(20)
Financial assets (non-current assets)	16	-	-	(118)	-	-	895
Financial assets (current assets)	16	-	-	(22,277)	-	-	(17,041)
Total impairments		-	-	(74,527)	(5,522)	(5,530)	(23,945)

During 2012-13, the Group impaired assets by a value of £74.5m (2011-12: £23.9m). The total impairment for the year was charged directly to the Consolidated Statement of Comprehensive Net Expenditure. These impairments include:

- During the year the BBC PSB Group undertook a review of Digital Media Initiative (DMI) which resulted in an impairment of property plant and equipment £8.8m and intangible assets of £43.0m. The assets of DMI have been written down to nil value as there is significant risk that they will not be utilised by the organisation.
- The British Film Institute (lottery) incurred impairments of £22.3m in relation to their film rights. Impairment is made against film rights to the extent that full repayment of an advance, through actual receipts and the value of future estimated receipts, is considered doubtful. The valuation is reviewed on a rolling basis to ensure that fair value is maintained.

18. Inventories

	2012-13			2011-12		
	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000
Balance at 1 April	-	-	608,835	-	8	564,996
Additions	-	-	2,065,380	-	-	2,004,130
Disposals	-	-	(2,544,798)	-	-	(1,960,271)
Impairments	-	-	-	-	(8)	(20)
Reclassifications from property, plant & equipment	-	-	693,632	-	-	-
Transfers in/out of group	-	-	(65)	-	-	-
Carrying amount at 31 March	-	-	822,984	-	-	608,835
Work in intermediate stages of completion	-	-	681,200	-	-	153,023
Raw materials and consumables	-	-	190	-	-	15,174
Goods for resale and finished inventories	-	-	141,594	-	-	440,638
Total inventories and work in progress	-	-	822,984	-	-	608,835

The ODA inventory as at 31 March 2013 of £481.1m (31 March 2012: nil) comprised all the physical assets relating to the East Village development that had not been sold or otherwise disposed of. The inventory includes residential and commercial units, bare land held for development, community assets and infrastructure associated with the development. The amount transferred into inventory from non-current assets of £693.6m represented the amount expected from sales proceeds. Revenue of £212.5m was recognised and a corresponding amount released from inventory to the Statement of Comprehensive Net Expenditure.

Included within inventories as at 31 March 2013 are costs of £323.3m (31 March 2012: £586.8m) for BBC and £13.0m (2011-12: £15.0m) for S4C in respect of programmes in the course of production and programmes that are ready for broadcast but not yet aired.

19. Trade receivables and other assets

	31 March 2013			31 March 2012 Restated		
	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000
Amount falling due within one year:						
Trade receivables	1,069	1,939	73,117	1,531	2,671	80,484
VAT receivables	646	1,151	74,285	679	1,057	63,981
Other receivables	1,309	1,629	544,864	803	803	571,160
Prepayments	1,010	1,429	397,933	7,523	8,584	256,362
Accrued income	-	-	40,523	-	-	1,914
Interest receivable	-	-	191	-	-	78
Staff loans and advances	106	139	4,594	211	245	1,385
Taxation and duties due	-	-	1,331	-	-	-
Government grants receivable	-	-	139	-	-	(38,321)
Supply receivable	-	-	-	81,079	81,079	81,079
	4,140	6,287	1,136,977	91,826	94,439	1,018,122
Amounts falling due after more than one year:						
Trade receivables	-	-	309	25	25	385
Taxation and duties due	-	-	-	-	-	132
Other receivables	-	-	77,949	-	-	17,802
Prepayments	-	-	6,252	-	-	11,134
Accrued income	-	-	163	-	-	839
Interest receivable	5,650	5,650	5,650	-	-	-
Consolidated Fund receivables	77,268	77,268	77,268	161,487	161,487	161,487
	82,918	82,918	167,591	161,512	161,512	191,779
Total	87,058	89,205	1,304,568	253,338	255,951	1,209,901

19.1 Trade receivables and other assets - Intra-government balances

	Amounts falling due within one year		Amounts falling due after more than one year	
	2012-13 £'000	2011-12 Restated £'000	2012-13 £'000	2011-12 Restated £'000
Balances with other central government bodies	45,416	178,319	2,480	2,601
Balances with local authorities	3,454	11,815	-	-
Balances with NHS bodies	334	11	-	-
Balances with public corporations and trading funds	3,570	3,760	-	-
<i>Subtotal: intra-government balances</i>	52,774	193,905	2,480	2,601
Balances with bodies external to government	1,084,203	824,217	165,111	189,178
Total receivables at 31 March	1,136,977	1,018,122	167,591	191,779

Balances with bodies external to Government as at 31 March 2013 includes the receivable and accrued interest of £82.9m (31 March 2012: £102.8m) due to the Department from the sale of the Tote, discounted to net present value to reflect the fair value of the receivable.

20. Non-current assets held for sale

	2012-13			2011-12 Restated		
	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000
Balance at 1 April	-	-	161,410	-	-	6,203
Reclassifications from property, plant & equipment	-	-	1,370	-	-	161,410
Disposals	-	-	(161,326)	-	-	(6,203)
Balance at 31 March	-	-	1,454	-	-	161,410
Of which:						
Property, plant & equipment	-	-	1,454	-	-	161,410
Total assets held for sale	-	-	1,454	-	-	161,410

English Heritage as at 31 March 2013 had £1.5m (31 March 2012: £0.4m) of assets held for sale, which are surplus to requirements. These assets consist of the following land and buildings: Mount Pleasant Cottage at Wroxeter Roman City; properties at Countess Road and Countess Farm East at Stonehenge; and Birdoswald Underheugh Farm. These assets are held at the lower of their carrying amount and fair value less costs to sell.

The BBC PSB Group reclassified the BBC Television Centre from property, plant and equipment to non-current assets held for sale as at 31 March 2012. The property was subsequently sold in July 2012. There was no gain made on disposal.

21. Cash and Cash Equivalents

	2012-13			2011-12 Restated		
	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000
Balance at 1 April	6,580	6,264	2,248,278	123,328	125,941	2,370,907
Net change in cash and cash equivalent balances	13,991	16,657	182,366	(116,748)	(119,677)	(122,629)
Balance at 31 March	20,571	22,921	2,430,644	6,580	6,264	2,248,278
The following balances at 31 March were held with:						
Government Banking Service	20,571	22,921	171,146	6,580	6,206	57,588
Commercial banks and cash in hand	-	-	748,560	-	58	622,553
Liquid deposits	-	-	24,931	-	-	72,136
Sub-total	20,571	22,921	944,637	6,580	6,264	752,277
Balance held by NLDF/OLDF	-	-	1,486,007	-	-	1,496,001
Balance at 31 March	20,571	22,921	2,430,644	6,580	6,264	2,248,278

The majority of the cash is held by the National Lottery Distribution Fund and Olympic Lottery Distribution Fund under the stewardship of the Secretary of State for Culture, Media and Sport. These funds are managed by the Commissioners for the Reduction of the National Debt, who invest the funds as call notice deposits with the Debt Management Office (DMO).

Of the £748,560k of balances held with Commercial banks and cash in hand, £481,430k relates to the BBC PSB Group (2011-12: £351,791k).

22. Trade payables and other current liabilities

	31 March 2013			31 March 2012 Restated		
	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000
Amounts falling due within one year:						
Taxation and social security	354	538	39,815	552	734	36,691
Trade payables	1,396	2,176	203,694	3,451	3,893	350,491
Other payables	8,679	8,679	804,702	63,103	63,243	360,644
Accruals & deferred income	56,993	69,483	1,126,540	14,002	22,004	1,624,718
Grants payable	-	-	369,855	3,554	3,554	359,346
Obligations under finance leases: amounts payable within 1 year	-	-	27,822	-	-	6,379
Supply payable	19,624	21,974	21,974	-	-	-
Consolidated Fund payables	947	947	947	90,558	90,558	90,558
	87,993	103,797	2,595,349	175,220	183,986	2,828,827
Amounts falling due after more than one year:						
Other payables	-	-	18,909	-	-	98,708
Accruals & deferred income	-	-	15,965	-	-	19,377
Grants payable	-	-	383,908	-	-	43,521
Bank and other borrowings	-	-	8	-	-	(4,507)
Obligations under finance leases: amounts payable after more than 1 year	-	-	868,777	-	-	889,263
Consolidated Fund payables	82,918	82,918	82,918	102,780	102,780	102,780
	82,918	82,918	1,370,485	102,780	102,780	1,149,142
Total	170,911	186,715	3,965,834	278,000	286,766	3,977,969

22.1 Trade payables and other current liabilities - Intra-government balances

	Amounts falling due within one year		Amounts falling due after more than one year	
	2012-13 £'000	2011-12 Restated £'000	2012-13 £'000	2011-12 Restated £'000
Balances with other central government bodies	182,065	198,065	87,539	105,896
Balances with local authorities	339,316	345,551	24,819	13,399
Balances with NHS bodies	289	103	70	-
Balances with public corporations and trading funds	769	7,353	-	-
<i>Subtotal: intra-government balances</i>	522,439	551,072	112,428	119,295
Balances with bodies external to government	2,072,910	2,277,755	1,258,057	1,029,847
Total payables at 31 March	2,595,349	2,828,827	1,370,485	1,149,142

Included within balances with other central government bodies as at 31 March 2013 is £82.9m (31 March 2012: £102.8m) from the sale of the Tote that is payable to the Consolidated Fund when received, discounted to net present value to reflect the fair value of the payable.

23. Provision for Liabilities and Charges

Total Provisions	2012-13			2011-12 Restated		
	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000
Balance at 1 April	(4,046)	(4,644)	(1,425,612)	(3,336)	(3,828)	(1,332,850)
Provided in the year	-	(51)	(657,366)	(4,617)	(4,850)	(947,143)
Provisions utilised in year	651	739	949,721	2,131	2,229	774,105
Provisions not required written back	2,110	2,219	49,831	1,776	1,805	80,568
Unwinding of discounts	-	-	(164)	-	-	(292)
Transfers in/out of group	(500)	(500)	-	-	-	-
Balance at 31 March	(1,785)	(2,237)	(1,083,590)	(4,046)	(4,644)	(1,425,612)
Comprising:						
<u>Current liabilities:</u>						
Not later than one year	(1,579)	(1,899)	(466,554)	(3,661)	(4,111)	(609,837)
<u>Non-current liabilities</u>						
Later than one year and not later than five years	(188)	(214)	(315,575)	(338)	(376)	(426,168)
Later than five years	(18)	(124)	(301,461)	(47)	(157)	(389,607)
Balance at 31 March	(1,785)	(2,237)	(1,083,590)	(4,046)	(4,644)	(1,425,612)

23. Provision for Liabilities and Charges (continued)

Total Provisions by type	Early Departures and Redundancies £'000	Legal claims £'000	Grant Commitments £'000	Other £'000	Total £'000
Balance at 1 April 2012	(11,597)	(22,818)	(1,212,415)	(178,782)	(1,425,612)
Provided in the year	(1,490)	(434)	(602,888)	(52,554)	(657,366)
Provisions utilised in year	4,664	17,992	867,473	59,592	949,721
Provisions not required written back	1,454	444	6,494	41,439	49,831
Unwinding of discounts	(36)	-	-	(128)	(164)
Balance at 31 March 2013	(7,005)	(4,816)	(941,336)	(130,433)	(1,083,590)
Comprising:					
<u>Current liabilities</u>					
Not later than one year	(3,599)	(4,816)	(393,325)	(64,814)	(466,554)
<u>Non-current liabilities</u>					
Later than one year and not later than five years	(2,928)	-	(248,733)	(63,914)	(315,575)
Later than five years	(478)	-	(299,278)	(1,705)	(301,461)
Balance at 31 March 2013	(7,005)	(4,816)	(941,336)	(130,433)	(1,083,590)
Of the total:					
Core Department	(385)	-	-	(1,400)	(1,785)
Agency	(149)	(303)	-	-	(452)
Arms Length Bodies	(6,471)	(4,513)	(941,336)	(129,033)	(1,081,353)
Balance at 31 March 2013	(7,005)	(4,816)	(941,336)	(130,433)	(1,083,590)

23. Provision for Liabilities and Charges (continued)

Total Provisions by type	Early Departures and Redundancies £'000	Legal claims £'000	Grant Commitments £'000	Other £'000	Total £'000
Restated balance at 1 April 2011	(26,114)	(124,447)	(988,600)	(193,689)	(1,332,850)
Provided in the year	(4,061)	(21,553)	(765,440)	(156,089)	(947,143)
Provisions utilised in year	14,758	122,748	532,242	104,357	774,105
Provisions not required written back	3,865	434	9,383	66,886	80,568
Unwinding of discounts	(45)	-	-	(247)	(292)
Restated balance at 31 March 2012	(11,597)	(22,818)	(1,212,415)	(178,782)	(1,425,612)
Comprising:					
<u>Current liabilities</u>					
Not later than one year	(3,721)	(1,391)	(509,925)	(94,800)	(609,837)
<u>Non-current liabilities</u>					
Later than one year and not later than five years	(5,334)	(21,427)	(318,848)	(80,559)	(426,168)
Later than five years	(2,542)	-	(383,642)	(3,423)	(389,607)
Restated balance at 31 March 2012	(11,597)	(22,818)	(1,212,415)	(178,782)	(1,425,612)
Of the total:					
Core Department	(536)	-	-	(3,510)	(4,046)
Agency	(166)	(432)	-	-	(598)
Arms Length Bodies	(10,895)	(22,386)	(1,212,415)	(175,272)	(1,420,968)
Restated balance at 31 March 2012	(11,597)	(22,818)	(1,212,415)	(178,782)	(1,425,612)

23.1 Early Departures and Redundancies

The Group meets the additional costs of benefits beyond the normal PCSPS benefits in respect of employees who retire early by paying the required amounts annually to the relevant pension fund over the period between early departure and normal retirement date. The liabilities extend for up to ten years. The Group provides for this when the early retirement programme becomes binding, by creating a provision for the estimated payments discounted using a discount rate ranging between 2.35% and 2.8% in real terms.

23.2 Grant Commitments

The lottery distributors account for grants on a commitment basis in their statutory accounts, whilst the Group accounting policies require these to be recognised on an accruals basis (note 1.10). In order to align the lottery grants, lottery distributors have reviewed their grant awards to determine which grants they have a legal or constructive obligation to meet. They have also assessed whether these should be accrued or provided for based on their assessment of the obligation, the probability and the accuracy of the estimate of the value of the obligation. This provision largely relates to the BIG Lottery Fund's unpaid grant commitments as at 31 March 2013 of £940.8m (31 March 2012: £1,206m).

23.3 Other Provisions

Other Provisions include:

BBC PSB Group Restructuring Provision

This provision relates to the restructuring programmes within the BBC. This predominantly relates to the Delivering Quality First strategy which is due to complete in 2016-17. The value of this provision as at 31 March 2013 was £95.6m (31 March 2012: £132.2m)

Onerous Leases

The Group provides for these leases in full when the lease becomes onerous by establishing a provision for the estimated payments discounted by the HM Treasury discount rate of 2.2% in real terms. The Group has attempted to mitigate any potential losses by subletting these properties. The value of these provisions as at 31 March 2013 was £7m (31 March 2012: £3.4m). The major component of this provision, £5.2m relates to the BIG Lottery Fund's London premises.

BBC PSB Group Litigation and Insurance

The BBC litigation and insurance provisions as at 31 March 2013 was £17.7 (31 March 2012: £10.6m).

