



Department  
for Culture  
Media & Sport

## Annual Report and Accounts

For the year ended 31 March 2016



# Department for Culture, Media and Sport

## Annual Report and Accounts

For the year ended 31 March 2016

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*This is part of a series of departmental publications which, along with the Main Estimates 2016-17 and the document Public Expenditure: Statistical Analyses 2015, present the Government's outturn for 2015-16 and planned expenditure for 2016-17.*



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# The Performance Report

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**Signed and approved**

**Sue Owen**

**Accounting Officer and Permanent Secretary**

**7 July 2016**

## Overview by the Secretary of State



**The Rt Hon John Whittingdale MP**  
**Secretary of State for Culture, Media and Sport**

The work of the Department for Culture, Media and Sport drives growth, enriches lives and is pivotal in promoting Britain to the rest of the world. The 16 per cent contribution of our sectors to gross value added (GVA) is driven by our vibrant creative industries which have been growing at more than twice the rate of the UK economy, 40 per cent between 2010 and 2014 compared to 16 per cent for our economy as a whole. UK Music reported that music tourism generated £3.7 billion for the UK economy last year, as over three-quarters of a million people travelled to the UK for a concert or festival.

The opportunities for economic, social and cultural growth provided by our sectors was clearly recognised in the 2015 Autumn budget with the Chancellor's statement that "Britain's not just brilliant at science. It's brilliant at culture too. One of the best investments we can make as a nation is in our extraordinary arts, museums, heritage, media and sport". This resulted in a very positive Spending Review settlement, protecting free entry to museums and enabling continued support for our sectors and the economic, social and cultural benefits they bring.

Whilst outside the time period of this annual report, I am of course aware of the uncertainty the EU Referendum result has caused. Whilst the British people's decision will create challenges, our sectors are strong and adaptable and I am confident we will find many opportunities. Nothing will change in the immediate future, and the government is united in its determination to secure the best possible deal for the UK post-Brexit and to ensure our sectors continue to flourish.

2015-16 saw many great achievements.

We delivered a new tax relief for children's TV programmes in April 2015 and introduced changes to the film tax relief.

The 'Five Point Plan for Tourism' was launched by the Prime Minister in July 2015. A new £40 million Discover England Fund will encourage tourism beyond London.

The BBC Charter Review has been a major area of work. We successfully concluded the BBC Charter Review consultation, which had over 192,000 responses - the second largest ever consultation by government. In May, we published the BBC Charter Review White Paper, setting out the government's proposals to secure the future of the BBC as the finest broadcaster in the world.

We are promoting the use of digital technology and tackling cyber security.

DCMS widened its remit through Machinery of Government changes and welcomed the data protection team and the rest of the Digital Economy Unit to the department.

Superfast broadband of at least 24 Megabits per second (Mbps) is now accessible to around 90 per cent of homes and businesses - up from 45 per cent in 2010. We are on track to

achieve 95 per cent coverage by 2017 and plan to go even further. All homes and businesses can now access basic broadband that is sufficiently fast to gain access to every online government service.

Good progress has been made to encourage and increase participation in our sectors.

More than 1,000 public libraries in England now benefit from new or updated WiFi thanks to DCMS funding. We set out our ambition for widening access to culture in the first 'Culture White Paper' in 50 years.

In December we launched the Sport Strategy. It redefines what success in sport means, with a new focus on five key outcomes: physical wellbeing; mental wellbeing; individual development; social and community development; and economic development.

England hosted the Rugby World Cup in Autumn 2015, which provided an estimated £1 billion boost to the UK economy. This summer, Rio 2016 will see the culmination of support for TeamGB athletes in the Olympic Games and Paralympic Games.

I am particularly proud of the First World War centenary programme, which DCMS leads. In April 2015 - together with the Ministry of Defence, Foreign and Commonwealth Office and international partners - the department delivered two national events (in London and Turkey) to mark the centenary of the Gallipoli Campaign. Further commemorations are taking place in 2016, including events for the centenary of the Battle of Jutland and for the Somme.

So a huge amount has been achieved. We will continue to deliver against our government priorities and Single Departmental Plan objectives during 2016-17. DCMS may be small, but it continues to punch well above its weight.



## Permanent Secretary's Review



**Sue Owen**  
**Permanent Secretary and Accounting Officer**

Looking back on 2015-16, a General Election year, I'm proud of the hard work and commitment of my staff in a year of change, significant planning and delivery. We are an agile department, which was reflected in our effective election planning. This not only ensured a smooth transition for our ministers but meant that we could progress at pace with new government and departmental priorities.

We have welcomed new teams to the department. The data protection team joined us from the Ministry of Justice and the remainder of the Digital Economy Unit transferred from the Department for Business, Innovation and Skills and the Government Digital Service.

Preparation for the Spending Review was an important part of 2015. Securing a positive settlement for both the department and our arm's length bodies (ALBs) was recognition of the important challenges ahead and will help our sectors achieve our ambitious agenda over this Parliament. Work will also continue on contributing to deficit reduction. We achieved a greater than 50% reduction in administration expenditure over the last Parliament and we will continue to work with our ALBs to find efficiencies.

We also designed the Single Departmental Plan which captures the full breadth of the department's work and will aid delivery. All staff were involved in the creation of our departmental objectives and the work of each member of staff is now directly linked to delivering the Single Departmental Plan.

Staff engagement is crucial and the Civil Service People Survey ranked us fourth in Whitehall with a staff engagement score of 66% in 2015. I was delighted in June 2016 to collect an international award for DCMS, recognising our 15 percentage point rise in engagement since 2013.

People are at the heart of our success and it is important not only that all staff in DCMS feel valued, but also that people working in our sectors reflect the society they serve. We need sport and culture to be accessible to a much wider range of people, so diversity was indeed a strong theme in the Sports Strategy, 'Culture White Paper' and BBC Charter Review.

We have a strong delivery record this year, focused on our Single Departmental Plan objectives:

**Growing the economy** by announcing £1.9 billion investment in cyber security, delivering tax reliefs for children's television and films, and digital engagement and training frameworks.

**Connecting the UK** through increased superfast broadband availability to nearly 4 million additional homes and businesses and plans for a new Universal Service Obligation providing affordable broadband for all.

**Encouraging participation** through continuing free access to museums, providing WiFi to over 1,000 libraries, launching a new strategy for sport, and a 'Culture White Paper'.

**Sustaining excellence** with the launch of a new 'Five Point Plan for Tourism', a successful Rugby World Cup and high profile, poignant events for the First World War commemorations of the Gallipoli campaign.

**Supporting our media** through concluding the mass consultation of over 192,000 responses to the BBC Charter Review consultation and announcing plans for the introduction of business rates relief for local newspapers.

**Ensuring social responsibility** with the launch of the consultation on age verification for access to pornographic material on line and published plans for the replacement of the Horserace Betting Levy.

Significant progress has also been made on our corporate objectives to strengthen our corporate core and increase efficiencies both in the department and across our ALBs as we work with them to transform their business models.

Much has been achieved in 2015-16 and we are well placed to continue to deliver our ambitious programme in 2016-17.

## Our Purpose

Driving growth, enriching lives, and promoting Britain to the world is at the heart of work of the Department for Culture, Media and Sport (DCMS). We protect and promote our cultural and artistic heritage and help businesses and communities to grow by investing in innovation and highlighting Britain as a fantastic place to visit.

Wherever you live in the country, whatever your background, we want you to be able to enjoy and participate in our sectors. We are responsible for:

- Keeping our major national museums and galleries free.
- Getting the nation active and supporting our elite athletes on the world stage.
- Backing the creative industries, which are growing at more than twice the rate of the UK economy as a whole.
- Spreading the benefits of our thriving tourism and heritage industries right across the country.
- Leading the digital revolution to make the UK the most competitive and innovative market in the world and driving an ambitious digital communications agenda, providing homes and businesses with broadband and mobile coverage.
- Backing our brilliant and diverse media landscape, defending a free press, and helping our citizens keep themselves safe from cybercrime.
- Leading the world in art, music, fashion, theatre, video games, design, TV and performing arts all of which enhance our national prestige and boost our economy.

## Single Departmental Plan (SDP)

The Single Departmental Plan sets out six strategic objectives:



- **Growing the economy:** contribute fully to a thriving, productive and growing economy. This includes tourism, the creative industries and the digital economy.
- **Connecting the UK:** continually drive the UK's connectivity, telecommunications and digital sectors.
- **Encouraging participation:** increase wellbeing through access to and participation in arts, museums, heritage and sport.
- **Sustaining excellence and promoting Britain to the world:** sustain excellence in UK sport, tourism and culture, promoting Britain around the world.
- **Supporting our media:** back a dynamic, accessible media and a free press.
- **Ensuring social responsibility:** ensure our sectors are socially responsible and well regulated.

We also have two corporate and efficiency objectives:

- Contribute to deficit reduction, implement efficiencies within DCMS and its arm's length bodies and support the wider cross-cutting priorities.
- Ensure DCMS is a confident, agile and networked department, supported by a skilled workforce.

### #ownedobjectives

Our objectives were created in collaboration with staff across the core department, in an initiative called #ownedobjectives. All members of staff were given the opportunity to feed into the drafting process.



We received a great deal of feedback: from specific wording ideas, to the balance of DCMS activities, through to the overall tone of what DCMS seeks to do. Objectives were merged, changed - sometimes radically - and simplified.

The result is six policy and two corporate objectives that have been contributed to and agreed by everyone in DCMS.

### Our structure and our arm's length bodies

DCMS is a small department with around 560 staff, however most of our funding is channelled into a wide network of arm's length bodies (ALBs) and broadcasters with a combined workforce of over 32,000 people.

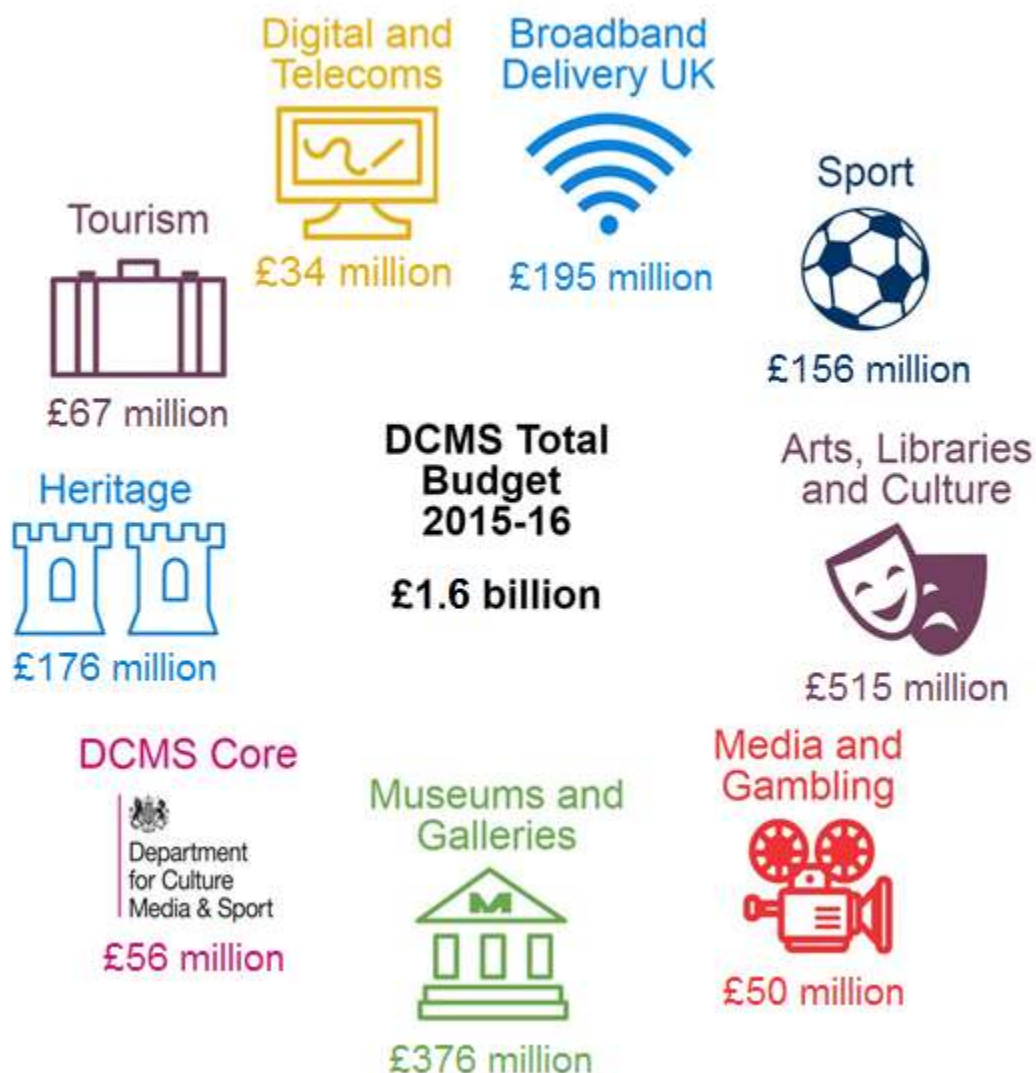
Our ALBs include a huge variety of organisations, from world-renowned museums and galleries to regulators and national funding bodies. The department has a different relationship with each of them depending on their purpose, remit and level of public funding.

The DCMS approach to working with its ALBs is strategic and risk-based, which is appropriate for a small department with a large number of ALBs and is reflected in our internal governance structures.

Our formal relationship with each ALB is negotiated and set out in a bespoke, published document, the 'Management Agreement' (MA). The MA includes jointly agreed priorities, funding levels and accountabilities.

Of equal importance is the day-to-day, informal relationship the department has with ALBs. Effective communication and strong professional relationships are at the core of how DCMS delivers its business.

## Expenditure by business area



In addition to the above the DCMS Group also has Annually Managed Expenditure (AME) of £4,745m. This relates principally to the BBC and the Lottery Distributing Bodies.

Final net expenditure relating to the Olympics is also excluded.

**Our Arm's Length Bodies (ALBs)**

Museums and Galleries	<ul style="list-style-type: none"> <li>• British Library</li> <li>• British Museum</li> <li>• Geffrye Museum</li> <li>• Horniman Public Museum and Public Park Trust</li> <li>• Imperial War Museum</li> <li>• National Gallery</li> <li>• Natural History Museum</li> <li>• National Museums Liverpool</li> </ul>	<ul style="list-style-type: none"> <li>• National Portrait Gallery</li> <li>• Royal Armouries Museum</li> <li>• Royal Museums Greenwich</li> <li>• Science Museum Group</li> <li>• Sir John Soane's Museum</li> <li>• Tate</li> <li>• Victoria and Albert Museum</li> <li>• Wallace Collection</li> </ul>
Bodies that regulate and license	<ul style="list-style-type: none"> <li>• Gambling Commission</li> <li>• Information Commissioner's Office</li> <li>• Ofcom</li> </ul>	<ul style="list-style-type: none"> <li>• PhonePayPlus</li> <li>• Sports Ground Safety Authority</li> </ul>
Bodies that distribute grants and promote their sectors	<ul style="list-style-type: none"> <li>• Arts Council England</li> <li>• British Film Institute</li> <li>• Heritage Lottery Fund</li> <li>• Historic England</li> </ul>	<ul style="list-style-type: none"> <li>• National Heritage Memorial Fund</li> <li>• Sport England</li> <li>• UK Sport</li> </ul>
Bodies that promote tourism	<ul style="list-style-type: none"> <li>• VisitBritain</li> <li>• VisitEngland</li> </ul> <p>The British Tourist Authority is the overarching legal entity which trades as VisitBritain and VisitEngland</p>	
Bodies that manage some of our most prized cultural assets	<ul style="list-style-type: none"> <li>• Churches Conservation Trust</li> </ul>	<ul style="list-style-type: none"> <li>• The Royal Parks</li> </ul>
Bodies providing specialist services	<ul style="list-style-type: none"> <li>• Horserace Betting Levy Board</li> </ul>	<ul style="list-style-type: none"> <li>• UK Anti-Doping</li> </ul>
Broadcasters	<ul style="list-style-type: none"> <li>• BBC*</li> </ul>	<ul style="list-style-type: none"> <li>• S4C</li> </ul>

This table lists those ALBs sponsored by DCMS and included in these consolidated accounts.

\*The BBC is a public broadcasting authority. The BBC's Public Service Broadcasting Group falls within the DCMS accounting boundary, and this element of the BBC is consolidated into the DCMS Accounts. Please see Note 27 to the Financial Statements for further details.

Lottery funds managed by the Arts Council England, British Film Institute, Sport England and UK Sport are consolidated in DCMS' accounts but not separately listed as DCMS arm's length bodies. Whilst the Big Lottery Fund is included in these consolidated accounts, it is sponsored by the Cabinet Office.

**Key Risks to Delivering Strategic Objectives**

Key risks to delivering strategic objectives fall into three areas: policy development, delivery and corporate activities. Risk information is detailed in the Governance Statement from page 83.



## Performance Summary: Key Achievements 2015-16



In July 2015, the 'Five Point Plan for Tourism' was launched, setting out actions to increase tourism. A new £40 million 'Discover England Fund' was announced to encourage travel beyond London.



Published the Digital Inclusion Outcomes Framework and Evaluate IT Toolkit and co-developed a Digital Training and Support Procurement Framework.



Total fundraising by DCMS-funded cultural institutions in 2014-15 was £525 million, an increase of £49 million from £476 million in 2013-14.

Source: Charitable Giving Indicators 2014-15, DCMS

### BBC Charter Review



The government published a Green Paper on the future of the BBC last July, receiving over 192,000 consultation responses - the second largest response to any government consultation.

Source: DCMS internal management information

## Business Rate Relief for Local Newspapers



Announced plans for introduction of business rates relief for local newspapers following a public consultation.



DCMS's Cyber Essentials scheme reached 2,181 certificates by 31 March 2016. There was also a rapid increase in uptake of broader guidance and training initiatives.

Source: DCMS internal management information



Superfast broadband of at least 24 Mbps is available to circa 90% of homes and businesses in the UK, up from 45% in 2010. Availability for the first time of superfast broadband to nearly 4 million additional homes and businesses as a result of investment by central and local government and third party contributions.

Source: ThinkBroadband and DCMS internal management information



Over 50,000 small or medium sized businesses, employing up to one million people across the UK, have taken a voucher to boost broadband connectivity.

Source: DCMS internal management information





The Rugby World Cup added almost £1 billion to the UK economy. More than 2 million tickets were sold and the tournament is estimated to have attracted over 460,000 international visitors, more than any previous Rugby World Cup.

Source: EY Report 2014



70 local authorities successfully applied for DCMS funding to install or improve WiFi in over 1,000 public libraries by 31 March 2016. Once completed, this will enable access to free WiFi in almost all public libraries in England, in both rural and urban areas.

Source: Arts Council England 2016



In December 2015, DCMS launched the government's new Sport Strategy, looking at how sport can improve physical and mental health, individual, social, community and economic development.



In April 2015, DCMS led ceremonies to commemorate the centenary of the Gallipoli Campaign.

## Culture White Paper published



DCMS published the first 'Culture White Paper' in 50 years setting out our ambitions for culture and the cultural sectors for the rest of this Parliament.

## Horserace Betting Levy



Plans for a replacement of the current Horserace Betting Levy were published on 21 March 2016.

## 16 February 2016

DCMS launched a consultation on age verification for access to pornographic material online



On 16 February 2016, DCMS launched a consultation on age verification for access to pornographic material online



## 66%

DCMS staff engagement index in 2015



## +7%

compared to 2014



## 8%

higher than CS average

Civil Service People Survey results showed the department's engagement index was 66%. This was 7% higher than last year, and 8% higher than the Civil Service average, ranking DCMS's score 4<sup>th</sup> highest in Whitehall.

Source: Civil Service People Survey 2015



DCMS has achieved a greater than 50% reduction in administration expenditure over the course of last Parliament, when measured on a like-for-like basis.

Source: DCMS internal management information



Delivered new tax relief for children's TV programmes and introduced changes to the film tax relief to ensure creative sectors continue to drive our economy.



English Heritage new model went live in April 2015. English Heritage Trust's business plan set challenging projections for income growth and this challenge is being met.



UK ranked number 2 globally for Soft Power

Source: Portland Soft Power 30 rankings, June 2016

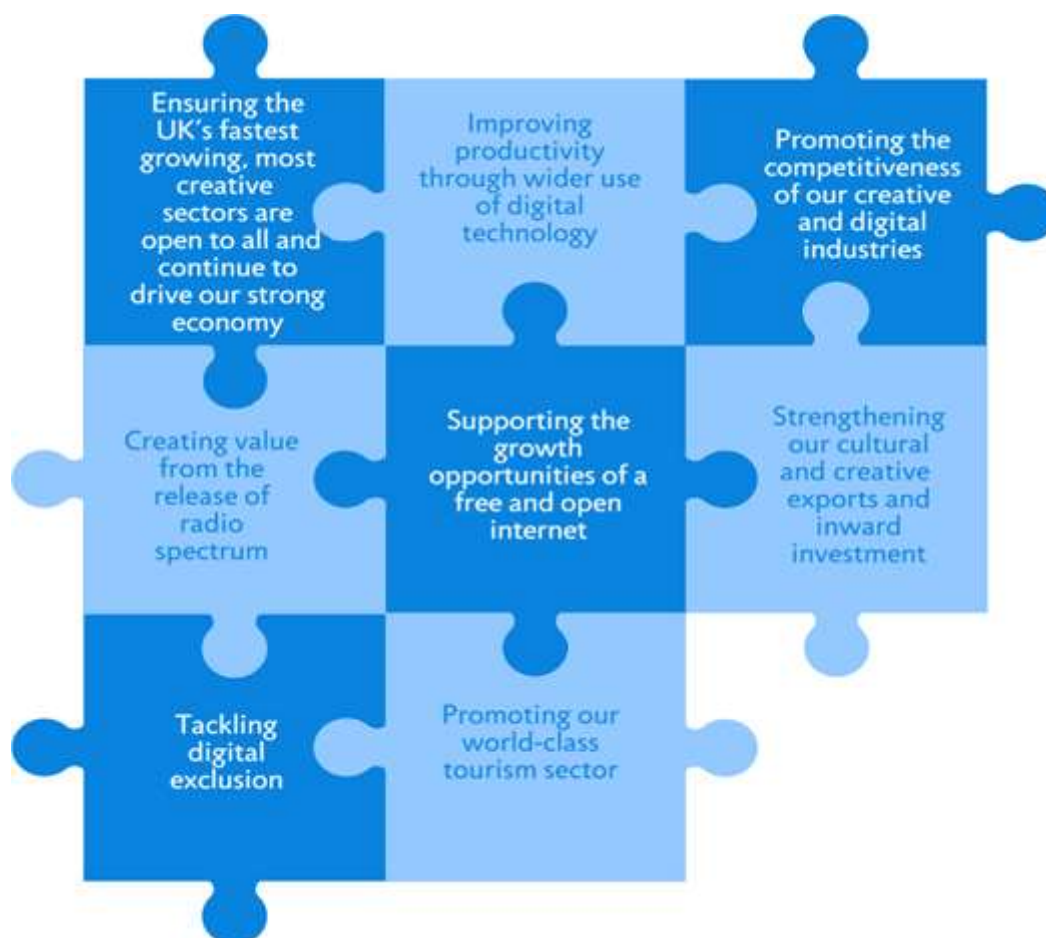
# Performance Analysis





# 1. Growing the economy

## Our Single Departmental Plan Targets



### Key Achievements

- Announced £1.9 billion investment in cyber security over the next 5 years as part of the Strategic Defence and Security Review.
- Delivered new tax relief for children's TV programmes and introduced changes to the film tax relief to ensure creative sectors continue to drive our economy.
- Announced a new £40 million 'Discover England Fund' to encourage visitors beyond London.
- Published the Digital Inclusion Outcomes Framework and Evaluate IT Toolkit in Summer 2015 to enable digital engagement in the UK to be benchmarked and tracked.

- Developed a Digital Training and Support Procurement Framework to allow public sector organisations to compare and buy digital engagement training services and assisted digital support.

### ALBs Involved

- Arts Council England
- British Film Institute
- British Library
- UK Sport
- Visit Britain
- Visit England

## Progress against the Single Departmental Plan and Government Priorities

### Supporting Creative Industries

- Creative Industries continue to go from strength to strength, growing 8.9% between 2013 and 2014. This outpaced the UK economy as a whole and only the Construction Industry grew faster.



GVA for the Creative Industries is estimated at £84.1 billion in 2014, accounting for 5.2% of the UK economy.

Source: Creative Industries Economic Estimates 2016, DCMS

- Review undertaken of the Creative Industries Council, to make it more representative of the nature and scope of the sector and strengthen its regional focus.
- Launched a £4 million, 4 year programme to accelerate growth in our video games sector. The UK Games Fund helps small and start-up companies across the UK develop new video games projects and nurtures talent through mentoring for businesses and individuals; and competitions for students and graduate teams. The first 24 companies to be awarded a grant to progress their games prototypes were announced in February 2016.

- Match funding of up to £2 million in 2015-16 continued to support skills gaps in the screen sectors through the Skills Investment Fund (SIF), delivered for the industry by Creative Skillset. Our co-investment in SIF supported various initiatives such as the Trainee Finder programme, which placed more than 140 trainees into ongoing productions.
- A new tax relief for children's television programmes was introduced in April 2015 and film tax relief was increased to 25% of all qualifying expenditure. There are now 7 Creative Sector tax reliefs supporting investment in theatres, orchestras, and across the screen industries. Support through the film tax relief reached £251 million, generating over £1 billion worth of direct investment in the UK in the last year.



In 2015, 1 in every 17 jobs in the United Kingdom was in the Creative Industries - 1.9 million jobs, representing a 3.2% increase from the previous year.

Source: Creative Industries, Focus on Employment 2016, DCMS

## Increasing Digital Technology

- Leading the development of the Digital Strategy, which will set out the government's ambition for the digital economy including actions to increase the adoption of digital technologies to drive productivity.
- Invested £11.2 million to help create 3 digital business incubator facilities in Leeds, Manchester and Sheffield.
- Launched IoTUK: a £26 million, three-year research, innovation and enterprise initiative to help advance UK competitiveness in the Internet of Things (IoT), and to demonstrate the benefits of these technologies and services. This includes £10 million for research and £10 million for a smart city demonstrator in Manchester.
- Supported a UK/France taskforce to develop a report on accelerating the development of the data economy and unlocking untapped economic growth from data innovation.

## Improving the Supply of Digital Skills

- Coordinated a programme of research to ensure the UK has the digital skills it needs to support the UK economy, including supporting a Skills Funding Agency review of adult digital skills provision and a review of computer science degree accreditation, led by Professor Sir Nigel Shadbolt.
- Developed the digital degree apprenticeship scheme working closely with industry and Whitehall partners. 300 young people started digital degree apprenticeships in September 2015, double the target enrolment announced in November 2014.

- Cyber security challenges facing the UK continued to rise and DCMS initiatives to help UK industry meet these challenges continued to gain momentum, with the Cyber Essentials scheme awarding 2,181 certificates by the end of March 2016 and take up of broader guidance and training initiatives increasing rapidly.

## Tackling Digital Exclusion

- Published the Digital Inclusion Outcomes Framework and Evaluate IT Toolkit in Summer 2015 to enable digital engagement in the UK to be benchmarked and tracked. A Digital Training and Support Procurement Framework to allow public sector organisations to compare and buy digital engagement training services and assisted digital support has been developed and went live in April 2016.
- Promoted Digital Friends across government, encouraging all civil servants to share basic digital skills with friends, family and colleagues. Our ALBs are delivering similar schemes to teach basic skills. Lloyds Banking Group has committed to training 20,000 digital champions and Halifax Community Bank is matching up to 2,000 members of staff with local libraries to facilitate IT taster sessions.
- Increased our digital engagement partnership base, with 93 signatories (up from 70 in 2014) to the 2014 Digital Inclusion Charter. This resulted in various collaborations, such as between BT and Barclays who delivered free WiFi and hands on training in almost 100 libraries and community centres in some of England's most deprived areas.

## Promoting Tourism

- Launched the 'Five Point Plan for Tourism' to grow the visitor economy and spread its benefits across the country. A new inter-ministerial group was established to oversee progress.
- Worked with VisitBritain and VisitEngland to deliver £15 million investment to boost tourism in the North and South West England, and to pilot an innovative visa refund scheme to encourage Chinese visitors to spend time outside London.
- Secured a positive settlement for tourism, including a new £40 million 'Discover England Fund' to encourage visitors to explore beyond the capital.
- Worked with the Department for Business, Innovation and Skills (BIS) and the Skills Funding Agency on improving apprenticeships in the tourism sector so they are adapted for a seasonal industry, helping attract and retain talent.

## Strengthening cultural and creative exports and inward investment

- Worked with Mexican government during 2015 UK-Mexico Dual Year to promote arts and culture and share experience on boosting tourism growth, particularly to the regions.
- Agreements signed by the Minister for Sport and Tourism with China over cooperation on football and tourism. Further agreements were signed by the British Library and the British Fashion Council, strengthening links between the UK and China across DCMS areas.
- Secretary of State hosted the Korean Culture Minister and a senior business delegation at the

UK-Korea Creative Industries Forum. Collaboration deepened through agreements signed by the British Council, the British Board of Film Classification, the Crafts Council, the British Fashion Council, Producers Alliance for Cinema and Television (PACT) and Arts Council England.

- Hosted annual UK-China Internet Forum in London. Over 30 senior Chinese government and industry representatives met their UK counterparts to discuss opportunities for co-operation in the fields of 5G and Smart Cities.



**Jamie Lau**  
*Chinese Theme 2014*  
© Jamie Lau  
UK Government Art Collection



## Supporting free and open internet

- Led EU negotiations on the Telecoms Single Market, resulting in agreement to end mobile roaming charges in the EU by June 2017, and a further reduction in the costs of mobile roaming in the interim period.
- Played key role in 10 year review by the United Nations General Assembly of the World Summit on the Information Society. Secured the multi-stakeholder model of governance, which supports a free, open and secure internet. The Secretary of State spoke about the importance of human rights online and the strong links with the UN's new Sustainable Development Agenda.
- Helped develop a new model for oversight of the Domain Name System and the role of the Internet Corporation for Assigned Names and Numbers (ICANN).

## Spectrum Release

- Cumulative total of 384MHz of public sector spectrum has been released out of 500MHz by 2020 target set in 2010. Confirmed with HM Treasury up to £600 million funding to clear 700 MHz spectrum for mobile broadband services by January 2022.

## Promoting competitiveness

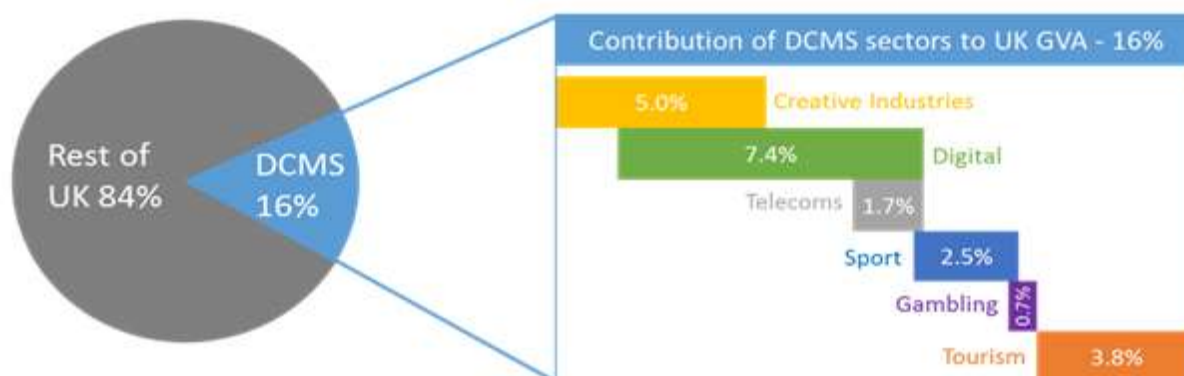
- Provided £0.5 million to Ofcom for small scale DAB digital radio pilots using new software developed in the UK. The pilots enable lower cost transmission for smaller commercial and community stations broadcasting to local areas and maximises the use of spectrum allocated to radio. Ten pilot areas are currently broadcasting and more than 80 small stations are now available via DAB.

## Key Indicators

The headline indicator to monitor progress against this objective is the contribution of DCMS sectors to gross value added (GVA).

In 2013, it is estimated the contribution of DCMS sectors to the UK economy (GVA) was 16 per cent, or £238 billion (current prices i.e. not adjusted for inflation). This is a new headline indicator based on Official Statistics and is made up of contributions from each DCMS sector. However, our reach goes beyond this. For example with the impact of digital technology and inclusion on the wider economy, including areas as diverse as construction and health care, or the impact of our sectors on the UK's soft power and the impact of this on investment in the UK.

## Contribution of DCMS sectors to gross value added (GVA)



Source: DCMS, Official Statistics

### Case Study: Internet of Things

The Internet of Things (IoT) describes networks of physical objects, for example sensors, devices and machines, connected through and communicating with each other over the Internet. There is potential for organisations to use IoT technologies to improve goods and services, save resources and increase productivity, across sectors.

The department funds IoTUK, a research and innovation initiative to help advance UK competitiveness in the Internet of Things and help make the most of the opportunities that these technologies and their applications offer for businesses, the public sector and citizens. This was announced in the March Budget of 2015.

The department, with Innovate UK, the Research Councils, the Department of Health and NHS England, is working with businesses of all sizes, trade associations, universities and the public sector, and will invest up to £26 million between 2015 and 2018.

Manchester has won up to £10 million of these funds through a competition to set up a smart city IoT demonstrator. CityVerve is a collaborative research and development programme led by Greater Manchester Local Enterprise Partnership with over thirty industry and public sector partners. It will soon start work and aims to show how IoT technologies can help improve the City and public services for local people.

The PETRAS IoT Research Hub has also won funding of up to £9.8 million: a consortium of nine leading UK universities, led by University College London, with over 50 industry and public sector partners, will investigate challenges including privacy, ethics, trust, reliability, acceptability and security (PETRAS).

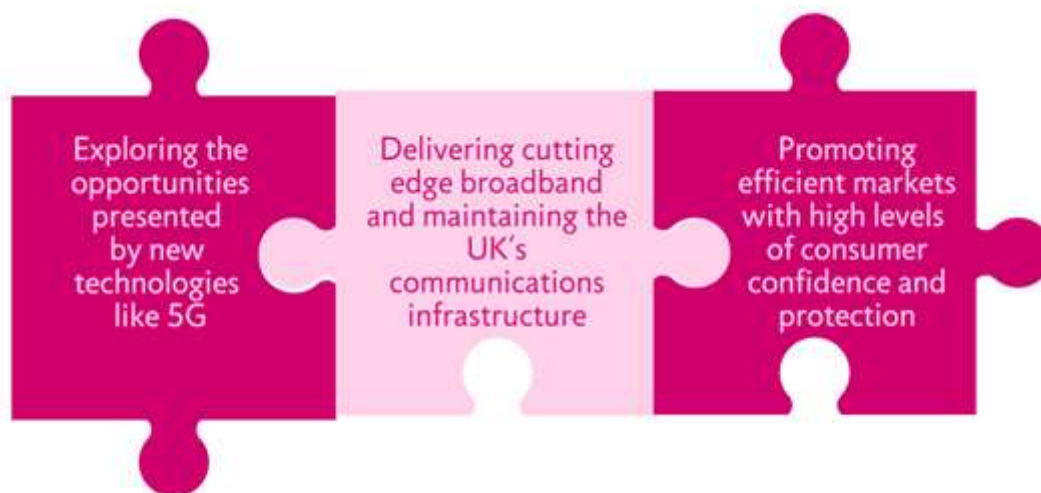
In addition, the Digital Catapult and Future Cities Catapult have been providing practical help for IoT innovators and entrepreneurs based in the UK since summer 2015; and this year there will be tailored accelerator schemes for promising small businesses which are developing IoT hardware.

### Plans for 2016-17

- Continue to work across government on the Digital Strategy and a new UK Cyber Security Strategy both due for publication later in 2016.
- Work with government partners to launch a new National Cyber Security Centre to help simplify the cyber security landscape and create a single centre of cyber expertise to better enable the UK to meet the challenges it faces.
- Prepared and launched the Digital Engagement Council in April 2016. Chaired by Minister for Culture and the Digital Economy, Ed Vaizey, with members from public, private and voluntary sectors, it will oversee a range of digital engagement activities.
- Ed Vaizey represented UK at the G7 ICT Ministerial Meeting in Japan on 29-30 April which agreed a Charter and Joint Declaration for the "Digitally Connected World".
- Continue to work across government to embed digital engagement in policy, promote the Digital Friends initiatives and advocate the Digital Training and Support Procurement Framework and oversee and deliver digital engagement initiatives.
- Develop further economic estimates for the creative industries to improve their quality and better meet user needs.
- Evaluate the Creative Content Tax Reliefs and identify areas for future support of the Creative Industries through the tax system.

## 2. Connecting the UK

### Our Single Departmental Plan Targets



### Key Achievements

- Superfast broadband of at least 24 Mbps is available to circa 90% of homes and businesses in the UK – up from 45% in 2010. Availability of superfast broadband for the first time to nearly 4 million additional homes and businesses by the end of March 2016 as a result of central and local government investment and third party contributions.
- Over 50,000 small or medium sized businesses (SMEs), employing around 1 million people across the UK, have taken a voucher to boost broadband connectivity. Many of these are seeing improvements in the efficiency and productivity of their businesses.
- All homes and businesses can now access basic broadband (speeds of 2 Megabits per second) which is sufficiently fast to gain access to every government service available online.

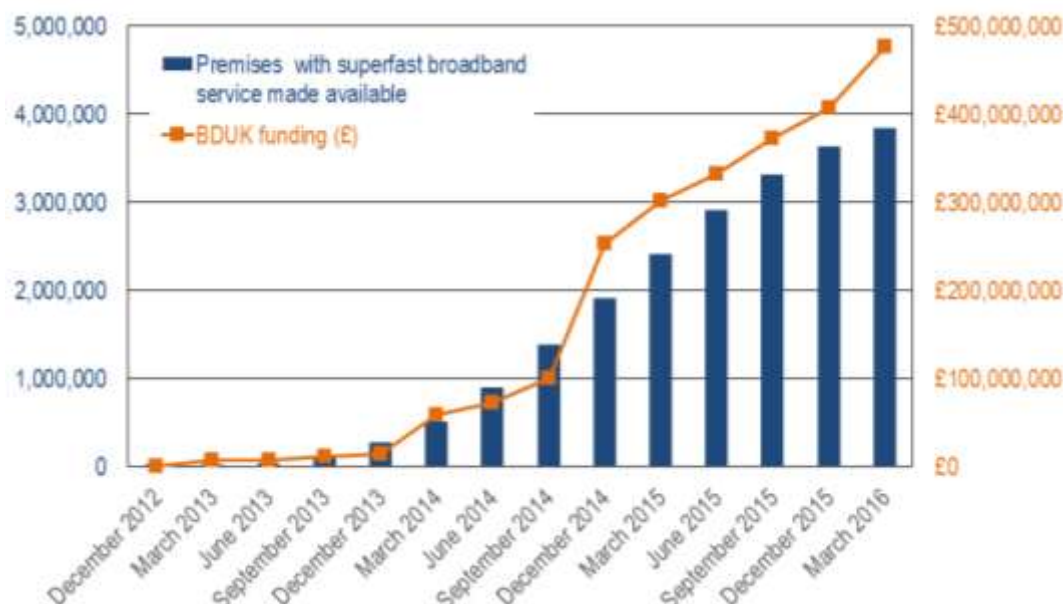
- Announced plans to implement a new broadband Universal Service Obligation giving people the right to request an affordable broadband connection from a designated provider, at a minimum speed, up to a reasonable cost threshold, no matter where they live.
- Established a cross industry/academia 5G group, under the chairmanship of Naomi Climer, President of the Institute of Engineering and Technology (IET), to assess and advise on areas where the UK has the greatest leadership potential in 5G.

### ALBs Involved

- Information Commissioner's Office
- Ofcom

## Key Data

### Cumulative Premises and BDUK funding



Broadband Delivery UK (BDUK) grant payments to local authorities and budget transfers to devolved administrations amounted to a cumulative £477 million up to the end of March 2016 as per the Official Statistic published in May 2016.

*Source: Broadband Performance Indicators*

## Progress against the Single Departmental Plan and Government Priorities

### Broadband Delivery

- Rollout of superfast broadband continues to progress well. All 44 projects in Phase 1 of the BDUK programme are complete or in delivery, and nearly 4 million additional homes and businesses now have access to superfast broadband for the first time as a result of publicly funded delivery. By Spring 2016, 90 per cent of the UK have access to superfast broadband and Phase 2 of the programme is on track to deliver 95 percent coverage by the end of 2017.
- We are funding 7 pilot projects trialling alternative technologies and funding models. Over 1,300 customers have been connected

and valuable lessons are being learned about deploying superfast broadband in the hardest to reach areas of the UK. A lessons learned report was published in February 2016, detailing key findings, including the viability of alternative approaches and smaller suppliers for deploying superfast broadband in challenging areas.

- A £40 million challenge fund to extend the Connection Voucher Scheme to March 2016 was announced in the Autumn Statement 2014. Due to unprecedented demand and success of the voucher scheme, the fund was fully spent and closed on 12 October 2015.

- Over 50,000 small and medium sized businesses (SMEs) took advantage of the scheme to benefit from better broadband connectivity, with many already reporting improvements to the efficiency, productivity and security of their businesses. As a result 86% of the scheme has gone to small-medium suppliers.
- Women and Broadband programme, managed in partnership with Government Equality Office, continued to ensure thousands more women across the UK are better placed to take full advantage of the benefits delivered by our broadband programmes. 2,500 women have attended events, with 2,000 women entrepreneurs supporting digital skills and 490 startups led by women.
- Agreed a new deal with Openreach and the Home Builders Federation so that fibre-based broadband is offered to all new housing developments either free of charge or as part of a co-funded initiative.



Over 7,000 premises currently have service via 68 masts with 18 (26%) of these in the devolved administrations.

Source: Arqiva: May 2016

- Continued to hold mobile operators to account on their plans to ensure that 90% of the UK landmass will

have voice and SMS coverage by 2017.

- Published a UK 'non-paper', or discussion document, setting out the government's objectives and priorities for the European Commission's review of the Electronic Communications Regulatory Framework, which has helped to establish the UK's leadership and gain early influence over the review.

## 5G

- Established a cross industry/academia 5G group to assess and advise on areas where the UK has the greatest leadership potential in 5G.

## Key Indicators

The headline indicators for this objective are:

- percentage of premises with access to superfast broadband
- percentage of UK (premises) with voice & SMS coverage
- percentage of UK (premises) with data coverage

These indicators replace the previous indicator on the number of premises covered per £million of broadband delivery programme expenditure, which will be used as a supporting indicator in future.

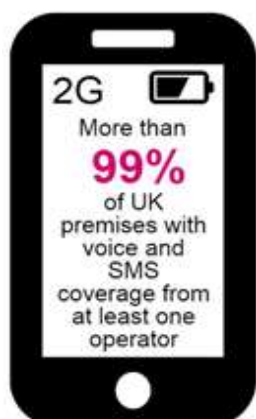
### Percentage of premises with access to superfast broadband

Figures from ThinkBroadband showed that 90% of UK premises have access to superfast broadband of 24 Mbps.

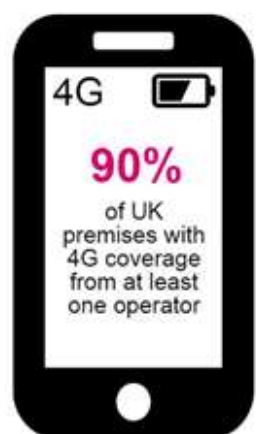
The official indicator is the annual Ofcom Communications Market Report. The last report in August 2015 showed 83% reached speeds of at least 30 Mbps in May 2015.

The government is on track to deliver 95% coverage by the end of 2017.



Percentage of UK (premises) with voice & SMS coverage

Source: Ofcom's Annual Infrastructure Report (Connected Nations 2015)

Percentage of UK (premises) with data coverage

Source: Ofcom's Annual Infrastructure Report (Connected Nations 2015)

**Case Study: BDUK Super Connected Cities Programme**

Over 50,000 small and medium firms have received a voucher under the department's Connection Voucher Scheme, designed to help small firms to reap the benefits of an improved broadband connection by subsidising the upfront capital costs of getting a connection to their premises.

Pooling connection vouchers together into group schemes enabled firms to address areas with poor connectivity, and proved particularly helpful for small business clusters and business parks.

An old Victorian bus factory, converted to provide workspace for 300 businesses in a notorious "broadband not spot" area of North London, benefitted from the Connection Voucher Scheme.

Here, 50 firms (including gaming and video-production firms, web designers, construction firms and a marine conservation organisation) pooled vouchers, enabling their supplier to install a 100 Mbps shared fibre service which was funded by the scheme.

This provided businesses with a significant uplift in speed, typically three times quicker than their previous connection, and in some cases, more than ten times faster.

Additionally, the firm has been able to promote 'fibre ready offices' to attract new tenants.

## Rural Proofing

- Introducing Superfast Broadband in remote areas at the same time as in more populated areas.
- Facilitating the extension of mobile coverage in rural areas where existing mobile network coverage is poor or non-existent.

## Sustainability

- An independent report by consultants SQW has found that "The availability and use of faster broadband will have significant environmental impacts". They have estimated that, by 2024, it will save a total of:
  - 2.3 billion km in annual commuting, predominantly in car usage, through enabling increased telework for a proportion of the workforce. This is in the order of 2% of the current total annual UK commuting distance.
  - 5.3 billion km in annual business travel, predominantly in car usage, through the increased use of video and online collaboration tools by broadband using firms. This is in the order of 9% of the current total annual UK business travel distance.
  - 1 billion kWh of electricity usage per annum, through broadband-using firms shifting part of their server capacity onto (more energy efficient) public cloud platforms.

- The success of the Super Connected Cities Connection Voucher Scheme has seen investment in over 1,400 buses, trams and trains to provide free WiFi which provides an incentive to commuters to use public transport.

## Plans for 2016-17

- Lowered the legal threshold in April 2015 making it easier for the Information Commissioner's Office to issue monetary penalties for breaching the nuisance calls regulations and several substantial penalties have been issued. Preparations have started to make it a requirement that marketing callers provide their valid calling number.
- Providing superfast broadband to 95% of premises by 2017 through both government and local government investment of £1.7 billion.
- Supporting the change of use of 700MHz spectrum through funding of up to £600 million. The funds will support the infrastructure costs of clearing the spectrum frequency, including support to consumers where appropriate, and retuning transmitters to enable broadcasters to move into a lower frequency. The government will hold an auction before the end of this Parliament.
- Mobile phone voice coverage to 90% of the UK geographic area by end of 2017. The government has secured a landmark agreement with the four Mobile Network Operators (MNOs) which will also deliver significant improvements to mobile internet coverage.

### 3. Encouraging participation

#### Our Single Departmental Plan Targets



#### Key Achievements

- Published a new sport strategy in December, 'Sporting Future: a New Strategy for Sport'.
- Published the 'Culture White Paper' setting out our ambitions for culture and the cultural sectors.
- Positive Spending Review settlement for heritage and the arts. Continued commitment to free access to permanent collections of all national museums.
- Over 1,000 public libraries in England benefit from new or upgraded WiFi. By project completion in spring 2016 over 99% public libraries in England will provide access to free good quality WiFi.

- UK ranked number 2 globally for Soft Power (Portland Soft Power 30 rankings).
- Strengthened the UK's relationship with China and Mexico through the UK-China Year of Cultural Exchange and UK-Mexico Dual Year.

#### ALBs Involved

- Arts Council England
- British Film Institute
- British Library
- Churches Conservation Trust
- DCMS museums and galleries
- Heritage Lottery Fund/National Heritage Memorial Fund
- Historic England
- Sport England
- The Royal Parks



## Progress against the Single Departmental Plan and Government Priorities

### Participation in culture

- Published the 'Culture White Paper' setting out our ambitions for culture and the cultural sectors. This includes priorities, access and participation, local and national funding, partnerships and leadership, cultural diplomacy at the international level and increasing financial resilience.
- Secured public investment in the arts through a positive Spending Review settlement at flat cash plus additional investment in new cultural projects. This includes £1 million to create a lasting legacy for Hull UK City of Culture 2017.
- Arts Council England (ACE) launched the Cultural Education Challenge in November 2015, a call for the arts, culture and education sectors to work together to offer a consistent, and high quality, arts and cultural education for all children and young people. ACE continued its work on tackling diversity within the arts and published a new report on diversity in December, alongside an announcement of four new strategic funds for diversity, totalling £8.6 million.
- Public funding to 663 arts organisations and 21 major partner museums, via the Arts Council's second National Portfolio began in April 2015 and will run until April 2018.
- Continued commitment to free access to permanent collections of all national museums.
- National museums and galleries continue to deliver internationally celebrated exhibitions, demonstrating their ability to build collaborations and attract visitors. Among the major exhibitions were:
  - *Goya: The Portraits* (National Gallery)
  - *Botticelli Reimagined* (V&A)
  - *Cosmonauts* (Science Museum)
  - *Mayas* (National Museums Liverpool)
  - *Agincourt* (Royal Armouries at the Tower of London)
- National museums continue to evolve and make their collections accessible. The British Museum launched a major collaboration with Google Street View to allow the public to explore its galleries online, learn about objects' stories in Google Cultural Institute, and discover connections through The Museum of the World, a new Web Graphics Library (WebGL) desktop experience.
- V&A relaunched its Europe 1600-1815 Galleries, comprising some of the museum's most magnificent objects.
- The Royal Parks received £13.1 million in funding and welcomed over 77 million annual visitors, 98% of those rated the quality of parks as excellent or good (The Royal Parks Stakeholder Research Programme – Ipsos MORI, January 2015).
- 70 local authorities successfully applied by March 2016 for DCMS funding to install or improve WiFi in over 1,000 public libraries. Once completed, this will enable access to free WiFi in almost all public libraries in England, in both rural and urban areas.

- Established jointly with the Local Government Association, the Leadership for Libraries Taskforce is putting in place measures to support and reinvigorate the public library service in England, including publishing a draft vision for public libraries in England for consultation, and best practice toolkits for local authorities and other library service providers.
- Five items were accepted and allocated to UK institutions under the Cultural Gifts Scheme. This included the Great Seal of Queen Victoria which is now displayed at the British Museum.
- The BFI's 5-19 education scheme, managed by Into Film, has now established 13,845 film clubs across the UK with an estimated participation of 640,000 young people. The 59<sup>th</sup> BFI London Film Festival was held in October and audience turn-out was 157,000 across film screenings and events. The BFI launched BFI Player+, a new subscription service featuring the best in classic and critically acclaimed films. There were 3,000 sign-ups in the first month with 10,000 film views since the launch.
- Led plans for a National Memorial to British Victims of Overseas Terrorism. We are analysing responses to a public consultation which closed on 4 March 2016.
- Supporting an unprecedented global programme of events and activities, the Shakespeare Lives campaign in 2016 to mark the 400<sup>th</sup> anniversary of Shakespeare's death.

### Extending the reach of Government Art Collection (GAC)

- Events and activities to increase public access are ongoing and in addition to 35 annual tours, the GAC gave Open House London tours of the Collection.



A public tour at the GAC

- Educational projects this year include organising a national children's writing competition and a postgraduate curatorial project with Goldsmiths College.
- A portrait of *Ada Lovelace*, the mathematician and writer, was one of a number of loans to public exhibitions.



**Margaret Carpenter**  
*Ada Lovelace (1815–1852)*  
*Daughter of Lord Byron, 1836*  
 ©UK Government Art Collection

## Participation and access to sport

- Provided Sport England with £93.9 million in funding to promote grassroots sport and physical activity in England.
- Published a new Sport Strategy setting out how we expect the sector to deliver sustained and meaningful engagement in sport and physical activity from people of all backgrounds, with a particular focus on currently inactive or under-represented groups.
- A triennial review of UK Sport and Sport England reported in September 2015, concluding that the organisations and their work remained necessary and recommending a number of ways in which they could work more efficiently and effectively.

