



Department for
Digital, Culture,
Media & Sport

**Annual report and accounts
for the year ended
31 March 2019**

Department for Digital, Culture, Media and Sport

Annual report and accounts for the year ended 31 March 2019

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

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

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This is part of a series of departmental publications which, along with the Main Estimates 2019-20 and the document Public Expenditure: Statistical Analyses 2019, present the government's outturn for 2018-19 and planned expenditure for 2019-20.



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Contents

Foreword by the Secretary of State.....	6
Permanent Secretary's Review.....	7
PERFORMANCE REPORT	
Overview	8
Our purpose.....	8
DCMS Outturn by Business Area.....	9
Arm's Length Bodies	10
Risks affecting delivery	11
Performance Analysis	12
Cross-cutting themes.....	12
Global.....	14
Growth.....	21
Digital Connectivity.....	32
Participation.....	37
Society.....	46
Agile and Efficient.....	52
Looking Ahead.....	58
ACCOUNTABILITY REPORT	
Corporate Governance Report.....	62
Director's Report.....	62
Performance in other areas.....	66
People.....	66
Sustainable Development Report.....	72
Other areas.....	73
Statement of Accounting Officer's responsibilities.....	76
Governance Statement.....	77
Remuneration and Staff Report.....	91
Parliamentary Accountability	110
Certificate and report of the Comptroller and Auditor General.....	130
FINANCIAL STATEMENTS	134
Statement of Comprehensive Net Expenditure.....	134
Statement of Financial Position.....	135
Statement of Cash Flows.....	137
Statement of Changes in Taxpayers' Equity.....	139
Notes.....	141
ANNEXES	228
Annex A: Core tables.....	228
Annex B: Statement of Parliamentary Supply Notes.....	236
Annex C: Sustainability.....	239

Front Cover

100 Parliament Street offices, Department for Digital, Culture, Media and Sport in London.
Image: Gunter Rene Hofer.

Foreword by the Secretary of State



I often describe DCMS as the department for connections. Not simply due to physical connections like our digital infrastructure but the ties of civil society that bind us and the culture, sport and heritage that bring our nation together.

This ethos is at the heart of our modern and forward-looking department and I have been thrilled with the successes we have seen across our portfolio this year, to make our communities stronger and our nation happier and more fulfilled.

Our museums, galleries and sporting events continue to inspire and attract people from across the world, with 37.9 million visits made to the UK in 2018, the second highest number of visits on record. We released our Future Telecoms Infrastructure Review, setting out a long-term strategy for how we can become a world leader in digital connectivity. Alongside this, we published the Cairncross Review into the future of high quality journalism. We have also legislated to take action against 'bots' that bulk buy tickets online and to give people more control over their data through the Data Protection Act. This is just some of the work that has taken place this year and there are many more examples within this report.

We also have a great deal to look forward to, as we forge our new path outside the EU. We are setting up an independent

regulator to implement the recommendations of this year's Online Harms White Paper, which sets out how we aim to make the UK the safest place in the world to be online. We will also embark on our 'Outside In' strategy to deliver gigabit-capable networks to some of the hardest-to-reach parts of the UK through the Rural Gigabit Connectivity programme. We will see the roll out of the first UK 5G networks and the successful fruition of innovative 5G projects from the Testbeds and Trials Programme, including the Urban Connected Communities project. Additionally, later this year we will be celebrating the 25th birthday of the National Lottery in November, as well as hosting the Cricket World Cup and Vitality Netball World Cup.

In the long-term, we are also working towards two exciting events that will showcase our creativity and hospitality to the world: the Commonwealth Games in Birmingham and early stages of preparation for the Festival to celebrate creativity and innovation across the UK, which are both taking place in 2022.

I would like to thank Dame Sue Owen, the DCMS Permanent Secretary, who retired in April 2019. She has led the department with distinction over the past five and a half years and I am looking forward to working with her successor Sarah Healey, who I know will make an outstanding contribution.

This is a department that is breaking new ground in some of the most exciting and fulfilling policy areas in government, and is taking on important new policy areas, such as our Tackling Loneliness Strategy delivered by the world's first Minister for Loneliness.

I hope that you enjoy reading this report, which looks back on an exciting and successful year and shows how we will rise to the challenges of the future.

The Rt Hon Jeremy Wright QC MP

Permanent Secretary's Review



Our department is known for being forward-looking, connected and innovative. In 2018-19, we continued to deliver on our vision to drive growth, enrich lives and promote Britain to the world. We paved the way ahead as the 'department for the future' through shaping policy and working with our Arm's Length Bodies.

Over the past year, we have supported the UK's digital and creative sectors to boost these rapidly growing industries on the world stage. As part of this, we have launched our Cyber Skills Strategy and Artificial Intelligence Council to develop digital skills for the next generation. We also have an ambition to make the UK a world leader in digital connectivity. This year we made significant progress and over two million premises now have access to full fibre broadband, which puts us on track to reach our target of 15 million premises by 2025.

With the UK now ranked number one in the world for 'soft power', DCMS is a key player in driving international economic growth, from the election of a British candidate to the International Telecommunication Union to the display of art from the Government Art Collection in 262 locations across the world.

Alongside digital and connectivity, we have focused on improving participation in sports and culture. We organised the Great Exhibition of the North and paid tribute to the memory of the fallen in the

final centenary year of the First World War; culminating in a 10,000 strong 'Nation's Thank You' march past the cenotaph on Remembrance Sunday.

In tackling wider societal issues, we have pioneered a cross-government strategy on loneliness, an endemic issue impacting our society today. We have also published the Civil Society Strategy, aimed at promoting a positive society, and introduced practical measures against problem gambling, such as reducing the maximum Fixed Odds Betting Terminal stake from £100 to £2.

As we prepare for the next Spending Review, it is worth taking stock of our growth since 2015. In March 2015, we had 475 employees and we were responsible for sectors that added over £251.5 billion annually to the UK economy. Now, in March 2019 we have more than doubled the size of our team with 1,159 employees, fully embracing our digital economy remit. The latest figures (2017) show that our sectors now account for £267.7 billion of Gross Value Added (GVA), around 14.6% of the UK's GDP/annual growth.

We have one of the most engaged workforces in Whitehall, based on cross-government People Survey scores, scoring 70% for satisfaction in 2018.

Over the coming year, we will continue to address some of the most complex issues and exciting opportunities of our time, to shape the future of digital, culture, media and sport, and positively impact our society. We have a talented team, a highly effective department and we welcome the challenges ahead.

Sarah Healey
Principal Accounting Officer and
Permanent Secretary

Performance Report

Overview

This section provides a summary of the Department for Digital, Culture, Media and Sport (DCMS), its purpose, objectives, key risks, and how we have performed during the past year. The report also gives a breakdown of spending in the 2018-19 financial year.

Our Purpose

DCMS has a vision to drive growth, enrich lives and promote Britain to the world. We protect and promote our cultural and artistic heritage, helping businesses and communities to grow by investing in innovation and highlighting the UK as a fantastic place to visit and invest. We help to give the UK a unique advantage on the global stage, striving for economic success. Additionally, the lives of citizens in the 21st century are increasingly shaped by the transformational developments we are witnessing in the digital sphere. The work that DCMS is doing now on digital policy will have a tangible benefit to citizens long into the future.



The DCMS Single Departmental Plan 2018-19¹ sets out how we would support our policy, sectors and Arm's Length Bodies (ALBs) across five strategic objectives:

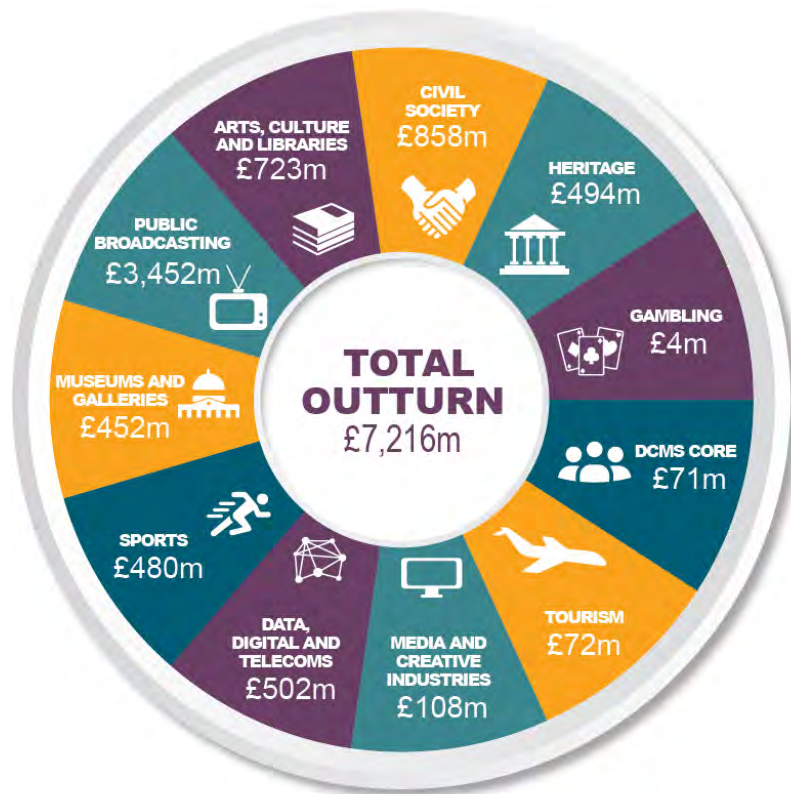
- Promoting a **Global** UK as a great place to live and do business;
- Encouraging **Growth** in an innovative economy;
- Driving the UK's **Digital Connectivity**;
- Maximising **Participation** in culture and physical activity;
- Making our **Society** safe, fair and informed.

These are underpinned by our corporate objective to be **Agile and Efficient**.

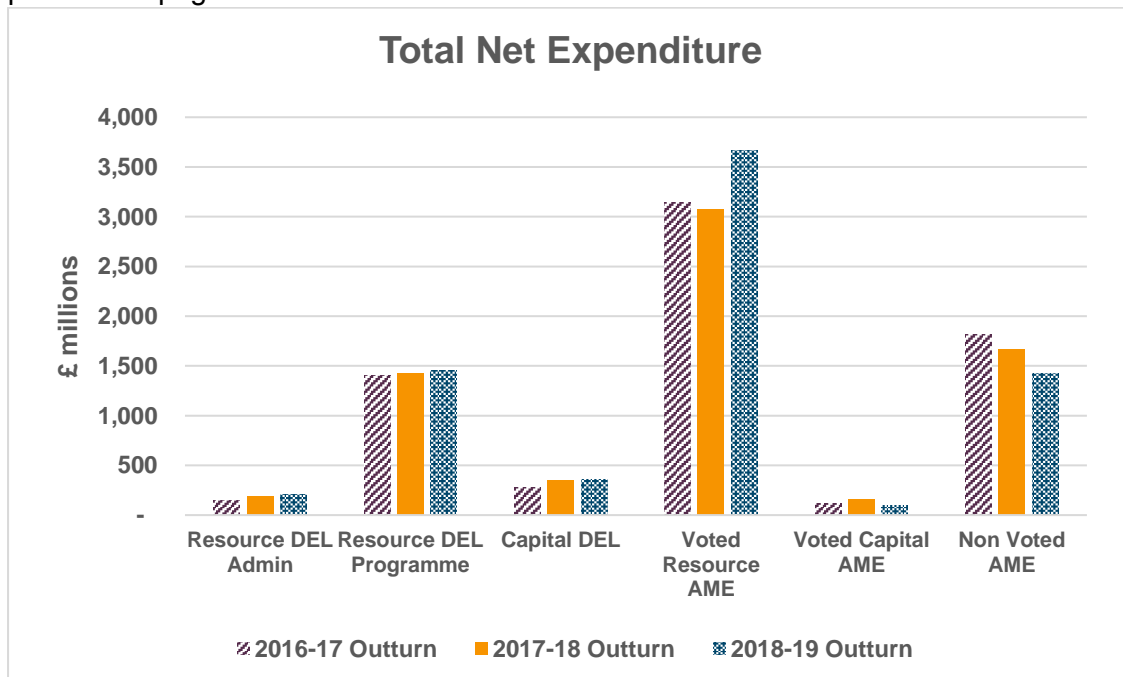
In addition, we have four cross-cutting themes: Devolution; Place; EU Exit; and Digital which have informed our work across all of our workstreams. Full details can be found on page 12. The majority of our funding goes to the ALBs that operate across multiple sectors and are an extremely diverse group of organisations. We work in tandem with numerous sponsored ALBs and other public bodies, who are linked to the department by a ministerial appointed board and/or a legislative requirement. Of these, 38 are directly consolidated into the accounts. A list of these ALBs can be found on page 224.

¹<https://www.gov.uk/government/publications/department-for-digital-culture-media-and-sport-single-departmental-plan/department-for-digital-culture-media-and-sport-single-departmental-plan-2018>

DCMS Outturn by Business Area



Figures in this diagram agree to the Statement of Parliamentary Supply. For more information please see page 120.



The total of the above for 2018-19 is £7,216m and includes both Voted and Non Voted expenditure and also both Departmental Expenditure Limit (DEL) and Annually Managed Expenditure (AME). Page 120 includes an explanation of these items.

Arm's Length Bodies (ALBs)²









²The table above lists ALBs and bodies sponsored by DCMS that are included in the DCMS consolidated accounts. There are also a range of other bodies that DCMS sponsors as listed in note 27, including 3 public corporations (Channel 4, Historic Royal Palaces and The Royal Parks). The department also sponsors two non-ministerial government departments with a high degree of operational independence from government: The National Archives and The Charity Commission, the results of which are not included in these accounts.

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

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

Risks affecting delivery

During 2018-19, DCMS continued with a rigorous approach to risk management of the top-level challenges which could hamper delivery of key priorities. Strategic risks were categorised in line with the SDP objectives and overseen through our Risk Framework. The table shows significant risks that the department faced during 2018-19:

Single Departmental Plan	Risks	Mitigations	Direction at year end
 Global: EU Exit	A lack of capacity to deliver increasing requirements of EU Exit work alongside other priority work.	Cross-DCMS prioritisation exercise to scope EU Exit impacts and over 110 officials were seconded from primary roles. A significant number of others were drawn in to support EU Exit work alongside primary roles.	↔
 Growth: Digital Charter	Fail to collaborate effectively with citizens, businesses and society as a whole in the development of digital economy policies (for example, the Digital Charter).	Engaged extensively with stakeholders outside of government, with a strong central joined-up narrative guiding DCMS' approach.	↔
 Digital Connectivity: Cyber security in the telecoms and broadband industries	Interruptions to information networks and a loss of critical data may occur due to sustained cyber attacks.	Continued to work closely with National Cyber Security Council to ensure a joint coordinated response to any risks that would arise due to cyber attacks. This included publication of the Cyber Governance Health Check 2018.	↔
 Participation: First World War centenary events and other major events	Increasing demands on capacity and capability lead to an adverse impact on delivering high profile events.	Established close working relationships with delivery partners and ensured invited members of the public were well briefed. Maintained sufficient staffing levels and ensured good knowledge management throughout.	↓
 Society: Internet safety	Failing to deliver groundbreaking policy, such as the Online Harms White Paper.	Worked closely with ministers, providing regular updates on progress to the Cabinet Secretary. Used internal resources effectively, engaging with partners and stakeholders, which led to publication in April 2019.	↔
 Agile and Efficient: Spending review	DCMS lacks sufficient resources to deliver its commitments and vision.	Conducted effective business planning to manage resources and prioritise activity in the year. Set up a dedicated team and additional Governance structures to prepare for the Spending Review.	↔

The arrows indicate the trend of risk across the year as a result of mitigating actions and final position of risk at the year end.

Performance Analysis

This section sets out performance in 2018-19 towards the five strategic objectives and one corporate objective as outlined in our Single Departmental Plan (SDP). Our objectives for 2018-19 are presented in 'Our Purpose' section on page 8.

It provides more information about our indicators, highlights and progress made against our objectives. The datasets used to monitor performance relate to the latest information available.

Cross-cutting themes

All of our core department's business and workstreams are underpinned by four cross-cutting themes. These are:

Devolution

We support the commitment to the Union and also the Prime Minister's priorities, putting the benefit of the entire UK at the heart of policy-making and delivery. We work with stakeholders and devolved administrations of Wales, Scotland, Northern Ireland, and across England, on a range of policy and programme matters. Colleagues are engaged across the UK at the earliest opportunity, through seeking their advice and supporting them in their work. Intergovernmental working has increased across a substantial range of policy areas. Examples include: providing access to superfast broadband; boosting social action; widening participation in the arts; heritage; tourism; sport and physical activity; and celebrating national success across all four nations.

Our sectors are wide-ranging and have continued to be important for communities, consumers and sectors at a local, regional and national level. They have achieved reach through our national structures and funding, which support activity in locally and regionally distinct ways.

Our department's ministerial team and senior officials engage with their counterparts and our sectors across the UK. We undertake bilateral meetings, sector roundtables and attend cultural and sporting events.

Place

We have brought together officials from across the department to consider how our sectors impact local prosperity and how we engage at a local level. This has involved coordinating a unified departmental response to the design of cross-government initiatives and funds, such as the UK Shared Prosperity Fund and the Stronger Towns Fund. As part of the Industrial Strategy's place foundation, the department has reached out to Local Enterprise Partnerships to offer support in the development of their Local Industrial Strategies, including through the production of a Connected Growth Manual (published at the beginning of April 2019). This manual shows how our sectors can support the productivity of local places and provides a source of advice on the best processes for engaging with communities and stakeholders. It will help readers gain a better understanding of our policies and programmes, and is a valuable source of information and intelligence. Teams from across the department also meet regularly to discuss their work at a local level to encourage an inter-connected approach.

EU Exit

In line with other departments, we continued our preparations for all major potential outcomes from the EU Exit negotiations. This included the operational readiness of the department and its ALBs for a potential 'No Deal' outcome. More than 110 staff were moved to work on the department's No Deal preparations, including specific work on data protection and ALB preparedness, as well as readiness for an operational response. Stakeholder events and information campaigns were run to inform our sectors on preparations for EU Exit. We ensured that the necessary EU Exit legislation was prepared and 16 EU Exit-related Statutory Instruments were laid.

In parallel, the department continued to work across government to prepare for and coordinate EU Exit negotiations in policy areas. We also supported UK interests through our work and engagement with the EU and Member States as part of ongoing business. We consulted stakeholders across our sectors in the preparation of our priorities for future trade negotiations with both EU and non-EU partners. This included setting up Expert Trade Advisory stakeholder groups for Creative Industries / Digital and Telecoms, and delivering a series of roundtable discussions.

Digital

Digital has increasingly played a cross-cutting role in all of our sectors. As well as the work we are doing on the core digital strategy, digital matters for all of our work. Notable examples include:

- Launching an exciting new talent and skills programme around Artificial Intelligence to ensure the UK has the skills it needs in the future;
- Continuing to support the Tech Talent Charter to address the under-representation of women in tech roles;
- Releasing the Future Telecoms Infrastructure Review - a long-term strategy for becoming a world leader in digital connectivity;
- The Data Protection Act, which came into force in 2018, updates data protection laws and empowers people to take control of their data.

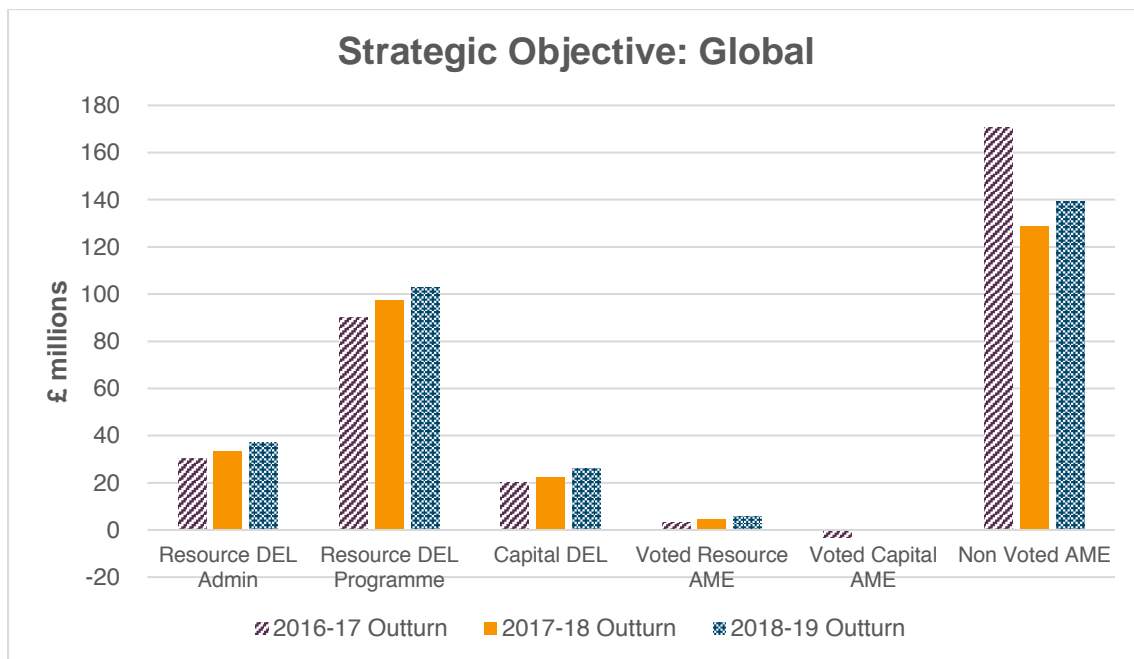
Digital remains relevant to all of our sectors. For example, we implemented the #CultureIsDigital report and supported the Arts Council to be able to measure the digital skills of cultural practitioners. We also introduced a criminal offence for people who purchase more tickets than allowed online using automated software.

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

Participating Arm’s Length Bodies



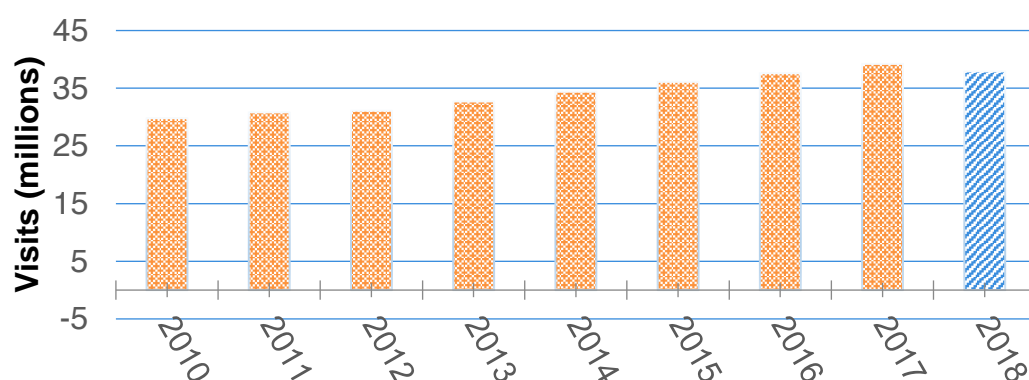
The chart below represents the net group expenditure on Global by budget type. These budget types are explained on page 120.