24. Deferred Tax

24.1 Deferred Tax Liability

	2012-13			2011-12 Restated		
	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000
Balance at 1 April	-	-	(7,959)	-	-	(6,509)
Increase/reversal	-	-	7,959	-	-	(7,859)
Utilisation	-	-	-	-	-	6,409
Balance at 31 March	-	-	-	-	-	(7,959)

24.2 Deferred Tax Asset

Ofcom had a deferred tax asset as at 31 March 2013 of £2.5m (31 March 2012: £2.6m). All deferred tax assets relate to brought forward tax losses which have arisen predominantly as a result of onerous lease provisions on properties inherited from predecessor bodies that were in excess of requirements. Utilisation of the deferred tax asset is dependent on future taxable profits arising.

25. Retirement Benefit Obligations

	2012-13			2011-12 Restated		
	Funded £'000	Unfunded £'000	Total £'000	Funded £'000	Unfunded £'000	Total £'000
Analysis of movement in scheme liabilities						
Balance at 1 April	(11,051,174)	(11,953)	(11,063,127)	(10,364,871)	(11,492)	(10,376,363)
Current service cost	(157,726)	(23)	(157,749)	(166,595)	28	(166,567)
Past service cost	(3,550)	-	(3,550)	(5,094)	(144)	(5,238)
Past service cost - enhancements	(50)	-	(50)	(409)	-	(409)
Interest cost on pension scheme liabilities	(560,936)	(422)	(561,358)	(560,086)	(136)	(560,222)
Transfers in/out of group	-	-	-	(19,510)	-	(19,510)
Transfers out - group transfers to other schemes	48,597	-	48,597	10,259	-	10,259
Transfers out - individual to other schemes and refunds for members leaving	-	-	-	-	81	81
Pension payments made	383,141	114	383,255	363,926	300	364,226
Contributions by members	(3,245)	(3)	(3,248)	(5,748)	(3)	(5,751)
Contributions by employer	-	463	463	(107)	(141)	(248)
Gains/(losses) on settlements and curtailments	(831)	-	(831)	46,305	7	46,312
Actuarial gains/(losses)						
Experience gains/(losses) on scheme liabilities	(29,242)	(763)	(30,005)	(22,080)	(102)	(22,182)
Change in actuarial assumptions	(1,235,125)	(134)	(1,235,259)	(327,164)	(351)	(327,515)
Change in discount rate	-	3	3	-	-	-
Pension liabilities at 31 March	(12,610,141)	(12,718)	(12,622,859)	(11,051,174)	(11,953)	(11,063,127)
Analysis of movement in scheme assets						
Balance at 1 April	9,800,903	-	9,800,903	9,394,660	-	9,394,660
Expected return on assets	669,678	-	669,678	676,269	-	676,269
Pension payments made	(383,141)	-	(383,141)	(363,871)	-	(363,871)
Contributions by members	3,245	-	3,245	4,311	-	4,311
Contributions by employer	207,995	-	207,995	241,619	-	241,619
Settlements from scheme assets	(48,597)	-	(48,597)	(10)	-	(10)
Actuarial gains/(losses)						
Change in actuarial assumptions	47,709	-	47,709	(159,860)	-	(159,860)
Difference between expected and actual return on assets	527,518	-	527,518	13	-	13
Transfers in/out of group	-	-	-	7,772	-	7,772
Pension assets at 31 March	10,825,310	-	10,825,310	9,800,903	-	9,800,903
Net Pension (liability)/asset at 31 March	(1,784,831)	(12,718)	(1,797,549)	(1,250,271)	(11,953)	(1,262,224)
Of the total:						
Core Department	-	-	-	-	-	-
Agency	-	-	-	-	-	-
Arms Length Bodies	(1,784,831)	(12,718)	(1,797,549)	(1,250,271)	(11,953)	(1,262,224)
Balance at 31 March	(1,784,831)	(12,718)	(1,797,549)	(1,250,271)	(11,953)	(1,262,224)

25.1 Analysis of total Pension Cost recognised in the Consolidated Statement of Comprehensive Net Expenditure

	2012-13 £'000	2011-12 Restated £'000
Pension cost recognised in Net Operating Cost		
Current service costs	157,749	166,567
Past service costs	3,600	5,647
Enhancements and (gains)/losses on settlements and curtailments	831	(46,302)
Expected return on pension scheme assets	(669,678)	(676,269)
Interest cost on scheme liabilities	561,358	560,222
Total	53,860	9,865

25.2 Funded Pension Schemes

A number of the ALBs operate funded pension schemes; details of the most significant schemes are included below. Further information in relation to these funded pension schemes are set out in the published accounts of the ALBs.

25.2.1 BBC Pension Scheme

Whilst these accounts only include the BBC PSB Group, it is not possible to allocate the Scheme's (the Scheme) deficit shown below across individual divisions of the BBC. Accordingly the Group accounts include the entire BBC Pension Scheme in accordance with IAS 19 *Employee Benefits*. However, no guarantee has been given by either the Department or HM Government in respect to this Scheme. Pension contributions are paid into a trust fund (BBC Pension Trust Limited) and these contributions are invested by the Trustees to produce income from which benefits are paid. The fund is separate from the finances of the BBC and participating employers. It is used to provide benefits for the Scheme's members and their dependants.

The Scheme, a defined benefit scheme, is now closed to new entrants. The Scheme provides pensionable salary related benefits on a defined benefit basis funded from assets held in separate trustee-administered funds. The Scheme Trustees manage the plan in the short, medium and long term. They make funding decisions based on valuations which take a longer-term view of the assets required to fund the Scheme's liabilities. Valuations of the Scheme are performed by Towers Watson, consulting actuaries. Formal valuations are undertaken at least every three years. The Scheme's net pension liability represents the majority of the BBC's net pension liability, with details below:

BBC Pension Scheme financial position as at:	2013 £m	2012 £m	2011 £m	2010 £m	2009 £m
Scheme assets	10,201.1	9,198.5	8,835.8	8,154.8	6,454.0
Scheme liabilities	(11,909.8)	(10,370.5)	(9,756.3)	(9,795.7)	(6,592.6)
(Deficit)/Surplus	(1,708.7)	(1,172.0)	(920.5)	(1,640.9)	(138.6)
Percentage by which scheme assets cover liabilities	86%	89%	91%	83%	98%

Funding the Scheme

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 currently being calculated as at 1 April 2013.

Projections	2014 %	2013 %	2012 %	2011 %	2010 %
Employer	14.5	14.5	14.5/15.5	18.15	18.9
Employee (Old and New Benefits)	7.5	7.5	7.5	7.5	6.75
Employee (Career Average Benefits 2006)	4.0	4.0	4.0	4.0	4.0
Employee (Career Average Benefits 2011)	6.0	6.0	6.0	–	–

Principal actuarial assumptions

The calculation of the Scheme liabilities and pension charges, for IAS 19 purposes, requires a number of financial and demographic assumptions to be made. The principal assumptions used by the actuaries, were:

Principal financial assumptions	2013 %	2012 %
Rate of increase in salaries	1.0	1.0
Rate of increase in pension payments:		
Old Benefits	3.4	3.5
New Benefits	3.2	3.3
Career Average Benefits (2006)	2.4	2.4
Career Average Benefits (2011)	2.3	2.4
Inflation assumption (RPI)	3.4	3.5
Inflation assumption (CPI)	2.4	2.5
Discount rate	4.5	5.2

The average life expectancy assumptions, for members after retirement at 60 years of age, are as follows:

Principal demographic assumptions	2013	2012
Retiring today:	Number of years	Number of years
Male	28.0	27.9
Female	28.6	28.5
Retiring in 20 years:		
Male	30.5	30.3
Female	30.3	30.0

The longevity assumptions reflect the characteristics and experience of the membership of the Scheme. This has been done by adjusting standard mortality tables ('S1' series of tables, published by the Continuous Mortality Investigation) which reflect recent research into mortality experience in the UK with a long-term rate of improvement of 1.5% per annum for males and 1.0% per annum for females.

Expected long-term rate of return (per annum)	2013 %	2012 %
Equities	7.6	8.4
Bonds and gilts	3.8	4.4
Property	5.7	6.4
Alternatives	7.6	8.4
Cash	3.4	3.5
Total expected rate of return	6.1	7.1

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	4.5%	Decrease 0.1%	2.2	(256)
Discount rate	4.5%	Increase 0.1%	1.6	193
Retail price inflation rate	3.4%	Increase/(decrease) 0.1%	1.8	211/(216)
Mortality rate	See average life expectancy assumptions above	Increase/(decrease) 0.1%	3.2/3.3	381/(394)

25.2.2 Ofcom Pension Schemes

Ofcom operates the following pension schemes:

- a) Stakeholder pension plan - a defined contribution plan. This is now the primary means of providing pension benefits to staff. Nothing has been included in respect of this scheme in Note 25.
- b) Closed defined benefit pension plans
 - The Ofcom Defined Benefit Pension Plan was established on 29th December 2003.
 - The Ofcom (Former ITC) Pension Plan which Ofcom jointly participates in with S4C, S4C Masnachol and the Advertising Standards Authority.

As at 31 March 2013 these schemes had a net pension asset of £27.2m (31 March 2012: £32.4m). These schemes had an additional net pension asset of £10.1m (31 March 2012: £11.4m) which has not been recognised in the Consolidated Statement of Financial Position. IAS19 *Employee Benefits* only allows the pension asset to be recognised if an economic benefit is available to the body as a result of the surplus. Per the Ofcom (former ITC) Plan's Trust Deed and Rules a refund of any surplus is not available to Ofcom, and therefore a reduction of the pension asset is required.

25.2.3 British Tourist Authority (BTA) Pension Schemes

BTA operates a defined benefit scheme for its employees in the UK based on final pensionable pay, the British Tourist Boards' Pension Scheme (BTBP). A full actuarial valuation of the BTBP scheme was carried out by Xafinity Consulting as at 31 March 2013 using IAS 19 *Employee Benefits* assumptions and methodology. The BTBP Scheme is a multi-employer scheme which includes other Tourist Boards. In accordance with IAS 19, BTA's share of the deficit of the scheme as at 31 March 2013 is £15.3m (31 March 2012: £18.4m). 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. The employer contribution in respect of future service is 17.3%.

BTA also operates defined contribution schemes in other parts of the world.

25.2.4 Local Government Pension Scheme

A number of the ALBs participate in the Local Government Pension Scheme, administered by the London Pension Fund Authority (LPFA). The scheme is a defined benefit scheme and is funded by employees and employers at actuarially determined rates. The scheme was last valued by the consulting actuaries of the LPFA as at 31 March 2013. The actuarial method used is market related, based on average yields and market values in the 12 months leading up to the valuation date.

25.3 Unfunded Pension Schemes

A number of the ALBs either operate, or have inherited legacy unfunded pension schemes, which are defined benefit schemes that are broadly analogous to the PCSPS pension scheme. The British Tourist Authority, Equalities and Human Rights Commission, Gambling Commission, National Lottery Commission, Ofcom, BBC PSB Group and British Film Institute have unfunded pension schemes. For more details on these schemes refer to the published accounts of the individual ALBs.

26. Other financial liabilities

26.1 Non-current liabilities

	Derivatives £'000	Other non-current financial liabilities £'000	Total £'000
Balance at 1 April 2011	1,599	-	1,599
Additions	-	56,917	56,917
Revaluations	(1,179)	-	(1,179)
Balance at 31 March 2012	420	56,917	57,337
Additions	-	1,814	1,814
Revaluations	734	-	734
Balance at 31 March 2013	1,154	58,731	59,885
Of the total:			
Core Department	-	-	-
Agency	-	-	-
Arms Length Bodies	1,154	58,731	59,885
Balance at 31 March 2013	1,154	58,731	59,885

Other non-current financial liabilities

In accordance with the contractual requirements of the sale agreement with QDD Athletes Village UK Ltd (QDD), a sum of £55.8m was paid by QDD to the ODA by way of security against QDD's obligations under the agreement. The amount is repayable upon legal completion of the sale agreement. Management regard the likelihood of non-completion of the sale agreement as remote and, as such, the security amount and the accrued adjustment amount has been recognised on the Consolidated Statement of Financial Position as a financial liability of £55.8m as at 31 March 2013.

Derivatives

The BBC PSB Group had derivatives as at 31 March 2013 with a fair value of £1.2m (31 March 2012: £0.4m).

26.2 Current liabilities

	Derivatives £'000	Other current financial liabilities £'000	Total £'000
Balance at 1 April 2011	3,713	-	3,713
Revaluations	(1,886)	-	(1,886)
Balance at 31 March 2012	1,827	-	1,827
Revaluations	(1,475)	-	(1,475)
Balance at 31 March 2013	352	-	352
Of which:			
Core Department	-	-	-
Agency	-	-	-
Arms Length Bodies	352	-	352
Balance at 31 March 2013	352	-	352

Derivatives

The BBC PSB Group had derivatives as at 31 March 2013 with a fair value of £0.4m (31 March 2012: £1.8m). The BBC PSB Group does not enter into speculative derivative contracts, however the BBC PSB Group uses derivatives to manage exposure to fluctuations in foreign currency exchange rates (foreign currency forwards contracts and currency options). At the reporting date these hedges did not meet the IAS 39 *Financial Instruments: Recognition and Measurement*.

27. Capital and other commitments

27.1 Capital commitments

	31 March 2013			31 March 2012 Restated		
	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000
Contracted capital commitments at 31 March not otherwise included in these financial statements:						
Property, plant & equipment	-	374	197,347	-	289	357,355
Intangible assets	-	-	3,496	-	-	6,619
Total	-	374	200,843	-	289	363,974

The property, plant and equipment commitments as at 31 March 2013 include the following significant commitments:

- a) Tate Gallery had commitments of £59.1m (31 March 2012: £73.0m), which included Tate Modern assets under construction commitments of £46.3m (31 March 2012: £63.6m).
- b) The ODA had commitments of £46.0m (31 March 2012: £205.1m) relating to the completion of the East Village.
- c) The British Museum had commitments of £35.5m (31 March 2012: £11.2m) which includes £32.5m (31 March 2012: £8.0m) relating to the World Conservation and Exhibition Centre project. The centre is due to open in 2014.

27.2 Commitments under leases

27.2.1 Operating leases

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

	31 March 2013			31 March 2012 Restated		
	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000
Land						
Not later than one year	-	-	67	-	-	8,534
Later than one year and not later than five years	-	-	215	-	-	34,515
Later than five years	-	-	2,312	-	-	174,604
	-	-	2,594	-	-	217,653
Buildings						
Not later than one year	4,015	4,015	77,928	5,678	5,678	63,958
Later than one year and not later than five years	14,854	14,854	243,588	19,718	19,718	192,935
Later than five years	40,500	40,500	1,208,457	2,357	2,357	1,043,716
	59,369	59,369	1,529,973	27,753	27,753	1,300,609
Other						
Not later than one year	-	38	48,479	-	83	45,795
Later than one year and not later than five years	-	-	75,090	-	34	90,402
Later than five years	-	-	63,966	-	-	64,697
	-	38	187,535	-	117	200,894
Total obligations under operating leases	59,369	59,407	1,720,102	27,753	27,870	1,719,156

The Department leases various land and buildings under non-cancellable operating lease agreements. The most significant is the lease of the facilities at 100 Parliament Street, for which the Department has a lease until 2025. These 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.