## Promoting heritage

- English Heritage new model went live in April 2015 and is meeting its challenging projections for income growth. Historic England is the new name for the public body that supports and protects England's historic environment.
- Supported our places of worship, through the Listed Places of Worship Grant Scheme and the Listed Places of Worship: Roof Repair Fund, which re-opened for applications in December 2015.
- Announced a review of how church buildings and cathedrals in England become more financially sustainable. The new taskforce will

make recommendations on innovative new models to finance the future preservation of these outstanding buildings.

- In 2015-16, the Heritage Lottery Fund made 1,917 awards to a value of £381 million (value of round 2 and single round decisions).
- Announced a new Great Place Scheme, bringing together national arts and heritage lottery funders to work with councils, cultural organisations and universities to embed local authorities' plans and policies. Pilots will initially run in 12 areas, at least 4 of them rural.
- Continued to support Old Naval College, Greenwich. Provided an additional £1.5 million to Chatham Historic Dockyard to secure its long-term financial future, and support the wider economic and cultural regeneration of Medway.
- Made £1 million available to both the Waterloo 200 and Agincourt 600 Committees to support commemorative events and the Waterloo 200 education programme.
- Assessed nearly 1,800 designation cases in 2015-16, resulting in circa 800 buildings and monuments being added to the National Heritage List for England.
- Heritage Open Days, the UK's largest heritage festival and part funded by Historic England, welcomed over 3 million visitors in September 2015.

## Key Indicators

There are three headline indicators to monitor progress against this objective. They are:

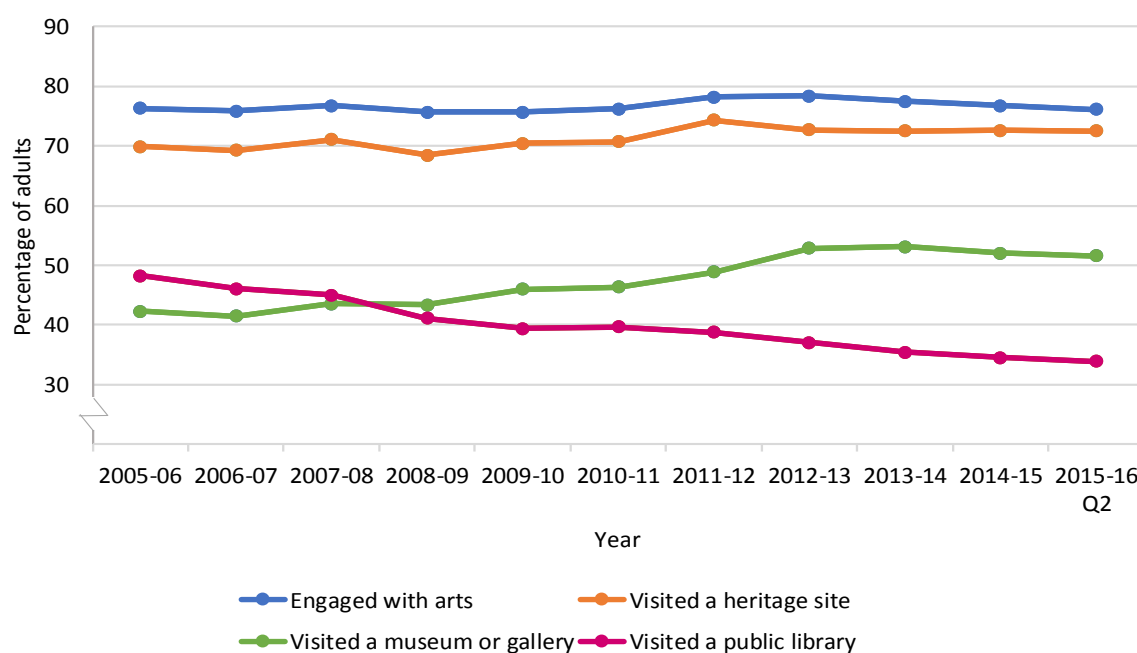
- engagement in arts, heritage, museums and libraries;
- engagement in sport; and
- subjective wellbeing.

These indicators demonstrate the department's progress on increasing wellbeing through access to and participation in arts, heritage and sport.

### Engagement in arts, heritage, museums and libraries

Engagement in arts and heritage remains high. More than three quarters of adults engaged in the arts in the previous year and over 70 per cent of adults visited a heritage site at least once over the same period.

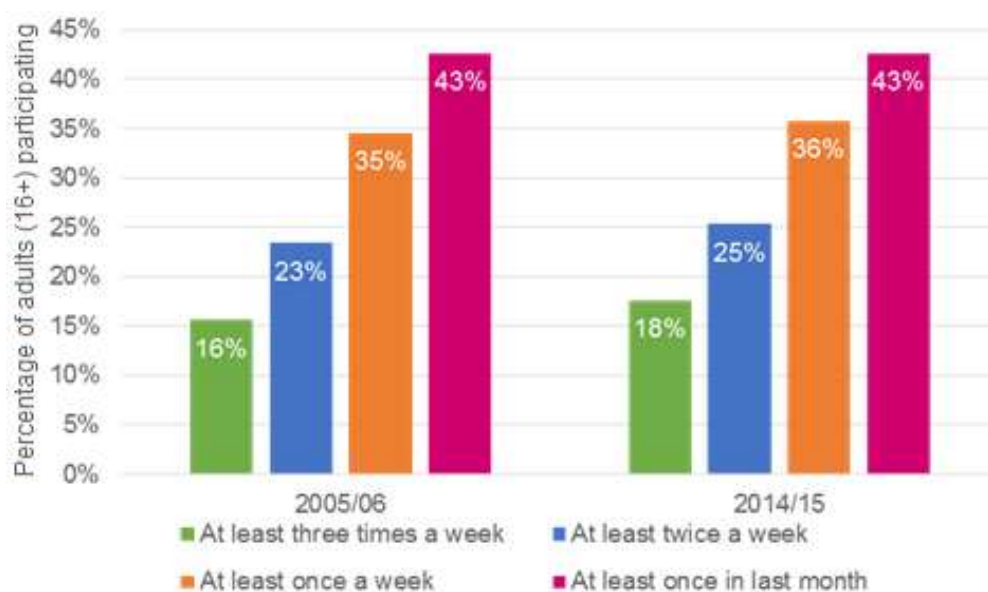
The proportion of adults in England visiting a museum has remained high following its peak in 2013-14, and the British Museum saw its highest ever number of visitors in a single month in July 2015 with over three quarters of a million visitors. Visits to public libraries have continued to decrease in 2014-15. The chart shows the trends in each of these four areas since 2005-06.



Source: DCMS, Taking Part survey

### Participation in sport (Adults 16+, 1x 30 minutes a week)

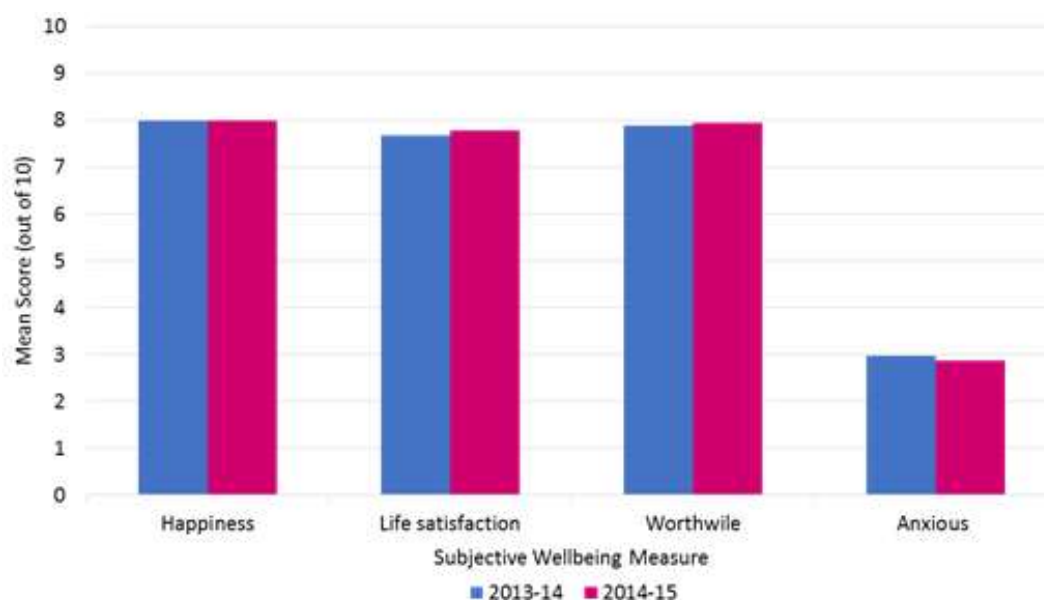
New data collection is in place to measure engagement in sport. This departmental indicator of engagement in sport will include volunteering, attendance and participation in sport. This links with the new outcomes and measures in the sport strategy. First data should be available from Active Lives Survey in early 2017. Data on participation in sport (1x 30 minute session per week, for adults in England aged 16 and over) are currently available from the Active People Survey.



Source: Sport England, Active People Survey

## Subjective well being

The final indicator is subjective wellbeing. Participation in many DCMS sectors is proven to increase health and wellbeing. It is therefore included as a headline indicator as it is a key outcome which the department aims to influence through encouraging participation. The recognised measure of wellbeing is subjective wellbeing, which is made up of four measures based on individuals' responses to questions on wellbeing including: how happy they are; how satisfied they are with their life; to what extent they feel things in their life are worthwhile; and how anxious they felt the day prior to interview. There has been very little change in the levels of wellbeing between 2013-14 and 2014-15.



Source: DCMS Taking Part survey

### Case Study: Sport Strategy

In June 2015, the Minister for Sport announced that government would publish a new strategy for sport.

Following an eight week public consultation, which prompted over 3,000 responses from across the sector, the strategy was published six months later, in December.

‘Sporting Future, A New Strategy for an Active Nation’ is the first strategy for sport in 13 years and represents a significant shift in government policy. It contains over 90 actions and recommendations, many of which span numerous government departments.

The strategy sets out why government invests public money in sport and physical activity. In future, resources will be invested and success judged against five newly defined outcomes:

- physical wellbeing
- mental wellbeing
- individual development
- social and community development
- economic development

While the previous approach focussed on ‘quantity’, i.e. how many people are active, this new strategy places much more of an emphasis on ‘quality’.

It is important that people enjoy their experience of sport so that physical activity is more likely to become a habit of a lifetime.

To reflect this, the new strategy takes a customer- based approach, in a bid to get the individual ‘offer’ right and influence long-term behavioural change.

The close working of all relevant departments was key to the success in delivering ‘Sporting Future’ and will be just as crucial in the successful implementation of the actions outlined in the strategy.

### Rural Proofing

- Rural proofing has been incorporated into Arts Council England (ACE) funding decisions. ACE work closely with stakeholders to engage people in rural areas and conducts regular evidence reviews with the Department for Environment, Food and Rural Affairs (DEFRA) to identify the strengths and challenges faced by the arts sector in rural England.
- Libraries are an important part of rural communities and the provision of digital technology helps rural libraries to provide a range of vital public services to local people. Funding in 2015-16 means free WiFi will be available in 99% of public libraries in England by March 2016, including those in rural areas.

### Plans for 2016-17

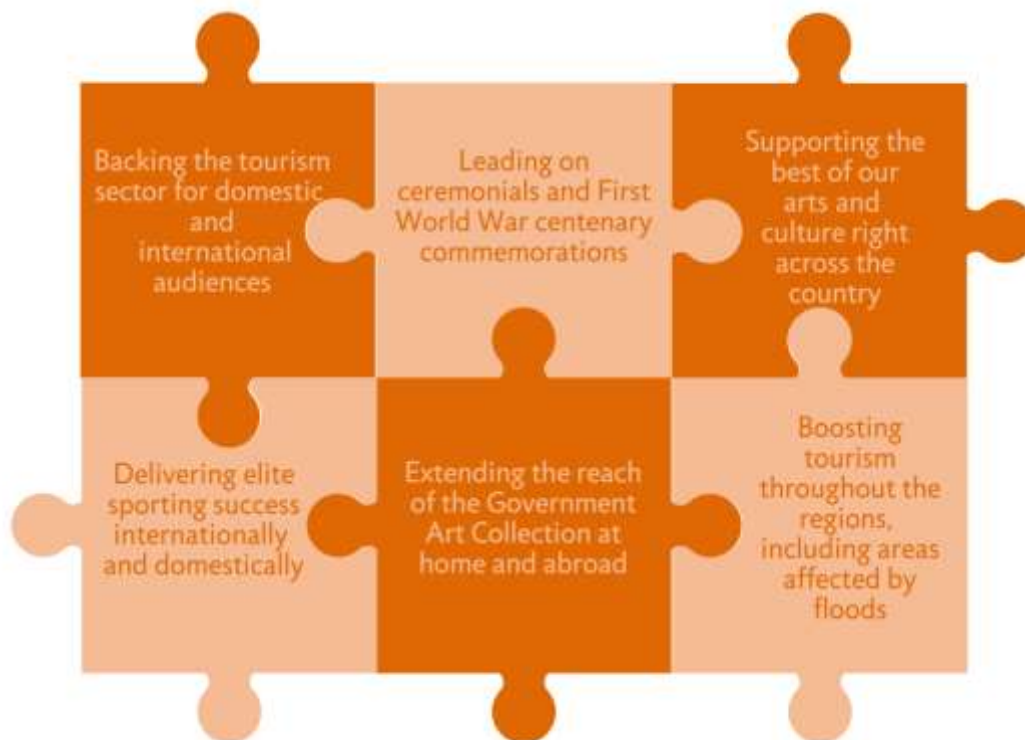
- Develop and publish a shared vision for public libraries in England with the Leadership for Libraries Taskforce providing direction and purpose for the service.
- Continue to work closely with the British Library's Public Lending Right office and representative groups for libraries, publishers and authors to improve the availability of remote e-book lending and to consider options to appropriately remunerate authors and other rights holders.
- Develop and deliver the Cultural Citizens Programme with the support of National Lottery Distributors to enable those from disadvantaged backgrounds to have new cultural experiences.
- Arrange a tailored Review of ACE.



- Work with ACE and other partners to deliver proposals from the 'Culture White Paper'.
- Continue to implement the government's new strategy for sport and conducting an independent review of Duty of Care.
- Manchester City Council is preparing a Full Business Case for The Factory Manchester, a new theatre and arts venue, for review by the Treasury and DCMS at the end of 2016. ACE is leading the oversight of this work and the distribution of £78 million government funding.
- Provide additional funding for the Churches Conservation Trust (CCT)'s Regeneration Task Force to support innovative work on use, management and funding.
- A further £20 million will be available to places of worship through the First World War Centenary Cathedral Repair Fund, and a review will examine how church buildings and cathedrals in England can become more financially sustainable.
- Provide £3 million of new funding for the Architectural Heritage Fund to support communities make best use of their historic buildings, including taking ownership of them.

## 4. Sustaining Excellence and Promoting Britain

### Our Single Departmental Plan Targets



### Key Achievements

- Launched the Prime Minister's 'Five Point Plan for Tourism' and have put the right framework in place to deliver it.
- Led the delivery of two national events to mark the centenary of the Gallipoli Campaign.
- Carried out a triennial review of UK Sport and Sport England.
- England hosted the Rugby World Cup in September-October 2015, it is estimated to have provided a boost of almost £1 billion to the UK economy.
- Strengthened our relationship with China, boosting cultural, sporting and tourism opportunities for the UK through the High Level UK-China People to People Dialogue in September 2015.

- £1 million publicity campaign to promote tourism in areas affected by winter floods.

### ALBs Involved

- Arts Council England
- British Film Institute
- British Library
- Churches Conservation Trust
- DCMS museums and galleries
- Heritage Lottery Fund/National Heritage Memorial Fund
- Historic England
- Sport England
- Sports Ground Safety Authority
- The Royal Parks
- UK Anti-Doping
- UK Sport
- Visit Britain/Visit England



## Progress against the Single Departmental Plan and Government Priorities

### Supporting Arts and Culture

- Distributed £386.5 million to the 15 national museums and the British Library in 2015-16 to protect and preserve world-class collections, maintain strong visitor numbers; work in partnership with regional museums and help strengthen the financial resilience of the sector.
- Major capital developments continue to progress at DCMS national museums:
  - The £258 million extension to Tate Modern opened in June 2016
  - The £90 million V&A's FuturePlan is progressing and its £50 million Exhibition Road project is set for completion by October 2016 and will open to the public in Spring 2017
  - Royal Museums Greenwich's £12 million Endeavour Galleries are due to open in 2018 and will acknowledge the 250th Anniversary of Captain Cook's first voyage in the Endeavour. This work is one stage of the £27 million Endeavour Project, which includes an Endeavour Collections & Conservation Centre at Kidbrooke as well as improvements to the Royal Observatory.
- £3 million DCMS/Wolfson Museums and Galleries Improvement Fund, financed equally by DCMS and the Wolfson Foundation, has enabled a wide range of museums across the country to make capital improvements to displays, enhancing educational facilities and providing greater accessibility to visitors.
- Funded £0.3 million UK-China museums exchange programme, which enabled the British Museum, Tate, British Library and V&A to work with Chinese partner institutions on a programme of cultural exchange and cross-cultural collaboration with the objective of mutually enriching access to and understanding of each other's cultures and promoting the UK culture sector.
- Oversaw the development of a £1 million feasibility study into a new world class concert hall in London, led by the Barbican Centre and London Symphony Orchestra. As a result of this work, government is providing funding over the next two years to develop a detailed business case.
- In July 2015, the Forth Bridge was inscribed as the UK's 29<sup>th</sup> World Heritage Site, in recognition of its distinctive industrial aesthetic, design and construction.
- Continue to support the Churches Conservation Trust (CCT), which finds new uses for historic places of worship. In 2015, the CCT began their innovative "champing" (church camping) programme, opening up beautiful buildings for overnight experiences. The programme was so successful that they have increased the number of churches within scope for 2016.
- Various important art works and objects of cultural interest at risk of being sold overseas have been saved for the nation, including a rare 14<sup>th</sup> century painting by Giovanni da Rimini, the first watercolour of Niagara Falls, and an archive of material relating to John Logie Baird's first transatlantic transmission of television pictures.

## Boosting Tourism

- Launched the 'Five Point Plan for Tourism' setting out how we will attract more visitors to Britain, spreading the benefits of tourism right across the country.
- Provided £1 million to support a publicity campaign to encourage British families to spend their Easter holidays in the areas affected by 2015-16 winter floods.
- Announced a new £40 million 'Discover England Fund' to encourage visitors to travel beyond London.
- Worked with VisitBritain and VisitEngland to deliver £15 million of investment to boost tourism in the North and the South West, and to pilot an innovative visa refund scheme to encourage Chinese visitors to spend time outside London.

## Ceremonials and First World War commemorations

- Delivered national commemorative events in April 2015 to mark the centenary of the Gallipoli Campaign at the Commonwealth War Graves Commission Helles Memorial in Turkey and at the Cenotaph in London.
- Contributed to the celebrations of the 70<sup>th</sup> Anniversary of Victory in Europe Day. This included organising the lighting of over 200 beacons, the first of which was lit by Her Majesty The Queen.

## Extending the reach of the Government Art Collection

- Internationally, there were several changes to Government Art Collection displays including a new installation of work at the refurbished British Embassy in Copenhagen, where the British sculptor Andy Goldsworthy rebuilt his iconic *Slate Cone*.



**Andy Goldsworthy**

Rebuilding his *Slate Cone* sculpture, Ambassador's Residence, Copenhagen 2015

© UK Government Art Collection

- The GAC provided some additional contemporary art for the GREAT Global Investment Conference.



**Dexter Dalwood**

*Marquee* 2012

© Dexter Dalwood

UK Government Art Collection

**Delivering Elite Sporting Success**

- Provided UK Sport with £38.6 million in funding, to provide strategic investment to enable Great Britain's Olympic and Paralympic sports and athletes to achieve their full medal-winning potential.
- Funded UK Anti-Doping £5.1 million to ensure sports bodies in the UK comply with the World Anti-Doping Code through implementation and management of the UK's national anti-doping policy.
- Continued our preparations for the Rio Olympic & Paralympic Games this summer, with an ambition to maintain our success from London 2012. TeamGB and ParalympicsGB have enjoyed success so far this year at the World Athletics Championships, the International Paralympics Committee (IPC) Athletics World Championships and the World Aquatics Championships.
- Continue to drive legacy benefits from London 2012. There have been over 9.5 million visitors to Queen Elizabeth Olympic Park; the Stadium has hosted world-class athletics, rugby union and rugby league and will shortly become the home of West Ham United. Nearly 6,000 people live in the former Athletes' Village, which has been successfully converted into housing, half of which is affordable.
- Over 2 million tickets were sold for the Rugby World Cup and the tournament is estimated to have attracted over 460,000 international visitors to England – more than any previous Rugby World Cup.

## Key Indicators

Many of the policies in DCMS support our objective of sustaining excellence in UK sport, tourism and culture, and promoting Britain around the world. As well as its important contribution to the economy, tourism is a key policy for this objective and a barometer of our influence around the world.

The first headline indicator for this objective is international tourism visits to the UK (including percentage of visitors travelling outside London).

The number of visits outside London has increased by 18% over the period from 2010-2015. The government has set Visit Britain a target to achieve an additional 1.5% growth in visitor spend throughout Britain.

### International visits to the UK (and per cent outside London)



Source: ONS International Passenger Survey

The second headline indicator is level of awareness and support for First World War Centenary events and activities (amongst adults in England) during the period 2014 - 2018.

These data were first collected in July 2014 and show that there are already high levels of awareness and support.



**78 per cent** of adults were supportive of the UK commemorating the Centenary of the First World War.

**58 per cent** of adults were aware of local or national events or activities being held to commemorate the Centenary of the First World War.

Source: DCMS Taking Part survey

We are also developing an indicator for elite sport, which will reflect the ambitions set out in 'Sporting Future: A New Strategy for an Active Nation'.

## Case Study: Five Point Plan for Tourism

Within 100 days of taking power, the Prime Minister announced a new strategy for tourism.

The 'Five Point Plan for Tourism' recognises the importance of the tourism industry to the UK, and demonstrates a commitment to develop its potential. The Plan sets out an overall commitment to encourage more visitors to travel beyond London and boost the economic and social benefits that tourism can unlock.

The Plan sets out five key ways to achieve this. These are:

- strengthening collaboration and co-operation across our tourism landscape
- boosting skills and jobs in the sector
- ensuring common sense regulation for tourism businesses
- making it easier for visitors to travel beyond London using public transport
- working to ensure all tourists get a great welcome to the UK

We are now working on delivering those pieces of work. Already, the government has:

- Established an inter-ministerial group on tourism, chaired by the Secretary of State for Culture, Media and Sport. This raises the profile of tourism across government and helps to coordinate action.
- Revamped the Tourism Industry Council so that it informs decisions by the new inter-ministerial group,

and established a new Events Industry Board to attract more events to Britain.

- Brought VisitBritain and VisitEngland closer together, clarifying their respective roles and responsibilities, and setting challenging targets for delivery.
- Secured a new £40 million 'Discover England Fund' to incentivise collaboration across the English tourism landscape and make it easier for visitors to explore beyond London.
- Engaged the tourism industry to conceive a new way of ensuring apprenticeships work for this seasonal sector.
- Announced a new 'Cutting Red Tape Review' to improve the regulation of business by local authorities, through an evidence led process which will identify areas where reform - to either legislation or enforcement - would reduce unnecessary burdens on business or on local authorities.
- Launched a £1 million 'Rail for Tourism' competition. The winning bids will encourage visitors to travel outside of London on the rail network to heritage and community railways.
- Capped visitor visa fee rises at 2% per annum during this Parliament, in recognition of visitors' important contribution to Britain's economic growth and prosperity.

## Sustainable Development

- Maximising energy efficiency and the use of renewable energy is a key consideration within renovation and new building projects across Tate. Tate Modern's expansion of its Southbank site will draw much of its energy needs from heat emitted by EDF Energy's transformers in the adjoining operational switch house, which is anticipated to lower its energy consumption by up to 50%. Groundwater from boreholes will also provide heating and cooling for the new building.
- DCMS continues to have some responsibilities in relation to the East Village, the former Athletes' Village just outside Queen Elizabeth Olympic Park which uses energy-efficient technologies, water recycling and an emphasis on nurturing the natural environment to support eco-friendly living.
- The installation of kitchens post-Games was carried out by the Olympic Delivery Authority - all the kitchens were sustainably sourced and are low on energy use, incorporating economical LED lighting for extended life.

## Plans for 2016-17

- The Cultural Property (Armed Conflicts) Bill, introduced in May 2016, will ratify the 1954 Hague Convention for the Protection of Cultural Property in the Event of Armed Conflict and accede to its two Protocols of 1954 and 1999. It will strengthen the United

Kingdom's commitment to the protection of our heritage and the cultural property of other nations.

- Continue to deliver our 'Five Point Plan for Tourism', setting out progress to date and next steps this Summer.
- Deliver First World War commemorative events in 2016 marking centenaries of:
  - Battle of Jutland on 31 May with services held on Orkney at St Magnus Cathedral and at the Royal Naval Cemetery.
  - Battle of the Somme on 1 July with national events being at the Thiepval Memorial in France and in Manchester.
- DCMS / Wolfson Museums and Galleries Improvements Fund will be relaunched in 2016, with a joint-fund of £4 million to be distributed to successful applicants in 2017-18.
- Rio 2016 will see the culmination of support for TeamGB athletes in both Summer Olympic and Paralympic competitions.
- Continue to engage internationally to promote Britain's culture and creative industries and to strengthen the UK's soft power, both through the GREAT campaign and seasons of culture being held in 2017 with the Republic of India, the Republic of Korea and the United Arab Emirates.



## 5. Supporting our media

### Our Single Departmental Plan Targets



### Key Achievements

- Successfully concluded mass consultation on the BBC Charter Review; we read and analysed over 190,000 responses - the second largest response to any government consultation.
- Published Sir David Clementi's independent Review of Governance and Regulation of the BBC, as well as a market impact study of the BBC on 1 March alongside a summary of the BBC Charter Review consultation responses.
- Announced plans for the introduction of business rates relief for local newspapers, following a public consultation. This will help local newspapers maintain a presence in their local area as they adapt to new technology and changing circumstances.

### ALBs/Public Broadcasters Involved

- BBC
- Information Commissioner's Office
- Ofcom
- S4C

## Progress against the Single Departmental Plan and Government Priorities

### BBC Charter Review

- Published BBC Charter Review Green Paper on future of BBC in July 2015, receiving over 190,000 consultation responses.
- Clementi Review concluded and published in March 2016. Sir David Clementi was commissioned by the Secretary of State in September to conduct a governance and regulation review of the BBC and make proposals in the context of 2015-16 BBC Charter Review. Sir David Clementi's main recommendations are that:
  - regulatory oversight of the BBC should pass to Ofcom which would issue an operating framework and licences
  - the BBC should have a unitary Board which would be responsible for the interests of the Licence Fee payers
  - the BBC should introduce a 'Broadcaster First' system of complaints and the Charter place a duty on the BBC to consult with the public both as consumers and as Licence Fee payers
- Published BBC Charter Review consultation summary of responses and the independent market impact study in March 2016. Alongside the Clementi Review, these form a broad evidence base for the BBC Charter Review.

### Promoting healthy, sustainable media market

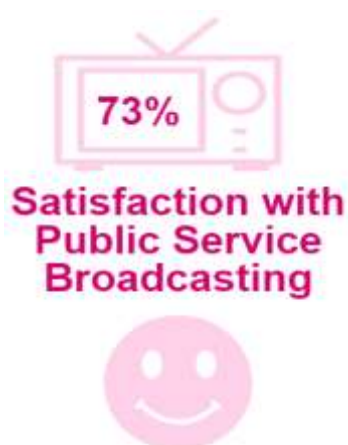
- Began review of options for the future of Channel 4, to ensure it has a strong and secure future in a fast-changing broadcasting environment.
- Worked with Home Office to ensure the Investigatory Powers Bill, published in Parliament on 1 March, gives explicit protection to journalistic sources by banning all public authorities from accessing journalists' phone records in order to identify whistle blowers and other sources without prior judicial approval.
- Continue to work with the Home Office and others to deliver those measures in government's Counter-Extremism Strategy, published in October 2015, which relate to broadcasters and other media.
- Launched a joint consultation with Department for Communities and Local Government to explore the case for business rates relief for local newspapers. The consultation received responses from both the media and local authorities. At Budget 2016 it was announced that a £1,500 business rates discount for office space occupied by local newspapers in England will be introduced, subject to conditions, for 2 years from 1 April 2017.

## Key Indicators

It is intended that the department's objective to back a dynamic, accessible media and a free press will be measured in two ways:

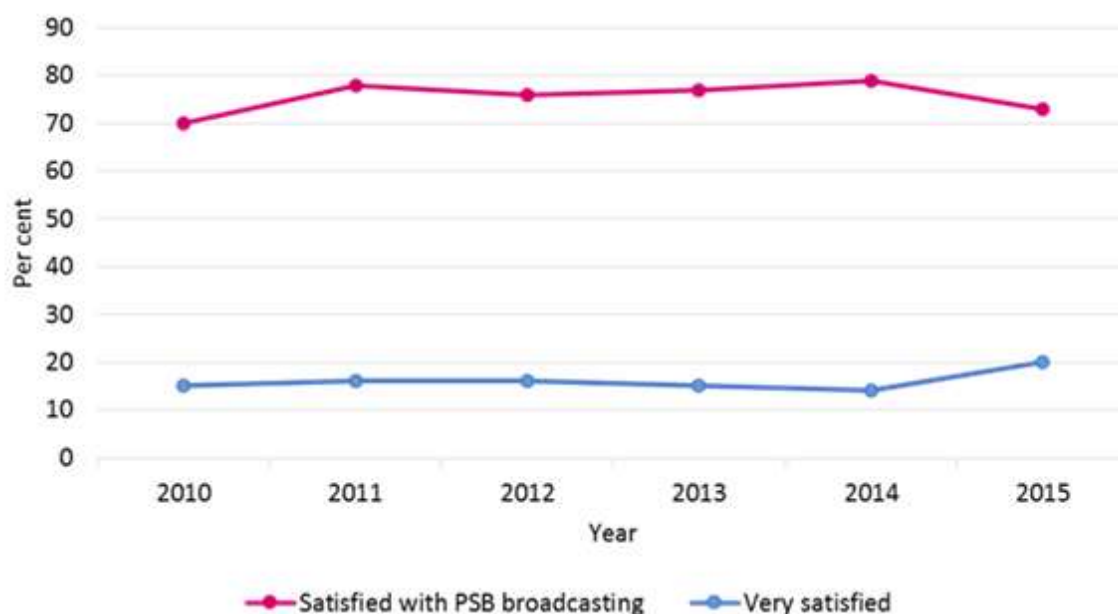
- Media plurality – this will be measured through the Ofcom media plurality measurement framework.
- Satisfaction with Public Sector Broadcasting (PSB) channels.

### Satisfaction with Public Sector Broadcasting (PSB) channels



Nearly three quarters of viewers (73%) believe PSB is delivering on its purposes - such as providing trustworthy news and high quality programmes that reflect the UK.

### Satisfaction with Public Service Broadcasting (PSB) 2010-2015



Source: Ofcom, PSB Tracker

### Case Study: Future of the BBC - Green Paper

The current Royal Charter, the constitutional basis of the BBC, is due to expire at the end of 2016.

The department published the BBC Charter Review public consultation on the future of the BBC in July 2015, beginning the important process of engagement with the public, industry and stakeholders.

The consultation asked 19 questions which are being considered as part of the Charter Review, covering:

- Mission, purpose and values – what the BBC is for, examining the overall rationale for the BBC and the case for reform of its public purposes
- Scale and scope – what the BBC should do, examining the services it should deliver and the audiences it should be seeking to serve
- Funding – how the BBC should be paid for, examining not just future potential funding models but related issues such as efficiency and value for money

- Governance – how the BBC should be overseen, examining options for the reform of the current Trust model alongside other matters of governance

By closure of the consultation on 8 October 2015, we had received over 192,000 emails, letters and online survey responses - the second largest response to any government consultation.

We published the consultation summary of responses on 1 March. The government's response to the consultation was set out in the White Paper published in May 2016.

In addition to publishing the summary of responses, the department also published an independent report into the market impact and distinctiveness of the BBC alongside a Review of Governance and Regulation of the BBC by Sir David Clementi.

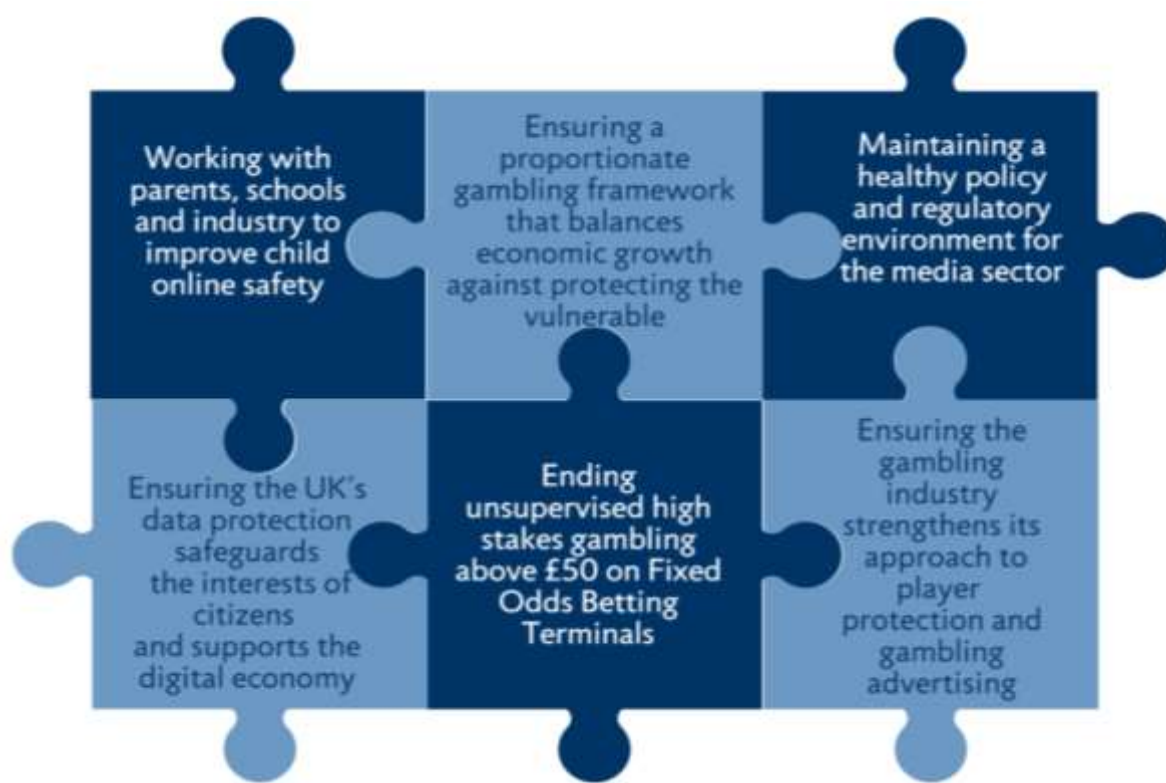
These reports, all published on 1 March 2016, help to form a broad evidence base for the BBC Charter Review.

### Plans for 2016-17

- Published BBC Charter Review White Paper in May 2016 and draft Charter in Summer 2016.
- Publish outcome of the previous government's Balance of Payments consultation regarding the relationship between Public Service Broadcasters and other television platforms.
- Announce conclusions of the review of options for the future of Channel 4.
- Publish a government consultation on legislative options for deregulating the licensing rules for commercial radio.

## 6. Ensuring social responsibility

### Our Single Departmental Plan Targets



#### Key Achievements

- Launched consultation on 16 February 2016 on preferred approach to meeting manifesto commitment to require age verification for access to pornographic material online.
- Published plans for implementation in April 2017 of the replacement for the Horserace Betting Levy.

#### ALBs Involved

- Gambling Commission
- Horserace Betting Levy Board
- Information Commissioner's Office
- Ofcom

## Progress against the Single Departmental Plan and Government Priorities

### Ensuring proportionate gambling framework & controls

- In August, published response to the review of the gambling advertising controls, and worked with the Gambling Commission to assess the impact of the new regulations on Fixed Odds Betting Terminals published on 21 January 2016. Continued to encourage the industry to demonstrate its commitment to social responsibility.
- Published response to the Culture, Media and Sport Select Committee's inquiry into Society (charity) Lotteries in September and asked the Gambling Commission for more detailed advice to help us decide whether to make any changes to the way these lotteries are regulated.
- Published plans for the replacement for the Horserace Betting Levy. The new arrangements will ensure a level playing field and a fair return to racing from all gambling operators.

### Improving child online safety

- Led EU negotiations on the Telecoms Single Market and agreement was reached on a principles-based approach to net neutrality regulation, to ensure an open internet with transparent traffic-management principles for internet service providers (ISPs). The Prime Minister confirmed legislation to secure our current family-friendly filters regime, whereby the 4 major ISPs give customers an unavoidable choice to apply filters at home.
- Hosted the UK-China Internet Forum on 19 October 2015 at which the Chinese and UK governments, industry, academic and civil society representatives agreed the importance of tackling online child

sexual exploitation by supporting the WePROTECT agenda.

### Ensuring data protection rules safeguard citizens' and facilitates business

- Negotiations on the EU General Data Protection Regulation (GDPR) came to an end in December 2015. The Regulation was formally adopted in April 2016 and will apply in all Member States from 25 May 2018. DCMS-led negotiations achieved a number of successes; delivering legal certainty to businesses whilst upholding civil liberties of individuals, striking the right balance between protecting personal data and creating the conditions for innovation and economic growth.
- The Culture, Media and Sport Select Committee has approved Elizabeth Denham as the next Information Commissioner. Subject to formal approval by Her Majesty The Queen, Ms Denham will take over from Christopher Graham in the summer. The new Information Commissioner will be required to lead the Information Commissioner's Office (ICO) through a significant period of change, including a new funding model.

### Maintaining a healthy policy and regulatory environment for media sector

- Worked closely with Ofcom to agree a package of measures for the Counter Extremism Strategy, which will help restrict the broadcast of extremist content whilst protecting rights to freedom of speech and expression. Ofcom is consulting on changes to the Broadcasting Code to clarify the sections dealing with extremist content and definitions of harm. It is also increasing its activity and budgets devoted to monitoring extremist content on TV platforms.



## Key Indicators

We aim to ensure our sectors are socially responsible and well regulated. To monitor this we have identified two key areas. These are:

- percentage of adult internet users that describe themselves as confident they can stay safe online.
- percentage of problem gambling.

These are both new indicators and we will be building up a time series of data over the coming years to track changes in these measures.

### Percentage of adult internet users that describe themselves as confident they can stay safe online



*Source: Ofcom Adult Media Literacy Tables*

### Percentage of problem gambling

Data on the prevalence of problem gambling will be tracked through the Gambling Commission's survey and cover adults in Great Britain.

In the year to March 2016, 0.5 per cent of adults in Great Britain were classified as problem gamblers.



*Source: Gambling Commission Gambling Participation Survey*

**Case Study: Encouraging industry to embed safety by design into their products and services**

DCMS provides the secretariat to the UK Council for Child Internet Safety (UKCCIS), a multi-stakeholder forum that brings together government, industry, law enforcement, academia, charities and parenting groups to work in partnership to develop self-regulatory solutions to help keep children and young people safe online.

As well as supporting industry to deliver family friendly filters on home broadband, mobile connections and through public WiFi, and supporting parents and schools in the central roles they play, the group has recently developed practical guidance for providers of social media and interactive services.

Ofcom, in its role of chair of the Social Media Working Group, collaborated with major platforms (including Twitter, Facebook, Google, Ask.FM, MindCandy and Microsoft), charities, and law enforcement to develop a practical guide for industry, which was published in December 2015 alongside a partner guide for parents and carers.

The guide sets out principles for child safety across a range of issues, and highlights examples of current practice by major services. Its aim is to encourage responsible practice from providers, to help ensure children using their services are able to do so in a safe and protected way.

The department is working through the UKCCIS to help disseminate and promote this guide, to influence policy and practice in the industry both within and outside the UK. This guidance can be accessed at: <https://www.gov.uk/government/groups/uk-council-for-child-internet-safety-ukccis>.

**Plans for 2016-17**

- Laid an order on 25 April 2016 so organisations making or instigating direct marketing calls are required to provide Caller ID. The measure came into effect on 15 May 2016.
- Progressing a significant programme of work tackling nuisance calls in collaboration with industry, regulators, consumer groups and parliamentarians, around themes of regulation/enforcement; innovation and technology and awareness raising.
- Consultation on age verification closed on 12 April and we will set out our approach in due course.
- Continue to provide secretariat support for the UK Council for Child Internet Safety and support the work of the Executive Board and working groups.
- Will legislate to allow Ofcom to more rapidly suspend or revoke the licences of UK radio stations which broadcast content which incites or encourages crime or disorder including extremist content.

## Our corporate and efficiency objectives:

### 7. Contribute to deficit reduction and implement efficiencies within DCMS and its arm's length bodies and support the government's wider cross-cutting priorities

#### Our Single Departmental Plan Targets



#### Key Achievements

- Total fundraising to DCMS funded cultural institutions in 2014-15 was £525 million, an increase of £49 million from £476 million in 2013-14.
- Met government target of 10 sqm per full time equivalent (FTE) on our departmental estate, reduced from 12.5 sqm per FTE in 2013-14.
- Achieved greater than 50% reduction in administration expenditure over the course of last Parliament, when measured on a like-for-like basis.
- SR15 settlement includes capital investment to fund office moves, new grant management systems and estates restructuring among our ALBs to build leaner, more efficient public sector bodies.

- 35% of expenditure used on SMEs, higher than 33% government target.

#### ALBS Involved

- All ALBs instructed to prioritise efficiency. This includes setting a 1% year on year efficiency target which is being applied to the majority of our organisations.
- ALBs are leaders in developing innovative models to generate alternative income for our sectors. This includes significant philanthropic donations to museums and galleries, charging for services and new commercial models.
- We are supporting our organisations transform their business models and increase their revenue generation capabilities, resulting in less reliance on public sector funding.

## Key Data

### Total charitable giving to DCMS funded cultural institutions (current prices), 2008-09 to 2014-15



Source: Charitable Giving Indicators 2014-15, DCMS

## Progress against the Single Departmental Plan and Government Priorities

### Achieving administration savings

- Core department administration funding will reduce by 20% in real terms over the Spending Review period as BDUK projects deliver on time and to target.
- Significantly reduced IT costs by working with the Government Digital Service to manage and procure a new set of IT services.
- Cabinet Office now manages DCMS's technology platform, which resulted in an annual saving of over £2 million which was incorporated into the department's 15-16 baseline.
- Rolled out a low cost extranet, called DCMS CONNECT, a strategic communications tool that enables DCMS to speak with one voice to all our ALBs.

### Establishing an efficiency target

- Initial efficiency plans have been received outlining how ALBs intend to make 1% annual savings over the course of the SR period.
- Percentage of fundraising by DCMS-funded cultural institutions to Grant-in-Aid in 2014-15 was 54.5 per cent, an increase from 48.8 per cent in 2013-14, and a marked increase from 33.7 per cent in 2012-13. This means for every £1 of Grant-in-Aid received, DCMS cultural institutions generated 54.5 pence in fundraising and/or contributed income.

### Supporting ALBS to invest to save

- A £341 million investment in new world-class storage facilities for the British Museum, Science Museum and V&A. £150 million of this is

direct funding from the government as announced within the 2015 Spending Review.

- Replacing out of date museum storage at Blythe House will preserve and protect over two million fragile and sensitive objects, while increasing public access and enabling the building to be put to a more efficient use.
- A programme has been formed by DCMS to work in partnership with the three national museums to dispose of Blythe House by 2023.

### Key Indicators

- Progress against 1% efficiency target for ALBs.
- Savings made through our adoption of shared services.
- Monitor our staff to space ratio to ensure compliance with the Cabinet Office target.
- Savings made through cooperation with Crown Commercial Services.

### Case Study: Delivering Value for Money on the Superfast Broadband Programme

Through Broadband Delivery UK (BDUK), the government is investing to provide superfast broadband coverage to 95% of the UK by December 2017. BDUK have implemented a number of initiatives to ensure that this project achieves real value for money:

- It assembled a strong value for money team described as “highly skilled” by the NAO and which was shortlisted for the Civil Service Financial Management Awards in November 2015
- It has imposed contractual mechanisms designed to ensure that the government would recoup any savings generated by discrepancies in supplier estimates

- It has delivered extensive training to local bodies designed to enable them to successfully monitor costs
- It has implemented a ‘Milestone to Cash’ process whereby local bodies only release payments upon successful completion of project milestones

The Infrastructure and Projects Authority recently cited BDUK’s ‘milestone to cash process’ as an example of best practice in controlling costs and the NAO praised BDUK’s management of this project in its latest report. As a result of the work of BDUK’s value for money team, as at 31 March 2016, the government is in line to recoup in excess of £150 million of its investment from the supplier.

## Sustainable Development

- Committed to sustainable procurement by using Crown Commercial Service (CCS) frameworks. The centralisation of our low value procurement activity through the CCS-managed service enables us to take advantage of the CCS commitment to sustainable procurement.

## Adapting to Climate Change

- Continuing to use sustainable practices as we manage our business operations, monitoring our ALBs' long term reduction of carbon emissions and encouraging the adoption of energy efficient measures.

## Plans for 2016-17

- Participating in a cross-Whitehall, HMT-led value mapping exercise, designed to assess the effectiveness and efficiency of government spending to develop a greater understanding of the impact of our work.

- Committed to the sale of spectrum during the course of this Parliament.
- Complying with pay award remuneration limitations of 1% a year from 2016-17 in line with HM Treasury policy.
- Continue to work through our ALB transformation agenda to re-shape our ALB landscape, making it more robust and efficient. This includes a reform programme with The Royal Parks which will result in savings to the public of 25% in real terms by 2019-20.
- Operational freedoms pilot for museums has been made permanent and extended to include bodies such as the BFI, Churches Conservation Trust and Historic England. These organisations will have access to the voted loans pot which has been increased to £60 million per year. This is an alternative and innovative way in which ALBs can draw on funding through a non-traditional route, saving money for the taxpayer.



## 8. Ensure DCMS is a confident, agile and networked department, supported by a skilled workforce

### Our Single Departmental Plan Targets



### Key Achievements

- Completed internal review of core activities and provided face-to-face training, guidance and templates on drafting briefing; evaluating and reporting risk; and facilitating efficient internal governance.
- Achieved significant uplift in Civil Service People Survey 2015 overall engagement score to 66% (+7% from 2014) - the biggest rise in engagement for any government department for the second year in a row.
- Created an effective workforce planning tool to allow the department to manage resources according to the Single Departmental Plan.
- Provided an effective HR service to the department.
- Delivered low-cost and no-cost communications to promote DCMS's support for its sectors.

## Progress against the Single Departmental Plan and Government Priorities

### Delivering our HR workplan

- Developed an integrated HR work plan which sets out all the deliverables and key milestones and is reviewed on a weekly basis.

### Promoting learning and development

- Launched the DCMS Academy in September 2015 to facilitate learning and development. Heads of Profession have been strengthening professional skills by investing in professional development and qualifications - both within their profession and across the whole department. HR/Internal Communications joint work on revitalising Learning & Development (L&D) led to a 13% rise in learning and development score for Civil Service People Survey 2015.

### Laying Annual Accounts on time

- DCMS's Group Annual Report and Accounts 2014-15 published (before Parliamentary summer recess) in July 2015.

### Strengthening our corporate core

- Strengthened and professionalised corporate systems through a focus on governance, risk, briefing and business planning.
- Set up a Science Advisory Council in May 2015 to provide policy with strategic evidential guidance. It has met four times, advising on digitisation in museums, the Taking Part Survey, and Physical Activity and Health, making useful contributions to the 'Culture White Paper', the Sport Strategy, and DCMS collaboration in the health agenda.

- Published over 30 official or national statistics publications in 2015-16 and around 150 were produced by DCMS arm's length bodies.
- Evidence and Analysis Team provided expert advice on over 30 business cases in 2015-16 and 9 impact assessments.
- Conducted low-cost and no-cost communications campaigns to support the delivery of central government and departmental strategic priorities. Key campaigns included:
  - First World War centenary commemorations where applications for tickets to attend the Somme commemorative event in France exceeded our target by 251%.
  - Broadband - over 2,500 media items reached 50% of UK adults. Highly targeted communications on the Universal Service Commitment (USC) satellite connection scheme helping those in the most remote areas access broadband, saw online visits to our speed checker more than double.
- Supported flood affected areas through a £1 million DCMS-funded advertising campaign in February as well as digital engagement through our #openforbusiness activity and #LovetheNorth twibbon to boost tourism in Yorkshire, Northumberland, Cumbria and Lancashire.

- Digital engagement has soared in 2015-16 with over 150,000 followers on Twitter - an increase of 30,000 in the past 6 months. Every day our tweets generate around 61,000 impressions, 70 retweets and 670 engagements.
- Instagram following has increased by 20% and we maintain accounts on Pinterest, Facebook and Vine, resulting in nearly half a million loops in the past year.
- Delivering low-cost intranet - the framework of which is being used by organisations inside and outside government at no cost, including Cabinet Office and Northern Ireland Office. The monthly hosting and support cost of this intranet is one tenth of its predecessor.

### **Sustainable Development**

- As a staff incentive, DCMS provides an interest free advance of salary for the purchase of season tickets for public transport travel between home and the office.
- DCMS promotes the benefits of cycling to work and has a cycle to work scheme, where the department hires bicycles and equipment to employees, through salary sacrifice reductions over a twelve month period, to travel to work or between work locations. Lockers, shower facilities and bicycle parking are available to all staff.
- Our flexible working policy encourages remote working, including working from home. This approach reduces employees' carbon footprint when travelling to and from the office.
- The department's travel and subsistence policy highlights the need to consider the environment and encourages employees to use telephone or conferencing in the first instance.

### **Key Indicators**

- Statistical publications produced and published on pre-announced date.
- Improve Internal Audit Reports and responses.
- Service Level Agreements in place for HR Transactions.
- Improve staff scores in relation to Civil Service People's Survey.
- All communication campaigns are evaluated against specific output, out-take and outcome metrics.
- Timeliness of responses to correspondence (both ministerial and "treat official") and Parliamentary Questions.

**Case Study: HR Developing People**

DCMS has a lean but highly skilled workforce to deliver its objectives.

To ensure our workforce has the capability to deliver the organisation's objectives, we have invested in staff through the creation of a DCMS Academy which focuses on three priority areas:

- Policy and Corporate Skills (Professional Skills)
- Line Manager Skills
- Leadership Development

Feedback across evaluative indicators consistently suggests the Academy is useful, informative and beneficial. All workshops achieve over 85% positive feedback.

We also launched the ICE (Inspiring, Confident and Empowering) Academy, our in-house leadership development programme designed to develop leadership understanding and practice across the organisation.

The People Survey results (+13% for learning and development and +10% for leadership and managing change) demonstrated how investing in development has a positive impact on engagement.

We will continue work on the DCMS Academy, ensuring that L&D priorities are explicitly linked to skills gaps and corporate priorities. A stronger emphasis will be placed on career development to support colleagues to progress through their profession and access learning to grow their career.

**Plans in 2016-17**

- Strengthening business resilience through strategic talent management and a more holistic approach to recruitment and retention
- Embedding core skills by further training, regular review of guidance and responding to feedback

# The Accountability Report

**Corporate Governance Report.....page 62**

**Remuneration and Staff Report.....page 87**

**Parliamentary Accountability  
and Audit Report.....page 103**

**Signed and approved**

**Sue Owen**

**Accounting Officer and Permanent Secretary**

**7 July 2016**

## The Directors' Report

### Lead Non-Executive Director Report



**Sir David Verey CBE**  
**Lead Non-Executive Board Member**

This year has been one of great achievements for the Department for Culture, Media and Sport as it has been driving growth, enriching lives and promoting Britain to the world. Investments in communications and digital infrastructure have continued, with the successful roll out of the Broadband Connection Voucher Scheme where over 50,000 small or medium sized businesses capitalised on the chance to boost broadband connectivity. There has been focus too on promoting participation, with free access to galleries and museums being maintained. This was highlighted in July 2015 when the British Museum had its highest ever number of visitors in a single month.