Indicators

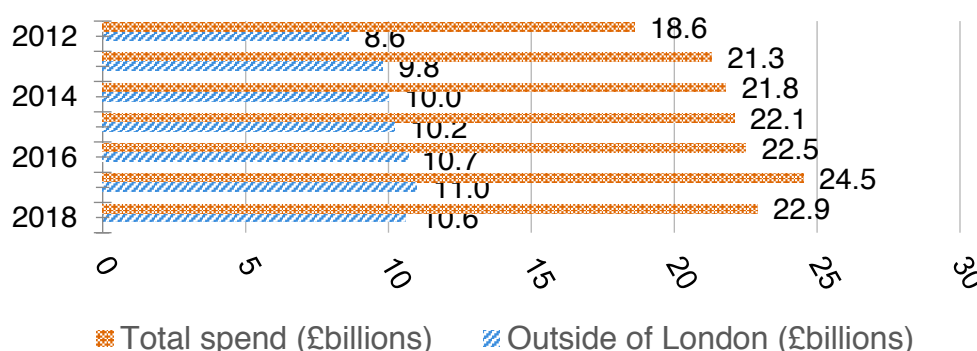
The following headline indicators help to illustrate the performance of DCMS as set out in the Single Departmental Plan.

1. International tourism visits (millions), UK³



There were 37.9 million visitors by overseas residents to the UK, the second highest number of visits on record. Holiday visits remained the most common reason for visiting the UK and accounted for 40% of the total. In particular the UK has continued to see strong demand from the USA. There were 3.9 million visits to the UK by residents of the USA in 2018, more than any other country.

2. International tourism expenditure by overseas visitors (£billions), UK³



Expenditure by overseas residents visiting the UK decreased by 7% in nominal terms from a record number in 2017 (£24.5 billion) to £22.9 billion in 2018 - the second highest on record. Expenditure by overseas residents to regions outside London accounted for 46% of tourist expenditure on visits to the UK.

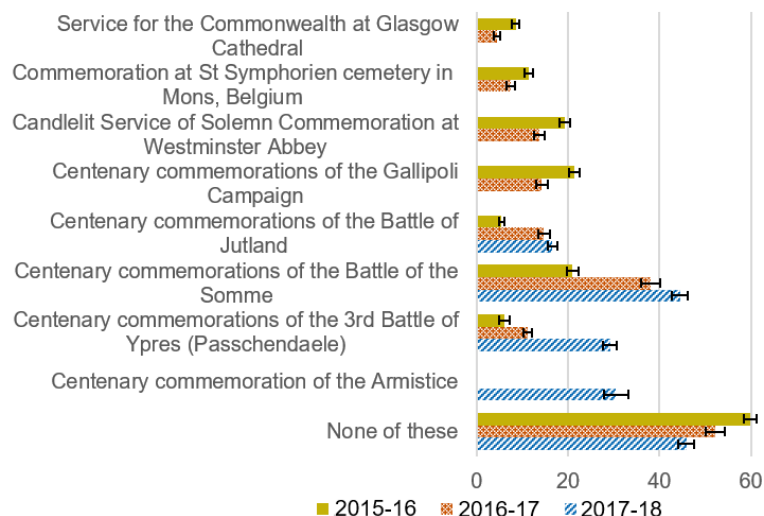
3. Elite sporting performance

	Medals	2016	2017	2018
	Funded by UK Sport and Sport England	World		
Not funded by UK Sport and Sport England	World and European Championship	21	21	10

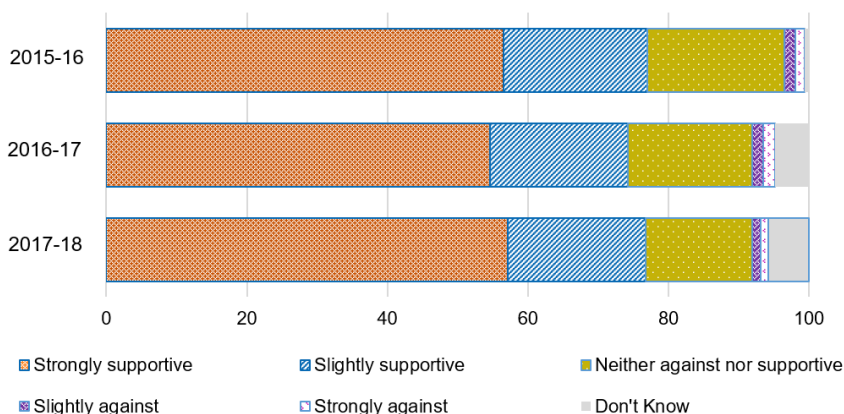
DCMS is continuing to develop a measure for UK and home nation performance, alongside UK Sport and National Governing Bodies of Sport (NGBs).

³<https://www.ons.gov.uk/releases/traveltrends2018> Data has been taken from all available reporting periods and are in current prices (not taking into account inflation). Tourist expenditure outside of London is estimated by taking total expenditure and deducting expenditure in London.

4a. Proportion of adults aware of First World War centenary activities (%), England⁴



4b. Level of support amongst adults for First World War centenary activities (%), England⁴



The Taking Part survey measures engagement with the cultural sectors. The latest report highlighted that the awareness of specific national and local events listed to commemorate the centenary of the First World War continues to reflect high and ongoing levels of engagement. Furthermore, approximately three quarters of adults report slight or strong support each year.

4. UK soft power rating⁵

Soft power considers economic and cultural influences that shape the preferences of others. The UK takes the top spot in the Soft Power 30 index for 2018, which is an encouraging sign that the nation continues to maintain global influence. Notable UK soft power strengths sit within DCMS sectors, including culture and digital.

#1 Soft Power

2018 - score 80.55 (#1)
 2017 - score 75.72 (#2)
 2016 - score 75.97 (#2)
 2015 - score 75.61 (#1)

⁴https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/740242/180911_Taking_Part_Adult_Annual_Report_-_Revised.pdf Data has been taken from all available reporting periods

⁵<https://softpower30.com/wp-content/uploads/2018/07/The-Soft-Power-30-Report-2018.pdf>. Soft Power is defined as “a critical foreign policy approach used to align values, norms, objectives, and ultimately behaviours through attraction and persuasion”.



Key Achievements in Global

- 37.9 million people visited the UK in 2018, and although this is a decrease on the record set in 2017, 2018 is still the second highest number of visits on record. Visitors continued to spend high figures of £22.9 billion, which is the second highest on record.
- In 2018-19, the £40 million Discover England Fund financed 28 projects and is targeting international markets to develop bookable English tourism products.
- The Vitality Hockey Women's World Cup took place from 21 July until 5 August 2018 at the Lee Valley Hockey and Tennis Centre – a London 2012 legacy facility. It was the first time the event was hosted in England, attracting ticket sales of over 110,000, with a broadcast reach in over 100 countries, and generating 1.6 billion impressions on social media.
- Established the Birmingham Organising Committee for the 2022 Commonwealth Games Limited as a new Arm's Length Body and is working with all Games Partners to ensure development of the Athletes' Village, the Alexander Stadium, Aquatics Centre, and delivery of the wider Games programme.
- Announced the Aspiration Fund, through which UK Sport will provide financial support to sports that do not have immediate medal potential.
- The Government Art Collection and the Foreign and Commonwealth Office delivered a major diplomatic conservation project in Tehran following the attack on the Embassy in 2011. Artworks were restored in the UK before returning as part of a new display.
- 16 EU Exit-related Statutory Instruments were laid in Parliament, working across government to prepare and coordinate all major potential outcomes of EU Exit negotiations in DCMS areas.
- Implemented the General Data Protection Regulations (GDPR) ahead of the EU deadline through the Data Protection Act 2018 to ensure the UK remains at the forefront of international data protection standards.
- Supported Malcolm Johnson's successful re-election campaign to the post of Deputy Secretary General of the International Telecommunication Union (ITU). The ITU is an important UN specialist agency, responsible for Information and Communication Technology, including technical standards, the international management of radio spectrum frequencies, satellite coordination and telecoms development.

Progress against our Single Departmental Plan

Marketing Britain across the world to promote jobs and growth by strengthening cultural exports and promoting inward investments

- VisitBritain, with its GREAT marketing programme funded by DCMS, continued to promote the UK as an open and inviting place to visit, work and do business.
- Continued focus on cultural diplomacy, through an array of interventions including inbound and outbound visits and the £30 million Cultural Protection Fund. This Fund supports conservation of international cultural heritage sites threatened by conflict.

Backing the tourism sector

- The department entered formal negotiations on the proposed Tourism Sector Deal, working closely with industry leaders to explore routes to increase productivity in the tourism sector. The proposed deal is still in negotiation.
- The Tourism Industry Council discussed opportunities and concerns with a range of guest attendees including the tourism sector and ministers from the Department for Transport, the Department for Exiting the European Union and the Home Office.
- Through the Tourism Industry Council and broader engagement, DCMS ministers, officials and VisitBritain worked closely with the tourism sector to prepare for the UK leaving the European Union. This was to ensure the sector's priorities were considered in negotiations, and that customer insights would inform advice available to visitors on gov.uk and VisitBritain's campaigns. The department also worked with the tourism sector on their priorities for the future immigration system, in conjunction with the Migration Advisory Committee and the Home Office.
- The department continued to make updates to the Business Visits and Events Strategy.

Using the Government Art Collection (GAC) to promote the best of our arts, heritage and culture

- Launched a philanthropic initiative, the Robson Orr TenTen Award, to promote new work by British artists on the international stage with £500k pledged by Sybil Robson Orr and Matthew Orr over ten years. Each year, a different artist will be commissioned by the GAC in collaboration with Outset Contemporary Art Fund, a charity supporting new art. Hurvin Anderson was the first commissioned artist.
- Curated displays of artworks in British embassies, consulates and residences abroad, including Brussels, Ottawa, Prague, Tehran and Washington.
- Undertook inspection and planning visits in Abuja, Ankara, Istanbul, Lagos, Paris, Tokyo and Tunis.
- Marked the centenary of the Representation of the People Act through acquiring work by women, including a 17th century portrait by Joan Carlile, a painting by Rose Wylie and works by Fiona Banner, Phoebe Boswell and Lynette Yiadom-Boakye.

Delivering international engagement, trade promotion and inward investment strategies for digital, tech, cultural and creative industries. Providing global leadership on digital trade

- Engaged with international institutions and countries around the world in support of DCMS priorities, including working with the World Trade Organisation, G7, G20, Organisation for Economic Cooperation and Development and United Nations.
- Consulted stakeholders across DCMS sectors over their priorities for future trade negotiations and worked across government to prepare ambitious provisions for future Free Trade Areas with third countries in DCMS areas.

Enabling the data economy and protecting data rights - delivering domestic, European and international data protection policy

- Worked with the Information Commissioner's Office (ICO) to ensure organisations were informed and supported to comply with the new data protection regime.
- Updated the fee system used to fund the ICO so that it is appropriately resourced to deliver its increased remit under the new laws.
- Supported EU Exit negotiations and established a Data Negotiations Hub. The Hub will deliver negotiating strategies for data adequacy negotiations and work closely across government to develop a robust negotiations mandate.

- Supported the data economy to ensure that the UK economy is sufficiently aware of the data protection implications of a No Deal EU Exit. This included highlighting guidance for businesses to consider how to avoid disruptions to data flows, reaching millions of companies through media and engaging with over 2,000 directly.
- Achieved a successful outcome at the Plenipotentiary Conference of the ITU. This promoted the role of Information and Communications Technology in sustainable development and strengthened support for the multi-stakeholder model of Internet governance.

Successfully hosting major sporting events, to promote the UK on the international stage

- UK Sport launched its consultation on its future funding strategy beyond the Tokyo 2020 Olympics and Paralympics in February 2019
- Hosted the first high-level International Partnership Against Corruption in Sport (IPACS) meeting in December, in partnership with UK Sport. More than a hundred ministers, international sports organisations and experts from around the world met to reaffirm the global commitment to tackling corruption in sport.
- Since the publication of the Mental Health and Elite Sport Action Plan, there has been improved mental health training for those in the talent and high performance system, as well as findings informing the Sport England's Talent Plan. The plan highlights the parity of physical and mental wellbeing and UK Sport's Mental Health Strategy to facilitate a positive mental health environment across the Olympic and Paralympic sport system.
- The Vitality Hockey Women's World Cup was supported by £900k of UK Sport lottery funding. The event successfully delivered against the five Sporting Future outcomes. The post-event evaluation showed one of the highest ever recorded spectator ratings for a UK Sport funded event. This measure was based on a Net Promoter Score of 53.6, which is a proxy of customer satisfaction and likelihood to recommend the event.
- The event also delivered a direct economic impact of £8.3 million. Additionally, 52% of UK spectators felt inspired to either play or play more hockey and/or other sports; 71% felt happier than normal as a result of attending; 38% were more likely to volunteer in sport; and 97% felt proud about the event being held in the UK.



Vitality Hockey Women's World Cup.

Go Global Africa 2019

Go Global Africa 2019 was the first cross-network programme to launch as part of the new International Tech Hub Network led by DCMS. The tech sector has seen huge growth in Africa, particularly across Kenya, Nigeria and South Africa. This is highlighted by the substantial interest in the Go Global Africa Programme, with more than 400 applications received from tech startups across the three countries.

The programme brought 20 of the most innovative startups to the UK for an intensive two week programme, enabling them to exchange ideas, share innovations, learn how to scale and grow their business and build partnerships with UK corporates, investors and the UK tech sector. The programme included practical workshops on market positioning, using Artificial Intelligence, social media, pitching and raising investment. Sessions were run by NatWest's Fintech Accelerator, PwC's dedicated startup team, Seedcamp, Bethnal Green Ventures, as well as other leaders in the UK tech scene.

The programme culminated with a pitch event where the startups were able to present their groundbreaking innovations across fintech, healthtech, agritech and water management. The startups will act as 'Go Global Champions', passing on their knowledge and training to their communities and hub networks.



Go Global Africa 2019 event.



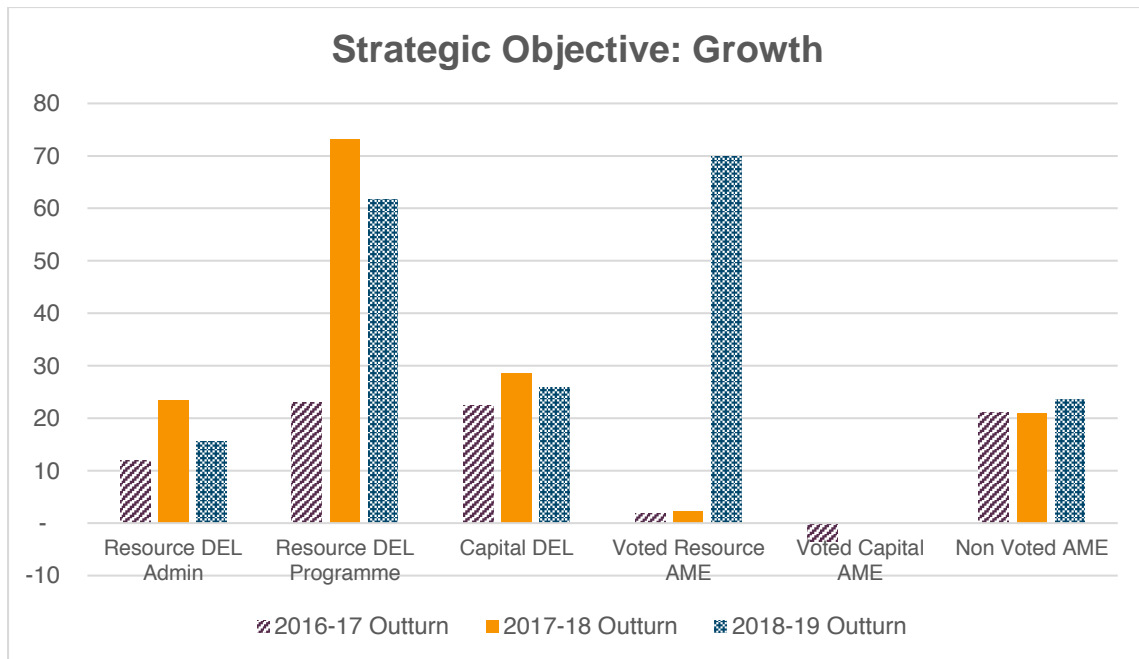
GROWTH

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

Participating Arm's Length Bodies



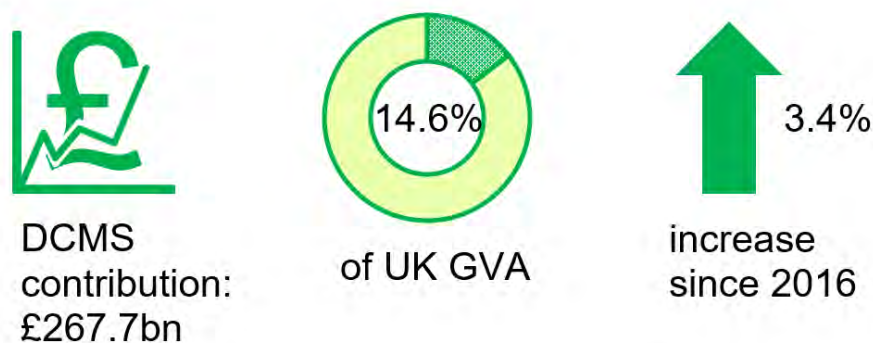
The chart below represents the net group expenditure on Growth by budget type. These budget types are explained on page 120.



Indicators

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

1a. Gross Value Added (GVA) of UK DCMS sectors (£billions)⁶



	2010	2011	2012	2013	2014	2015	2016	2017
DCMS sectors GVA (£billions)		209.6	216.2	226.0	234.2	251.5	258.9	267.7
	1,429.6	1,468.3	1,514.9	1,573.2	1,646.0	1,692.0	1,756.0	1,839.9
DCMS sectors as a % of UK GVA	13.7%	14.3%	14.3%	14.4%	14.2%	14.9%	14.7%	14.6%

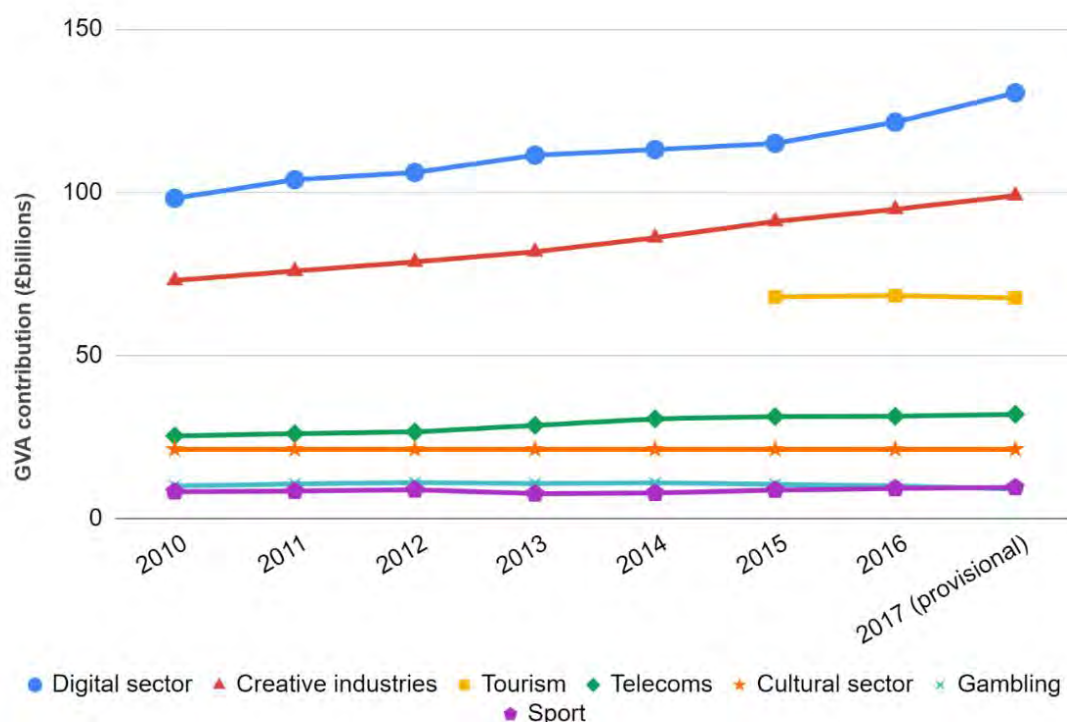
The table illustrates the most recent release of estimates of the contribution of DCMS sectors to the UK economy, measured by Gross Value Added (GVA). Data is shown in current prices not adjusted for inflation.

Provisional statistics show that in 2017, three of DCMS' sectors contributed the following amounts to the UK economy: £130.5 billion in the Digital sector (accounting for 7.1% of UK GVA), £101.5 billion in Creative Industries and £29.5 billion in the Cultural sector (all figures in current prices).

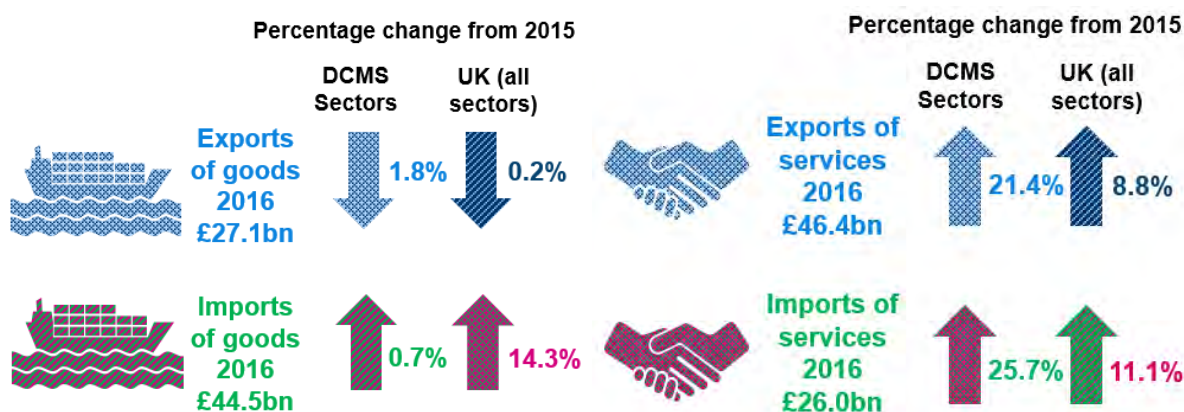
GVA from the following sectors increased between 2010 and 2017: Creative Industries (35.7%), Telecoms (25.9%), Culture (21.4%), Digital (20.3%) and Sport (15.5%), whilst the GVA by the Gambling sector decreased by 9.8% over the same period (all figures adjusted for inflation). Estimates of the real terms change in the contribution of Civil Society to UK GVA could not be provided, however in 2017 this sector accounted for 1.3% of UK GVA and tourism accounted for 3.7% of the UK GVA (2017).

⁶<https://www.gov.uk/government/statistics/dcms-sectors-economic-estimates-2017-gva> Data has been taken from all available reporting periods. Tourism underwent methodology improvements for estimations, reflected in revision of data from 2015 onwards in line with increased level of reporting of day visits. Figures prior to 2015 are no longer directly comparable and the Office for National Statistics will publish the historic series later in 2019. It is important to note that there is considerable overlap between the sectors, with industries 'counted' in more than one sector. In particular, there is a large overlap between the Cultural sector and Creative Industries, and between Creative Industries and the Digital sector.

1b. Gross Value Added (GVA) adjusted for inflation by UK DCMS sectors (£billions)⁷



1c. Trade for UK DCMS sectors (excluding tourism and civil society) (£billions)⁸



The information shows the estimates of exports and imports of both services and goods by DCMS sectors. Of all UK **services**, DCMS sectors accounted for 18.9% of **exports** and 17.0% of **imports**. The latest figures are the highest recorded over the time period from 2010 to 2016 in terms of both the absolute values and the proportion of the UK total contributed by DCMS sectors. The Digital sector had the highest import and export figures of any DCMS sector for both goods and services.