The most significant operating leases as at 31 March 2013 relate to the BBC PSB Group's leasing of buildings of £615.0m (31 March 2012: £417.2m). These buildings are mainly used for office/building space under non-cancellable operating lease agreements. Certain agreements include renewal options, stepped rents or annual Retail Price Index uplifts, or periodic rent reviews. All of these leases have been entered into on commercial terms.

Other significant operating leases as at 31 March 2013 include the BIG Lottery Fund with land and building operating leases of £47.1m (31 March 2012: £53.4m) and English Heritage with building operating leases of £31.9m (31 March 2012: £28.4m).

The Royal Armouries Museum holds a 999 year operating lease relating to their Museum buildings. This has resulted in a total commitment for this operating lease as at 31 March 2013 of £676.1m (31 March 2012: £676.4m). The 2011-12 restatement has been made to correctly reflect Royal Armouries values.

27.2.2 Finance leases

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

Obligations under finance leases for the following periods comprise:	31 March 2013			31 March 2012 Restated		
	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000
Land						
Not later than one year	-	-	5,787	-	-	9,481
Later than one year and not later than five years	-	-	29,222	-	-	28,505
Later than five years	-	-	146,253	-	-	149,988
	-	-	181,262	-	-	187,974
Less interest element	-	-	(109,796)	-	-	(116,696)
Present value of obligations	-	-	71,466	-	-	71,278
Buildings						
Not later than one year	-	-	77,261	-	-	69,648
Later than one year and not later than five years	-	-	305,103	-	-	297,946
Later than five years	-	-	1,547,386	-	-	1,634,324
	-	-	1,929,750	-	-	2,001,918
Less interest element	-	-	(1,140,749)	-	-	(1,212,210)
Present value of obligations	-	-	789,001	-	-	789,708
Other						
Not later than one year	-	-	27,451	-	-	10,707
Later than one year and not later than five years	-	-	4,810	-	-	29,842
Later than five years	-	-	18,339	-	-	8,338
	-	-	50,600	-	-	48,887
Less interest element	-	-	(14,468)	-	-	(14,231)
Present value of obligations	-	-	36,132	-	-	34,656
Present value of obligations	-	-	896,599	-	-	895,642

27.2.2 Finance leases (continued)

Present Value of obligations under finance lease comprise:	31 March 2013			31 March 2012 Restated		
	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000
Land						
Not later than one year	-	-	140	-	-	193
Later than one year and not later than five years	-	-	1,491	-	-	1,020
Later than five years	-	-	69,835	-	-	70,065
Present value of obligations	-	-	71,466	-	-	71,278
Buildings						
Not later than one year	-	-	4,856	-	-	1,122
Later than one year and not later than five years	-	-	21,097	-	-	12,962
Later than five years	-	-	763,048	-	-	775,624
Present value of obligations	-	-	789,001	-	-	789,708
Other						
Not later than one year	-	-	22,826	-	-	5,064
Later than one year and not later than five years	-	-	3,186	-	-	24,071
Later than five years	-	-	10,120	-	-	5,521
Present value of obligations	-	-	36,132	-	-	34,656
Total present value of obligations	-	-	896,599	-	-	895,642

The BBC PSB Group had finance leases commitments as at 31 March 2013 of £882.5m (31 March 2012: £881.2m). Under the terms of the leasing agreements, the BBC PSB Group has the right to share in the residual value of its key finance lease properties (Broadcasting House, Pacific Quay and White City). This share will be passed to the BBC PSB Group as either a cash flow at the end of the leasing arrangement, or a reduction in rentals if the lease agreement is extended for a further term. In addition, the BBC PSB Group has the right to repurchase each property at the end of the respective lease agreement.

Leases as at 31 March 2013 with a carrying value of £852.1m (31 March 2012: £852.4m) have contingent elements included within their contracts and result in contingent rents of £7.0m (31 March 2012: £5.6m) being reflected in operating costs.

27.3 Commitments under PFI contracts and other service concession arrangements

Off-balance sheet (Consolidated Statement of Financial Position)

The values recorded below are also charged to the Consolidated Statement of Comprehensive Net Expenditure and future commitments.

Obligations on off-balance sheet (SoFP) PFI and other service concession arrangements for the following periods comprise:	31 March 2013			31 March 2012 Restated		
	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000
Not later than one year	-	-	1,547	-	-	1,534
Later than one year and not later than five years	-	-	6,315	-	-	6,263
Later than five years	-	-	11,118	-	-	12,718
Total	-	-	18,980	-	-	20,515

Neither the Department nor its Agency had any commitments under PFI or other service concession arrangements.

The National Museums Liverpool (NML) entered into a contractual arrangement with Ener-G Limited for the provision of a Combined Heat and Power (CHP) plant.

The Natural History Museum (NHM) entered into a contractual arrangement with Vital Energi Utilities Limited for the provision of energy and energy management at the NHM and the Victoria and Albert Museum.

Further details can be found in the respective accounts of these ALBs (see Note 34).

27.4 Other financial commitments

The Group entered into non-cancellable contracts which are not leases, PFI contracts or other service concession arrangements. The payments to which the Group are committed during 2013-14, analysed by the period during which the commitments expire, are as follows:

	31 March 2013			31 March 2012 Restated		
	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000	Core Department £'000	Core Department & Agency £'000	Departmental Group £'000
Not later than one year	-	-	875,661	-	-	446,568
Later than one year and not later than five years	-	-	1,387,173	-	-	738,129
Later than five years	-	-	1,358,753	-	-	1,105,025
Total	-	-	3,621,587	-	-	2,289,722

Lottery bodies, as at 31 March 2013, entered into other financial commitments relating to grants of £515m.

The BBC PSB Group as at 31 March 2013 had commitments of £3,548m (31 March 2012: £2,256m) relating to long term outsourcing contracts of IT support, content distribution and transmission, facilities management and elements of finance support.

28. Contingent assets and liabilities

28.1 Contingent liabilities disclosed under IAS37

Quantifiable

Neither the Department or the Agency have any quantifiable contingent liabilities.

Group

Guarantee of British Horseracing Authority (BHA) Scheme

On 30 July 2007, the Horserace Betting Levy Board (HBLB) agreed with the British Horseracing Authority, the Jockey Club and Trustees of the Jockey Club Pension Fund and Life Assurance Scheme, (now known as the BHA Scheme), to guarantee the payments by the BHA of certain contributions to this scheme. The HBLB has a contingent liability in the event of the BHA becoming unable to meet its obligations and has agreed if such circumstances arise to:

- a) Meet the entire annual deficit contributions of £1.158m during the period ending 31 December 2019, and £0.624m per annum for the period from 1 January 2020 and ending on 30 September 2024.
- b) Guarantee until the earlier of (i) 31 December 2024 and (ii) the date a future actuarial valuation of the BHA Scheme discloses that there is no longer a past deficit on the basis of the December 2006 actuarial assumptions. The guarantee applies to the full Scheme wind-up liabilities; up to a maximum of £30.3m in total, payable in five equal annual instalments, only in the event that the scheme is wound up by its trustees as a result of the BHA becoming unable to maintain contributions, or terminates its participation in the scheme, without substituting an alternative Principal Employer (Rule 66 of the Scheme). This guarantee does not apply if the BHA Scheme is wound up for any other reason.

Unquantifiable

Department

GSM Gateways Legal Action

GSM Gateways are devices which enable calls from fixed telephones to mobile telephones to be routed directly into the relevant mobile network. A call made via a GSM Gateway appears to the mobile network to have originated from a mobile phone registered to that network and so will often attract a cheaper call rate than an ordinary fixed to mobile call.

Six companies brought claims against the Secretary of State on the basis that the UK's licensing requirement for commercial GSM Gateways is incompatible with, and breaches, EU law. The case was heard in July 2013 and judgment was handed down in October 2013. The Court dismissed the claims but as the claimants may seek permission to appeal the decision, DCMS have disclosed the case as a contingent liability.

Agency

Compensation for Personal Injury

The Agency 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. However, where outcomes are unlikely or uncertain, no provision has been made.

Arm's Length Bodies

British Library Newspaper Digitisation Project

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

digitisations commercially. The supplier has warranted in the contract with the Library that use of the digitisations will not infringe copyright or give rise to any possible action for defamation, and has undertaken to cover any liability falling on the Library as a result of any such claims (in addition to the cost of defending the action) up to £5.0m. The Department has agreed to permit the British Library 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 £5.0m would be extremely unlikely.

National Museums Liverpool Legal Proceedings

As part of the finalisation of a major capital project, National Museums Liverpool has a contingent liability in respect of legal proceedings associated with the design and build phases of the new Museum of Liverpool. The value of the liability is unknown.

ODA Olympic Park Project

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 the agreement, if the valuation as at 31 December 2012 of designated non-retail lands within Zone 1 of Stratford City was below a certain threshold, the ODA will be obliged to make up any shortfall. If agreement of the quantum of the shortfall is not agreed, SCDL has recourse to a 'put' option obliging the ODA to purchase the same land at the threshold price less the value of retained land. This agreement was entered into at a time when the financial outlook was highly uncertain, development finance was unobtainable and asset prices were unstable. Given the subsequent improvement in property prices, rental yields and the general economic conditions, combined with the regeneration of the area, the ODA considers the likelihood of SCDL demonstrating a shortfall to be low.

Ofcom

A contingent liability has arisen in relation to the appeal by British Sky Broadcasting Limited (Sky) in respect of Ofcom's decision made in March 2010 pursuant to its powers and duty under Section 316 of the Communications Act. In August 2012, the Competition Appeal Tribunal upheld in part Sky's appeal against Ofcom's decision; however this is under appeal to the Court of Appeal. In May 2013, the Tribunal ordered that Ofcom should pay part of Sky's appeal costs. To date, Ofcom has not received from Sky an estimate of such costs and is unable to estimate reliably any potential liability. In June 2013, Ofcom applied for permission to appeal the Tribunal's award of costs to Sky.

Tate Gallery Potential Claw-back of London Development Agency (LDA) Grant

In March 2006 Tate Gallery was awarded a grant of up to £7m from the LDA to facilitate the surrender by EDF Energy of the western half of the switch station to the south of Tate Modern, following its upgrade and relocation of its transformer equipment. This represented part of the funding for a £215m capital project to develop Tate Modern. The LDA grant will enable Tate Gallery to bring the site of the derelict and unoccupied oil tanks, together with the western end of the switch house, into public use. The grant is being utilised to reimburse EDF Energy for the costs of the works required to free the land for surrender. The grant is payable in instalments, with £6m paid so far, and is conditional on Tate Gallery meeting set criteria by certain dates. As part of the agreement, the LDA has taken a charge over part of the Tate Modern site; if the criteria are not met the grant must be repaid or the land subject to the charge passed over to the LDA. The key criteria are that Tate Gallery must obtain planning consent for the development by 30 June 2009 and the work must be completed by 31 December 2016. Work on the Tate Modern project is progressing well.

28.2 Contingent liabilities arising through financial guarantees, indemnities and letters of comfort

28.2.1 Quantifiable

The Department has entered into the following quantifiable guarantees or indemnities. 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.

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

	1 April 2012 Restated £m	Increase in year £m	Liabilities crystallised in year £m	Obligation expired in year £m	31 March 2013 £m	Amount reported to Parliament by Departmental Minute £m
Guarantees						
Borrowing facility for Historic Royal Palaces	4.0	-	-	-	4.0	-
Indemnities						
Government Indemnity Scheme	5,474.5 ¹	6,645.4	-	(6,130.6)	5,989.3	5,995.6³
Artworks on loan from the Royal Collection	377.9 ²	262.4	-	(440.5)	199.8	199.8
Artworks on loan to the Government Art Collection	3.2	10.5	-	(6.2)	7.5	-
Totals	5,859.6	6,918.3	0.0	(6,577.3)	6,200.6	6,195.3

1. The opening balances of the Government Indemnity Scheme has been restated from what was reported in the 2011-12 accounts to reflect adjustments made to the database during 2012-13 to correct start and end dates of a number of indemnities that existed during the 2011-12 year.
2. Subsequent to reporting the contingent liability relating to the indemnities for artworks on loan from the Royal Collection Trust as at 31 March 2012, there were several issues identified with historic undertakings given in previous decades for long term loans from the Royal Collection Trust. These have now been identified and corrected in the opening balance.
3. Subsequent to reporting the contingent liability relating to the indemnities for Government Indemnity Scheme to Parliament, there were several amendments to the database and reports used to collect this information. The Arts Council England, who maintain the database, are aware of these issues and are aiming to have these resolved by 31 March 2014.

Guarantees

The 'Borrowing facility for Historic Royal Palaces' of £4m is included as a contingent liability. This guarantee is due for renewal in September 2016.

Indemnities

The Government Indemnity Scheme indemnifies lenders to museums, galleries and other institutions when mounting exhibitions or taking long-term loans for either study or display. It is a statutory liability totalling £5,989.3m (31 March 2012: £5,474.5m). There are also non-statutory liabilities for indemnities granted in respect of works of art on loan from the Royal Collection totalling £199.8m (31 March 2012: £377.9m). In the event of loss or damage occurring to the Royal Collection, the Government has given a specific Undertaking to Her Majesty that it would seek Parliamentary authority for compensation.

There is also an indemnity scheme amounting to £7.5m for items on loan to the Government Art Collection (31 March 2012: £3.2m). The change in contingent liabilities arising from these indemnity schemes is driven by the number and value of the works of art on loan, which changes from year to year. 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.

28.2.2 Unquantifiable

The Group 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.

Department

Olympic and Paralympic games

The Government provided guarantees to the International Olympic Committee that it would act as the ultimate financial guarantor should there be a shortfall between the Olympics costs and revenues, including 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 £9,298m (a reduction of £27m from the original funding package). This is available on the GOV.UK website at: <http://www.culture.gov.uk/publications/9465.aspx>.

LOCOG went into solvent liquidation on 30 May 2013. By the end of May 2013, as a result of further savings, the forecast underspend in the Public Sector Funding Package at 31 May 2013 had increased from £377m to £528m. At the end of May 2013 the ODA was also holding programme contingencies of £64m. The Public Sector Funding Package will remain in place until the ODA's work on the conversion of the Olympic Village is completed in 2014.

Tour de France

Welcome to Yorkshire secured the rights to host three Stages of the Tour de France in July 2014. The Department has secured agreement from the Chancellor that the Government would underwrite the costs of the event up to a maximum of £27m. The underwriting is limited to the costs of delivering a safe and successful road event.

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.

Jubilee Gardens

The Department has given an indemnity to the Southbank Centre Limited 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 in replacing the proposed new Jubilee Gardens should Shirayama Shokusan Company Limited make use of their sub-soil lease beneath the Garden to build an underground car park. Shirayama Shokusan Company Limited require an indemnity to cover the cost of reinstating the Gardens in their new form. The cost of this is estimated at around £2m and is not time-limited. The risk of the indemnity being called upon is low as there is currently no intention to build such a car park, and the likelihood of obtaining planning permission is low.

BT Pension Scheme (BTPS)

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. This contingent liability was transferred to the Department from the Department for Business, Innovation and Skills following a Machinery of Government change in 2011.

The Trustee of the BTPS has undertaken legal proceedings to clarify the terms and scope of the Crown Guarantee. The guarantee only applies if BT were ever to be wound up. The High Court proceedings are now concluded with the main findings in favour of the Trustee and BT. The Government has lodged a notice of appeal and the appeal is due to be heard at the end of April 2014.

World Athletics Championship

In order to provide confidence to the International Association of Amateur Athletics Federation, the Greater London Authority and UK Athletics in signing the contracts to stage the Championships, the Department has committed to underwrite the costs of the World Athletics Championship in 2017 to the extent that the costs exceed budget or where there is a shortfall in revenue. The main risk to a call on the Department underwriting would stem from any difficulties in the commercial sponsorship environment leading up to 2017.