The department also led the centenary commemoration of the battle of Gallipoli, with services in both Whitehall and Turkey. And, in 2015 the department delivered the most successful Rugby World Cup to date. This event provided almost £1 billion to the UK economy, and involved more than 460,000 international visitors. Furthering the department's commitment to sport, December saw the launch of the Sport Strategy, looking at improving social cohesion through sport, and encouraging participation to see how that can improve physical and mental health.

In 2015-16, we saw changes to the Executive Board too with the arrival of Andrea Young as Director of the Digital Economy Unit, Rosemary Pratt as Director, Europe, Data, Digital and Security Directorate as well as the departure of Alison Pritchard and the Government Equalities Office. As the breadth and scope of the department has widened, the Permanent Secretary has continued to provide excellent leadership, driving forward changes and improvements, set against the backdrop of the spending review, to benefit the department as a whole.

This year has also seen changes to the Non-Executive Board Membership. I am incredibly grateful for the valuable contribution made by both Tracy Long and Ruby McGregor-Smith who left the department in the last reporting year; their important input across a wide range of issues has been greatly appreciated. I have also been very pleased to welcome Neil Mendoza and Fields Wicker-Miurin, as our new Non-Executive Board Members who will I am sure continue to challenge and support departmental objectives and priorities over the coming year. In 2015-16, the Non-Executive Board Members (NEBMs) have supported various areas of the department and shared their expertise, including arm's length body governance, risk and audit, shared services, public appointments, corporate services and the Government Art Collection. I would like to record my thanks to my fellow NEBMs for their high quality, continued engagement with DCMS and the time they have committed to the department outside of the formal board meetings in offering their support and expertise.



## Ministers and Departmental Board

### Ministers



John Whittingdale  
OBE MP

Secretary of State  
for Culture, Media  
and Sport



Ed Vaizey MP

Minister of State for  
Culture and the  
Digital Economy  
(joint with  
Department for  
Business, Innovation  
and Skills)



Baroness Neville-  
Rolfe DBE CMG

Parliamentary Under  
Secretary of State  
and Minister for  
Intellectual Property  
(joint with  
Department for  
Business, Innovation  
and Skills)



Tracey Crouch MP

Parliamentary Under  
Secretary of State  
for Sport, Tourism  
and Heritage (on  
maternity leave  
24 January –  
4 July 2016)



Baroness Shields  
OBE

Parliamentary Under  
Secretary of State  
for Internet Safety  
and Security (joint  
with Home Office)



David Evennett MP

Parliamentary Under  
Secretary of State  
for Sport, Tourism  
and Heritage  
(maternity cover for  
Tracey Crouch MP)

## Non-Executive Board\*



Sir David Verey CBE

Lead Non-Executive  
Board member

Neil Mendoza

Non-Executive  
Board member

Ajay Chowdhury

Non-Executive  
Board memberFields  
Wicker-Miurin OBENon-Executive  
Board member

## Executive Board



Sue Owen

Permanent  
Secretary

Sarah Healey

Director General



Hugh Harris

Director



Clare Pillman

Director



Rosemary Pratt

Director,  
from 15 December  
2015

David Rossington

Finance Director



Chris Townsend

Chief Executive,  
BDUK

Andrea Young

Director,  
from 1 July 2015

\*Charles Alexander joined DCMS as a Non-Executive Director on 18 April 2016.

In addition to Fields Wicker-Miurin OBE (Chair) and Sir David Verey CBE, Michael Higgin and Chris Walton are the two co-opted independent members that complete the Audit and Risk Committee.

## Changes to the Departmental Board in 2015-16

### Ministers

The Rt Hon Sajid Javid MP, Secretary of State for Culture, Media and Sport,  
until 11 May 2015

Helen Grant MP, Parliamentary Under Secretary of State for Sport and Tourism,  
until 11 May 2015

### Non-Executive Board Members

Ruby McGregor-Smith CBE, Non-Executive Board Member,  
until 1 October 2015

Dr Tracy Long CBE, Non-Executive Board Member,  
until 20 January 2016

### Departmental Board Members

Alison Pritchard, Director,  
until 1 September 2015

## ALBs and appointments

We have continued our work to increase the efficiency of our ALBs through the Triennial Review (TR) programme. DCMS has completed reviews of the British Film Institute (BFI), a joint review of Visit Britain/Visit England and a joint review of Sport England/UK Sport. We are working with each organisation to ensure the savings and efficiencies identified are realised.

The review programme for 2016-17 includes Arts Council England and the Heritage Lottery Fund. DCMS will also undertake a clustered review of museums as announced in the recent 'Culture White Paper'.

The department's approach to the sponsorship of its ALBs has been reviewed by the National Audit Office (NAO) in a recent comparative study of four government departments. The NAO report found that given the variety in size and functions of ALBs across government, a 'one size fits all' approach is not appropriate, but departments had tended to focus on ensuring control and compliance at the expense of achieving greater value. We will take forward the recommendations in the next 12 months.

The work of our ALBs requires oversight by non-executive boards of trustees and chairs. DCMS ministers appoint or make recommendations to the Prime Minister to appoint the chairs and trustees of almost all DCMS's ALBs.

In total, ministers have responsibility for appointing approximately 390 board chairs and trustees to ALBs sponsored by DCMS.

During 2015-16, DCMS made 101 board appointments and reappointments, including a new Chair of the BFI, a new Chair of the V&A, and multiple trustees to the boards of bodies such as the British Museum, Ofcom, and the Horserace Betting Levy Board. 36% of all the department's new appointments were women.

## Equal Opportunities and Diversity

The Equality Act 2010 (the 2010 Act) introduced a new public sector equality duty which came into force in April 2011. It requires all bodies exercising public functions to have regard to:

- eliminating unlawful discrimination, harassment and victimisation
- advancing equality of opportunity between different groups
- fostering good relations between different groups

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 DCMS employees 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 encourages its employees to access a range of cross-government learning modules, available via Civil Service Learning, which reinforce and embed these behaviours. These activities include but are not limited to training in the following areas:

- Unconscious bias
- Diversity & equality
- Lesbian, Gay, Bi-Sexual & Transgender (LGB&T) awareness
- Disability awareness, including regarding mental health
- Supporting vulnerable people
- Employment of disabled persons

DCMS 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.

DCMS operates a blind sifting approach to support removing bias within recruitment processes. All employees must complete unconscious bias training to enable them to identify where biases may arise. DCMS also participates in the Guaranteed Interview Scheme, whereby individuals who declare a disability are guaranteed an interview if they meet the minimum requirements.

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

As part of its Diversity and Inclusion Plan, DCMS will:

- identify all talent within DCMS and help them progress, removing barriers that prevent diverse groups from succeeding
- be an open, inclusive and fair culture driven from the top by leaders who look beyond bias, who ask, look and reflect on their leadership style and who relentlessly seek out talent on merit
- have a zero tolerance to any bullying or harassment
- actively work to improve the declaration rates for LGB&T, BME and disabled individuals

### Diversity Data (as at 31 March 2016)

This data is based on responses from 25 arm's length bodies.

#### Declaration rates by protected characteristic<sup>1</sup>

Characteristic	% declared DCMS	% declared ALBs (avg)
Ethnicity	53	70.5
Sexual Orientation	49	43.2
Disability	58	48.6
Religion	53	53.1

<sup>1</sup> Following a move to a new payroll system in April 2016, declaration rates have increased. This will be reflected in next year's report.

#### Proportion of workforce by protected characteristics

	DCMS	ALBs (avg)
Percentage of female staff	52	58.2
Percentage of female Executive Board	62.5	40.2
Overall gender pay gap (Mean)	-2	8.3
Overall gender pay gap (Median)	6	5.9
Percentage of BME staff	18	11.7
Percentage of disabled staff	6	2.7
Percentage of LGB&T staff	7	8.9

Age	DCMS	ALBs (avg) <sup>2</sup>
16 - 24	8.9	5.0
25 - 34	27.3	30.0
35 - 44	30.6	25.9
45 - 54	22.2	22.1
55 - 64	10.6	14.6
64+	0.4	2.6

<sup>2</sup> The total average is calculated per age bracket resulting in a total average of 100.3%.

### Staff Networks

DCMS has a number of established Staff Networks that employees can join:

- Parental leave
- Mental health
- LGB&T
- Women
- Flexible working and job share
- Black and Minority Ethnic (BME)
- Ability

A new staff award recognises the contribution of staff networks:

DCMS has nominated Executive Board level champions for gender, LGB&T, BME, disability and social mobility and Senior Civil Service role models for each of these groups.

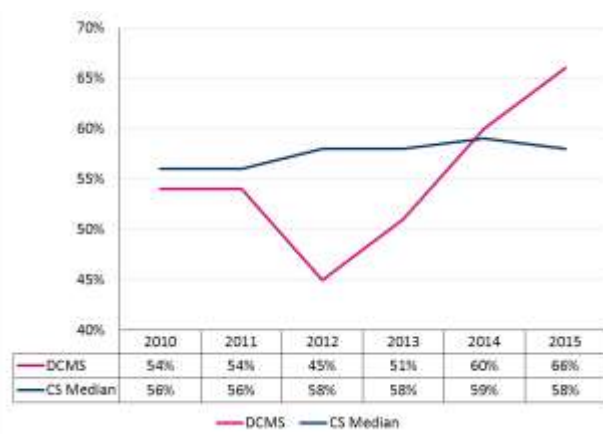
### Staff Engagement

Employee engagement in the Civil Service is measured through the Civil Service-wide People Survey which has been in place since 2009. All Civil Servants are invited to complete this survey resulting in census data for a large number of employees in the population. The data is published on

the gov.uk website each year. In 2015, 96% of DCMS responded to the engagement survey, an increase of 5% from 2014 meaning that our results are representative of our workforce.

Since 2013, DCMS has seen a marked increase in engagement scores rising from 51% to 66%, becoming one of the top four most engaged departments in Whitehall. DCMS engagement scores are 8% higher than the Civil Service Benchmark (58%) and identifies DCMS as a Civil Service High Performing organisation.

### Comparison of Employee Engagement between DCMS and Civil Service median



The survey is divided into themes that measure engagement in a range of areas. Since 2014 there has been an increase in 8 of the 9 themes and no questions have dipped below 5% from the previous survey. Notably 3 of the 9 themes identify that DCMS is higher than Civil Service High Performers - my work, inclusion and fair treatment, and leading and managing change.

There was only a small reduction in colleagues responses to organisational objectives and purpose (-1% from last year). Work is already underway through the Single Departmental Plan to strengthen organisational objectives and purpose into individual and team objectives.



## Health and Safety

Online training modules and a self-assessment package ensures the health and safety of staff in a hot-desking environment, enabling reasonable adjustments to be made when necessary.

Across the department, the DCMS Health and Safety Network of first aiders, fire-wardens and health and safety champions undertake regular training and promote best practice.

## Better Regulation

DCMS remains committed to reducing burdens on businesses wherever possible. Following the Red Tape Challenge conducted in the last Parliament, we have been set a challenging target to contribute to the government's overall aim of a £10 billion reduction in the cost of regulation.

In order to establish what regulations could be removed, we ran challenge sessions with all teams in the department to see exactly what regulations are in place, what impact these have on business and whether these can be deregulated. Involving policy experts, legal advisers and others, this has been run as an internal red tape challenge, and has enabled the department to review regulations in force.

## Regulatory Policy Committee

The Regulatory Policy Committee (RPC) provides an opinion on the quality of evidence put forward in impact assessments (IAs) that support policy proposals in scope of the better regulation framework, at both the consultation and final stage of the policy making process.

The following table sets out the performance of the department in each year since 2011:

	2011	2012	2013	2014	2015
<b>No. of impact assessments (IA)</b>	34	17	15	18	9
<b>Fit-for-purpose at first attempt (%)</b>	76	82	67	78	67

There was a significant decrease in the number of IAs in 2015 from previous years. There are three reasons for this:

- a decrease in new regulation being introduced due to the General Election
- an unusually high number of measures introduced that qualified for the fast-track (which do not require an IA at Consultation stage)
- Regulatory Triage Assessments are no longer included as these are now cleared internally

We are expecting to work on more IAs in 2016 as more regulatory/deregulatory policies are introduced and as Final Stage IAs are developed for fast-track measures already being developed.

We are committed to evidence-based policy making, and have a clear governance structure for policy development. Our policy officials engage with evidence specialists early in the policy development process to identify where government should intervene, consider scope for alternatives to regulation, and assess impacts on business. All IAs are subject to an internal analytical peer review process and are signed off by the Chief Economist before submission to the RPC.

## Complaints to the Parliamentary Ombudsmen

There were no complaints to the Parliamentary Ombudsmen in 2015-16.

## Correspondence Performance

In 2015-16, DCMS received circa 5,000 items of ministerial correspondence (letters from Parliamentarians and others that require a response from ministers). Our target is to reply to correspondence within 20 working days and in 2015-16 we succeeded in meeting 69% within our target.

DCMS accords correspondence a high priority and measures are in place to raise performance in this area. We have made great progress in improving this year's performance, with ministerial and public correspondence now being dealt with in a timely and effective manner.

In March 2016, 99% of Treat Official correspondence and 99% of ministerial correspondence were responded to within deadline.

## Personal Data Incidents

No personal data incidents were recorded in 2015-16.

## Payment of Suppliers

The department paid 77.9% (2014-15: 75.6%) of valid invoices within 5 days of receipt against a target of 80%; and 99.4% within 30 days (2014-15: 98.8%) against a target of 100%.

In 2016-17, as part of the move to shared services across Whitehall, the department is planning to introduce a Procure to Pay (P2P) system, which will allow automated invoice matching and increase performance against the five day target.

In the meantime, the department will continue to work with its outsourced payment provider and authorising officers to monitor and action payments in hand to improve performance against the five day target.

## Public Accounts Committees

There were no Public Accounts Committee recommendations to action in 2015-16.

## Auditors Remuneration

These financial statements have been audited, under the Government Resources and Accounts Act 2000, by the Comptroller and Auditor General, who is appointed under statute and reports to Parliament.

His certificate and report is included in the accounts on page 124. The external audit cost of the departmental group was £2,924k comprising £426k notional and £2,498k cash.

Further information is provided in Note 4.3 to the accounts.

## Information Management Standards

The department is running a project to streamline descriptive information on its paper records to meet its obligations and to improve its response to information requests from the public, inquiries and other authorised bodies. Team champions raise awareness and encourage an active involvement in information management using the systems in place.

## Machinery of Government Changes

As a result of a number of Machinery of Government changes the department has taken on responsibility for:

- Digital Economy Unit (previously operating as a joint unit with the Department for Business, Innovation and Skills)
- Data protection policy including sponsorship of the Information Commissioner's Office (an ALB) (both transferred from the Ministry of Justice)
- Digital Inclusion team (transferred from the Cabinet Office) and joined the Digital Economy Unit

Responsibility for the Government Equalities Office (GEO) and the Equality and Human Rights Commission (an ALB) has transferred from DCMS to the Department for Education.

## Directorships and Significant Interests

Details of directorships and other significant interests held by Ministers are set out in The Register of Lords' Interests and The Register of Members' Financial Interests which are available on the UK Parliament website at:

<http://www.publications.parliament.uk/pa/ld/ldreg.htm> for ministers in the Lords and at: [www.publications.parliament.uk/pa/cm/cmregmem/contents1617.htm](http://www.publications.parliament.uk/pa/cm/cmregmem/contents1617.htm) for ministers in the Commons.

In accordance with Cabinet Office guidance, DCMS maintains a register of interest which records details of directorships and other significant interests held by senior managers in the department. A copy of the Department's Register of Interest can be requested from the Head of Strategy, Governance and Projects at DCMS

Details of Related Party Transactions, including those arising as a result of the interests of DCMS Board members, are listed at Note 23 'Related Party Transactions'.

## Sustainable Development Report

### Governance

Sustainable development, climate change adaptation and rural proofing are all considerations when new policies or operational decisions are made. Impact assessments (IAs) capture the potential effect of a policy on these three areas and are subject to a programme of review.

Gateway reviews are undertaken on some projects and sustainable development, climate change adaptation and rural proofing are all considered where this is appropriate.

For example, the Broadband Delivery UK (BDUK) team has included environmental outcomes in its Benefits Realisation Framework and are working to identify and monitor appropriate environmental

indicators as its programmes deliver. BDUK's programmes are subject to regular Infrastructure & Projects Authority gateway reviews.

### People

As part of our ongoing programme of skills professionalisation, guidance and awareness sessions will be made available.

### Sustainable Development

DCMS considers sustainability in the context of both policy development and operational delivery.

Key to this is the responsibility placed on policy teams to consider the potential long-term impacts of policies on the following spheres: economic, environmental, financial and social.

Teams are also expected to assess the potential impact of policies on communities and businesses and this is subsequently reviewed when appropriate.

### Procurement

DCMS is committed to sustainable procurement by using Crown Commercial Service (CCS) frameworks. The centralisation of our low value procurement activity through the CCS-managed service enables us to take advantage of the CCS commitment to sustainable procurement.

Where our standard Terms and Conditions are used, these include a requirement for suppliers to comply with our environmental policy.

The DCMS Procurement Policy supports the Government Buying Standards and also promotes the use of government's sustainable procurement tools (<https://www.gov.uk/guidance/sustainable-procurement-tools>) where appropriate.

The department does not procure timber products but if we do in future, we will ensure compliance with the Timber Procurement Policy.

## Adapting to Climate Change

DCMS's approach to sustainability ensures that we consider the environmental impacts of climate change in the context of policies with long-term implications. Such impacts may include changing weather, extreme events and rising sea levels. We recognise the potential impact of climate change on a number of our sectors and work closely with our stakeholders to identify means of mitigation when this is required.

## Rural Proofing

DCMS recognises the importance of rural proofing to ensure rural areas get a fair deal from all government policy. When deciding policy objectives, consideration is given (when applicable) to the impact of DCMS's policies on rural communities prior to any decisions being made.

## Libraries

Libraries are an important part of rural communities in England. According to the Taking Part 2015-16 Quarter 2 statistical release, published in December 2015, 30.5 per cent of adults visited a public library in rural areas in England in the year from October 2014 to September 2015.

The provision of digital technology helps rural libraries to provide a range of vital public services to local people. Following government funding in 2015-16, free WiFi will be available in 99% of public libraries in England by March 2016. In total, 70 local authorities received funding to upgrade or install WiFi in 1017 public libraries.

This includes rural libraries, throughout the length and breadth of England, in which WiFi is now available for the first time, from Cornwall to Cumbria and Kent to Northumberland.

## Arts Council England (ACE)

Arts Council England works closely with stakeholders to engage people in rural areas.

ACE is committed to:

- Responding positively and proactively to the needs and aspirations of England's rural communities
- Recognising the particular characteristics, needs and strengths of rural communities and rural culture
- Working in partnership with Defra to take account of rural proofing, including an ongoing review of the evidence base
- Sustaining a national dialogue with rural stakeholders

Working with the Department for Environment, Food and Rural Affairs the Arts Council undertook a data and evidence review to identify strengths and challenges of the arts sector in rural England. Key findings from the report published in March 2015 were:

- People living in rural areas are more likely to be engaged with the arts than those living in urban areas (Taking Part Survey).
- 19% of Grants for the Arts activity and 35% of National Portfolio Organisation touring in 2012/13 reached rural communities.
- Applicants from rural areas made 13% of individual Grants for the Arts applications and 14% of organisational applications in the 2.5 years to August 2014.
- Originally set up by DCMS and UK Music and now overseen by UK Music, DCMS has helped to create 14 pilot music rehearsal spaces for young people in a range of urban and rural areas of England experiencing multiple deprivation. The funds were used to provide instruments and equipment, and contributed towards the cost of necessary capital works, such as sound proofing.

## Statement of Accounting Officer's Responsibility

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 2015 no 632 as amended by Statutory Instrument 2015 no 2062 (together known as the 'departmental group', consisting of the Department and sponsored bodies listed at Note 27 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 of 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.

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

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the assets of the Department or non-departmental or other arm's length public body for which the Accounting Officer is responsible, are set out in Managing Public Money published by HM Treasury.



## Governance Statement

This Statement sets out the governance structures, risk management and internal control procedures that have operated within DCMS during the financial year 2015-16 and accords with HM Treasury guidance. It also integrates material information about the Department's ALBs included in the Department's Consolidated Accounts for 2015-16.

The Department has a wide and complex remit incorporating a number of projects and programmes which we are delivering in innovative ways. The governance systems, structures and processes we have in place have evolved over 2015-16 to ensure that we are able to deliver our Departmental objectives and priorities to best effect.

### How we have managed DCMS

In order to manage the Department efficiently, I am supported by formal governance structures. These comprise the Departmental, Sub and Executive Boards as well as other Committees including a Programme Board for the UK Broadband programme. These are 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. Details of ministers, senior staff and Non-Executive Board Members (NEBMs) are listed in the Annual Report.

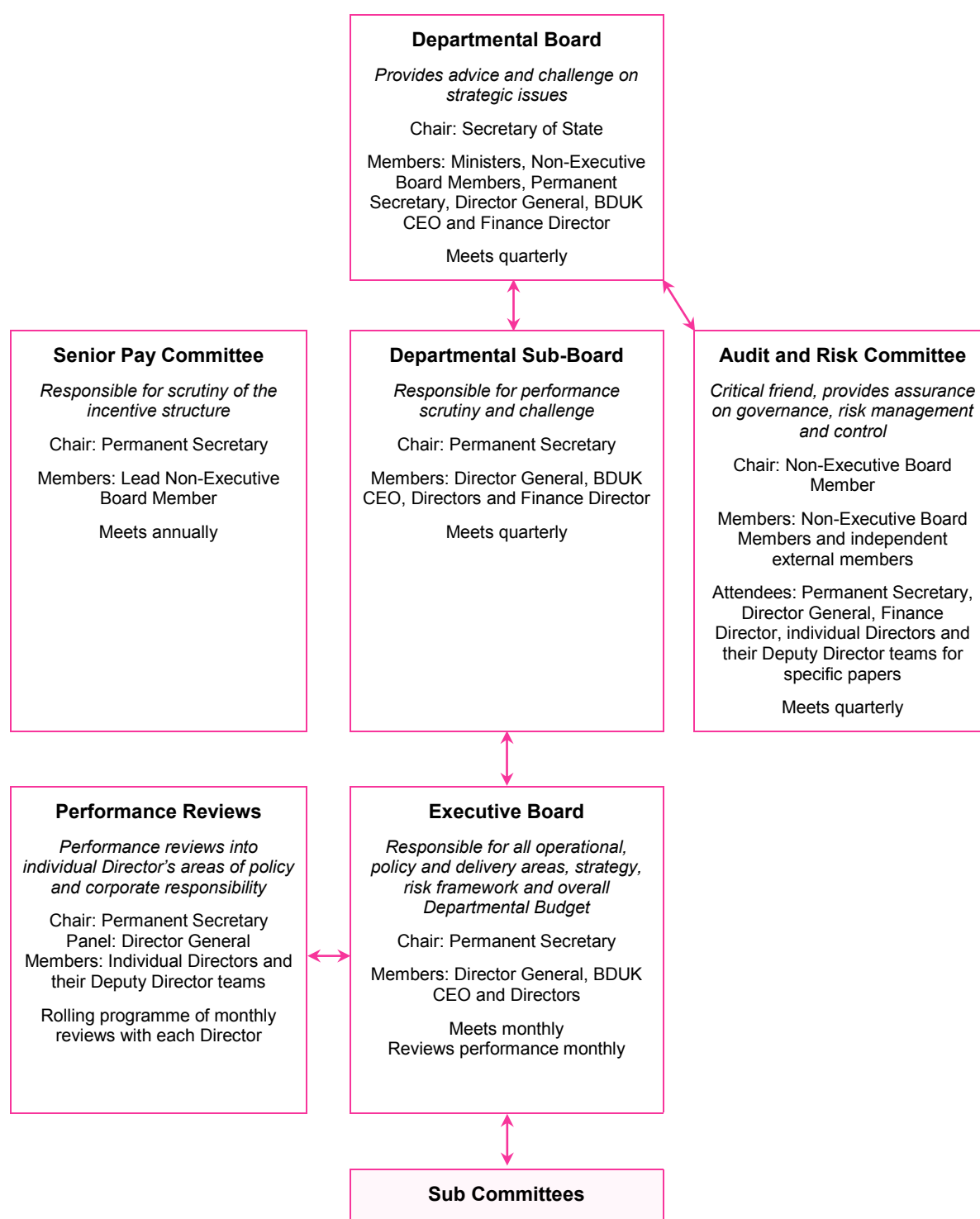
Board members completed their annual declarations of interest. Board members are asked to declare any relevant interests in agenda items at the start of each board meeting and absent themselves from those discussions. No directorships or other significant interests were held by Executive Board members,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

### Governance Structure

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



## DCMS Core: Governance Framework



Over 2015-16, DCMS has significantly enhanced its governance structures, ensuring that boards and committees are better aligned and risk and performance management more robustly monitored. The **Departmental Board**, chaired by the Secretary of State, meets on a quarterly basis and brings together expertise from across the Department. Due to the General Election, the Board met three times in 2015-16. It focused on strategic decision making, the Department's vision, improving corporate service functions and ALB Governance. The Departmental Board is comprised of ministers, senior executives and NEBMs.

To support the strategic leadership of the Departmental Board, the Permanent Secretary chairs a quarterly **Departmental Sub-Board** which gives the Executive Board and Non-Executive Board Members the opportunity to discuss broader operational and policy issues, ensuring that strategic decisions are tested and given the right level of challenge and support before Ministerial scrutiny. The Sub-Board met four times in 2015-16 and focussed on issues including telecoms resilience, appointments, the Single Departmental Plan and the BBC Charter. The Sub Committee also welcomed external feedback from Comptroller and Auditor General, Sir Amyas Morse and others.

The **Audit and Risk Committee (ARC)** reports to and advises the Departmental Board on governance, risk management and audit control. In 2015-16, the Committee met on four occasions and held one extraordinary meeting. The Committee is chaired by a Non-Executive Board Member (Dr Tracy Long CBE until 20 January 2016, Fields Wicker-Miurin OBE from 20 January 2016 onwards) and was attended by the Department's lead Non-Executive Board Member, Sir David Verey, and two independent members. In discharging her responsibility, the ARC Chair meets regularly with the Accounting Officer, Director General, Finance Director, members of the Executive Board, Internal Audit and the NAO to discuss issues and assess the performance of the ARC to ensure that it is fulfilling its objectives and remit. In 2015-16, the ARC provided substantial advice and challenge to the Department in the preparation of the DCMS consolidated Annual Report & Accounts and the National Lottery Distribution Fund (NLDF) Annual Report & Accounts, as well as considering external and internal audit plans and reports. The ARC also held strategic risk workshops and provided regular oversight of corporate resilience including the strategic review of resources, improving security and financial systems and shared services.

The **Executive Board** provides corporate leadership to the Department and ensures the effective delivery of departmental priorities and ministerial objectives. In 2015-16, work was undertaken to improve performance and risk reporting across the Department. The Executive Board convene on a monthly basis to review departmental performance and strategic risk in addition to policy and delivery decisions. An observer programme open to all DCMS staff together with a monthly read out to staff on the intranet, ensures visibility and transparency of decision making across the Department.

As part of the 2015-16 'Governance Refresh', a set of Executive Board Sub Committees were established with clear remits and accountability focussing on the following areas:

- **Arm's Length Bodies Risk and Governance Board.** A sub-committee of the Executive Board, which provides assurance to the Executive Board that the Department's sponsorship functions are properly embedded across the Department and that the risks presented to the Department by its ALBs are managed appropriately.
- **Delivery and Policy Committee.** A sub-committee of the Executive Board, replacing the previous Resourcing and Delivery Committee.
- **Finance Committee.** A sub-committee of the Executive Board, responsible for monitoring the department's financial risks and capital spend.
- **Knowledge and Information Management Committee.** A sub-committee of the Executive Board, responsible for delivering and implementing the Department's Knowledge and Information Management policies.
- **People Committee.** A sub-committee of the Executive Board, responsible for the strategic management of people issues within DCMS.
- **DCMS/Broadband Delivery UK (BDUK) Management Board.** The board ensures alignment between the work of BDUK and the government's wider telecoms strategy, formally agrees any changes to the strategic objectives, and discusses and escalates risks.

## Information Management

The Departmental Board and its sub-committees are provided with a range of management information in order to review the Department's performance and capability including performance reports, risk registers and corporate service data. The Head of Governance oversees this information and ensures the quality of data complies with the departmental guidance on writing Board papers in order to facilitate informed discussion and decision making.

DCMS provides information including the 'online system for central accounting and reporting' (OSCAR) returns to HM Treasury and transparency information which is published at [data.gov.uk](http://data.gov.uk) and announced in a Cabinet Office Quarterly Written Ministerial Statement. The quality of this data is regularly assessed by DCMS, Cabinet Office and HM Treasury as well as being available for public scrutiny. This data is consistent with data provided to the board.

## Non-Executive Board Members

The Secretary of State was pleased to welcome two new board members in 2016, following the departure of Ruby McGregor-Smith CBE and Dr Tracy Long CBE. Fields Wicker-Miurin OBE and Neil Mendoza joined the Department in January 2016 after a process of fair and open competition in line with the Office of the Commissioner for Public Affairs (OCPA) guidelines. All NEBM positions were advertised openly and centrally through the Cabinet Office Public Appointments website. To ensure the independence of NEBMs is maintained, appointments are made for a three year fixed period, which can be extended by a maximum of three further years.

Outside of the Board, our NEBMs have played an active and much valued role across the Department. In 2015-16, our NEBMs contributed to work relating to the Single Departmental Plan, Public Appointments, ALB Governance and Shared Services. Furthermore, NEBMs have worked across government on a number of cross cutting initiatives including ALB Transformation, the Blythe House project and audit and risk management.

## Declaration of Interests

The Non-Executive Board Members and Independent Members have disclosed a range of interests, further detail of which can be found in the Directors' Report at page 62.

**Board and Committee Attendance****Departmental Board and Committee attendance  
for financial period 1 April 2015 to 31 March 2016**

	<b>COMMITTEE/ BOARD MEMBERS</b>	<b>DEPARTMENTAL BOARD</b>	<b>SUB BOARD</b>	<b>AUDIT &amp; RISK COMMITTEE</b>	<b>PAY COMMITTEE</b>
<b>MINISTERS</b>	John Whittingdale	3/3			
	Ed Vaizey	2/3			
	Tracey Crouch	1/2			
	David Evennett	0/1			
	Baroness Shields	1/3			
	Baroness Neville-Rolfe	1/3			
<b>NON EXECUTIVE BOARD MEMBERS/ INDEPENDENT MEMBERS</b>	Sir David Verey	3/3	1/4	4/4	1/1
	Dr Tracy Long	2/2	3/3	3/3	1/1
	Ajay Chowdhury	2/3	3/4		
	Ruby McGregor-Smith	1/2	1/2		
	Fields Wicker-Miurin	1/1	2/2	1/1	
	Neil Mendoza	1/1	2/2		
	Michael Higgin			4/4	
	Chris Walton			4/4	
<b>EXECUTIVE BOARD</b>	Sue Owen	3/3	3/4	4/4	1/1
	Sarah Healey	3/3	4/4	4/4	
	Chris Townsend	3/3	3/3	4/4	
	David Rossington	2/3	3/3	4/4	
	Clare Pillman		3/4		
	Andrea Young		3/4		
	Hugh Harris		4/4		
	Rosemary Pratt		2/2		
	Alison Pritchard		0/1		

Note: Late but unavoidable changes to some meeting dates meant that some members were unable to attend meetings due to previous commitments.

## Governance of our Arm's Length Bodies

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, in collaboration with its ALBs, has recently introduced a Board Performance framework, which ALBs are being encouraged to adopt. The ALB risks are reviewed at each quarterly meeting of the ALB Governance Board and escalated to the Executive Board as necessary.

### Appointments to Boards

Appointments to the Boards of ALB's are made by Ministers, in accordance with the Commissioner for Public Appointments' Code of Practice for Ministerial Appointments to Public Bodies. Over the course of the year, significant improvements have been made to DCMS public appointments including an overhaul of processes and procedures, staffing changes, more senior level oversight and closer working relationship with OCPA to ensure compliance with the code. Over 100 appointments and reappointments were made by DCMS in 2015-16.

### General Oversight

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

The amounts raised through the National Lottery for Good Causes are paid into the National Lottery Distribution Fund (NLDF) which is managed and run by staff employed by DCMS. Lottery monies are independent of government and are distributed by independent Lottery Distributors. DCMS implements appropriate controls over Lottery Distributors, including Financial Directions, to ensure propriety, regularity and accountability in their handling of Lottery monies drawn down. DCMS annually conducts an assurance review of key systems of internal control by Lottery Distributors.

The Big Lottery Fund is sponsored by Cabinet Office: however DCMS has retained Accounting Officer's responsibility. I and my senior team continue to receive regular updates from the Fund.

The BBC is established by Royal Charter, with the current Charter expiring on 31 December 2016. It is funded through the TV licence fee, and a dividend from BBC Worldwide. In 2010, as part of the wider Spending Review, the government froze the licence fee at £145.50 until March 2017. Under the Charter, ministers appoint the Chair and other members of the BBC Trust who are responsible for holding the BBC Executive to account for the use of licence fee monies, on behalf of licence fee payers. Neither ministers nor the Department have direct responsibility or accountability for the BBC's day-to-day expenditure, nor operational, managerial or editorial decision-making, as these roles are vested in the BBC Trust and executive, under the Charter and Framework Agreement, which sits alongside the Charter and governs the detailed issues around the BBC's operation.

I have designated the Chief Executives of the Royal Parks and DCMS's executive NDPBs as Accounting Officers for their respective bodies, responsible for signing their own Governance

Statements and Annual Accounts – now consolidated with 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 Gambling Commission which carries out these functions.

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 holds the Executive to account for how the licence fee is spent, on behalf of licence fee payers, to ensure 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 2010/11-2016-17. The BBC has responsibility for the collection of the licence fee, and the Trust must ensure that the collection of the licence fee is efficient, appropriate and proportionate (as set out in the Charter). The government has recently published proposals in *A BBC for the future: a broadcaster of distinction* to reform the BBC's governance arrangements. These new arrangements will be set out in the new Charter and Framework Agreement. The current Charter expires on the 31 December 2016.

National Lottery: income is collected by the operator, Camelot, and overseen by the Gambling Commission, a DCMS ALB; it is passed to the National Lottery Distribution Fund, which are DCMS related parties, and for which I hold a separate Accounting Officer responsibility.

Building on its major programme of reform to its ALBs of the last few years, the Department has continued to review and reform its ALBs. The reform of English Heritage into two bodies has been completed, and the plans to merge The Royal Parks, (a DCMS Executive Agency) and the Royal Parks Foundation (an independent charity) into a wholly owned Government Company, limited by guarantee, and with Charitable status are well underway. The package of financial and operational freedoms for national museums and galleries has been a success; the initial pilot scheme has been made permanent and extended to three additional cultural bodies, Historic England, British Film Institute and the Churches Conservation Trust.

### **Triennial Reviews**

The final Triennial Review of the last Parliament, Sport England and UK Sport was completed in September 2015, and the Department is now beginning a 5 year programme of Tailored Reviews of its ALBs. Each Tailored Review examines whether the ALB remains fit for purpose, and if so, will look for greater efficiencies and ensure a robust governance structure. The ALB risk assessment methodology has been strengthened and the risk assessments are reviewed on a quarterly basis at the ALB Risk and Governance Board. All associated risks are being identified and managed within the sector teams and report into the ALB Risk and Governance Board. This programme is expected to deliver increased accountability, greater transparency, and increased value for money.



## Tax Policy for Off-Payroll Appointees

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

A summary of the DCMS tax assurance data is available at:

<https://www.gov.uk/government/publications/dcms-tax-reporting-data-for-off-payroll-workers-april-2015-to-march-2016>

## Approach to Risk Management

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

The Risk Management framework consists of four management levels where risks are managed:

- **Local/Project:** Most risk is dealt with at the local/project level. Risk is managed by policy and operational teams across the Department, who when appropriate escalate risk to the Group or Committee level.
- **Group:** managed by Directors who review risks which have been escalated from the local/policy areas.
- **Committees of the Executive Board** such as the People Board or Finance Committee have their own risk registers, which are reviewed at every meeting and decide whether the risk should continue to be monitored at Committee level or escalated to the Executive Board.
- **Board** levels such as the Executive Board, Departmental Sub-Board and Departmental Board. The Executive Board has an overview of strategic risk across the Department and reviews risks in the monthly performance management reports and the Strategic Risk Register. The DCMS Sub-Board provides advice and challenge on the departmental risk process and reviews risks at its quarterly meetings. The DCMS Board reviews any critical risks which have been escalated from the DCMS Sub-Board.

## Managing Risk in Arm's Length Bodies (ALBs)

While responsibility for managing risk remains with ALBs, DCMS has a system of regularly reviewing ALB risks that have the potential to impact on the Department. The risk reviews are used to set the level of departmental engagement with individual ALBs.

An Internal Audit review of the Department's ALB management systems, which reported in February 2016 resulted in an AMBER rating and noted that whilst some improvements were required "to enhance the adequacy and effectiveness of the framework of governance, risk management and controls" ...[the department had]... "made encouraging progress since its last review in 2013/14...and that many improvements made in the last 12 months had been aligned with the broader governance improvement plan across the department". The ALB risk management framework has been reviewed and strengthened and the ALB Risk and Governance Board has been refreshed. A Board Performance Framework has been rolled

out to all ALBs and further governance and risk management improvements, based on the Government Internal Audit Agency (GIAA) report, will be implemented during 2016-17.

In line with the scope of my responsibility, the Department has agreements with The Royal Parks and all directly funded ALBs setting out the Department's expectations in return for the public funds supplied, and associated financial arrangements or accountability lines. Lottery Distributors and Regulators 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 the Department 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. The Department takes 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, such as the error in the calculation that creates the annual Public Lending Right (PLR) figures the British Library. In addition, the ALBs have their own Audit Committees and the Department's Financial Director has written to the Chairs of such forums requesting disclosure of any matters warranting inclusion in this report.

### **Managing Risk in the Core Department**

Assurance reporting exercises supplement the Department's risk management process. Senior managers and Directors are requested to report 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 assurance exercises did not identify any significant exceptions that needed to be drawn to the attention of the Audit and Risk Committee and Permanent Secretary in respect of the 2015-16 financial year.

A review of the Department's assurance processes was carried out by Internal Audit in 2015-16. As a result of the recommendations in the report, the process was improved to give a higher standard of assurance that there had been no significant exceptions to key controls.

## Significant Risks in 2015-16 & Mitigating Factors

Key risks to delivering strategic objectives fall into three areas: policy development; delivery and corporate activities.

Principal risk	Key mitigating actions
<b>Policy development</b>	
<ul style="list-style-type: none"> <li>Policy development fails to meet ministers', cross government or other key stakeholders' objectives</li> <li>Policy initiatives include:               <ul style="list-style-type: none"> <li>BBC Charter Review</li> <li>Digital Strategy</li> <li>Sport Strategy</li> <li>Culture White Paper</li> <li>Five Point Plan for Tourism</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Detailed planning and strong relationships with key stakeholders</li> <li>Lessons learnt and process reviews to share understanding and solutions, ensuring future best practice</li> </ul>
<b>Delivery</b>	
<ul style="list-style-type: none"> <li>Key programmes fail to deliver objectives</li> <li>Delivery programmes include:               <ul style="list-style-type: none"> <li>Broadband delivery and connectivity</li> <li>Spectrum release</li> <li>Blythe House museum storage project</li> <li>First World War remembrance programme</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Strong programme management embedded across all programmes</li> <li>Established robust governance arrangements and strengthened reporting between programme teams and senior management</li> <li>Built and maintained relationships with other key stakeholders for the remembrance programme</li> <li>Public consultation exercise to inform views on broadband delivery</li> </ul>
<b>Corporate</b>	
<ul style="list-style-type: none"> <li>Resources are not used efficiently and effectively</li> <li>As a small department we need to be agile in the way we work and the way we employ our people so expertise is focused on the right tasks at the right time</li> </ul>	<ul style="list-style-type: none"> <li>Transforming HR and financial activities through the <b>Shared Service</b> project</li> <li>Undertaking a <b>Strategic Review of Resources</b> to ensure the right balance of people, focused on the right priorities across the department</li> <li>Developing <b>New Business Models</b> with a number of our ALBs. This includes opportunities for greater flexibility at The Royal Parks and supporting sporting and cultural organisations to explore new model options to increase resilience and promote sustainability</li> </ul>

## **Fraud and Error**

The Department's policy towards fraud, malpractice and corruption is one of zero tolerance, whether by the Department itself or the ALBs for which it is responsible. The Department's fraud policy sets this out in detail, and the Department's fraud response plan, sets out the arrangements for reporting and responding to fraud, both these have been reviewed and were updated in June 2015 to strengthen the process and controls.

The main emphasis of the fraud response plan is keeping staff alert to risks. To facilitate this process DCMS has a Fraud, Error and Debt Champion, supported by an Alerts System Co-ordinator. They disseminate good practice across DCMS and its ALBs, including lessons arising from fraud investigations, and inform the National Fraud Intelligence Bureau of frauds. There was one significant instance of attempted fraud in 2015-16 for the core Department which was picked up through the banking control processes. Internal Audit have since reviewed all processes and controls and all recommendations have been implemented.

We continue to work with our ALBs and the Cabinet Office to identify and counter fraudulent activities. Our lottery bodies operate a Fraud Operations Group where they share information and best practice. The Heritage Lottery Fund have participated in the Random Sampling Audit this year with the report due in May, findings from this will be shared and implemented over the next year. Through continued working with the Cabinet Office Counter Fraud Network and supporting our ALB's we will strengthen our awareness, processes and controls and reduce our risk of fraud.

In April 2015 there was an attempt made by an external party to divert a Grant in Aid payment made to one of our arm's length bodies. The Department's Fraud Response Plan was activated, evidence was secured and the matter was reported to the police, senior management and Internal Audit. Whilst banking controls were effective and no monies were lost we immediately commissioned our Internal Auditors to review our controls and processes. The review identified that significant improvements were needed, and control procedures have subsequently been tightened.

During its routine annual audit of the British Library, the National Audit Office identified an error in the calculation that creates the annual Public Lending Right (PLR) figures. The PLR is the right for authors to receive payment for the loans of their books by public libraries. As a result of a manual input error, the overall loans figure was under represented when calculating the total sample. This resulted in the authors whose payments are affected receiving an extra payment. The incorrect PLR rate had been approved by Parliament, and all the authors informed that this would be the rate they would receive. Every author, therefore, received a rate consistent with the approved figure resulting in all the authors being paid a slightly inflated rate. The total additional cost of £264,115 came from the British Library's cash reserves.

Following this miscalculation, an investigation and permanent corrective action took place. This included a review of the system architecture, a mechanism of over check, and measurement and statistical analysis.

## **Core Department and Shared Services**

The Department entered into a framework agreement between the Cabinet Office and Arvato for the provision of a shared service solution. It was envisaged that, as part of the service, the Department would migrate from our legacy systems to an alternative platform, with standardised processes, as this offered the potential to deliver financial savings to the taxpayer. After consideration, the Department concluded that the risks and costs associated

with migration exceeded the potential savings. As a consequence of exiting the framework agreement, the Department incurred a loss of £162k

In addition the Department has evaluated the costs it incurred in preparation for the move to shared services under this agreement and concluded that £169k of those costs will offer no subsequent benefits to the taxpayer. These have been reported as constructive losses.

#### Group write-offs

##### *The Tate: National Art Collection Centre*

In the financial year ended 31 March 2009 work on Tate Gallery's National Art Collection Centre ceased due to a need to reappraise back of house requirements and to focus fundraising during a recession on Tate Modern and Tate Britain. The scheme as it stands now is not right for Tate's needs and future requirements need to be assessed in conjunction with plans for sector wide storage. As a result the £2.3m held in Assets in the Course of Construction for the National Art Collection Centre have been written down to zero.

##### *Big Lottery Fund: Funding Management System (FMS)*

BIG implemented a new grant funding system in 2013. This failed to deliver the full functionality planned and the system was impaired on the basis of unused modules in each of the last two years and concerns over the system were noted within the Group's Governance Statement.

As a result of a further review in 2015-16, BIG has applied an impairment of £9.5m. Under the new strategic framework for grant giving, the FMS does not provide the full functionality and flexibility to meet the new grant making strategy. The system continues to fully support grant activity with appropriate controls but further changes will be required to meet the medium term aims of BIG. This will include the potential for replacement or partial replacement of the system. The NAO have reviewed the decisions and basis for valuation and impairment and have confirmed these are appropriate.

## **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. The chair of the Audit and Risk Committee regularly reports to the board on key issues and the work of the Committee.

## **Board Performance and Effectiveness**

In 2015-16 the Government Internal Audit Agency (GIAA) undertook a review of governance arrangements in the Department, following on from recommendations made in the 2013/14 GIAA review. It was noted that:

- the processes in place in DCMS were appropriate, effective and met the requirements of good governance;
- the positive support of the Executive Team was driving effective delivery of good governance, supported by a strong central governance team; and

- DCMS' existing framework included an effective and flexible approach governing management's responses to urgent, unanticipated issues and crises.

The Board have also made their own assessment of its effectiveness and have concluded that there have been many positive improvements over the last reporting year which have notably bolstered governance functions and performance within the department. The Executive Board will continue to drive forward further improvements over the next twelve months, in areas such as risk and performance management.

## **Other Key Governance Activities**

### **Machinery of Government Changes**

As a result of a number of Machinery of Government changes the Department has taken on responsibility for the Digital Economy Unit (previously operating as a joint unit with the Department for Business, Innovation and Skills); data protection policy including sponsorship of the Information Commissioner's Office (an ALB) (both transferred from the Ministry of Justice) and the Digital Inclusion Unit (transferred from the Cabinet Office). Whilst responsibility for the Government Equalities Office (GEO) and the Equality and Human Rights Commission (an ALB) transferred from DCMS to the Department for Education.

### **Internal Audit Annual Report**

The Government Internal Audit Agency (GIAA) operate to the Public Sector Internal Audit Standards. GIAA discusses its programme of assurance work with the Department to focus most efficiently on key Departmental risks. GIAA 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 GIAA but is a management responsibility.

The financial year saw the General Election, new ministers and Secretary of State, a comprehensive spending review, multiple Machinery of Government transfers, and more disruption in the Shared Transactional Services project, all combined with the increasing pressure to deliver. As a result, GIAA gave moderate assurance on the adequacy and effectiveness of the system of internal control over the course of the year whilst noting that DCMS has raised its standards despite the challenges.

The auditors noted the Department's introduction of the strategic risk register, internal control activities (such as the financial transformation project) and the clear pathway for improved governance processes.

DCMS continues to have opportunities to ensure greater consistency, but overall the Department has shown improvement in relation to the 2014-15 review.

## **Accounting Officer's Conclusion**

I have considered the evidence provided regarding the production of the Annual Governance statement including from the department's governance structures, reviews of our ALB's and the independent advice provided by the Audit and Risk Committee. I conclude that the Department has satisfactory governance and risk management systems in place with effective plans to ensure continuous improvement.

Sue Owen  
Permanent Secretary and Accounting Officer



# Remuneration and Staff Report

## Core DCMS only

This annual remuneration report is prepared with reference to guidance contained in the annual Employer Pension Notice (EPN 452) issued by Civil Service Pensions (MyCSP) on 3 March 2016.

Equivalent information relating to The Royal Parks is given in its separate accounts. Other ALBs provide equivalent information in their own accounts where required to do so.

### Remuneration Policy

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

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

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

- the need to recruit, retain and motivate and, where relevant, promote suitably able and qualified people to exercise their different responsibilities
- regional/local variations in labour markets and their effects on the recruitment and retention of staff
- government policies for improving the public services including the requirement on departments to meet the output targets for the delivery of departmental services
- the funds available to departments as set out in the government's departmental expenditure limits
- 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.gov.uk/government/organisations/review-body-on-senior-salaries/about](http://www.gov.uk/government/organisations/review-body-on-senior-salaries/about).

### 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, and with the exception of Mr Chris Townsend OBE whose appointment is for a fixed term of three years, the officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

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

### Remuneration (including salary) and Pension Entitlements

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

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

<b>Single total figure of remuneration</b>								
<b>Ministers</b>	<b>Salary (£)</b>		<b>Benefits in kind (to nearest £100)</b>		<b>Pension benefits (to nearest £1000)<sup>1</sup></b>		<b>Total (to nearest £1000)</b>	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
The Rt. Hon. John Whittingdale MP, Secretary of State, from 12 May 2015	59,884 <sup>2</sup>	-	-	-	15,000	-	75,000	-
The Rt. Hon. Sajid Javid MP <sup>3</sup> , Secretary of State, to 11 May 2015	7,621 <sup>4</sup>	65,817 <sup>5</sup>	-	-	29,000	21,000	40,000	87,000
The Rt. Hon. Maria Miller MP <sup>6</sup> , Secretary of State, to 9 April 2014	-	18,564 <sup>7</sup>	-	-	-	600	-	19,000
Ed Vaizey MP, Minister of State	31,680	29,004 <sup>8</sup>	-	-	15,000	10,000	47,000	39,000
David Evenett MP <sup>9</sup> , Parliamentary Under Secretary of State, from 25 January 2016	-	-	-	-	-	-	-	-
Tracey Crouch MP <sup>10</sup> , Parliamentary Under Secretary of State, from 12 May 2015	19,849 <sup>11</sup>	-	-	-	5,000	-	25,000	-
Helen Grant MP, Parliamentary Under Secretary of State, to 11 May 2015	8,120 <sup>12</sup>	22,375	-	-	1,000	6,000	9,000	28,000
Baroness Neville-Rolfe DBE CMB, Lords Minister, from 12 May 2015 <sup>13</sup>	-	-	-	-	-	-	-	-
Baroness Shields, Lords Minister, from 12 May 2015 <sup>14</sup>	-	-	-	-	-	-	-	-

<sup>1</sup> The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) less (the contributions made by the individual). The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

<sup>2</sup> The full-year equivalent salary was £67,505.

<sup>3</sup> Sajid Javid was appointed Secretary of State of BIS effective 12 May 2015 and his last day in DCMS was 11 May 2015. The Rt Hon John Whittingdale was appointed as Secretary of State on 12 May 2015.

<sup>4</sup> The full-year equivalent salary was £67,505. DCMS continued to pay Sajid Javid until 31 May 2015 incurring total salary costs of £11,250 for the period.

<sup>5</sup> The full-year equivalent salary was £67,505.

<sup>6</sup> Maria Miller resigned as Secretary of State effective 9 April 2014. The Rt Hon Sajid Javid MP was appointed as Secretary of State on 10 April 2014.

<sup>7</sup> The full-year equivalent salary was £67,505. This figure quoted comprises salary of £1,688 representing accrued and actual earnings to 9 April 2014 and severance pay of £16,876 representing a quarter of Maria Miller's claimed annual salary of £67,505.

<sup>8</sup> The full-year equivalent salary is £31,680. On 15 July 2014, Ed Vaizey's annual salary increased from £22,375 to £31,680 per annum as a result of his promotion from Parliamentary Undersecretary of State. The figure disclosed represents his actual and accrued earnings for the full year.

<sup>9</sup> David Evenett MP is an unpaid Minister temporarily covering the portfolio of Tracey Crouch MP during her maternity leave.

<sup>10</sup> Tracey Crouch MP went on paid maternity leave on 24 January 2016.

<sup>11</sup> The full-year equivalent salary was £22,375.

<sup>12</sup> The full-year equivalent salary is £22,375. The salary includes an ex-gratia payment of £5,594.

<sup>13 and 14</sup> Most members of the Lords do not receive a salary for their parliamentary duties but are eligible to receive allowances and, within certain limits, the travel expenses they incur in fulfilling their parliamentary duties. See the [Parliament website](#) for more information.