⁷<https://www.gov.uk/government/statistics/dcms-sectors-economic-estimates-2017-gva> Inflation adjustment uses 'Chained volume measures', a volume measure is a series of economic data from successive years expressed in real terms by calculating the production volume for each year in the prices of a reference year.

⁸https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/774511/DCMS_Sectors_Economic_Estimates_2016_Trade_final.pdf The latest figures (2016) excludes civil society due to no formal recognised data sources. Additionally, tourism report separate estimates.

1d. Tourism sector imports and exports⁹

Estimates for tourism are taken from the International Passenger Survey and show spend by overseas residents in the UK and also UK residents abroad. In the latest estimates, the value of tourism exports from the UK to the rest of the world was £24.5 billion, which reflected an increase of 8.7% compared to 2016 (all figures in current prices).

Top 5 countries in terms of Tourism imports and exports, 2017

Country	Imports (£m)	Country	Exports (£m)
Spain	8,683	USA	3,643
USA	4,279	Gulf*	2,239
France	3,984	Germany	1,581
Italy	2,378	France	1,425
Greece	1,664	Australia	1,194

*Gulf includes Bahrain, Iraq, Kuwait, Oman, Qatar, Saudi Arabia and UAE

Tourism Sector Imports 2016



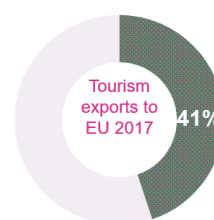
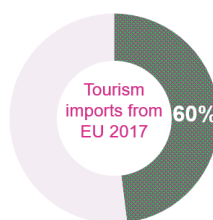
7.4% of UK total goods and services imports



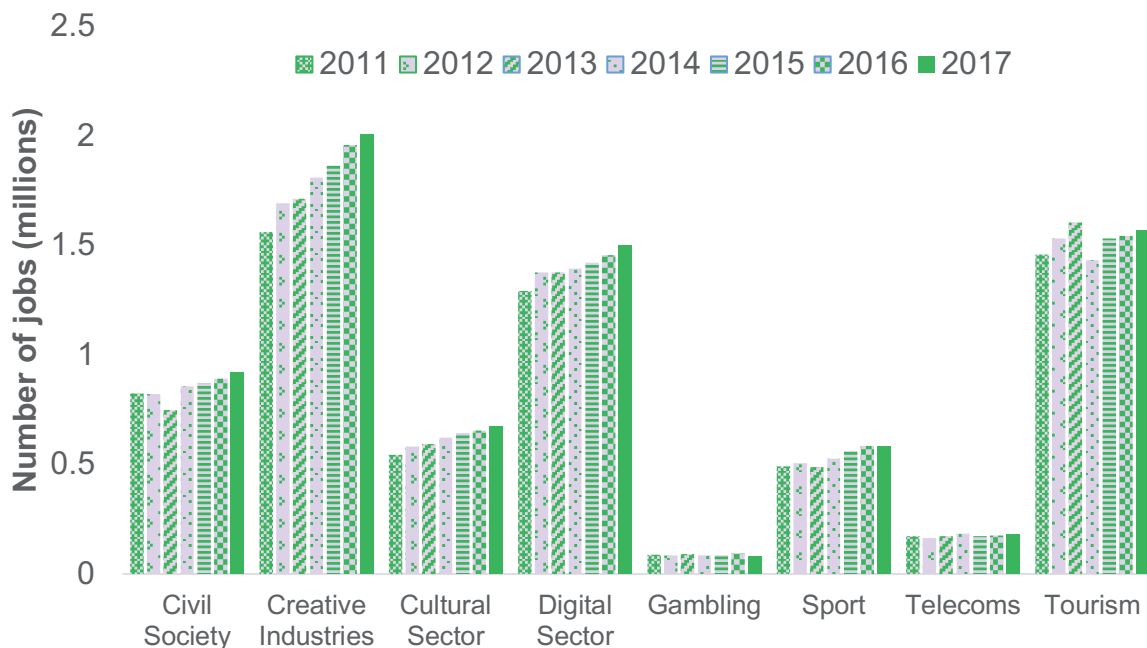
Tourism Sector Exports 2016



4.1% of UK total goods and services exports



2. UK Employment in DCMS sectors, 2011 – 2017¹⁰



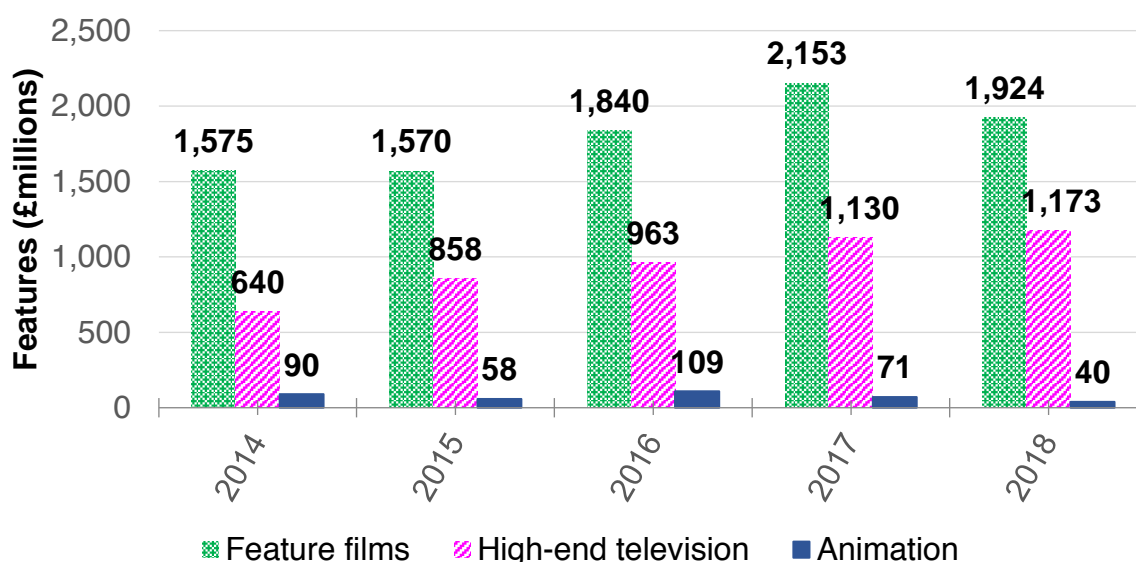
⁹https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/728749/DCMS_Sectors_Economic_Estimates_2017_Trade_in_Tourism_sector.pdf Data has been taken from all available reporting periods.

¹⁰https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/726136/DCMS_Sectors_Economic_Estimates_2017_Employment_FINAL.pdf Data has been taken from all available reporting periods.

In the latest economic estimates (2017), there were 5.4 million jobs in DCMS sectors, accounting for 16.4% of all UK jobs. This value is the highest recorded over the time period of 2011 to 2017. Employment in DCMS sectors grew at a faster rate than the UK as a whole and increased by 15.0% from 2011. The DCMS sector with the most jobs is creative industries, which has also seen the largest increase since 2011. Of all jobs in DCMS sectors, 5.8% were held by EU nationals from outside the UK and 4.6% by non-EU nationals.



3. Total UK spend on features produced in the UK (£millions)¹¹



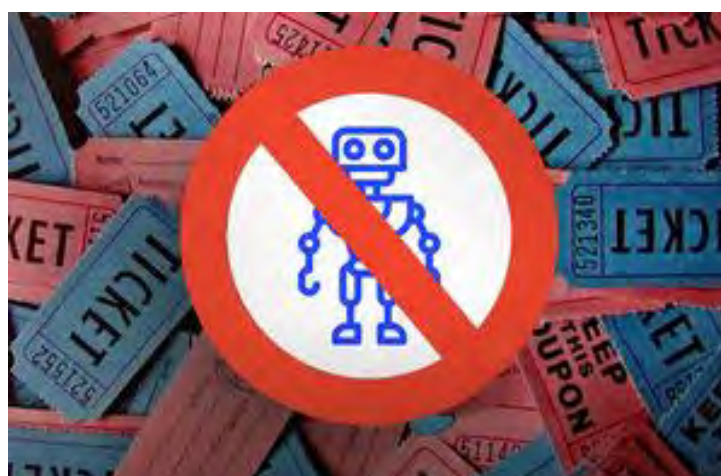
In 2018, 202 feature films started principal photography in the UK, which is defined as the shooting phase in film production. The aggregate spend on features (film, high-end television and animation programmes production) was the second highest figure since measurement began in 1994.

¹¹<https://www.bfi.org.uk/sites/bfi.org.uk/files/downloads/bfi-high-end-tv-animation-programmes-uk-full-year-2018.pdf> The chart displays allocation to the calendar year, according to the years for which principal photography started and where measurement is available.



Key Achievements in Growth

- Published the Artificial Intelligence (AI) Sector Deal, as a joint partnership with the Department for Business, Energy, and Industrial Strategy, with up to a £1 billion commitment from government, industry and academia to promote using AI and data¹².
- Local Digital Skills Partnerships brought together national and regional stakeholders from all sectors to increase digital capability and covered a population of ten million.
- Creative Industries Sector Deal delivered £4 million for a programme to make sure businesses are ready for investment. A further £2 million was committed to a creative careers programme, and £2 million to support the 'Get it Right' campaign¹³.
- Supported the launch of Fair4All Finance¹⁴, which will deploy £55 million of money unlocked from dormant bank accounts (which have been untouched for fifteen years) to support the financial wellbeing of the most vulnerable groups in our society.
- Supported the creation of the Youth Futures Foundation, which will help young people furthest from the labour market into employment, using £90 million of money made available from dormant bank accounts.
- Led the public consultation on the 'Statement of Strategic Priorities'¹⁵ in February 2019, reflecting the conclusions of the Future Telecoms Infrastructure Review and government's commitment to safeguarding the interests of telecoms consumers. Since publication, the commercial sector has continued to announce full fibre build plans.
- Announced a funding commitment of £200 million for a new 'Outside-In' approach to ensure all parts of the UK secure high quality broadband¹⁶.
- Enforced legislation from the Digital Economy Act 2017 in October 2018 that now requires mobile providers to give customers the option of a bill cap.
- Laid and created the first set of regulations and published Codes of Practice, to make data-sharing powers in the Digital Economy Act operational.
- 'Banned the bots' making it illegal to use automated software to purchase tickets for re-sale on secondary ticketing platforms at inflated prices.



¹²<https://www.gov.uk/government/organisations/office-for-artificial-intelligence>

¹³https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/695097/creative-industries-sector-deal-print.pdf

¹⁴<https://fair4allfinance.org.uk/>

¹⁵<https://www.gov.uk/government/consultations/public-consultation-on-the-statement-of-strategic-priorities>

¹⁶<https://www.gov.uk/government/news/200-million-to-kickstart-full-fibre-broadband-across-uk>

Progress against our Single Departmental Plan

Promoting measures to crackdown on unacceptable behaviour in the secondary ticketing market

- Strengthened requirements under the Consumer Rights Act 2015 to expand information that sellers on secondary ticketing platforms provide to buyers.
- Made it a criminal offence for people to purchase more tickets using automated software than allowed online.
- Worked with the Competition and Markets Authority, National Trading Standards and Advertising Standards Authority, who carried out a range of enforcement actions to ensure secondary ticketing platforms and sellers comply with the law.

Establishing the Centre for Data Ethics and Innovation

- Partnered with the Open Data Institute (ODI) and Innovate UK to explore data trusts - a legal structure that provides independent stewardship of data - as a potential approach to increasing trust and access to data. Three pilot projects were undertaken and focused on diverse challenges: tackling the illegal wildlife trade, reducing food waste, and improving public services in the Royal Borough of Greenwich.
- Established the Centre for Data Ethics and Innovation to advise on governance of data and Artificial Intelligence technologies. As part of its initial work, it will investigate how data shapes people's online experiences, and potential bias in decisions made using algorithms. The Centre is led by an independent board of experts, chaired by Roger Taylor (Chair of the Office of Qualifications and Examinations Regulation (Ofqual) and former health tech entrepreneur).

Developing a world leading digital economy

- Funded the Tech Talent Charter, an award-winning programme, to address the under-representation of women in technology roles.
- Supported a series of 'Tech Breakfasts' at Number 10 with tech sector representatives on a wide range of issues, such as Assistive Technology, as well as Research and Development. DCMS also held a series of regional roundtables focused on EU Exit to understand tech sector focused issues.
- Funded Tech Nation, which continued to scale up its operations by launching new sector support programmes for fintech and cyber business, and increase its regional presence to connect ambitious entrepreneurs and founders across the UK.

Promoting digital skills and inclusion

- Funded a digital skills training programme for the survivors and bereaved of the Grenfell Fire tragedy, to build their confidence and access new training and employment opportunities.
- Commissioned research on advanced and general digital skills needs now and in the future. This included a study into digital inclusion, outcome based commissioning and re-establishing funding for the Oxford Internet Survey (OXIS), an ongoing survey of internet use in the UK.
- Launched the Digital Skills Innovation Fund to address regional or local digital skills gaps and help people from under-represented groups into the digital workforce, and the Digital Inclusion Fund to tackle the digital exclusion of older and disabled people.

- Supported the establishment of Local Digital Skills Partnerships to tackle digital skills challenges in Lancashire; Heart of the South West; Cornwall and Isles of Scilly; South East; Cheshire and Warrington Local Enterprise Partnership areas; and the West Midlands Combined Authority.

Working to build an Artificial Intelligence (AI) and data driven economy

- Partnered with colleagues in Department of Health and Social Care and Office for Life Sciences to support the delivery of the 'early diagnosis mission' under the AI and Data Grand Challenge. The mission aims to help early diagnosis of asymptomatic diseases such as cancer, diabetes, and dementia.
- Established the Office for AI, a joint DCMS-Department for Business, Energy and Industrial Strategy Unit with responsibility for overseeing implementation of the AI and Data Grand Challenge.
- Created 200 new industry-funded AI Masters places, 1,000 new PhDs at 16 Centres for Doctoral Training across the country, and up to five new AI Fellowships in partnership with the Alan Turing Institute, aimed at attracting and retaining top AI talent.

Supporting the economic success of the creative industries

- The Creative Local Industries Partnership Forum, a Creative Industries Sector Deal commitment¹⁷, was established in October 2018. DCMS acts as a convenor to bring together creative industries consortia, Local Enterprise Partnerships and Combined Authorities to explore challenges to the sector's development on a regional basis, and work together on policies to address them.
- Worked with three Combined Authorities (Greater Manchester, West of England and West Midlands) to develop a £4 million programme to increase the skills and information available to businesses seeking to grow and expand available venture capital funding.
- Worked with Creative Industries Federation, ScreenSkills (formerly Creative Skillset) and Creative & Cultural Skills to provide £2 million to support relevant apprenticeship standards and an industry-led creative careers programme that launched in March 2019.
- Worked with British Film Institute (BFI) to apply and certify the cultural test for film, video games, high-end television, children's television and animation tax relief applications.
- Continued to invest in the UK Games Fund (UKGF), which supports small video games companies across the UK. This includes the Tranzfuser talent development programme, which nurtures future talent.

Building an inclusive economy in partnership with business and the finance sectors

- Concluded the roll out of the £80 million Life Chances Fund¹⁸ for the deployment of social impact bonds to address social challenges, such as addiction, youth unemployment and homelessness.
- Allocated a further £95 million from dormant bank accounts to Big Society Capital (BSC) and Access Foundation, who are investing in charities and social enterprises that tackle homelessness and place-based issues.
- BSC deployed further investment in social enterprises and charities to create solutions for social issues, which now total £1.7 billion. At the end of 2018, a further £90 million of new commitments was made available through investment into fund managers and social banks.

¹⁷https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/695097/creative-industries-sector-deal-print.pdf

¹⁸<https://www.gov.uk/government/publications/life-chances-fund>

- Jointly funded by DCMS and the Cabinet Office, the Inclusive Economy Partnership (IEP)¹⁹ has created a model for connecting businesses with government and civil society to tackle three major social issues:
 - financial inclusion and capability;
 - not mental health in the workplace; and
 - transition to work for young people.The IEP has delivered value and impact to communities through its engagement with over 170 organisations, scaled up 18 social innovators with solutions to social challenges, and catalysed new interventions to provide support to 50,000 people.
- Administered the Social Tech Trust to create a new social tech venture fund. The fund hopes to raise up to £30 million in capital. This will support innovative social tech ventures focused on improving health, tackling wealth inequality, and building stronger communities.

Promoting the functioning of efficient telecoms markets and high levels of consumer protection and confidence

- Launched consultations to remove barriers to deployment with proposed reform of wayleave agreements and mandated full fibre connections to new build developments.
- Worked with Ofcom's 'Boost Your Broadband' campaign on consumer policy issues to help switch to faster, cheaper broadband, and started a review of broadband pricing.
- Launched the Digital Connectivity Portal in December 2018, which supports local authorities and network providers to improve connectivity in local areas. This includes promotion of high standards in street works, digital strategies and using existing assets to deliver to more people.
- Worked in partnership with UK Permanent Representation to the EU (UKRep) to negotiate a revised EU Regulatory Framework for electronic communications. The framework applies to competition, investment in telecoms markets and additional radio spectrum for 5G. It supports broadband switching, where gaining providers (and not customers) leads the switching process to new providers.
- EU negotiation of the framework concluded in December 2018 and the department is leading the work to update UK law with the European Electronic Communications Code Directive by December 2020, in anticipation of a Withdrawal Agreement with the EU.
- The department-led 'Barrier Busting Task Force' (BBTF) worked with local authorities, communication network providers and Ministry of Housing, Communities and Local Government to remove the barriers to deployment of full fibre broadband and 5G connectivity.
- Delivered implementation of the Digital Economy Act 2017 to ensure the Electronic Communications Code supported operators and landowners to reach agreements that facilitate the deployment of digital infrastructure.
- Introduced the Universal Service Obligation (USO) through the Digital Economy Act 2017 to ensure everyone can request high speed broadband connection. DCMS engaged with Ofcom, who are responsible for implementing the process, and are on track to deliver by 2020.
- Trialled upgraded public sector hubs in rural areas and made vouchers available for surrounding residential and business premises, supported by £200 million²⁰.

¹⁹<https://www.gov.uk/government/groups/the-inclusive-economy-partnership> Social innovators are individuals and enterprises who find solutions to social challenges.

²⁰<https://www.gov.uk/government/news/200-million-rollout-of-full-fibre-broadband-begins>

- Prepared Withdrawal Act Statutory Instruments for Telecoms (Telecoms Regulation Framework²¹, Spectrum²², Roaming²³, and Intra-EU Calls Regulation²⁴) as part of No Deal contingency planning.
- Continued to run the Business Connectivity Forum with businesses, internet service providers and local authorities. The Forum aims to develop specific solutions to the issues faced by businesses in accessing fast, affordable and reliable broadband.
- Ran two roundtables with consumer groups to inform telecoms elements of the Green Paper and the forthcoming Consumer White Paper.

Making the UK one of the safest places in the world to do business in cyberspace. Increasing cyber security economic growth

- Cyber security accounted for the largest single security export in the UK at £1.8 billion (latest figures for 2017) and is forecast to grow at around 12% annually (remaining on an upward trajectory to 2022). The UK is the fourth largest security exporter in the world, behind the US, China and Japan.
- Funded the Cyber Security Academic Startup Accelerator Programme (CyberASAP) initiative to encourage commercialisation of UK academic ideas in cyber security. The programme supports the 'Develop' strand of the National Cyber Security Strategy 2016-2021. CyberASAP's second year concluded in January 2019 for the 13 academic teams, who are now capitalising on their Minimum Viable Products and looking to form spin-out companies.
- Launched the £13.5 million London Office for Rapid Cyber Advancement (LORCA) in June 2018. A further 15 startups have been added to the LORCA cyber security scheme, which focus on AI and the dark web. The DCMS funded initiative serves as a world class innovation centre that brings together different elements of leading UK cyber security companies and innovators.
- B-Secur joined LORCA and is a provider of biometric heartbeat solutions, which can be integrated into the next generation of authentication solutions. Their scaling objectives included the aspiration to pivot into new markets, attract investment and grow the team in a sustainable manner.
- In addition to technical and commercial support, LORCA:
 - helped B-Secur attract £4 million of investment during their first six months;
 - facilitated independent, technical validation of their authentication algorithm; and
 - introduced B-Secur to new prospects, including corporate partners.



²¹<https://beta.parliament.uk/statutory-instruments/61EL5bFi>

²²<https://beta.parliament.uk/statutory-instruments/PUWJB1F8>

²³<https://beta.parliament.uk/statutory-instruments/lqPkaynG>

²⁴<https://beta.parliament.uk/statutory-instruments/XI9r5ppR>

Recognising the UK as an attractive location for digital and tech sector businesses

Maintaining confidence in the UK as the best place in the world to start and grow a digital business is more important than ever as we exit the European Union. 2018-19 saw a number of announcements to help cement our position as the best place in the world to run a tech company, including a successful event at Number 10 during London Tech Week in June 2018. This saw tech sector representatives engage on a wide range of issues, such as Assistive Technology, as well as research and development in the tech sector. In addition to announcing £2.3 billion of private investment and 1,600 new jobs in the UK digital tech sector, the event also announced a new £2.5 billion British Patient Capital programme. This will support UK companies with high growth potential to access the long-term investment they need to grow and go global. Lastly, we announced a new Start-Up Visa for entrepreneurs to launch in spring 2019.

Analysis by Tech Nation and Dealroom at the end of 2018 demonstrated the continued strength and appeal of UK tech. The UK continued to attract more venture capital investment than anywhere else in Europe, with £6.3 billion (\$7.9 billion) in funding from investors. The UK also had a landmark year for exits: achieving sales, Initial Public Offerings (IPO) and mergers worth \$40 billion, more than every other country in Europe including Sweden (the source of Europe's single biggest tech IPO in 2018).

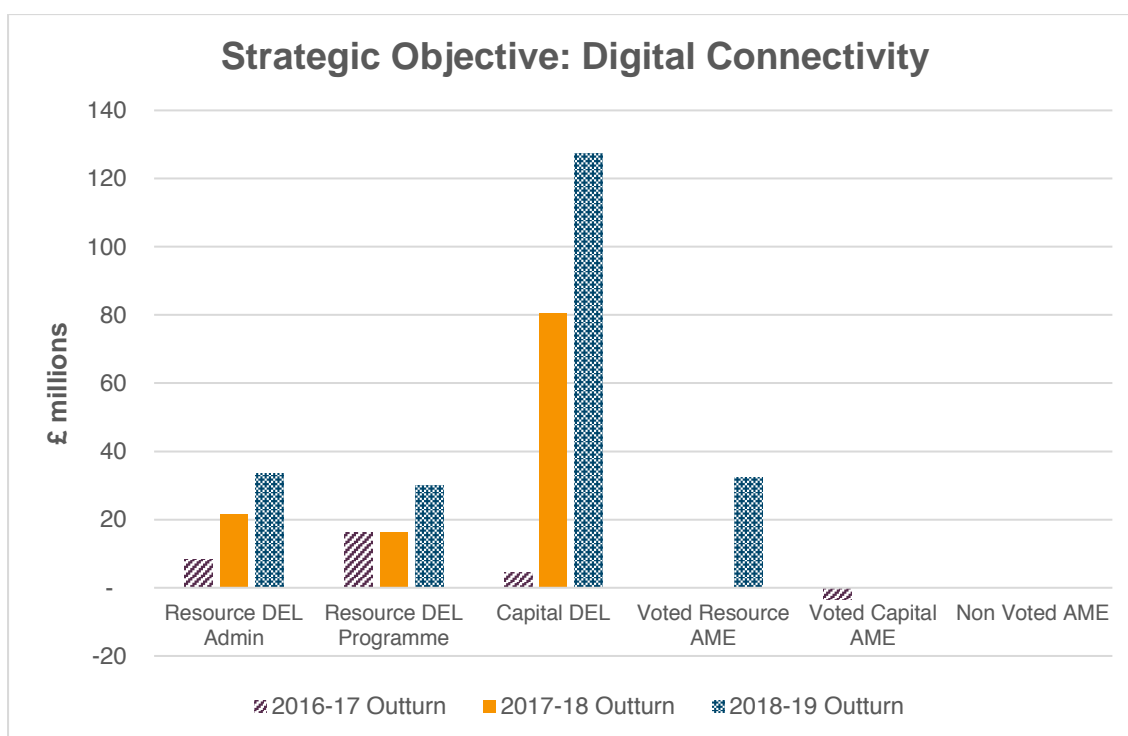


DIGITAL CONNECTIVITY
Continually drive the UK's connectivity, telecommunications and digital sectors.