Group

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 and repossession is uncertain.

The ODA has guaranteed the liabilities of its subsidiary Stratford Village Development (GP) Ltd to the extent that the developments costs of East Village are not covered by sales proceeds. When the ODA winds up in 2014 responsibility for this guarantee will pass to the Department.

English National Stadium Project

The Department 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.

Guarantees to and on behalf of Tate Foundation

On 14 June 2012, a Parliamentary Minute was approved that allows the Tate Gallery to provide guarantees to and on behalf of the Tate Foundation, an independent charity, so that it can borrow up to £55m to provide cash flow support towards Tate Gallery's major capital projects and satisfy donor requirements. Tate Foundation is providing the majority of the remaining funding for the major projects and needs to borrow funds, as anticipated dates for receipt of funds from private donors will not exactly match the anticipated dates for payments under the relevant construction and associated contracts. The amount borrowed will be repaid out of donations within six years from September 2012. This period can be extended with the agreement of the lenders and the Tate Foundation. Given the flow of donation income to Tate Foundation, their existing unrestricted funds and the ability to extend the facility if necessary, it is very unlikely that the guarantee will be exercised.

28.3 Contingent Assets

The National Lottery distributors are entitled to a share of the future receipts of the sale of the Olympic Park. This entitlement is in return for the additional funding contribution of £675m for the 2012 Games. It has been made clear to the Lottery distributors that payments would be achieved over the longer term, given the 25 year time scale for the Olympic Park development programme and its dependence on market performance. The current estimate from DCMS is that payment should start in the mid-2020s with the full amount paid back by 2030-31.

As successor to the Millennium Commission, the BIG Lottery Fund is entitled to a share of the proceeds of land sales on the Greenwich Peninsula made by the Greater London Authority, once certain costs have been covered. No payments have become due, but payments of £87m are forecast to be received between 2013 and 2031.

Legal & General are currently holding funds on behalf of the Equalities and Human Rights Commission relating to the winding up of the Commission for Racial Equality Pension and Life Assurance Scheme in 2005, pending the finalisation of a data-cleansing exercise that has the potential to affect the number of people assessed as being members of the scheme. Once this exercise is completed, it is likely that some funds will be returned to the public purse, but the amount and date of this is uncertain.

29. Losses and Special Payments

29.1 Losses Statements

2012-13						
	Core Department		Core Department & Agency		Departmental Group	
	Cases	Amount £'000	Cases	Amount £'000	Cases	Amount £'000
Total	3	8	3	8	170	3,372

Details of losses over £250k for 2012-13:

- BIG Lottery Fund incurred two write-offs of grants that exceeded £250k - Chaos Enterprises £285k and Weston Spirit £385k.
- A loss of £334k was incurred by the National Museums Liverpool in relation to legal expenses associated with an unsuccessful arbitration of a dispute regarding the construction of the Museum of Liverpool.

2011-12 Restated						
	Core Department		Core Department & Agency		Departmental Group	
	Cases	Amount £'000	Cases	Amount £'000	Cases	Amount £'000
Total	1	131	1	131	143	2,769

Details of losses over £250k for 2011-12:

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. The end result is that The Bothy is not accessible to the public. FACT no longer exists and so it would prove uneconomic for HLF to seek repayment of the grant.

29.2 Special Payments

2012-13						
	Core Department		Core Department & Agency		Departmental Group	
	Cases	Amount £'000	Cases	Amount £'000	Cases	Amount £'000
Total	1	3	1	3	99	455

There were no special payments made by the Group that were in excess of 250k for 2012-13.

29.2 Special Payments (continued)

2011-12 Restated						
	Core Department		Core Department & Agency		Departmental Group	
	Cases	Amount £'000	Cases	Amount £'000	Cases	Amount £'000
Total	-	-	-	-	74	613

There were no special payments made by the Group that were in excess of 250k for 2011-12.

29.3 Gifts

During the year the Department made one gift of £9m and a further grant of £1m to The Racing Foundation. This was the second 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 the Department. The Department draws down the £10m each year in order to make the gift.

This gift was notified to Parliament in Supplementary Estimate 2012-13 Part III Note I - Gifts.

There were no other gifts made by the Group that were in excess of £250k.

30. Related Party Transactions – Core Department

At 31 March 2013, DCMS was the parent Department of The Royal Parks Agency and was the sponsor of the ALBs listed in Note 34. These bodies are regarded as related parties, with which the Department has had various material transactions during the year. All of these transactions were conducted in the normal course of business and at full arm's length.

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	Relationship	Nature of transaction
Department for Communities and Local Government (DCLG)	Budget contributions from DCLG to DCMS relating to the London 2012 Olympic and Paralympic Games.	DCLG was a funding partner for the London 2012 Olympic and Paralympic Games and made a budget transfer to DCMS following the 2010 Spending Review.
Greater London Authority (LDA Tourism)	Funding Partner.	A number of payments relating to the Diamond Jubilee and Olympic Delivery Authority residual planning team functions.
Home Office	Payments from DCMS to Home Office relating to the London 2012 Olympic and Paralympic Games.	DCMS contributed through Home Office to the Venues Security Costs of the London 2012 Olympic and Paralympic Games.
Ministry of Justice	Partner Department across government.	A number of payments relating to the Leveson Inquiry.
Treasury Solicitors	Treasury Solicitors provides legal services to over 180 Central Government Departments and other publicly funded bodies in England and Wales.	A number of payments relating to legal advice.
Department of Energy and Climate Change (DECC)	Payments from DECC to DCMS relating to the London 2012 Olympic and Paralympic Games.	Contribution to Olympics Utilities Resilience in 12-13.
Department for Education (DfE)	Partner Department across Government.	Contributions from DfE for a number of arts and culture programmes (Harmony, Henley and Music Hubs).
Westminster City Council	The Council is responsible for the billing and collection of business rates.	A number of payments relating to business rates.

Camden Council	The Council is responsible for the billing and collection of business rates.	A number of payments relating to business rates.
Weymouth & Portland Borough Council	The Council is responsible for the billing and collection of business rates.	A number of payments relating to business rates.

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.

During the year, the Department may enter 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. The transactions entered into during the year are set out below.

The London Organising Committee of the Olympic Games and Paralympic Games Limited (LOCOG) was a related party as the Secretary of State was a member of the Company. LOCOG received grants of £323m in 2012-13.

Sebastian Coe was an ex-officio non-executive director by virtue of his position as Chairman of LOCOG (a body which although largely funded from private sources also received funding from DCMS and the Olympic Lottery Distributor). Sebastian Coe is Vice President of the International Association of Athletics Federations (IAAF). In November 2012, after the London 2012 Olympic and Paralympic Games, he was appointed Chairman of the British Olympic Association (BOA).

Peter Bazalgette, a non-executive director of the Department until 31 January 2013, is also a trustee of the National Film and Television Foundation (the endowment arm of the National Film and TV School, funded by the Department). The Department made a grant of £2.9m to the National Film and TV School in 2012-13.

No Minister, Board Member, or other related parties have (other than those mentioned above) undertaken any material transactions with the Department during the year. Departmental Ministers make specific disclosure of financial interests as required by the Ministerial Code of Conduct.

The National Lottery Distribution Fund and the Olympic Lottery Distribution Fund 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 Department worked on National Lottery Distribution Fund and Olympic Lottery Distribution Fund related activities and also used a number of the assets owned by the Department. These costs were recharged to the funds by the Department.

31. Events after the Reporting Period

Up to the date the Accounts were approved for issue to Parliament, which was the date the Comptroller and Auditor General signed the audit opinion, the following events occurred.

Changes to public sector bodies

Merger of the Gambling Commission (GC) and the National Lottery Commission (NLC)

On 25 March 2013 the Government laid before Parliament the draft Public Bodies (merger of the GC and the NLC) Order 2013. This order was approved by Parliament on 3 September

2013. The merger will be achieved by the abolition of the NLC and transfer of its functions, property, rights and liabilities to the GC with effect from 1 October 2013.

Transfer of Public Lending Right and British Library

At the end of March 2013, the Culture Minister confirmed that, following a public consultation, the Government is to go ahead with the transfer of the running of the Public Lending Right (PLR) scheme to the British Library. Parliamentary approval was obtained on 6 September and the transfer came into force on 1 October 2013.

Other Changes

Board Changes

Sue Owen was appointed as Permanent Secretary and Accounting Officer and took up her post in October 2013.

Ministerial Changes

After a ministerial reshuffle, Helen Grant was appointed Minister for Sport, Tourism and Equalities on 7 October 2013 and took over the sports brief from Hugh Robertson.

Closure of Olympic Bodies

The Olympic Lottery Distributor was dissolved with effect from 1 April 2013. Responsibility for residual functions was transferred to the Department from 1 April 2013, including recovery of grants that fall due.

31.1 Date Accounts Authorised for Issue

The Accounts were authorised for issue on the date the Comptroller and Auditor General certified the Accounts. The Accounts do not reflect events after this date.

32. Third-party Assets

Third party assets are held by the Group on behalf of third parties, and are not included in the Consolidated Statement of Financial Position.

Neither the Department nor the Agency hold third party assets. Third party assets of the Group include:

- a) BIG Lottery Fund (BIG) had third party assets as at 31 March 2013 of £9.7m (31 March 2012: £15.6m). These assets represent bank balances held on behalf of third parties on whose behalf we manage grant programmes, the Olympic Lottery Distributor and the National Lottery Promotions Unit to meet payments processed by BIG under service level contracts.
- b) The Natural History Museum had third party assets as at 31 March 2013 of £0.9m (31 March 2012: £0.2m). These funds arise where the Natural History Museum acts as lead manager on grants, receiving funds from the grantor and distributing them to participants over the life of the funded projects. The funds are held separately from Museum assets where specified by the grantor and invested in money market deposits in accordance with the Museum's investment policy. The Natural History Museum is responsible for safe custodianship of these funds and bears the risk of any loss.

33. Restatement of Statement of Financial Position and Statement of Comprehensive Net Expenditure

Prior periods have been restated to include:

Machinery of Government Changes (MoG)

- The financial results of the Equality and Human Rights Commission (EHRC) and the Government Equalities Office (part of the Core Department).

Ofcom

- The financial results of Ofcom. The Office for National Statistics reclassified Ofcom as a Central Government unit with effect from its creation. As such, Ofcom is now included in these consolidated accounts.

Fixed Asset and Investment Revaluations

- The revaluation by the BBC PSB Group of some property, plant and equipment.
- The revaluation by the British Library of property, plant and equipment (including heritage assets) and intangibles.
- Restatement of the BBC PSB Group's Investments in Subsidiaries as these were no longer part of the Group boundary.

Digital Switchover (DSO)

- A change in the treatment of Digital Switchover receipts, improving clarity for the user. These were previously accounted for as Consolidated Fund Extra Receipts that are now treated as a reduction in grant-in-aid to the BBC PSB Group.

Other

- A number of presentational changes, ensuring consistency of treatment and improving clarity for the user, including reclassifying expected returns on funded pension schemes from expenditure to income and severance costs from staff costs to other costs.

Comparative details in various notes have also been restated for the above and any omissions discovered.

The financial impact of these prior period adjustments are set out below in the following tables:

33. Restatement of Statement of Financial Position and Statement of Comprehensive Net Expenditure

Consolidated Statement of Comprehensive Net Expenditure as at 31 March 2012	Published 2011-12							Restated 2011-12	
	Published 2011-12: Core Department and Agency £'000	Published 2011-12: Departmental Group £'000	Machinery of Government changes £'000	Ofcom boundary changes £'000	Fixed asset and investment revaluations £'000	Digital Switchover £'000	Other adjustments £'000	Restated 2011-12: Core Department and Agency £'000	Restated 2011-12: Departmental Group £'000
Administration costs:									
Staff costs	32,840	92,503	25,272	57,438	-	-	(23)	38,351	175,190
Other costs	36,804	116,887	14,295	57,042	-	-	485	38,623	188,709
Income	(3,798)	(39,139)	(1,566)	(48,519)	-	-	(463)	(4,940)	(89,687)
Net administration costs	65,846	170,251	38,001	65,961	-	-	(1)	72,034	274,212
Programme costs:									
Staff costs	4,143	1,590,144	2,095	991	-	-	(89,218)	4,143	1,504,012
Other costs	231,654	6,346,043	9,794	7,584	-	(358,047)	753,349	183,830	6,758,723
Income	(581,215)	(3,863,528)	-	(11,620)	-	358,047	(664,131)	(223,168)	(4,181,232)
Grants and subsidies	5,581,884	143,652	-	(65,429)	-	-	-	5,453,075	78,223
Net programme costs	5,236,466	4,216,311	11,889	(68,474)	-	-	-	5,417,880	4,159,726
Net operating cost	5,302,312	4,386,562	49,890	(2,513)	-	-	(1)	5,489,914	4,433,938
Other comprehensive net expenditure									
(Gain)/loss on revaluation of property, plant & equipment and intangible assets	(1,098)	(169,314)	(20)	-	(121,757)	-	-	(1,098)	(291,091)
Impairments	-	940	-	-	-	-	-	-	940
Revaluation of available for sale financial assets	-	(16,549)	-	-	-	-	-	-	(16,549)
Actuarial (gains)/losses on defined benefit pension scheme	-	508,543	81	565	-	-	-	-	509,189
Net other comprehensive net expenditure	(1,098)	323,620	61	565	(121,757)	-	-	(1,098)	202,489
Total comprehensive expenditure	5,301,214	4,710,182	49,951	(1,948)	(121,757)	-	(1)	5,488,816	4,636,427

33. Restatement of Statement of Financial Position and Statement of Comprehensive Net Expenditure (continued)

Consolidated Statement of Financial Position as at 31 March 2012	Published 2011-12							Restated 2011-12	
	Published 2011-12: Core Department and Agency £'000	Published 2011-12: Departmental Group £'000	Machinery of Government changes £'000	Ofcom boundary changes £'000	Fixed asset and investment revaluations £'000	Digital Switchover £'000	Other adjustments £'000	Restated 2011-12: Core Department and Agency £'000	Restated 2011-12: Departmental Group £'000
Non-current assets:									
Property, plant & equipment	58,899	9,121,617	1,404	13,635	120,736	-	-	58,899	9,257,392
Intangible assets	273	80,207	41	7,379	21	-	-	273	87,648
Investments in associates and joint ventures	-	100,300	-	-	-	-	-	-	100,300
Investment properties	-	3,263	-	-	-	-	-	-	3,263
Trade and other receivables	214,159	188,062	-	3,717	-	-	-	161,512	191,779
Financial assets	-	487,003	-	-	(293,120)	-	-	-	193,883
Total non-current assets	273,331	9,980,452	1,445	24,731	(172,363)	-	-	220,684	9,834,265
Current assets:									
Assets classified as held for sale	-	79,411	-	-	82,000	-	(1)	-	161,410
Inventories	-	608,835	-	-	-	-	-	-	608,835
Trade and other receivables	185,692	1,006,458	1,611	8,944	-	-	1,109	94,439	1,018,122
Financial assets	-	57,540	-	-	-	-	1	-	57,541
Cash and cash equivalents	5,124	2,232,446	2,203	13,677	-	-	(48)	6,264	2,248,278
Total current assets	190,816	3,984,690	3,814	22,621	82,000	-	1,061	100,703	4,094,186
Current liabilities:									
Trade and other payables	(275,269)	(2,894,081)	(8,693)	(19,393)	-	91,900	1,440	(183,986)	(2,828,827)
Provisions	(3,960)	(614,558)	-	-	-	-	4,721	(4,111)	(609,837)
Financial liabilities	-	(1,827)	-	-	-	-	-	-	(1,827)
Total current liabilities	(279,229)	(3,510,466)	(8,693)	(19,393)	-	91,900	6,161	(188,097)	(3,440,491)
Non-current liabilities:									
Provisions	(684)	(811,789)	(3,333)	(3,891)	-	-	3,238	(533)	(815,775)
Trade and other payables	(155,427)	(1,194,119)	(60)	(7,610)	-	52,647	-	(102,780)	(1,149,142)
Financial liabilities	-	(57,337)	-	-	-	-	-	-	(57,337)
Pension liabilities	-	(1,292,083)	(1,470)	31,329	-	-	-	-	(1,262,224)
Deferred tax liability	-	-	-	-	-	-	(7,959)	-	(7,959)
Total non-current liabilities	(156,111)	(3,355,328)	(4,863)	19,828	-	52,647	(4,721)	(103,313)	(3,292,437)
Assets less liabilities	28,807	7,099,348	(8,297)	47,787	(90,363)	144,547	2,501	29,977	7,195,523