**Single total figure of remuneration**

Officials	Salary (£'000)		Bonus payments (£'000)		Benefits in kind (to nearest £100)		Pension benefits (to nearest £1000) <sup>15</sup>		Total (£'000)	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Sue Owen, Permanent Secretary & Accounting Officer**	155-160 <sup>16</sup>	150-155	-	-	-	-	48,000	64,000	200-205	215-220
Sarah Healey, Director General**	110-115 <sup>17</sup>	100-105	-	-	-	-	75,000	50,000	185-190 <sup>18</sup>	150-155
David Rossington, Finance Director** from 1 April 2015	115-120	-	-	-	-	-	55,000	-	165-170 <sup>19</sup>	-
Hugh Harris, Director, Media, Internet, International & Gambling**	90-95	10-15 (*FYE 90-95)	-	-	-	-	68,000	(2,000 <sup>20</sup> )	155-160	5-10
Clare Pillman, Director, Sport & Culture**	90-95	90-95	0-5	10-15	-	-	20,000	13,000	110-115 <sup>21</sup>	115-120
Rosemary Pratt, Director Europe, Data, Digital and Security**, from 14 December 2015	15-20 <sup>22</sup> (*FYE 55-60)	-	-	-	-	-	7,000	-	20-25	-
Chris Townsend OBE, CEO BDUK** <sup>23</sup>	170-175	170-175 <sup>24</sup>	20-25	-	-	-	65,000	65,000	255-260	235-240
Andrea Young, Director, Digital Economy Unit**, from 1 July 2015 <sup>25</sup>	70-75 (*FYE 95-100)	-	-	-	-	-	19,000	-	90-95 <sup>26</sup>	-
Samantha Foley, Finance Director, to 1 May 2015 <sup>27</sup>	5-10 (*FYE 90-95)	90-95	-	-	-	-	2,000	12,000	5-10	100-105
Rita French, Director** <sup>28</sup> , Media, to 20 January 2016	45-50 (*FYE 90-95)	80-85 (*FYE 90-95 <sup>29</sup> )	-	-	-	-	21,000	13,000	65-70	95-100
David Brooker, Director <sup>30</sup> , to 5 April 2014	-	0-5 (*FYE 95-100)	-	-	-	-	-	0 <sup>31</sup>	-	0-5
Jon Zeff, Director, to 22 May 2014	-	10-15 (*FYE 90-95)	-	-	-	-	-	3,000	-	10-15

\* FYE – Full Year Equivalent \*\* Names of Senior Officials who are or were members of the Departmental Board in 2014-15. Note that records relating to Board Members representing the Government Equalities Office have been removed as a result of the transfer of the function from DCMS to Department for Education.

<sup>15</sup> The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) less (the contributions made by the individual). The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

<sup>16</sup> The full time equivalent salary increased as a result of the SCS pay award effective 1 April 2015.

<sup>17</sup> The full time equivalent salary increased as a result of the SCS pay award effective 1 April 2015. This was a targeted increase to mitigate against equal pay risks.

<sup>18</sup> The total remuneration has been calculated by adding the actual remuneration and expressing this figure to the nearest £1,000. Due to rounding the total may not exactly reflect the declared values in the components of the remuneration, such as salary and pension benefits.

<sup>19</sup> The total remuneration has been calculated by adding the actual remuneration and expressing this figure to the nearest £1,000. Due to rounding the total may not exactly reflect the declared values in the components of the remuneration, such as salary and pension benefits.

<sup>20</sup> Pension benefits from 16 February to 31 March 2015. The value of pension benefits accrued for the period is calculated as the real increase in pension multiplied by 20, plus the real increase in lump sum (if applicable) less member contributions. The negative figure in Hugh Harris's case is explained by the fact that both real increase in pension is less than the pension and lump sum at the closing date. This results in a negative figure when the formula is applied. The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

<sup>21</sup> The total remuneration has been calculated by adding the actual remuneration and expressing this figure to the nearest £1,000. Due to rounding the total may not exactly reflect the declared values in the components of the remuneration, such as salary and pension benefits.

<sup>22</sup> The full time equivalent salary is £85-90k. Rosemary works part-time at 0.65FTE.

<sup>23</sup> Chris Townsend OBE was appointed as CEO BDUK effective 1 April 2014 for a fixed employment term of 3 years.

<sup>24</sup> Salary for 2014-15 also comprises a non-consolidated performance-related payment of £3,726 as compensation for work undertaken for the Department prior to joining on 1 April 2014.

<sup>25</sup> Andrea transferred from BIS to DCMS as part of a Machinery of Government change and joined the Executive Board on 1 July 2015.

<sup>26</sup> The total remuneration has been calculated by adding the actual remuneration and expressing this figure to the nearest £1,000. Due to rounding the total may not exactly reflect the declared values in the components of the remuneration, such as salary and pension benefits.

<sup>27</sup> Samantha Foley left DCMS on 30 April 2015 on loan to the Department for Education.

<sup>28</sup> Rita French was on maternity leave from 21 January 2015 to 19 January 2016. She moved from paid to unpaid maternity on 21 Oct 2015 resulting in a lower salary received for this period.

<sup>29</sup> Rita French works part-time at 0.9 FTE.

<sup>30</sup> David Brooker retired from DCMS and the Civil Service on 5 April 2014.

<sup>31</sup> The value of the pension benefits is less than £500 and as such is reflected as 0 for reporting purposes.

## 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 (£67,060 from 1 April 2014, £74,000 from 8 May 2015) and various allowances to which they are entitled are borne centrally. However, the arrangement for Ministers in the House of Lords is different in that they do not receive a salary but rather an additional remuneration, which cannot be quantified separately from their Ministerial salaries. This total remuneration, as well as the allowances to which they are entitled, is paid by the Department and is therefore shown in full in the figures above.

## Non-Consolidated Performance Related Pay Awards

The performance management and reward policy for members of the Senior Civil Service (SCS), including Board members, is managed within a central framework set by the Cabinet Office. The framework allows for non-consolidated performance related awards to be paid to a maximum of 25% of members of the SCS. The Senior Civil Service performance management and reward principles include explanations of how non-consolidated performance awards are determined.<sup>32</sup>

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

The non-consolidated performance pay included in the 2015-16 figures in the above table relate to awards made in respect of the 2014-15 performance year but paid in the financial year 2015-16. Similarly the comparable bonuses reported for 2014-15 relate to performance in 2013-14.

## Benefits in Kind

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

## Pay Multiples (subject to audit opinion)

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

The banded remuneration of the highest-paid director in DCMS in the financial year 2015-16 was £190-195,000 (2014-15: £170-175,000). This was 5.11 times (2014-15: 4.49) the median remuneration of the workforce, which was £37,955 (2014-15: £38,709).

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<sup>32</sup> <https://www.gov.uk/government/collections/senior-civil-service-performance-management-and-reward>

In 2015-16, 0 (2014-15: 0) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £16,000 to £195,000 (2014-15: £15,000-£175,000).

Total remuneration includes salary, non-consolidated performance-related pay which relates solely to 2015-16 and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

	2015-16	2014-15
Band of highest paid Director's total remuneration (£'000)	190-195	170-175
Median total actual remuneration (FTE) (£)	37,955	38,709
Ratio	5.11	4.49

The increase in the median actual remuneration ratio from 2014-15 to 2015-16 can be explained by the increase in the highest paid Director's annual remuneration. If the highest paid Director's annual remuneration had remained the same, this would have resulted in an increase of 0.09 on last year's figure.

### Non-Executive Board Members

Remuneration and Full Year Equivalent (£'000)		
Non-Executive Board Member	2015-16	2014-15
Sir David Verey CBE (Chair)	20-25	20-25
Ajay Chowdhury	15-20	15-20
Neil Mendoza from 11 January 2016	0-5 <sup>33</sup>	-
Fields Wicker-Miurin OBE from 11 January 2016	0-5 <sup>34</sup>	-
Ruby McGregor-Smith CBE to 30 November 2015	10-15	15-20
Dr. Tracy Long to 20 January 2016	10-15 <sup>35</sup>	15-20

<sup>33</sup> The full year equivalent salary is £15-20k.

<sup>34</sup> The full year equivalent salary is £15-20k.

<sup>35</sup> The full year equivalent salary is £15-20k.

**Pension Benefits – Ministers (subject to audit opinion)**

Minister	Accrued pension at age 65 as at 31 March 2016	Real increase in pension at age 65	CETV at 31 March 2016	CETV at 31 March 2015 <sup>36</sup>	Real increase in CETV
	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)
The Rt. Hon. John Whittingdale MP, Secretary of State from 12 May 2015	0 - 5	0 - 2.5	64	47	9
The Rt. Hon. Sajid Javid MP, Secretary of State to 11 May 2015	0 - 5	0 - 2.5	51	33	16
The Rt. Hon. Maria Miller MP, Secretary of State, to 9 April 2014	-	-	-	54	-
Ed Vaizey MP, Minister of State	0 - 5	0 - 2.5	53	41 <sup>37</sup>	7
David Evennett MP, Parliamentary Under Secretary of State from 25 January 2016	-	-	-	-	-
Tracey Crouch MP, Parliamentary Under Secretary of State from 12 May 2015	0 - 5	0 - 2.5	3	-	1
Helen Grant MP, Parliamentary Under Secretary of State to 11 May 2015	0 - 5	0 - 2.5	15	14	0 <sup>38</sup>
Baroness Neville-Rolfe DBE CMB, Lords Minister from 12 May 2015	-	-	-	-	-
Baroness Shields, Lords Minister from 12 May 2015	-	-	-	-	-

<sup>36</sup> The CETV at start date figure this year does not match the CETV at end date figure from last year due to a change in transfer factors used by the PCPF. The factors were changed in March 2016 following updated guidance from HM Treasury which sets the financial assumptions to use to calculate CETVs from PCPF. More information about the change can be found at [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/508105/Basis\\_for\\_setting\\_the\\_discount\\_rate\\_for\\_calculating\\_cash\\_equivalent\\_transfer\\_values\\_payable\\_from\\_the\\_public\\_service\\_pension\\_schemes.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/508105/Basis_for_setting_the_discount_rate_for_calculating_cash_equivalent_transfer_values_payable_from_the_public_service_pension_schemes.pdf).

<sup>37</sup> The increase to Ed Vaizey's CETV is explained by the change to his ministerial salary when he was appointed Minister of State in July 2014. Upon his appointment his annual salary increased from £22,375 to £31,680.

<sup>38</sup> The amount is actually a figure greater than zero but less than £500 and as such is reflected as zero for reporting purposes.



### *Ministerial Pensions*

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

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

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

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

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

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total Ministerial service, not just their current appointment as a Minister. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### *The real increase in the value of the CETV*

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

**Pension Benefits – Officials (subject to audit opinion)**

<b>Officials</b>	<b>Accrued pension at age as at 31 March 2016 and related lump sum (£'000)</b>	<b>Real increase in pension and related lump sum as at pension age (£'000)</b>	<b>CETV at 31 March 2016 (£'000)</b>	<b>CETV at 31 March 2015 (£'000)</b>	<b>Real increase in CETV (£'000)</b>	<b>Employer contribution to partnership pension account (nearest £100)</b>
Sue Owen, Permanent Secretary & Accounting Officer	65 - 70 plus a lump sum of 200 - 205	2.5 - 5.0 plus a lump sum of 7.5 - 10	1,528	1,439	47	-
Sarah Healey, Director General	15 - 20 No lump sum	2.5 - 5.0 No lump sum	246	185	33	-
David Rossington, Finance Director	65 - 70 plus a lump sum of 100 - 105	2.5 - 5.0 plus a lump sum of 0 - 2.5	1,388	1,262	52	-
Hugh Harris, Director, Media, Internet, International & Gambling	5 - 10 No lump sum	2.5 - 5.0 No lump sum	120	75	31	-
Clare Pillman, Director, Sport & Culture	25 - 30 plus a lump sum of 85 - 90	0 - 2.5 plus a lump sum of 2.5 - 5	540	481	15	-
Rosemary Pratt, Director Europe, Data, Digital and Security from 14 December 2015	5 - 10 No lump sum	0 - 2.5 No lump sum	126	117	3	-
Chris Townsend OBE, CEO BDUK	0 - 5 No lump sum	2.5 - 5.0 No lump sum	121	58	43	-
Andrea Young, Director, Digital Economy Unit from 23 August 2015	20 - 25 plus a lump sum of 65 - 70	0 - 2.5 plus a lump sum of 2.5 - 5	421	379	14	-
Samantha Foley, Finance Director to 1 May 2015	30 - 35 plus a lump sum of 90 - 95	0 - 2.5 plus a lump sum of 0 - 2.5	537	525	1	-
Rita French, Director, Media to 20 January 2016	15 - 20 plus a lump sum of 55 - 60	0 - 2.5 plus a lump sum of 0 - 2.5	240	227	6	-
David Brooker, Director to 5 April 2014	-	-	-	1,046	-	-
Jon Zeff, Director to 22 May 2014	-	-	-	441	-	-

### Civil Service Pensions

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

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus**, **nuvos** and **alpha** are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into **alpha** sometime between 1 June 2015 and 1 February 2022. All members who switch to **alpha** have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (**partnership** pension account).

Employee contributions are salary-related and range between 3% and 8.05% of pensionable earnings for members of **classic** (and members of **alpha** who were members of **classic** immediately before joining **alpha**) and between 4.6% and 8.05% for members of **premium**, **classic plus**, **nuvos** and all other members of **alpha**. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in **alpha** build up in a similar way to **nuvos**, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The **partnership** pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% up to 30 September 2015 and 8% and 14.75% from 1 October 2015 (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of 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 up to 30 September 2015 and 0.5% of pensionable salary from 1 October 2015 to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus**, 65 for members of **nuvos**, and the higher of 65 or State Pension Age for members of **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

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

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

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

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### *The real increase in the value of the CETV*

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

### *Compensation for Loss of Office*

No Departmental Board members left under agreed terms or were paid compensation for loss of office in 2015-16.

## Staff Report

### The number of senior civil servants by £5,000 paybands at 31 March 2016:

Payband FTE	Number of Staff (SCS) Headcount
£60,000-£64,999	7
£65,000-£69,999	14
£70,000-£74,999	6
£75,000-£79,999	5
£80,000-£84,999	2
£85,000-£89,999	2
£90,000-£94,999	3
£95,000-£99,999	1
£100,000-£104,999	1
£105,000-£109,999	0
£110,000-£114,999	1
£115,000-£119,999	1
£120,000-£124,999	0
£125,000-£129,999	0
£130,000-£134,999	0
£135,000-£139,999	0
£140,000-£144,999	1
£145,000-£149,999	0
£150,000-£154,999	0
£155,000-£159,999	1
£160,000-£164,999	0
£165,000-£169,999	0
£170,000-£174,999	1
<b>Total</b>	<b>46</b>

## Number of senior civil service staff (or equivalent) by band

The grading structure of the Department based on full time equivalent staff in post:

Grade	FTE payroll staff at 31 March 2016	FTE payroll staff at 31 March 2015
Permanent Secretary	1.0	1.0
Senior Civil Service pay band 3	1.0	1.0
Senior Civil Service pay band 2	6.9	6.9
Senior Civil Service pay band 1	36.0	31.3
Grade A (Upper) (Grade 6)	40.1	25.0
Grade A (Grade 7)	149.9	146.0
Grade B (HEOD fast stream)	9.0	8.0
Grade B (HEO/SEO)	150.7	130.8
Grade C (EO)	100.4	88.3
Grade D (AO/AA)	22.0	22.6
<b>Total</b>	<b>517.0</b>	<b>460.8</b>

## Staff numbers and related costs (subject to audit)

	2015-16						Restated 2014-15
Staff costs comprise:	Permanently employed staff	Others	Contract and Agency Staff	Ministers	Special Advisors	Total	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Wages & salaries	1,344,027	5,926	33,473	131	87	1,383,644	1,367,953
Social security costs	127,428	518	-	11	8	127,965	127,744
Pension costs	284,646	223	-	-	19	284,888	279,053
<b>Total costs</b>	<b>1,756,101</b>	<b>6,667</b>	<b>33,473</b>	<b>142</b>	<b>114</b>	<b>1,796,497</b>	<b>1,774,750</b>
Less: Recoveries in respect of outward secondments	(949)	-	-	-	-	(949)	(245)
<b>Total net costs</b>	<b>1,755,152</b>	<b>6,667</b>	<b>33,473</b>	<b>142</b>	<b>114</b>	<b>1,795,548</b>	<b>1,774,505</b>
<b>Of which:</b>							
Core Department	27,815	791	7,052	142	114	35,914	29,373
Agency	4,697	572	724	-	-	5,993	5,526
Arm's length bodies	1,722,640	5,304	25,697	-	-	1,753,641	1,739,606
<b>Total Net Costs</b>	<b>1,755,152</b>	<b>6,667</b>	<b>33,473</b>	<b>142</b>	<b>114</b>	<b>1,795,548</b>	<b>1,774,505</b>



Included in wages and salaries above are notional costs of £190k (2014-15: £190k) in respect of salary costs of the Information Commissioner which are paid directly from the Consolidated Fund.

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

In addition to staff costs above £4,047k (2014-15: £5,560k) was charged to capital.

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

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

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSPOS) – known as “alpha” are unfunded multi-employer defined benefit schemes but the Department is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2012. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation: ([www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk)).

For 2015-16, employers' contributions of £4,527k (2014-15: £3,628k) for the Department and £737k (2014-15: £685k) for the Agency were payable to the PCSPS at one of four rates in the range 20.0% to 24.5% (2014-15: 16.7% to 24.3%) of pensionable pay, based on salary bands. Group employers' contributions of £53,980k (2014-15: restated £56,768k) were payable to the PCSPS at rates in the range of 20.0% to 24.5% (2014-15: 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 2015-16 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 £17k (2014-15: £13k), and by the Agency were £22k (2014-15: £18k) and by the Group were £2,239k (2014-15: restated £1,966k). 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 3.0% to 12.5% (2014-15: 3.0% to 12.5%) of pensionable earnings up to 30 September 2015 and from 8% to 14.75% of pensionable earnings from 1 October 2015. Employers also match employee contributions up to 3% of pensionable pay.

In addition, employer contributions of nil (2014-15: £1k) for the Department, £1k (2014-15: £1k) for the Agency and £132k (2014-15: restated £199k) for the Group, representing 0.8% of pensionable pay up to 30 September 2015 and 0.5% of pensionable pay from 1 October 2015, 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, nil (2014-15: nil), the Agency, nil (2014-15: nil) individuals retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to nil (2014-15: nil) for both the Department and the Agency. For the Group, 1 (2014-15: 1) individual retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £35k (2014-15: £31k).

### *Other Pension Schemes*

Employer contributions to other pension schemes by the Group in the year amounted to £231,925k (2014-15: £341,445k) (Note 20). A list of these bodies is provided in Note 27.

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

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

	2015-16						Restated 2014-15
	Permanently employed staff	Others	Contract and Agency Staff	Ministers	Special Advisors	Total	Total
Staff employed	31,815	285	672	5	2	32,779	33,975
Staff engaged on capital projects	104	-	4	-	-	108	191
<b>Total</b>	<b>31,919</b>	<b>285</b>	<b>676</b>	<b>5</b>	<b>2</b>	<b>32,887</b>	<b>34,166</b>
Of which:							
Core Department	487	9	58	5	2	561	477
Agency	95	11	14	-	-	120	120
Arm's length bodies*	31,337	265	604	-	-	32,206	33,569
<b>Total</b>	<b>31,919</b>	<b>285</b>	<b>676</b>	<b>5</b>	<b>2</b>	<b>32,887</b>	<b>34,166</b>

\*The total number of staff employed at the BBC PSB Group is 18,920 (2014-15: 18,974). The BBC PSB Group is included above within ALBs.

Of the 5 Ministers included above, pay costs for 2 Ministers are met by the House of Lords, not by the Department.

### Staff Receivables

As at 31 March 2016, 1,951 employees (31 March 2015: restated 1,930 employees) of the Group were in receipt of advances of travel, housing or other loans which are repayable to the employer of £2,199k (31 March 2015: restated £2,402k).

## Staff composition

The number of staff (expressed as both headcount and full time equivalent) split between male and female as at 31 March 2016:

Grade	Headcount			FTE		
	Female	Male	Total	Female	Male	Total
Exec. Team	5	3	8	5	3	8
Other SCS	23	15	38	22	15	37
A(U)	23	18	41	22	18	40
A	73	80	153	70	80	150
B	78	76	154	75	76	151
HEOD	6	3	9	6	3	9
C	60	42	102	58	42	100
D	7	15	22	7	15	22
<b>Total</b>	<b>275</b>	<b>252</b>	<b>527</b>	<b>265</b>	<b>252</b>	<b>517</b>
<b>Percentage of staff</b>				<b>52%</b>	<b>48%</b>	<b>100%</b>

### Sickness Absence Data

<b>Average Working Days Lost</b>	2.4
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### *Expenditure on Consultancy*

For expenditure on consultancy, refer to Note 4.3, on page 152.

### *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.

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

2015-16

Exit package cost band	<u>Core Department &amp; Agency</u>			<u>Departmental Group</u>		
	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	-	-	-	15	79	94
£10,000 - £25,000	-	-	-	25	120	145
£25,000 - £50,000	-	-	-	21	174	195
£50,000 - £100,000	-	-	-	17	183	200
£100,000 - £150,000	-	-	-	4	76	80
£150,000 - £200,000	-	-	-	2	1	3
More than £200,000	-	-	-	3	-	3
<b>Total number of exit packages</b>	-	-	-	<b>87</b>	<b>633</b>	<b>720</b>
<b>Total cost (£'000)</b>	-	-	-	<b>4,063</b>	<b>32,276</b>	<b>36,339</b>

Included above are 448 other departures with a cost of £25,909k relating to the BBC PSB Group.

Restated 2014-15

Exit package cost band	<u>Core Department &amp; Agency</u>			<u>Departmental Group</u>		
	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	-	-	-	33	59	92
£10,000 - £25,000	-	-	-	34	249	283
£25,000 - £50,000	-	1	1	43	163	206
£50,000 - £100,000	-	-	-	21	88	109
£100,000 - £150,000	-	-	-	1	58	59
£150,000 - £200,000	-	-	-	1	3	4
More than £200,000	-	-	-	1	2	3
<b>Total number of exit packages</b>	-	<b>1</b>	<b>1</b>	<b>134</b>	<b>622</b>	<b>756</b>
<b>Total cost (£'000)</b>	-	<b>36</b>	<b>36</b>	<b>4,224</b>	<b>28,357</b>	<b>32,581</b>

Included above are 303 other departures with a cost of £18,034k relating to the BBC PSB Group.

# Parliamentary Accountability and Audit Report

## Statement of Parliamentary Supply

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

## Summary of Resource and Capital Outturn 2015-16

							2015-16	Restated 2014-15
Note	Estimate			Outturn			Voted outturn compared with Estimate: saving/ (excess) £'000	Outturn
	Voted £'000	Non-Voted £'000	Total £'000	Voted £'000	Non-Voted £'000	Total £'000		Total £'000
<b>Departmental Expenditure Limit (DEL)</b>								
Resource SoPS 1.1	1,412,628	(61,800)	1,350,828	1,293,340	(52,139)	1,241,201	119,288	1,305,787
Capital SoPS 1.2	368,108	-	368,108	328,288	-	328,288	39,820	228,046
<b>Total DEL budget</b>	<b>1,780,736</b>	<b>(61,800)</b>	<b>1,718,936</b>	<b>1,621,628</b>	<b>(52,139)</b>	<b>1,569,489</b>	<b>159,108</b>	<b>1,533,833</b>
<b>Annually Managed Expenditure (AME)</b>								
Resource SoPS 1.1	3,355,095	1,235,321	4,590,416	3,200,736	1,070,465	4,271,201	154,359	4,957,571
Capital SoPS 1.2	27,261	476,277	503,538	20,069	453,717	473,786	7,192	719,819
<b>Total AME budget</b>	<b>3,382,356</b>	<b>1,711,598</b>	<b>5,093,954</b>	<b>3,220,805</b>	<b>1,524,182</b>	<b>4,744,987</b>	<b>161,551</b>	<b>5,677,390</b>
<b>Non-budget</b>								
Resource SoPS 1.1	46,620	-	46,620	-	-	-	46,620	14,403
Capital SoPS 1.2	-	-	-	-	-	-	-	-
<b>Total non-budget</b>	<b>46,620</b>	<b>-</b>	<b>46,620</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>46,620</b>	<b>14,403</b>
<b>Total</b>	<b>5,209,712</b>	<b>1,649,798</b>	<b>6,859,510</b>	<b>4,842,433</b>	<b>1,472,043</b>	<b>6,314,476</b>	<b>367,279</b>	<b>7,225,626</b>
Total Resource SoPS 1.1	4,814,343	1,173,521	5,987,864	4,494,076	1,018,326	5,512,402	320,267	6,277,761
Total Capital SoPS 1.2	395,369	476,277	871,646	348,357	453,717	802,074	47,012	947,865
<b>Total</b>	<b>5,209,712</b>	<b>1,649,798</b>	<b>6,859,510</b>	<b>4,842,433</b>	<b>1,472,043</b>	<b>6,314,476</b>	<b>367,279</b>	<b>7,225,626</b>

## Net Cash Requirement 2015-16

		2015-16			2014-15
	Note	Estimate £'000	Outturn £'000	Outturn compared with Estimate: saving/ (excess) £'000	Restated Outturn £'000
Net Cash Requirement	SoPS 3	4,838,046	4,658,322	179,724	4,338,995

## Administration Costs 2015-16

								2015-16	2014-15
Estimate					Outturn			Voted outturn compared with	Restated Outturn
								Estimate: saving/ (excess)	
Note	Voted £'000	Non-Voted £'000	Total £'000		Voted £'000	Non-Voted £'000	Total £'000	£'000	Total £'000
Administration costs	SoPS 1.1	238,623	(61,800)	176,823	211,366	(52,139)	159,227	27,257	147,703

Figures in the areas outlined in bold are voted totals subject to Parliamentary control. In addition, although not a separate voted limit, any breach of the administration budget will also result in an excess vote.

### Prior Period Adjustment

It is proper for the Department to seek Parliamentary authority for certain Prior Period Adjustments (PPAs) not previously reported. In 2015-16, other than Machinery of Government (MoG) changes (for which PPA budgetary cover is not required) the Department reported no PPAs.

	Resource/ Capital	Estimate £'000	Outturn £'000
Prior period adjustment	Resource	46,620	-

The prior year outturn figures have been restated following various Machinery of Government (MoG) changes. Additional information is included in Note 26.



## Restatement of 2014-15 Statement of Parliamentary Supply

By agreement with HM Treasury the SoPS for the prior year (2014-15) have been restated for these MoG transfers. The adjusted lines are shown below:

Statement of Parliamentary Supply £000	Published 2014-15: Departmental Group £000	Machinery of Government Changes £000	Restated 2014-15: Departmental Group £000
<b>Departmental Expenditure Limit:</b>			
Resource	1,323,015	(17,228)	1,305,787
Capital	227,629	417	228,046
<b>Total DEL Budget</b>	<b>1,550,644</b>	<b>(16,811)</b>	<b>1,533,833</b>
<b>Annually Managed Expenditure:</b>			
Resource	4,957,389	182	4,957,571
Capital	719,819	-	719,819
<b>Total AME Budget</b>	<b>5,677,208</b>	<b>182</b>	<b>5,677,390</b>
<b>Total Budget</b>	<b>7,227,852</b>	<b>(16,629)</b>	<b>7,211,223</b>
Total Resource	6,280,404	(17,046)	6,263,358
Total Capital	947,448	417	947,865
<b>Total</b>	<b>7,227,852</b>	<b>(16,629)</b>	<b>7,211,223</b>
<b>Net Cash Requirement</b>	<b>4,356,425</b>	<b>(17,430)</b>	<b>4,338,995</b>

An analysis of variances between the Estimate and the Outturn is given in SoPS Note 1 and explanations are provided in the Statement of Parliamentary Supply Commentary from page 111.

## SOPS 1.1 Analysis of net resource outturn by section

2015-16										2014-15		Restated 2014-15	
Estimate										Estimate		Outturn	
Net total compared to Estimate, virements £'000										Net total compared to Estimate, virements £'000		Net total compared to Estimate, virements £'000	
Net Total £'000										Net Total £'000		Total £'000	
Programme										Programme		Programme	
Administration										Administration		Administration	
Gross £'000										Gross £'000		Gross £'000	
Income £'000										Income £'000		Income £'000	
Net £'000										Net £'000		Net £'000	
Spending in Departmental Expenditure Limit (DEL)										Spending in Departmental Expenditure Limit (DEL)		Spending in Departmental Expenditure Limit (DEL)	
Voted expenditure										Voted expenditure		Voted expenditure	
A	Support for the museums and galleries sector	-	-	-	-	20,322	(8)	20,314	17,427	(2,887)	-	16,003	
B	Museums and Galleries sponsored ALBs (net)	-	-	-	-	343,428	-	343,428	404,149	60,721	60,522	329,932	
C	Libraries sponsored ALBs (net)	7,945	-	7,945	-	105,626	-	105,626	113,571	5,751	5,950	98,369	
D	Support for the arts sector	359	(699)	(340)	(340)	(45)	(78,728)	(78,773)	(77,596)	1,517	1,857	(58,465)	
E	Arts and culture ALBs (net)	13,094	-	13,094	-	426,454	-	426,454	444,007	4,459	4,459	433,475	
F	Support for the sports sector	-	-	-	-	18,659	(7,500)	11,159	10,817	(342)	-	18,075	
G	Sport sponsored ALBs (net)	11,355	-	11,355	-	96,957	-	96,957	108,312	6,310	7,289	113,206	
H	Ceremonial and support for the heritage sector	769	-	769	-	53,437	(1,065)	52,372	54,756	1,615	1,615	29,456	
I	Heritage sponsored ALBs (net)	16,704	-	16,704	-	74,936	-	74,936	94,560	2,920	3,829	122,768	
J	The Royal Parks	3,627	(196)	3,431	(196)	31,873	(22,984)	8,889	12,887	567	567	14,600	
	Support for the tourism sector	-	-	-	-	-	-	-	-	-	-	(200)	
K	Tourism sponsored ALBs (net)	44,250	-	44,250	-	22,124	-	22,124	68,302	1,928	1,937	46,502	
L	Support for the broadcasting and media sector	194	(30)	164	(30)	20,258	(924)	19,334	25,576	6,078	1,870	42,315	
M	Broadcasting and Media sponsored ALBs (net)	61,103	-	61,103	-	34,497	-	34,497	113,459	17,859	17,859	88,099	
N	Administration and research	54,034	(1,143)	52,891	(1,143)	2,360	-	2,360	60,338	5,087	3,829	41,748	
O	Support for Horseracing and the Gambling sector	-	-	-	-	-	(2,858)	(2,858)	(1,871)	987	987	(843)	

2015-16											Restated 2014-15			
Administration				Programme			Outturn		Estimate		Outturn			
				Gross £'000	Income £'000	Net £'000	Gross £'000	Income £'000	Net £'000	Total £'000	Net total compared to Estimate, adjusted for virements £'000	Net total compared to Estimate £'000	Total £'000	
P	Gambling Commission (net)			-	-	-	365	-	365	365	3,682	3,317	3,317	1,449
Q	Olympics - legacy programmes London 2012 (net)			-	-	-	5,790	(61,000)	(55,210)	(55,210)	(51,809)	3,401	3,401	(33,823)
Total voted				213,434	(2,068)	211,366	1,257,041	(175,067)	1,081,974	1,293,340	1,412,628	119,288	119,288	1,358,381
Non-voted expenditure														
R	Spectrum management receipts			(52,139)	-	(52,139)	-	-	-	(52,139)	(61,800)	(9,661)	(9,661)	(52,594)
Total spending in DEL				161,295	(2,068)	159,227	1,257,041	(175,067)	1,081,974	1,241,201	1,350,828	109,627	109,627	1,305,787
Spending in Annually Managed Expenditure (AME)														
Voted expenditure														
S	British Broadcasting Corporation			-	-	-	3,161,327	-	3,161,327	3,161,327	3,299,481	138,154	138,154	3,386,240
T	Provisions, Impairments and other AME spend			-	-	-	31,270	-	31,270	31,270	55,614	24,344	16,205	(27,099)
U	Levy bodies			-	-	-	8,139	-	8,139	8,139	-	(8,139)	-	4,021
Total voted				-	-	-	3,200,736	-	3,200,736	3,200,736	3,355,095	154,359	154,359	3,363,162
Non-voted expenditure														
V	Lottery grants			-	-	-	1,070,465	-	1,070,465	1,070,465	1,235,321	164,856	164,856	1,594,409
Total spending in AME				-	-	-	4,271,201	-	4,271,201	4,271,201	4,590,416	319,215	319,215	4,957,571
Non-budget														
AA	Prior period adjustments						-	-	-	-	46,620	46,620	46,620	14,403
Total				161,295	(2,068)	159,227	5,528,242	(175,067)	5,353,175	5,512,402	5,987,864	475,462	475,462	6,277,761

Explanations of the variances between the Outturn and Estimate are included in the Statement of Parliamentary Supply Commentary from page 111.

## SOPS 1.2 Analysis of net capital outturn by section

							2015-16	Restated 2014-15
Outturn				Estimate			Outturn	
	Gross £'000	Income £'000	Net £'000	Net Total £'000	Net Total Compared with Estimate £'000	Net total compared to Estimate, adjusted for virements £'000	Total £'000	
Spending in Departmental Expenditure Limit (DEL)								
Voted expenditure								
A	Support for the museums and galleries sector	1,170	-	1,170	1,934	764	1,981	
B	Museums and Galleries sponsored ALBs (net)	26,131	-	26,131	34,885	8,754	38,277	
C	Libraries sponsored ALBs (net)	3,408	-	3,408	4,471	1,063	12,561	
D	Support for the arts sector	723	-	723	115	(608)	-	
E	Arts and culture ALBs (net)	21,413	-	21,413	25,890	4,477	14,432	
F	Support for the sports sector	154	-	154	-	(154)	-	
G	Sport sponsored ALBs (net)	36,716	-	36,716	36,760	44	26,819	
H	Ceremonial and support for the heritage sector	5,491	-	5,491	4,123	(1,368)	2,182	
I	Heritage sponsored ALBs (net)	10,131	-	10,131	14,219	4,088	99,574	
J	The Royal Parks	3,600	(23)	3,577	3,105	(472)	2,570	
K	Tourism sponsored ALBs (net)	253	-	253	186	(67)	325	
L	Support for the broadcasting and media sector	213,138	-	213,138	219,297	6,159	229,066	
M	Broadcasting and Media sponsored ALBs (net)	4,720	-	4,720	21,998	17,278	4,290	
N	Administration and research	630	-	630	1,125	495	2,441	
O	Support for Horseracing and the Gambling sector	-	-	-	(127)	(127)	49,896	
P	Gambling Commission (net)	633	-	633	127	(506)	335	
	London 2012 (net)	-	-	-	-	-	(256,703)	
Total spending in DEL		328,311	(23)	328,288	368,108	39,820	228,046	
Spending in Annually Managed Expenditure (AME)								
Voted expenditure								
S	British Broadcasting Corporation	22,148	-	22,148	23,437	1,289	116,384	
U	Levy bodies	(2,079)	-	(2,079)	3,824	5,903	1,991	
	Total voted	20,069	-	20,069	27,261	7,192	118,375	
Non-voted expenditure								
V	Lottery grants	453,717	-	453,717	476,277	22,560	601,444	
Total spending in AME		473,786	-	473,786	503,538	29,752	719,819	
Total		802,097	(23)	802,074	871,646	69,572	947,865	

Explanations of the variances between the Outturn and Estimate are included in the Statement of Parliamentary Supply Commentary from page 111.

## SOPS 2 Reconciliation of Outturn to Net Operating Expenditure

	Note	2015-16 Outturn £'000	Restated 2014-15 Outturn £'000
Total resource outturn in Statement of Parliamentary Supply			
Budget	SoPS 1.1	5,512,402	6,263,358
Non-budget	SoPS 1.1	-	14,403
<b>Add:</b>			
Capital grants		689,946	973,100
Income from National Lottery Distribution Fund (NLDF)	5.2	(1,807,974)	(1,837,969)
Ofcom spectrum management receipts	SoPS 1.1	52,139	52,594
BBC broadband income		(150,000)	(150,000)
Charity income (asset donations or cash donations for asset additions)		(118,504)	(195,717)
(Gains)/losses on net asset transfers (non-budget)		(16,137)	-
Impact of intra-group transactions crossing budget categories		5,645	8,892
Prior year adjustment for BBC other adjustments (SoCNE)		-	(11,944)
Prior year adjustment for BBC other adjustments (Non SoCNE)		-	(2,459)
<b>Net expenditure in Consolidated Statement of Comprehensive Net Expenditure</b>		<b>4,167,517</b>	<b>5,114,258</b>

## SOPS 3 Reconciliation of Net Resource Outturn to Net Cash Requirement

		Estimate	Outturn	Net total outturn compared with Estimate: saving/ (excess)
	Note	£'000	£'000	£'000
<b>Resource outturn</b>	SoPS 1.1	5,987,864	5,512,402	475,462
<b>Capital outturn</b>	SoPS 1.2	871,646	802,074	69,572
		6,859,510	6,314,476	545,034
<b>Accruals to cash adjustments:</b>				
<i>Adjustments to remove non-cash items</i>				
Depreciation and amortisation	4.4	(6,067)	(3,120)	(2,947)
New provisions and adjustments to previous provisions	4.5	(300)	(61)	(239)
Prior Period Adjustments		(46,620)	-	(46,620)
Other non-cash items	4.3	-	(165)	165
Eliminations between Core and Agency with budget impact		-	27	(27)
Museum Loans		-	7,854	(7,854)
<i>Adjustments for NDPBs</i>				
Remove voted resource and capital		(4,878,701)	(4,531,458)	(347,243)
Cash grant-in-aid	4.1.1	4,473,367	4,406,637	66,730
Less: Agency funding (The Royal Parks)		-	(13,130)	13,130
<i>Adjustments to reflect movements in working balances</i>				
Increase/(decrease) in receivables		-	(6,544)	6,544
(Increase)/decrease in payables		86,655	7,428	79,227
Utilisation of provisions	18	-	560	(560)
<b>Removal of non-voted budget items</b>				
Other adjustments		(1,649,798)	(1,524,182)	(125,616)
<b>Net Cash Requirement</b>		<b>4,838,046</b>	<b>4,658,322</b>	<b>179,724</b>

An analysis of Consolidated Fund Income (SoPS Note 4) is included in Annex C to the Annual Report and Accounts.



## Statement of Parliamentary Supply Commentary

DCMS manages the financial arrangements for a large and diverse group of arm's length bodies, working under a variety of different accounting frameworks and with a wide range of budgetary complexities. In preparing its Estimate for Parliament, the Department, in discussion and agreement with HM Treasury, made a number of budgetary decisions to manage known risks to the position. In doing so, both the Department and HM Treasury were aware that there was the potential for significant underspends should those risks not materialise during the year. They were also aware that DCMS would not be able to take those risks without the necessary budgetary cover, as doing so would expose the Accounting Officer to a high probability of an excess vote and, potentially, misleading Parliament about the size of the financial liabilities it was managing.

The control totals are showing savings for the voted outturn compared with Estimate in all categories. It should be noted that the size of the variances to Estimate are significantly less than those reported in the prior year in all categories of budgeted expenditure. The reduced variances follow improved forecasting throughout the year as a result of a risk based approach to managing the different areas of the business. Specifically we have carried out a number of "focus on forecasting" exercises to ensure that the sectors are fully accountable to their forecasts throughout the year. The improved forecasting has resulted in more accurate data to determine the Supplementary Estimate and to manage the resources across the department. In all areas we continue to improve forecasting. This is a particular improvement considering the variables which need to be considered, most notably within the Museum freedoms provisions.

The depreciation across the group was lower than allocated in the Estimate due to depreciation cover being in place that was over and above that required following the previous Spending Review; for future years the depreciation cover has been more closely matched to the asset base across the group as part of the 2015 Spending Review settlement, hence the depreciation variances noted below should not be so prominent in the future.

The commentary that follows relates to the key features of the outturn position as reported in the Statement of Parliamentary Supply and the supporting analysis in SoPS Notes 1.1 and 1.2.

Whilst the 2014-15 outturn has been restated (for Machinery of Government changes), since the Estimate is not restated the 2014-15 underspends (mentioned below) are sourced from the published 2014-15 accounts.

### *Resource DEL*

The voted resource DEL outturn position as reported in these Accounts is £1,293m, which is £119m (2014-15: £189m) lower than provided in the Estimate.

Museums and Galleries sponsored ALBs (Line B) shows a £61m (2014-15: £106m) saving of which £31m is due to depreciation underspends against budget as referred to above. Other favourable variances total £30m resulting from extra income raised from a variety of sources including improved trading and fundraising, and donations and legacies which were only confirmed shortly before the end of the year. The Museum Freedoms arrangement entitles Museums to have sufficient Estimate cover to allow them to utilise their own reserves as they require, £17m of such cover was provided this year. In many cases the museum did not require the full cover that had been prudently calculated at the time of the Supplementary Estimate as museums' operating activities for the year were successful in raising funds.

Libraries sponsored ALBs (Line C) shows a £6m saving. This was due to the British Library receiving a legacy of £1m during the year and also making £2m efficiency savings in the lead up to the Spending Review settlement and deferring £1m of project expenditure.

Sport sponsored ALBs (Line G) shows a £6m saving. Of this £4m related to depreciation underspends against budget due to historically high depreciation cover being allocated to this sector as referred to above. The remainder is due to a number of small administration savings spread across the sports bodies.

Support for the Broadcasting and Media sector (Line L) shows a £6m underspend, of this £4m related to the Digital Economy Unit, mostly in respect of work on the Internet of Things which commenced later than expected.

Broadcasting and Media sponsored ALBs (Line M) shows an £18m saving, of which £16m is administration savings by Ofcom as noted below. Ofcom programme underspends are £5m and are mainly due to the delay in the auction of the 2.3GHz and 3.4GHz bands under the Public Sector spectrum reform project following an EU decision to intervene in a merger, this is likely to proceed in 2016-17.

Administration and research (Line N) shows a £5m saving almost all of which is administration as noted below.

### *Administration expenditure*

The voted administration expenditure outturn as reported in these Accounts is £211m. There was a total underspend of £27m (2014-15: £37m) against the voted administration budget.

The depreciation across the group was £8m less than allocated in the Estimate due to historically high depreciation cover being allocated for core DCMS and Ofcom as referred to above.

Ofcom recorded a saving of £16m. Of this £6m relates to depreciation being less than allocated in the Estimate due to historically high depreciation cover being allocated to Spectrum Management. The remaining £10m variance was due to expenditure being budgeted within the Spectrum Management spending cap, this is wholly offset by the corresponding Spectrum management receipts which are classified as non-voted and shown in Line R.

Small savings in administration expenditure have been made in various arm's length bodies, in particular the Arts Council showed a £3m efficiency saving which was redirected to programme expenditure and the British Library showed efficiency savings of £3m as noted above.

Within Administration and research (Line N) there was an administration expenditure saving of £2m in core DCMS due to lower than expected spends in Cyber, Digital Economy Unit, Broadband Delivery UK and research.

### *Resource AME*

The voted resource AME outturn as reported in these Accounts is £3,201m. Resource AME budget showed a saving of £154m (2014-15: £212m).

This mainly arose as a result of the BBC Outturn which is £138m less than the Estimate. This was due to a decrease in expenditure of £83m from spend being deferred to next year and some savings made early, including the Six Nations coverage being shared with ITV.

There were also increases in income of £21m from extra dividends declared from commercial subsidiaries, £17m adjustment to pension deficit and £11m reclassification of investment properties. The BBC operates independently from the Department, with oversight and scrutiny provided by the BBC Trust.

The remaining element of the saving, in provisions, impairments and other AME spend (Line T) £24m, is largely due to Estimate cover requested prudently but not fully required across the ALBs in a number of areas, including movements in provisions, pensions and depreciation cover on donated assets.

The savings were partially offset by £8m in Levy bodies (Line U) due to the Horserace Betting Levy Board (HBLB) having a deficit due to the lower collection of levies during the year, driven by a drop in profitability of betting and increased offshore activity which is outside the control of HBLB.

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

The non-voted resource AME expenditure and the non-voted capital AME expenditure as reported in these Accounts is £1,070m and £454m respectively.

Non-voted expenditure resource outturn on Lottery grants was £165m lower (2014-15: £239m higher) than estimated and capital outturn was £23m lower (2014-15: £57m higher) than estimated. The nature of Lottery grant-making is variable and makes forecasting challenging, which is recognised by its classification within the AME budget. The variances are small in percentage terms.

### *Non-budget expenditure*

Non-budget expenditure as reported in these Accounts is £nil.

Non-budget expenditure (Line AA) shows a saving of £47m (2014-15: £26m) as cover had been provided in the Supplementary Estimate for potential prior period adjustments which may have a budgetary effect. There were no prior period adjustments which had budgetary implications.

### *Capital DEL*

The voted capital DEL outturn as reported in these Accounts is £328m, which is £40m (2014-15: £133m) lower than provided in the Estimate.

Museums and Galleries sponsored ALBs (Line B) shows a net capital expenditure surplus in the year of £9m the largest of these being the British Museum and the Science Museum Group.

The British Museum recognised donations totalling £12m, of which £8m which was pledged for capital expenditure for the Islamic Galleries, and a number of donations totalling £4m were pledged in support of the World Conference and Exhibition Centre. These were both uncertain during the year and so were not reflected in the budget allocation.

The Science Museum Group sold the Post Office building in South Kensington to Imperial College London for £30m during the year. Of this approximately half the proceeds were invested in equity funds which score to capital expenditure in the year; when these investments are redeemed in future years they score as capital income and so will be used to fund capital expenditure in those years. The remainder scored as capital income in the year and offset capital expenditure across all the museums; this meant that no reserve cover

was required at the time of the Supplementary Estimate to cover museums' usage of their own funds for capital expenditure as permitted under the Museum Freedoms provision.

Support for the broadcasting and media sector (Line L) shows a saving of £6m, mostly relating to the Broadband Delivery UK projects. The Super Connected Cities Programme budget did not factor an element of vouchers lapsing, and it did allow for the maximum claimable for non-voucher projects, this resulted in a saving of £9m. The Extended Cities Voucher Scheme proved extremely popular and, due to late submission of data by suppliers, the budget was exceeded by £4m. BDUK could have withheld payment on the late submissions but was given approval by HM Treasury to use the underspend in the Super Connected Cities Programme to cover the excess. The Superfast programme was under budget with small variations in delivery times and grant claims. The Mobile Infrastructure Project was budgeted to build 75 masts, all of which were delivered by the end of the year. The project was under budget due to reduced equipment claims and the exclusion of claims for survey and acquisition costs where the sites did not proceed.

Broadcasting and Media sponsored ALBs (Line M) shows a £17m underspend. This was wholly due to the 700MHz Spectrum Clearance programme in Ofcom which commenced in the year and in this first year utilised £4m of the £19m originally allocated to the project for 2015-16, subject to approval, we propose to add the underspend to the project's allocation for future years.

### *Capital AME*

The voted capital AME outturn as reported in these Accounts is £20m. The voted capital AME budget showed a saving of £7m (2014-15: £24m).

The BBC Outturn (Line S) is showing an underspend £1m net of income, the outturn and estimate being net of property disposals of £87m.

Levy bodies (Line U) shows a saving of £6m due to a higher level of repayments from loans to racecourses in the year than initially expected due to the racecourses electing to repay their outstanding loans.

## Statement of Financial Position Commentary

### DCMS Group Statement of Financial Position: Assets

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

Statement of Financial Position	2015-16 £'000	2014-15 £'000	2013-14 £'000	2015-16 % of assets	2014-15 % of assets	2013-14 % of assets
<b>Assets</b>						
Property, Plant & Equipment	7,039,746	6,675,014	5,864,504	54%	54%	49%
Heritage Assets	1,291,277	1,218,485	1,087,027	10%	10%	9%
Non-current & Current receivables	1,386,462	1,305,119	1,695,155	11%	11%	14%
Investment properties	169,905	60,691	3,260	1%	0%	0%
Inventories	307,290	323,582	603,820	2%	3%	5%
Cash and cash equivalents	2,349,239	2,187,381	2,352,442	18%	18%	20%
Other Assets	459,436	522,284	328,500	4%	4%	3%
<b>Total Assets</b>	<b>13,003,355</b>	<b>12,292,556</b>	<b>11,934,708</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Whilst the percentage split across asset classes has been fairly consistent across the years, the year on year increases are a result of a number of different factors for each asset class.

#### 1. Property, Plant and Equipment:

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

- buildings upward revaluations of £374m in 2015-16 (2014-15: £317m) – this largely reflects the increase in building costs or rental income that underpins the valuations and indices.
- land upward revaluations of £69m in 2015-16 (2014-15: £289m) mainly attributable to a number of the museums and galleries.
- in addition a number of major capital projects have been in progress over the period most notably the new Tate Modern of £258m which is currently included in assets under construction.

The above is offset by depreciation which during the last three years has been averaging just under £300m per annum.

Of the total PPE £5.5 billion (2014-15: £4.7 billion) is held by the Museum and Galleries whilst the BBC holding is £1.3 billion (2014-15: £1.4 billion).

## 2. Heritage Assets:

The DCMS Group are tasked with preserving the Nation's Heritage and are therefore custodians of a large number of Heritage Assets, which are held for their contribution to knowledge and culture. Many of the Heritage Assets (notably those held before April 2001) have not been valued, since the costs of doing so are not commensurate with the benefits. The year on year increase in the value of Heritage Assets is attributable to additions (often funded by cash donations to fund acquisition), donations and upward revaluations. The majority of Heritage Assets are not depreciated as the length of their expected useful economic life is considered close to infinite. As a result the expectation is that the value of DCMS' holding of Heritage Assets will continue to increase year on year. In addition to the museums and galleries holding of £1.3 billion, Heritage Assets are also held by ACE, the British Library, Historic England and The Royal Parks.

## 3. Cash:

Of the Group cash balance £1.585 billion (2014-15: £1.504 billion) was held by Lottery Distributing Bodies (in the National Lottery Distribution Fund) and as such only available to fund lottery grants (see payables below).

## 4. Non-current and current receivables:

This balance is mainly attributable to the BBC and relates to licence fee receivables (£393m), prepayments for programme acquisitions (£218m), sports rights (£132m) and pensions (£100m). The reduction in receivables from 2013-14 to 2014-15 was largely a result of the wind up of the Olympic Delivery Authority and settlement of various debtors relating to the East Village.

## 5. Investment Properties:

The BBC holds £168m of the Group's Investment Property (2014-15: £57m). In 2015-16 the BBC reclassified £119m from Land and Buildings to Investment Property.

## 6. Inventories:

The BBC holds the majority of the Group's Inventories, this relates to programmes that are either in production or have not yet been aired.



*DCMS Group Statement of Financial Position: Liabilities*

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

<b>Statement of Financial Position</b>	<b>2015-16 £'000</b>	<b>2014-15 £'000</b>	<b>2013-14 £'000</b>	<b>2015-16 % of assets</b>	<b>2014-15 % of assets</b>	<b>2013-14 % of assets</b>
<b>Liabilities</b>						
Non-current payables	(2,464,058)	(2,656,714)	(2,222,875)	39%	41%	33%
Current payables	(2,592,368)	(2,608,951)	(2,706,823)	41%	40%	40%
Provisions	(126,274)	(116,379)	(139,300)	2%	2%	2%
Pensions	(1,174,672)	(1,123,847)	(1,623,775)	18%	17%	24%
Other Liabilities	(3,768)	(12,683)	(63,923)	0%	0%	1%
<b>Total Liabilities</b>	<b>(6,361,140)</b>	<b>(6,518,574)</b>	<b>(6,756,696)</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

#### 7. Current and non-current Payables

Of the total current payables, £1.2 billion (2014-15: £1.3 billion) relates to the Lottery Distributing Bodies, whilst these same bodies' share of non-current payables is £1.6 billion (2014-15: £1.8 billion). Current payables are generally covered by cash holdings (see above). Non-current payables reflect the fact that many of the Lottery Distributing Bodies grants payable are used to fund projects that take several years to complete.

#### 8. Pensions

The most significant element of the pension liability relates to the BBC, further details are set out in Note 20 of the accounts.