Participating Arm's Length Bodies



The chart below represents the net group expenditure on Digital by budget type. These budget types are explained on page 120.



Indicators

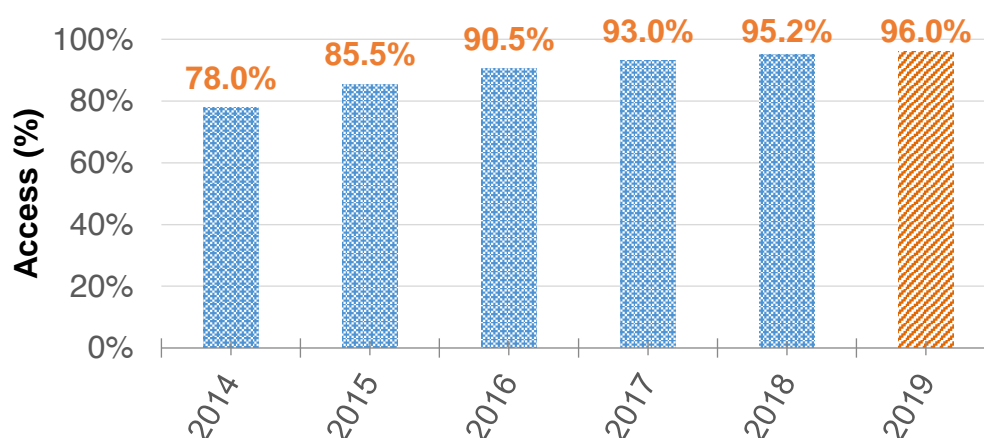
The following headline indicators help to illustrate the performance of DCMS as set out in the Single Departmental Plan.

1. Coverage for UK voice, SMS and 4G from all four operators²⁵

	June 2016	June 2017	January 2018
Indoor premises with mobile call coverage	85%	90%	92%
Indoor premises with 4G coverage	40%	58%	77%
Outdoor geographic area covered for 4G services	21%	43%	66%

²⁵https://www.ofcom.org.uk/data/assets/pdf_file/0020/130736/Connected-Nations-2018-main-report.pdf. Mobile connection is easier to achieve without physical obstacles, therefore Ofcom report separately on outdoor (by UK landmass) and indoor (by premises) coverage. For indoor mobile coverage, the operators measured are O2, Vodafone, EE and Three.

2. Premises with access to Superfast broadband (greater than 24 Mbps)²⁶



The UK Government definition of 'Superfast broadband' is speed of over 24 megabits per second (Mbps). The target of 90% was exceeded, with 96% access as at March 2019



Key Achievements in Digital Connectivity

- DCMS' responsibilities for digital encompass the UK and one of the top priorities is to connect and deliver for communities throughout the country. Fixed digital infrastructure, the Local Full Fibre Network Programme, Superfast Programme, and Gigabit Voucher Scheme are bringing high speed internet to premises across the UK. To drive innovation in mobile networks, the 5G Testbeds and Trials Programme has run competitions across the UK, with an initial phase of projects underway in England, Wales and Scotland.
- The Rural Gigabit Connectivity programme secured £200 million funding, which will drive investment in future-proof broadband connectivity in hard to reach UK areas²⁶.
- The Schools project has started to provide 100 schools across England and Wales with physical broadband connections. Ten projects have been awarded a share of the £95 million funding for Wave 3²⁷ (Colchester, Isle of Wight, Norfolk, Northern Ireland, north Wales, Rutland, Shetland Isles, South Essex, Stoke-on-Trent and Suffolk).
- Launched the Gigabit Broadband Voucher Scheme²⁸ in March 2018, with the latest data revealing 3,660 connections have been created. The scheme is designed to enable businesses to receive 'gigabit-capable' connectivity for a more reliable connection. Of these, £10 million funded the installation of live gigabit capable connections for homes and businesses across the UK.
- Published the Future Telecoms Infrastructure Review, which sets out the UK's strategy to deliver investment in digital infrastructure²⁹.
- Created the UK5G Innovation Network, which aims to boost and strengthen the development of the 5G ecosystem in the UK²⁹. UK5G now has over 1,250 members from over 400 different organisations.

²⁶<https://labs.thinkbroadband.com/local/>

²⁷<https://www.gov.uk/government/news/200-million-to-kickstart-full-fibre-broadband-across-uk>

²⁸<https://www.gov.uk/guidance/local-full-fibre-networks-programme>

²⁹<https://uk5g.org/about/>

Progress against our Single Departmental Plan

Delivering a world class broadband infrastructure

- DCMS' £1.7 billion nationwide rollout of Superfast broadband to areas deemed 'not commercially viable' has reached over five million UK premises since 2013. It has exceeded its target of 90%, with 95.9% of homes and businesses receiving services.
- Secured £500k funding for 34 local bodies to drive take-up of faster broadband services and ensure people are aware of improvements to broadband infrastructure in local areas, under the Superfast Broadband Programme. Activities included leaflet drops, social media and 'clean advertising', where adverts were pressure washed onto pavements.
- The Superfast contracts included a gain-share mechanism, which means as superfast take-up increases, money is returned to the project. This contracting will see industry return at least £712 million of funding.
- Published the Superfast Evaluation Report, which gained wide media coverage³⁰.
- It reported the economic and social impacts of the Superfast Programme and highlighted a benefit to cost ratio of £1.96 per £1 of public sector spending to date. This suggests that the programme is close to meeting the rates of return required for approval of public sector investment decisions. This ratio is even higher when wider community benefits are included.
- High take up rates of the Superfast Programme encouraged the telecommunications industry to expand their own commercial broadband projects.
- The Better Broadband Scheme was introduced for those who are unable to receive a broadband connection of 2 Mbits/second or higher³¹. The scheme provides a voucher, which can be used with a wide number of suppliers and technologies for a better connection. Since its inception, 39,966 vouchers have been issued (of which 7,939 were Scottish, 5,448 Northern Irish and 26,579 English premises) with approximately half having been claimed by one of the Scheme's 134 suppliers.

Clearance of 700MHz Spectrum for mobile broadband use

- The department successfully cleared 28 main stations and 81 relays of their existing users in the 700MHz Spectrum Clearance Programme. The programme is reallocating airwaves for future use in 5G mobile networks, including rearranging television channels to free up radio spectrum. These stations broadcast the television channels and some upgrades involve large engineering and infrastructure works. It is over halfway complete and on track to complete early in 2021, which will involve making changes to a total of 95 main stations and 126 relays.
- A 317 metre temporary mast was built alongside the 330 metre high iconic Emley Moor Mast. This was built to transmit television, radio and mobile phone signals while work to update broadcasting equipment on the main mast was carried out.

Stimulating delivery of Local Full Fibre Networks (LFFN)

- Continued the £200 million Rural Connectivity Gigabit Programme, which was launched in spring 2019. It will fund installation of full fibre broadband to public buildings, including schools and healthcare sites. This will address the needs of challenging connectivity issues experienced in small towns, business parks and rural areas across the UK and aims to increase supplier investments in local areas.

³⁰<https://www.gov.uk/government/publications/evaluation-of-the-economic-impact-and-public-value-of-the-superfast-broadband-programme>

³¹<https://basicbroadband.culture.gov.uk/>

- Following the LFFN launch, the first wave of projects focused on Tameside, West Sussex and the Trans-Pennine Rail routes and are now over 60% complete. The programme aims to stimulate commercial investment in full fibre networks across the UK, including rural and urban locations.
- A second wave, launched in autumn 2018, supported 13 projects in full fibre deployment, totalling £95.5 million in funding. This included: Armagh/Banbridge/Craigavon, Belfast, Blackpool, Cambridgeshire, Cardiff, London, Coventry/Solihull/Warwick, Highlands, Manchester, Mid Sussex, Nynet, Portsmouth and Wolverhampton³².

Maintaining a world-class communications infrastructure and creating value from the release of radio spectrum

- Worked with Ofcom and mobile network providers to ensure coverage obligations were included in the plans for the 700MHz and 3.6-3.8GHz auctions. The auctions will take place in 2020.
- The Future Telecoms Infrastructure Review (FTIR) set out DCMS' position on the regulatory environment to support deployment of 5G technologies in the UK.
- More public sector spectrum was released and auctioned, with one auction raising £1.4 billion for the Exchequer in April 2018.

Make the UK a world-leader in 5G

- Delivered six 5G projects from the 'Phase 1' funding competition and trialled 5G use in tourism, agriculture, transport and healthcare in the West Midlands. Early focus of projects included health, social care and emergency services.
- Created a 5G end-to-end trial and worked with the Universities of Surrey, Bristol and Kings College London. This tested the capability of 5G to make an application or service work in a real-world environment.
- Urban Connected Communities Projects trialled 5G at scale and moved to delivery phase. It announced projects across the sectors such as citizen-wellbeing, mobility, manufacturing and construction, and will address infrastructure build acceleration.
- 5G trials were allocated £10 million investment to test and prove the security of 5G networks, in partnership with National Cyber Security Centre.

Enhancing the security and resilience of the telecoms sector

- Completed two pilots for security assessments, including penetration testing for different types of attackers.
- Launched the cross-government Telecoms Supply Chain Review in October 2018, which aims to establish an effective policy framework for the secure and resilient deployment of 5G and full fibre services in the UK.

³²<https://www.gov.uk/guidance/local-full-fibre-networks-programme>

Future Telecoms Infrastructure Review (FTIR)

World class digital infrastructure is vital to the UK's growth, prosperity and competitiveness, and is a core part of the modern industrial strategy. To ensure that the right conditions are in place to secure this investment, DCMS led the cross-government review of the telecoms market, as announced in the Industrial Strategy. DCMS ran a public Call for Evidence, alongside engagement with stakeholders and experts, including analyses on global broadband markets and on the competitive dynamics in the UK fixed and mobile markets.

Published in July 2018, the FTIR sets out the strategy for the UK government achieving its ambitious connectivity targets. It also explored how new future-proofed fixed and mobile networks can be deployed at scale and pace for UK businesses and consumers to receive the connectivity they need, including transformative technologies like 5G. DCMS are consulting on issues highlighted by the FTIR to make the deployment of new networks cheaper and easier. A number of the FTIR's key recommendations are reflected in the government's first ever 'Statement of Strategic Priorities' for Ofcom. The FTIR sets out that 15 million premises will be connected to full fibre by 2025 with nationwide coverage by 2033.

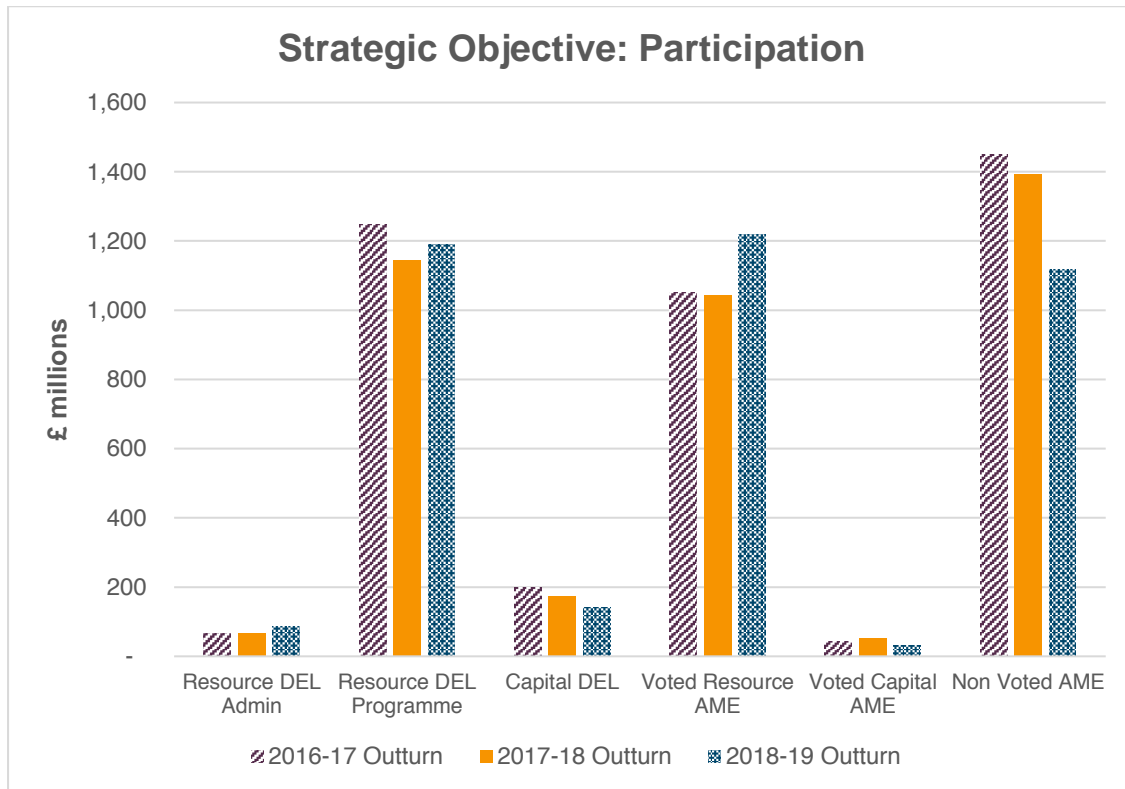


 **PARTICIPATION**
Maximise social action, cultural, sport and physical activity.

Participating Arm's Length Bodies



The chart below represents the net group expenditure on Participation by budget type. These budget types are explained on page 120



Indicators

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

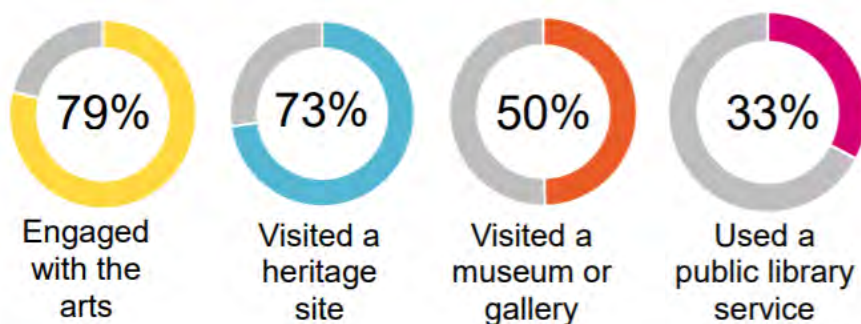
1. Subjective Wellbeing³³



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

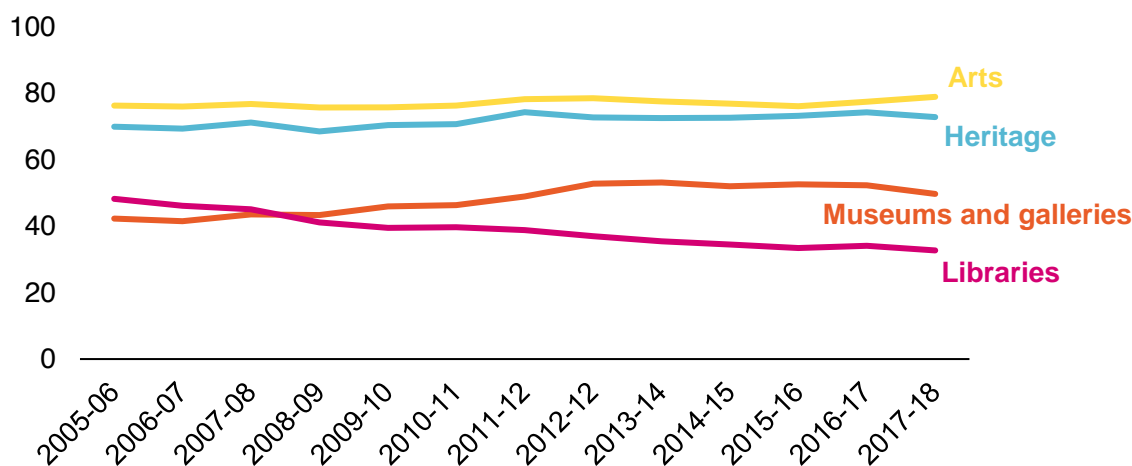
³³<https://www.ons.gov.uk/peoplepopulationandcommunity/wellbeing/datasets/headlineestimatesofpersonalwellbeing>

2a. Engagement in arts, heritage, museums and libraries, 2017-18³⁴



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

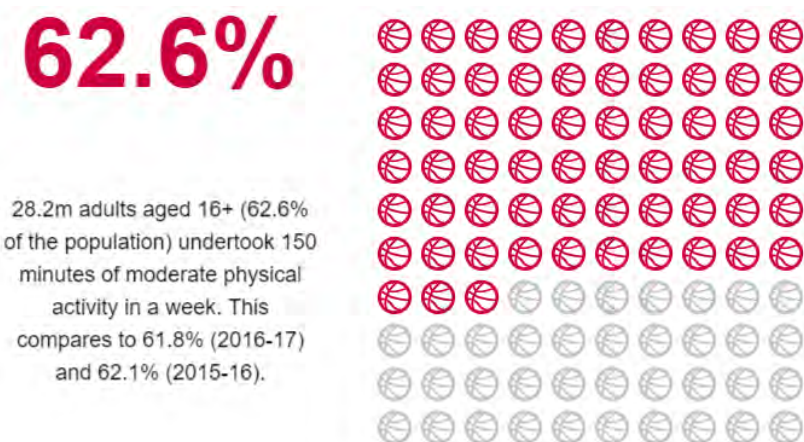
2b. Proportion of adults who had engaged with cultural activities in the last 12 months, 2005-06 to 2017-18³⁴



3. National Citizen Service³⁵



4. Active adults³⁶



³⁴https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/740242/1809_11_Taking_Part_Adult_Annual_Report_-_Revised.pdf

³⁵https://www.ncsyes.co.uk/sites/default/files/2018-10/NCS_Trust_Annual_Report_1718.pdf

³⁶<https://www.sportengland.org/media/13898/active-lives-adult-november-17-18-report.pdf>



Key Achievements in Participation

- The Great Exhibition of the North in Newcastle Gateshead held in the summer of 2018 was a celebration of the north of England's pioneering spirit³⁷. There were 3.8 million visits across 300 events, performances and activities. 90% of visitors reported it had positively changed perceptions (for example, visitors stated that they would recommend the event to friends and relatives).
- The DCMS/Wolfson Museums and Galleries Improvement Fund³⁸ announced £4 million funding in January, for 35 museums and galleries in 2019-20 to improve interpretation and spaces for audiences across England, with 80% outside London.
- Announced projects supported by new £20 million Cultural Development Fund³⁹ (Wakefield, Worcester, Thames Estuary, Plymouth and Grimsby), which will create 1,300 jobs.
- Created thousands of new places for disadvantaged young people to join uniformed youth groups, such as police cadets, scouts, guides and faith-based organisations, using £5 million government investment⁴⁰.
- Trained the 2,000th person in community organising, as part of the Community Organisers Expansion Programme.
- Published 'The Centenary of the First World War - How the Nation Remembered' in February 2019, which included more than 450 images and showcased a wide variety of events and projects marking the Centenary.
- Held a Dedication Ceremony at the National Memorial Arboretum in Staffordshire in May 2018, for the National Memorial to British Victims of Overseas Terrorism (which was completed in December 2017). This was led by the Archbishop of Canterbury and attended by the Prince of Wales, Duchess of Cornwall, and friends and relatives of victims of overseas terrorism.
- Held the People's Procession alongside the traditional National Service of Remembrance, for which the German President laid a wreath at the Cenotaph for the first time. 10,000 people passed the Cenotaph in memory of the fallen.
- Sport England published the first set of results from its new, world-leading Active Lives Children Survey in December 2018. This is a significant milestone in informing DCMS policies and developing understanding of how children engage with physical activity.



³⁷<https://getnorth2018.com/>

³⁸<https://www.wolfson.org.uk/funding/funding-for-places/>

³⁹<https://www.gov.uk/government/news/five-areas-to-share-20-million-to-unleash-creativity-across-the-nation>

⁴⁰<https://www.gov.uk/government/news/government-invests-5m-to-increase-places-for-disadvantaged-children-in-youth-organisations>

Progress against our Single Departmental Plan

Increasing participation in arts and culture and delivering the digital culture project

- Confirmed assurance for the £10 million UK government investment for the Dunard Centre in Edinburgh.
- The Creative People and Places programme announced that 79 new places will be eligible to apply for £24 million of funding in 2019-20, to fund projects until 2023-24⁴¹. In 2018, six existing projects were granted a further £3 million funding, including Boston and South Holland, Doncaster and Blackpool. In 2019, a further 12 existing places will be eligible to apply for an additional £6 million to continue their work. The total investment will be £93 million in committed funds (this includes ring-fenced funds that have not yet been awarded) and targets places where engagement in the arts and culture is significantly below the national average.
- The UK arts and cultural sector saw international and national artists, directors, and ideas moving freely between all parts of the UK, often working together on joint creative projects. Much of this work is underpinned by the UK government's Creative Industries Tax Reliefs (owned by HM Revenue & Customs and HM Treasury), supporting film, television, animation, orchestras, theatre, video games, and museum and gallery exhibitions throughout the Union.
- Implemented the #CultureisDigital report⁴² in collaboration with partners and provided £200k to the Arts Council to support construction of a digital culture network and the building of a 'Digital Code and Maturity Index'. This will help cultural practitioners establish and measure their digital skills needs.
- Ran six seminars on Intellectual Property in culture around the country and attracted over 100 cultural and heritage organisations, in conjunction with the Intellectual Property Office (IPO).
- Launched Youth Performance Partnerships (YPP) with £5 million of funding in March 2019⁴³. This will link schools with cultural organisations across five locations in England, helping over 10,000 young people to engage with dance, drama and theatre in areas where they lack arts opportunities. The Partnerships look to increase knowledge of sector career paths, nurture talent, and support self-esteem and wellbeing of children and young people.