33. Restatement of Statement of Financial Position and Statement of Comprehensive Net Expenditure (continued)

Consolidated Statement of Financial Position as at 31 March 2012	Published 2011-12							Restated 2011-12	
	Published 2011-12: Core Department and Agency £'000	Published 2011-12: Departmental Group £'000	Machinery of Government changes £'000	Ofcom boundary changes £'000	Fixed asset and investment revaluations £'000	Digital Switchover £'000	Other adjustments £'000	Restated 2011-12: Core Department and Agency £'000	Restated 2011-12: Departmental Group £'000
Taxpayers' equity:									
General fund	12,099	6,536,568	(8,492)	47,787	(293,120)	144,547	(1,238,622)	13,269	5,188,668
Pension reserve	-	(1,186,139)	-	-	-	-	1,186,139	-	-
Revaluation reserve	16,708	17,470	195	-	139,000	-	106,166	16,708	262,831
Other reserves	-	95,750	-	-	-	-	(95,750)	-	-
Total taxpayers' equity	28,807	5,463,649	(8,297)	47,787	(154,120)	144,547	(42,067)	29,977	5,451,499
Lottery funds	-	(779,372)	-	-	-	-	17,421	-	(761,951)
Charitable funds	-	2,415,071	-	-	63,757	-	27,147	-	2,505,975
Total reserves	28,807	7,099,348	(8,297)	47,787	(90,363)	144,547	2,501	29,977	7,195,523

33. Restatement of Statement of Financial Position and Statement of Comprehensive Net Expenditure (continued)

Consolidated Statement of Financial Position as at 1 April 2011	Published 2010-11							Restated 2010-11	
	Published 2010-11: Core Department and Agency £'000	Unaudited Published 2010-11: Departmental Group £'000	Machinery of Government changes £'000	Ofcom boundary changes £'000	Fixed asset and investment revaluations £'000	Digital Switchover £'000	Other adjustments £'000	Restated 2010-11: Core Department and Agency £'000	Unaudited Restated 2010-11: Departmental Group £'000
Non-current assets:									
Property, plant & equipment	63,926	8,354,889	1,930	15,837	81,000	-	-	63,926	8,453,656
Intangible assets	489	55,863	223	11,713	-	-	-	489	67,799
Investments in associates and joint ventures	-	76,900	-	-	-	-	-	-	76,900
Investment properties	-	3,005	-	-	-	-	-	-	3,005
Trade and other receivables	54	24,808	-	3,993	-	-	-	54	28,801
Financial assets	-	508,260	-	-	(293,120)	-	-	-	215,140
Total non-current assets	64,469	9,023,725	2,153	31,543	(212,120)	-	-	64,469	8,845,301
Current assets:									
Assets classified as held for sale	-	6,203	-	-	-	-	-	-	6,203
Inventories	8	564,726	-	-	-	-	270	8	564,996
Trade and other receivables	68,329	966,297	1,975	8,150	-	-	(271)	68,840	976,151
Financial assets	-	44,248	-	-	-	-	-	-	44,248
Cash and cash equivalents	125,168	2,337,703	6,260	26,944	-	-	-	125,941	2,370,907
Total current assets	193,505	3,919,177	8,235	35,094	-	-	(1)	194,789	3,962,505
Current liabilities:									
Trade and other payables	(213,817)	(2,914,812)	(6,919)	(26,925)	-	-	-	(214,344)	(2,948,656)
Provisions	(2,162)	(591,208)	-	-	-	-	-	(2,162)	(591,208)
Financial liabilities	-	(3,713)	-	-	-	-	-	-	(3,713)
Total current liabilities	(215,979)	(3,509,733)	(6,919)	(26,925)	-	-	-	(216,506)	(3,543,577)
Non-current liabilities:									
Provisions	(1,666)	(739,951)	(3,592)	(4,608)	-	-	6,509	(1,666)	(741,642)
Trade and other payables	(11,000)	(2,012,781)	(247)	(9,631)	-	-	-	(11,000)	(2,022,659)
Financial liabilities	-	(1,599)	-	-	-	-	-	-	(1,599)
Pension liabilities	-	(1,000,621)	(1,444)	20,362	-	-	-	-	(981,703)
Deferred tax liability	-	-	-	-	-	-	(6,509)	-	(6,509)
Total non-current liabilities	(12,666)	(3,754,952)	(5,283)	6,123	-	-	-	(12,666)	(3,754,112)
Assets less liabilities	29,329	5,678,217	(1,814)	45,835	(212,120)	-	(1)	30,086	5,510,117

33. Restatement of Statement of Financial Position and Statement of Comprehensive Net Expenditure (continued)

Consolidated Statement of Financial Position as at 1 April 2011	Published 2010-11							Restated 2010-11	
	Published 2010-11: Core Department and Agency £'000	Unaudited Published 2010-11: Departmental Group £'000	Machinery of Government changes £'000	Ofcom boundary changes £'000	Fixed asset and investment revaluations £'000	Digital Switchover £'000	Other adjustments £'000	Restated 2010-11: Core Department and Agency £'000	Unaudited Restated 2010-11: Departmental Group £'000
Taxpayers' equity:									
General fund	13,257	4,504,601	(1,989)	45,835	(293,120)	-	(847,316)	14,014	3,408,011
Pension reserve	-	(927,118)	-	-	-	-	927,118	-	-
Revaluation reserve	16,072	17,238	175	-	81,000	-	87,280	16,072	185,693
Other reserves	-	77,150	-	-	-	-	(77,150)	-	-
Total taxpayers' equity	29,329	3,671,871	(1,814)	45,835	(212,120)	-	89,932	30,086	3,593,704
Lottery funds	-	(1,334,152)	-	-	-	-	46,397	-	(1,287,755)
Charitable funds	-	3,340,498	-	-	-	-	(136,330)	-	3,204,168
Total reserves	29,329	5,678,217	(1,814)	45,835	(212,120)	-	(1)	30,086	5,510,117

34. List of bodies within the Group

The bodies included in the Government Resources and Accounts Act 2000 (Estimates and Accounts) Order 2012, known as the Designation Order are listed below. The Annual Report and Accounts for each of these bodies can be found on their own websites, which are listed below. As a result of changes made to the 2012-13 Designation Order, some bodies are no longer included in the Group accounting boundary. Where boundary changes have an impact on previously reported financial results, these are shown in Note 33.

The bodies whose Accounts have been consolidated within the Group were as follows:

Core Department:

The Department for Culture, Media and Sport (DCMS)

(www.gov.uk/government/organisations/department-for-culture-media-sport)

Executive Agency:

The Royal Parks (TRP) (www.royalparks.org.uk)

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.

The BBC Public Service Broadcasting Group (BBC PSB Group) is the only element of the BBC that is included in the Accounts.

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.

BBC (www.bbc.co.uk)

S4C (Sianel Pedwar Cymru) (www.s4c.co.uk)

Other Arm's Length Bodies

Other ALBs are grouped in the following way:

Museums and Galleries

British Museum (www.britishmuseum.org)

Geffrye Museum (www.geffrye-museum.org.uk)

Horniman Public Museum and Public Park Trust (www.horniman.ac.uk)

Imperial War Museum (www.iwm.org.uk)

National Gallery (www.nationalgallery.org.uk)

National Maritime Museum (www.rmg.co.uk)

National Museums Liverpool (www.liverpoolmuseums.org.uk)

National Portrait Gallery (www.npg.org.uk)

Natural History Museum (www.nhm.ac.uk)

Royal Armouries Museum (www.royalarmouries.org)

Science Museum Group (www.sciencemuseum.org.uk)

Sir John Soane's Museum (www.soane.org)

Tate Gallery (www.tate.org.uk)

Victoria and Albert Museum (www.vam.ac.uk)

Wallace Collection (www.wallacecollection.org)

Libraries

British Library¹⁰ (www.bl.uk)

Public Lending Right (PLR)¹⁰ (www.plr.uk.com)

Arts

Arts Council England (www.artscouncil.org.uk)

Architecture and the Historic Environment

The Historic Buildings and Monuments Commission for England (English Heritage)
(www.english-heritage.org.uk)

National Heritage Memorial Fund (NHMF) (www.nhmf.org.uk) (includes the Heritage Lottery Fund) (www.hlf.org.uk)

Communications

Office of Communications (Ofcom)¹¹ (www.ofcom.org.uk)

Tourism

British Tourist Authority (www.visitbritain.org)

Creative industries

British Film Institute (www.bfi.org.uk)

Sports

Sports Ground Safety Authority (www.safetyatsportsgrounds.org.uk)

English Sport Council (Sport England) (www.sportengland.org)

UK Sports Council (UK Sport) (www.uksport.gov.uk)

UK Anti-Doping Limited¹² (www.ukad.org.uk)

¹⁰ The PLR functions were transferred to the British Library on 1 October 2013. The PLR was abolished on 1 October 2013.

¹¹ Under a Machinery of Government change Ofcom was transferred to the DCMS Group, see note 33 for details.

¹² UK Anti-Doping Limited is a company limited by guarantee, the sole guarantee of £1 is provided by the Secretary of State for Culture, Media and Sport, who is the owner of the £1 issued share capital.

Olympics

Olympic Delivery Authority (ODA)¹³ (www.gov.uk/oda)

Olympic Lottery Distributor (OLD)¹⁴ (www.olympiclotterydistributor.org.uk)

Gambling and National lottery

Big Lottery Fund¹⁵ (www.biglotteryfund.org.uk)

Gambling Commission (GC)¹⁶ (www.gamblingcommission.gov.uk)

Horserace Betting Levy Board (www.hblb.org.uk)

National Lottery Commission (NLC)¹⁶ (www.natlotcomm.gov.uk)

Equalities

Equalities and Human Rights Commission (EHRC)¹⁷ (www.equalityhumanrights.com)

Other ALB's:

Churches Conservation Trust (www.visitchurches.org.uk)

During the year there were 2 advisory committees funded by DCMS:

Reviewing Committee on the Export of Works of Art
Treasure Valuation Committee

In addition, the Horserace Betting Levy Appeal Tribunal for England and Wales is funded by the Horserace Betting Levy Board.

Bodies excluded from the boundary include:

The Public Sector Bodies that are outside the Departmental accounting boundary, and for which the Department had lead policy responsibility during the year, are listed below together with their status. 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

¹³ The ODA is expected to cease operations by 30 June 2014.

¹⁴ The Secretary of State for Culture, Media and Sport under section 32(1) of the Horserace Betting and Olympic Act 2004 made an order to dissolve the OLD, and this came into effect on 1 April 2013. After closure, residuary functions rest with the Department.

¹⁵ Policy responsibility for Big Lottery Fund rests with the Cabinet Office, however DCMS fulfils the sponsorship function.

¹⁶ The Public Bodies (merger of the GC and the NLC) Order 2013 has been approved by the Houses of Parliament. This order merges the GC with the NLC and is achieved by the abolition of the NLC and transfer of its functions, property, rights and liabilities to the GC, effective from 1 October 2013.

¹⁷ Under a Machinery of Government change EHRC was transferred to the DCMS Group, see note 33 for details

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 Film and Television School

People's History Museum

Royal Household¹⁸ (RHH)

Lottery Funds

The Department is responsible for the operation of the National Lottery Distribution Fund and the Olympic Lottery Distribution Fund; both are separately accounted for and are not consolidated in the Accounts.

¹⁸The Department provides funding for the security and upkeep of Marlborough House, a historic royal palace occupied by the Commonwealth Institute.

Appendix A to the Annual Report – Annual Summary of 2012-13 QDS

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	2012-13	2011-12
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	Actual £m	Budget £m	Actual £m
Total Departmental Expenditure Limit (DEL)	72.66	68.15	68.59
of which Resource DEL (excl. Depreciation)	70.80	66.99	67.57
Purchase of goods and services within Resource DEL	40.10	40.38	43.38
Payroll within Resource DEL	24.25	23.20	26.81
Grants within Resource DEL	0	0	0
of which Capital DEL	1.86	1.16	1.02
Total Annually Managed Expenditure (AME)	-2.03	0	2.95

Common Areas of Spend – DCMS only ¹	2012-13	2011-12
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Estate Costs ²	Total office estate (m ²)	5,833	6,371
	Total cost of office estate (£m)	8.46	6.88
	Cost per FTE (£)	6,630	12,356
	Cost per m ² (£)	Not in current QDS	1,080
Procurement	Total Procurement Spend (£m) ³	40.1	24.28
IT	Cost of desktop provision per FTE (£)	694	872
Corporate Service Cost (£m)	Human Resources	0.98	1.51
	Finance	2.24	1.09
	Procurement	0.16	0.14

Fraud, Error, Debt ⁴	Total Identified Fraud (£m)	Not reported	0.02
	Total Debt (£m)	Not reported	0.07
Voluntary and community sector (VCS)/Small and medium enterprises (SME)	Procurement spend with SME (£m)	4.01	6.90
	Procurement spend with VCS (£m)	Not reported	0.23
	Grants to VCS (£m) ⁵	Not reported	19.56

1 Data in this table is for the core Department only. Some published QDS data for individual quarters included data for Arm's Length Bodies, and has been restated here for consistency.

2 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.

3 Procurement spend includes capital additions for the core Department and purchases for operating activities.

4 Debt relating to fraud is for the recovery of costs in historic cases that were awaiting the resolution of litigation and recovery actions.

5 Grant to VCS exclude the Listed Places of Worship and Memorial Grants schemes for reimbursement of VAT incurred.

Major Projects (Top 5)	Forecast (£m) as at 31 March 2013
Project A: The Olympics and Paralympics	8,770
Project B: Rural Broadband	530
Project C: Spectrum Clearance	281
Project D: Tate Modern Project	215
Project E: Mobile Infrastructure Project	155
WHOLE LIFE cost of major projects	9,951

Olympic and Paralympic Games – Following the successful completion of the London 2012 Olympic and Paralympic Games all the assets constructed by the Olympic Delivery Authority (ODA) on the Queen Elizabeth Olympic Park have been passed to legacy owners: the majority to the London Legacy Development Corporation, a Mayoral Development Corporation chaired by the Mayor of London, which is taking forward the post-Games legacy transformation of the Olympic Park. The first section of the Park to be transformed was opened to the public in July 2013. The ODA remains in being to carry out the conversion for residential use of the 2,818 units on the Olympic Village. There are currently 1,900 workers on site (now known as East Village) and the ODA's plan is to achieve completion of this large programme in the January-March quarter of 2014. The completed "plots" will be

handed over to the purchasers as they are finished. 49% of the units will be available for affordable housing and 51% for private renting.