## Parliamentary Accountability Disclosures

### Losses and special payments (subject to audit)

#### Losses Statements

2015-16				
	Core Department & Agency		Departmental Group	
	Cases	Amount £'000	Cases	Amount £'000
<b>Total</b>	<b>2</b>	<b>350</b>	<b>287</b>	<b>4,505</b>

#### Details of losses over £300k for 2015-16:

- As a result of the Core Department's decision to terminate the agreement with Arvato for the provision of shared services, a constructive loss of £331k arose, further details are included in the Governance Statement.
- The Tate Gallery incurred a loss of £2,278k, being the write off cost incurred on the National Art Collection Centre, further details are included in the Governance Statement.

2014-15				
	Core Department & Agency		Departmental Group	
	Cases	Amount £'000	Cases	Amount £'000
<b>Total</b>	<b>12</b>	<b>29</b>	<b>1,117</b>	<b>2,780</b>

#### Details of losses over £300k for 2014-15:

- BIG Lottery Fund incurred one loss that exceeded £300k. This was in respect of a £338k grant paid to Golspie Recycling and Environmental Action Now (GREAN); GREAN was subsequently wound up.
- The Natural History Museum incurred one loss that exceeded £300k for an advance payment of a subscription to SWETS Information Service (SWETS IS) for £310k. SWETS IS went into administration in October 2014 and the subscription was not received or funds recovered.

## Special Payments

2015-16				
	Core Department & Agency		Departmental Group	
	Cases	Amount £'000	Cases	Amount £'000
<b>Total</b>	<b>2</b>	<b>32</b>	<b>46</b>	<b>249</b>

### Details of special payments over £300k for 2015-16:

- There were no special payments over £300k for 2015-16.

2014-15				
	Core Department & Agency		Departmental Group	
	Cases	Amount £'000	Cases	Amount £'000
<b>Total</b>	<b>1</b>	<b>7</b>	<b>119</b>	<b>2,694</b>

### Details of special payments over £300k for 2014-15:

- National Museums Liverpool (NML) made a special payment of £2.4m to settle an ongoing dispute with a contractor. This was previously accounted for as a provision in the 2013-14 accounts.

## Gifts

There were no gifts made by the Group that were in excess of £300k.

In 2014-15, the Department made a gift of £49.9m to the Racing Foundation and a further grant of £1.8m to the British Horseracing Grant Scheme. These were the final payments made as part of an agreement reached on the sale of the Tote.

## Remote Contingent Liabilities (subject to audit)

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

#### Quantifiable

The Department has entered into the following quantifiable guarantees or indemnities. None of these are 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.

	01-Apr-15	Increase in year	Liabilities crystallised in year	Obligation expired in year	31-Mar-16	Amount reported to Parliament by Departmental Minute
	£m	£m	£m	£m	£m	£m
<b>Guarantees</b>						
Borrowing facility for Historic Royal Palaces	4.0	-	-	-	4.0	4.0
<b>Indemnities</b>						
Government Indemnity Scheme	5,953.6	571.8	-4.2	-	6,521.2	6,521.2
Artworks on loan from the Royal Collection	127.3	136.4	-	-	263.7	263.7
Artworks on loan to the Government Art Collection	1.6	1.6	-	-	3.2	-
<b>Totals</b>	<b>6,086.5</b>	<b>709.8</b>	<b>-4.2</b>	<b>-</b>	<b>6,792.1</b>	<b>6,788.9</b>

#### Guarantees

The 'Borrowing facility for Historic Royal Palaces' of £4m is included as a contingent liability. The current guarantee expires on 30 September 2016.

#### Indemnities

The Government Indemnity Scheme (GIS) indemnifies lenders to museums, galleries and other institutions in the UK when mounting exhibitions or taking long-term loans for either study or display. It is a statutory liability totalling £6.5bn (31 March 2015: £6.0bn). The change in contingent liabilities arising from these indemnity schemes is driven by the number and value of the works of art on loan and those on long term loan, which changes from year to year.

During the year the Department has recognised £4.2m in respect of the GIS, which was almost entirely due to the loss of a painting for which no claim has been received or processed. There are also non-statutory liabilities for indemnities granted in respect of works of art on loan from the Royal Collection totalling £263.7m (31 March 2015: £127.3m). 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 £3.2m for items on loan to the Government Art Collection (31 March 2015: £1.6m). 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.

### **Letters of Comfort**

The Department does not have any quantifiable letters of comfort.

### **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**

#### *Jubilee Gardens*

The Department has given an indemnity to the Arts Council England and 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. A Treasury Minute was laid on 26 April 2011 explaining the contingent liabilities in respect of the proposed development. The term of the sub-soil lease is 999 years from 1993 running to 2992 and the parties to the sub-lease could agree to extend it beyond that.

#### *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. Following High Court and Court of Appeal proceedings on the terms and scope of the Crown Guarantee, which would only apply if BT were to enter insolvent winding-up, the contingent liability is approximately the size of the BT pension scheme deficit. The last triennial actuarial valuation of the BTPS as at 30 June 2014 valued the deficit at £7bn.

#### *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 giving rise to a call on the Department underwriting would stem from any difficulties in the commercial sponsorship or ticketing environment leading up to 2017.

### *Olympic Delivery Authority*

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

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

### *4G mobile signal rollout*

The department has a contingent liability in respect of the 4G mobile signal rollout at 800MHz by the four licensees, EE, 3, Telefonica O2 and Vodafone. In March 2013, Ofcom awarded licences to use 800MHz (and 2.6GHz) spectrum following an auction that started in January 2013. A requirement of these four licensees/Mobile Network Operator's was to fund up to £180m to provide a mitigation assistance scheme to the public whose primary Digital Terrestrial Television (Freeview) services were affected by the 4G rollout in 800MHz. The target date for the rollout to be completed is 31 December 2018 (or sooner). The licence states that any expenditure above the £180m threshold will be met by the government, subject to any overspend not being caused by the mitigation company's decision to exceed its formal remit for mitigation. The mitigation company is called Digital Mobile Spectrum Limited (DMSL) and its public name is at800. It is highly unlikely that the £180m threshold will be breached (current estimates by at800 indicate a total projected spend to 31 December 2018 of around £120m).

**Agency**

The Agency does not have any unquantifiable guarantees, indemnities and letters of comfort.

**Group***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, but with the option of being extended if necessary with the agreement of the lenders and the Tate Foundation. Bearing in mind 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 Tate Gallery will be called upon to pay anything under the guarantees.

**Fees and charges**

The Core Department does not provide services for which it charges fees. Details of the ALBs' 'fees and charges' policies can be found in their published accounts.



## 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 & Sport and of its Departmental Group for the year ended 31 March 2016 under the Government Resources and Accounts Act 2000. The Department consists of the core Department and its agency. 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 2015. 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. These financial statements have been prepared under the accounting policies set out within them. I have also audited the Statement of Parliamentary Supply and the related notes, and the information in the Remuneration and Staff Report and the Parliamentary Accountability Disclosures that is described in those reports and disclosures 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. 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 2016 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 2016 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.

**Opinion on other matters**

In my opinion:

- the parts of the Remuneration and Staff Report and the Parliamentary Accountability disclosures to be audited have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which I report by exception**

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

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Remuneration and Staff Report and the Parliamentary Accountability disclosures 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.

**Sir Amyas C E Morse**

**12 July 2016**

**Comptroller and Auditor General**

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

# Financial Statements

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# Primary Statements

## Consolidated Statement of Comprehensive Net Expenditure for the year ended 31 March 2016

	Note	2015-16		Restated 2014-15	
		Core Department & Agency £'000	Departmental Group £'000	Core Department & Agency £'000	Departmental Group £'000
Staff costs	3	41,907	1,795,548	34,899	1,774,505
Grants and subsidies to sponsored bodies	4.1	4,426,331	48,579	4,518,453	45,156
Other grants	4.2	290,432	2,293,806	365,605	3,153,702
Purchase of goods and services	4.3	50,923	489,859	60,335	574,881
Depreciation, amortisation and impairment charges	4.4	3,120	344,367	3,278	294,458
Provisions expense	4.5	61	46,670	182	22,099
Other operating expenditure	4.6	10,695	2,679,163	5,256	3,110,996
<b>Total operating expenditure</b>		<b>4,823,469</b>	<b>7,697,992</b>	<b>4,988,008</b>	<b>8,975,797</b>
Income from sale of goods and services	5.1	(1,322)	(79,856)	(1,046)	(375,200)
Other operating income	5.2	(324,336)	(3,450,619)	(311,204)	(3,486,339)
<b>Total operating income</b>		<b>(325,658)</b>	<b>(3,530,475)</b>	<b>(312,250)</b>	<b>(3,861,539)</b>
<b>Net expenditure for the year</b>		<b>4,497,811</b>	<b>4,167,517</b>	<b>4,675,758</b>	<b>5,114,258</b>
<b>Other comprehensive net expenditure</b>					
Net (gain)/loss on:					
- revaluation of property, plant & equipment, intangible assets and heritage assets		(6,052)	(598,887)	(1,673)	(989,457)
- impairments		-	68	-	-
- revaluation of available for sale financial instruments		-	11,313	-	(91,140)
- remeasurements		-	73,045	-	(422,011)
<b>Total other comprehensive net expenditure</b>		<b>(6,052)</b>	<b>(514,461)</b>	<b>(1,673)</b>	<b>(1,502,608)</b>
<b>Total comprehensive expenditure for the period</b>		<b>4,491,759</b>	<b>3,653,056</b>	<b>4,674,085</b>	<b>3,611,650</b>

All operations relate to continuing activities.

The Notes on pages 134 to 210 form part of these Accounts.

## Consolidated Statement of Financial Position as at 31 March 2016

	Note	31 March 2016		Restated 31 March 2015		Restated 1 April 2014	
		Core Department & Agency £'000	Departmental Group £'000	Core Department & Agency £'000	Departmental Group £'000	Core Department & Agency £'000	Departmental Group £'000
<b>Non-current assets</b>							
Property, plant & equipment	6	33,662	7,039,746	30,016	6,675,014	27,392	5,864,504
Heritage assets	7	36,699	1,291,277	32,679	1,218,485	32,789	1,087,027
Intangible assets	8	166	67,631	185	72,930	170	85,138
Investments in associates and joint ventures		-	54	-	54	-	200
Investment properties	9	-	169,905	-	60,691	-	3,260
Trade and other receivables	15	-	37,336	5,176	28,095	-	23,310
Other financial assets	11	8,755	322,515	2,517	307,576	-	187,963
<b>Total non-current assets</b>		<b>79,282</b>	<b>8,928,464</b>	<b>70,573</b>	<b>8,362,845</b>	<b>60,351</b>	<b>7,251,402</b>
<b>Current assets</b>							
Assets classified as held for sale	13	-	299	-	87,495	-	494
Inventories	14	-	307,290	-	323,582	-	603,820
Trade and other receivables	15	15,639	1,349,126	15,640	1,277,024	14,771	1,671,845
Other financial assets	11	1,721	68,937	-	54,229	-	54,705
Cash and cash equivalents	16	147,787	2,349,239	85,958	2,187,381	72,940	2,352,442
<b>Total current assets</b>		<b>165,147</b>	<b>4,074,891</b>	<b>101,598</b>	<b>3,929,711</b>	<b>87,711</b>	<b>4,683,306</b>
<b>Total assets</b>		<b>244,429</b>	<b>13,003,355</b>	<b>172,171</b>	<b>12,292,556</b>	<b>148,062</b>	<b>11,934,708</b>
<b>Current liabilities</b>							
Trade and other payables	17	(276,038)	(2,592,368)	(220,270)	(2,608,951)	(131,337)	(2,706,823)
Provisions	18	(1,031)	(69,007)	(548)	(47,191)	(442)	(68,443)
Other financial liabilities	19	-	(725)	-	(3,000)	-	(62,569)
<b>Total current liabilities</b>		<b>(277,069)</b>	<b>(2,662,100)</b>	<b>(220,818)</b>	<b>(2,659,142)</b>	<b>(131,779)</b>	<b>(2,837,835)</b>
<b>Non-current assets plus/(less) net current assets/liabilities</b>		<b>(32,640)</b>	<b>10,341,255</b>	<b>(48,647)</b>	<b>9,633,414</b>	<b>16,283</b>	<b>9,096,873</b>

**Consolidated Statement of Financial Position (continued)**

	Note	31 March 2016		Restated 31 March 2015		Restated 1 April 2014	
		Core Department & Agency £'000	Departmental Group £'000	Core Department & Agency £'000	Departmental Group £'000	Core Department & Agency £'000	Departmental Group £'000
<b>Non-current liabilities</b>							
Provisions	18	(72)	(57,267)	(1,054)	(69,188)	(380)	(70,857)
Trade and other payables	17	-	(2,464,058)	-	(2,656,714)	-	(2,222,875)
Other financial liabilities	19	-	(3,043)	-	(9,683)	-	(1,354)
Pension liabilities	20	-	(1,174,672)	-	(1,123,847)	-	(1,623,775)
<b>Total non-current liabilities</b>		<b>(72)</b>	<b>(3,699,040)</b>	<b>(1,054)</b>	<b>(3,859,432)</b>	<b>(380)</b>	<b>(3,918,861)</b>
<b>Total assets less liabilities</b>		<b>(32,712)</b>	<b>6,642,215</b>	<b>(49,701)</b>	<b>5,773,982</b>	<b>15,903</b>	<b>5,178,012</b>
<b>Taxpayers' equity and other reserves</b>							
<b>Taxpayers' funds</b>							
General fund	SoCTE	(55,160)	2,643,859	(66,782)	2,659,870	(49)	2,930,749
Revaluation reserve	SoCTE	22,448	397,267	17,081	340,915	15,952	192,191
<b>Total taxpayers' equity</b>		<b>(32,712)</b>	<b>3,041,126</b>	<b>(49,701)</b>	<b>3,000,785</b>	<b>15,903</b>	<b>3,122,940</b>
Lottery funds	SoCTE	-	(1,212,418)	-	(1,526,911)	-	(1,173,565)
Charity funds	SoCTE	-	4,813,507	-	4,300,108	-	3,228,637
<b>Total reserves</b>	SoCTE	<b>(32,712)</b>	<b>6,642,215</b>	<b>(49,701)</b>	<b>5,773,982</b>	<b>15,903</b>	<b>5,178,012</b>

Sue Owen (Accounting Officer)  
7 July 2016

The Notes on pages 134 to 210 form part of these Accounts.

## Consolidated Statement of Cash Flows for the year ended 31 March 2016

	Note	2015-16		Restated 2014-15	
		Core Department & Agency £'000	Departmental Group £'000	Core Department & Agency £'000	Departmental Group £'000
<b>Cash flows from operating activities</b>					
Net expenditure	SoCNE	(4,497,811)	(4,167,517)	(4,675,758)	(5,114,258)
Adjustments for non-cash expenditure - purchase of goods and services	4.3	426	426	446	446
Adjustments for non-cash expenditure - depreciation, amortisation and impairment charges	4.4	3,120	344,367	3,278	294,458
Adjustments for non-cash expenditure - provisions expense	4.5	61	46,670	182	22,099
Adjustments for non-cash expenditure - other operating expenditure	4.6	(245)	37,515	920	58,775
Adjustments for non-cash salary costs		-	190	-	190
Adjustments for non-cash other operating income	5.2	-	(5,260)	-	(79,568)
Adjustments for non-cash pension costs		-	(66,512)	-	(148,930)
Reserves released to net expenditure		-	41	-	128
Adjustment for items shown in other sections of cash flow		(105)	(19,121)	(17)	56,472
(Increase)/decrease in inventories	14	-	16,292	-	280,238
Movements in inventories adjustment	14	-	(127)	-	33,980
(Increase)/decrease in trade and other receivables	15	5,177	(81,343)	(6,045)	390,036
Movements in receivables not passing through the SoCNE		1,370	69,298	6,997	2,003
Movements in bad debt provision		-	402	(1)	(190)
Increase/(decrease) in trade payables	17	55,768	(209,239)	88,933	335,967
Movements in payables not passing through the SoCNE		(63,199)	41,363	(38,799)	78,301
Utilisation of provisions	18	(560)	(36,775)	(152)	(45,326)
Payments for unfunded pensions	20	-	(281)	-	(249)
<b>Net cash outflow from operating activities</b>		<b>(4,495,998)</b>	<b>(4,029,611)</b>	<b>(4,620,016)</b>	<b>(3,835,428)</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant & equipment		(4,458)	(289,058)	(4,932)	(279,866)
Purchase of intangible assets		(13)	(6,058)	(121)	(19,329)
Investments in financial assets		(7,959)	(138,387)	(2,517)	(88,186)
Proceeds from disposal of property, plant & equipment		1	1,353	-	11,613
Proceeds from disposal of intangible assets		-	154	-	45
Proceeds from disposal of assets held for sale		-	45,937	-	(186)
Repayments and disposals of financial assets		-	78,285	-	50,491
Interest and dividend income	5.2	105	101,331	17	24,265
<b>Net cash inflow/(outflow) from investing activities</b>		<b>(12,324)</b>	<b>(206,443)</b>	<b>(7,553)</b>	<b>(301,153)</b>



## Consolidated Statement of Cash Flows (continued)

	Note	2015-16		Restated 2014-15	
		Core Department & Agency £'000	Departmental Group £'000	Core Department & Agency £'000	Departmental Group £'000
<b>Cash flows from financing activities</b>					
From the Consolidated Fund (supply) - current year	SoCTE	4,720,189	4,720,189	4,343,293	4,343,293
ODA return of equity		-	-	427,839	-
Capital element of payments in respect of finance leases		-	(92,307)	-	(94,084)
Repayments of financial liabilities		-	-	-	(61,196)
Interest on finance leases		-	(82,210)	-	(80,737)
<b>Net cash inflow from financing activities</b>		<b>4,720,189</b>	<b>4,545,672</b>	<b>4,771,132</b>	<b>4,107,276</b>
Cash transferred in/(out) of the Group		-	625	10,735	5,524
<b>Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund</b>		<b>211,867</b>	<b>310,243</b>	<b>154,298</b>	<b>(23,781)</b>
<b>Cash flow from non-financing activities</b>					
Receipts due to the Consolidated Fund which are outside the scope of the Department's activities		261,921	263,574	266,275	266,275
Payments of amounts to the Consolidated Fund		(411,959)	(411,959)	(407,555)	(407,555)
<b>Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund</b>		<b>61,829</b>	<b>161,858</b>	<b>13,018</b>	<b>(165,061)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>16</b>	<b>85,958</b>	<b>2,187,381</b>	<b>72,940</b>	<b>2,352,442</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>16</b>	<b>147,787</b>	<b>2,349,239</b>	<b>85,958</b>	<b>2,187,381</b>

The Notes on pages 134 to 210 form part of these Accounts.

## Statement of Changes in Taxpayers' Equity (Core Department and Agency) for the year ended 31 March 2016

	Note	Core Department & Agency		
		General Fund £'000	Revaluation Reserve £'000	Total Reserves £'000
<b>Balance at 1 April 2014 before PPAs</b>		748	(15,952)	(15,204)
Prior period adjustments		(699)	-	(699)
<b>Restated balance at 1 April 2014</b>		<b>49</b>	<b>(15,952)</b>	<b>(15,903)</b>
Net parliamentary funding - drawn down		(4,343,293)	-	(4,343,293)
Net parliamentary funding - deemed supply		(72,930)	-	(72,930)
Supply payable/(receivable) adjustment	17	77,229	-	77,229
CFERs payable to the Consolidated Fund		150,000	-	150,000
Net expenditure for the year	SoCNE	4,675,758	-	4,675,758
<b>Non-cash adjustments:</b>				
Auditors' remuneration	4.3	(446)	-	(446)
<b>Movements in reserves:</b>				
Other comprehensive net expenditure	SoCNE	-	(1,673)	(1,673)
Transfers in/out of boundary		8,798	-	8,798
Transfers between reserves		(544)	544	-
Other movements		(427,839)	-	(427,839)
<b>Restated balance at 31 March 2015</b>		<b>66,782</b>	<b>(17,081)</b>	<b>49,701</b>
Net parliamentary funding - drawn down		(4,720,189)	-	(4,720,189)
Net parliamentary funding - deemed supply		(77,229)	-	(77,229)
Supply payable/(receivable) adjustment	17	139,096	-	139,096
CFERs payable to the Consolidated Fund		150,000	-	150,000
Net expenditure for the year	SoCNE	4,497,811	-	4,497,811
<b>Non-cash adjustments:</b>				
Auditors' remuneration	4.3	(426)	-	(426)
<b>Movements in reserves:</b>				
Other comprehensive net expenditure	SoCNE	-	(6,052)	(6,052)
Transfers between reserves		(685)	685	-
<b>Balance at 31 March 2016</b>		<b>55,160</b>	<b>(22,448)</b>	<b>32,712</b>

The Notes on pages 134 to 210 form part of these Accounts.

## Consolidated Statement of Changes in Taxpayers' Equity (Departmental Group) for the year ended 31 March 2016

	Note	Departmental Group					
		General Fund £'000	Revaluation Reserve £'000	Total Taxpayers' Equity £'000	Lottery Funds £'000	Charity Funds £'000	Total Reserves £'000
<b>Balance at 1 April 2014 before PPAs</b>		(2,922,629)	(192,161)	<b>(3,114,790)</b>	1,173,565	(3,228,637)	<b>(5,169,862)</b>
Prior period adjustments		(8,120)	(30)	<b>(8,150)</b>	-	-	<b>(8,150)</b>
<b>Restated balance at 1 April 2014</b>		<b>(2,930,749)</b>	<b>(192,191)</b>	<b>(3,122,940)</b>	<b>1,173,565</b>	<b>(3,228,637)</b>	<b>(5,178,012)</b>
Net parliamentary funding - drawn down		(4,343,293)	-	<b>(4,343,293)</b>	-	-	<b>(4,343,293)</b>
Net parliamentary funding - deemed supply		(72,930)	-	<b>(72,930)</b>	-	-	<b>(72,930)</b>
Supply payable/(receivable) adjustment	17	77,229	-	<b>77,229</b>	-	-	<b>77,229</b>
CFERs payable to the Consolidated Fund		150,000	-	<b>150,000</b>	-	-	<b>150,000</b>
Net expenditure for the year	SoCNE	4,931,983	-	<b>4,931,983</b>	340,901	(158,626)	<b>5,114,258</b>
<b>Non-cash adjustments:</b>							
Auditors' remuneration	4.3	(446)	-	<b>(446)</b>	-	-	<b>(446)</b>
<b>Movements in reserves:</b>							
Other comprehensive net expenditure	SoCNE	(456,489)	(149,577)	<b>(606,066)</b>	13,053	(909,595)	<b>(1,502,608)</b>
Transfers in/out of boundary		(2,375)	-	<b>(2,375)</b>	-	(3,122)	<b>(5,497)</b>
Transfers between reserves		(853)	853	-	-	-	-
Transfer to SoCNE		-	-	-	-	(128)	<b>(128)</b>
Other movements		(11,947)	-	<b>(11,947)</b>	(608)	-	<b>(12,555)</b>
<b>Restated balance at 31 March 2015</b>		<b>(2,659,870)</b>	<b>(340,915)</b>	<b>(3,000,785)</b>	<b>1,526,911</b>	<b>(4,300,108)</b>	<b>(5,773,982)</b>
Net parliamentary funding - drawn down		(4,720,189)	-	<b>(4,720,189)</b>	-	-	<b>(4,720,189)</b>
Net parliamentary funding - deemed supply		(77,229)	-	<b>(77,229)</b>	-	-	<b>(77,229)</b>
Supply payable/(receivable) adjustment	17	139,096	-	<b>139,096</b>	-	-	<b>139,096</b>
CFERs payable to the Consolidated Fund		150,000	-	<b>150,000</b>	-	-	<b>150,000</b>
Net expenditure for the year	SoCNE	4,537,110	-	<b>4,537,110</b>	(308,160)	(61,433)	<b>4,167,517</b>
<b>Non-cash adjustments:</b>							
Auditors' remuneration	4.3	(426)	-	<b>(426)</b>	-	-	<b>(426)</b>
<b>Movements in reserves:</b>							
Other comprehensive net expenditure	SoCNE	89,669	(145,043)	<b>(55,374)</b>	(7,162)	(451,925)	<b>(514,461)</b>
Transfers between reserves		(88,691)	88,691	-	-	-	-
Transfer to SoCNE		-	-	-	-	(41)	<b>(41)</b>
Other movements		(13,329)	-	<b>(13,329)</b>	829	-	<b>(12,500)</b>
<b>Balance at 31 March 2016</b>		<b>(2,643,859)</b>	<b>(397,267)</b>	<b>(3,041,126)</b>	<b>1,212,418</b>	<b>(4,813,507)</b>	<b>(6,642,215)</b>

The Notes on pages 134 to 210 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 2015-16 Government Financial Reporting Manual (FReM) and Accounts Direction issued by HM Treasury under section 6(4) of the Government Resources and Accounts Act 2000. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Department, 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 (SoPS) and supporting Notes, these show Outturn against Estimate in terms of the Resource and Capital budgets and non-budget expenditure and the Net Cash Requirement. From 2015-16, in line with the FReM, the SoPS and related Notes are included in the Accountability Report.

### 1.2 Accounting Convention

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

### 1.3 Basis of Consolidation

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

In the preparation of the Group Accounts, the Department is required to adopt consistent and uniform accounting policies across all entities with appropriate adjustments made where any differences have a material impact on the Accounts. The Group accounting policies allow, where possible, for variations in order to reflect particular circumstances of 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, and excludes the commercial services. From 2014-15 the BBC PSB Group also includes BBC World Service and BBC Monitoring.

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

A list of all the Arm's length bodies within the Departmental boundary, and included in the Group results (along with the Department and its Agency), is given at Note 27.

#### **1.4 Going Concern**

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

#### **1.5 Administration and Programme Expenditure and Income**

From 2015-16, the Consolidated Statement of Comprehensive Net Expenditure is no longer analysed between administration and programme income and expenditure.

Transparency over the split between administration and programme expenditure and income is retained through the Statement of Parliamentary Supply (administration control total) and the Core Tables.

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.

#### **1.6 Grants**

##### *Grant-in-aid*

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

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

##### *Grants*

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

#### **1.7 Losses and Special Payments**

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the Department or passed legislation. By their nature they are items that ideally should not arise. These are reported in the Parliamentary Accountability and Audit Report Section of the Annual Report and Accounts.

#### **1.8 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 and is recognised in accordance with the FReM and IAS 18 on revenue recognition. 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 SoPS Note 4 in Annex C to the Annual Report and Accounts.

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 Disclosure of Government Assistance* recommended by the FReM.

**1.9 Property, Plant and Equipment**

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

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

*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.

The policy on heritage assets is disclosed at Note 1.11.

*Capitalisation thresholds*

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

**1.10 Depreciation and Amortisation**

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

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

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

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

### 1.11 Heritage Assets

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

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

Non-operational heritage assets are assets held primarily in pursuit of the Group's overall objectives in relation to the maintenance of heritage. Non-operational heritage assets are included at cost or value depending on the availability of information. The assets being reported at cost and those being reported at valuation are presented separately in Note 7.1. Valuation changes in heritage assets reported at 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.

### 1.12 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 as appropriate in the same manner as heritage assets or other non-current assets. Donated services or facilities, including gifts in kind, are included in the Consolidated Statement of Comprehensive Net Expenditure at the value to the Group where this can be quantified.



### 1.13 Intangible Non-current Assets

In accordance with the FReM, all intangible assets are carried at current value in existing use. Intangible assets held by the Group mainly relate to software 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.

### 1.14 Revaluation and Impairment of Non-current Assets

Assets are revalued to current value in existing use and increases in value are credited to the Revaluation Reserve, unless it is a reversal of a previous impairment. Reversals are credited to the 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.

### 1.15 Investment Properties

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

### 1.16 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.

### 1.17 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.

### 1.18 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.

### 1.19 Inventories

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

Inventories across the Group consist of raw materials, work in progress, finished goods and consumable stores. 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 inventory between programmes completed but not yet transmitted and programmes in the course of production is based on total costs to date and the contractual cost per completed episode.

Direct cost is defined as payments made or due to production companies or programme suppliers.

## **1.20 Cash and Cash Equivalents**

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

## **1.21 Financial Instruments**

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

The 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.

### *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.

### *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 assets held for sale. They are included in non-current assets unless the Group intends to dispose of, or realise, the investment within 12 months of the 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.

#### *Loans and receivables*

Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost. An allowance for estimated impairment 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.

#### *Trade and other payables*

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

### **1.22 Employee Benefits**

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

### **1.23 Leases**

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.

### **1.24 Pensions**

#### **1.24.1 Funded pension schemes**

A number of ALBs participate in defined benefit pension schemes as described in Note 20. A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The net obligation in respect of these defined benefit pensions plans is calculated by

estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value, and the fair values of plan assets are deducted. Actuarial gains and losses that arise are recognised in the period they occur through Other Comprehensive Net Expenditure. The most significant funded defined benefit scheme in the Group is operated by the BBC.

#### *BBC Pension Scheme*

The BBC operates a 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.

#### **1.24.2 Unfunded pension schemes**

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

The PCSPS 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.

#### **1.24.3 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.

#### **1.24.4 Early departure costs**

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

### **1.25 Provisions**

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

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

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

The rates applicable in the 2015-16 accounts are: short-term rate: between 0 and up to and including 5 years, -1.55% per annum; medium-term rate: after 5 and up to and including 10 years, -1.00% per annum; and long-term rate: exceeding 10 years, -0.80% per annum.

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 level.

### 1.26 Taxation

#### *Value Added Tax (VAT)*

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

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

#### *Corporation Tax*

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 taxpayers' equity, in which case they are recognised in the Consolidated Statement of Taxpayers' Equity.

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

### 1.27 Reserves

The Consolidated Statement of Taxpayers' Equity comprises the reserves for the 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; and
- The Charity Funds are the total reserves of the charitable ALBs within the Group. As these are presented after Elimination they will not agree back to the individual ALB accounts. These comprise the Charity General Funds, Restricted Reserves, Unrestricted Reserves, and any pension or revaluation reserve held by the charity ALBs. These reserves are shown in the Departmental Consolidated Accounts as a combined figure as they are reserves only for use by the charitable ALBs.



### 1.28 Segmental Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the DCMS Board.

The segmental analysis at Note 2 presents the financial information based on the structure reported to the Board. The segments reflect the operational structure within the Department.

### 1.29 Third Party Assets

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

Any third party monies held at the Government Banking Service (GBS) at the end of the reporting period are recognised as both cash and cash equivalents (Note 16) and trade payables and other current liabilities (Note 17), and therefore have no net impact on the Consolidated Statement of Financial Position.

### 1.30 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 £300k (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; and
- All items (where they arise in the normal course of business) over £300k (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.

Remote contingent liabilities are disclosed in the Parliamentary Accountability and Audit Report Section of the Annual Report.

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.

### 1.31 Contingent Assets

A contingent asset is a possible asset whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the DCMS Group. Where the time value of money is material, the contingent assets are stated at discounted amounts.

### 1.32 Accounting Estimates and Judgements

#### *Critical accounting estimates and judgements*

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

The Group has a number of buildings and works of art that are classified as heritage assets. These specialised non-current assets have a restricted use and cannot be sold on the open market. Consequently they are, where possible, valued using the depreciated current replacement cost of a modern equivalent rather than the replacement cost of the original.

#### *Pension costs*

The present value of the net pension liability detailed in Note 20 depends on a number of actuarially derived assumptions about inflation, salary and pension trends, discount factors, mortality rates, and long term rate of return on the assets (equities, bonds and property) underlying the relevant pension funds. The estimated liability is subject to fluctuation and uncertainty due to changes in these assumptions over time and differences between assumptions and actual events. A small change in assumptions can have a significant impact on the valuation of the liabilities. Further analysis on the sensitivity of the BBC pension assumptions is given in Note 20.2.1.

#### *Provisions for liabilities and charges*

The provisions for liabilities and charges reported in Note 18 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.

### **1.33 Machinery of Government Changes**

During the year, the following Machinery of Government (MoG) changes took place (see Note 26):

#### *Equalities*

On 1 September 2015 responsibility for the Government Equalities Unit transferred from the Core Department to the Department for Education (DfE).

As part of this transfer, the Equalities and Human Rights Commission (EHRC), an arm's length body, transferred to DfE.

*Digital*

On 19 May 2015 responsibility for the Digital Economy Unit (DEU), previously shared with the Department for Business, Innovation and Skills (BIS) moved entirely to the Core Department.

On 1 November 2015 responsibility for the Digital Inclusion Unit (DIU) moved from the Cabinet Office to the Core Department.

*Data protection*

On 17 September 2015 responsibility for data protection moved from the Ministry of Justice (MoJ) to the Department. This resulted in the Information Commissioner's Office (ICO) transferring to the Departmental Group, and the policy team moving to the Core Department.

With the exception of the Digital Inclusion Unit (not material), prior periods have been restated in accordance with the FReM.

**1.34 Changes in the Group Boundary**

As a result of the MoG changes (Note 1.33), the Equalities and Human Rights Commission (EHRC) was transferred to the Department for Education, and the Information Commissioner's Office (ICO) was transferred from the Ministry of Justice to the Department. Note 27 refers.

**1.35 Changes to Accounting Standards Not Yet Effective**

The Department has assessed the following standards, amendments and interpretations that have been issued but are not yet effective and determined not to adopt them before the effective date when adoption would be required on the grounds that the changes would have no, or an immaterial, effect on these accounts and would not provide additional information that would aid the reader.

IFRS 9 *Financial Instruments* – effective date: financial periods beginning on or after 1 January 2018, however, adoption by the Financial Reporting Manual is subject to consultation. This change simplifies the classification and measurement of financial assets.

IFRS 15 *Revenue from Contracts with Customers* – effective date: financial periods on or after 1 January 2018, however, adoption by the Financial Reporting Manual is subject to consultation. The changes set out steps for revenue recognition along with requirements for accounting for contract costs.

IFRS 16 *Leases* – effective date: financial periods on or after 1 January 2019, however, adoption by the Financial Reporting Manual is subject to consultation. The proposed changes simplify the classification and measurement of leases by introducing a single lessee accounting model.

IAS 12 *Recognition of Deferred Tax Assets for Unrealised Losses* – effective date: financial periods on or after 1 January 2017, however, adoption by the Financial Reporting Manual is subject to consultation. The proposed changes amend how to account for deferred tax assets related to debt instruments measured at fair value.

## 2. Statement of Operating Expenditure by Operating Segment

### 2.1 Statement of Comprehensive Net Expenditure by Operating Segment

	Note	2015-16						Restated 2014-15					
		Core Department £'000	BBC PSB Group £'000	Lottery Distributing Bodies £'000	Other £'000	Amounts eliminated on consolidation £'000	Total as per Group SoCNE £'000	Core Department £'000	BBC PSB Group £'000	Lottery Distributing Bodies £'000	Other £'000	Amounts eliminated on consolidation £'000	Total as per Group SoCNE £'000
Grant and subsidies to sponsored bodies	4.1	4,439,461	-	-	15,755	(4,406,637)	48,579	4,536,035	-	-	14,018	(4,504,897)	45,156
Other grants	4.2	290,432	-	1,340,873	690,079	(27,578)	2,293,806	365,605	-	2,029,634	802,566	(44,103)	3,153,702
Broadcasting and media expenditure	4.6	-	2,450,152	33	72,283	(230,546)	2,291,922	-	2,586,266	58	74,107	(232,510)	2,427,921
Depreciation and amortisation	4.4	974	162,433	3,312	151,097	-	317,816	1,123	177,808	3,326	129,454	-	311,711
Impairments	4.4	-	-	25,962	589	-	26,551	153	-	17,516	(34,922)	-	(17,253)
Interest expense		-	79,305	-	3,495	(105)	82,695	-	80,631	-	430	(17)	81,044
Income tax expense		-	(4,713)	22	2,567	-	(2,124)	-	5,149	27	57	-	5,233
Other expenditure	3, 4.3, 4.6	71,556	1,364,097	182,336	1,027,148	(6,390)	2,638,747	66,858	1,354,495	183,375	1,370,108	(6,699)	2,968,137
Profit or loss of associates and joint ventures		-	-	-	-	-	-	-	146	-	-	-	146
<b>Total expenditure</b>	<b>SoCNE</b>	<b>4,802,423</b>	<b>4,051,274</b>	<b>1,552,538</b>	<b>1,963,013</b>	<b>(4,671,256)</b>	<b>7,697,992</b>	<b>4,969,774</b>	<b>4,204,495</b>	<b>2,233,936</b>	<b>2,355,818</b>	<b>(4,788,226)</b>	<b>8,975,797</b>
Grant income (excluding grant-in-aid)	5.2	(149,173)	(4,020)	(675)	(112,859)	97,631	(169,096)	(133,427)	(3,139)	7,247	(140,529)	110,171	(159,677)
Broadcast licence		(150,000)	(624,419)	-	-	150,000	(624,419)	(150,000)	(619,122)	-	-	150,000	(619,122)
Property sale - East Village		-	-	-	-	-	-	-	-	-	(255,895)	-	(255,895)
Interest revenue	5.2	(105)	(5,041)	(190)	(1,921)	105	(7,152)	(17)	(5,718)	(337)	(1,807)	17	(7,862)
Other income	5.1, 5.2	(3,905)	(256,467)	(1,859,833)	(626,486)	16,883	(2,729,808)	(6,774)	(190,276)	(1,899,945)	(745,130)	23,142	(2,818,983)
<b>Total income</b>	<b>SoCNE</b>	<b>(303,183)</b>	<b>(889,947)</b>	<b>(1,860,698)</b>	<b>(741,266)</b>	<b>264,619</b>	<b>(3,530,475)</b>	<b>(290,218)</b>	<b>(818,255)</b>	<b>(1,893,035)</b>	<b>(1,143,361)</b>	<b>283,330</b>	<b>(3,861,539)</b>
<b>Net expenditure for the year ended 31 March</b>		<b>4,499,240</b>	<b>3,161,327</b>	<b>(308,160)</b>	<b>1,221,747</b>	<b>(4,406,637)</b>	<b>4,167,517</b>	<b>4,679,556</b>	<b>3,386,240</b>	<b>340,901</b>	<b>1,212,457</b>	<b>(4,504,896)</b>	<b>5,114,258</b>

## 2.2 Statement of Financial Position by Operating Segment

	Note	2015-16						Restated 2014-15					
		Core Department £'000	BBC PSB Group £'000	Lottery Distributing Bodies £'000	Other £'000	Amounts eliminated on consolidation £'000	Total as per Group SoFP £'000	Core Department £'000	BBC PSB Group £'000	Lottery Distributing Bodies £'000	Other £'000	Amounts eliminated on consolidation £'000	Total as per Group SoFP £'000
Current assets		162,668	1,742,696	1,677,293	519,693	(27,459)	4,074,891	98,175	1,794,244	1,585,818	487,837	(36,363)	3,929,711
Investment in associates and joint ventures		-	54	-	-	-	54	-	54	-	-	-	54
Other non-current assets		20,183	1,567,816	14,113	7,336,528	(10,230)	8,928,410	19,241	1,489,093	25,876	6,832,894	(4,313)	8,362,791
<b>Total assets</b>	<b>SoFP</b>	<b>182,851</b>	<b>3,310,566</b>	<b>1,691,406</b>	<b>7,856,221</b>	<b>(37,689)</b>	<b>13,003,355</b>	<b>117,416</b>	<b>3,283,391</b>	<b>1,611,694</b>	<b>7,320,731</b>	<b>(40,676)</b>	<b>12,292,556</b>
Current liabilities		(267,267)	(782,251)	(1,291,717)	(333,496)	12,631	(2,662,100)	(209,626)	(801,636)	(1,316,367)	(334,168)	2,655	(2,659,142)
Non-current liabilities		(72)	(1,917,694)	(1,612,107)	(194,225)	25,058	(3,699,040)	(924)	(1,879,273)	(1,822,238)	(195,018)	38,021	(3,859,432)
<b>Total liabilities</b>	<b>SoFP</b>	<b>(267,339)</b>	<b>(2,699,945)</b>	<b>(2,903,824)</b>	<b>(527,721)</b>	<b>37,689</b>	<b>(6,361,140)</b>	<b>(210,550)</b>	<b>(2,680,909)</b>	<b>(3,138,605)</b>	<b>(529,186)</b>	<b>40,676</b>	<b>(6,518,574)</b>
<b>Total assets less liabilities</b>	<b>SoFP</b>	<b>(84,488)</b>	<b>610,621</b>	<b>(1,212,418)</b>	<b>7,328,500</b>	<b>-</b>	<b>6,642,215</b>	<b>(93,134)</b>	<b>602,482</b>	<b>(1,526,911)</b>	<b>6,791,545</b>	<b>-</b>	<b>5,773,982</b>

The Department reports its expenditure by operating segment in accordance with IFRS 8 *Operating Segments*. The Group's operations are organised and managed by body. This includes the Department, its Agency and ALBs. The Group operating segments reflect the major bodies by expenditure within the Group. All other bodies within the Group are included under 'Other' which also includes the Olympics (which was separately disclosed in previous years). 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.

### 3. Staff costs

Staff costs comprise:	2015-16						Restated 2014-15
	Permanently employed staff £'000	Others £'000	Contract and Agency Staff £'000	Ministers £'000	Special Advisors £'000	Total £'000	Total £'000
<b>Total Net Costs</b>	<b>1,755,152</b>	<b>6,667</b>	<b>33,473</b>	<b>142</b>	<b>114</b>	<b>1,795,548</b>	<b>1,774,505</b>

Staff costs comprise:	Restated 2014-15						Restated 2013-14
	Permanently employed staff £'000	Others £'000	Contract and Agency Staff £'000	Ministers £'000	Special Advisors £'000	Total £'000	Total £'000
<b>Total Net Costs</b>	<b>1,733,067</b>	<b>7,232</b>	<b>33,839</b>	<b>144</b>	<b>223</b>	<b>1,774,505</b>	<b>1,707,890</b>

Staff numbers and related costs (and relevant disclosures) have been relocated to the Staff Report in the Accountability section of the Annual Report. Refer to the Staff Report for the detailed staff costs and number breakdowns.

### 4. Expenditure

#### 4.1 Grants and Subsidies to sponsored bodies

	2015-16		Restated 2014-15	
	Core Department & Agency £'000	Departmental Group £'000	Core Department & Agency £'000	Departmental Group £'000
Grant-in-aid to ALBs	4,393,507	-	4,473,297	-
Grants and subsidies to public sector	32,824	48,579	45,156	45,156
<b>Total: Grants and subsidies to sponsored bodies</b>	<b>4,426,331</b>	<b>48,579</b>	<b>4,518,453</b>	<b>45,156</b>

Subsidies include an operating subsidy of £15.7m (2014-15: £Nil) from Historic England to the English Heritage Trust under the new model for management of the National Collection of buildings, monuments and sites.

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

##### Grant-in-aid and Funding

	2015-16 Estimate £'000	2015-16 Outturn £'000	2014-15 Restated Outturn £'000
Arts Council England	467,704	468,991	447,871
BBC PSB Group	3,144,000	3,115,800	3,126,819
British Film Institute	22,225	22,225	15,497
British Library (Includes Public Lending Right)	94,293	93,043	93,893
British Museum	41,822	41,768	43,215
Churches Conservation Trust	3,208	3,208	2,647
Historic England	90,191	90,191	181,047
Gambling Commission (Includes National Lottery Commission)	3,009	2,858	2,638
Geffrye Museum Trust Limited	1,496	1,523	1,652
Horniman Public Museum and Public Park Trust	3,820	3,881	4,064
Imperial War Museum	27,870	23,870	15,838
Information Commissioner's Office	3,750	3,731	3,700
National Gallery	24,092	24,092	25,887
National Heritage Memorial Fund	19,300	21,541	5,205
National Maritime Museum	16,420	15,520	16,599
National Museums Liverpool	19,761	19,761	20,501
National Portrait Gallery	6,634	6,634	6,984
Natural History Museum	42,370	42,065	43,384
Office of Communications (Ofcom)	89,807	60,078	59,132
Olympic Delivery Authority	-	-	48,000
Royal Armouries Museum	7,103	7,103	7,954
S4C	6,762	6,762	6,787
Science Museum Group	45,201	40,378	42,398
Sports Ground Safety Authority (see below)	1,062	-	-
Sir John Soane's Museum	1,012	1,072	1,150
Sport England	94,385	93,885	83,044
Tate Gallery	32,691	32,691	32,149
UK Anti-Doping	5,518	5,518	5,735
UK Sport	38,583	38,583	49,452
Victoria and Albert Museum	37,256	37,176	31,146
British Tourist Authority (Visit Britain)	67,918	66,768	45,947
Wallace Collection	2,751	2,791	2,962
Not allocated at the time of the Estimate	11,353	-	-
<b>Sub-total Grant-in-Aid</b>	<b>4,473,367</b>	<b>4,393,507</b>	<b>4,473,297</b>
The Royal Parks (TRP) (which is eliminated)	-	13,130	17,582
<b>Sub-total Funding</b>	<b>-</b>	<b>13,130</b>	<b>17,582</b>
<b>Sub-total Grant-in-Aid and Funding</b>	<b>4,473,367</b>	<b>4,406,637</b>	<b>4,490,879</b>

#### 4.1.1 Grant-in-aid, Subsidies and Funding given by the Department (continued)

Grant-in-aid and funding paid to ALBs within the Group is eliminated upon consolidation.

Sports Grounds Safety Authority (SGSA) received £1.0m in Grant-in-Aid from DCMS (2014-15: £1.2m) compared to an estimate of £1.1m. Since it is not material, SGSA has not been consolidated into the 2015-16 DCMS Group Accounts and the Grant-in-Aid has been reported as a Current Grant (Note 4.2).

#### Grants and Subsidies

	2015-16 Estimate £'000	2015-16 Outturn £'000	2014-15 Restated Outturn £'000
<b>Sub-total Grant in Aid and Funding (from previous table)</b>	<b>4,473,367</b>	<b>4,406,637</b>	<b>4,490,879</b>
Royal Household	501	501	482
Department for Communities and Local Government (DCLG)	30,700	28,888	28,813
Department for Education	3,000	3,000	13,558
Other Bodies	378	435	2,303
<b>Sub-total Grants</b>	<b>34,579</b>	<b>32,824</b>	<b>45,156</b>
<b>TOTAL</b>	<b>4,507,946</b>	<b>4,439,461</b>	<b>4,536,035</b>

Grants of £28.9m were paid to DCLG to subsidise Local Authorities Libraries and Sports and Leisure Centres PFI contracts. In addition £3.0m was paid to the Department for Education for the Primary School Sports Premium to help primary schools improve the quality of the physical education and sport activities they offer their pupils.

#### 4.2 Other grants

	2015-16		Restated 2014-15	
	Core Department & Agency £'000	Departmental Group £'000	Core Department & Agency £'000	Departmental Group £'000
Capital grants	220,746	695,605	284,050	978,504
Current grants	69,686	1,598,201	81,555	2,175,198
Grant transfers to devolved administrations	-	-	-	-
<b>Total: Other grants</b>	<b>290,432</b>	<b>2,293,806</b>	<b>365,605</b>	<b>3,153,702</b>

Capital Grants have decreased by £282.9m to £695.6m in the year. Of this decrease, £80.2m relates to Historic England, £63.3m to DCMS (£29m reduction to BDUK; £50m one off gift to the Racing Foundation in 2014-15 - see Gifts narrative per page 119) and £62.8m to Heritage Lottery Fund.

Current grants have decreased by £577.0m to £1,598.2m in the year. Of this decrease, £254.6m relates to BIG Lottery Fund, £226.6m to Arts Council England Lottery and £55.9m to Sport England Lottery.



### 4.3 Purchase of goods and services

	2015-16		Restated 2014-15	
	Core Department & Agency £'000	Departmental Group £'000	Core Department & Agency £'000	Departmental Group £'000
Professional services	14,914	86,116	12,841	101,730
Human resources	1,048	13,670	769	15,197
Marketing and media	394	25,261	9,759	43,880
Premises expenses	22,661	120,179	24,437	134,056
Business rates	1,190	12,729	873	11,669
Utilities	1,066	22,857	988	25,596
Rentals under operating leases (non PFI)	5,173	129,942	4,196	159,825
PFI service charges	-	1,576	-	1,567
IT maintenance and support	3,118	51,536	5,043	53,305
Travel and subsistence	933	23,069	983	24,978
Audit fees (statutory accounts) - cash	-	2,498	-	2,632
<b>Sub-total: cash items</b>	<b>50,497</b>	<b>489,433</b>	<b>59,889</b>	<b>574,435</b>
<b>Non-cash items</b>				
Auditors' remuneration	426	426	446	446
<b>Sub-total: Non-cash items</b>	<b>426</b>	<b>426</b>	<b>446</b>	<b>446</b>
<b>Total: Purchase of goods and services</b>	<b>50,923</b>	<b>489,859</b>	<b>60,335</b>	<b>574,881</b>

#### Auditors' remuneration

Notional auditors' remuneration for the cost of the audit of the Group's accounts was £426k (2014-15: £446k), consisting of the Core DCMS £385k (2014-15: £405k) and the Agency £41k (2014-15: £41k). DCMS did not purchase any non-audit services from its auditor, the Comptroller and Auditor General (C&AG).

The cash remuneration of £2,498k (2014-15 restated: £2,632k) relates to the statutory audit of the ALBs. Of this amount, £1,660k was payable to the National Audit Office (NAO) on behalf of the C&AG and £838k was payable to other auditors. In 2015-16 the ALBs purchased non-audit services from auditors other than the NAO for £314k (2014-15: £309k). Further details can be obtained from the accounts of the ALBs.

#### Consultancy expenditure

Included within professional services is £17.4m of consultancy costs (2014-15: £27.2m).

#### Significant movements in expenditure

Marketing and Media expenses have decreased by £18.6m. Of this decrease, £9.3m relates to one-off costs by Core DCMS on rural broadband advertising campaigns (£7.6m) and Broadband Connection Vouchers for small business (£1.7m), while £7.3m relates to Historic England's marketing spend in 2015-16 being undertaken by English Heritage Trust, which is outside the Group boundary.

Of the £29.2m decrease in rentals under operating leases, £24.9m relates to the BBC which has managed a reduction in its property estate as a whole.

#### 4.4 Depreciation, amortisation and impairment charges

	2015-16		Restated 2014-15	
	Core Department & Agency £'000	Departmental Group £'000	Core Department & Agency £'000	Departmental Group £'000
Depreciation	3,053	298,525	3,019	283,472
Amortisation	67	19,291	106	28,239
Impairments	-	26,551	153	(17,253)
<b>Depreciation, amortisation and impairment charges - non-cash total</b>	<b>3,120</b>	<b>344,367</b>	<b>3,278</b>	<b>294,458</b>

#### 4.5 Provisions expense

	2015-16		Restated 2014-15	
	Core Department & Agency £'000	Departmental Group £'000	Core Department & Agency £'000	Departmental Group £'000
Provisions:				
Unwinding of discount	-	5	-	12
Provided for/(released)	61	46,665	182	22,087
<b>Provisions expense - non-cash total</b>	<b>61</b>	<b>46,670</b>	<b>182</b>	<b>22,099</b>

The BBC PSB Group incurred £35.3m (2014-15: £23.1m) of provision expenses which largely relates to the restructuring programme (see Note 18).

#### 4.6 Other operating expenditure

	2015-16		Restated 2014-15	
	Core Department & Agency £'000	Departmental Group £'000	Core Department & Agency £'000	Departmental Group £'000
Broadcasting and media	-	2,291,922	-	2,427,921
Sport	10	24,323	24	22,454
Tourism	-	64,868	-	59,431
Ceremonial and cultural events	4,013	6,423	2,484	4,229
Historical and heritage	-	2,963	-	21,100
Museums, galleries, art & exhibits	4,309	67,094	292	54,298
Libraries	-	6,489	-	6,096
Olympic activities	-	-	-	255,895
Interest payable	-	82,695	-	81,044
Finance costs	96	1,717	53	3,352
Early departure costs	2	20,940	444	18,608
Other expenditure	2,510	72,214	1,039	97,793
<b>Sub-total: cash items</b>	<b>10,940</b>	<b>2,641,648</b>	<b>4,336</b>	<b>3,052,221</b>
<b>Non-cash items</b>				
Interest on pension liabilities	-	44,948	-	71,499
(Profit)/loss on disposal of property, plant & equipment	14	12,060	32	(1,556)
(Profit)/loss on disposal of intangibles	2	2	-	-
Losses on disposal of other assets:				
Assets held for sale	-	-	-	186
Revaluations	(261)	(2,956)	887	(11,853)
Share of losses on joint ventures and associates	-	-	-	146
(Gains)/losses on net asset transfers	-	(16,137)	-	-
Write offs/(write backs)	-	(402)	1	190
Unrealised foreign exchange rate (gains)/losses	-	-	-	51
Other non-cash charges	-	-	-	112
<b>Sub-total: Non-cash items</b>	<b>(245)</b>	<b>37,515</b>	<b>920</b>	<b>58,775</b>
<b>Total: Other operating expenditure</b>	<b>10,695</b>	<b>2,679,163</b>	<b>5,256</b>	<b>3,110,996</b>

#### Significant movements in expenditure

In 2014-15, the Olympic Delivery Authority (ODA) incurred Olympic Activity costs of £255.9m for the cost of sales of the East Village. A corresponding amount was recognised as property sales revenue in Note 5.1.