Building a sustainable future for libraries

- The Public Lending Right Scheme was extended in July 2018 to include e-books and e-audiobooks loaned from public library services in the UK.
- The British Library signed a development agreement with SMBL Developments Ltd (a consortium of Stanhope plc and Mitsui Fudosan UK Ltd, working with architects Rogers Stirk Harbour + Partners and engineers Arup) as a key step in the Library's plans to develop land at the north of its St Pancras site. The development is expected to include new British Library learning, business and exhibition spaces, a new headquarters for The Alan Turing Institute, and commercial space.
- Published an evaluation of the £3.9 million Libraries Opportunities for Everyone Innovation Fund, which supported 30 library service projects across England to help build a fairer society and deliver opportunities for disadvantaged communities across the country⁴⁴.

⁴¹<https://www.artscouncil.org.uk/funding/creative-people-and-places>

⁴²<https://www.gov.uk/government/publications/culture-is-digital>

⁴³<https://www.artscouncil.org.uk/funding-finder/youth-performance-partnerships>

⁴⁴<https://www.gov.uk/government/publications/evaluation-of-the-libraries-opportunities-for-everyone-innovation-fund>

- Libraries Taskforce transferred support activities, such as secretariat research and communications from the core department to Arts Council England, for the remainder of 2018-19 and 2019-20. Additionally, four formal complaints were resolved under the Public Libraries and Museums Act 1964 in relation to Barnet, Lancashire, Darlington and Northamptonshire⁴⁵.

Increasing access to the Government Art Collection (GAC)

- Lent works from the GAC to major exhibitions in the UK and abroad, including a:
 - Barbara Hepworth sculpture to the 'Modern Couples' exhibition at Centre Pompidou-Metz and the Barbican Art Gallery;
 - C.R.W. Nevinson painting to the 'Ocean Liners: Speed and Style' at the new V&A Dundee; and
 - Patrick Heron painting to his solo show at Tate St Ives and Turner Contemporary.
- Provided 103 public tours of the Collection and welcomed 1,800 visitors (including London Open House, Parliament Week and Bloomsbury Festival).
- Participated in Art UK's pilot project for Masterpieces in Schools, by lending a sculpture by David Batchelor to Reay Primary School, Lambeth, where the artist gave a talk to the entire school.

UK City of Culture, Great Exhibition of the North and Northern Cultural Regeneration Fund

- Continued preparations for Coventry to host the UK City of Culture in 2021.
- Allocated £3 million of the Northern Cultural Regeneration Fund to the social investment intermediary, Key Fund⁴⁶. It will invest the money into the cultural and creative sectors in the north of England from April 2019. The investments will take the form of small-scale, affordable loans, and will target organisations that achieve a measurable social impact in their respective communities.

Protecting, preserving and promoting museums, cultural property, and the art market for the enjoyment and learning of audiences

- Published the Museums Action Plan and Partnership Framework⁴⁷ in October 2018, which set out how DCMS and its Arm's Length Bodies will work together to create an environment in which museums can flourish.
- Launched consultations on strengthening the export control process for retaining national treasures and revising the definition of treasure finds and related codes of practice.
- Continued implementation of the Mendoza Review of museums, with all recommendations begun and some complete. DCMS worked closely with Arts Council England (ACE), National Lottery Heritage Fund and Historic England to ensure an integrated approach to the museums sector in England, overseeing ACE's delivery of its recommendations to provide a stronger development function for museums.

Supporting the best of our arts and culture and promoting its role in delivering positive social outcomes for communities and individuals around England

- The cross-government Loneliness Strategy⁴⁸, published in October 2018, featured commitments from ACE to measure loneliness in relevant programmes of work.

⁴⁵<https://www.gov.uk/government/collections/ministerial-letters-regarding-dcms-consideration-of-representations-about-local-library-services>

⁴⁶<http://thekeyfund.co.uk/news/3-million-investment-into-creative-businesses-across-the-north/>

⁴⁷https://www.nationalmuseums.org.uk/media/documents/museums_partnership_framework_4_october.pdf

⁴⁸<https://www.gov.uk/government/publications/a-connected-society-a-strategy-for-tackling-loneliness>

- The Secretary of State jointly chaired a roundtable with the Secretary of State for Justice to connect leaders in the arts, creative industries and criminal justice sector. This addressed what the cultural sector can do to support employment and education outcomes in criminal justice sectors.
- The Prime Minister announced in October 2018 that there would be a major festival in 2022, to showcase the UK's unique strengths in creativity and innovation. It is currently at an early stage of design and recruitment in consultation with partners and stakeholders.

Promoting and protecting the historic environment so that future generations can appreciate and enjoy heritage assets

- Launched the 'Heritage Statement: One Year on Update' in December, including bi-annual meetings of the Heritage Council and Historic England's pilot scheme which encourages protection and preservation of heritage for future generations⁴⁹.
- In the 2018 Budget⁵⁰, the Chancellor announced funding of £55 million to support the regeneration of historic buildings on England's high streets and town centres, as part of the £675 million 'Future High Streets Fund'.
- Published revisions to the Secretary of State's 'Principles of Selection for Listed Buildings' in November 2018⁵¹. These were last updated in 2010.
- Launched the Taylor Review Pilot in September 2018 to test recommendations of the 2017 'Taylor Review: Sustainability of English Churches and Cathedrals', and provide support and advice for listed places of worship of all faiths and denominations.

Support transition from Blythe House to alternative sites for national museum collections

- The V&A agreed terms for agreements to lease at two sites on the Queen Elizabeth Olympic Park at Here East for their new V&A East Collection & Research Centre and at the Stratford Waterfront for the V&A East Museum.
- The British Museum secured HM Treasury's approval for the new storage and research facility in Shinfield, unlocking the remainder of the £50 million funding provided to the Blythe House Programme.
- The Science Museum Group began work on a new facility at the National Collection Centre in Wroughton, Wiltshire. This will transform public access to the collection when it opens regularly for public tours, school and research visits.
- Secured planning permission and undertook works at Blythe House to enable the decant of collections from the site in a safer and more efficient manner.

Supporting people of all ages to thrive and give back to their communities

- Continued to support people to give back to their communities: £770k was awarded to six places to boost fundraising for local good causes and £2.3 million awarded to ten more places to put communities at the heart of tackling local issues⁵².
- Released over £10 million for good causes through the Revitalising Trusts programme⁵³, which is jointly led by DCMS, UK Community Foundations, and the Charity Commission. It aims to transfer £20 million of inactive charitable trusts back into use in local communities between April 2018 and March 2020.

⁴⁹<https://www.gov.uk/government/publications/the-heritage-statement-2018>

⁵⁰<https://www.gov.uk/government/topical-events/budget-2018>

⁵¹https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/757054/Revised_Principles_of_Selection_2018.pdf

⁵²<https://www.civilsociety.co.uk/news/dcms-to-invest-3m-of-funding-to-voluntary-organisations.html>

⁵³<http://www.heartofenglandcf.co.uk/revitalising-trusts-to-support-local-communities/>

- Continued to break down barriers to volunteering, directly helping ‘hard-to-reach’ people who might otherwise miss out on the benefits from volunteering due to their life circumstances. This is supported by £250k of new funding.
- Launched three youth voice projects to engage young people to shape national policy making, as part of the Civil Society Strategy⁵⁴.
- Hosted seven young people with care experience in the annual Whitehall Takeover Day, which was a unique opportunity to spend a day with ministers and senior civil servants to understand their roles and input into departmental decision-making.

Delivering ceremonies, the First World War centenary programme and a new Memorial to British Victims of Overseas Terrorism

- Held the Centenary of the Battle of Amiens Commemoration in Amiens Cathedral in August 2018. Approximately 2,000 guests joined representatives of the coalition nations (France, US, Australia, Canada and the UK).
- Supported a youth programme with University College London’s Institute of Education to commemorate the centenary of the Battle of Amiens.
- Delivered the National Service of Thanksgiving in Westminster Abbey on 11 November 2018. This was attended by Her Majesty the Queen, the President of Germany and 1,000 guests nominated by partner organisations for their contribution to commemorative projects across the country since 2014.
- Provided infrastructure and logistical support for the Royal Wedding in May 2018, both inside and outside of Windsor Castle grounds to provide media facilities, and created a safe viewing environment for the general public.



Increasing participation in, engagement with and access to sport and physical activity

- 607,400 more people are now physically active compared to 2015-16 and are on track to meet the 2020 Sport England target.
- The Minister for Sports and Civil Society hosted a summit in February 2019, attended by key leaders in football and discussed actions to stamp out all forms of discrimination. This forms part of the cross-government sport strategy ‘Sporting Future’.
- The minister later hosted an event in March 2019 that highlighted the importance of open data and digital innovation in driving engagement in grassroots sport.

⁵⁴<https://www.gov.uk/government/publications/civil-society-strategy-building-a-future-that-works-for-everyone>

- The Sport England (SE) Strategy⁵⁵ sets out bold ambition for sport policy to make sure everyone can experience the benefits of sport and physical activity. Since the May 2016 launch, SE has opened 14 investment programmes and allocated over £693 million to 4,600 projects and approximately 3,500 organisations.
- Sport England published the first data set from the Active Lives Children survey in December 2018. It reported on activity levels, attitudes towards sport and physical activity for children aged 5-15. DCMS have been working with the Department for Education and the Department of Health and Social Care on the development of a new cross-government School Sport and Physical Activity Action Plan, which is due to be published in 2019.
- Sport England launched the third phase of their 'This Girl Can' campaign in October 2018⁵⁶. This focused on maintaining momentum with the existing community (women and girls aged 14-60) and targeting women and girls from lower socio-economic groups, Black, Asian and Minority Ethnic backgrounds and teenagers.



Cultural Development Fund

In January 2019, the Cultural Development Fund (CDF) announced that there would be five recipients – Grimsby, Wakefield, Worcester, Thames Estuary and Plymouth. The CDF invests in culture and creative activity to make places attractive to live in, work and visit, and to unlock economic growth and productivity. As part of the government's Industrial Strategy, the Fund supports places to develop and implement their own transformative cultural and creative growth plans – demonstrating how culture drives growth. Each recipient will receive between £3 million and £4.4 million.

The CDF is expected to create more than 1,300 new jobs, benefit 2,000 people through skills training, support more than 700 businesses, and will leverage £17.5 million of external investment.

⁵⁵<https://www.sportengland.org/media/10629/sport-england-towards-an-active-nation.pdf>

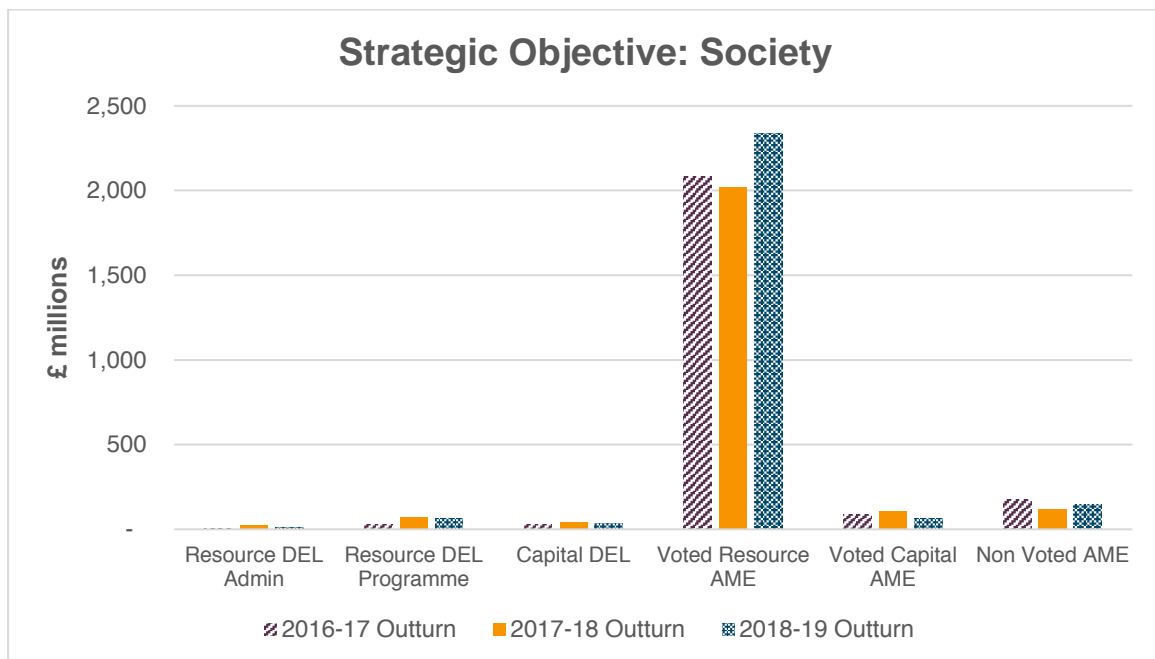
⁵⁶<https://www.sportengland.org/our-work/women/this-girl-can/>

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

Participating Arm’s Length Bodies



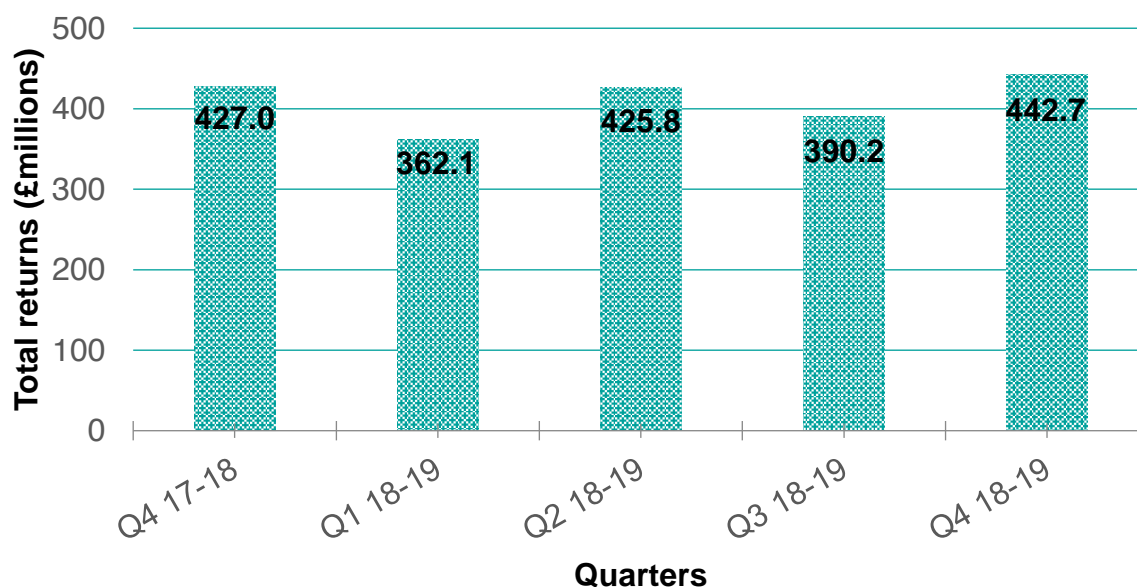
The chart below represents the net group expenditure on Society by budget type. These budget types are explained on page 120.



Indicators

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

1. National Lottery good cause returns (£millions)⁵⁷



The Gambling Commission makes payments from the National Lottery operator into the National Lottery Distribution Fund (NLDF) where funds are held for onward issue by good cause distributors. Income into the fund comes primarily from National Lottery sales and is supplemented by unclaimed prizes and the investment income from the funds held.

2. Problem gambling rate

	2016	2017	2018	2019
Gambling Commission Participation ⁵⁸	0.7%	0.6%	0.5%	0.4%

The Gambling Commission reports on problem gambling for adults (aged 16+), which is defined as behaviour related to gambling that causes harm to the gambler and those around them. This is measured by at risk behaviour based on common signs and consequences in relation to gambling participation and attitudes. The Commission's regular telephone survey reported low-risk rate (3.3%), moderate-risk rate (1.5%), and problem gambling rate (0.5%). By comparison, the Combined Health Survey (2016) classified low-risk (2.4%), moderate-risk (1.1%), and problem gambling (0.7%). Gambling participation has remained stable, with 46% of respondents having participated in at least one form of gambling in the past four weeks.

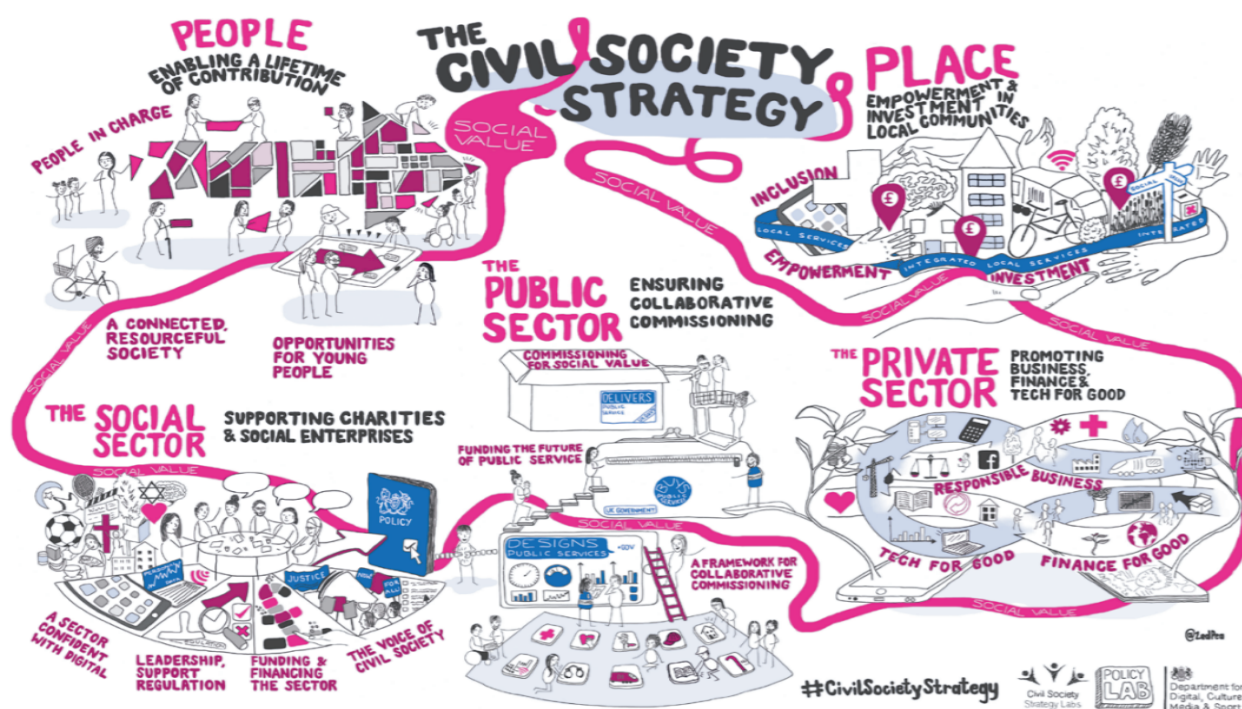
⁵⁷<https://www.gamblingcommission.gov.uk/PDF/survey-data/NL-data/Funds-raised-for-good-causes-Q4-2018-19.pdf>

⁵⁸<https://www.gamblingcommission.gov.uk/Docs/Survey-data-on-gambling-participation-March-2019.xlsx>



Key Achievements in Society

- Published the Gambling Review, which set out reforms to strengthen protections and reduce risk of harm, including cutting the maximum stake on betting terminals from £100 to £2⁵⁹. Legislation was passed in May 2018 and came into force in April 2019.
- DCMS and the Department for Health and Social Care published the consultation on advertising restrictions for high fat, salt and sugar products aimed at children and measures to reduce overconsumption of these products, in March 2019⁶⁰.
- Appointed Dame Frances Cairncross, who published the 'Cairncross Review: a sustainable future for journalism'⁶¹ in February 2019.
- Published 'A Connected Society: A Strategy for Tackling Loneliness' in October 2018 - England's first government strategy on tackling loneliness⁶². It represents a shift in how individuals view and act on loneliness.
- DCMS led and reformed the UK Council for Internet Safety (UKCIS), connecting industry, public sector and civil society to tackle online harms⁶³.
- Implemented legislation that ban bets on the National Lottery EuroMillions game to ensure clarity for players.
- Published the 'Civil Society Strategy: Building a Future that Works for Everyone' in August 2018⁶⁴. This set out a bold ambition for how government would work with and support civil society to create a fairer society for all.
- DCMS legislation allowed the BBC to trial simple payment plans for less well-off licence fee payers from April 2018.



⁵⁹<https://www.gov.uk/government/news/government-to-cut-fixed-odds-betting-terminals-maximum-stake-from-100-to-2>

⁶⁰https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/795412/hfss-advertising-consultation-10-april-2019.pdf

⁶¹<https://www.gov.uk/government/publications/the-cairncross-review-a-sustainable-future-for-journalism>

⁶²<https://www.gov.uk/government/publications/a-connected-society-a-strategy-for-tackling-loneliness>

⁶³<https://www.gov.uk/government/organisations/uk-council-for-internet-safety>

⁶⁴<https://www.gov.uk/government/publications/civil-society-strategy-building-a-future-that-works-for-everyone>

Progress against our Single Departmental Plan

Supporting a healthy, sustainable and world-leading UK media market

- Handled media merger cases, including bids from Comcast and 21st Century Fox for Sky.
- Supported the broadcasting sector across the UK through Channel 4's establishment of their new national HQ in Leeds with regional hubs in Glasgow and Bristol.
- Developed new licensing arrangements to expand small-scale digital radio.

Ensuring a strong, independent and distinctive public service broadcasting system as part of a dynamic modern media landscape

- Published the independent S4C Review, which committed to ensure a strong and distinctive future for the Welsh-language broadcaster.
- Created the £60 million Contestable Fund pilot⁶⁵, which will stimulate the wider provision of public service content on Television and radio. It will support new UK-originated content for young audiences.

Promoting the social contribution of the creative industries and managing harms

- Supported the Creative Industries Council sub-group on diversity and opportunity for all to enter a career and thrive in the Creative Industries sector.
- Supported the film and video games regulators (British Board of Film Classification and the Video Standards Council) to drive improvements in the voluntary application of best practice age ratings to content that is released on online platforms. Both organisations published findings of public and industry surveys on this issue in March 2019.

Supporting civil society organisations to thrive

- Secured £20 million grant funding for community interventions to tackle loneliness. This includes the £11.5 million Building Connections Fund (a partnership between government, the National Lottery Communities Fund and Co-op Foundation), which awarded funding to over 120 projects⁶⁶.
- Launched a package of new programmes to support civil society, the tech sector and government to solve social challenges. This includes: £1 million Digital Leadership Fund to upskill civil society leaders; investing in digital technology for social good with the Centre for Acceleration of Social Technology; and supporting the foundation of a fund of up to £30 million of equity investment in social tech ventures with the Social Tech Trust.
- Jointly led with the Cabinet Office to expand the application of the Public Services (Social Value) Act across central departments. The Act will:
 - evaluate and report on social value on all major procurements;
 - expand the application of the act to goods and works contracts; and
 - ensure all commercial staff complete mandatory Social Value eLearning.
- Announced £2 million for a programme to protect people from harm by improving how charities report and handle safeguarding, bullying, harassment and sexual harassment. The Safeguarding Programme Group of charities, regulators and the government oversaw development of a joint £1.1 million Safeguarding Training Fund⁶⁷ to increase awareness and understanding, and £315k to work with Charity Commission to update safeguarding guidance, whistleblowing and reporting.

⁶⁵https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/749652/Contestable_Fund_Policy_Paper_FINAL.pdf

⁶⁶<https://www.gov.uk/government/news/20-million-investment-to-help-tackle-loneliness>

⁶⁷<https://www.tnlcommunityfund.org.uk/funding/programmes/safeguarding-training-fund-phase-1>

- Announced £130k for the Safeguarding Digital Decision Tool for the handling of concerns and allegations.