Rural Broadband Programme – The project aims to extend the benefits of broadband to support jobs and growth and quality of life across the UK, including in rural areas, by providing 90% coverage of superfast broadband availability, as well as ensuring the delivery of standard broadband to virtually all communities in the UK.

Spectrum Clearance – This project has been to clear and auction spectrum at 800MHz and 2.6GHz for 4G mobile services. The auction took place in early 2013, raising £2.3 billion for the Treasury, and enabling 4G services to be rolled out from Summer 2013. There are some clearance activities still underway, around mitigation and migration of existing services and activity continues in managing the risk of harmful interference.

Tate Modern Project – 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 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. Further details can be found at <http://www.tate.org.uk/about/projects/tate-modern-project>.

Mobile Infrastructure Project – Project to improve mobile coverage and quality across the UK – known as the Mobile Infrastructure Project. This is intended to improve mobile phone coverage through building additional mobile phone masts in uncovered areas, whilst ensuring technical solutions are compatible with future technological developments.

PEOPLE*		31 Mar 2013	31 Mar 2012
DCMS Workforce Size			
DCMS Payroll Staff (FTE) ¹		376.5	456.9
Average Staff Costs (per FTE)		£55,304	£55,961
DCMS Contingent Labour ²		69	30
DCMS Workforce Shape			
Workforce Shape (%)	Administrative Assistants and Administrative Officers	5.12	5.97
	Executive Officers	14.58	18.49
	Higher and Senior Executive Officers	40.95	34.97
	Grade 7/6	35.32	30.5
	Senior Civil Servants	10.02	10.07
	Part Time	6.94	7.19
	Annual Turnover Rate ³	21.0	17.5
Workforce Diversity (%)	Black and Minority Ethnic	8.86	10.61
	Women	43.3	45.26
	Disabled	3.22	3.64
Workforce Diversity ⁴ (Senior Civil Servants only) (%)	Black and Minority Ethnic	2.22	3.94
	Women	56.67	38.38
	Women (SCS2 and above)	62.5	16.6
	Disabled	0.0	2.0
Attendance (AWDL %)	Actual	3.8	4.9

1 The FTE staff numbers include employees who transferred during the year through a Machinery of Government Change. This means that if a like for like comparison is made with the previous year. The reduction in staff numbers would have been greater.

2 DCMS contingent labour – shows the number of agency, interim and specialist contractors employed by the Department.

3 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.

DCMS People Survey Metrics		2012*	2011*
Engagement Index (%)		49	54
Theme scores (%)	Leadership and Managing Change	39	33
	My Work	79	74
	My Line Manager	66	62
	Organisational Objectives & Purpose	71	63

* The DCMS People Survey is carried out on a calendar year basis, not a financial year basis. As such, the most recent results are from the 2012 survey.

Appendix B to the Annual Report – Core Tables

These Tables present actual expenditure by the Department for the years 2006-07 to 2012-13 and planned expenditure for the years 2013-14 to 2014-15. The data relates to the Department's expenditure on an Estimate and budgeting basis.

The format of the Tables is determined by HM Treasury, and the disclosure in Tables 1, 2 and 4 follow that of the Supply Estimate Functions. The data in the Tables has been restated to take account of Machinery of Government changes over the period.

Table 1 Public Spending – summarises expenditure on functions now administered by the Department, covering the period from 2006-07 to 2012-13. "Resource" includes programme and administration costs. Total Group expenditure is analysed by Supply Estimates, and any unallocated provision.

Table 2 Public Spending Control – is complementary to Table 1 and shows 2012-13 figures against the original and final budgetary control limits.

Table 3 Capital Employed – shows capital employed by the Core Department and Agency in the Statement of Financial Position format as disclosed in the Accounts. It also shows as a separate line the net capital employed by its ALBs to give a total figure for capital employed by the Group.

Table 4 Administration Budgets – provides a more detailed analysis of the administration costs of the Group. It retains the high level functional analysis used in Table 1.

Table 5 Staff In Post – shows staff numbers employed by the Core Department and its Agency.

Tables 6, 7 and 8 show analyses of the Group's spending by country and region, and by function. The data presented in these tables are consistent with the country and regional analyses (CRA) published by HM Treasury in [October 2012 as part of the National Statistics release](#). The figures were taken from the HM Treasury public spending database in Summer 2012 and the regional distributions were completed by the following autumn. Therefore the tables may not show the latest position and are not consistent with other tables in the Departmental Report. Please note that totals may not sum due to rounding.

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 Core Department, its Agency and ALBs, and public corporations' capital expenditure, but do not include capital finance to public corporations. They do not include payments to local authorities.

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 2012.

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.

Across Government, most expenditure is not planned or allocated on a regional basis. The analyses show the regional outcome of spending decisions that on the whole have not been made primarily on a regional basis.

The functional analyses of spending in Table 8 are based on the United Nations Classification of the Functions of Government (COFOG), the international standard. The presentations of spending by function are consistent with those used in Chapter A of the CRA October 2012 release. These are not the same as the strategic priorities shown elsewhere in the report.

Table 1 – Public Spending

Resource DEL (£'000s)	2006-07 Outturn	2007-08 Outturn	2008-09 Outturn	2009-10 Outturn	2010-11 Outturn	2011-12 Outturn	2012-13 Outturn	2013-14 Plans	2014-15 Plans
Support for the Museums and Galleries sector	4,532	12,619	4,230	4,170	3,831	13,336	12,664	16,621	17,180
Museums and Galleries sponsored bodies	342,921	334,044	278,988	357,425	361,853	306,816	359,754	406,016	378,597
Libraries sponsored bodies	100,913	99,452	104,277	103,587	106,243	113,172	110,753	114,024	113,274
Museums, libraries and archives council	48,525	59,804	61,838	58,376	64,474	43,741	8,632	-	124
Support for the arts sector	2,074	3,088	(1,273)	(3,821)	(1,737)	2,373	(53,218)	(66,107)	(60,893)
Arts and culture bodies	387,109	402,293	413,791	420,612	420,204	380,835	446,545	447,244	449,902
Support for the sports sector	2,583	8,525	2,203	8,801	1,098	5,394	6,847	6,395	13,370
Sport sponsored bodies	111,731	141,744	161,154	151,945	148,362	136,077	144,942	121,961	119,503
Ceremonial and support for the heritage sector	16,654	19,064	20,633	18,555	22,200	13,946	22,161	14,980	14,281
Heritage sponsored bodies	161,239	141,608	151,149	151,825	144,270	130,737	97,567	97,999	97,423
The Royal Parks	17,851	18,999	20,092	18,487	15,759	17,162	16,955	15,575	14,846
Support for the tourism sector	1,925	1,985	2,230	127	2,362	16	70	-	-
Tourism sponsored bodies	52,980	53,848	52,985	50,450	39,479	45,494	47,824	31,381	29,195
Support for the broadcasting and media sector	1,154	4,417	2,722	2,624	1,561	3,218	15,161	11,397	7,106
Broadcasting and media sponsored bodies	120,039	118,109	129,542	136,260	138,139	170,893	183,593	98,319	97,204
Administration and research	53,910	53,309	56,476	56,448	53,406	58,429	51,679	53,354	33,828
Support for horseracing and the gambling sector	(11,015)	(11,518)	(5,121)	(3,732)	(4,020)	2,700	(1,560)	(1,445)	-
Grant to the National Lottery Commission	8,415	12,502	6,490	4,974	4,917	4,974	1,714	3,216	815
Gambling Commission	14,126	4,108	1,437	827	(810)	(252)	245	1,175	1,234
Olympics - legacy programmes	154	459	(67)	524	13,022	65,868	501,628	2,192	-
London 2012	20,249	24,130	(2,703)	(35,363)	(18,700)	45,399	1,575,240	168,776	-
Government Equalities Office	-	5,969	10,333	13,998	11,611	7,080	15,283	21,375	20,333
Equality and Human Rights Commission (EHRC)	-	74,129	59,395	55,700	52,800	42,982	26,683	32,526	25,118
Spectrum management receipts	-	-	-	-	-	-	(60,142)	(62,300)	(62,600)
Total resource DEL	1,458,069	1,582,687	1,530,801	1,572,799	1,580,324	1,610,390	3,531,020	1,534,674	1,309,840

Resource DEL (£'000s)	2006-07 Outturn	2007-08 Outturn	2008-09 Outturn	2009-10 Outturn	2010-11 Outturn	2011-12 Outturn	2012-13 Outturn	2013-14 Plans	2014-15 Plans
Total resource DEL (brought forward from previous page)	1,458,069	1,582,687	1,530,801	1,572,799	1,580,324	1,610,390	3,531,020	1,534,674	1,309,840
<i>Of which:</i>									
Staff costs	508,044	632,674	585,335	604,087	606,177	648,611	594,034	247,279	212,025
Purchase of goods and services	754,022	817,214	852,475	795,638	745,002	931,655	849,340	624,450	518,644
Income from sales of goods and services	(354,510)	(400,225)	(435,149)	(371,751)	(364,397)	(402,992)	(273,532)	(19,270)	-
Current grants to local government (net)	25,174	48,672	91,378	38,415	57,507	(26,931)	10,603	-	-
Current grants to persons and non-profit (net)	497,304	575,071	580,437	649,477	606,302	585,540	786,028	496,185	497,321
Current grants abroad (net)	(649)	(12,410)	906	493	823	136	-	51	-
Subsidies to public corporations	-	-	-	-	82,590	74,880	522,976	1,691	1,677
Rentals	-	-	-	-	800	6,346	3,545	-	-
Depreciation ¹	101,589	107,081	28,571	115,617	109,300	114,120	1,443,884	296,000	176,200
Change in pension scheme liabilities ²	-	-	-	-	100	471	12	-	-
Other resource	(72,905)	(185,390)	(173,152)	(259,177)	(263,880)	(321,446)	(405,870)	(111,712)	(96,027)

Resource AME (£'000s)	2006-07 Outturn	2007-08 Outturn	2008-09 Outturn	2009-10 Outturn	2010-11 Outturn	2011-12 Outturn	2012-13 Outturn	2013-14 Plans	2014-15 Plans
British Broadcasting Corporation and other broadcasting and media sponsored bodies	2,797,000	2,962,800	2,868,987	3,020,000	3,121,360	2,607,337	3,061,145	3,179,759	3,392,531
New and adjustments to existing provisions and impairments	3,375	11,273	17,293	41,730	303,698	(98,473)	(12,437)	576	-
Release of provisions	(4,357)	(4,944)	(3,902)	(2,646)	(6,041)	(20,372)	(39,548)	-	-
Museums and Galleries sponsored bodies	-	-	-	-	(44,810)	-	25,325	27,066	-
Libraries sponsored bodies	-	-	-	-	-	-	3	3	-
Arts and culture bodies	-	-	-	-	-	-	-	5,005	-
Sport sponsored bodies	-	(50)	-	-	-	-	4,061	724	-
The Royal Parks	-	-	-	-	-	-	702	165	-
Tourism sponsored bodies	-	-	-	-	-	-	1,937	140	-
Gambling levy bodies	-	-	-	-	-	(30,535)	(10,268)	-	-
Horseracing and the gambling bodies	-	-	-	-	-	-	472	-	-
Equality and Human Rights Commission (EHRC)	-	-	-	-	-	86	68	-	-
London 2012	-	-	-	-	-	-	(142)	-	-
Lottery grants	837,047	882,351	1,010,728	1,000,814	994,845	1,334,509	1,449,621	932,084	932,084
Total resource AME	3,633,065	3,851,430	3,893,106	4,059,898	4,369,052	3,792,552	4,480,939	4,145,522	4,324,615

Resource AME (£'000s)	2006-07 Outturn	2007-08 Outturn	2008-09 Outturn	2009-10 Outturn	2010-11 Outturn	2011-12 Outturn	2012-13 Outturn	2013-14 Plans	2014-15 Plans
Total resource AME	3,633,065	3,851,430	3,893,106	4,059,898	4,369,052	3,792,552	4,480,939	4,145,522	4,324,615
<i>Of which:</i>									
Staff costs	916,000	1,097,800	974,130	1,248,000	1,053,000	1,199,758	889,527	1,040,458	1,070,067
Purchase of goods and services	2,411,000	2,375,000	2,410,870	2,279,000	2,630,510	1,973,067	2,844,775	2,609,837	2,821,444
Change in pension scheme liabilities ²	-	-	-	-	-	-	162,231	-	-
Income from sales of goods and services	-	-	-	-	-	-	(328,808)	-	-
Rentals	-	-	-	-	-	-	80,775	-	-
Current grants to local government (net)	49,014	43,953	102,440	79,898	73,666	57,497	20,812	89,110	89,110
Current grants to persons and non-profit (net)	735,187	729,672	784,288	784,245	761,179	961,726	557,133	842,974	842,974
Depreciation ¹	35,000	35,000	84,787	93,000	69,585	124,644	237,369	197,302	176,020
Take up of provisions	7,028	12,911	17,283	41,771	292,898	(96,968)	592,197	576	-
Release of provision	(8,010)	(6,632)	(3,892)	(2,687)	(6,041)	(16,345)	(40,604)	-	-
Unwinding of discount rate on pension scheme liabilities ²	-	-	-	-	-	560,222	557,712	-	-
Other resource	(512,154)	(436,274)	(476,800)	(463,329)	(505,745)	(971,049)	(1,092,180)	(634,735)	(675,000)
Total resource budget	5,091,134	5,434,117	5,423,907	5,632,697	5,949,376	5,402,942	8,011,959	5,680,196	5,634,455
<i>Of which: Depreciation¹</i>	136,589	142,081	113,358	208,617	178,885	238,764	1,681,253	493,302	352,220