## 5. Income

### 5.1 Income from sale of goods and services

	2015-16		Restated 2014-15	
	Core Department & Agency £'000	Departmental Group £'000	Core Department & Agency £'000	Departmental Group £'000
Goods and services	9	55,231	19	105,728
Property sales – East Village	-	-	-	255,895
Rental income	1,313	24,625	1,027	13,577
<b>Total: Income from sale of goods and services</b>	<b>1,322</b>	<b>79,856</b>	<b>1,046</b>	<b>375,200</b>

In 2014-15, the ODA recognised £255.9m in property sales revenue from the sale of residential property in the East Village to Triathlon Homes LLP, QDD Athletes Village UK Ltd (QDD AVUK) and NHS Property Ltd. A corresponding amount was recognised as cost of sales in Note 4.6.

In 2014-15, £46.9m of goods and services income was raised by National Collections which was part of Historic England, in 2015-16 this was transferred to English Heritage Trust which is now outside of the DCMS Group consolidation boundary.

## 5.2 Other operating income

	2015-16		Restated 2014-15	
	Core Department & Agency £'000	Departmental Group £'000	Core Department & Agency £'000	Departmental Group £'000
Lottery income	-	1,807,974	-	1,837,969
Current grant income	149,312	163,437	133,107	154,273
Capital grant income	23	5,659	935	5,404
Recoveries	3,062	22,014	5,836	23,029
Fees and charges	16,379	92,639	15,916	87,564
Levies	-	54,685	-	60,103
Fees for licences and broadcast licences	152,642	640,218	152,482	634,496
Royalties	-	32,543	-	15,906
Charity income - donations	-	174,193	193	183,971
Charity income - other	-	119,791	-	108,080
Interest	105	7,152	17	7,862
Dividends	-	94,179	-	16,403
Other operating income	2,813	230,875	2,718	271,711
<b>Sub-total: cash items</b>	<b>324,336</b>	<b>3,445,359</b>	<b>311,204</b>	<b>3,406,771</b>
<b>Non-cash items</b>				
Profit/(loss) on disposal of assets:				
Assets held for sale	-	(85)	-	-
Financial assets	-	24	-	490
Revaluation of financial assets/liabilities	-	656	-	12
Charity income - asset donations	-	17,429	-	90,435
Other non-cash income	-	(12,764)	-	(11,369)
<b>Sub-total: Non-cash items</b>	<b>-</b>	<b>5,260</b>	<b>-</b>	<b>79,568</b>
<b>Total: Other operating income</b>	<b>324,336</b>	<b>3,450,619</b>	<b>311,204</b>	<b>3,486,339</b>

DCMS collected £150.0m in fees from the BBC for contributions for Broadband as per the 2010 BBC Licence Fee Settlement. This was eliminated in the Group Accounts. This money was paid over to the Consolidated Fund, see SOPS Note 4.1 in Annex C to the Accounts.

### Significant movements in income

Dividend income – in 2015-16 the BBC received an additional £77.6m.

Charity income – asset donations decreased by £73.0m, mainly due to the Tate receiving in 2014-15 eight works by Twombly collectively valued at £55m and one work by Hockney valued at £7.4m.

## 6. Property, Plant and Equipment

2015-16									
	Land £'000	Buildings £'000	Dwellings £'000	Information Technology £'000	Plant & Machinery £'000	Furniture & Fittings £'000	Antiques, Works of Art & Collections £'000	Assets under Construction £'000	Total £'000
Cost or valuation									
At 1 April 2015	1,173,271	4,351,978	14,656	118,500	1,874,409	411,142	827	358,772	8,303,555
Additions	7,445	12,491	1,047	4,679	25,299	8,187	-	206,199	265,347
Donations	-	-	-	-	-	468	-	-	468
Disposals	-	(3,553)	(1,082)	(9,575)	(53,057)	(18,631)	-	(2,449)	(88,347)
Revaluations	69,455	409,344	(129)	170	49,516	552	-	-	528,908
Impairments	17	922	-	-	(9)	-	-	-	930
Reclassifications	-	32,397	(717)	2,312	67,734	18,272	-	(119,998)	-
Transfers to/from assets held for sale/intangibles/investment properties/heritage assets	(10,539)	(171,067)	-	(2,505)	(947)	2,256	-	(24,053)	(206,855)
Transfers in/out of group	-	9,358	-	(526)	(3,027)	(335)	-	-	5,470
At 31 March 2016	1,239,649	4,641,870	13,775	113,055	1,959,918	421,911	827	418,471	8,809,476
Depreciation									
At 1 April 2015	-	471,177	7,866	93,581	783,103	272,814	-	-	1,628,541
Charged in year	-	121,941	496	10,980	137,849	26,837	-	-	298,103
Disposals	-	(2,678)	(1,021)	(9,148)	(48,086)	(13,998)	-	-	(74,931)
Revaluations	-	(35,119)	(809)	40	(2,849)	159	-	-	(38,578)
Impairments	-	-	-	-	-	-	-	-	-
Reclassifications	-	425	(476)	173	357	(479)	-	-	-
Transfers to/from assets held for sale/intangibles/investment properties/heritage assets	-	(39,149)	-	(1,990)	-	-	-	-	(41,139)
Transfers in/out of group	-	(33)	-	(364)	(1,446)	(423)	-	-	(2,266)
At 31 March 2016	-	516,564	6,056	93,272	868,928	284,910	-	-	1,769,730
Carrying amount:									
31-Mar-16	1,239,649	4,125,306	7,719	19,783	1,090,990	137,001	827	418,471	7,039,746
31-Mar-15	1,173,271	3,880,801	6,790	24,919	1,091,306	138,328	827	358,772	6,675,014
Asset financing:									
Owned	1,230,804	2,842,043	4,841	19,783	1,087,663	133,681	827	418,368	5,738,010
Finance leased	8,845	1,283,263	2,878	-	3,327	3,320	-	103	1,301,736
Carrying amount at 31 March 2016	1,239,649	4,125,306	7,719	19,783	1,090,990	137,001	827	418,471	7,039,746
Of which:									
Core Department	627	-	-	2,160	-	440	-	-	3,227
Agency	23	22,334	1,752	225	3,741	1,111	-	1,249	30,435
Arm's length bodies	1,238,999	4,102,972	5,967	17,398	1,087,249	135,450	827	417,222	7,006,084
Carrying amount at 31 March 2016	1,239,649	4,125,306	7,719	19,783	1,090,990	137,001	827	418,471	7,039,746

## 6. Property, Plant and Equipment (continued)

2014-15									
	Land £'000	Buildings £'000	Dwellings £'000	Information Technology £'000	Plant & Machinery £'000	Furniture & Fittings £'000	Antiques, Works of Art & Collections £'000	Assets under Construction £'000	Total £'000
<b>Cost or valuation</b>									
Restated at 1 April 2014	884,130	4,009,406	13,572	109,961	1,695,969	417,319	827	351,082	7,482,266
Additions	75	19,375	403	8,965	27,289	15,763	-	172,197	244,067
Disposals	-	(12,210)	-	(5,817)	(69,983)	(29,577)	-	(92)	(117,679)
Revaluations	289,066	414,032	101	200	117,121	342	-	(29)	820,833
Impairments	-	1,664	-	(382)	-	(1)	-	-	1,281
Reclassifications	-	43,669	580	1,533	93,272	8,509	-	(147,563)	-
Transfers to/from assets held for sale/intangibles/investment properties/heritage assets	-	(123,958)	-	2,642	10,708	(1,349)	-	(16,823)	(128,780)
Transfers in/out of group	-	-	-	1,398	33	136	-	-	1,567
<b>Restated at 31 March 2015</b>	<b>1,173,271</b>	<b>4,351,978</b>	<b>14,656</b>	<b>118,500</b>	<b>1,874,409</b>	<b>411,142</b>	<b>827</b>	<b>358,772</b>	<b>8,303,555</b>
<b>Depreciation</b>									
Restated at 1 April 2014	-	474,655	7,484	84,128	774,837	276,658	-	-	1,617,762
Charged in year	-	112,878	574	13,358	131,347	24,834	-	-	282,991
Disposals	-	(11,180)	-	(5,766)	(65,616)	(27,520)	-	-	(110,082)
Revaluations	-	(97,487)	(252)	181	(61,809)	140	-	-	(159,227)
Impairments	-	78	-	(229)	-	-	-	-	(151)
Reclassifications	-	(111)	60	889	245	(1,083)	-	-	-
Transfers to/from assets held for sale/intangibles/investment properties/heritage assets	-	(7,656)	-	(3)	4,072	(300)	-	-	(3,887)
Transfers in/out of group	-	-	-	1,023	27	85	-	-	1,135
<b>Restated at 31 March 2015</b>	<b>-</b>	<b>471,177</b>	<b>7,866</b>	<b>93,581</b>	<b>783,103</b>	<b>272,814</b>	<b>-</b>	<b>-</b>	<b>1,628,541</b>
<b>Carrying amount:</b>									
<b>31-Mar-15</b>	<b>1,173,271</b>	<b>3,880,801</b>	<b>6,790</b>	<b>24,919</b>	<b>1,091,306</b>	<b>138,328</b>	<b>827</b>	<b>358,772</b>	<b>6,675,014</b>
<b>31-Mar-14</b>	<b>884,130</b>	<b>3,534,751</b>	<b>6,088</b>	<b>25,833</b>	<b>921,132</b>	<b>140,661</b>	<b>827</b>	<b>351,082</b>	<b>5,864,504</b>
<b>Asset financing:</b>									
Owned	1,171,901	2,652,598	4,420	24,919	1,087,081	135,164	827	358,476	5,435,386
Finance leased	1,370	1,228,203	2,370	-	4,225	3,164	-	296	1,239,628
<b>Carrying amount at 31 March 2015</b>	<b>1,173,271</b>	<b>3,880,801</b>	<b>6,790</b>	<b>24,919</b>	<b>1,091,306</b>	<b>138,328</b>	<b>827</b>	<b>358,772</b>	<b>6,675,014</b>
<b>Of which:</b>									
Core Department	627	-	-	2,359	8	552	-	-	3,546
Agency	23	19,127	1,705	97	3,246	1,118	-	1,154	26,470
Arm's length bodies	1,172,621	3,861,674	5,085	22,463	1,088,052	136,658	827	357,618	6,644,998
<b>Carrying amount at 31 March 2015</b>	<b>1,173,271</b>	<b>3,880,801</b>	<b>6,790</b>	<b>24,919</b>	<b>1,091,306</b>	<b>138,328</b>	<b>827</b>	<b>358,772</b>	<b>6,675,014</b>



**Land & Buildings 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.

Details of the valuation method applied by the BBC PSB are included in the accounting policies Note 1.9.

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 (6<sup>th</sup> 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.

**Buildings**

Buildings includes the BBC PSB Group with a carrying value as at 31 March 2016 of £897.1m (31 March 2015 restated: £924.3m); the British Library of £649.2m (31 March 2015: £641.4m); the British Museum of £384m (31 March 2015: £314.5m); the Tate Gallery of £448.8m (31 March 2015: £445m); and the Victoria and Albert Museum of £305.6m (31 March 2015: £245.6m).

**Assets Under Construction**

Assets Under Construction includes £267m relating to two building projects under construction by the Tate, one at the Tate Modern and the other at Tate St. Ives extension.

## 7. Heritage Assets

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 table in Note 7.1.

	2015-16			
	Land £'000	Buildings £'000	Other £'000	Total £'000
<b>Cost or valuation</b>				
At 1 April 2015	2,400	66,840	1,168,988	1,238,228
Additions	-	1,199	21,822	23,021
Donations	-	-	16,961	16,961
Revaluations	-	9,427	22,393	31,820
Impairments	-	(412)	-	(412)
Reclassifications	-	225	(225)	-
Transfers to/from property, plant & equipment/assets held for sale/intangibles	-	(507)	824	317
<b>At 31 March 2016</b>	<b>2,400</b>	<b>76,772</b>	<b>1,230,763</b>	<b>1,309,935</b>
<b>Depreciation</b>				
At 1 April 2015	-	18,185	1,558	19,743
Charged in year	-	258	164	422
Revaluations	-	(1,404)	(103)	(1,507)
<b>At 31 March 2016</b>	<b>-</b>	<b>17,039</b>	<b>1,619</b>	<b>18,658</b>
<b>Carrying amount:</b>				
<b>31-Mar-16</b>	<b>2,400</b>	<b>59,733</b>	<b>1,229,144</b>	<b>1,291,277</b>
<b>31-Mar-15</b>	<b>2,400</b>	<b>48,655</b>	<b>1,167,430</b>	<b>1,218,485</b>
<b>Asset financing:</b>				
Owned	2,400	59,733	1,229,144	1,291,277
<b>Carrying amount at 31 March 2016</b>	<b>2,400</b>	<b>59,733</b>	<b>1,229,144</b>	<b>1,291,277</b>
<b>Of which:</b>				
Core Department	-	-	8,139	8,139
Agency	-	22,206	6,354	28,560
Arm's length bodies	2,400	37,527	1,214,651	1,254,578
<b>Carrying amount at 31 March 2016</b>	<b>2,400</b>	<b>59,733</b>	<b>1,229,144</b>	<b>1,291,277</b>

**7. Heritage Assets (continued)**

	2014-15			
	Land £'000	Buildings £'000	Other £'000	Total £'000
<b>Cost or valuation</b>				
At 1 April 2014	2,400	70,341	1,036,235	1,108,976
Additions	-	1,584	32,297	33,881
Donations	-	-	90,435	90,435
Revaluations	-	(1,568)	10,471	8,903
Disposals	-	(2,456)	(4)	(2,460)
Transfers to/from property, plant & equipment/assets held for sale/intangibles	-	(1,061)	(446)	(1,507)
<b>At 31 March 2015</b>	<b>2,400</b>	<b>66,840</b>	<b>1,168,988</b>	<b>1,238,228</b>
<b>Depreciation</b>				
At 1 April 2014	-	20,391	1,558	21,949
Charged in year	-	481	-	481
Revaluations	-	(2,257)	-	(2,257)
Transfers to/from property, plant & equipment/assets held for sale/intangibles	-	(430)	-	(430)
<b>At 31 March 2015</b>	<b>-</b>	<b>18,185</b>	<b>1,558</b>	<b>19,743</b>
<b>Carrying amount:</b>				
<b>31-Mar-15</b>	<b>2,400</b>	<b>48,655</b>	<b>1,167,430</b>	<b>1,218,485</b>
<b>31-Mar-14</b>	<b>2,400</b>	<b>49,950</b>	<b>1,034,677</b>	<b>1,087,027</b>
<b>Asset financing:</b>				
Owned	2,400	48,655	1,167,430	1,218,485
<b>Carrying amount at 31 March 2015</b>	<b>2,400</b>	<b>48,655</b>	<b>1,167,430</b>	<b>1,218,485</b>
<b>Of which:</b>				
Core Department	-	-	7,916	7,916
Agency	-	18,845	5,918	24,763
Arm's length bodies	2,400	29,810	1,153,596	1,185,806
<b>Carrying amount at 31 March 2015</b>	<b>2,400</b>	<b>48,655</b>	<b>1,167,430</b>	<b>1,218,485</b>

## 7.1 Heritage Assets

	Non Operational		Operational		Total Heritage Assets £'000
	At Cost £'000	At Valuation £'000	At Cost £'000	At Valuation £'000	
<b>Cost or valuation</b>					
Balance at 1 April 2015	311,909	857,079	13,225	56,015	1,238,228
Additions	20,473	682	777	1,089	23,021
Donations	114	16,847	-	-	16,961
Impairments	-	-	-	(412)	(412)
Transfers	824	-	-	(507)	317
Revaluations	-	22,338	-	9,482	31,820
<b>Balance at 31 March 2016</b>	<b>333,320</b>	<b>896,946</b>	<b>14,002</b>	<b>65,667</b>	<b>1,309,935</b>
<b>Depreciation</b>					
Balance at 1 April 2015	-	1,558	370	17,815	19,743
Depreciation charge for the year	-	-	63	359	422
Revaluations	-	-	-	(1,507)	(1,507)
<b>Balance at 31 March 2016</b>	<b>-</b>	<b>1,558</b>	<b>433</b>	<b>16,667</b>	<b>18,658</b>
<b>Net book value at 31 March 2016</b>	<b>333,320</b>	<b>895,388</b>	<b>13,569</b>	<b>49,000</b>	<b>1,291,277</b>

	Non Operational		Operational		Total Heritage Assets £'000
	At Cost £'000	At Valuation £'000	At Cost £'000	At Valuation £'000	
<b>Cost or valuation</b>					
Balance at 1 April 2014	280,766	755,266	12,316	60,628	1,108,976
Additions	31,147	575	1,687	472	33,881
Donations	-	90,435	-	-	90,435
Disposals	(4)	-	-	(2,456)	(2,460)
Transfers	-	332	(778)	(1,061)	(1,507)
Revaluations	-	10,471	-	(1,568)	8,903
<b>Balance at 31 March 2015</b>	<b>311,909</b>	<b>857,079</b>	<b>13,225</b>	<b>56,015</b>	<b>1,238,228</b>
<b>Depreciation</b>					
Balance at 1 April 2014	-	1,558	249	20,142	21,949
Depreciation charge for the year	-	-	121	360	481
Transfers	-	-	-	(430)	(430)
Revaluations	-	-	-	(2,257)	(2,257)
<b>Balance at 31 March 2015</b>	<b>-</b>	<b>1,558</b>	<b>370</b>	<b>17,815</b>	<b>19,743</b>
<b>Net book value at 31 March 2015</b>	<b>311,909</b>	<b>855,521</b>	<b>12,855</b>	<b>38,200</b>	<b>1,218,485</b>

Summary of Heritage Asset Transactions	2015-16 £000	2014-15 £000	2013-14 £000	2012-13 £000
Purchased Assets	23,021	33,881	61,231	21,390
Donated Assets	16,961	90,435	12,009	50,497
Disposals	-	(2,460)	(227)	-
Impairments	(412)	-	(449)	-

## Classification

Heritage assets are classified under the FReM as either:

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

Non-operational and operational heritage assets within the 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 27.

### 7.1.1 Non-operational heritage assets

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

#### *Department*

The Department's non-operational heritage assets include the Government Art Collection, other arts and antiques collections; and land, buildings and monuments. The majority of non-operational heritage assets held are valued at nil because valuation information cannot be obtained at a cost commensurate with the benefits to users of the Accounts; the market value would not be a true reflection of the value of the asset to the nation's heritage; the asset, if lost, could not be replaced or reconstructed.

#### *Government Art Collection (GAC)*

The GAC's major works include paintings by Van Dyck, L. S. Lowry, Edward Lear, William Hogarth, Thomas Gainsborough, Lucian Freud, W.R. Sickert and sculptures by Henry Moore, Jacob Epstein and Barbara Hepworth. Purchased additions to the GAC have been included at cost in the Consolidated Statement of Financial Position from 1 April 2000. Assets acquired prior to 1 April 2000 and donations to the GAC are valued at nil as the cost of obtaining valuations for these assets is not commensurate to the benefits.

#### *Other Arts and Antiques Collections*

The Department's non-operational heritage assets include the Heveningham Hall chattels at valuation. The most important items among the chattels are a suite of furniture designed by James Wyatt originally for Heveningham Hall, Suffolk, a Grade I listed building.

#### *Land, Buildings, and Monuments*

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

- The 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 paid 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 ongoing 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 Crown Lands Acts.

Under Section 34 of the National Heritage Act 1983, management responsibility is vested in the Historic Buildings and Monuments Commission for England (Historic England). There are close to 100 such properties, plus some 250 properties under the Secretary of State's guardianship (for which the freehold remains with private owners). The Department also owns freeholds adjacent to some sites under guardianship, used for purposes ancillary to public access such as car parks.

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

- Stonehenge
- Dover Castle
- Hadrian's Wall
- Osborne House
- Tintagel Castle
- Kenwood House
- Audley End House
- Whitby Abbey
- Carisbrooke Castle
- Kenilworth Castle

#### *The Agency*

The Agency held non-operational heritage assets at cost of £2.9m as at 31 March 2016 (31 March 2015: £2.9m) and at valuation of £3.1m as at 31 March 2016 (31 March 2015: £3.1m). The Agency also had 114 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 ALBs' annual report and accounts (see Note 27), the following illustrate the scope of these.

Historic England has responsibility for the National Collection of buildings, monuments and sites. Since 1 April 2015 they are managed by Historic England's charitable subsidiary, The English Heritage Trust, using a mixture of grant-in-aid funding and self-generated income.

Tate Gallery held non-operational heritage assets at cost of £140.6m as at 31 March 2016 (31 March 2015: £132.8m) and at valuation of £276.6m (31 March 2015: £270.0m). 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 over 70,118 works of art. Tate Gallery also houses the National Archive of British Art from 1900. The Tate Gallery Archive contains manuscripts, notebooks, sketches, prints, documentation and supporting material.

The National Gallery held non-operational heritage assets at a cost of £28.1m as at 31 March 2016 (31 March 2015: £23.1m) and at valuation of £267.7m (31 March 2015: £267.1m). The National Gallery houses one of the greatest collections of Western European paintings in the world. The collection contains over 2,300 works, including many iconic masterpieces and the work of some of the greatest painters.

The Arts Council England (ACE) held non-operational heritage assets at valuation as at 31 March 2016 of £156.2m (31 March 2015: £137.5m). The works of art collection has been built up since 1946 and consisted of 7,824 items at 31 March 2016. Works of exceptionally high value are valued once every five years as are items that are on long term loan. All items are valued when loans are agreed as this provides the value for which the lender has to insure the item.

The Victoria and Albert Museum held non-operational heritage assets at cost of £33.5m as at 31 March 2016 (31 March 2015: £31.4m) and at valuation of £57.1m (31 March 2015: £54.3m). The Victoria and Albert Museum is the leading international museum of art and design, with 2.28 million objects, library items and archives in its collections.

The British Museum held non-operational heritage assets at cost of £30.2m as at 31 March 2016 (31 March 2015: £29.1m) and at valuation of £50.3m (31 March 2015: £48.5m). The British Museum collection is a global one, and its great strength is the way it records the interrelated histories of humanity as a whole.

The British Library held non-operational heritage assets at cost of £37.8m as at 31 March 2016 (31 March 2015: £35.8m) and at valuation of £28.1m (31 March 2015: £28.1m). The British Library is the national library of the UK and one of the world's greatest research libraries. The British Library is one of the six legal deposit libraries of the UK and it receives copies of all publications produced in the UK and the Republic of Ireland. The assets held at valuation reflect valuations made as part of the acquisition process.

The National Portrait Gallery held non-operational heritage assets at cost of £21.2m as at 31 March 2016 (31 March 2015: £20.9m) and at valuation of £7.9m (31 March 2015: £3.8m). The National Portrait Gallery holds two collections: a primary collection consisting mainly of paintings and sculpture and a reference collection containing more than 85,000 portraits.

### **7.1.2 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 Somerset House, an operational heritage asset at nil value.

The Somerset House Trust, a private company limited by guarantee and a registered charity, was established in 1997 to conserve and develop Somerset House and the open spaces around it to the public. The Department manages the Government's freehold interest in



Somerset House and ensures the Somerset House Trust fulfils the terms of its lease, which it holds until 2125.

The Department also holds the freehold to Blythe House, which is currently occupied by the British Museum, Science Museum and the Victoria and Albert Museum, and is included as PPE on the Statement of Financial Position of those museums and in these accounts.

#### *The Agency*

The Agency held operational heritage assets at valuation as at 31 March 2016 of £22.6m (31 March 2015: £18.8m), 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*

Historic England held 80 operational heritage assets of £24.0m at valuation as at 31 March 2016 (31 March 2015: £17.0m).

### **7.1.3 Acquisition, preservation, management and disposal policies**

#### *Department*

The Government is committed to setting an example in the conservation of its historic estate, emphasising the importance of preventative maintenance as part of an integrated approach to the historic environment. The requirement for quadrennial condition surveys (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 Historic England providing advice and guidance at a national level to government departments and agencies, as well as other public bodies.

With the exceptions of Blythe House and Somerset House, Historic England (via its charitable subsidiary, The English Heritage Trust) manages all the sites on behalf of the Department. Historic England is obliged by the National Heritage Act 1983 "to secure the preservation of ancient monuments and historic buildings in England (including UK territorial waters adjacent to England)". In addition, the Department agrees with Historic England a strategy for the conservation and maintenance of the sites. Historic England 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 which funds collection maintenance and management. Other departments provide additional funding for major site-specific commissions for new or refurbished buildings. Works of art are displayed in approximately 400 Government buildings in the UK and abroad. This includes 10 Downing Street, Lancaster House, main Whitehall departments, diplomatic posts abroad, Embassies, Residences, High Commissions and Consulates-General in most countries.

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

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

### *Agency*

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

For non-capitalised 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 the Agency, 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.

## **7.1.4 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.

## **7.1.5 Nature and extent of significant donations of heritage assets**

Donated assets of £17.0m were received in 2015-16 (2014-15: £90.4m), the most significant of these are shown below:

The Tate Gallery received donations of heritage assets at a value of £6.4m (2014-15: £70.5m). The most significant of these are a painting by Yves Tanguy titled 'A Thousand Times, Mille Fois' to the value of £1.0m and an untitled painting by Fahrelnissa Zeid valued at £0.7m.

The National Portrait Gallery received donations of heritage assets at a value of £4.1m (2014-15: £Nil), £3.5m of which included the Lucian Freud Sketchbooks valued at £2.9m and a Freud self portrait valued at £0.6m. These were accepted on behalf of HM Government in lieu of inheritance tax.

The Science Museum Group received donations of heritage assets at a value of £3.7m (2014-15: £0.1m), £3.5m of which was attributable to over 2000 prints that make up the Photographic Archive of Lewis Morley.

The Victoria & Albert Museum received donations of heritage assets at a value of £2.8m (2014-15: £16.9m). £1.5m relates to donations accepted on behalf of HM Government in lieu of inheritance tax – these included a painting titled 'A View of Florence' valued at £1.3m (partly purchased) and the Christopher Lennox-Boyd collection valued at £0.6m.

## 8. Intangible Assets

	2015-16				
	Licences £'000	Websites £'000	Development Expenditure £'000	Goodwill £'000	Total £'000
<b>Cost or valuation</b>					
Restated at 1 April 2015	197,256	1,311	42,995	78	241,640
Additions	4,126	967	965	-	6,058
Disposals	(18,590)	-	(1,499)	(19)	(20,108)
Revaluations	10	-	71	-	81
Impairments	-	-	(9,452)	(59)	(9,511)
Reclassifications	57	(57)	-	-	-
Transfers to/from property, plant & equipment	20,839	-	(138)	-	20,701
Transfers in/out of group	(1,024)	-	(3,386)	-	(4,410)
<b>At 31 March 2016</b>	<b>202,674</b>	<b>2,221</b>	<b>29,556</b>	<b>-</b>	<b>234,451</b>
<b>Amortisation</b>					
Restated at 1 April 2015	148,422	718	19,570	-	168,710
Charged in year	15,684	422	3,185	-	19,291
Disposals	(18,512)	-	(1,440)	-	(19,952)
Revaluations	9	-	66	-	75
Reclassifications	57	(57)	-	-	-
Transfers to/from property, plant & equipment	1,990	-	-	-	1,990
Transfers in/out of group	(479)	-	(2,815)	-	(3,294)
<b>At 31 March 2016</b>	<b>147,171</b>	<b>1,083</b>	<b>18,566</b>	<b>-</b>	<b>166,820</b>
<b>Carrying amount:</b>					
31-Mar-16	55,503	1,138	10,990	-	67,631
31-Mar-15	48,834	593	23,425	78	72,930
<b>Asset financing:</b>					
Owned	55,503	1,138	10,990	-	67,631
<b>Carrying amount at 31 March 2016</b>	<b>55,503</b>	<b>1,138</b>	<b>10,990</b>	<b>-</b>	<b>67,631</b>
<b>Of Which:</b>					
Core Department	62	-	-	-	62
Agency	-	22	82	-	104
Arm's length bodies	55,441	1,116	10,908	-	67,465
<b>Carrying amount at 31 March 2016</b>	<b>55,503</b>	<b>1,138</b>	<b>10,990</b>	<b>-</b>	<b>67,631</b>

**8. Intangible Assets (continued)**

	2014-15				
	Licences £'000	Websites £'000	Development Expenditure £'000	Goodwill £'000	Total £'000
<b>Cost or valuation</b>					
Restated at 1 April 2014	157,851	1,200	45,297	78	204,426
Additions	15,029	170	4,130	-	19,329
Disposals	(9,892)	(59)	(3,764)	-	(13,715)
Revaluations	(79)	-	(373)	-	(452)
Impairments	(624)	-	(992)	-	(1,616)
Transfers to/from property, plant & equipment	34,971	-	(1,303)	-	33,668
<b>Restated at 31 March 2015</b>	<b>197,256</b>	<b>1,311</b>	<b>42,995</b>	<b>78</b>	<b>241,640</b>
<b>Amortisation</b>					
Restated at 1 April 2014	99,599	590	19,099	-	119,288
Charged in year	23,616	187	4,436	-	28,239
Disposals	(9,847)	(59)	(3,764)	-	(13,670)
Revaluations	4	-	(201)	-	(197)
Transfers to/from property, plant & equipment	35,050	-	-	-	35,050
<b>Restated at 31 March 2015</b>	<b>148,422</b>	<b>718</b>	<b>19,570</b>	<b>-</b>	<b>168,710</b>
<b>Carrying amount:</b>					
31-Mar-15	48,834	593	23,425	78	72,930
31-Mar-14	58,252	610	26,198	78	85,138
<b>Asset financing:</b>					
Owned	48,834	593	23,425	78	72,930
<b>Carrying amount at 31 March 2015</b>	<b>48,834</b>	<b>593</b>	<b>23,425</b>	<b>78</b>	<b>72,930</b>
<b>Of which:</b>					
Core Department	86	-	-	-	86
Agency	-	22	77	-	99
Arm's length bodies	48,748	571	23,348	78	72,745
<b>Carrying amount at 31 March 2015</b>	<b>48,834</b>	<b>593</b>	<b>23,425</b>	<b>78</b>	<b>72,930</b>

The BBC PSB Group held £46.5m of intangible software licences as at 31 March 2016 (31 March 2015: £41.2m). The BIG Lottery Fund held intangible assets, notably Funding System Software, with a value of £7.6m as at 31 March 2016 (31 March 2015: £19.2m). A £9.5m impairment was made to the Funding System Software during the year.

## 9. Investment Properties

	Core Department & Agency £'000	Departmental Group £'000
<b>Balance at 1 April 2014</b>	-	<b>3,260</b>
Revaluations	-	17,079
Transfers	-	40,352
<b>Balance at 31 March 2015</b>	-	<b>60,691</b>
Revaluations	-	(7,648)
Transfers	-	116,862
<b>Balance at 31 March 2016</b>	-	<b>169,905</b>

The BBC PSB Group holds investment properties as at 31 March 2016 valued at £167.8m (31 March 2015: £57.3m). The valuation of these investment properties was carried out by Lambert Smith Hampton, independent valuers not connected with the Group, in accordance with the RICS Valuations – Professional Standards January 2014 and International Valuation Standards.

The property rental income earned by the BBC PSB Group from its investment property, which is leased out under operating leases, amounted to £14.4m (2014-15: £2.3m). Direct operating expenses arising on their investment property, which generated rental income during the year, amounted to £2.5m (2014-15: £2.2m). Direct operating expenses arising on the investment property, which did not generate rental income during the year, amounted to £0.3m (2014-15: £2.4m).

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

## 10. Financial Instruments

	Note	31 March 2016		Restated 31 March 2015	
		Core Department and Agency £'000	Departmental Group £'000	Core Department and Agency £'000	Departmental Group £'000
<b>Financial assets</b>					
<b>Loans and receivables</b>					
Cash and cash equivalents	16	147,787	2,349,239	85,958	2,187,381
Receivables	15	8,732	750,535	19,600	681,940
Loans	11, 15	10,609	12,927	2,638	15,572
Deposits	11	-	34,769	-	14,842
		<b>167,128</b>	<b>3,147,470</b>	<b>108,196</b>	<b>2,899,735</b>
<b>Available for sale</b>					
Shares & equity type investments (listed and unlisted)	11	-	16,383	-	1,155
Investment in subsidiaries	11	-	108,295	-	121,092
Investment funds	11	-	207,386	-	201,452
Other financial assets	11	-	11,592	-	7,561
		-	<b>343,656</b>	-	<b>331,260</b>
<b>Fair value through profit or loss</b>					
Derivative financial instrument assets	11	-	5,002	-	5,540
<b>Financial liabilities</b>					
<b>Fair value through profit or loss</b>					
Derivative financial instrument liabilities	19	-	(3,768)	-	(12,683)
<b>Financial liabilities at amortised cost</b>					
Payables	17	(160,216)	(4,715,383)	(121,602)	(4,929,633)
Other financial liabilities	19	-	-	-	-
		<b>(160,216)</b>	<b>(4,715,383)</b>	<b>(121,602)</b>	<b>(4,929,633)</b>
<b>Total</b>		<b>6,912</b>	<b>(1,223,023)</b>	<b>(13,406)</b>	<b>(1,705,781)</b>

The 2014-15 loans figure has been restated to include museum loans.

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. Assets and liabilities are carried at their fair value.

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 maximum exposure to credit risk is limited to the value of these assets. The credit risk management policy in relation to trade receivables involves regularly assessing the financial reliability of customers, taking into account their financial position and historical credit risk.



The BBC PSB Group collects the licence fee revenue on behalf of the Consolidated Fund. The licence fee receivable of £392.9m as at 31 March 2016 (31 March 2015: £387.0m) 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 risk having their licence revoked and potentially facing prosecution.

Lottery Bodies' term deposits and cash holdings are held by the National 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 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's PSB Group's Treasury manages the BBC Group's borrowings by continuously monitoring BBC PSB Group 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, Sport 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 projections 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.

**11. Other Financial Assets**

	Deposits £'000	Derivatives £'000	Investment funds £'000	Shares & equity type investments £'000	Investment in Subsidiaries £'000	Museum Loans £'000	Other Loans £'000	Other financial assets £'000	Total £'000
<b>Balance at 1 April 2014</b>	12,921	1,822	166,777	1,117	36,308	-	8,365	15,358	242,668
Additions	14,847	-	50,364	12	-	-	7,308	15,655	88,186
Disposals	(12,926)	-	(27,377)	(10)	-	-	-	-	(40,313)
Revaluations	-	3,718	11,688	56	81,662	-	-	(2,231)	94,893
Impairments	-	-	-	(19)	-	-	-	(16,524)	(16,543)
Repayments	-	-	-	-	-	-	(5,351)	(4,697)	(10,048)
Transfers in/out of group	-	-	-	(1)	3,122	-	-	-	3,121
Discounting	-	-	-	-	-	-	(159)	-	(159)
<b>Balance at 31 March 2015</b>	<b>14,842</b>	<b>5,540</b>	<b>201,452</b>	<b>1,155</b>	<b>121,092</b>	<b>-</b>	<b>10,163</b>	<b>7,561</b>	<b>361,805</b>
Additions	34,769	-	57,876	14,629	230	-	7,288	23,595	138,387
Disposals	(14,842)	-	(49,576)	(79)	-	-	-	-	(64,497)
Revaluations	-	(538)	(2,343)	678	(9,981)	-	-	1,003	(11,181)
Impairments	-	-	(23)	-	(1,018)	-	-	(16,510)	(17,551)
Repayments	-	-	-	-	-	-	(9,707)	(4,057)	(13,764)
Transfers in/out of group	-	-	-	-	(2,028)	-	-	-	(2,028)
Discounting	-	-	-	-	-	-	281	-	281
<b>Balance at 31 March 2016</b>	<b>34,769</b>	<b>5,002</b>	<b>207,386</b>	<b>16,383</b>	<b>108,295</b>	<b>-</b>	<b>8,025</b>	<b>11,592</b>	<b>391,452</b>
<b>Of which:</b>									
Core Department	-	-	-	-	-	10,476	-	-	10,476
Agency	-	-	-	-	-	-	-	-	-
Arm's length bodies	34,769	5,002	207,386	16,383	108,295	(10,476)	8,025	11,592	380,976
<b>Carrying amount at 31 March 2016</b>	<b>34,769</b>	<b>5,002</b>	<b>207,386</b>	<b>16,383</b>	<b>108,295</b>	<b>-</b>	<b>8,025</b>	<b>11,592</b>	<b>391,452</b>
Within 12 Months	34,769	2,787	16,858	662	-	-	2,891	10,970	68,937
Over 12 Months	-	2,215	190,528	15,721	108,295	-	5,134	622	322,515
<b>Carrying amount at 31 March 2016</b>	<b>34,769</b>	<b>5,002</b>	<b>207,386</b>	<b>16,383</b>	<b>108,295</b>	<b>-</b>	<b>8,025</b>	<b>11,592</b>	<b>391,452</b>
Within 12 Months	14,842	2,677	24,959	679	-	-	3,511	7,561	54,229
Over 12 Months	-	2,863	176,493	476	121,092	-	6,652	-	307,576
<b>Carrying amount at 31 March 2015</b>	<b>14,842</b>	<b>5,540</b>	<b>201,452</b>	<b>1,155</b>	<b>121,092</b>	<b>-</b>	<b>10,163</b>	<b>7,561</b>	<b>361,805</b>

### Deposits

The British Library held deposits as at 31 March 2016 of £27m (31 March 2015: £Nil) which have a maturity date of greater than three months.

### Investment Funds

The British Museum held investment funds as at 31 March 2016 with a fair value of £79.1m (31 March 2015: £63.6m). These investments consist of investment funds, fixed income and unlisted equities.

The National Heritage Memorial Fund held investment funds as at 31 March 2016 with a fair value of £39.0m (31 March 2015: £39.8m). 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 2016 with a fair value of £26.8m (31 March 2015: £27.5m) which mainly consist of government stocks, corporate bonds and investment funds.

The British Library held investment funds as at 31 March 2016 with a fair value of £19.7m (31 March 2015: £21.0m) which are shares and equity type investments held with Legal and General. The investments are held for the Library's restricted funds to achieve an appropriate balance between income generation and capital growth.

### Investments in Subsidiaries

ALB's subsidiaries are included in the accounts at their fair value with the net assets used as a proxy for fair value. The significant investments in subsidiaries are as follows:

In 2014-15 Historic England created the English Heritage Trust, a 100% controlled subsidiary. Since 1 April 2015, the Trust has looked after the National Heritage Collection of more than 400 state-owned historic sites and monuments across England under licence from Historic England. As at 31 March 2016 the fair value of the Trust was £71.7m (31 March 2015: £84.5m).

S4C holds four subsidiaries with a fair value as at 31 March 2016 of £20.8m (31 March 2015: £21.8m).

### Museum Loans

The Core Department issues loans to museums within the Group. As at 31 March 2016, the following Arm's length bodies held outstanding loan amounts:

Arm's length body	2015-16 Museum Loan £'000	2014-15 Museum Loan £'000
Science Museum Group	4,908	500
Imperial War Museum	4,311	2,017
National Maritime Museum	901	-
Natural History Museum	306	-
Geffrye Museum	50	-
<b>Total Museum Loans issued</b>	<b>10,476</b>	<b>2,517</b>

These loans are eliminated upon the Group consolidation and therefore no assets or liabilities show for the Group.

## 12. Impairments

	Note	31 March 2016		31 March 2015	
		Core Department & Agency £'000	Departmental Group £'000	Core Department & Agency £'000	Departmental Group £'000
Property, plant & equipment	6	-	930	(153)	1,432
Heritage assets	7	-	(412)	-	-
Intangible assets	8	-	(9,511)	-	(1,616)
Inventories	14	-	(75)	-	33,980
Financial assets	11	-	(17,551)	-	(16,543)
<b>Total impairments</b>		-	<b>(26,619)</b>	<b>(153)</b>	<b>17,253</b>

The £26.6m impairment charge relates to a financial asset impairment of £16.5m connected to the British Film Institute (Lottery) film rights and a £9.5m intangible assets impairment relating to the Big Lottery Fund's funding management system.

During 2014-15 the Group reversed impairments previously recognised, resulting in a net gain of £17.3m. The £34m inventory impairment reversal relates to the ODA East Village (being a partial reversal of £101.3m impairment made in 2013-14), offset by the financial assets impairment charge of £16.5m relating to the British Film Institute (Lottery) film rights.

## 13. Assets Classified as Held for Sale

	2015-16		2014-15	
	Core Department & Agency £'000	Departmental Group £'000	Core Department & Agency £'000	Departmental Group £'000
<b>Balance at 1 April</b>	-	87,495	-	494
Transfers from property, plant & equipment	-	29,826	-	87,000
Disposals	-	(117,022)	-	-
Transfers in/out of group	-	-	-	1
<b>Balance at 31 March</b>	-	<b>299</b>	-	<b>87,495</b>
<b>Of which:</b>				
Property, plant & equipment	-	299	-	87,495
<b>Total assets held for sale</b>	-	<b>299</b>	-	<b>87,495</b>

The transfer from property, plant and equipment includes an amount of £29.5m relating to a building owned by the Science Museum Group, which was subsequently sold in April 2015 for £30m.

In June 2015, the BBC PSB Group agreed to the sale of the West London Media Village site valued at £87m; there was no gain/loss made on disposal.

## 14. Inventories

	2015-16		2014-15	
	Core Department & Agency £'000	Departmental Group £'000	Core Department & Agency £'000	Departmental Group £'000
<b>Balance at 1 April</b>	-	323,582	-	603,820
Additions	-	2,129,083	-	1,934,815
Disposals	-	(2,145,248)	-	(2,249,033)
Impairments (Note 12)	-	(75)	-	33,980
Transfers in/out of group	-	(52)	-	-
<b>Carrying amount at 31 March</b>	-	<b>307,290</b>	-	<b>323,582</b>
Work in intermediate stages of completion	-	180,243	-	185,885
Raw materials and consumables	-	167	-	253
Goods for resale and finished inventories	-	126,880	-	137,444
<b>Total inventories and work in progress</b>	-	<b>307,290</b>	-	<b>323,582</b>

As at 31 March 2016 the BBC PSB Group held £287.6m (31 March 2015: £305.8m) and S4C £12.2m (31 March 2015: £11.6m) in inventories in respect of programmes in the course of production and programmes that are ready for broadcast but not yet aired. Additions and disposals relate to programmes which have been completed and broadcast during the year.

In 2014-15, following the completion of the East Village in August 2014 to QDD AVUK, ODA inventory of £255.9m was released from inventory to the Statement of Comprehensive Net Expenditure as a cost of sale (see Note 4.6).

## 15. Trade and Other Receivables

	31 March 2016		Restated 31 March 2015	
	Core Department & Agency £'000	Departmental Group £'000	Core Department & Agency £'000	Departmental Group £'000
<b>Amounts falling due within one year:</b>				
Trade receivables	1,620	52,176	1,917	57,244
VAT receivables	561	62,298	6,770	64,491
Other receivables	828	608,690	1,381	540,846
Prepayments	784	548,694	1,095	539,408
Accrued income	5,990	68,219	-	65,153
Interest receivable	-	108	-	191
Staff loans and advances	133	4,902	121	5,409
Taxation and duties due	-	278	-	235
Government grants receivable	-	5	-	5
Consolidated Fund receivables	5,723	3,756	4,356	4,042
	<b>15,639</b>	<b>1,349,126</b>	<b>15,640</b>	<b>1,277,024</b>
<b>Amounts falling due after more than one year:</b>				
Trade receivables	-	43	-	124
Other receivables	-	23,181	5,176	14,762
Prepayments	-	4,070	-	7,301
Accrued income	-	10,042	-	5,908
	-	<b>37,336</b>	<b>5,176</b>	<b>28,095</b>
<b>Total</b>	<b>15,639</b>	<b>1,386,462</b>	<b>20,816</b>	<b>1,305,119</b>

**Amounts falling due within one year:**

The BBC PSB Group as at 31 March 2016 had other receivables of £581m (31 March 2015: £507m). £62m of this increase was due to the sale of the Gateway site. Prepayments for the BBC PSB Group were £512m (31 March 2015: £507m).

**Amounts falling due after more than one year:**

Included in other receivables is a balance held by the BBC of £23.2m (31 March 2015: £12.3m), £9m of which relates to the deferred consideration for the sale of the Gateway site.

**16. Cash and Cash Equivalents**

	2015-16		Restated 2014-15	
	Core Department & Agency £'000	Departmental Group £'000	Core Department & Agency £'000	Departmental Group £'000
<b>Balance at 1 April</b>	85,958	2,187,381	72,940	2,352,442
Net change in cash and cash equivalent balances	61,829	161,858	13,018	(165,061)
<b>Balance at 31 March</b>	<b>147,787</b>	<b>2,349,239</b>	<b>85,958</b>	<b>2,187,381</b>
<b>The following balances at 31 March were held with:</b>				
Government Banking Service	147,786	166,651	85,957	104,861
Commercial banks and cash in hand	1	548,138	1	557,460
Liquid deposits	-	49,272	-	21,224
<b>Sub-total</b>	<b>147,787</b>	<b>764,061</b>	<b>85,958</b>	<b>683,545</b>
Balance held by NLDF	-	1,585,178	-	1,503,836
<b>Balance at 31 March</b>	<b>147,787</b>	<b>2,349,239</b>	<b>85,958</b>	<b>2,187,381</b>

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

Of the £548.1m of balances held with Commercial banks and cash in hand, £273.9m relates to the BBC PSB Group (31 March 2015: £314.0m).

**17. Trade Payables and Other Current Liabilities**

	31 March 2016		Restated 31 March 2015	
	Core Department & Agency £'000	Departmental Group £'000	Core Department & Agency £'000	Departmental Group £'000
<b>Amounts falling due within one year:</b>				
Taxation and social security	824	42,237	1,966	44,329
Trade payables	430	263,314	438	284,452
Other payables	5,452	539,811	28,884	589,263
Accruals & deferred income	115,822	331,547	98,668	327,865
Grants payable	-	1,253,104	-	1,264,020
Obligations under finance leases: amounts payable within 1 year	-	8,845	-	8,708
Supply payable	139,096	139,096	77,229	77,229
Consolidated Fund payables	14,414	14,414	13,085	13,085
	<b>276,038</b>	<b>2,592,368</b>	<b>220,270</b>	<b>2,608,951</b>
<b>Amounts falling due after more than one year:</b>				
Other payables	-	15,414	-	33,110
Accruals & deferred income	-	9,496	-	8,167
Grants payable	-	1,574,508	-	1,754,505
Interest payable	-	-	-	7
Obligations under finance leases: amounts payable after more than 1 year	-	864,640	-	860,925
	-	<b>2,464,058</b>	-	<b>2,656,714</b>
<b>Total</b>	<b>276,038</b>	<b>5,056,426</b>	<b>220,270</b>	<b>5,265,665</b>

£775,272k current and £1,407,288k non-current accruals have been reclassified to grants payable in 2014-15.

As at 31 March 2016 £1,222.2m (31 March 2015 restated: £1,250.1m) of current grants and £1,574.5m (31 March 2015 restated: £1,754.5m) of non-current grants payable are attributable to lottery bodies.

As at 31 March 2016 the BBC PSB Group held £842.6m (31 March 2015: £848.4m) of finance lease obligations falling due after more than one year.



**18. Provision for liabilities and charges**

Total Provisions	2015-16		Restated 2014-15	
	Core Department & Agency	Departmental Group	Core Department & Agency	Departmental Group
<b>Restated balance at 1 April 2015</b>	(1,602)	(116,379)	(822)	(139,300)
Provided in the year	(61)	(70,155)	(264)	(53,470)
Provisions utilised in year	560	36,775	152	45,326
Provisions not required written back	-	23,487	82	31,383
Unwinding of discounts	-	(2)	-	(12)
Transfers in/out of group	-	-	(750)	(306)
<b>Balance at 31 March 2016</b>	<b>(1,103)</b>	<b>(126,274)</b>	<b>(1,602)</b>	<b>(116,379)</b>
<b>Comprising:</b>				
<u>Current liabilities:</u>				
Not later than one year	(1,031)	(69,007)	(548)	(47,191)
<u>Non-current liabilities</u>				
Later than one year and not later than five years	(72)	(17,921)	(945)	(35,327)
Later than five years	-	(39,346)	(109)	(33,861)
<b>Balance at 31 March 2016</b>	<b>(1,103)</b>	<b>(126,274)</b>	<b>(1,602)</b>	<b>(116,379)</b>

**18. Provision for liabilities and charges (continued)**

Total Provisions by type	Grant Commitments £'000	Legal claims £'000	Early Departures and Redundancies £'000	Other £'000	Total £'000
<b>Restated balance at 1 April 2015</b>	(367)	(579)	(4,182)	(111,251)	(116,379)
Provided in the year	(14,999)	(105)	(1,000)	(54,051)	(70,155)
Provisions utilised in year	-	300	2,487	33,988	36,775
Provisions not required written back	10,091	146	150	13,100	23,487
Unwinding of discounts	-	-	(3)	1	(2)
<b>Balance at 31 March 2016</b>	<b>(5,275)</b>	<b>(238)</b>	<b>(2,548)</b>	<b>(118,213)</b>	<b>(126,274)</b>
<b>Comprising:</b>					
<u>Current liabilities</u>					
Not later than one year	(5,275)	(238)	(1,753)	(61,741)	(69,007)
<u>Non-current liabilities</u>					
Later than one year and not later than five years	-	-	(680)	(17,241)	(17,921)
Later than five years	-	-	(115)	(39,231)	(39,346)
<b>Balance at 31 March 2016</b>	<b>(5,275)</b>	<b>(238)</b>	<b>(2,548)</b>	<b>(118,213)</b>	<b>(126,274)</b>
<b>Of the total:</b>					
Core Department	-	-	(164)	(750)	(914)
Agency	-	(189)	-	-	(189)
Arm's length bodies	(5,275)	(49)	(2,384)	(117,463)	(125,171)
<b>Balance at 31 March 2016</b>	<b>(5,275)</b>	<b>(238)</b>	<b>(2,548)</b>	<b>(118,213)</b>	<b>(126,274)</b>

Total Provisions by type	Grant Commitments £'000	Legal claims £'000	Early Departures and Redundancies £'000	Other £'000	Total £'000
<b>Restated balance at 1 April 2014</b>	(3,758)	(8,353)	(5,506)	(121,683)	(139,300)
Provided in the year	(9,247)	(314)	(1,791)	(42,118)	(53,470)
Provisions utilised in year	-	7,197	2,871	35,258	45,326
Provisions not required written back	12,638	891	249	17,605	31,383
Unwinding of discounts	-	-	(5)	(7)	(12)
Transfers in/out of group	-	-	-	(306)	(306)
<b>Restated balance at 31 March 2015</b>	<b>(367)</b>	<b>(579)</b>	<b>(4,182)</b>	<b>(111,251)</b>	<b>(116,379)</b>
<b>Comprising:</b>					
<u>Current liabilities</u>					
Not later than one year	(367)	(577)	(2,758)	(43,489)	(47,191)
<u>Non-current liabilities</u>					
Later than one year and not later than five years	-	(2)	(1,097)	(34,228)	(35,327)
Later than five years	-	-	(327)	(33,534)	(33,861)
<b>Restated balance at 31 March 2015</b>	<b>(367)</b>	<b>(579)</b>	<b>(4,182)</b>	<b>(111,251)</b>	<b>(116,379)</b>
<b>Of the total:</b>					
Core Department	-	-	(301)	(750)	(1,051)
Agency	-	(417)	(134)	-	(551)
Arm's length bodies	(367)	(162)	(3,747)	(110,501)	(114,777)
<b>Restated balance at 31 March 2015</b>	<b>(367)</b>	<b>(579)</b>	<b>(4,182)</b>	<b>(111,251)</b>	<b>(116,379)</b>

**18.1 Grant Commitments**

In 2015-16 British Film Institute Lottery has a provision of £5.3m for non-film rights awards which have been made, but where at the balance sheet date, either contracts have not been signed and/or the conditions precedent have not been met. Therefore these transactions are recognised as an award commitment and hence provided for rather than being included in awards payable.