Honouring individuals and organisations that make exceptional contributions to society

- Continued to promote both honours and Queen's Awards for Voluntary Service (QAVS) across the country, which resulted in a significant increase in nominations for 2019.
- Received over 1,000 nominations for honours and made over 700 recommendations for people involved in DCMS sectors.
- Administered 480 public nominations for the QAVS, resulting in 250 final awards to outstanding groups of volunteers.
- The New Year Honours list 2019 saw 47% of the total awarded to females. Successful candidates consisted of 12% Black, Asian and Minority Ethnic backgrounds and 4% who consider themselves to have a disability (under the Equality Act 2010)⁶⁸.

Maintaining a safe and open internet to make the UK the safest place in the world to be online

- The Online Harms White Paper was launched in April 2019. This was a joint collaboration between DCMS and the Home Office to develop a cross-government approach to online safety and set out responsibilities of social media companies for content posted on platforms. It takes forward a number of recommendations from the DCMS Select Committee interim report on Disinformation and 'fake news'.⁶⁹
- Reformed the UK Council for Internet Safety (UKCIS), which is chaired by the Minister for Digital and Creative Industries, as well as Home Office and Department for Education ministers. Its scope widened to include hate crime, extremism and violence against women.
- Laid three legal instruments in Parliament since April 2018 and finalised the parliamentary process for age verification.

Ensuring that commercial gambling is socially responsible. Enabling the National Lottery and other lotteries to thrive

- Published the response to the 'Consultation on Proposals for Changes to Gaming Machines and Social Responsibility Measures'⁷⁰ in May 2018.
- Ensured Gambling Review commitments were implemented effectively, including legislation to reduce the maximum stakes permitted on Fixed Odds Betting Terminals. DCMS also supported the Gambling Commission to consult on new rules to strengthen age and identity checks online; reviewed the rules on gambling on credit; and worked with Gamble Aware to develop and launch a multi-million pound safer gambling advertising campaign.
- Ministers chaired roundtables with the gambling industry to drive progress with digital and gambling sectors on how to use technology to identify and protect vulnerable young people (December 2018); as well as with banks in the role they play in minimising gambling-related harm (February 2019).
- Established a cross-government working group with the Department of Health and Social Care to build understanding of harm, effective prevention and treatment.

⁶⁸<https://www.gov.uk/government/publications/new-years-honours-list-2019>

⁶⁹https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/793360/Online_Harms_White_Paper.pdf

⁷⁰https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/707815/Government_response_to_the_consultation_on_proposals_for_changes_to_gaming_machines_and_social_responsibility_measures.pdf

- Worked with the Gambling Commission, distributors and Camelot to maximised returns to good causes. Camelot began implementation of a strategic review of their business, including introducing changes to the Lotto game and the launch of the new 'Set for Life' annuity game (March 2019).
- Launched and ran a consultation on society lottery reform⁷¹.
- The Gambling Commission launched the engagement phase of the competition for the next National Lottery licence in November 2018.

Civil Society Strategy

Published in August 2018, the strategy represents the first comprehensive strategy for civil society in a decade. The strategy provides a ten year vision where thriving communities are able to enrich lives and create a fairer society for all. It sets out how government will work with and support civil society in all its forms to achieve this vision.

The strategy was well received by civil society stakeholders and the department has been working hard to implement the commitments made. Notable successes so far include unlocking around £10 million from inactive charitable trusts to be used to support social change in communities; launch of new programmes to support social sector organisations to take advantage of new technology; and the launch of Fair4All Finance, which will use £55 million of funds from dormant accounts to tackle financial exclusion and problem debt.

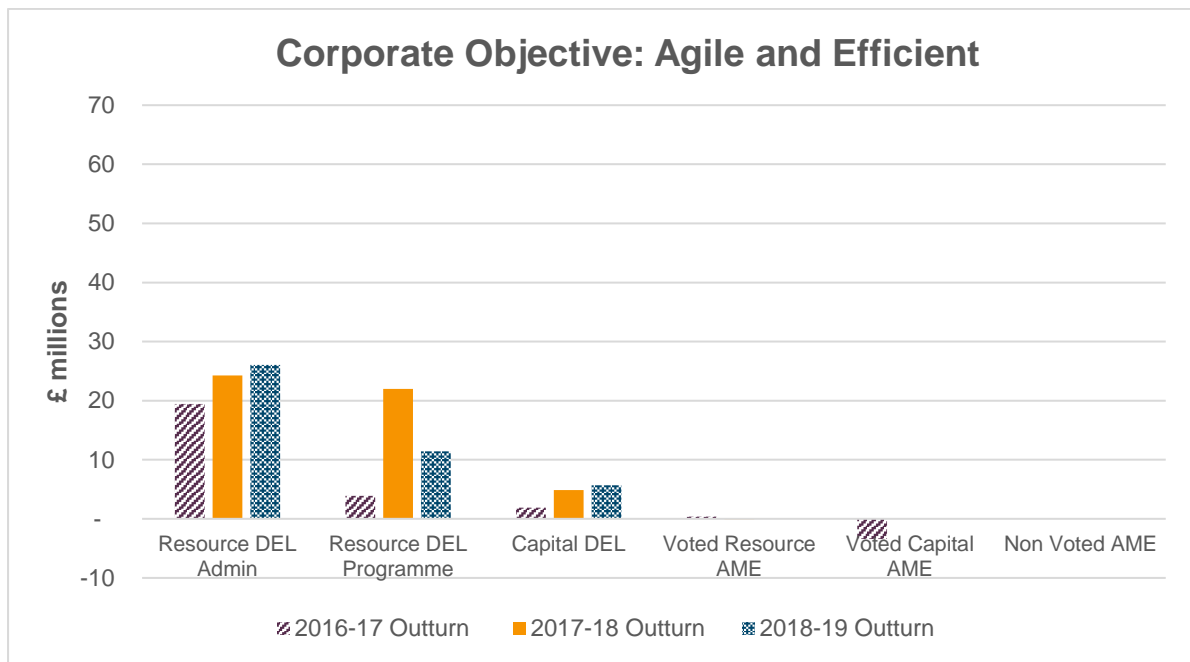
⁷¹https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/720930/society_lotteries_consultation_june_2018_pdf.pdf

AGILE AND EFFICIENT
Ensure DCMS is fit for the future with the right skills, culture and connections.

Participating Arm’s Length Bodies



The chart below represents the net group expenditure on Agile and Efficient by budget type. These budget types are explained on page 120.





Key Achievements

- Staff awareness of DCMS' purpose grew by five points and the overall staff engagement score improved to 70% despite a backdrop of departmental change⁷².
- Supported The National Citizen Service's transition from a Community Interest Company to a Royal Charter Body, as well as on the establishment of the Centre for Data Ethics and Innovation.
- Produced timely and unqualified DCMS 2017-18 Group Accounts⁷³ (which include 35 Arm's Length Bodies (ALBs), first time inclusion of BBC Commercial Holdings and its subsidiaries adding £1.5 billion to the balance sheet) and DCMS' contribution to Whole of Government Accounts.
- DCMS' social media channels generated 20.6 million impressions, gaining 19,814 new followers in total (averaging 1,650 new followers across our channels each month).
- Won a government Smart Working Award for a project that significantly expanded workspace, introduced seven new collaboration zones, increased desk volume by almost 50%, and almost doubled the number of places to work.
- The department increased in size by 34% to support priority areas of work, having successfully recruited, onboarded and inducted 458 new staff. This included meeting our apprenticeship target through the onboarding of 25 apprentices.

Progress against our Single Departmental Plan

Providing expert financial technical advice

- Produced timely and unqualified National Lottery Distribution Fund accounts and monthly statements.
- Provided expert technical financial and budgetary advice to colleagues and ALBs, including leading the Group in adoption of new accounting standards, notably IFRS 16 *Leases* which is expected to result in an increase in assets and liabilities of circa £1.5 billion.
- Supported the development of a new ALB to deliver the Commonwealth Games.

Managing finance effectively

- Delivered both the Supplementary and Main Estimates for the department, with a streamlined process.
- Co-ordinated the department's input and response to key fiscal events, including the Autumn Budget 2018 and Spring Statement 2019.
- Supported the Machinery of Government transfers into the department for digital identity and the Data Policy and Governance functions of the Government Digital Service.
- Supported ALBs in meeting Cabinet Office standards through the delivery of counter-fraud, corruption and bribery conferences with the assistance of industry experts.
- Led the way on Grants Management and standards across government.
- Developed the prototype Early Warning Indicator dashboard for our ALBs.
- The department secured the release of £62.5 million of ring-fenced underspends to be allocated to other priorities through negotiations with HM Treasury.

⁷²https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/764317/Civil_Service_People_Survey_-_Summary_of_Main_Department_Theme_Scores_2009_to_2018.pdf

⁷³<https://www.gov.uk/government/publications/dcms-annual-report-and-accounts-2017-18>

- Prepared for and now ready to deliver the HM Government guarantee on EU grant programmes.

Taking a commercial approach

- Embedded and maintained Business Partnering across 43 internal teams.
- Maintained robust procurement processes and governance in transacting quality procurements and executing over 190 contracts and agreements with a total value of £78 million in supporting the requirements of the department.
- Embedded the Integra Purchase to Pay system and new requisitioner role, including ongoing training.
- Successfully agreed the DCMS Commercial Blueprint in October 2018 and implemented the Blueprint target operating model. This included set up of the Commercial Policy Projects Unit in connection with the Museums review programme and the Commonwealth Games procurement support team.
- Implemented the Commercial Operating Standards and subsequent improvement programmes in commercial capability and contract management.
- Completed a complex commercial project for the acquisition of Royal Armouries (International) plc and transfer of the company to the Royal Armouries.
- Supported the transformation of Building Digital UK, which includes the £1.7 billion Superfast Programme, the £190 million Local Full Fibre Network and £67 million of the Gigabit Broadband Programme.⁷⁴
- Delivered high priority short term needs, for example the Hyde Park contract agreement for the World Cup semi-final screenings.
- Implemented GDPR on all live contracts.
- Delivered savings in our commercial relationships through spending on common goods and services, delivered in partnership with the Crown Commercial Service.
- On target to exceed the government's aspiration of 33% of spend with SMEs⁷⁵.

Ensuring effective communications around departmental priorities

- Delivered a series of communications campaigns. Examples include:
 - the GDPR campaign driving awareness amongst SMEs from 47% to 78%; and
 - supporting strategic communications around the Great Exhibition of the North, which saw Newcastle Gateshead welcome over 3.8 million visitors and attract an online audience of 19.7 million.
- Delivered a year-long pro-tech campaign, working with Tech Nation, Dealroom and UK global tech leaders. This promoted the UK tech sector; the number of \$1 billion UK tech firms; the growing strength of our regional hubs; the value of venture capital invested into the UK tech sector; and the UK Artificial Intelligence success story.
- The London Tech Week campaign generated hundreds of press articles worldwide. The Tech Week included engagement of company directors across 125 countries, and a global social media reach of 297 million.
- Marked the end of the four-year First World War centenary on Armistice Day. The weekend saw 15,000 mentions of the commemorations across television, radio and press, 1.2 million social media mentions and 809 million impressions in 164 countries.
- Facilitated reporting by hosting broadcasters and circa 80 national and international writers and photographers on our media stands and at the People's Procession.
- DCMS-driven communications around the government's Industrial Strategy generated more than 4 million impressions and 3,000 DCMS related mentions on Twitter.

⁷⁴<https://www.gov.uk/guidance/broadband-delivery-uk>

⁷⁵<https://www.gov.uk/government/publications/central-government-spend-with-smes-2017-to-2018>

- Announced the government's Gambling Review, which generated 342 news articles and 131 million impressions across social media channels.
- Announced the world's first Minister for Loneliness and ambitious cross-government strategy to tackle loneliness. This generated nearly 200 articles, dominated broadcast and delivered 12 million impressions on social media.
- Delivered business information campaigns in support of departmental priorities including GDPR and Cyber Aware.

Leading delivery of cross-cutting priorities and ensuring effective governance

- Produced a 'Connected Growth Manual'⁷⁶ to help areas develop their Local Industrial Strategies.
- Engaged early with the expected Spending Review and set up a stand-alone Spending Review Team to lead the departmental approach.

Empowering and supporting DCMS ALBs to be effective, resilient and innovative. Leading DCMS' commitment to enrich and support communities across the whole of the UK

- Facilitated approval of 31 redundancy and voluntary exit schemes, alongside support for ALBs in delivering effective workforce planning whilst ensuring value for money. Most exit schemes are linked to restructuring and efficiency programmes, including one ALB which received approval for 70 staff exits as part of a significant cost saving exercise.
- Held bi-annual chairs and chief executives events that shared best practice across a diverse base of ALBs. The ALB advisory group helps identify cross-cutting and common issues.
- Held quarterly ALB trustee induction training for newly appointed trustees, focusing on their role and responsibilities as ministerial appointees.

Carrying out research and evaluation, providing scientific advice, carrying out economic analysis of costs and benefits, and providing statistical analysis

- Published statistics on participation in arts, culture, heritage, media, sport, civil society and cyber security, using data from our three key surveys. These were: 'Taking Part', 'Community Life Survey' and 'Cyber Security Breaches Survey'. Additionally, the department produced 'deep dive' reports on loneliness and also use of free time in relation to online harms and digital inclusion.
- Improved economic estimates for DCMS sectors in publications and their accessibility, for example through a new published web tool for visualising statistics.
- Published impact assessments on new regulations concerning DCMS sectors, such as the 'New Build Developments: Delivering gigabit-capable connections'.⁷⁷
- Economists continued to feed into the cost-benefit analysis of investment proposals. The department modelled costs and benefits for inclusion in the 2021 Rugby League World Cup business case and supported the teams developing the 5G Testbed and Trials, Blythe House and 2022 Commonwealth Games business cases.

Celebrating diversity and inclusion

- Rolled out the use of Success Profiles framework for recruitment, replacing the old competency framework and allowing for a more tailored and flexible approach.

⁷⁶https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/793258/Connected_Growth_Manual.pdf

⁷⁷https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/752145/New_Build_Developments_Delivering_Gigabit_Capable_Connections_Condoc_FINAL_2_.pdf

- DCMS counted 0.44% of its workforce as members of the Reserve Forces in January 2019, up from 0.31% six months earlier. DCMS has a departmental champion that encourages and promotes the Reserve Service to staff. The department provides a minimum of 15 days' paid special leave for training within any twelve month period.
- Disability, religion and sexual orientation each had a declaration rate of 67% at 31 March 2018. Whilst religion and sexual orientation remained static at 67%, disability declaration has gone down to 64%. Furthermore, staff declaring as:
 - Black, Asian and Minority Ethnic remained at 12%;
 - disabled decreased from 6% to 5%; and
 - lesbian, gay, bisexual and transgender (LGBT) remained at 6%.

Ensuring the right organisational design and development is in place to support delivery of our vision and values

- Through a 'Future DCMS' change programme, DCMS has explored options for a presence in Manchester.
- The programme is also conducting two internal reviews looking at (i) Skills and Capability and (ii) Corporate Functions to ensure DCMS is fit for the future.
- Smart working implementation has advanced well and was assessed as 'embedded' by the Government Property Agency.
- Focused on the communication of departmental objectives at the annual staff conference. During key points in the year, Senior Civil Servants (SCS) quarterly away-days and directorate away-days have focussed on values. All SCS have received training as 'Wellbeing Confident Leaders'.
- Launched a 'Changemaker' programme to train staff to effectively deliver cultural change.
- Launched a new mandatory induction programme in September 2018 to support 250 new starters and line managers. Positive feedback has been received from new starters - 90% said the induction better prepared them for their role and 95% said it made them feel more like they are part of DCMS.

Delivering human resources services and expertise

- HR technology has been transformed through the implementation of a new HR and Payroll solution and service. This transferred over 1,200 employees, including over 1,100 payrolled staff; built three new pensions interfaces; and developed a new in-house managed service that has improved the overall employee experience.
- Delivered learning and development (L&D) across DCMS, including the 'Policy Basics' L&D programme, created for the Policy Profession to upskill staff on courses such as 'Drafting, Economics and Understanding Parliament'.
- Remained agile and responsive to the challenges posed by EU Exit. Examples include increased focus on employee wellbeing and resilience; developed HR policies and processes; and used a range of resourcing strategies to meet the growing staffing requirements.

SMARTer working

'Our Future Workplace' team adopted a mantra of 'people-first' in its plan to move the department to a Smart Working culture. A 'pop-up shop' was set-up as a showroom to demonstrate different parts of the project, including floor plans, furniture and ways of working. Top suppliers provided furniture to enable creation of live demonstration spaces. People worked there, held meetings, and listened to expert talks, with project members on hand to explain and listen.

Staff were able to experience what was planned for the more collaborative spaces and to hear from guest speakers about ergonomics, work styles and the latest thinking on the use of office space. All of these efforts have tried to create open, honest and informative fora to discuss the programme, put staff at the centre of the project and allow them to help shape their future workplace. The area provided a user-needs survey using tablets, and a feedback wall. This culminated in a highly commended 'A Brilliant Civil Service - a Great Place to Work' award and a 'Civil Service Smarter Working Award'.

Looking ahead



GLOBAL

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

- Support growth and security through international partnerships in digital, tech, cultural and creative industries.
- Work with the tourism sector to increase both domestic and international visitor numbers.
- Use the Government Art Collection to promote the creativity of British art by creating displays in ministerial offices and diplomatic buildings across the world.
- Work towards delivering a safe and successful Commonwealth Games 2022.
- Market the UK globally to promote jobs and growth by strengthening cultural exports.
- Promote a free and open internet and defend UK interests in international discussions and negotiations.
- Successfully deliver elite sporting success, including hosting major sporting events, to promote the UK on the international stage.



GROWTH

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

- Support the best of our arts and culture in delivering positive social and economic outcomes through cohesive policies focused on building a resilient and sustainable sector, including the Northern Cultural Regeneration Fund, Culture Development Fund, and supporting Coventry as the UK City of Culture 2021.
- Increase economic growth by encouraging innovation, addressing current and future cyber threats and establishing the conditions needed for a sustainable industry funded model.
- Strengthen the data economy and maximise the benefits from government's own data by implementing the priorities set out in the Digital Strategy.
- Through the Digital Charter, we will develop policies and actions that will make the UK the safest and fairest place to be online, drive innovation and growth across the economy, and make the UK the best place to start and grow a digital business.
- Ensure the ethical, safe and innovative use of data through a governance regime that fully supports both ethical and innovative technologies.
- Develop and implement measures to mitigate against abuses in the ticketing market.
- Promote digital skills and inclusion by continuing to tackle the root causes of digital exclusion and increasing digital capability.
- Drive the adoption of AI technologies across the economy for the betterment of society. Continue implementing the AI Sector Deal.
- Promote the functioning of efficient telecoms markets and high levels of consumer protection by generating consumer trust and providing transparency.
- Support the economic success of the creative industries by assessing challenges around skills, access to finance, place and intellectual property, and talent requirements to support growth across all sectors.
- Build an inclusive economy in partnership with business and the finance sectors by developing enterprising solutions to social challenges.



DIGITAL CONNECTIVITY

Drive the UK's connectivity, telecommunications and digital sectors.

- Deliver a world class broadband infrastructure by generating access to superfast broadband with speeds of more than 24 Mbps to as many premises as possible beyond 95%.
- Stimulate delivery of Local Full Fibre Networks through the national programme to incentivise and accelerate commercial investment in full fibre broadband networks.
- Deliver Rural Gigabit Connectivity across the UK. This will include introduction of changes to the Gigabit Broadband Voucher Scheme that incentivise build in rural, hard-to-reach areas.
- Make the UK a world-leader in 5G by accelerating the deployment of 5G networks, maximising the productivity/efficiency benefits to the UK.
- Enhance the security and resilience of the telecoms sector to ensure safe and reliable telecoms services for the UK public, mitigate risks to national security – supply chain, infrastructure investment, submarine fibre optic cables, hostile states etc. – and help drive investment in the UK.



PARTICIPATION

Maximise social action, cultural, sporting and physical activity participation.

- Delivering the 2022 UK Festival.
- Increase participation in, engagement with and access to sport and physical activity.
- Support people of all ages to thrive, connect with each other, and give back to their communities, including our commitment to using Office for National Statistics' recommended measurement package as government's standard way of measuring loneliness.
- Increase participation in arts and culture by extending the reach, innovation and resilience in the cultural sector through our delivery of the Culture is Digital report.
- Preserve museums / galleries / cultural property for the enjoyment and education of citizens by supporting as many visitors as possible to enjoy our national collections, especially through free entry to permanent collections.
- Support UK arts and culture, promote its role in delivering positive social outcomes through effective policy making and public investment.
- Promote and protect the historic environment so that future generations can appreciate heritage assets. We will use the Heritage Statement to deliver cohesive policies focused on building a resilient and sustainable sector.
- Build a sustainable future for libraries. In partnership with the Libraries Taskforce, Arts Council, and British Library we will promote how public libraries contribute to wider central and local government strategic priorities.
- Deliver ceremonies by providing the infrastructure support for Inward State Visits, the annual Remembrance Sunday Cenotaph Service, and the flying of flags on key national days, alongside planning and delivering certain aspects of State occasions.
- Make public appointments and empower DCMS Arm's Length Bodies to be effective, resilient and innovative. We will lead the process for chair and trustee appointments to Arm's Length Bodies boards and will work to ensure that DCMS public appointments realise the ambitions set out in the Public Appointments Diversity Action Plan 2019 that by 2022, 50% of all public appointees to be female and 14% of all public appointments to come from ethnic minorities backgrounds.
- Support transition from Blythe House to alternative sites to preserve, protect, and improve public access to the national museum collections, while maximising the value of this Grade II listed building in West London.
- Increase access to the Government Art Collection including further extending public access to the Collection through a new website and public exhibition space.



SOCIETY

Make our society safe, fair and informed.

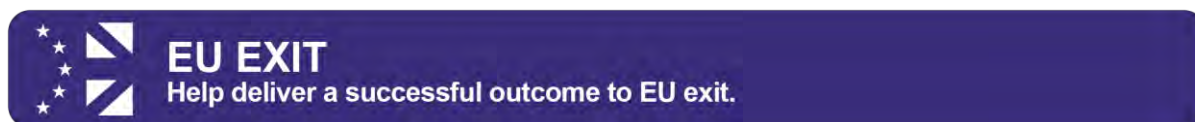
- Deliver the government's response to the Cairncross Review, setting out our approach to addressing the review's recommendations.
- Support a healthy, sustainable and world-leading UK media market by ensuring the ongoing sustainability of business models for high quality news media online and safeguarding the plurality of the media market.
- Ensure a strong, independent and distinctive public service broadcasting system. Maintain oversight of the BBC's delivery of reforms agreed as part of the new Charter, including the role of Ofcom as the new regulator.
- Promote the social contribution of the creative industries to reduce social harms to audiences that receive creative content and services.
- Support civil society organisations to thrive and work with government to tackle pressing social challenges.
- Make the UK the safest place in the world to be online through measures to ensure citizens are safe when online, for instance implementing child protection systems and age verification for online pornography.
- Use policy levers to reduce digital threats to the UK while maintaining a free and open internet.
- Ensure that commercial gambling is socially responsible, including the rapidly developing online sector.
- Enable the National Lottery and other lotteries to thrive by ensuring that the National Lottery and society lotteries continue to generate returns to good causes, while minimising risks of harm to players.