Capital DEL (£'000s)	2006-07 Outturn	2007-08 Outturn	2008-09 Outturn	2009-10 Outturn	2010-11 Outturn	2011-12 Outturn	2012-13 Outturn	2013-14 Plans	2014-15 Plans
Support for the Museums and Galleries sector	23	2,734	(1,490)	3,904	4,390	6,050	2,100	-	2,000
Museums and Galleries sponsored bodies	39,060	56,096	112,562	60,564	52,228	154,781	76,284	29,339	47,838
Libraries sponsored bodies	35,460	29,217	26,982	30,634	26,543	13,603	17,167	(1,393)	3,331
Museums, libraries and archives council	-	65	424	120	-	-	-	-	-
Support for the arts sector	482	323	403	314	256	100	-	114	119
Arts and culture bodies	35,550	27,191	27,663	32,051	35,931	12,778	18,222	19,729	13,066
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	31,698	26,038	26,129
Ceremonial and support for the heritage sector	2,111	600	1,284	550	2,400	3,797	7,581	1,364	1,400
Heritage sponsored bodies	12,464	41,096	39,015	28,172	31,379	22,066	29,079	24,512	16,894
The Royal Parks	408	536	1,384	2,076	2,785	1,574	1,583	857	895
Tourism sponsored bodies	307	395	1,176	304	130	191	189	192	192
Support for the broadcasting and media sector	470	323	205	211	157	108	9,136	207,928	221,729
Broadcasting and media sponsored bodies	4,044	1,571	3,898	7,265	11,420	51,097	40,667	24,364	23,275
Administration and research	12,852	5,396	2,569	2,350	1,381	897	1,830	1,164	1,164
Support for horseracing and the gambling sector	-	-	-	-	-	-	9,000	9,000	-
Grant to the National Lottery Commission	125	44	62	36	45	4	427	-	-
Gambling Commission	3,733	1,736	1,327	599	217	234	310	-	-
Olympics - legacy programmes	-	-	(432,530)	(644,240)	(654,845)	35,143	42,053	-	-
London 2012	89,347	323,978	1,009,025	938,487	1,022,684	917,180	54,056	(190,090)	(87,145)
Equality and Human Rights Commission (EHRC)	-	7,175	904	382	268	1,370	495	1,000	500
n/a	-	-	(34,950)	-	-	-	-	-	-
Total capital DEL	286,517	543,994	823,506	519,085	579,901	1,256,938	341,877	154,118	271,387
<i>Of which:</i>									
Capital support for local government (net)	24,242	(42,778)	(89,646)	(86,871)	(171,004)	75,965	1,245,270	-	-
Capital grants to persons & non-profit (net)	92,386	106,685	76,982	77,072	126,276	121,296	49,103	878,407	294,801
Capital grants to private sector companies (net)	-	-	-	-	-	(88)	25,976	-	-
Capital grants abroad (net)	(36,752)	(34,621)	-	-	-	791	(216)	-	-
Capital support for public corporations	-	35	-	-	-	(47,088)	46,818	-	-
Purchase of assets	268,220	581,142	1,336,985	1,455,522	1,593,835	1,208,437	374,201	(122,989)	46,486
Income from sales of assets	(479)	(2,489)	(59,927)	(822)	(73,652)	(6,382)	(1,242,845)	(601,300)	(69,900)
Net lending to the private sector and abroad	-	-	-	-	-	-	(26,761)	-	-
Other capital	(61,100)	(63,980)	(440,888)	(925,816)	(895,554)	(95,993)	(129,669)	-	-

Capital AME (£'000s)	2006-07 Outturn	2007-08 Outturn	2008-09 Outturn	2009-10 Outturn	2010-11 Outturn	2011-12 Outturn	2012-13 Outturn	2013-14 Plans	2014-15 Plans
British Broadcasting Corporation and other broadcasting and media sponsored bodies	103,000	85,000	81,100	123,000	121,600	172,012	(80,380)	138,138	145,000
New and adjustments to existing provisions and impairments	-	-	-	-	-	-	7,400	-	-
Museums, libraries and archives council	13,870	10,000	-	-	-	-	-	-	-
Gambling levy bodies	-	-	-	-	-	-	(8,411)	-	-
Release of provisions	-	-	-	-	-	-	(7,400)	-	-
Lottery grants	880,450	713,455	535,632	751,532	597,410	379,916	536,954	496,916	567,916
n/a	-	-	(45,200)	-	-	-	-	-	-
Total capital AME	997,320	808,455	571,532	874,532	719,010	551,928	448,163	635,054	712,916
<i>Of which:</i>									
Capital support for local government (net)	82,611	293,462	277,019	231,576	149,864	137,333	99,230	241,902	241,902
Capital grants to persons & non-profit (net)	745,117	352,830	257,613	277,427	208,546	242,583	355,026	326,014	326,014
Purchase of assets	116,870	95,000	81,100	123,000	121,600	172,012	128,051	138,138	145,000
Income from sales of assets	-	-	(45,200)	-	-	-	(208,487)	-	-
Net lending to the private sector and abroad	-	-	-	-	-	-	8,455	-	-
Other capital	52,722	67,163	1,000	242,529	239,000	-	65,888	(71,000)	-
Total capital budget	1,283,837	1,352,449	1,395,038	1,393,617	1,298,911	1,808,866	790,040	789,172	984,303
Total departmental spending³	6,238,382	6,644,485	6,705,587	6,817,697	7,069,402	6,973,044	7,120,746	5,976,066	6,266,538
<i>Of which:</i>									
Total DEL	1,642,997	2,019,600	2,325,736	1,976,267	2,050,925	2,753,208	2,429,013	1,392,792	1,405,027
Total AME	4,595,385	4,624,885	4,379,851	4,841,430	5,018,477	4,219,836	4,691,733	4,583,274	4,861,511

1 Depreciation includes impairments.

2 Pension schemes report under IAS 19 *Employee Benefits* accounting requirements. These figures, therefore, include cash payments made and contributions received, as well as certain non-cash items.

3 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 the resource budget AME and capital budget AME less depreciation in AME.

Table 2 – Public Spending Control

Spending in Departmental Expenditure Limits (DEL) £'000s	2012-13 Original Plans		2012-13 Adjusted Plans		2012-13 Final Plans		2012-13 Outturn	
	Resource	Capital	Resource	Capital	Resource	Capital	Resource	Capital
Voted expenditure	2,637,533	538,371	2,646,786	654,371	5,172,764	434,328	3,591,162	341,877
<i>Of which:</i>								
Support for the Museums and Galleries sector	17,895	2,550	17,895	2,550	13,906	2,000	12,664	2,100
Museums and Galleries sponsored bodies	374,636	78,375	374,636	78,375	382,038	88,475	359,754	76,284
Libraries sponsored bodies	117,535	15,797	117,535	15,797	115,035	15,797	110,753	17,167
Museums, libraries and archives council	-	-	-	-	-	-	8,632	-
Support for the arts sector	(48,089)	109	(48,089)	109	(52,015)	109	(53,218)	-
Arts and culture bodies	453,965	12,848	453,965	12,848	452,703	21,898	446,545	18,222
Support for the sports sector	11,951	-	11,951	-	13,951	-	6,847	-
Sport sponsored bodies	154,772	25,999	154,772	25,999	151,142	30,177	144,942	31,698
Ceremonial and support for the heritage sector	15,081	1,329	15,081	1,329	32,213	1,829	22,161	7,581
Heritage sponsored bodies	103,639	20,044	103,639	20,044	101,084	20,044	97,567	29,079
The Royal Parks	18,019	819	18,019	819	18,318	819	16,955	1,583
Support for the tourism sector	-	-	-	-	10	-	70	-
Tourism sponsored bodies	44,354	192	44,354	192	49,434	192	47,824	189
Support for the broadcasting and media sector	17,077	124,191	17,177	124,191	23,602	40,952	15,161	9,136
Broadcasting and media sponsored bodies	118,162	118,286	123,964	234,286	179,777	73,789	183,593	40,667
Administration and research	66,589	1,164	69,940	1,164	59,588	1,922	51,679	1,830
Support for horseracing and the gambling sector	(4,035)	(60)	(4,035)	(60)	(3,035)	8,940	(1,560)	9,000
Grant to the National Lottery Commission	4,762	60	4,762	60	4,762	60	1,714	427
Gambling Commission	1,159	-	1,159	-	1,159	-	245	310
Olympics - legacy programmes	672,881	-	672,881	-	775,881	-	501,628	42,053
London 2012	497,180	136,668	497,180	136,668	2,800,280	126,325	1,575,240	54,056
Government Equalities Office	-	-	-	-	18,703	-	15,283	-
Equality and Human Rights Commission (EHRC)	-	-	-	-	34,228	1,000	26,683	495
Non-voted expenditure	-	-	-	-	(66,800)	-	(60,142)	-
<i>Of which:</i>								
Spectrum management receipts	-	-	-	-	(66,800)	-	(60,142)	-
Total spending in DEL	2,637,533	538,371	2,646,786	654,371	5,105,964	434,328	3,531,020	341,877

Spending in Annually Managed Expenditure (AME) £'000s	2012-13 Original Plans		2012-13 Adjusted Plans		2012-13 Final Plans		2012-13 Outturn	
	Resource	Capital	Resource	Capital	Resource	Capital	Resource	Capital
Voted expenditure	5,716,425	54,400	5,716,425	54,400	3,322,076	109,000	3,031,318	(88,791)
<i>Of which:</i>								
British Broadcasting Corporation and other broadcasting and media sponsored bodies	3,413,325	54,400	3,413,325	54,400	3,279,376	109,000	3,061,145	(80,380)
New and adjustments to existing provisions and impairments	2,303,100	-	2,303,100	-	5,721	-	(12,437)	7,400
Release of provisions	-	-	-	-	-	-	(39,548)	(7,400)
Museums and Galleries sponsored bodies	-	-	-	-	30,944	-	25,325	-
Libraries sponsored bodies	-	-	-	-	(109)	-	3	-
Arts and culture bodies	-	-	-	-	5,075	-	-	-
Sport sponsored bodies	-	-	-	-	519	-	4,061	-
The Royal Parks	-	-	-	-	210	-	702	-
Tourism sponsored bodies	-	-	-	-	340	-	1,937	-
Gambling levy bodies	-	-	-	-	-	-	(10,268)	(8,411)
Horseracing and the gambling bodies	-	-	-	-	-	-	472	-
Equality and Human Rights Commission (EHRC)	-	-	-	-	-	-	68	-
London 2012	-	-	-	-	-	-	(142)	-
Non-voted expenditure	1,141,205	711,795	1,141,205	711,795	1,141,205	711,795	1,449,621	536,954
<i>Of which:</i>								
Lottery grants	1,141,205	711,795	1,141,205	711,795	1,141,205	711,795	1,449,621	536,954
Total spending in AME	6,857,630	766,195	6,857,630	766,195	4,463,281	820,795	4,480,939	448,163

Total	9,495,163	1,304,566	9,504,416	1,420,566	9,569,245	1,255,123	8,011,959	790,040
<i>Of which:</i>								
Voted expenditure	8,353,958	592,771	8,363,211	708,771	8,494,840	543,328	6,622,480	253,086
Non-voted expenditure	1,141,205	711,795	1,141,205	711,795	1,074,405	711,795	1,389,479	536,954

Table 3 – Capital Employed

	2008-09 Outturn £'000	2009-10 Outturn £'000	2010-11 Outturn £'000	2011-12 Outturn £'000	2012-13 Outturn £'000
Assets					
Non-current assets					
Intangible assets	89	734	489	273	221
Property, plant & equipment, of which:	69,778	65,120	63,926	58,899	59,764
<i>Land and buildings</i>	26,740	26,690	24,580	19,774	18,533
<i>Dwellings</i>	1,281	1,349	1,299	1,324	1,408
<i>Information technology</i>	4,777	3,305	2,950	2,210	2,066
<i>Plant and machinery</i>	570	982	1,012	2,216	2,010
<i>Furniture and fittings</i>	2,530	2,059	1,682	1,208	1,861
<i>Heritage</i>	31,782	30,604	30,722	31,597	32,670
<i>Assets under construction</i>	2,098	131	1,681	570	1,216
Other non-current assets	-	80	54	161,512	82,918
Current assets	96,349	64,029	194,789	100,703	29,208
	166,216	129,963	259,258	321,387	172,111
Liabilities					
Payables (<1 year)	(104,533)	(51,070)	(214,344)	(183,986)	(103,797)
Payables (>1 year)	-	-	(11,000)	(102,780)	(82,918)
Provisions	(1,457)	(1,180)	(3,828)	(4,644)	(2,237)
	(105,990)	(52,250)	(229,172)	(291,410)	(188,952)
Capital employed within Core Department & Agency	60,226	77,713	30,086	29,977	(16,841)
NDPB net assets	5,284,000	4,781,000	5,480,031	7,165,546	4,298,270
Total capital employed in Departmental Group	5,344,226	4,858,713	5,510,117	7,195,523	4,281,429

Table 4 – Administration Budgets

Resource DEL £'000s	2006-07 Outturn	2007-08 Outturn	2008-09 Outturn	2009-10 Outturn	2010-11 Outturn	2011-12 Outturn	2012-13 Outturn	2013-14 Plans	2014-15 Plans
Libraries sponsored bodies	-	-	-	-	-	9,936	10,497	10,611	10,246
Museums, libraries and archives council	-	-	-	-	-	6,157	7,808	-	-
Support for the Arts sector	-	-	-	-	-	-	(366)	(228)	(190)
Arts and culture bodies	-	-	-	-	-	22,783	26,612	21,696	16,926
Sport sponsored bodies	-	-	-	-	-	13,304	15,210	15,784	17,325
Ceremonial and support for the Heritage sector	-	-	-	-	-	208	222	230	236
Heritage sponsored bodies	-	-	-	-	-	18,182	14,931	17,168	17,990
The Royal Parks	-	-	-	-	-	2,147	2,318	2,885	2,706
Tourism sponsored bodies	-	-	-	-	-	34,494	31,967	31,268	29,024
Support for the Broadcasting and Media sector	-	-	-	-	-	7,714	9,207	4,351	1,000
Broadcasting and Media sponsored bodies	-	-	-	-	-	78,395	67,989	62,300	62,600
Administration and Research	49,775	51,009	53,213	53,612	49,852	56,245	50,926	38,404	33,768
Government Equalities Office	-	5,208	7,857	9,396	8,651	6,188	9,346	10,000	8,461
Equality and Human Rights Commission (EHRC)	-	53,514	38,167	38,740	41,040	32,130	22,594	23,181	16,200
Spectrum Management Receipts	-	-	-	-	-	-	(60,142)	(62,300)	(62,600)
Total administration budget	49,775	109,731	99,237	101,748	99,543	287,883	209,119	175,350	153,692
<i>Of which:</i>									
Staff costs	25,243	68,182	57,208	64,315	63,466	208,113	180,876	87,105	73,677
Purchase of goods and services	23,608	38,912	37,838	33,240	33,206	158,323	168,549	139,627	131,380
Income from sales of goods and services	(1,520)	(1,284)	(1,601)	(2,399)	(3,023)	(40,233)	(96,429)	(270)	-
Current grants to persons and non-profit (net)	-	-	-	-	-	-	543	-	-
Current grants abroad (net)	-	(163)	-	-	-	-	-	-	-
Rentals	-	-	-	-	800	5,848	-	-	-
Depreciation	2,364	3,950	5,606	6,100	4,873	20,875	17,243	11,800	11,800
Change in pension scheme liabilities	-	-	-	-	100	471	12	-	-
Other resource	80	134	186	492	121	(65,514)	(61,675)	(62,912)	(63,165)

Table 5 – Staff In Post

	2007-08 Outturn	2008-09 Outturn	2009-10 Outturn	2010-11 Outturn	2011-12 Outturn	2012-13 Outturn
DCMS¹						
FTEs ²	464	453	469	443	457	376
Overtime ³	10	10	8	1	2	1
Total	474	463	477	444	459	377
The Royal Parks¹						
FTEs	99	101	125	124	121	114
Overtime ³	1	2	2	-	-	3
Casual	-	-	-	-	-	-
Total	100	103	127	124	121	117

- 1 These figures represent number of staff in post (FTE) on the last day of the financial year. Agency temporary staff are excluded from these figures.
- 2 The Government Equalities Office (GEO) joined DCMS on 4 September 2012. This means that if a like-for-like comparison was made with the previous year, the reduction in staff numbers would have been significantly greater.
- 3 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

**Table 6 – Total spending by country and region
(2007-08 to 2011-12)**

	National Statistics - £ million				
	2007-08 Outturn	2008-09 Outturn	2009-10 Outturn	2010-11 Outturn	2011-12 Outturn
North East	98	89	106	95	83
North West	180	168	181	148	154
Yorkshire and the Humber	147	144	162	142	156
East Midlands	119	108	117	97	78
West Midlands	152	140	129	137	152
East	125	123	99	102	90
London	875	1,174	1,174	1,291	1,248
South East	202	197	184	183	157
South West	158	146	175	150	138
Total England	2,054	2,289	2,327	2,345	2,256
+ Scotland	91	103	88	81	118
+ Wales	148	164	152	163	178
+ Northern Ireland	35	39	65	46	68
UK identifiable expenditure	2,327	2,594	2,631	2,635	2,620
+ Outside UK	230	245	205	199	220
Total identifiable expenditure	2,558	2,839	2,837	2,834	2,840
+ Non-identifiable expenditure	3,843	3,562	3,789	3,699	4,894
Total expenditure on services	6,401	6,401	6,626	6,532	7,734