**18.2 Early Departures and Redundancies**

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

**18.3 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 2016 was £86.2m (31 March 2015: £78.5m).

*BBC PSB Group Litigation and Insurance*

The BBC litigation and insurance provisions as at 31 March 2016 were £18.0m (31 March 2015: £21.5m).

**19. Other financial liabilities**

	Other financial liabilities £'000	Derivatives £'000	Total £'000
<b>Balance at 1 April 2014</b>	60,540	3,383	63,923
Disposals	-	(360)	(360)
Repayments	(61,196)	-	(61,196)
Revaluations	-	9,660	9,660
Discounting	656	-	656
<b>Balance at 31 March 2015</b>	-	<b>12,683</b>	<b>12,683</b>
Revaluations	-	(8,915)	(8,915)
<b>Balance at 31 March 2016</b>	-	<b>3,768</b>	<b>3,768</b>
<b>Of the total:</b>			
Core Department	-	-	-
Agency	-	-	-
Arm's length bodies	-	3,768	3,768
<b>Balance at 31 March 2016</b>	-	<b>3,768</b>	<b>3,768</b>

	Other financial liabilities £'000	Derivatives £'000	Total £'000
Due within 12 months	-	725	725
Due after 12 months	-	3,043	3,043
<b>Balance at 31 March 2016</b>	-	<b>3,768</b>	<b>3,768</b>
Due within 12 months	-	3,000	3,000
Due after 12 months	-	9,683	9,683
<b>Balance at 31 March 2015</b>	-	<b>12,683</b>	<b>12,683</b>

**Other financial liabilities**

The BBC PSB Group held a financial derivative of £3.7m (2014-15: £12.7m) which is subject to revaluation based on fluctuations in foreign exchange rates.

## 20. Retirement Benefit Obligations

	2015-16			Restated 2014-15		
	Funded £'000	Unfunded £'000	Total £'000	Funded £'000	Unfunded £'000	Total £'000
<b>Analysis of movement in scheme liabilities</b>						
<b>Restated balance at 1 April</b>	(14,561,379)	(11,858)	(14,573,237)	(12,922,967)	(11,328)	(12,934,295)
Current service cost	(198,182)	-	(198,182)	(190,800)	-	(190,800)
Past service cost	30,940	-	30,940	(1,246)	-	(1,246)
Interest cost on pension scheme liabilities	(487,642)	(249)	(487,891)	(565,264)	(251)	(565,515)
Administration cost	(7,697)	-	(7,697)	(8,400)	-	(8,400)
Benefits paid	443,921	281	444,202	416,525	249	416,774
Contributions by members	(3,454)	-	(3,454)	(3,422)	-	(3,422)
Contributions by employer	-	400	400	-	400	400
Gains/(losses) on settlements and curtailments	32,829	-	32,829	(69)	-	(69)
Remeasurements						
Experience gains/(losses) on defined benefit obligation	185,936	3	185,939	271,516	(892)	270,624
Change in demographic assumptions	168	279	447	(4,157)	(36)	(4,193)
Change in financial assumptions	(90,596)	(5)	(90,601)	(1,553,095)	-	(1,553,095)
<b>Pension liabilities at 31 March</b>	<b>(14,655,156)</b>	<b>(11,149)</b>	<b>(14,666,305)</b>	<b>(14,561,379)</b>	<b>(11,858)</b>	<b>(14,573,237)</b>
<b>Analysis of movement in scheme assets</b>						
<b>Balance at 1 April</b>	13,449,390	-	13,449,390	11,310,520	-	11,310,520
Interest on assets	452,131	-	452,131	503,616	-	503,616
Administration cost	(1,491)	-	(1,491)	(1,200)	-	(1,200)
Pension payments made	(444,638)	-	(444,638)	(417,483)	-	(417,483)
Contributions by members	4,146	-	4,146	4,217	-	4,217
Contributions by employer	231,525	-	231,525	341,045	-	341,045
Settlements from scheme assets	(30,600)	-	(30,600)	-	-	-
Remeasurements						
Change in actuarial assumptions	-	-	-	18,258	-	18,258
Return on assets	(168,830)	-	(168,830)	1,690,417	-	1,690,417
<b>Pension assets at 31 March</b>	<b>13,491,633</b>	<b>-</b>	<b>13,491,633</b>	<b>13,449,390</b>	<b>-</b>	<b>13,449,390</b>
<b>Net Pension (liability)/asset at 31 March</b>	<b>(1,163,523)</b>	<b>(11,149)</b>	<b>(1,174,672)</b>	<b>(1,111,989)</b>	<b>(11,858)</b>	<b>(1,123,847)</b>
<b>Of the total:</b>						
Core Department	-	-	-	-	-	-
Agency	-	-	-	-	-	-
Arm's length bodies	(1,163,523)	(11,149)	(1,174,672)	(1,111,989)	(11,858)	(1,123,847)
<b>Balance at 31 March</b>	<b>(1,163,523)</b>	<b>(11,149)</b>	<b>(1,174,672)</b>	<b>(1,111,989)</b>	<b>(11,858)</b>	<b>(1,123,847)</b>
<b>Comprising:</b>						
BBC	(1,003,400)	(7,300)	(1,010,700)	(940,700)	(7,500)	(948,200)
BFI	(53,447)	(2,288)	(55,735)	(57,292)	(2,593)	(59,885)
Sport England	(46,751)	-	(46,751)	(54,691)	-	(54,691)
BTA	(29,736)	(191)	(29,927)	(26,090)	(294)	(26,384)
UK Sport	(27,387)	25	(27,362)	(29,224)	-	(29,224)
Ofcom	15,370	(1,148)	14,222	17,200	(1,206)	15,994
Other ALBs	(18,172)	(247)	(18,419)	(21,192)	(265)	(21,457)
<b>Total</b>	<b>(1,163,523)</b>	<b>(11,149)</b>	<b>(1,174,672)</b>	<b>(1,111,989)</b>	<b>(11,858)</b>	<b>(1,123,847)</b>

## 20.1 Analysis of total pension cost recognised in the Consolidated Statement of Comprehensive Net Expenditure

	2015-16 £'000	Restated 2014-15 £'000
<b>Pension cost recognised in Net Operating Cost</b>		
Current service costs	198,182	190,800
Past service costs	(30,940)	1,246
Enhancements and (gains)/losses on settlements and curtailments	(2,229)	69
Net interest cost on Pension Scheme	35,760	61,899
Administration Cost	9,188	9,600
<b>Total</b>	<b>209,961</b>	<b>263,614</b>

	2015-16 £'000	Restated 2014-15 £'000
<b>Remeasurements recognised in Other Comprehensive Net Expenditure</b>		
<b>Pension Liabilities:</b>		
Experience (gains)/losses on defined benefit obligation	(185,939)	(270,624)
Change in demographic assumptions	(447)	4,193
Change in financial assumptions	90,601	1,553,095
<b>Pension Assets:</b>		
Change in actuarial assumptions	-	(18,258)
Return on assets	168,830	(1,690,417)
<b>Total</b>	<b>73,045</b>	<b>(422,011)</b>

## 20.2 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.

### 20.2.1 BBC Pension Scheme

Whilst these accounts include only 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 DCMS Group accounts include the entire BBC Pension Scheme in accordance with IAS 19 *Employee Benefits*. However, no guarantee has been given by either the Department or HM Government in respect of this Scheme. Pension contributions are paid into a trust fund (BBC Pension Trust Limited) and these contributions are invested by the Trustees to produce income from which benefits are paid. The fund is separate from the finances of the BBC and participating employers. It is used to provide benefits for the Scheme's members and their dependants.

The Scheme, a defined benefit scheme, is now closed to new entrants. The Scheme provides pensionable salary related benefits on a defined benefit basis funded from assets held in separate trustee-administered funds. The Scheme Trustees manage the plan in the short, medium and long term. They make funding decisions based on valuations which take a longer-term view of the assets required to fund the Scheme's liabilities. Valuations of the Scheme are performed by 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:					
	2016	2015	2014	2013	2012
	£m	£m	£m	£m	£m
Scheme assets	12,821.4	12,766.3	10,684.2	10,201.1	9,198.5
Scheme liabilities	(13,824.8)	(13,707.0)	(12,192.7)	(11,809.8)	(10,270.5)
(Deficit)/Surplus	(1,003.4)	(940.7)	(1,508.5)	(1,608.7)	(1,072.0)
Percentage by which scheme assets cover liabilities	93%	93%	88%	86%	90%



### Funding the Scheme

The most recent actuarial valuation of the pension scheme completed in 2013 by Towers Watson showed a funding shortfall of £2,054m. Consequently, a recovery plan was agreed between the BBC and the pension scheme Trustees which detailed the contribution amounts to be paid by the BBC over a 12 year period that commenced in 2014. The next formal actuarial valuation is expected to be performed as at 1 April 2016, the results of which will be reflected in the 2016-17 accounts.

	Projections 2017	2016	2015	2014	2013
	%	%	%	%	%
Employer	16.7	16.7	16.7	14.5	14.5
Employee (Old and New Benefits)	7.5	7.5	7.5	7.5	7.5
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	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:

	2016	2015
Principal financial assumptions	%	%
Rate of increase in salaries	1.0	1.0
<b>Rate of increase in pension payments:</b>		
Old Benefits	3.0	2.9
New Benefits	2.8	2.7
Career Average Benefits (2006)	2.4	2.4
Career Average Benefits (2011)	1.9	1.8
Inflation assumption (RPI)	3.0	2.9
Inflation assumption (CPI)	2.0	1.9
Discount rate	3.4	3.4

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

	2016	2015
Principal demographic assumptions	Number of years	Number of years
<b>Retiring today:</b>		
Male	27.6	27.5
Female	30.0	29.9
<b>Retiring in 20 years:</b>		
Male	29.5	29.4
Female	32.0	31.9

The sensitivities of the Scheme's liabilities to changes in the principal assumptions are set out below:

	Assumption used		Impact on Scheme liabilities %	Impact on Scheme liabilities £m
	%	Movement		
Discount rate	3.4	Increase/decrease 0.1%	1.6/2.2	227/(302)
Retail price inflation rate	3.0	Increase/decrease 0.1%	1.8/1.7	(244)/237
Mortality rate	1.3 <sup>39</sup>	Increase/decrease 0.1%	3.6/3.4	(493)/476

### 20.2.2 British Film Institute Pension Schemes

- BFI is a member of the Local Government Pension Scheme (LGPS), with over 250 member bodies, operated by the London Pension Fund Authority.
- The LGPS is a funded defined benefit scheme, benefits are based on final salary and the scheme remains open to existing members for ongoing accrual of benefits.
- BFI's share of the net pension deficit was £53.4m (31 March 2015: £57.3m). The deficit is being funded over 14 years under a deficit recovery plan agreed with the pension trustees.
- The scheme is subject to triennial valuations by the consulting actuaries to the LPFA and the latest valuation was at 31 March 2013, with the next formal valuation due at 31 March 2016, the results of which will be reflected in the 2016-17 accounts.
- From 1 January 2014 the BFI also operates a defined contribution pension scheme which is available to all employees not already in the defined benefit scheme.

### 20.2.3 Sport England Pension Schemes

- Sport England is a member of the London Pension Fund Authority Superannuation Scheme and is one of a large number of employers whose staff participate in the scheme.
- It is a funded defined benefit scheme which was closed to new members on 30 September 2005. Benefits are based on final salary until 31 March 2014, and on a career average salary basis from 1 April 2014.
- The Exchequer share of the pension liability as at 31 March 2016 was £19.9m (31 March 2015: £23.2m). The lottery share of the pension liability as at 31 March 2016 was £26.7m (31 March 2015: £31.4m).
- The latest valuation was at 31 March 2013, with the next formal valuation due at 31 March 2016, the results of which will be reflected in the 2016-17 accounts.
- Additional employer contributions are paid into the scheme to reduce the scheme's deficit as advised by the scheme's actuaries based on triennial valuations.
- Sport England also operates a Group Personal Pension Plan (GPPA) defined contribution scheme with Aviva which is available to employees who commenced services from 1 October 2005 onwards.

<sup>39</sup> A long term trend of 1.3% for both males and females has been applied to the life expectancy reported above.

#### 20.2.4 British Tourist Authority (BTA) Pension Schemes

- BTA is a member of the British Tourist Boards' Pension Scheme (BTBP). The BTBP Scheme is a multi-employer scheme which includes other Tourist Boards.
- It is a defined benefit final salary pension scheme for all its employees.
- In accordance with IAS 19, BTA's share of the deficit of the scheme as at 31 March 2016 is £29.7m (31 March 2015: £26.1m).
- Following the 2009 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. Based on the funding shortfall and agreed contribution levels it is expected that the shortfall will be eliminated by 2033. Funding levels are set in accordance with the scheme's statement of funding principles as agreed with the employers.
- A full actuarial valuation was carried out by a qualified independent actuary as at 31 March 2015. The next actuarial valuation is due to be carried out with an effective date of 31 March 2018.
- BTA also operates defined contribution schemes in other parts of the world, outside of the USA.

#### 20.2.5 UK Sport Pension Schemes

UK Sport operates the following pension schemes:

a) *UK Sport:*

- The majority of staff of UK Sport (Grant-in-Aid and Lottery) are members of the London Pension Fund Authority (LPFA) Superannuation Scheme. UK Sport is one of several employers whose staff are scheme participants.
- The Pension Scheme is a funded defined benefit scheme open to all staff. The scheme is based on average salary throughout membership.
- The Exchequer's share of the pension scheme liability as at the year-end is £10.7m (31 March 2015: £11.8m). The lottery share of the pension scheme liability as at the year-end is £3.1m (31 March 2015: £3.3m).
- The pension scheme was subject to a triennial valuation as at 31 March 2013.
- The next formal valuation is due at 31 March 2016, the results of which will be reflected in the 2016-17 accounts.

b) *The English Institute of Sport:*

- The English Institute of Sport (EIS) is a subsidiary of UK Sport. The company participates in the London Pension Fund Authority (LPFA) Superannuation Scheme. It is one of several employers whose staff are scheme participants.
- The Pension Scheme is a funded defined benefit scheme which is open to all staff.
- EIS's share of the pension scheme liability as at the year-end is: £13.6m (31 March 2015: £14.1m).
- The next formal valuation is due at 31 March 2016, the results of which will be reflected in the 2016-17 accounts.

## 20.2.6 Ofcom Pension Schemes

Ofcom operates the following pension schemes:

Defined Benefit Schemes:

- a) The Ofcom Defined Benefit Pension Plan.
- b) The Ofcom (Former ITC) Pension Plan which Ofcom jointly participates in with S4C, S4C Masnachol and the Advertising Standards Authority.
- Both of these plans are closed to new entrants and benefits accruals ceased on 31 May 2011. From this time all existing members were provided with access to the Ofcom stakeholder plan, which is a defined contribution scheme (see below).
- As at 31 March 2016 these schemes had a net pension asset of £15.4m (31 March 2015: £17.2m). These schemes had an additional net pension asset of £8.4m (31 March 2015: £8.5m). IAS19 *Employee Benefits (revised)* only allows the pension asset to be recognised if an economic benefit is available to the body as a result of the surplus. Per the Ofcom (former ITC) Plan's Trust Deed and Rules a refund of any surplus is not available to Ofcom, and therefore a reduction of the pension asset is required.
- The latest actuarial valuations for both schemes as at 31 March 2012 highlighted a combined funding deficit of £5.2m. Since the finalisation of the actuarial valuations a total of £4.4m in respect of deficit repair payments have been made to the DB plans in accordance with the respective recovery plans.

Defined Contribution Scheme:

- Ofcom also operates a defined contribution plan which is the Stakeholder pension plan. This is now the primary means of providing pension benefits to staff.

## 20.2.7 Local Government Pension Scheme

A number of other 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 2016, the results of which will be reflected in the 2016-17 accounts.

## 20.3 Unfunded Pension Schemes

The BBC PSB Group, British Film Institute, British Tourist Authority, UK Sport, Ofcom and Gambling Commission have unfunded pension schemes. For more details on these schemes refer to the published accounts of the individual ALBs (see Note 27).

## 21. Capital and other commitments

### 21.1 Capital commitments

	31 March 2016		Restated 31 March 2015	
	Core Department & Agency £'000	Departmental Group £'000	Core Department & Agency £'000	Departmental Group £'000
Contracted capital commitments at 31 March not otherwise included in these financial statements:				
Property, plant & equipment	925	52,419	708	72,294
Intangible assets	-	164	-	134
<b>Total</b>	<b>925</b>	<b>52,583</b>	<b>708</b>	<b>72,428</b>

The property, plant and equipment commitments as at 31 March 2016 include the following significant commitments:

Tate Gallery had commitments of £13.7m (31 March 2015: £26.6m), which included Tate Modern assets under construction commitments of £3.9m (31 March 2015: £20.8m).

## 21.2 Commitments under leases

### 21.2.1 Operating leases

	31 March 2016		Restated 31 March 2015	
	Core Department & Agency £'000	Departmental Group £'000	Core Department & Agency £'000	Departmental Group £'000
<b>Land</b>				
Not later than one year	-	122	-	504
Later than one year and not later than five years	-	39	-	1,649
Later than five years	-	336	-	9,587
	-	<b>497</b>	-	<b>11,740</b>
<b>Buildings</b>				
Not later than one year	9,455	75,798	7,759	74,292
Later than one year and not later than five years	40,207	244,498	32,685	250,931
Later than five years	52,190	451,423	45,215	1,146,536
	<b>101,852</b>	<b>771,719</b>	<b>85,659</b>	<b>1,471,759</b>
<b>Other</b>				
Not later than one year	96	55,283	99	53,463
Later than one year and not later than five years	177	136,639	273	171,782
Later than five years	-	111,657	-	122,215
	<b>273</b>	<b>303,579</b>	<b>372</b>	<b>347,460</b>
<b>Total obligations under operating leases</b>	<b>102,125</b>	<b>1,075,795</b>	<b>86,031</b>	<b>1,830,959</b>

Total future minimum payments under operating leases are given in the table above. The most significant operating leases are as follows:

#### *Buildings*

The Core Department leases various buildings under non-cancellable operating lease agreements, the most significant is the lease of accommodation at 100 Parliament Street, for which the Department has a lease until 2028. 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 BBC PSB Group lease buildings of £538.6m (31 March 2015: £563.1m). The buildings are operated under non-cancellable lease agreements. Certain agreements include renewal options, periodic rent reviews, stepped rents or annual Retail Price Index uplifts.

The BIG Lottery Fund had operating leases as at 31 March 2016 of £31.6m (31 March 2015: £35.5m) relating to various buildings throughout the UK.

The Royal Armouries Museum held operating leases at 31 March 2016 of £Nil (31 March 2015: £675.6m). The most significant operating lease in 2014-15 was a 999 year lease for the main museum site. In 2015-16, the lease has been reclassified as a finance lease.

#### *Other*

The BBC PSB Group leases IT equipment of £295.9m (31 March 2015: £345.3m). Certain agreements include renewal options, periodic rent reviews, stepped rents or annual Retail Price Index uplifts.

### 21.2.2 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 2016		31 March 2015	
	Core Department & Agency £'000	Departmental Group £'000	Core Department & Agency £'000	Departmental Group £'000
<b>Land</b>				
Not later than one year	-	6,799	-	7,236
Later than one year and not later than five years	-	33,464	-	30,722
Later than five years	-	793,836	-	129,377
	-	834,099	-	167,335
Less interest element	-	(752,717)	-	(95,909)
Present value of obligations	-	<b>81,382</b>	-	<b>71,426</b>
<b>Buildings</b>				
Not later than one year	-	67,823	-	77,032
Later than one year and not later than five years	-	328,171	-	320,173
Later than five years	-	1,313,837	-	1,386,699
	-	1,709,831	-	1,783,904
Less interest element	-	(925,622)	-	(997,268)
Present value of obligations	-	<b>784,209</b>	-	<b>786,636</b>
<b>Other</b>				
Not later than one year	-	1,065	-	3,156
Later than one year and not later than five years	-	4,379	-	4,666
Later than five years	-	5,809	-	7,734
	-	11,253	-	15,556
Less interest element	-	(3,359)	-	(3,985)
Present value of obligations	-	<b>7,894</b>	-	<b>11,571</b>
<b>Total present value of obligations</b>	-	<b>873,485</b>	-	<b>869,633</b>

The Royal Armouries Museum holds a finance lease obligation of £674m (31 March 2015: £Nil). The increase in land obligations later than five years is due to the Royal Armouries Museum's 999 year lease for the main museum site being classified as an operating lease in previous years.

**21.2.2 Finance leases (continued)**

Present Value of obligations under finance lease comprise:	31 March 2016		Restated 31 March 2015	
	Core Department & Agency £'000	Departmental Group £'000	Core Department & Agency £'000	Departmental Group £'000
<b>Land</b>				
Not later than one year	-	915	-	288
Later than one year and not later than five years	-	6,326	-	3,296
Later than five years	-	74,141	-	67,842
Present value of obligations	-	<b>81,382</b>	-	<b>71,426</b>
<b>Buildings</b>				
Not later than one year	-	6,393	-	5,937
Later than one year and not later than five years	-	51,156	-	39,934
Later than five years	-	726,660	-	740,765
Present value of obligations	-	<b>784,209</b>	-	<b>786,636</b>
<b>Other</b>				
Not later than one year	-	674	-	2,482
Later than one year and not later than five years	-	2,954	-	3,181
Later than five years	-	4,266	-	5,908
Present value of obligations	-	<b>7,894</b>	-	<b>11,571</b>
<b>Total present value of obligations</b>	-	<b>873,485</b>	-	<b>869,633</b>

Finance lease commitments as at 31 March 2016 are held by the BBC PSB Group of £850.1m (31 March 2015: £856.2m). This consists of £71.2m of land (31 March 2015: £71.4m), £776.4m of buildings (31 March 2015: £778.8m) and other finance leases of £2.5m (31 March 2015: £6.0m).

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.

The BBC PSB Group leases with a contingent element included within their contract have a total carrying value of £846.3m (31 March 2015: £848.4m) resulting in contingent rents of £8.2m (31 March 2015: £8.8m) being reflected in operating costs.



### 21.3 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 for off-balance sheet (SoFP) PFI and other service concession arrangements for the following periods comprise:	31 March 2016		31 March 2015	
	Core Department & Agency £'000	Departmental Group £'000	Core Department & Agency £'000	Departmental Group £'000
Not later than one year	-	1,589	-	1,576
Later than one year and not later than five years	-	6,497	-	6,438
Later than five years	-	6,270	-	7,916
<b>Total</b>	-	<b>14,356</b>	-	<b>15,930</b>

The National Museums Liverpool (NML) and the Natural History Museum (NHM) have both entered into contractual arrangements for the provision of energy services.

Further details can be found in the respective accounts of these ALBs (see Note 27).

### 21.4 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 2015-16, analysed by the period during which the commitments expire, are as follows:

	31 March 2016		Restated 31 March 2015	
	Core Department & Agency £'000	Departmental Group £'000	Core Department & Agency £'000	Departmental Group £'000
Not later than one year	-	773,334	-	991,607
Later than one year and not later than five years	-	1,518,412	-	1,386,660
Later than five years	-	116,098	-	1,193,803
<b>Total</b>	-	<b>2,407,844</b>	-	<b>3,572,070</b>

The BBC PSB Group as at 31 March 2016 had commitments of £2,356m (31 March 2015: £3,542m) relating to long term outsourcing contracts of IT support, content distribution and transmission, facilities management and elements of finance support.

The UK Sport Exchequer as at 31 March 2016 had commitments of £23m (31 March 2015: £Nil) relating to grant commitments which are subject to an annual review process.

## 22. Contingent assets and liabilities

### 22.1 Contingent liabilities disclosed under IAS 37

#### 22.1.1 Quantifiable

Neither the Department nor 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 (the 'Scheme'), to guarantee the payments by the BHA of certain contributions to this scheme. The most recent triennial valuation of the Scheme as at 31 December 2014 showed a total deficit of £10.6m.

Accordingly, the HBLB has a contingent liability in the event of the BHA becoming unable to meet its obligations and has agreed if such circumstances arise to:

- a) Meet the entire annual deficit contributions of £1.2m during the period ending 31 December 2019, and £0.6m per annum for the period from 1 January 2020 and ending on 30 September 2024.
- b) Guarantee until the earlier of (i) 31 December 2024 and (ii) the date a future actuarial valuation of the BHA Scheme discloses that there is no longer a past deficit on the basis of the December 2006 actuarial assumptions. The guarantee applies to the full Scheme wind-up liabilities; up to a maximum of £30.3m in total, payable in five equal annual instalments, only in the event that the Scheme is wound up by its trustees as a result of the BHA becoming unable to maintain contributions, or terminates its participation in the scheme, without substituting an alternative Principal Employer (Rule 66 of the Scheme). This guarantee does not apply if the Scheme is wound up for any other reason. The Board no longer has a contingent liability in respect of the BHA's future service contributions to the Scheme.

##### *Home of Horseracing Trust*

In January 2014 HBLB executed a guarantee to Weatherbys Bank to underwrite a £1.5m overdraft facility to be granted in favour of the Home of Horseracing Trust. The Trust has been formed with the objective of raising funds for a National Heritage Centre in Newmarket and specifically the restoration of the historic Palace House and Stables site, built by Charles II. The Board has a contingent liability in the event that the Home of Horseracing Trust becomes unable to repay the sums borrowed through this overdraft facility. The guarantee expires on 31 January 2018.

##### *Sport England*

In 1979, the Football Association (FA) contributed £0.5m towards the construction of a hostel at Lilleshall National Sports Centres. A management agreement with the FA was entered into by Sport England which enabled the FA to run the Vauxhall School at the Centre which closed in July 1999. The Management Agreement continues to remain in place and at the present time, the accommodation is used by the FA's Medical and Education Units. If Sport England were to terminate the agreement at any time before 2039, then a proportion of the £0.5m would fall due to be paid to the FA calculated by the reference to time. The Board consider it unlikely that the agreement will be terminated by Sport England.

##### *Lottery Distribution Bodies (LDBs)*

In 2015-16, the LDBs have contingent liabilities relating to future grant payments. The estimated value is £867m (2014-15: £932m) of which £634m (2014-15: £572m) relates to the Heritage Lottery Fund. The LDBs include British Film Institute, BIG Lottery Fund, Heritage Lottery Fund, Sport England, and UK Sport.

The contingent liabilities as at 31 March 2016 relate to awards offered that have been approved in principle but are yet to be accepted by the recipient. For more detailed information on contingent liabilities, please refer to the financial statements of the individual LDBs.

### **22.1.2 Unquantifiable**

#### **Department**

##### *Olympic Delivery Authority*

The ODA had, under the various sale or lease agreements with Qatari Diar Delancey (QDD), Triathlon Homes LLP and East Village Management Ltd (EVML), a liability for the rectification of defects in the buildings constructed by Stratford Village Development Partnership, provided that the legacy owner/operator has first exhausted all alternative contractual rights and remedies. The liability expires on 15 July 2026, being 12 years after the date of practical completion under the relevant contracts. For the first 2 years after practical completion the ODA was responsible for rectifying those defects. An estimate of the financial impact of the contingent liability is not practicable. This contingent liability passed to DCMS following the dissolution of ODA on 2 December 2014.

##### *The Hague Bill*

The Government has announced its intention to ratify the Hague Convention for the Protection of Cultural Property in the Event of Armed Conflict and accede to its two Protocols. The Cultural Property (Armed Conflicts) Bill creates a number of new criminal offences in domestic law to enable the UK to ratify the Convention and accede to the Protocols. The offences include a serious breach of the Second Protocol, unauthorised use of the Cultural Emblem and the offence of dealing in unlawfully exported cultural property. The Department has an unquantifiable contingent liability for the additional costs related to imprisonment and legal costs incurred by the Ministry of Justice for prosecutions brought solely under this new legislation. The Department also has an unquantifiable contingent liability for any costs it may be required to cover relating to compensation which may be payable to buyers of 'good faith' that forfeit any cultural property.

#### **Agency**

The Agency (TRP) has an unquantifiable contingent liability in respect of an incident in one of The Royal Parks. TRP does not have sufficient information to assess the value of the liability at this time.

#### **Group**

##### *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.

*Tate Gallery potential claw-back of London Development Agency (LDA) Grant*

In March 2006 the 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 the Tate Modern project. The LDA grant enabled the Tate to bring the site of the derelict and unoccupied oil tanks, together with the western end of the switch house, into public use through the Tate Modern project. The grant was utilised to reimburse EDF Energy for the costs of the works required to free the land for surrender. The grant was payable in instalments, with £6m paid so far and is conditional on the Tate Gallery meeting set criteria by certain dates. As part of the agreement, the LDA took 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. The Tate Modern Project opened in June 2016. This contingent liability therefore falls away in 2016-17.

*The British Museum*

The British Museum is currently contesting a case relating to the withdrawal of charitable relief against business rates on elements of the Bloomsbury site. The possible obligation is estimated at £1m. The timing of the full hearing of the contested issues is not yet known.

**22.2 Contingent Assets****Department***Sale of Olympic Village*

Subject to the value of properties in the former Olympic Village exceeding an agreed minimum threshold, DCMS is entitled to receive a minimum payment of £5m from Qatari Diar Delancey (QDD). The value of the properties is due for assessment on 6 August 2016. Also, when each of the development plots on the Village is sold, DCMS has an entitlement to surpluses from the profit of the sale (overage) up to March 2024. Any sums payable to DCMS in respect of overage on the Village development plots are subject to a 5% levy in favour of London Borough of Newham. Other overages may be payable but the likelihood is considered remote.

**Agency**

The Agency has no quantifiable contingent assets.

**Group***Land sales on the Greenwich Peninsula*

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 2016 and 2031.

*Sale of Olympic Park*

The National Lottery Distributors are entitled to receive a share of receipts from the sale of land on Queen Elizabeth Olympic Park in return for their contribution of an additional £675m to the funding of the London 2012 Olympic and Paralympic Games which was announced in 2007. The arrangements are set out in a legal agreement between the Secretary of State and the Greater London Authority dated 29th March 2012 under which DCMS will manage the process of distribution in coordination with the GLA. Land sales will take place over a 20-year period, expected to be from 2016-17 to 2036-37. DCMS expects the first payments to the Lottery Distributors to come through in 2020-21, several years earlier than previously forecast.

## 23. Related Party Transactions

### Core Department

At 31 March 2016, DCMS was the parent department of The Royal Parks Agency and was the sponsor of the ALBs listed in Note 27. These bodies are regarded as related parties, with which the Department has had various material transactions during the year. All of these transactions were conducted in the normal course of business and on an arm's length basis.

The Department made a number of material transactions with local government organisations, other government departments, and central government bodies. These are set out below:

### A. Councils or their subsidiaries

Related parties in this instance include 71 councils or their subsidiaries who are responsible for administering and enabling the broadband rollout in their area.

### B. Partners across Government

Related Party	Nature of transaction
Department for Communities and Local Government (DCLG)	DCMS contributions to cover local government Libraries and Sports PFI projects that are distributed by DCLG.
Government Legal Department	Government Legal Department provides legal services to over 180 central government departments and other publicly funded bodies in England and Wales.
Department for Education (DfE)	Contributions from DfE for a number of Arts and Culture programmes (Music Hubs, In Harmony and implementing response to the Henley review of cultural education). DCMS Contribution to DfE for the Primary School Sports Premium.
HM Revenue and Customs (HMRC)	Payments from DCMS to HMRC relating to DCMS leasing office space at 100 Parliament Street.
Department of Health (DoH)	DoH contributions to School Games Organisers programme.
Cabinet Office	Provision of Information Technology services under a shared service agreement.
Department for Business, Innovation & Skills (BIS)	Funding for Digital Economy programmes delivered by BIS sponsored research councils and Innovate UK.
Commonwealth War Graves Commission	Support for commemorative events to mark the centenary of First World War and contribution to restoration of the Thiepval Memorial.

### C. Devolved government within Great Britain and Northern Ireland

Related Party	Nature of transaction
The Northern Ireland Executive	Payment of the Northern Ireland share of the Wireless and Telegraphic Act licence fee receipts.

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. No further payment was received from the liquidators during 2015-16.

The National Lottery Distribution Fund is maintained under the control and management of the Secretary of State. During the year, a number of staff employed by the Department worked on National Lottery Distribution related activities and also used systems owned by the Department. These costs were recharged to the fund by the Department.

Departmental Ministers make specific disclosure of financial interests as required by the Ministerial Code of Conduct. DCMS Non-Executive Board members must declare to the Permanent Secretary any personal or business interest which may, or may be perceived to, influence their judgement as a Board member.

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 Group**

### *Ministers*

Tracey Crouch MP, Parliamentary Under Secretary of State for Sport, Tourism and Heritage, was appointed as one of the three EU representatives on the World Anti-Doping Agency (WADA) Foundation Board, which received £489k from UK Anti-Doping (£9k payable at year end) during the year. This payment settles the UK's obligation under the UNESCO Convention on Anti-Doping to make contributions to WADA.

### *Executive Board Members*

Clare Pillman, DCMS Director on the Executive Team, is a Council Member of the Welsh Historic Gardens Trust, which was awarded grants of £68k from the Heritage Lottery Fund.

### *Non-executive Board Members*

Sir David Verey CBE, DCMS Lead Non-Executive Board Member and Member of the Audit and Risk Committee, is a Trustee of the British Council, which received grant income of £305k from (£11k outstanding at year end) and paid grants of £126k (£16k outstanding at year end) to a number of ALBs during the year. The largest grant was from the Arts Council of England Exchequer of £164k. The largest grant paid was to BFI of £59k, with an outstanding payable of £6k at year end.

Sir David Verey is also a Senior Advisor to Lazard & Co Ltd, which paid £10k in subscription monies to the Victoria and Albert Museum during the year.

Emma Verey, David Verey's wife, is a Trustee of the Watts Gallery which received grant income of £67k from Arts Council England Exchequer and £59k from Heritage Lottery Fund (£521k receivable at year end).

Fields Wicker-Miurin OBE (DCMS Non-Executive Board Member and Chair of the Audit and Risk Committee) is also a Non-Executive Director at BNP Paribas, which received payments totalling £189k from various ALBs in the DCMS Group during the year. The largest expenditure recorded was £100k by the National Maritime Museum and £63k by the Tate Gallery, both for rent and associated services.



Fields Wicker-Miurin was also a Partner at Leaders' Quest, which received £42k from UK Sport Exchequer during the year for services rendered.

Ajay Chowdhury, Non-Executive Board Member of DCMS, is also the Deputy Chairman of the British Screen Advisory Council, which received membership fee income totalling £16k from the BBC PSB Group and £6k from the British Film Institute during the year.

Neil Mendoza, Non-Executive Board Member of DCMS, is the Vice Chair of the Board of Directors of the Soho Theatre, which received £605k from Arts Council England Exchequer during the year - £603k in grants and £2k for services rendered.

Neil Mendoza is also the Chairman of the Board of Trustees of the Landmark Trust, which was awarded £2,525k in grants from the Heritage Lottery Fund during the year.

Ruby McGregor-Smith CBE, former Non-Executive Board Member of DCMS, is also the Chief Executive of the Mitie Group plc. The Mitie Group has a number of commercial contracts with ALBs within the DCMS Group. The ALBs made £2,260k in net payments (£86k of which is an outstanding payable) during the year, of which the most significant payments were from Ofcom of £1,500k, the National Museum Liverpool of £481k, Sir John Soane's Museum of £141k and the Geffrye Museum of £102k.

Dr Tracy Long (former DCMS Non-Executive Board Member and former Chair of the Audit and Risk Committee) is a trustee of Windsor Leadership, which received £12k from British Tourist Authority during the year for services rendered.

Andrew Tuckey, husband of Dr Tracy Long, is the Chairman of the Watermill Theatre which received grants totalling £450k from the Arts Council England Exchequer.

None of the other Departmental Ministers or other Management Board members have undertaken any transactions with or have balances with bodies in the DCMS Group during the year. The Remuneration Report (page 87) contains details of compensation payments made to key personnel.

## **24. 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:

### **EU referendum**

On 23 June 2016, the EU referendum took place and the people of the United Kingdom voted to leave the European Union. Until exit negotiations are concluded, the UK remains a full member of the European Union (EU) and all the rights and obligations of EU membership remain in force. During this period the Government will continue to negotiate, implement and apply EU legislation. It will be for the Government, under the new Prime Minister to begin negotiations to exit the EU. The outcome of these negotiations will determine what arrangements apply in relation to EU legislation and funding in future once the UK has left the EU. This is therefore a non-adjusting event for which no estimate of its financial effect on the Group can be made.

### **Other changes**

#### *Changes to the Non-Executive Board*

Charles Alexander was appointed as a Non-Executive Board Member of DCMS on 18 April 2016.



### *Changes to the Executive Board*

On 5 July 2016, Sarah Healey, Director General, moved to the Cabinet Office as Director General for Europe in the new Europe Unit. Following Sarah's move, David Rossington (Finance & Commercial Director) has become Acting Director General and Tim Sparrow (Deputy Director) will cover David's Finance Director role.

### *Information Commissioner's Office*

Christopher Graham's tenure as Information Commissioner ended on 28 June 2016. Simon Entwisle, as Deputy Information Commissioner, took over the responsibilities of the Information Commissioner from 29 June 2016 pending the newly appointed Information Commissioner, Elizabeth Denham, taking up post.

### *Tate*

Following an initial consultation period with Tate Members, 92% of 6,436 voting members agreed at an Extraordinary General Meeting held on 26 February 2016 to a proposal to merge the Tate Members with Tate. The assets and liabilities of Tate Members were transferred to Tate on 1 April 2016 for £Nil consideration with £60,000 remaining within Tate Members to cover any closure costs incurred.

## **24.1 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.

## **25. 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. As at 31 March 2016 the Group held assets of £11.4m (31 March 2015: £15.2m).

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

- a) BIG Lottery Fund (BIG) had third party assets as at 31 March 2016 of £7.1m (31 March 2015: £13.4m). These assets represent third party bank balances for whom BIG manage grant programmes.
- b) The Natural History Museum had third party assets as at 31 March 2016 of £4.3m (31 March 2015: £1.8m). 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.

## **26. Restatement of Statement of Financial Position and Statement of Comprehensive Net Expenditure**

Prior periods have been restated to include:

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

DCMS had a number of MoG changes affecting its Estimate and Accounts for the year ended 31 March 2016. A MoG is when functions or responsibilities have been merged or transferred within Government. MoGs are accounted for using merger accounting in accordance with the FReM. This requires the restatement of the Primary Statements and associated Notes to the Accounts.

## Equalities

Responsibility for the Government Equalities Office (GEO) transferred from the Core Department to the Department for Education (DfE). The impact of this for 2014-15 and 2013-14 is per the below tables column 'Core Department - GEO MoG transfer to DfE'.

The 2014-15 SoCNE line 'Grants and subsidies to sponsored bodies' includes derecognition of Grant in Aid to EHRC of £17,718k.

As part of this transfer, the Equalities and Human Rights Commission (EHRC), an Arm's length body, also transferred to DfE. The impact of this has been to remove EHRC from the Group for prior periods – as per below tables column 'EHRC MoG transfer to DfE'.

The 2014-15 SoCNE line 'Grants and subsidies to sponsored bodies' includes £17,718k Grant in Aid.

## Digital

Responsibility for the Digital Economy Unit (DEU), previously shared with the Department for Business, Innovation and Skills (BIS) moved entirely to the Core Department.

The impact of this has been to include DEU within the Core Department for prior periods – as per below tables column 'Core Department - DEU MoG transfer from BIS'.

Responsibility for the Digital Inclusion Unit (DIU) moved from the Cabinet Office to the Core Department with a move of staff and associated costs. The impact was considered immaterial for both Departments' accounts and therefore prior periods have not been restated. Amounts for 2015-16 have been recognised in full in the Core Department's accounts and removed entirely from Cabinet Office's 2015-16 accounts resulting in a cash payment to the Cabinet Office of £275k.

## Data Protection

Responsibilities for data protection moved from the Ministry of Justice (MoJ) to the Department. This resulted in the Information Commissioner's Office (ICO) transferring to the Departmental Group and the policy team moving to the Core Department.

The impact of this for the Core Department for prior periods is per the below tables column 'Core Department - Data Protection MoG transfer from MoJ'. 2014-15 includes recognition of £3,700k Grant-in-Aid to ICO and £314k Consolidated Fund Receivables and Payables (CFERs) from ICO (2013-14: £938k).

Amounts for 2015-16 have been recognised in full in the Core Department's accounts, and removed entirely from the MoJ's 2015-16 accounts. This resulted in a cash payment to MoJ of £3,290k representing £2,779k of Grant-in-Aid to ICO and £511k of staff and other costs.

The impact in recognising ICO figures for the Group for prior periods is per the below tables column 'ICO MoG transfer from MoJ'. The 2014-15 SoCNE line 'Grants and subsidies to sponsored bodies' includes £3,700k Grant in Aid. The 2014-15 SoFP line 'Trade and other receivables' and 'Trade and other payables' include the elimination impact of £314k CFERs recognised in the Core Department (2013-14: £938k).

The impact of Grant-in-Aid for the above MoGs is included in the 2014-15 SoCNE line 'Grants and subsidies to sponsored bodies' (where relevant) and is eliminated across the Group.

Comparative details in various Notes have also been restated for the above and any omissions discovered. The financial impact of all prior period adjustments are set out in the following tables:

## 26. Restatement of Statement of Financial Position and Statement of Comprehensive Net Expenditure

	Published 2014-15								Restated 2014-15	
	Published 2014-15: Core Department and Agency	£'000	Published 2014-15: Departmental Group	Core Department - GEO MoG transfer to DfE	Core Department - Data Protection MoG transfer from MoJ	Core Department - DEU MoG transfer from BIS	EHRC MoG transfer to DfE	ICO MoG transfer from MoJ	2014-15: Core Department and Agency	2014-15: Departmental Group
Consolidated Statement of Comprehensive Net Expenditure as at 31 March 2015										
Staff costs		35,963	1,773,756	(3,382)	-	2,318	(11,499)	13,312	34,899	1,774,505
Grants and subsidies to sponsored bodies		4,535,472	48,157	(20,719)	3,700	-	17,718	(3,700)	4,518,453	45,156
Other grants		361,181	3,149,278	(2,731)	-	7,155	-	-	365,605	3,153,702
Purchase of goods and services		59,920	568,384	(634)	-	1,049	(50)	6,132	60,335	574,881
Depreciation, amortisation and impairment charges		3,278	293,166	-	-	-	(498)	1,790	3,278	294,458
Provisions expense		182	21,895	-	-	-	204	-	182	22,099
Other operating expenditure		7,788	3,120,797	(2,535)	-	3	(7,594)	325	5,256	3,110,996
Total operating expenditure		5,003,784	8,975,433	(30,001)	3,700	10,525	(1,719)	17,859	4,988,008	8,975,797
Income from sale of goods and services		(1,046)	(375,200)	-	-	-	-	-	(1,046)	(375,200)
Other operating income		(311,204)	(3,468,929)	-	-	-	239	(17,649)	(311,204)	(3,486,339)
Total operating income		(312,250)	(3,844,129)	-	-	-	239	(17,649)	(312,250)	(3,861,539)
Net expenditure for the year		4,691,534	5,131,304	(30,001)	3,700	10,525	(1,480)	210	4,675,758	5,114,258
Other comprehensive net expenditure										
Net (gain)/loss on:										
- revaluation of property, plant & equipment, intangible assets and heritage assets		(1,673)	(989,442)	-	-	-	5	(20)	(1,673)	(989,457)
- revaluation of available for sale financial assets		-	(91,140)	-	-	-	-	-	-	(91,140)
- remeasurements		-	(421,910)	-	-	-	(101)	-	-	(422,011)
Total other comprehensive net expenditure		(1,673)	(1,502,492)	-	-	-	(96)	(20)	(1,673)	(1,502,608)
Total comprehensive expenditure for the period		4,689,861	3,628,812	(30,001)	3,700	10,525	(1,576)	190	4,674,085	3,611,650

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

	Published 2014-15		Restated 2014-15						
	Published 2014-15: Core Department and Agency	Published 2014-15: Departmental Group	Core Department - GEO MoG transfer to DfE	Core Department - Protection MoG transfer from MoJ	Department - DEU MoG transfer from BIS	EHRC MoG transfer to DfE	ICO MoG transfer from MoJ	2014-15: Core Department and Agency	Restated 2014-15: Departmental Group
<b>Consolidated Statement of Financial Position as at 31 March 2015</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Non-current assets:</b>									
Property, plant & equipment	30,016	6,674,582	-	-	-	(1,397)	1,829	30,016	6,675,014
Heritage assets	32,679	1,218,485	-	-	-	-	-	32,679	1,218,485
Intangible assets	185	71,246	-	-	-	(117)	1,801	185	72,930
Investments in associates and joint ventures	-	54	-	-	-	-	-	-	54
Investment properties	-	60,691	-	-	-	-	-	-	60,691
Trade and other receivables	5,176	28,095	-	-	-	-	-	5,176	28,095
Financial assets	2,517	307,576	-	-	-	-	-	2,517	307,576
<b>Total non-current assets</b>	<b>70,573</b>	<b>8,360,729</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,514)</b>	<b>3,630</b>	<b>70,573</b>	<b>8,362,845</b>
<b>Current assets:</b>									
Assets classified as held for sale	-	87,495	-	-	-	-	-	-	87,495
Inventories	-	323,582	-	-	-	-	-	-	323,582
Trade and other receivables	15,327	1,276,425	(1)	314	-	(803)	1,089	15,640	1,277,024
Financial assets	-	54,229	-	-	-	-	-	-	54,229
Cash and cash equivalents	85,958	2,184,805	-	-	-	(123)	2,699	85,958	2,187,381
<b>Total current assets</b>	<b>101,285</b>	<b>3,926,536</b>	<b>(1)</b>	<b>314</b>	<b>-</b>	<b>(926)</b>	<b>3,788</b>	<b>101,598</b>	<b>3,929,711</b>
<b>Current liabilities:</b>									
Trade and other payables	(219,002)	(2,610,545)	944	(314)	(1,898)	4,870	(2,008)	(220,270)	(2,608,951)
Provisions	(548)	(47,305)	-	-	-	122	(8)	(548)	(47,191)
Financial liabilities	-	(3,000)	-	-	-	-	-	-	(3,000)
<b>Total current liabilities</b>	<b>(219,550)</b>	<b>(2,660,850)</b>	<b>944</b>	<b>(314)</b>	<b>(1,898)</b>	<b>4,992</b>	<b>(2,016)</b>	<b>(220,818)</b>	<b>(2,659,142)</b>
<b>Non-current liabilities:</b>									
Provisions	(1,054)	(68,624)	-	-	-	-	(564)	(1,054)	(69,188)
Trade and other payables	-	(2,656,714)	-	-	-	-	-	-	(2,656,714)
Financial liabilities	-	(9,683)	-	-	-	-	-	-	(9,683)
Pension liabilities	-	(1,125,484)	-	-	-	1,637	-	-	(1,123,847)
<b>Total non-current liabilities</b>	<b>(1,054)</b>	<b>(3,860,505)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,637</b>	<b>(564)</b>	<b>(1,054)</b>	<b>(3,859,432)</b>
<b>Assets less liabilities</b>	<b>(48,746)</b>	<b>5,765,910</b>	<b>943</b>	<b>-</b>	<b>(1,898)</b>	<b>4,189</b>	<b>4,838</b>	<b>(49,701)</b>	<b>5,773,982</b>

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

	Published 2014-15								Restated 2014-15	
	Published 2014-15: Department and Agency	Published 2014-15: Departmental Group	Core Department - GEO MoG transfer to DfE	Core Department - Data Protection MoG transfer from MoJ	Department - DEU MoG transfer from BIS	EHRC MoG transfer to DfE	ICO MoG transfer from MoJ	2014-15: Core Department and Agency	2014-15: Departmental Group	
Consolidated Statement of Financial Position as at 31 March 2015	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Taxpayers' equity:										
General fund	(65,827)	2,651,806	943	-	(1,898)	4,447	4,572	(66,782)	2,659,870	
Revaluation reserve	17,081	340,907	-	-	-	(258)	266	17,081	340,915	
Total taxpayers' equity	(48,746)	2,992,713	943	-	(1,898)	4,189	4,838	(49,701)	3,000,785	
Lottery funds	-	(1,526,911)	-	-	-	-	-	-	(1,526,911)	
Charity funds	-	4,300,108	-	-	-	-	-	-	4,300,108	
Total reserves	(48,746)	5,765,910	943	-	(1,898)	4,189	4,838	(49,701)	5,773,982	

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

	Published 2013-14		Restated 2013-14						
	Published 2013-14: Core Department and Agency	Published 2013-14: Departmental Group	Core Department - GEO MoG transfer to DfE	Core Department - Data Protection MoG transfer from MoJ	Core Department - DEU MoG transfer from BIS	EHRC MoG transfer to DfE	ICO MoG transfer from MoJ	2013-14: Core Department and Agency	Restated 2013-14: Departmental Group
Consolidated Statement of Financial Position as at 1 April 2014	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Non-current assets:</b>									
Property, plant & equipment	27,392	5,863,351	-	-	-	(1,576)	2,729	27,392	5,864,504
Heritage assets	32,789	1,087,027	-	-	-	-	-	32,789	1,087,027
Intangible assets	170	83,315	-	-	-	(31)	1,854	170	85,138
Investments in associates and joint ventures	-	200	-	-	-	-	-	-	200
Investment properties	-	3,260	-	-	-	-	-	-	3,260
Trade and other receivables	-	23,310	-	-	-	-	-	-	23,310
Financial assets	-	187,963	-	-	-	-	-	-	187,963
<b>Total non-current assets</b>	<b>60,351</b>	<b>7,248,426</b>	-	-	-	<b>(1,607)</b>	<b>4,583</b>	<b>60,351</b>	<b>7,251,402</b>
<b>Current assets:</b>									
Assets classified as held for sale	-	494	-	-	-	-	-	-	494
Inventories	-	603,820	-	-	-	-	-	-	603,820
Trade and other receivables	14,021	1,671,895	(188)	938	-	(491)	(309)	14,771	1,671,845
Financial assets	-	54,705	-	-	-	-	-	-	54,705
Cash and cash equivalents	72,940	2,350,261	-	-	-	(722)	2,903	72,940	2,352,442
<b>Total current assets</b>	<b>86,961</b>	<b>4,681,175</b>	<b>(188)</b>	<b>938</b>	-	<b>(1,213)</b>	<b>2,594</b>	<b>87,711</b>	<b>4,683,306</b>
<b>Current liabilities:</b>									
Trade and other payables	(131,286)	(2,708,193)	887	(938)	-	3,180	(1,759)	(131,337)	(2,706,823)
Provisions	(442)	(68,813)	-	-	-	378	(8)	(442)	(68,443)
Financial liabilities	-	(62,569)	-	-	-	-	-	-	(62,569)
<b>Total current liabilities</b>	<b>(131,728)</b>	<b>(2,839,575)</b>	<b>887</b>	<b>(938)</b>	-	<b>3,558</b>	<b>(1,767)</b>	<b>(131,779)</b>	<b>(2,837,835)</b>
<b>Non-current liabilities:</b>									
Provisions	(380)	(70,285)	-	-	-	-	(572)	(380)	(70,857)
Trade and other payables	-	(2,223,177)	-	-	-	302	-	-	(2,222,875)
Financial liabilities	-	(1,354)	-	-	-	-	-	-	(1,354)
Pension liabilities	-	(1,625,348)	-	-	-	1,573	-	-	(1,623,775)
<b>Total non-current liabilities</b>	<b>(380)</b>	<b>(3,920,164)</b>	-	-	-	<b>1,875</b>	<b>(572)</b>	<b>(380)</b>	<b>(3,918,861)</b>
<b>Assets less liabilities</b>	<b>15,204</b>	<b>5,169,862</b>	<b>699</b>	-	-	<b>2,613</b>	<b>4,838</b>	<b>15,903</b>	<b>5,178,012</b>

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

	Published 2013-14		Restated 2013-14						
	Published 2013-14: Department and Agency	Published 2013-14: Departmental Group	Department - GEO MoG transfer to DfE	Core Department - Data Protection MoG transfer from MoJ	Core Department - DEU MoG transfer from BIS	EHRC MoG transfer to DfE	ICO MoG transfer from MoJ	2013-14: Department and Agency	2013-14: Departmental Group
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Consolidated Statement of Financial Position as at 1 April 2014									
Taxpayers' equity:									
General fund	(748)	2,922,629	699	-	-	2,866	4,555	(49)	2,930,749
Revaluation reserve	15,952	192,161	-	-	-	(253)	283	15,952	192,191
Total taxpayers' equity	15,204	3,114,790	699	-	-	2,613	4,838	15,903	3,122,940
Lottery funds	-	(1,173,565)	-	-	-	-	-	-	(1,173,565)
Charity funds	-	3,228,637	-	-	-	-	-	-	3,228,637
Total reserves	15,204	5,169,862	699	-	-	2,613	4,838	15,903	5,178,012



## 27. List of bodies within the Group

The entities within the Group during 2015-16 comprise the Core Department, The Royal Parks (Executive Agency) and those bodies included in the Government Resources and Accounts Act 2000 (Estimates and Accounts) Order 2015 (GRAA), known as the “Designation Order” – these are listed below. The Annual Report and Accounts for each of these bodies can be found on their own websites, given below. The Equality and Human Rights Commission transferred out of the Group boundary to the Department for Education, and the Information Commissioner’s Office has been brought into the Group boundary from the Ministry of Justice, under Machinery of Government changes (see Note 26). No other changes to the Group Designation Order have arisen since 2014-15.