AGILE AND EFFICIENT

Ensure DCMS is fit for the future with the right skills, culture and connections to realise our vision and live our values as "One DCMS".

- Drive the combined contribution of our resilient and innovative DCMS Arm's Length Bodies to deliver our objectives.
- Ensure the Departmental and Executive Boards, and the Audit and Risk Committee, have the right information at the right time to govern the department effectively.
- Carry out research, evaluation and economic and statistical analysis and provide scientific advice to support delivery of the business objectives.
- Manage finances effectively and provide expert financial technical advice by delivering annual fiscal events, working closely with the strategy team and HR, while generating further improvements in the finance function, business partnering and shared services.
- Take a commercial approach to deliver value for money for the taxpayer. We will continue to deliver savings in our commercial relationships including through spending on common goods and services.
- Deliver Human Resources services and expertise by developing effective workforce planning to ensure we have the right people in the right place and directorates are supported by the data required to make decisions.
- Support the delivery of DCMS objectives through effective business planning, performance monitoring and risk management.
- Provide effective news and communications functions, a strong project delivery profession, ministerial support, devolution capability and ensure DCMS receives high quality legal advice.



- Support negotiations and domestic delivery of EU Exit.
- Provide global leadership on digital trade.
- Enable the data economy and protect data rights, deliver domestic and international data protection policy.

Signed and approved

Sarah Healey
Accounting Officer and Permanent Secretary
9 July 2019

Accountability Report

Corporate Governance Report

Director's Report



Since I joined DCMS as Lead Non-Executive Board member, the department's remit and profile has grown substantially. DCMS has developed an ambitious programme of work to enrich lives, drive growth and promote the best of British to the wider world.

This report reflects on what has been a successful year for DCMS and our sectors. We have seen a wide range of achievements, from the publication of the Online Harms White Paper, to the delivery of the Civil Society and Loneliness Strategies and the poignant ceremonial events in November to commemorate 100 years since the end of the First World

War. DCMS plays a fundamentally important role that it has in bringing the nation together and making this country more inspired and fulfilled.

DCMS is a forward looking department with a bright future ahead. I would like to thank the Non-Executive team for providing leadership and support, and for helping to ensure the department achieves against its ambitious targets.

At the end of the year, we welcomed Sherry Coutu to the Non-Executive team. Sherry has already made an excellent contribution. Her experience and expertise in the tech sector will be a great asset to the team.

I would like to thank Dame Sue Owen for her inspirational leadership of the department over the last five and a half years. I am looking forward to working with Sarah Healey to support her in the exciting task of taking the department to the next stage of its development.

Charles Alexander
Lead Non-Executive Board Member

Departmental Board as at 31 March 2019

Key: DB = Departmental Board EB = Executive Board ARC = Audit and Risk Committee



Rt Hon Jeremy Wright MP
Secretary of State
DB Chair

Jeremy was Attorney General from July 2014 to July 2018. He was elected the Conservative MP for Kenilworth and Southam in 2010. He served as a member of the Justice Committee. He was made an Opposition Whip in 2007 and a Government Whip in 2010.

Date joined: 9 July 2018



Margot James MP
Minister
for Digital and the Creative Industries
DB

Margot served as Parliamentary Under Secretary of State at the Department for Business, Energy and Industrial Strategy from July 2016 to January 2018. She was elected Conservative MP for Stourbridge in May 2010.



Lord Ashton of Hyde
Parliamentary Under Secretary of State
DB

Lord Ashton was previously appointed a Lord in Waiting (Whip) in the House of Lords in July 2014. He was a member of the House of Lords Select Committee on the Arctic. He was elected to the Lords as a hereditary Peer in 2011.



Michael Ellis MP
Parliamentary Under Secretary of State
for Arts, Heritage and Tourism
DB

Michael was Deputy Leader of the House of Commons from July 2016 to January 2018. He was elected Conservative MP for Northampton North in May 2010.



Mims Davies MP
Parliamentary Under Secretary of State
for Sport and Civil Society
DB

Mims was previously Assistant Government Whip from January 2018 to November 2018. She served as Parliamentary Under Secretary of State for Wales from July 2018 to November 2018.

Date joined: 5 November 2018

Changes to ministers:

- Rt Hon Matt Hancock MP, Secretary of State for Digital, Culture, Media and Sport. Left on 9 July 2018.
- Tracey Crouch MP, Parliamentary Under Secretary of State for Sport and Civil Society. Left on 1 November 2018.
- Michael Ellis MP, Parliamentary Under Secretary of State for Arts, Heritage, and Tourism. Left on 23 May 2019. Succeeded by Rebecca Pow MP.

Non-Executive as at 31 March 2019

Key: DB = Departmental Board EB = Executive Board ARC = Audit and Risk Committee



Charles Alexander
Lead Non-Executive Board Member
DB | ARC

Charles is chairman of The Royal Marsden NHS Foundation Trust, The Royal Marsden Cancer Charity, Opera Rara and The Countess of Munster Musical Trust. He has served as a Non-Executive Director of major publicly listed companies in New York, London, Paris, Luxembourg, Istanbul and Santiago.



Fields Wicker-Miurin OBE
Non-Executive Board Member
DB | ARC Chair

Fields currently serves on the boards of Prudential plc (FTSE 100), BNP Paribas and Scor SE (the world's fourth largest reinsurance company, Paris). She has over 20 years' experience as a Non-Executive Director and chair of audit, risk and investment committees of listed companies in the UK, France, Sweden and India. She is chairing the Historic England Tailored Review.



Neil Mendoza
Non-Executive Board Member
DB

Neil is Provost of Oriol College, Oxford University and on the board of Meira GTx listed on Nasdaq. He chairs The Landmark Trust and Illuminated River Foundation. He is currently a commissioner at Historic England and led 'The Mendoza Review: an independent review of museums in England' and a separate tailored review of the museums sponsored by DCMS.



Matthew Campbell-Hill
Non-Executive Board Member
DB

Matthew is an athlete for Great Britain, Senior Fellow in Novel Medical Technologies and founder of Ted's Light Community Interest Company. He has served as a Non-Executive Director of Medicines & Healthcare Products Regulatory Agency, Independent Member of the National Information Board and chaired the UK Anti Doping Triennial Review.



Sherry Coutu CBE
Non-Executive Board Member
DB

Sherry chairs Founders4Schools, Workfinder, The Scaleup Institute, Financial Strategy Advisory Group for the University of Cambridge and Raspberry Pi Trading Ltd. Sherry also serves as a Non-Executive member of The Royal Society, Cambridge University Finance Board and the London Stock Exchange plc. She has invested in more than 60 companies as an angel.

Date joined: 11 March 2019

Executive as at 31 March 2019

Key: DB = Departmental Board EB = Executive Board ARC = Audit and Risk Committee



Dame Sue Owen DCB
Permanent Secretary
DB | EB Chair | ARC

Sue was chair of the Charity for Civil Servants, Civil Service LGBT (straight ally) champion and diversity and inclusion champion. Her career highlights include Director General at the Departments for Work and Pensions and for International Development.



Tim Sparrow
Finance and Commercial Director
DB | EB | ARC

Tim is the department's Race champion and Transparency champion. He has spent most of his career in public sector finance, qualifying as a Chartered Public Finance Accountant in the NHS. He then moved into local government before joining DCMS in 2007.



Matthew Gould
Director General
for Digital and Media Policy
DB | EB | ARC

In his previous role as British ambassador to Israel, Matthew set up the UK Israel tech hub, which laid the foundations for the UK and Israel's powerful tech relationship. He was also the Government's Director of Cyber Security at the Cabinet Office, focussed on keeping Britain safe from cyber attack.



Helen Judge
Director General
for Performance and Strategy
DB | EB | ARC

Helen worked on local delivery and criminal justice in the Strategic Policy team of the Home Office. She then joined the Department for Communities and Local Government as a Deputy Director, leading on race equality across government and later joined the Ministry of Justice.

Changes to Executive members of the Board:

- Dame Sue Owen DCB, Permanent Secretary. Left on 23 April 2019. Succeeded by Sarah Healey.
- Matthew Gould, Director General for Digital and Media Policy. Left on 17 May 2019.

Performance in Other Areas

People

Our values

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

DCMS promote employee wellbeing and personal resilience to deliver EU Exit activities and support staff covering business as usual, delivery and policy priorities. Examples of support is offered through a stress assessment toolkit to reduce stress levels; Charity for Civil Servants wellbeing drop-ins; regular webinars on topics including resilience, wellbeing, stress and bereavement; weekly mindfulness drop-ins; sports and social clubs and an Employee Assistance Programme for confidential counselling. This is particularly important given the scale and impact of EU Exit delivery. DCMS has established an EU National Network, which is working with similar groups in other government departments and offers a channel of communication to raise awareness of key issues on non-UK EU and EEA national issues.

Deliver diversity, equality and inclusion objectives



2018 Best Employer for Race listing

2018 Civil Service Diversity and Inclusion Award - Highly commended in the Employee Network Excellence Award

As a public sector employer, DCMS is bound by the Equality Act 2010⁷⁸. The department has recently engaged with its key stakeholders to refresh the Diversity and Inclusion Plan. This was launched in January 2019 and focuses on:

- ✓ Building our culture and reputation as an employer that attracts, develops, retains and fully engages all the diverse talent across the organisation.
- ✓ Increasing the representation of currently under-represented groups at all levels across the department.
- ✓ Becoming the most inclusive employer in the UK by 2020 as part of the Civil Service Diversity and Inclusion Strategy.

DCMS support the government ambition of having one million more disabled people in work by 2027 and is part of the Civil Service drive to be the UK's most inclusive employer by 2020. It is now in its second year as a certified Disability Confident Leader for best practice in attracting, recruiting and developing employees with disabilities and acting as a champion within our supply chains and networks. DCMS is also a member of the Business Disability Forum, where all staff can access information about recruitment, retention and adjustments. DCMS has a number of networks that promote equality and diversity. In particular, the Ability Network have supported DCMS staff to become Disability Confident, raising awareness through events and briefing teams across the department.

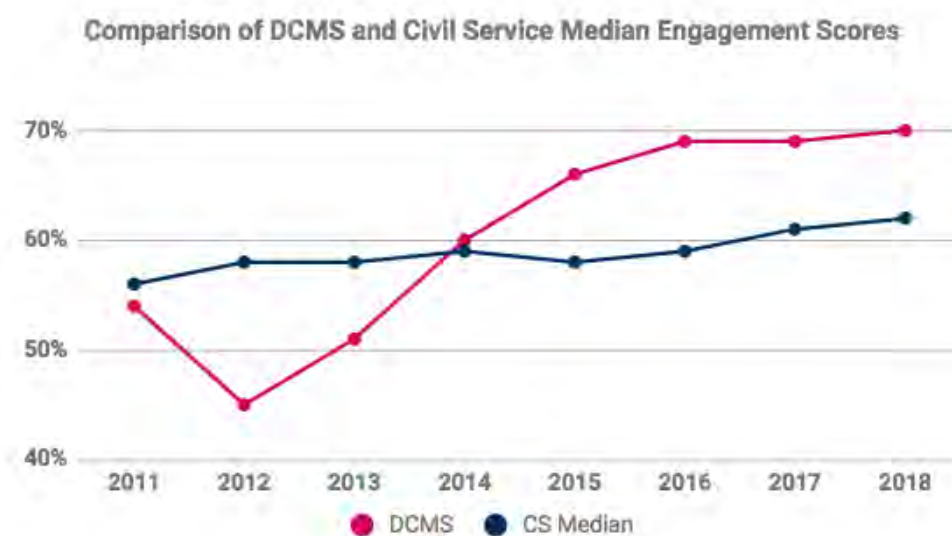
⁷⁸<https://www.gov.uk/guidance/equality-act-2010-guidance>

The remaining wide range of networks are each supported by an SCS champion who advises and gives a voice at senior level. The full list of Networks include:

- ✓ Black, Asian and Minority Ethnic
- ✓ Volunteering Network
- ✓ Ability Network
- ✓ LGBT
- ✓ Women's Network
- ✓ Mental Health and Wellbeing
- ✓ EU Nationals
- ✓ Social Mobility
- ✓ Parent's Network
- ✓ Care and Share
- ✓ Flexible working and job share
- ✓ Different Perspectives Network
- ✓ Faith and Belief Network
- ✓ Grade B Network
- ✓ Grade C&D Network

Employee engagement

Employee engagement is a measure of employee commitment and motivation. Research suggests that increased engagement and wellbeing positively affects factors relevant to organisational performance, workplace environment and culture. Engagement is measured through the Civil Service People Survey, resulting in census data for a large number of employees in the population and is published on gov.uk each year. This year, 91% of the department completed the survey, which is more than ever before. The valuable data from staff views and experiences informs initiatives to make DCMS a great place to work and helps maintain our position as one of the most engaged departments in government.



Anti-bullying policy

DCMS operate a zero-tolerance policy towards bullying and harassment, with clear anti-bullying policies and guidance published on the DCMS intranet accessible to all staff. This includes a Bullying, Harassment and Discrimination Toolkit for Managers and Employees. Staff and managers have access to independent expert support and a Bullying, Harassment and Discrimination Advisers group for advice. The 2018 People Survey identified that 70% felt able to challenge inappropriate behaviour in the workplace (+4% above the Civil Service average) and 13% felt unable to challenge inappropriate behaviour.

Anti-bribery and anti-corruption

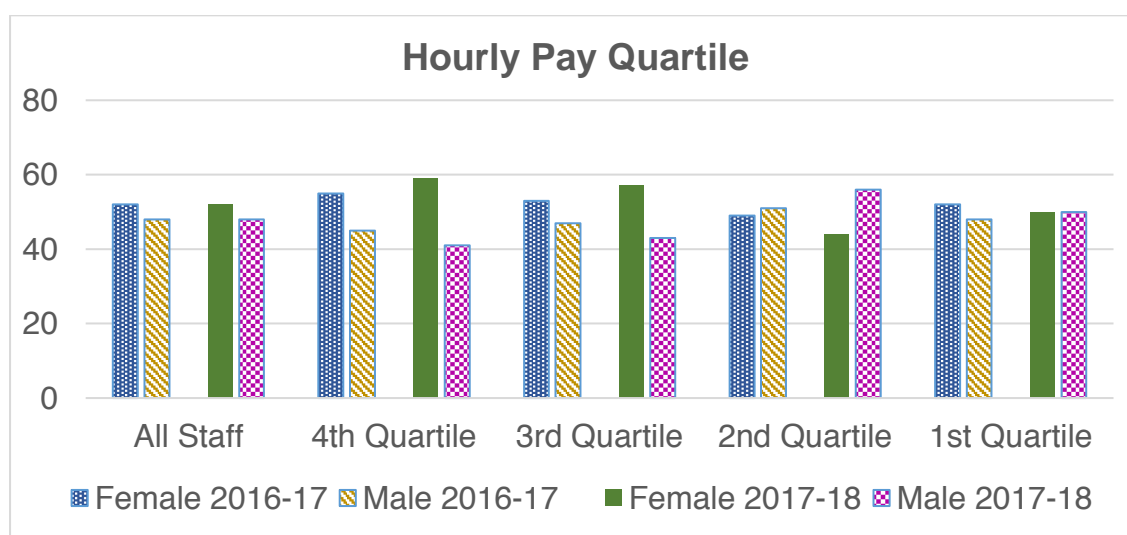
Civil servants are expected to observe exceptionally high standards of personal honesty, integrity and ensuring behaviour meets the standards expected of them. Senior management implement and enforce an active approach to counter bribery and corruption. All staff are also required to complete mandatory training highlighting their responsibilities in preventing fraud and bribery. The department is bound by UK laws and ensures that every individual is aware of their obligations under the Bribery Act 2010⁷⁹ and the Civil Service Code⁸⁰. All offers of gifts and hospitality are recorded at the earliest opportunity in the HR-maintained register.

Health and safety

Mandatory online training modules and a self-assessment package ensure the health and safety of staff in a hot-desking environment, enabling reasonable adjustments to be made when necessary. Across the department, there is a network of first-aiders and fire wardens, who undertake regular training to promote best practice. There is also a network of trained mental health champions. To support the effective management of Health and Safety at work, DCMS has appointed a Health and Safety Manager.

Gender pay gap

Measure	DCMS Gender Pay Gap 2017	DCMS Gender Pay Gap 2018	Civil Service 2018
Mean	3.3%	7.5%	9.8%
Median	8.2%	22.9%	12.2%



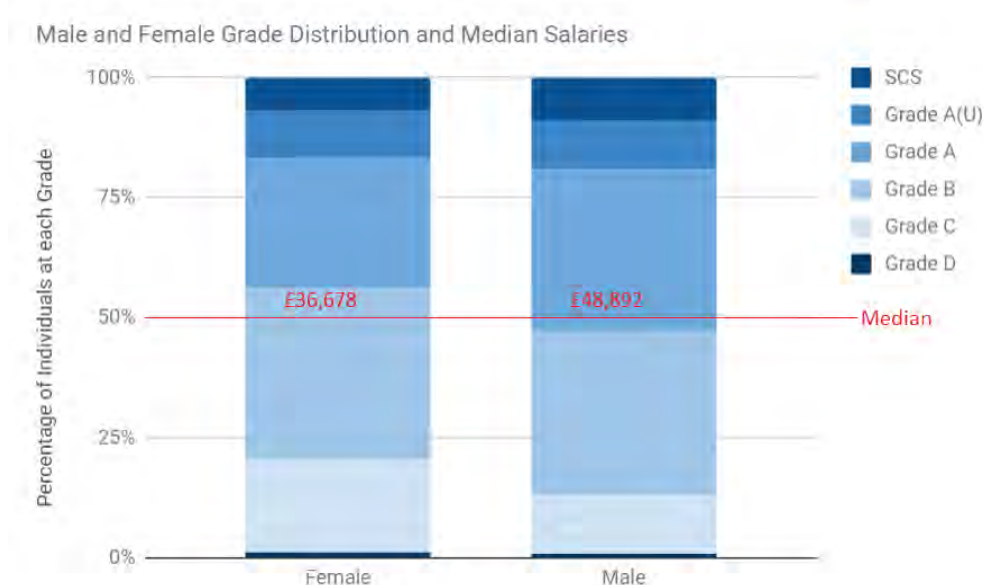
DCMS' gender pay gap is published annually⁸¹. As illustrated in the graph, the gap has increased because the composition of our workforce has changed. The All Staff column shows the distribution of men and women across the department. The 4th quartile represents our lower paid staff, whilst the 1st quartile represents our highest paid staff. Whilst the department maintained a 52% female majority, the proportion of women in our administrative and junior grades has increased, but decreased in our more senior grades.

⁷⁹<https://www.legislation.gov.uk/ukpga/2010/23/contents>

⁸⁰<https://www.gov.uk/government/collections/civil-service-conduct-and-guidance>

⁸¹https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/766177/DCMS_gender_pay_gap_report_17_18.pdf

The female median hourly rate of £19.52 (corresponding to £36,678 annually) is £22.9% less than the male median hourly rate of £25.32 (£48,892 annually). Our median is exacerbated by the pay gap of £11,015 between the Band B maximum and the Grade A minimum. As the female median is a Band B salary and the male median is a Grade A salary, there is a natural salary gap between the two grades when receiving a promotion. It is very rare for



individuals to have salaries between those grades.

DCMS is committed to address the increased gender pay gap and DCMS have implemented an action plan to target the areas of business that need support. The department will be regularly reviewing and amending its actions as appropriate which include:

- Reviewing our options on pay band structure for our Band B grade (HEO/SEO).
- Increasing engagement with the DCMS Women's Network to seek feedback and ideas on how to continue to reduce the gender pay gap.
- Continuing to review the impact of the Senior Civil Service pay award on gender pay.
- Improving female representation in senior positions through career progression schemes.
- Refreshing our Diversity and Inclusion Plan on an annual basis.
- Increasing our internal pay gap reporting and diversity declarations to better manage and understand our workforce.
- Strengthening messaging around higher starting salaries and allowance business cases.
- Considering how to attract more specialist women from the private sector.

The department also continue to engage staff and leaders to ensure recruitment and pay decisions are fair and consistent across the department. Where there is an increasing amount of specialist roles, DCMS look to align pay with other government departments and ensure that individuals with protected characteristics are not disadvantaged as a result. The department continue to support talent opportunities in the department and ensure there is gender diversity amongst candidates supported for development opportunities.

Trade union facility time

DCMS regularly engage, negotiate and consult national trade union representatives, and actively maintain good and effective industrial relations with them.

Relevant union officials

What was the total number of your employees who were relevant union officials during the relevant period?

No. of employees who were relevant union officials during the relevant period	Full time equivalent employee number
2	1,159.4

Time (%)	No. of employees
0	0
1-50	2
51-99	0
100	0

Percentage of time spent on facility time

How many of your employees who were relevant union officials employed during the relevant period spent a) 0%, b) 1%-50%, c) 51%-99% or d) 100% of their working hours on facility time?

Percentage of pay bill spent on facility time

This table shows the percentage of the total pay bill spent on Trade Union facility time during the period 1 April 2018 to 31 March 2019.

	Figures
Provide the total cost of facility time	£80
Provide the total pay bill	£64,354,000
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.0001%

Paid trade union activities

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

<p><i>Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as:</i> <i>(total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100</i></p>	0%
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Complaints to the Parliamentary Ombudsman for the core department

From previous years, one investigation was concluded and not upheld, therefore resulting in no recommendations.

There have been no recommendations made against the department in 2018-19 and no formal recommendations to date⁸². The department aim to respond to formal complaints within 20 working days. The complaints procedure can be found by using this link:

<https://www.gov.uk/government/organisations/department-for-digital-culture-media-sport/about/complaints-procedure>

Enquiries received	3
No of complaints accepted for investigation	-
Fully upheld	-
Partly upheld	-
Not upheld	1

Departmental correspondence

DCMS accords ministerial and public correspondence a high priority. These include departmental correspondence, parliamentary matters (such as laying documents in the House and answering Parliamentary Questions) and Freedom of Information. In 2018-19, DCMS received 4,200 items of official-level correspondence (letters requiring a response from officials). Our target is to reply within 20 working days and the department met this target for 99% of our official correspondence.

Official Development Assistance (ODA)⁸³

Official Development Assistance (ODA) is government aid that promotes the economic development and welfare of developing countries. The 2015 International Development Act enshrined in law a commitment to spend 0.7% of Gross National Income (GNI) on ODA each calendar year. Set up in 2016, DCMS funded £30 million to the Cultural Protection Fund. This protects and preserves cultural heritage under threat from armed conflict in 12 ODA eligible countries across the Middle East and North Africa. These are: Afghanistan, Egypt, Jordan, Lebanon, Libya, Iraq, Occupied Palestinian Territories, Sudan, Syria, Tunisia, Turkey and Yemen. It provides opportunities to local communities for training and education, enabling and empowering them in the long-term to value, care for and benefit from their cultural heritage. The Fund accepts applications from organisations globally, but applicants must either be based in or have a partner in one of the Fund's target countries.

In early 2017, DCMS successfully bid to the cross-Whitehall Prosperity Fund to deliver a component of the cross-departmental Digital Access Programme. DCMS, the Department for International Development and the Foreign and Commonwealth Office will partner on promoting digital inclusion in Brazil, South Africa, Nigeria, Kenya and Indonesia. DCMS will use a total of £7.5 million of ODA to establish a tech hub in each country. Tech Hubs are small, expert teams based within British Embassies and High Commissions which help grow the local tech sector and drive inclusive economic growth by facilitating partnerships between relevant stakeholders. The hubs in developing markets will focus on building ecosystems and digital skills, and connecting local businesses with businesses in the UK. Through the UK-India Tech Partnership DCMS are also establishing a UK-India Tech Hub, subject to Prosperity Fund approval. The ODA spend so far on the UK-India Tech Hub has been used to conduct research, scope out the requirements and construct the business case for the UK government's digital interventions in India.