**Table 7 – Total spending per head by country and region
(2008-09 to 2011-12)**

	National Statistics - £ per head				
	2007-08 Outturn	2008-09 Outturn	2009-10 Outturn	2010-11 Outturn	2011-12 Outturn
North East	38	34	41	37	32
North West	26	24	26	21	22
Yorkshire and the Humber	28	28	31	27	29
East Midlands	27	24	26	22	17
West Midlands	28	25	23	25	27
East	22	22	17	17	15
London	111	148	146	159	152
South East	24	23	22	21	18
South West	31	28	33	28	26
England	40	44	44	44	42
Scotland	18	20	17	15	22
Wales	49	54	50	54	58
Northern Ireland	20	22	36	25	38
UK identifiable expenditure	38	42	42	42	41

Table 8 – Spending by function or programme, by country and region (2011-12)

Data in this table are National Statistics £ million	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
General public services																		
Executive and legislative organs, financial and fiscal affairs, external affairs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2	2
Total general public services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2	2
Economic affairs																		
Fuel and energy	-	-	-	-	-	-	3	-	-	3	-	-	-	3	-	3	-	3
Transport, of which:	-	-	-	-	-	-	178	-	-	178	-	-	-	178	-	178	-	178
<i>local roads</i>	-	-	-	-	-	-	104	-	-	104	-	-	-	104	-	104	-	104
<i>railway</i>	-	-	-	-	-	-	74	-	-	74	-	-	-	74	-	74	-	74
Communication	-	-	-	-	-	1	4	1	-	9	-	-	2	11	-	11	-	11
Other Industries	1	3	2	1	2	2	103	5	3	120	4	1	1	126	-	126	-	126
Total economic affairs	1	3	2	1	2	3	288	6	3	310	4	1	2	317	-	317	-	317

Data in this table are National Statistics £ million	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
Environment protection																		
Environment protection n.e.c	8	16	12	8	11	8	35	11	10	119	20	17	12	168	-	168	-	168
Total environment protection	8	16	12	8	11	8	35	11	10	119	20	17	12	168	-	168	-	168
Housing and community amenities																		
Housing development, of which:	-	-	-	-	-	-	191	-	-	191	-	-	-	191	-	191	-	191
other social housing	-	-	-	-	-	-	191	-	-	191	-	-	-	191	-	191	-	191
Total housing and community amenities	-	-	-	-	-	-	191	-	-	191	-	-	-	191	-	191	-	191
Health																		
Central and other health services	2	4	3	2	3	2	9	3	3	31	5	4	3	44	-	44	-	44
Total health	2	4	3	2	3	2	9	3	3	31	5	4	3	44	-	44	-	44

Data in this table are National Statistics £ million	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
Recreation, culture and religion																		
Recreational and sporting services	22	45	40	27	41	21	99	32	41	368	22	10	6	405	-	405	900	1,305
Cultural services	46	92	100	51	104	81	512	143	100	1,228	54	25	23	1,331	203	1,534	-	1,534
Broadcasting and publishing services	3	6	6	4	6	5	38	9	8	85	2	97	1	185	10	194	3,993	4,187
Religious and other community services	-	1	-	1	1	1	-	1	1	6	1	-	-	7	-	7	-	7
R&D recreation, culture and religion	-	-	-	-	-	-	1	-	-	3	-	-	-	3	-	3	-	3
Recreation, culture and religion n.e.c	2	3	3	2	3	3	21	5	4	47	1	3	-	52	6	58	-	58
Total recreation, culture and religion	73	148	150	85	155	112	671	190	154	1,736	80	136	31	1,982	220	2,202	4,893	7,095

Data in this table are National Statistics £ million	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
Education																		
Education n.e.c	2	4	3	2	3	2	10	3	3	33	5	5	3	46	-	46	-	46
Total education	2	4	3	2	3	2	10	3	3	33	5	5	3	46	-	46	-	46
Social protection																		
Old age, of which:	(25)	(64)	(48)	(42)	(52)	(58)	(49)	(84)	(59)	(480)	(47)	(30)	(13)	(571)	-	(571)	-	(571)
pensions	(25)	(64)	(48)	(42)	(52)	(58)	(49)	(84)	(59)	(480)	(47)	(30)	(13)	(571)	-	(571)	-	(571)
Social protection n.e.c.	22	42	33	22	30	21	93	28	25	315	51	45	31	443	-	443	-	443
Total social protection	(3)	(21)	(15)	(21)	(22)	(37)	44	(56)	(34)	(165)	4	15	18	(128)	-	(128)	-	(128)
TOTAL	83	154	156	78	152	90	1,248	157	138	2,256	118	178	68	2,620	220	2,840	4,894	7,734

Appendix C to the Annual Report – Sustainability Report

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;
- Carrying out 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 Government's Greening Government targets.

Our targets for improvement are as follows:

Energy and Carbon

The programme to reduce our carbon footprint by reducing our energy usage and minimising our carbon dioxide emissions is supported through more efficient use of our buildings, initiatives to raise staff awareness and improve management controls. We will encourage our suppliers to be more aware of these issues and the impacts they have on the environment.

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 monitor our water use and where possible, install water saving devices.

Pollution

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

Scope and consistency of Sustainability Report

Following the reporting requirements of the Greening Government commitments, the Department is required to align the sustainability reporting boundary with the Departmental accounting boundary. However, a number of our ALBs are exempted from this requirement because they fall under a de minimis threshold.

The tables in the summary of performance section below present the performance against the sustainability measures and targets for the Core Department for 2012-13. The bodies in the scope of detailed performance data below are¹⁹:

- | | | |
|------------------------------|------------------------------|----------------------------|
| - DCMS (Core Department) | - Arts Council England | - Big Lottery Fund |
| - British Film Institute | - British Library | - British Museum |
| - English Heritage | - Imperial War Museum | - National Gallery |
| - National Museums Liverpool | - National Maritime Museum | - Natural History Museum |
| - Ofcom | - Olympic Delivery Authority | - Royal Parks |
| - Science Museum Group | - Tate | - Victoria & Albert Museum |
| - VisitBritain | | |

It should be noted that the 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. Where possible and appropriate, estimates have been made to supplement the information collected from the ALBs. The proportion of estimates included in the detailed performance data is included in the notes to the data.

A high level discussion of the detailed performance data has been included, highlighting significant results for the Departmental Group. For a more detailed discussion of the performance of individual ALBs, please refer to that ALB's own Sustainability Report included in their published Annual Report.

¹⁹ The BBC (PSB) group is within the departmental accounting boundary but have not been included in the Sustainability Report as information specific to this component of the BBC group is not available. The Equality and Human Rights Commission falls within the scope of Greening Government Commitments but have not been included in the Sustainability Report as they have not produced a Sustainability Report. The Department will work with the Equality and Human Rights Commission to ensure this information will be available in the future.

Summary of Performance (Core Department)

Area		2012-13 Performance	
		Actual	Target
Greenhouse Gas emissions (scope 1,2,3) (tCO ₂ e)		913	990
Office Estate Energy	Consumption (kWh)	1,944,477	2,158,000
	Expenditure - Gas (£)	16,841	-
	Expenditure - Electricity (£)	150,878	-
Office Estate Waste	Consumption (tonnes)	41	45
	Expenditure (£)	11,920	-
Office Estate Water	Consumption (m ³)	4,395	5,000
	Expenditure (£)	8,086	-

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

- a 15% reduction from 2009-10 baseline by 2012-13 for paper;
- 20% reduction from 2009-10 baseline by 2014-15 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 exceeded the 25% target reduction. The non-financial performance of the Department over the last three years against the 2009-10 baselines is represented in the table below:

	Estate Carbon	Domestic flights (# flights)	Waste ¹	Water ²	Paper usage (# A4 reams)
2012-13	33% reduction to baseline (2009-10)	146	53% reduction to baseline (2009-10)	9.0 m ³ per FTE	2,493
2011-12	28.87% reduction to baseline (2009-10)	241	17.98% reduction to baseline (2009-10)	13.4 m ³ per FTE	4,968
2010-11	21.21% reduction to baseline (2009-10)	169	2.90% reduction to baseline (2009-10)	13.7 m ³ per FTE	4,952
Accumulated Savings Initiatives over 3 years	444 tonnes of CO ₂	23	47 tonnes	2,933 m ³ reduction	2,609

1 It is not possible to split the waste figures between recycled and landfill waste as it is a combined contract.

2 Water usage is based on actual FTE.

Detailed Performance Data (Core Department and its ALBs)

GREENHOUSE GAS EMISSIONS		2012-13	2011-12⁴
Non-Financial Indicators (tCO ₂ e)	Total gross emissions	129,669	144,318
	Gross emissions Scope 1 (direct) ¹	9,072	8,038
	Gross emissions Scope 2 & 3 (indirect) ¹	51,048	68,428
Related Energy Consumption (million kWh)	Electricity: Non-Renewable ^{2,3}	277.3	310.7
	Electricity: Renewable	3.6	-
	Gas	103.0	90.5
	LPG	0.3	0.2
	Other	7.1	5.8
Financial Indicators (£'000)	Expenditure on Energy ³	25,311	25,311
	CRC License Expenditure	417	417
	Expenditure on accredited offsets	-	-
	Expenditure on official business travel	7,023	7,023

1 Not all ALBs provided data splitting emissions between Scope 1 and Scope 2 & 3. For these ALBs, only the total gross emissions have been included in this table.

2 Where an ALB did not split between non-renewable and renewable electricity consumption, the entire amount was classified as non-renewable.

3 Estimates were made for the electricity consumption and expenditure on energy for several ALBs based on the expenditure on energy or energy consumption that was reported and the average per unit cost of energy of all other ALBs. An estimate of 42 million kWh (2011-12: 34 million kWh) was included in the total Electricity consumed reported above. An estimate of £3.2 million (2011-12: £3.5 million) was included in the total expenditure on energy reported. The Department will work with the ALBs to improve the quality of information collected going forward to reduce the need for estimates.

4 A few ALBs restated their comparatives to reflect better information available when preparing the 2012-13 data or to correct errors in calculation made in the 2011-12 data reported in the prior year. The restatements have been reflected in the 2011-12 comparatives presented above.

Performance commentary

The reduction in the gross emissions is primarily a result of the reduction of the gross emissions of the Olympic Delivery Authority of 18,019 tonnes of CO₂ emissions (Scope 2) in the 2012-13 period compared with the 2011-12 period, during which there was significant construction being undertaken in preparation for the 2012 Olympic Games.

This reduction was offset by an increase of CO₂ emissions by several ALBs in the 2012-13 year, which reflected the impact of a sustained and harsh winter.

Controllable impacts commentary

The main direct impacts for the Department and its ALBs are in its electricity and fuel consumption, in particular the ALBs in the Museums and Galleries sector. Strategies have

been published by the Department and ALBs to reduce this direct impact through efficiency programmes. A number of the Department's Museums (including the Victoria and Albert Museum, and 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. Further, Museums and Galleries that are members of the International Association of Museums Facility Administrators (IAMFA) meet regularly to discuss and evaluate the effects of environmental requirements on energy consumption, and seek to reduce the future dependence on fossil fuels alone.

Overview of influenced impacts

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

WASTE		2012-13	2011-12	
Non-Financial Indicators (tonnes)	Total waste ^{1,2}	10,481	15,412	
	Hazardous waste	168	93	
	Non-hazardous waste	Landfill	1,621	3,464
		Reused/Recycled	4,042	3,161
		Composted	105	67
		Incinerated with energy recovery	1,704	1,058
		Incinerated without energy recovery	-	-
Financial Indicators (£'000)	Total disposal cost ^{1,2}	1,649	2,277	
	Hazardous waste	10	8	
	Non-hazardous waste	Landfill	53	78
		Reused/Recycled	134	95
		Composted	-	-
		Incinerated with energy recovery	40	40
		Incinerated without energy recovery	-	-

1 Not all ALBs provided data splitting emissions between total waste or the total disposal costs into the waste categories. For these ALBs, only the total waste or total disposal cost has been included in this table.

2 Estimates were made for the total waste and total disposal costs for several ALBs based on the disposal costs or quantity of waste disposed that was reported and the average per unit cost disposal of all other ALBs. An estimate of 3,986 tonnes was included in the 2011-12 total waste results. All ALBs were able to provide total waste information in 2012-13. An estimate of £0.967 million (2011-12: £1.078 million) was included in the total disposal costs.

Performance commentary

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.

The reduction in total waste during 2012-13 primarily reflects the higher levels total waste by the ODA during 2011-12 due to construction being undertaken in preparation for the 2012 Olympic Games, and the British Library's construction work on a new building during 2011-12. These construction projects contributed 6,495 tonnes of waste in 2011-12.

The decline in total waste due to the completion of construction work was offset by an increase in total waste by the Royal Parks of 1,018 tonnes which is partly due to the exceptional levels of activity within the parks during the 2012 Olympic Games.

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 Department's heritage and culture bodies (visitors, exhibition development and specialist equipment).

Office waste is expected to decrease following the rationalisation of the Department and its ALB's estates, and as sustainability and environmental policies and practices continues to be developed and implemented.

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 as well as work with waste service providers. Also, ALBs in the Museum and Galleries sector are able to influence visitor's behaviours through the installation of waste bins that allow visitors to separate waste into recyclable streams.

FINITE RESOURCE CONSUMPTION			2012-13	2011-12
Non-Financial Indicators ('000 m ³)	Water consumption (Office Estate)	Supplied ¹	1,002	1,291
		Abstracted	809	729
		Per FTE	0.138	0.151
	Water consumption (non-Office Estate) ²	Supplied	-	-
		Abstracted	-	-
Financial Indicators (£'000)	Water Supply Costs (Office Estate) ¹		2,327	
	Water Supply Costs (non-Office Estate)		-	

1 Estimates were made for the total water consumption and total water consumption costs for several ALBs based on the water supply costs or quantity of water consumption that was reported and the average per unit cost of water consumption of all other ALBs. An estimate of 185,000 m³ (2011-12: 203,000 m³) was included in the total supplied water consumption. An estimate of £0.849 million (2011-12: £1.058 million) was included in the total water supply costs.

2 The information required to separate the water consumption between Office Estate and non-Office Estate was not available for the majority of ALBs. The Department will work with the ALBs to improve the quality of information collected going forward to enable this split to be reported.

Performance commentary

The reduction in supplied water consumption during 2012-13 reflects the higher levels water consumption by the ODA during 2011-12 due to construction being undertaken in preparation for the 2012 Olympic Games and the Royal Parks reducing its supplied water consumption during 2012-13 through increased consumption of abstracted water. Other examples of sustainable practices within the Departmental Group can be found within each ALB's Annual Report.

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. The Department and its ALBs are also continually monitoring and repairing leaks and installing smart meters and water saving devices.

Overview of influenced impacts

Staff awareness programmes are in place within the Department and its ALBs to minimise consumption.

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://www.culture.gov.uk/reference_library/publications/6797.aspx)

In 2012-13, our priorities were 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



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