Bodies consolidated in Departmental Group accounts for 2015-16	Status	Website
The Department for Culture, Media and Sport (DCMS)	Core Department	<a href="http://www.gov.uk/dcms">www.gov.uk/dcms</a>
The Royal Parks (TRP)	Executive Agency	<a href="http://www.royalparks.org.uk">www.royalparks.org.uk</a>
BBC	Public Broadcasting Authority	<a href="http://www.bbc.co.uk">www.bbc.co.uk</a>
<i>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 definition of the part of the BBC which is consolidated in these accounts (BBC PSB Group) is provided in Note 1.3.</i>		
S4C (Sianel Pedwar Cymru)	Public Broadcasting Authority	<a href="http://www.s4c.cymru">www.s4c.cymru</a>
<i>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.</i>		
<b>Museums and Galleries</b>		
British Museum	Executive NDPB and Charity	<a href="http://www.britishmuseum.org">www.britishmuseum.org</a>
Geffrye Museum	Executive NDPB and Charity	<a href="http://www.geffrye-museum.org.uk">www.geffrye-museum.org.uk</a>
Horniman Public Museum and Public Park Trust	Executive NDPB and Charity	<a href="http://www.horniman.ac.uk">www.horniman.ac.uk</a>
Imperial War Museum	Executive NDPB and Charity	<a href="http://www.iwm.org.uk">www.iwm.org.uk</a>
National Gallery	Executive NDPB and Charity	<a href="http://www.nationalgallery.org.uk">www.nationalgallery.org.uk</a>
National Museums Liverpool	Executive NDPB and Charity	<a href="http://www.liverpoolmuseums.org.uk">www.liverpoolmuseums.org.uk</a>
National Maritime Museum	Executive NDPB and Charity	<a href="http://www.rmg.co.uk">www.rmg.co.uk</a>
National Portrait Gallery	Executive NDPB and Charity	<a href="http://www.npg.org.uk">www.npg.org.uk</a>
Natural History Museum	Executive NDPB and Charity	<a href="http://www.nhm.ac.uk">www.nhm.ac.uk</a>
Royal Armouries Museum	Executive NDPB and Charity	<a href="http://www.royalarmouries.org">www.royalarmouries.org</a>
Science Museum Group	Executive NDPB and Charity	<a href="http://www.sciencemuseum.org.uk">www.sciencemuseum.org.uk</a>
Sir John Soane’s Museum	Executive NDPB and Charity	<a href="http://www.soane.org">www.soane.org</a>
Tate Gallery	Executive NDPB and Charity	<a href="http://www.tate.org.uk">www.tate.org.uk</a>
Victoria and Albert Museum	Executive NDPB and Charity	<a href="http://www.vam.ac.uk">www.vam.ac.uk</a>
Wallace Collection	Executive NDPB and Charity	<a href="http://www.wallacecollection.org">www.wallacecollection.org</a>

Bodies consolidated in Departmental Group accounts for 2015-16	Status	Website
<b>Libraries</b>		
British Library	Executive NDPB and Charity	<a href="http://www.bl.uk">www.bl.uk</a>
<b>Arts</b>		
Arts Council England	Executive NDPB	<a href="http://www.artscouncil.org.uk">www.artscouncil.org.uk</a>
<b>Architecture and the Historic Environment</b>		
The Historic Buildings and Monuments Commission for England (operating as Historic England)	Executive NDPB	<a href="http://www.historicengland.org.uk">www.historicengland.org.uk</a>
National Heritage Memorial Fund (NHMF) <i>NHMF includes the Heritage Lottery Fund.</i>	Executive NDPB	<a href="http://www.nhmf.org.uk">www.nhmf.org.uk</a>
Churches Conservation Trust	Charitable Trust	<a href="http://www.visitchurches.org.uk">www.visitchurches.org.uk</a>
<b>Communications</b>		
Office of Communications (Ofcom)	Statutory Competition Authority and Regulator	<a href="http://www.ofcom.org.uk">www.ofcom.org.uk</a>
PhonpayPlus	Regulator	<a href="http://www.phonpayplus.org.uk/">www.phonpayplus.org.uk/</a>
PhonpayPlus is included within the Group boundary by virtue of Ofcom's powers under the Communications Act 2003 to regulate premium rate services.		
<b>Tourism</b>		
British Tourist Authority	Executive NDPB	<a href="http://www.visitbritain.org">www.visitbritain.org</a>
<b>Creative industries</b>		
British Film Institute	Executive NDPB	<a href="http://www.bfi.org.uk">www.bfi.org.uk</a>
<b>Sports</b>		
Sports Grounds Safety Authority	Executive NDPB	<a href="http://www.safetyatsportsgrounds.org.uk">www.safetyatsportsgrounds.org.uk</a>
The English Sports Council (Sport England)	Executive NDPB	<a href="http://www.sportengland.org">www.sportengland.org</a>
The United Kingdom Sports Council (UK Sport)	Executive NDPB	<a href="http://www.uksport.gov.uk">www.uksport.gov.uk</a>
UK Anti-Doping Limited (UKAD)	Executive NDPB and Company limited by guarantee	<a href="http://www.ukad.org.uk">www.ukad.org.uk</a>
<i>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.</i>		
<b>Gambling and National lottery</b>		
Big Lottery Fund		<a href="http://www.biglotteryfund.org.uk">www.biglotteryfund.org.uk</a>
<i>Policy responsibility for Big Lottery Fund rests with the Cabinet Office, however it remains designated as a DCMS ALB under the GRAA and as such it is included in the DCMS Group accounts.</i>		
Gambling Commission	Executive NDPB and Regulator	<a href="http://www.gamblingcommission.gov.uk">www.gamblingcommission.gov.uk</a>
Horse Race Betting Levy Board (HBLB)	Executive NDPB and Statutory Body	<a href="http://www.hblb.org.uk">www.hblb.org.uk</a>
<b>Data Protection</b>		
Information Commissioner's Office	Executive NDPB	<a href="http://www.ico.org.uk">www.ico.org.uk</a>

Bodies consolidated in Departmental Group accounts for 2015-16	Status	Website
<b>Committees funded by DCMS:</b>		
Reviewing Committee on the Export of Works of Art	Advisory NDPB	
Treasure Valuation Committee	Advisory NDPB	
<b>Bodies excluded from the boundary</b>		
<i>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.</i>		
<b>Non-Ministerial Government Department</b>		
<p>The National Archives</p> <p>The National Archives is a non-ministerial government department and is not consolidated within the Group Accounts. The National Archives produce a separate Annual Report and Accounts which can be found at: <a href="http://www.nationalarchives.gov.uk/about/our-role/plans-policies-performance-and-projects/our-performance/">http://www.nationalarchives.gov.uk/about/our-role/plans-policies-performance-and-projects/our-performance/</a></p>		
<b>Public Corporations sponsored by DCMS</b>		
<p>Channel Four Television Corporation</p> <p>Historic Royal Palaces</p> <p><i>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.</i></p>		
<b>National Lottery Distribution Fund</b>		
<p>The Department is responsible for the operation of a lottery fund which is separately accounted for and is not consolidated in these Accounts.</p>		
<b>The following bodies receive a grant from DCMS:</b>		
<p>Chatham Historic Dockyard</p> <p>Greenwich Foundation for the Old Royal Naval College (ORNC)</p> <p>National Film and Television School (NFTS)</p> <p>Royal Household (RHH)</p> <p><i>The Department provides funding for the security and upkeep of Marlborough House, a historic royal palace occupied by the Commonwealth Institute.</i></p>		

## Annex A – Core Tables

These Tables present actual expenditure by the Department for the years 2011-12 to 2015-16 and planned expenditure for the years 2016-17 to 2019-20. The data relates to the Department's expenditure on an Estimate and budgeting basis.

The format of the Tables is determined by HM Treasury, and the disclosure in Tables 1 and 2 follow that of the Supply Estimate Functions.

All years have been restated for the effect of Machinery of Government Changes.

Research & Development expenditure which will be capitalised in the accounts effective from 2016-17, has been restated for all prior, current and future years in the Core Tables in line with HM Treasury direction. As such the Core Tables will not directly reconcile to outturn figures disclosed in the Statement of Parliamentary Supply and related notes.

### Table 1 – Public Spending

Table 1 Public Spending – summarises expenditure on functions now administered by the Department, covering the period from 2011-12 to 2015-16. Consumption of resources includes programme and administration costs. Total Departmental expenditure is analysed by Departmental Supply Estimates, and any unallocated provision. The table is based on the OSCAR database and the mappings may differ from the lines in SoPS Note 1.

Table 2 Administration Budgets – provides a more detailed analysis of the administration costs of the Department. It retains the high level functional analysis used in Table 1. The table is based on the OSCAR database and the mappings may differ from the lines in SoPS Note 1.

Resource DEL (£'000s)	2011-12 Outturn	2012-13 Outturn	2013-14 Outturn	2014-15 Outturn	2015-16 Outturn	2016-17 Plans	2017-18 Plans	2018-19 Plans	2019-20 Plans
Support for the Museums and Galleries sector	13,336	12,664	16,267	16,003	20,314	21,667	28,667	27,667	27,667
Museums and Galleries sponsored ALBs (net)	302,916	355,854	351,059	326,032	339,528	380,191	389,035	400,071	405,600
Libraries sponsored ALBs (net)	113,172	110,753	101,374	98,369	113,571	121,645	122,684	124,209	126,201
Museums, libraries and archives council (net)	43,741	8,632	-	-	-	-	-	-	-
Support for the Arts sector <sup>1</sup>	2,373	-53,218	-67,219	-58,465	-79,113	-73,967	1,133	533	533
Arts and culture ALBs (net)	388,279	452,545	448,788	433,475	439,548	442,189	356,753	369,009	369,436
Support for the Sports sector	5,394	6,847	21,147	18,075	11,159	7,124	7,124	7,124	7,124
Sport sponsored ALBs (net)	133,877	142,742	112,767	111,006	106,112	121,514	122,079	127,836	125,027
Ceremonial and support for the Heritage sector <sup>2</sup>	13,946	22,161	16,690	29,456	53,141	30,375	28,582	23,249	20,666
Heritage sponsored ALBs (net) <sup>3</sup>	123,447	90,277	105,685	115,478	84,350	104,647	79,196	77,365	75,741
The Royal Parks	17,162	16,955	13,637	14,600	12,320	13,596	13,128	12,702	12,306
Support for the Tourism sector	16	70	10	-200	-	6,500	6,500	6,500	6,500
Tourism sponsored ALBs (net)	45,494	47,824	48,200	46,502	66,374	34,772	39,492	49,732	27,232
Support for the Broadcasting and Media sector	3,568	15,607	15,862	42,315	19,498	30,283	23,606	13,010	10,157
Broadcasting and Media sponsored ALBs (net) <sup>4</sup>	174,939	188,279	101,810	88,099	95,600	104,635	41,566	41,585	41,211
Administration and Research	61,007	55,140	36,554	39,788	54,081	53,308	52,653	50,595	48,923
Support for Horseracing and the Gambling sector	2,700	-1,560	-1,603	-843	-2,858	-2,670	-	-	-
Gambling Commission (net)	4,722	1,959	3,097	1,449	365	3,162	368	343	310
Olympics - legacy programmes <sup>5</sup>	65,868	501,628	-18,083	-33,823	-55,210	7,432	4,492	-	-
London 2012 (net) <sup>5</sup>	45,399	1,575,240	-29,477	55,715	-	-	-	-	-
Spectrum Management Receipts <sup>6</sup>	-	-60,142	-54,535	-52,594	-52,139	-61,800	-	-	-
<b>Total Resource DEL</b>	<b>1,561,356</b>	<b>3,490,257</b>	<b>1,222,030</b>	<b>1,290,437</b>	<b>1,226,641</b>	<b>1,344,603</b>	<b>1,317,058</b>	<b>1,331,530</b>	<b>1,304,634</b>

Please refer to the next page for this table's notes.

(brought forward from previous page)

Resource DEL (£'000s)	2011-12 Outturn	2012-13 Outturn	2013-14 Outturn	2014-15 Outturn	2015-16 Outturn	2016-17 Plans	2017-18 Plans	2018-19 Plans	2019-20 Plans
<b>Total Resource DEL</b>	<b>1,561,356</b>	<b>3,490,257</b>	<b>1,222,030</b>	<b>1,290,437</b>	<b>1,226,641</b>	<b>1,344,603</b>	<b>1,317,058</b>	<b>1,331,530</b>	<b>1,304,634</b>
<i>Of which:</i>									
Staff costs	635,166	586,370	629,323	548,737	535,372	215,556	212,802	210,288	207,524
Purchase of goods and services	910,557	829,796	1,098,279	908,804	577,820	545,119	459,244	454,257	422,456
Income from sales of goods and services	-416,646	-289,055	-490,412	-105,758	-55,262	-	-	-	-
Current grants to local government (net)	-26,931	10,603	-7,008	27,686	45,826	-	-	-	-
Current grants to persons and non-profit bodies (net)	587,301	790,503	507,543	545,060	476,828	538,035	449,317	456,992	452,100
Current grants abroad (net)	136	-	-1,528	13,269	-1,819	-	-	-	-
Subsidies to private sector companies	-	-	157	-	-	-	-	-	-
Subsidies to public corporations	74,880	522,976	9,663	51,410	58,428	-	-	-	-
Rentals	4,636	3,432	32,444	25,203	22,996	-	-	-	-
Depreciation <sup>7</sup>	113,112	1,444,755	158,177	105,683	127,571	161,663	171,995	186,293	198,854
Change in pension scheme liabilities <sup>8</sup>	444	-	-44	-	-	-	-	-	-
Unwinding of the discount rate on pension scheme liabilities <sup>8</sup>	-	-	-	-	1,393	-	-	-	-
Other resource	-321,299	-409,123	-714,564	-829,657	-562,512	-115,770	23,700	23,700	23,700

1 Support for the Art Sector. The income stream relates to contributions from Department for Education towards the cost of Music Hubs and other programmes managed by the Arts Council England. The funding profile is agreed on a year by year basis.

2 Ceremonial and Support for the Heritage sector included funding for World War One commemorations in 2013-14 through to 2015-16 including the Battle of Jutland and the Somme with funding for 2016-17 and 2017-18 allocated via the Supplementary Estimate.

3 The Heritage Sponsored Bodies line illustrates an initial reduction in 2012-13 as a result of the 2010 Spending Review cuts. In addition it includes funding for Church Roof repairs, announced in the 2014 Autumn Statement, via the National Heritage Memorial fund.

4 Broadcasting and Media includes the clearance and auction of the 800MHz band. The reduction in expenditure between 2016-17 and 2017-18 is due to Ofcom becoming self-funding from 2017-18 and so will not need the funding it currently receives from the Exchequer.

5 Olympics legacy and London 2012 relate to the staging of the Olympic and Paralympic games 2012. This includes income from the sale of the Olympic Village, residual costs and final settlements with the Greater London Authority (GLA) and Olympic Lottery Distribution Fund (OLDF).

6 Spectrum Management receipts which partially offset Administration expenditure cease after 2016-17 following the Spending Review 2015.

7 Depreciation includes impairment.

8 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.

Resource AME (£'000s)	2011-12 Outturn	2012-13 Outturn	2013-14 Outturn	2014-15 Outturn	2015-16 Outturn	2016-17 Plans	2017-18 Plans	2018-19 Plans	2019-20 Plans
British Broadcasting Corporation(net)	2,588,136	3,204,478	3,046,611	3,363,162	3,138,249	3,411,359	3,792,043	3,661,584	3,604,113
Provisions, Impairments and other AME spend	38,110	21,202	18,414	-27,099	31,270	43,429	-	-	-
Lottery Grants <sup>9</sup>	1,334,509	1,450,239	1,352,673	1,594,409	1,070,465	1,189,222	1,189,222	1,189,222	1,189,222
London 2012(net)	-155,839	-30,996	102,138	-	-	-	-	-	-
Levy bodies <sup>10</sup>	-30,535	-10,268	-2,721	4,021	8,139	-	-	-	-
<b>Total Resource AME</b>	<b>3,774,381</b>	<b>4,634,655</b>	<b>4,517,115</b>	<b>4,934,493</b>	<b>4,248,123</b>	<b>4,644,010</b>	<b>4,981,265</b>	<b>4,850,806</b>	<b>4,793,335</b>
<i>Of which:</i>									
Staff costs	1,199,758	921,649	929,732	1,018,560	1,082,412	1,527,720	1,553,955	1,502,554	1,479,910
Purchase of goods and services	1,952,743	2,792,331	2,469,733	2,695,639	2,548,864	2,524,895	2,568,523	2,483,047	2,445,393
Income from sales of goods and services	-	-328,808	-	-	-	-187,784	-191,060	-184,642	-181,815
Current grants to local government (net)	57,497	20,812	34,896	32,218	24,145	35,623	35,623	35,623	35,623
Current grants to persons and non-profit bodies (net)	961,726	557,133	1,245,777	1,470,874	949,267	1,000,901	1,000,901	1,000,901	1,000,901
Current grants abroad (net)	-	-	-	-	37	-	-	-	-
Subsidies to public corporations	-	-	24	4,823	7,245	-	-	-	-
Rentals	-	80,775	104,496	106,848	51,535	-	-	-	-
Depreciation <sup>11</sup>	124,644	237,372	274,590	211,087	212,835	187,814	-	-	-
Take up of provisions	-96,968	592,197	29,932	21,917	46,670	863	-	-	-
Release of provision	-14,192	-38,851	-10,526	-15,769	-3,412	-	-	-	-
Change in pension scheme liabilities <sup>12</sup>	-	162,422	178,831	192,115	165,013	-	-	-	-
Unwinding of the discount rate on pension scheme liabilities <sup>12</sup>	560,222	730,035	82,412	70,393	43,555	12,597	-	-	-
Release of provisions covering payments of pension benefits	-	-234	-14,336	-11,769	-10,237	-	-	-	-
Other resource	-971,049	-1,092,178	-808,446	-862,443	-869,806	-458,619	13,323	13,323	13,323
<b>Total Resource Budget<sup>13</sup></b>	<b>5,335,737</b>	<b>8,124,912</b>	<b>5,739,145</b>	<b>6,224,930</b>	<b>5,474,764</b>	<b>5,988,613</b>	<b>6,298,323</b>	<b>6,182,336</b>	<b>6,097,969</b>
<i>Of which:</i>									
Depreciation <sup>10</sup>	237,756	1,682,127	432,767	316,770	340,406	349,477	171,995	186,293	198,854

9 Lottery Grants: The Group Accounts exclude the Devolved Administrations and records expenditure on an accruals basis since 2014-15.

10 Levy Bodies: Levy Expenditure is only recorded at year end via the Annual Accounts, hence no forward plans data.

11 Depreciation includes impairment.

12 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.

13 Total Resource Budget is the sum of the Resource DEL budget and the Resource AME budget, including depreciation.



Capital DEL (£'000s)	2011-12 Outturn	2012-13 Outturn	2013-14 Outturn	2014-15 Outturn	2015-16 Outturn	2016-17 Plans	2017-18 Plans	2018-19 Plans	2019-20 Plans
Support for the Museums and Galleries sector	6,050	2,100	100	1,981	1,170	1,934	1,934	-	-
Museums and Galleries sponsored ALBs (net) <sup>14</sup>	158,681	80,184	19,887	42,177	30,031	57,771	27,865	27,115	26,273
Libraries sponsored ALBs (net)	13,603	17,167	7,173	12,561	3,408	3,289	3,221	3,221	3,221
Support for the Arts sector	100	-	3,932	-	723	115	115	-	-
Arts and culture ALBs (net) <sup>15</sup>	12,778	18,222	18,679	14,432	21,413	35,484	59,314	38,334	17,634
Support for the Sports sector	3,000	-	250	-	154	-	-	-	-
Sport sponsored ALBs (net)	35,165	33,898	30,120	29,019	38,916	36,490	35,765	35,765	35,765
Ceremonial and support for the Heritage sector	3,797	7,581	6,882	2,182	5,491	4,321	4,123	-	-
Heritage sponsored ALBs (net) <sup>16</sup>	29,356	36,369	24,095	106,864	17,421	23,150	23,795	21,959	20,359
The Royal Parks	1,574	1,583	2,620	2,570	3,577	7,371	2,403	865	865
Tourism sponsored ALBs (net)	191	189	357	325	253	500	186	186	186
Support for the Broadcasting and Media sector <sup>17</sup>	108	9,136	55,198	229,066	213,138	133,633	128,177	83,338	41,480
Broadcasting and Media sponsored ALBs (net) <sup>18</sup>	52,525	41,638	23,525	4,290	4,720	74,272	105,242	163,857	154,857
Administration and Research	3,070	2,554	2,215	4,401	1,800	5,370	1,860	1,860	1,860
Support for Horseracing and the Gambling sector <sup>19</sup>	-	9,000	9,000	49,896	-	-40	-	-	-
Gambling Commission (net)	238	737	302	335	633	40	-	-	-
Olympics - legacy programmes <sup>19</sup>	35,143	42,053	-	-	-	-	-	-	-
London 2012 (net) <sup>20</sup>	917,180	54,056	-184,059	-256,703	-	-	-	-	-
<b>Total Capital DEL</b>	<b>1,272,559</b>	<b>356,467</b>	<b>20,276</b>	<b>243,396</b>	<b>342,848</b>	<b>383,700</b>	<b>394,000</b>	<b>376,500</b>	<b>302,500</b>

Please refer to the next page for this table's notes.

(brought forward from previous page)

Capital DEL (£'000s)	2011-12 Outturn	2012-13 Outturn	2013-14 Outturn	2014-15 Outturn	2015-16 Outturn	2016-17 Plans	2017-18 Plans	2018-19 Plans	2019-20 Plans
<b>Total Capital DEL</b>	<b>1,272,559</b>	<b>356,467</b>	<b>20,276</b>	<b>243,396</b>	<b>342,848</b>	<b>383,700</b>	<b>394,000</b>	<b>376,500</b>	<b>302,500</b>
<i>Of which:</i>									
Staff costs	11,663	10,214	11,332	11,450	10,660	11,350	11,650	11,650	11,650
Purchase of goods and services	3,900	3,900	3,900	3,900	3,900	4,000	4,000	4,000	4,000
Release of provision	-	-	3,815	-	-	-	-	-	-
Capital support for local government (net)	75,965	1,245,270	50,452	220,067	202,987	-	-	-	-
Capital grants to persons & non-profit bodies (net)	121,296	49,103	-103,067	-97,788	-81,098	279,759	329,547	325,452	250,336
Capital grants to private sector companies (net)	-88	25,976	-13,457	18,443	36,438	12,000	-	-	-
Capital grants abroad (net)	791	-216	-202	-	-	-	-	-	-
Capital support for public corporations	-47,088	46,818	-	80,050	-	-	-	-	-
Purchase of assets	1,208,545	374,707	531,860	262,826	191,713	76,631	48,803	35,398	36,514
Income from sales of assets	-6,432	-1,242,875	-384,775	-260,065	-42,176	-	-	-	-
Net lending to the private sector and abroad	-	-26,761	-11,437	23,387	30,912	-	-	-	-
Other capital	-95,993	-129,669	-68,145	-18,874	-10,488	-40	-	-	-

14 Museums and Galleries Sponsored ALBs illustrate the efficiency savings made by the Museums & Galleries following spending reviews of 2010 & 2013. Additional Capital funding was allocated for 2016-17 in the Spending review 2015.

15 Arts and culture ALBs includes funding in 2017-18 for the Factory Manchester as part of the Northern Powerhouse.

16 Heritage Sponsored ALBs saw an additional £80M allocated in 2014-15 to Historic England (formerly English Heritage) on implementation of the New Model whereby the management of historic bodies was transferred to a charity, the English Heritage Trust.

17 Support for Broadcasting and Media sector relates to the Broadband Delivery UK (BDUK) project delivered and completed over the years 2011 to 2017.

18 Broadcasting and Media sponsored ALBs sees an increase for 2016-17 onwards as it includes funding for the clearance and auction of the 700MHz band.

19 Support for Horseracing and Gambling sector - following the sale of the Tote in 2011-12 it was agreed that the proceeds would be returned to the racing industry over a period of years. Initially, at £9m a year and then with the industry it was agreed that the balance of £49.9m be repaid in 2014-15.

20 Olympics legacy and London 2012 relate to the staging of the Olympic and Paralympic games 2012. This includes income from the sale of the Olympic Village, residual costs and final settlements with the GLA and OLF.

Capital AME (£'000s)	2011-12 Outturn	2012-13 Outturn	2013-14 Outturn	2014-15 Outturn	2015-16 Outturn	2016-17 Plans	2017-18 Plans	2018-19 Plans	2019-20 Plans
British Broadcasting Corporation(net) <sup>21</sup>	192,336	-60,056	127,393	139,462	45,226	116,743	126,000	197,000	170,000
Lottery Grants <sup>22</sup>	379,916	536,954	523,705	601,444	453,717	447,593	447,593	447,593	447,593
London 2012(net)	-	-	-3,815	-	-	-	-	-	-
Levy bodies	-	-8,411	-1,763	1,991	-2,079	-	-	-	-
<b>Total Capital AME</b>	<b>572,252</b>	<b>468,487</b>	<b>645,520</b>	<b>742,897</b>	<b>496,864</b>	<b>564,336</b>	<b>573,593</b>	<b>644,593</b>	<b>617,593</b>
<i>Of which:</i>									
Staff costs	20,324	20,324	20,324	23,078	23,078	20,324	-	-	-
Release of provision	-	-7,400	-3,815	-	-	-	-	-	-
Capital support for local government (net)	137,333	99,230	132,060	188,770	21,803	-	-	-	-
Capital grants to persons & non-profit bodies (net)	242,583	355,026	311,789	329,681	30,932	407,454	407,454	407,454	407,454
Capital support for public corporations	-	-	18	417	-	-	-	-	-
Purchase of assets	172,012	135,451	129,856	124,090	120,203	136,558	166,139	237,139	210,139
Income from sales of assets	-	-208,487	-14,264	-6,342	-96,311	-	-	-	-
Net lending to the private sector and abroad	-	8,455	21,360	17,612	20,554	-	-	-	-
Other capital	-	65,888	48,192	65,591	376,605	-	-	-	-

21 BBC Capital expenditure is net of property disposals in essence the sale of Television Centre in White City in 2015-16.

22 Lottery Grants: The Group Accounts excludes the Devolved Administrations and records expenditure on an accruals basis since 2014-15.

<b>Total Capital Budget<sup>23</sup></b>	<b>1,844,811</b>	<b>824,954</b>	<b>665,796</b>	<b>986,293</b>	<b>839,712</b>	<b>948,036</b>	<b>967,593</b>	<b>1,021,093</b>	<b>920,093</b>
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23 Total Capital Budget is the sum of the Capital DEL budget and the Capital AME budget.

<b>Total Departmental Spending<sup>24</sup></b>	<b>6,942,792</b>	<b>7,267,739</b>	<b>5,972,174</b>	<b>6,894,453</b>	<b>5,974,070</b>	<b>6,587,172</b>	<b>7,093,921</b>	<b>7,017,136</b>	<b>6,819,208</b>
Total DEL <sup>25</sup>	2,720,803	2,401,969	1,084,129	1,428,150	1,441,918	1,566,640	1,539,063	1,521,737	1,408,280
Total AME <sup>26</sup>	4,221,989	4,865,770	4,888,045	5,466,303	4,532,152	5,020,532	5,554,858	5,495,399	5,410,928

24 Total departmental spending is the sum of the resource budget and the capital budget less depreciation.

25 Total DEL is the sum of the resource budget DEL and capital budget DEL less depreciation in DEL.

26 Total AME is the sum of the resource budget AME and the capital budget AME less depreciation in AME.

**Table 2 - Administration Budgets**

Resource DEL (£'000s)	2011-12 Outturn	2012-13 Outturn	2013-14 Outturn	2014-15 Outturn	2015-16 Outturn	2016-17 Plans	2017-18 Plans	2018-19 Plans	2019-20 Plans
Libraries sponsored ALBs (net)	9,936	10,497	8,297	7,462	7,945	8,770	8,770	8,770	8,770
Museums, libraries and archives council (net)	6,157	7,808	-	-	-	-	-	-	-
Support for the Arts sector	-	-366	-236	-100	-340	-	-	-	-
Arts and culture ALBs (net)	22,783	26,612	20,909	14,828	13,094	16,661	16,646	16,133	15,605
Sport sponsored ALBs (net)	13,304	15,210	14,543	12,155	11,355	14,062	13,716	13,659	13,666
Ceremonial and support for the Heritage sector	208	222	22	-	769	250	250	250	250
Heritage sponsored ALBs (net)	18,182	14,931	14,194	15,873	16,704	16,138	16,641	15,551	15,552
The Royal Parks	2,147	2,318	2,338	2,601	3,431	2,687	2,687	2,687	2,677
Tourism sponsored ALBs (net) <sup>27</sup>	34,494	31,967	30,537	26,392	44,250	27,032	27,232	27,232	27,232
Support for the Broadcasting and Media sector	7,714	9,207	7,816	19,881	164	1,350	-	-	-
Broadcasting and Media sponsored ALBs (net) <sup>28</sup>	82,432	72,671	58,489	59,965	61,103	74,565	12,800	12,900	13,000
Administration and Research	60,996	55,111	36,560	41,294	52,891	51,460	49,710	48,752	46,980
Spectrum Management Receipts	-	-60,142	-54,535	-52,594	-52,139	-61,800	-	-	-
<b>Total Administration Budget<sup>29</sup></b>	<b>258,353</b>	<b>186,046</b>	<b>138,934</b>	<b>147,757</b>	<b>159,227</b>	<b>151,175</b>	<b>148,452</b>	<b>145,934</b>	<b>143,732</b>
<i>Of which:</i>									
Staff costs	196,763	174,243	149,456	110,476	127,920	71,290	68,709	66,655	65,556
Purchase of goods and services	156,203	166,815	107,813	106,577	105,252	126,719	63,471	63,428	63,360
Income from sales of goods and services	-53,887	-112,001	-40,161	-24,662	-27,179	-	-	-	-
Current grants to local government (net)	-	-	-	-30	-	-	-	-	-
Current grants to persons and non-profit bodies (net)	-	543	-1	634	-	-	-	-	-
Current grants abroad (net)	-	-	-	-	3	-	-	-	-
Subsidies to public corporations	-	-	-	-	5,354	-	-	-	-
Subsidies to private sector companies	-	-	148	-	-	-	-	-	-
Rentals	4,280	-	17,735	14,208	14,822	-	-	-	-
Depreciation	19,867	18,114	14,621	11,876	11,411	14,966	16,272	15,851	14,816
Change in pension scheme liabilities	444	-	-	-	-	-	-	-	-
Unwinding of the discount rate on pension scheme liabilities	-	-	-	-	368	-	-	-	-
Other resource	-65,317	-61,668	-110,677	-71,322	-78,724	-61,800	-	-	-

27 Tourism Sponsored ALBs receive contributions from other Government Departments towards the Great Campaign. This funding is allocated via the Supplementary Estimates in each financial year.

28 Broadcasting and Media Sponsored ALBs shows a fall in spend from 2017-18 onwards due to ending of broadband delivery projects.

29 Total administration budget is showing a downward trend in line with government efficiencies following spending reviews.

## Annex B – Grants Awarded Under Section 70 of the Charities Act 2006

Section 70 of the Charities Act 2006 (the Act) sets out a power for Ministers to give financial assistance to charitable, benevolent or philanthropic institutions and requires that payments made under this power are reported.

During 2015-16, the Department for Culture, Media and Sport (the Department) made grants totalling £30.503m under the provisions of the Act. The funding matched both the aims and objectives of the Department, as well as those of the recipients. This spending does not represent the total amount of grant funding provided to the Voluntary and Community Sector, as many other grants have been paid to this sector under the powers conferred by alternative legislation.

The table below sets out the financial assistance provided by the Secretary of State under this power for 2015-16.

Grant Recipient	Payments £m	Purpose
National Film and Television School	7.078	To support the running of the NFTS
Norwich Cathedral Trust	0.048	The grant is for the refurbishment and re-landscaping of the site of the Cavell grave outside the east Chapel of Norwich Cathedral.
The British Council	0.041	To devise and deliver an educational project in support of the Somme 100 commemorations.
Poetry Society	0.012	A grant to support the Poet Laureate
The British Council	0.025	The grant is to cover resource costs for consultancy support to bring in additional relevant expertise to the Cultural Protection Fund and support its development.
DCMS / Wolfson Museums and Galleries Improvement Fund*	1.464	To support the projects in English museums and galleries to improve the quality of displays, collection interpretation, public spaces, access and facilities for disabled visitors.
Agincourt 600	1.000	The grant will be used to contribute to the costs of events and educational activities organised by Agincourt 600 and subsidiary organisations to mark the 600th anniversary of the battle of Agincourt.

Grant Recipient	Payments £m	Purpose
Architectural Heritage Fund Community Shares Purchase	0.435	The project, via the AHF equity-for-debt swap will support the repair and re-use of buildings of special historic or architectural interest in England. The funds provided must be used by AHF to purchase community shares in return for partial loan repayments of the equivalent sum.
St. James Deeping Signal Box Group	0.020	The Grant will support the rebuilding of the St James Deeping Signal Box.
Waterloo 200	0.976	To support events and educational facilities to commemorate the 200th anniversary of the Battle of Waterloo.
The Archbishops Council	18.272	To ensure that Church of England and Catholic cathedrals that are not eligible for support via the Listed Places of Worship Scheme are in good and safe state of repair as the nation comes together to commemorate the First World War.
Special Olympic GB	0.632	The Grant is to support SOGB sending a team of British athletes, supported by their coaches, to the Special Olympics World Summer Games in 2015.
Bristol Aero Collections Trust	0.500	The Purpose of the Grant is to contribute towards the construction of a new, £16m aeronautical museum and learning centre at the historic Filton Aerodrome in Bristol, including the refurbishment of two listed First World War aircraft hangars, and the building of a museum and learning centre.

*\*All recipients are institutions based in England and are either registered Charities or set up for a charitable purpose.*

In 2015-16, the Department provided loans of £9.853m under the provisions of the Act. The loans matched both the aims and objectives of the Department, as well as those of the recipients.

<b>Loan Recipient</b>	<b>Payments £m</b>	<b>Purpose</b>
The 1851 Trust	0.800	This Grant is to support certain expenditure reasonably incurred in undertaking the 1851 project.
National Trust	1.200	The purpose of the grant was to cover costs of up to £1.2 million of capital works across the National Trust's portfolio by 31st March 2016. In return the National trust will complete restoration improvement works to Lindisfarne Castle at its own cost by 31st March 2018.
Natural History Museum	0.305	The loan supports the museum to build a new Member's Room at the Waterhouse building in South Kensington with objective the of substantially growing membership income.
Imperial War Museum	1.750	The loan supports restructuring at the Imperial War Museum
Imperial War Museum	0.500	The loan supports regeneration of the Imperial War Museum
National Maritime Museum	0.900	The loan supports the Museum to construct a Collections Storage and Conservation Studio facility at the Museum's Kidbrooke site.
Science Museum Group	0.280	To support improvements to the cinema operations at the National Media Museum.
Science Museum Group	0.725	The loan supports the Museum to develop additional visitor attractions and enable some critical site improvements.
Science Museum Group	3.343	The loan enables the delivery of an enhanced, charging, interactive Launchpad gallery and a dedicated space for private hire at the South Kensington Museum.
Geffrye Museum	0.050	The loan supports the Museum is implementing organisational change and "Unlocking the Geffrye" major capital project.



## **Annex C – Statement of Parliamentary Supply Notes**

### **Lottery income**

With HM Treasury agreement and in line with the Supplementary Estimate, the SoPS does not include lottery income. The rationale for this is that lottery income is not payable to Parliament and as such is not included in budgets. As a consequence Lottery expenditure is stated gross of lottery income.

### **Spectrum Management Receipts**

With HM Treasury agreement and in line with the Supplementary Estimate, the SoPS includes an adjustment (negative non-voted administration expenditure) to match those costs borne by Ofcom in administering the strategic development of Spectrum.

### **BBC Broadband Income**

The BBC PSB Group paid the Core Department £150.0m towards Broadband costs and this expenditure is included in the Statement of Parliamentary Supply (SoPS). However since the Core Department pays these monies to the Consolidated Fund, this income is not recognised in the SoPS. Consequently a reconciling item arises between the SoPS and the SoCNE (see SoPS Note 2). This approach is as advised by HM Treasury.

### **Administration and Programme Expenditure and Income**

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

### **Charity Income - donations**

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

### **Alignment of income and expenditure**

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

### **Restatement for Machinery of Government changes**

As a result of a number of Machinery of Government (MoG) changes (see Note 26 to the accounts), the prior year Statement of Parliamentary Supply has been restated.

**SOPS 4. Income payable to the Consolidated Fund****SOPS 4.1 Analysis of income payable to the Consolidated Fund**

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

During 2015-16 £150,000k was received for BBC PSB Group contributions to Broadband.

	Outturn 2015-16		Outturn 2014-15	
	Income	Receipts	Income	Receipts
	£'000	£'000	£'000	£'000
Amounts to be collected on behalf of the Consolidated Fund				
- 2014-15 income	-	-	150,000	150,000
- 2015-16 Income	150,000	150,000	-	-
<b>Total</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>

**SOPS 4.2 Consolidated Fund Income**

	2015-16	Restated 2014-15
	£'000	£'000
<b>Taxes and licence fees</b>		
Wireless Telegraphy Act	260,348	265,797
Information Commissioner's CFERs	2,481	806
Sports Grounds Safety Authority	9	9
Olympic Village sale receipts	450	-
Court damages	-	2
<b>Total received in year</b>	<b>263,288</b>	<b>266,614</b>
Balance held at start of year	13,085	4,026
Payments to the Consolidated Fund	(261,959)	(257,555)
<b>Balance held on trust at end of year</b>	<b>14,414</b>	<b>13,085</b>

The amounts the Department collected as an agent for the Consolidated Fund (which are otherwise excluded from the Accounts) are included within SOPS Note 4.2 and relate to the following:

- Wireless Telegraphy Act (WTA) fees (£260,348k). These were receipts remitted by Ofcom to the Department for transfer to the Consolidated Fund.
- Data Protection fees and Civil Monetary Penalties collected by Information Commissioner's Office (ICO) for transfer to the Consolidated Fund (£2,481k).
- Sports Grounds Safety Authority receipts (£9k); and
- Receipts following sale of the Olympic Village (£450k).

The balance held on trust at end of 2015-16 includes:

- £11,997k for funds due to the Consolidated Fund for WTA receipts, of which £3,756k is not yet received,
- £1,967k in respect of ICO which is not yet received; and
- £450k in respect of the sale of the Olympic Village.

## Annex D – Sustainability

### Greening Government for Core Department

The Department's sustainability report has been prepared in line with the requirements under Greening Government commitments. The three tables below demonstrate our continuing commitment to sustainable development. We plan to reduce our use of materials and energy, minimise waste and water use, sustainable procurement and minimise our carbon footprint.

**Table A - Summary of Performance against 2009-10 Baseline**

	<b>2016 Government reduction target</b>	<b>Reduction position at 31 March 2016</b>
Greenhouse gas emissions	25%	54%
Waste	25%	63%
Water	6m <sup>3</sup> per FTE	5.7m <sup>3</sup> per FTE
Paper	10%	68%

**Table B - 2015-16 Actuals to Targets**

<b>Area</b>	<b>2015-16 Performance</b>	
	<b>Target</b>	<b>Actual</b>
Greenhouse gas emissions (scope 1,2,3)	660	622
Office estate energy Consumption (kWh)	1,553,800	1,456,233
Office estate waste Consumption (tonnes)	37	32
Office estate water Consumption (m <sup>3</sup> )	3,164	3271

The Department is making good progress in meeting its targets and has done better than the targets for all areas other than office estate water which has increased slightly.

Under the terms of occupation of 100 Parliament Street, HMRC are responsible for utilities. The Department pays a percentage of the total bill based on occupation. DCMS water consumption is extrapolated from the overall building data which covers multiple departments. DCMS allocated seating is 418 of this 2,250 but over the 2015-16 period increased staffing numbers have been accommodated and this is the likely cause of increased water consumption.

**Table C – Performance against 2009-10 Baseline**

The non-financial performance of the Core Department over the last six years against the 2009-10 baseline target is represented in the table below.

	<b>Estate Carbon (Reduction to baseline for 2009-10)</b>	<b>Domestic flights (Number of flights)</b>	<b>Waste (Reduction to baseline for 2009-10)</b>	<b>Water (Usage per FTE)</b>	<b>Paper usage (Number of A4 reams)</b>
2015-16	54%	224	63%	5.7 m <sup>3</sup>	1,508
2014-15	57%	398	55%	4.0 m <sup>3</sup>	2,960
2013-14	64%	221	71%	5.0 m <sup>3</sup>	2,723
2012-13	33%	146	53%	9.0 m <sup>3</sup>	2,493
2011-12	29%	241	18%	13.4 m <sup>3</sup>	4,968
2010-11	21%	169	3%	13.7 m <sup>3</sup>	4,952

The amount and type of travel in the Department is determined by business needs and can vary depending on the purpose of travel. The amount and type of travel is restrained by a robust travel policy that requires all travel to be necessary and cost efficient.

Domestic flights for 2015-16 has returned to the long term norm. In the previous year the increased domestic flights were as a result of the rollout of broadband project and necessary travel for high profile projects including WW1 and the Commonwealth Games.

The normal water consumption fluctuates within a range of 4m<sup>3</sup> to 6m<sup>3</sup> and is reflective of personnel use of welfare facilities (toilets and showers). Each of these water uses are highly influenced by changes in personnel needs and DCMS has had significant changes in personnel over the 2015-16 period through inter-department rotation and Machinery of Government impacts.

Paper usage has reduced from 2,960 reams in 2014-15 to 1,508 reams in 2015-16, this is due to the DCMS changing its IT systems in May 2015 to a more collaborative online sharing format resulting in less documents being printed off for sharing and amendment.

### Sustainability Report-Group Performance

Data has only been included from ALBs that meet the required threshold for sustainability reporting. This sustainability report is not based on the same Departmental accounting boundary as the 2015-16 accounts. The ALBs exempt for 2015-16 and prior year are:

Arts Council England Exchequer	S4C
Churches Conservation Trust	Sir John Soane's Museum
Geffrye Museum Trust Limited	The English Sports Council
Horniman Public Museum & Public Park Trust	Sports Grounds Safety Authority
Horserace Betting Levy Board	UK Anti-Doping
PhonePay Plus	UK Sports Council
Royal Armouries Museum	Wallace Collection

Where possible, comparatives have been restated to better align with 2015-16 data.

This sustainability report includes sustainability data for the following ALBs for the first time:

ALB (with comparatives)	ALB (no comparatives)
British Film Institute Lottery	Information Commissioners Office

**Table 1 - Greenhouse Gas Emissions**

		2015-16		Restated 2014-15		Restated 2013-14		Restated 2012-13	
		Core	Group	Core	Group	Core	Group	Core	Group
Non-financial indicators (1,000 tCO <sub>2</sub> e)	<b>Total gross emissions</b>	<b>0.6</b>	<b>1,521.0<sup>40</sup></b>	<b>0.6</b>	<b>1,677.7</b>	<b>0.5</b>	<b>1,494.6</b>	<b>0.9</b>	<b>1,918.1</b>
	Gross emissions Scope 1 (direct) (gas, oil & fuel)	0.6	57.1 <sup>41</sup>	0.6	93.9	0.5	97.8	0.9	114.0
	Gross emissions Scope 2 (indirect) (electricity)	-	1,452.9	-	1,571.4	-	1,382.7	-	1,790.0
	Gross emissions Scope 3 (indirect) (domestic business travel)	-	11.1	-	12.4	-	14.1	-	14.1
Related energy consumption (million kWh)	<b>Total energy consumption</b>	<b>2.1</b>	<b>518.1</b>	<b>1.4</b>	<b>652.0</b>	<b>1.1</b>	<b>723.1</b>	<b>0.4</b>	<b>797.2</b>
	Electricity: non- renewable <sup>42</sup>	1.5	245.1	1.0	342.4	0.9	394.0	-	444.9
	Electricity: renewable <sup>3</sup>	-	19.1	-	44.5	-	42.8	-	16.6
	Gas	0.6	250.3	0.4	258.0	0.2	279.1	0.4	327.7
	LPG	-	2.7	-	3.7	-	3.5	-	4.0
	Other	-	1.0	-	3.4	-	3.7	-	4.0
Financial indicators (£m)	<b>Total expenditure</b>	<b>0.8</b>	<b>85.6<sup>43</sup></b>	<b>0.6</b>	<b>92.3</b>	<b>0.3</b>	<b>84.3</b>	<b>0.4</b>	<b>84.1</b>
	Expenditure on energy	0.2	42.2	0.1	46.7	0.2	46.2	0.2	47.3
	CRC licence expenditure (2010 onwards)	-	1.6	-	1.3	-	0.6	-	0.5
	Expenditure on accredited offsets	-	-	-	0.1	-	0.2	-	0.2
	Expenditure on official business travel	0.6	41.9	0.5	44.2	0.1	37.3	0.2	36.1

<sup>40</sup> Total gross emissions reduced by 9%, this can mostly be attributed to the decrease in gas emissions by 39%.

<sup>41</sup> Gas emissions reduced significantly during 2015-16, in part as a result of the mild winter, and also a result of the closure of a BBC property.

<sup>42</sup> Where an ALB did not split between non-renewable and renewable electricity consumption, the entire amount was classified as non-renewable.

<sup>43</sup> The decrease in expenditure of 7% for the group reflects the reduction in energy consumption. This can be attributed to the BBC whose costs account for 61% of the group. Decreases in the expenditure on energy comes from decreases in electricity and decreases in the use of gas. As above the decrease in gas has been mentioned. Overall the decreases in electricity come about from the overall actions of the BBC to decrease their energy use, which has fallen 6% year-on-year and has decreased 27% since 2008, which is the baseline for their environment targets.

**Table 2 - Waste**

		<b>2015-16</b>		<b>Restated 2014-15</b>		<b>Restated 2013-14</b>		<b>Restated 2012-13</b>	
		Core	Group	Core	Group	Core	Group	Core	Group
Non-financial indicators (tonnes)	Total waste	<b>32.0</b>	<b>18,295.9</b>	<b>39.0</b>	<b>18,738.0</b>	<b>36.0</b>	<b>18,451.7</b>	<b>66.0</b>	<b>17,038.4</b>
	Hazardous waste	-	31.3	-	67.4	-	48.0	-	174.8
	Landfill	17.0	1,754.0	18.0	1,925.2	13.0	1,301.0	41.0	2,669.8
	Reused/ recycled	15.0	8,032.5	21.0	7,861.3	23.0	7,354.7	25.0	8,320.8
	Composted	-	3,514.2 <sup>44</sup>	-	4,740.8	-	4,138.6	-	696.6
	Incinerated with energy recovery	-	4,899.9	-	4,045.3	-	5,605.6	-	3,590.6
	Incinerated without energy recovery	-	36.0 <sup>45</sup>	-	98.0	-	3.8	-	1,585.8
Financial indicators (£ '000)	Total disposal cost	<b>5.0</b>	<b>2,438.8</b>	<b>5.0</b>	<b>1,944.5</b>	<b>19.0</b>	<b>835.1</b>	<b>11.9</b>	<b>761.2</b>
	Hazardous waste	-	295.0 <sup>46</sup>	-	8.4	-	8.1	-	12.0
	Landfill	-	92.8	-	49.2	-	78.2	-	74.5
	Reused/ recycled	-	345.0	-	284.4	-	277.9	-	249.9
	Composted	-	50.4	-	28.9	-	26.0	-	14.0
	Incinerated with energy recovery	-	332.3	-	267.3	-	233.2	-	208.2
	Incinerated without energy recovery	-	-	-	-	-	-	-	-

<sup>44</sup> Composted non-hazardous waste disposed decreased 26%, this can be mostly attributed to The Royal Parks whose return accounts for 90% of the group's. Their decrease was due to now operating under three Environment Agency (EA) permits which limits the on-site processing capacity within legal thresholds, therefore The Royal Parks have introduced measures to reduce green waste.

<sup>45</sup> Likewise the decrease in waste from non-hazardous waste incinerated without energy recovery can be attributed to The Royal Parks. Decreases can be linked to The Royal Parks using recycling and incineration with energy recovery as superior methods of waste disposal.

<sup>46</sup> Increases in hazardous waste disposal cost can mostly be attributed to the National Maritime Museum, who undertook major capital works, and in particular had significant costs related to asbestos removal.

**Table 3 - Finite Resource Consumption**

		<b>2015-16</b>		<b>Restated 2014-15</b>		<b>Restated 2013-14</b>		<b>Restated 2012-13</b>	
		Core	Group	Core	Group	Core	Group	Core	Group
Non-financial indicators ('000m <sup>3</sup> )	<b>Total water consumption</b>	<b>3.3</b>	<b>1,746.0<sub>47</sub></b>	<b>2.2</b>	<b>2,112.1</b>	<b>2.1</b>	<b>2,290.3</b>	<b>4.4</b>	<b>2,272.74</b>
	Water consumption (office estate)								
	Supplied	3.3	729.2	2.2	1,006.9	2.1	1,193.5	4.4	1,317.2
	Abstracted	-	99.8	-	69.0	-	40.4	-	14.7
	per FTE	0.006	0.022	0.004	0.031	0.005	0.037	0.009	0.041
	Water consumption (non-office estate)								
	Supplied	-	318.8	-	184.9	-	292.9	-	132.1
	Abstracted	-	598.3	-	851.3	-	763.5	-	808.7
Financial indicators (£'000)	<b>Total water cost</b>	<b>-</b>	<b>2,533.1</b>	<b>1.4</b>	<b>2,484.2</b>	<b>-</b>	<b>2,569.6</b>	<b>-</b>	<b>3,109.8</b>
	Water supply costs (office estate)	-	1,943.7 <sub>48</sub>	1.4	2,174.3	-	2,157.1	-	2,731.3
	Water supply costs (non-office estate)	-	589.4 <sup>8</sup>	-	309.9	-	412.5	-	378.6

<sup>47</sup> Decrease in total water consumption of 17%, can be mostly attributed to overall decreases in supplied office estate water consumption of 28% and abstracted non-office estate water consumption of 30% across all ALBs.

<sup>48</sup> Water supply costs for non-office estate increased due to the British Museum now reporting water consumption on a non-office estate basis rather than an office estate basis, as they believe this better reflects their water consumption. This therefore also explains the decline in water supply costs for office estate.





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