⁸²https://www.ombudsman.org.uk/sites/default/files/Parliamentary_Complaints_Stats_2017_2018_Accessible.pdf

⁸³<https://www.gov.uk/government/publications/uk-aid-tackling-global-challenges-in-the-national-interest/official-development-assistance-oda-allocation-by-department>

Sustainable Development Report

The department is committed to environmental sustainability and considers it when new policies are created, operational decisions are made, and in the procurement of goods. DCMS is committed to ensuring wellbeing amongst staff and to act in a sustainably environmental way. The Green Network was launched in January 2019 to raise awareness of green issues. Progress so far includes a commitment to change behaviour away from single use items. As an example, the HR team only use renewable glasses, and are setting up a network of Green champions. Currently, DCMS is working with HM Treasury to set up a cross-government Offices Great George Street (GOGGS) Green Committee. This is supported by numerous strong staff networks and Senior Civil Servant Equality and Diversity champions.

Sustainable Development Goals

In 2015 the UK signed up to 17 Sustainable Development Goals (SDGs) alongside other United Nations members. These aim to resolve various problems across the world by ending hunger, tackling climate change, access to quality education and achieving gender equality to make the world fairer, healthier, safer and more prosperous by 2030.

DCMS has a good story to tell as the work within our sectors supports making the Goals a reality both domestically and internationally. The department incorporates sustainability through policy development and operational delivery. Policies take into account the long-term impact economically, environmentally, financially, and socially. Teams also assess the potential impact of policies on communities and businesses.

DCMS is particularly interested to explore the role of technology in helping to reach the SDGs. In the global effort towards achieving these, the department has supported its vibrant ecosystem of social tech ventures and digitally-driven charities. DCMS is committed to improving the enabling environment for Tech for Good organisations, for example through creating investment opportunities and building the skills and capability of social tech ventures. Additionally, DCMS are working with the Department for International Development to promote this message overseas, to explore how Non-Governmental Organisations (NGOs), as well as our domestic civil society, can use Tech for Good.

DCMS has aligned its work with SDGs in its Single Departmental Plan and the Goals form an integral part of its performance framework. The department and its sectors contribute to seven of the 17 Goals. DCMS is a key supporting department for the purposes of the UK's first Voluntary National Review (VNR) which is due to be presented to the UN in July 2019.

The department's domestic work funded £26.5 million of projects, ranging from youth led community action projects in schools, supporting young volunteers to identify the early signs of gang involvement and providing volunteering opportunities in the health and social care sector. DCMS also published the Civil Society Strategy, which set out a bold vision for how government will work with civil society to enrich lives and create a fairer society for all. Additionally, other notable work with international teams include continued close work with the Japanese presidency to shape the G20 summit on managing digital information, as well as the International Tech Hub Network.

Sustainable procurement⁸⁴

Crown Commercial Service frameworks are embedded in the department's commitment to sustainable procurement. New contracts require suppliers to meet DCMS' environmental policy and the Government Buying Standards. The department adopts good environmental practice through purchasing less environmentally damaging products, for example ordering furniture through recycled wood and sustainably grown sources. Additionally, consideration is taken to calculate the life cost when specifying an environmentally friendly product.

Climate change adaptation

The department considers the environmental impact of its policies and recognise the impact of climate change on a number of its sectors, such as digital infrastructure. Such impacts may include changing weather, extreme events and rising sea levels. DCMS work closely with its stakeholders to create mitigations.

Rural proofing

Prior to decision-making, DCMS considers the impact on rural communities to ensure that they are not disadvantaged. Rural proofing impact assessments are integral to the approach. The Future Telecoms Infrastructure Review (FTIR) identified that 10% of UK premises would not receive full fibre commercially by 2033 in rural and remote areas. These areas require additional funding of £3 billion to support investment. The government will determine the longer-term options for funding rural connectivity as part of the forthcoming Spending Review. The FTIR sets out an 'Outside-In' approach, seeking to ensure the final 10% of premises is addressed in parallel with the rest of the country. This includes the Rural Gigabit Connectivity programme, which aims to provide gigabit-capable connectivity in rural premises. DCMS are working closely with the Department for Environment, Food and Rural Affairs to create a Rural Connectivity Strategy. Additionally, the broadband Universal Service Obligation is designed to ensure that households, particularly in rural areas, are able to request acceptable broadband connection by 2020. More broadly, a major consideration of the government's Tourism Action Plan includes encouraging visitors to explore beyond London and support visitor economies across the country, often in rural and coastal locations. The Discover England Fund is a key driver for this work.

Other areas

Regulatory Policy Committee

The Regulatory Policy Committee (RPC) provides an opinion on the quality of evidence in regulatory impact assessments (IAs). There are four final-stage IAs (gaming machines and social responsibility measures; age verification for pornographic material online; new build developments: delivering gigabit connections; and mobile roaming 'No Deal') each received a 'fit-for-purpose' rating. The remaining IAs received informal opinions from the RPC, or were analysed internally (where classified under the 'De Minimis' threshold). All IAs are subject to an internal analytical peer review process and are signed off by the DCMS Chief Economist.

⁸⁴<https://www.gov.uk/government/organisations/department-for-digital-culture-media-sport/about/procurement>

Machinery of Government changes

On 1 April 2018 Data Policy and Governance functions of the government Digital Service transferred from the Cabinet Office to DCMS. The transfer included responsibility for data sharing (including coordination of Part 5 of the Digital Economy Act 2017), data ethics, open data and data governance. At the same time policy responsibility for Digital Signatures moved from the Department for Business, Energy and Industrial Strategy to DCMS. DCMS jointly lead on the relationship with Digital Catapult, Open Data Institute and The Alan Turing Institute.

Prompt payment of suppliers

The department's policy is to comply with the Institute of Credit Management's Prompt Payment Code, of which the department is an approved signatory. Whilst our standard terms and conditions for the supply of goods or services specify payment within 30 days of receipt of a valid invoice, the department aim to pay all valid invoices within five working days of receipt. In 2018-19, 96.8% (2017-18: 98.4%) of undisputed invoices were paid within the 30 days against a target of 100% and 86.2% (2017-18: 58.7%) of undisputed invoices were paid within five working days against a target of 80%. Performance has improved due to the effects of a full year of the implementation of the Purchase to Pay system resulting in a clearer payment process and increased awareness of the requirements amongst staff. The Cabinet Office provided additional guidance which clarified the scope and method of calculating prompt payment performance to ensure greater consistency across government departments. The department has reflected this guidance in its reporting for 2018-19 which has also contributed to the improvement in performance.

Whistleblowing

In 2018-19, there were no whistleblowing cases reported in the core department. DCMS adopts and implements the latest Civil Service model policy on whistleblowing. The DCMS whistleblowing policy guidance, procedures and FAQs are published on the department's intranet. DCMS has two independent nominated officers who staff can approach to anonymously report any perceived wrongdoings. DCMS takes part in the annual Civil Service Whistleblowing Awareness Week. In the 2018 People Survey, DCMS obtained a score of 85% for inclusion and fair treatment. In addition, 94% staff reported that they were aware of the Civil Service Code, 61% know how to raise concern under the code, and 77% confirmed they were confident that a raised concern under the Civil Service Code would be properly investigated.

Personal data-related incidents

There were 11 cases of personal data breaches. See Governance Statement (page 89) for details.

Auditor's remuneration

These financial statements have been audited, under the Government Resources and Accounts Act 2000, by the Comptroller and Auditor General, who is appointed under statute and reports to Parliament. His certificate and report is included in the accounts on page 130. The external audit cost of the departmental group was £3,181k comprising £395k notional and £2,786k cash. Further information is provided in Note 4.3 to the accounts.

Directorships and significant interests

Details of directorships and other significant interests held by ministers are set out in the Register of Lords' Interests⁸⁵ and the Register of Members' Financial Interests⁸⁶. In accordance with Cabinet Office guidance, DCMS maintains a register of interests that records details of directorships and other significant interests held by senior managers in the department. Details of related party transactions, including those arising as a result of the interests of DCMS Board members, are listed at Note 24 'Related party transactions'.

⁸⁵<https://www.parliament.uk/mps-lords-and-offices/standards-and-financial-interests/house-of-lords-commissioner-for-standards-/register-of-lords-interests/>

⁸⁶<https://publications.parliament.uk/pa/cm/cmregmem/contents1719.htm>

Statement of Accounting Officer's responsibilities

Under the Government Resources and Accounts Act 2000 (the GRAA), HM Treasury has directed the Department for Digital, Culture, Media and Sport to prepare, for each financial year, consolidated resource accounts. The document details the resources acquired, held or disposed of, and the use of resources, during the year by the department and its sponsored non-departmental and other Arm's Length Bodies. This report is required under the Government Resources Accounts Act 2000 by Statutory Instrument 2018 No. 313, as amended by Statutory Instrument 2018 No. 1335. Together, they are 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 department and departmental group's state of affairs. The accounts must also detail the departmental group's income and expenditure, Statement of Financial Position and cash flows for the financial year.

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

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

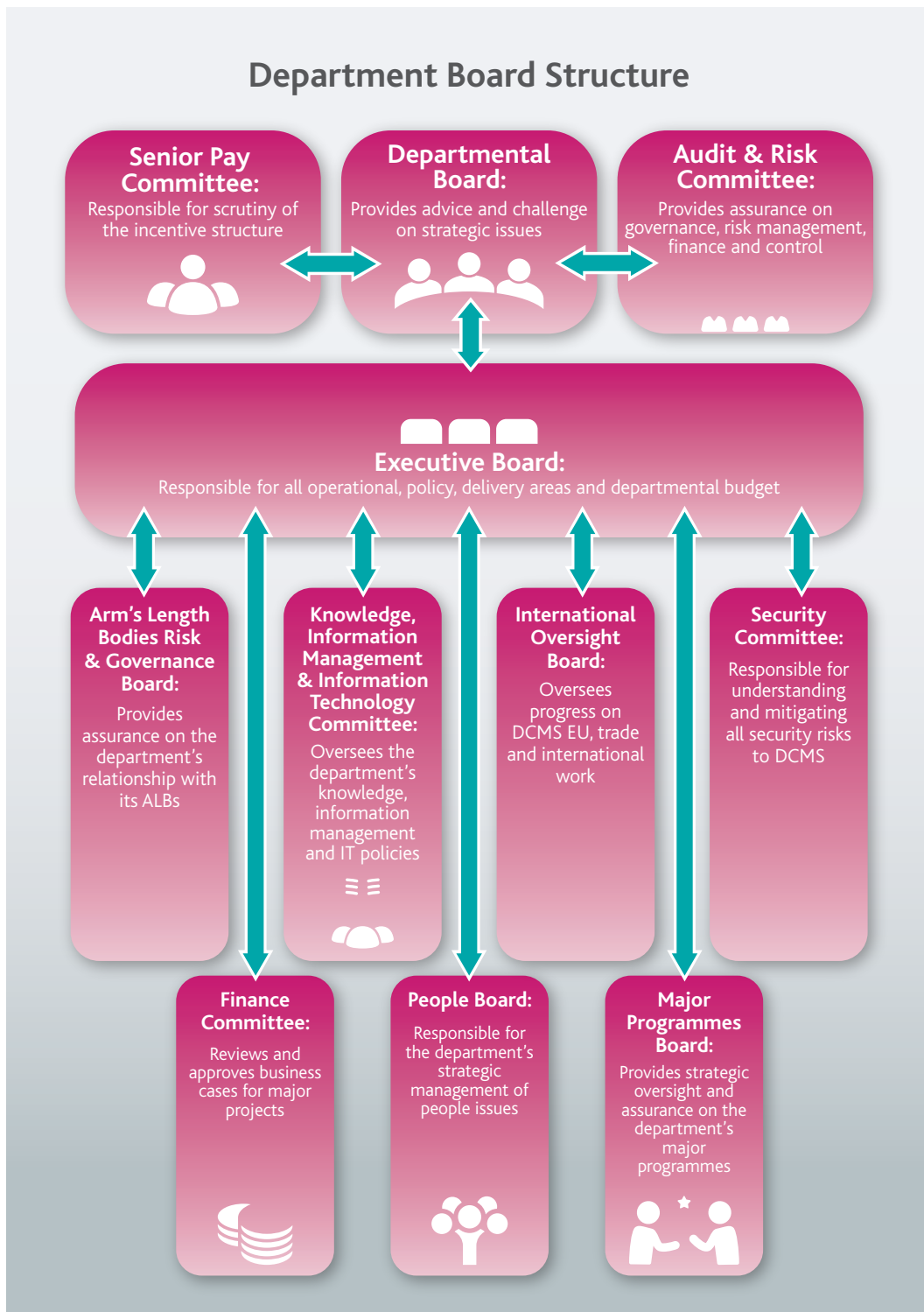
HM Treasury has appointed the permanent head of the department as Accounting Officer of the Department for Digital, Culture, Media and Sport. The Accounting Officer of the department has also appointed the chief executives or equivalents of its sponsored non-departmental and other Arm's Length Public Bodies as Accounting Officers of those bodies. The department's Accounting Officer is responsible for ensuring that appropriate systems and controls are in place to ensure that any grants to department-sponsored bodies are applied for the purposes intended. For the purposes of consolidation within the resource accounts, such expenditure, and the other income and expenditure of the sponsored bodies, are properly accounted for. Under their terms of appointment, the Accounting Officers of the sponsored bodies are accountable for the use, including the regularity and propriety, of the grants received, and the other income and expenditure of the sponsored bodies.

I take personal responsibility for the annual report and accounts and confirm that they are as a whole, fair, balanced and understandable, as are any judgements used to determine this view. As Accounting Officer, I confirm that, as far as I am aware, there is no relevant audit information of which the department's auditors are unaware, and I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the department's auditors are aware of that information. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the assets of the department or non-departmental or other Arm's Length Public Body for which the Accounting Officer is responsible, are set out in 'Managing Public Money' published by HM Treasury.

Governance Statement

This statement sets out the department’s governance structure, risk management framework and internal control procedures that have operated during the financial year 2018-19 and accords with HM Treasury guidance. It also integrates information about the department’s Arm’s Length Bodies (ALBs) included in the department’s consolidated accounts for 2018-19.

The governance structure – shown in the diagram below – applies to the core department, also referred to as ‘the department’ in this statement.



The department has a wide ranging remit incorporating a number of complex projects and programmes. The department's formal governance systems, structures and processes enable clarity and accountability to support it to effectively meet its objectives and priorities. There are terms of reference for each board and committee to enable the respective members to make effective decisions, monitor performance, and manage resources and risk.

Departmental Board (DB)

DB is chaired by the Secretary of State, it meets on a quarterly basis and is comprised of ministers, Non-Executive Board Members, the Permanent Secretary, Directors General and the Finance and Commercial Director. DB provides advice and challenge to the department on strategic issues.

It met three times in 2018-19 and its discussions centred on performance and strategic risk, financial review, Spending Review preparation, EU exit preparation and the Single Departmental Plan.

Audit and Risk Committee (ARC)

ARC is chaired by Fields Wicker-Miurin OBE, it meets five times a year. Its membership includes Charles Alexander (Lead Non-Executive Board Member) and independent members Brian Porritt and Phill Wells. It is also attended by the Permanent Secretary, Directors General, Finance and Commercial Director and representatives from the Government Internal Audit Agency (GIAA) and the National Audit Office (NAO). ARC reports to, and advises DB on governance, risk management and internal control. It met five times in 2018-19.

In discharging her responsibility, the chair meets regularly with the Accounting Officer, Directors General, Finance and Commercial Director, members of the Executive Board, the ALB Risk and Governance Board, GIAA and the NAO to discuss issues and assess ARC's performance to ensure that it is fulfilling its objectives and remit. In 2018-19 ARC continued to provide advice and challenge on the preparation of the DCMS consolidated annual report and accounts, the National Lottery Distribution Fund (NLDF), strategic risk, risk management framework, ALB assurance processes, EU exit preparedness, Commonwealth Games preparations and planning and progress of both the external and internal audit plans.

Executive Board (EB)

EB is chaired by the Permanent Secretary, it meets on a monthly basis and is comprised of Directors General, Directors of Finance and Commercial and HR. All other Directors from across the department are included on the membership on a six-monthly rotational basis. It is responsible for all operational policy, delivery areas and the departmental budget.

EB met 11 times in 2018-19 and reviewed departmental performance, finance, and strategic risks. In 2018-19, ongoing improvements continued to be made to performance and risk reporting and EB agreed to introduce a new evidence based system for 2019-20. EB continued to take collective ownership of the annual Internal Audit plan. A summary of items discussed are published on the intranet, and an observer programme, open to all staff, assists visibility and transparency of decision making across the department.

EB Sub-Committees

The department has a range of sub-committees that report up to each EB meeting to ensure oversight of discussion, issues and risks. This enables issues to be escalated as appropriate. Each committee has a clear remit and terms of reference.

Roles of each committee are summarised here:

- The **Finance Committee** is responsible for reviewing and approving business cases for major projects (including museum loans) with a total whole life cost that either exceeds £15 million or exceeds an arm's length body's delegated limit, where relevant. It is supported by the Investment Sub-Committee. It is chaired by the Finance and Commercial Director.⁸⁷
- The **Knowledge, Information Management and IT Committee** is responsible for oversight of the department's knowledge, information management and IT policies. It is chaired by the Finance and Commercial Director.
- The **People Board** is responsible for the strategic management of people issues within the department. It is chaired by the Director General for Performance and Strategy.
- The **International Oversight Board** monitors and reviews progress on the department's EU, trade and international work. The International Board and EU Funding Board report into the International Oversight Board on a monthly basis. It is chaired by the Director General for Digital and Media.
- The **Major Programmes Board** provides strategic oversight and assurance on the department's major programmes and helps create the right operating environment for programme/project delivery across the department. It is chaired by the Permanent Secretary.
- The **Security Committee** is responsible for understanding and mitigating all security risks to the department. It is chaired by the Director General for Performance and Strategy.
- The **Arm's Length Bodies Risk and Governance Board** provides assurance on the department's relationship with its ALBs, including risk management. It is chaired by the Director of Corporate Strategy.^{87 88}

In 2018-19 EB convened two additional 'time limited' sub-committees, one to support a strategic approach to the department's Spending Review preparations and one to oversee and drive forward departmental readiness for a 'No Deal' EU Exit. The Spending Review Oversight Board was chaired by the Director General for Performance and Strategy. The No Deal Oversight Board was chaired by the Director General for Digital and Media.

⁸⁷ Both the Finance Committee and the Arm's Length Bodies Risk and Governance Board have independent members

⁸⁸The Arm's Length Bodies Risk and Governance Board was paused in December 2018, whilst the department prioritised 'No Deal' activity. EB maintained oversight whilst the group was paused.

Non-Executive Board Members

The department appointed Sherry Coutu to its Non-Executive team in March 2019. Sherry brings vast experience and expertise of the digital Sector and will support the department at a vitally important time for its ambition and digital objectives⁸⁹. Fields Wicker-Miurin, Neil Mendoza and Charles Alexander all agreed contract extensions, as their first terms all expired in early 2019. Lengths of contracts were varied to ensure that the department did not lose their expertise all at the same time in future years.

Outside of DB and ARC, Non-Executive Board Members continued to provide advice and challenge across the full range of departmental priorities, work programmes and projects. For example, they supported the department's Spending Review preparations, Single Departmental Plan, ALB risk and governance issues, including a challenge panel as part of the Historic England Tailored Review and the department's EU exit preparation. Fields Wicker-Miurin, Chair of the DCMS Audit and Risk Committee, continued to convene a forum to bring together audit and risk committee chairs from our ALBs to discuss risks, issues and share best practice across the DCMS group. The forum met in November 2018.

Attendance for financial period 1 April 2018 to 31 March 2019

	DB	ARC	Senior Pay Committee	EB
Number of meetings held	3	5	1	11
Ministers				
Jeremy Wright MP	2/2	-	-	-
Mims Davies MP	1/1	-	-	-
Michael Ellis MP	2/3	-	-	-
Margot James MP	1/3	-	-	-
Lord Ashton of Hyde	2/3	-	-	-
Matt Hancock MP	1/1	-	-	-
Tracey Crouch MP	1/2	-	-	-
Non-Executive Board Members and Independent Members				
Charles Alexander	3/3	5/5	1/1	-
Fields Wicker-Miurin	2/3	5/5	0/1	-
Neil Mendoza	3/3	-	-	-
Matthew Campbell-Hill	3/3	-	-	-
Phill Wells	-	4/5	-	-
Brian Porritt	-	5/5	-	-
Management⁹⁰				
Sue Owen	3/3	5/5	1/1	11/11
Matthew Gould	0/3	2/5	-	7/11
Helen Judge	3/3	3/5	-	11/11
Tim Sparrow	3/3	5/5	-	11/11
Debra Lang	-	-	1/1	11/11

* '-' denotes individual is not a member of this group or invited to attend.

DCMS is an open, inclusive and diverse department, and takes into account the widest possible range of views at the Executive Board, as such whilst attendance at EB continues to include all Directors on a rotational basis, from 2018-19 all Directors (other than the

⁸⁹<https://www.gov.uk/government/publications/department-for-digital-culture-media-and-sport-single-departmental-plan/department-for-digital-culture-media-and-sport-single-departmental-plan-2018#digital-connectivity-continually-drive-the-uks-connectivity-telecommunications-and-digital-sectors>

⁹⁰Management refers to Civil Servants.

Finance and Commercial and Human Resource Directors) attended in an advisory capacity. The Permanent Secretary, Directors General, Finance and Commercial Director and HR Director attend all EB meetings.

Declaration of interests

DB, ARC and EB Members have disclosed a range of interests. Further details can be found at the Directorships and significant interests paragraph on page 75.

Board performance and effectiveness

The Cabinet Office Corporate Governance in Central Government Departments: Code of Good Practice requires all departments to undertake an annual board effectiveness evaluation. In 2018-19 DB, ARC and EB all undertook self-evaluation exercises. The reviews found that each group was operating effectively and meeting their respective terms of reference. To ensure compliance with the HMT audit and risk assurance committee handbook the ARC self-evaluation was aligned to the NAO Audit Committee self-assessment checklist. In general it was found that agendas for all meetings had improved throughout the year to ensure that the right items were being considered at the right times. Supporting paperwork had improved and an objective for 2019-20 will be to continue improving information presented to each board.

These self-evaluation exercises were also supported by a GIAA review of the department's Governance Structure. The review found that the structure remained fit for purpose. As the department continues to evolve in size and scope this will be kept under annual review.

Compliance with the Corporate Governance code

The department fully complies with the HM Treasury Corporate Governance Code for central government departments with the following variations:

- The Pay Committee, which comprises the Permanent Secretary, Lead Non-Executive Board Member, a second Non-Executive Board Member and the Director of HR, fulfils the role of a Nominations and Governance Committee, primarily to scrutinise the incentive structure.
- The Head of Internal Audit attends the Audit and Risk Committee rather than the Departmental Board. In 2018-19 the Internal Audit team were invited to attend an Executive Board meeting. The Audit and Risk Committee chair reports risks, issues and an overview of the committee's work to the Departmental Board.

Information management

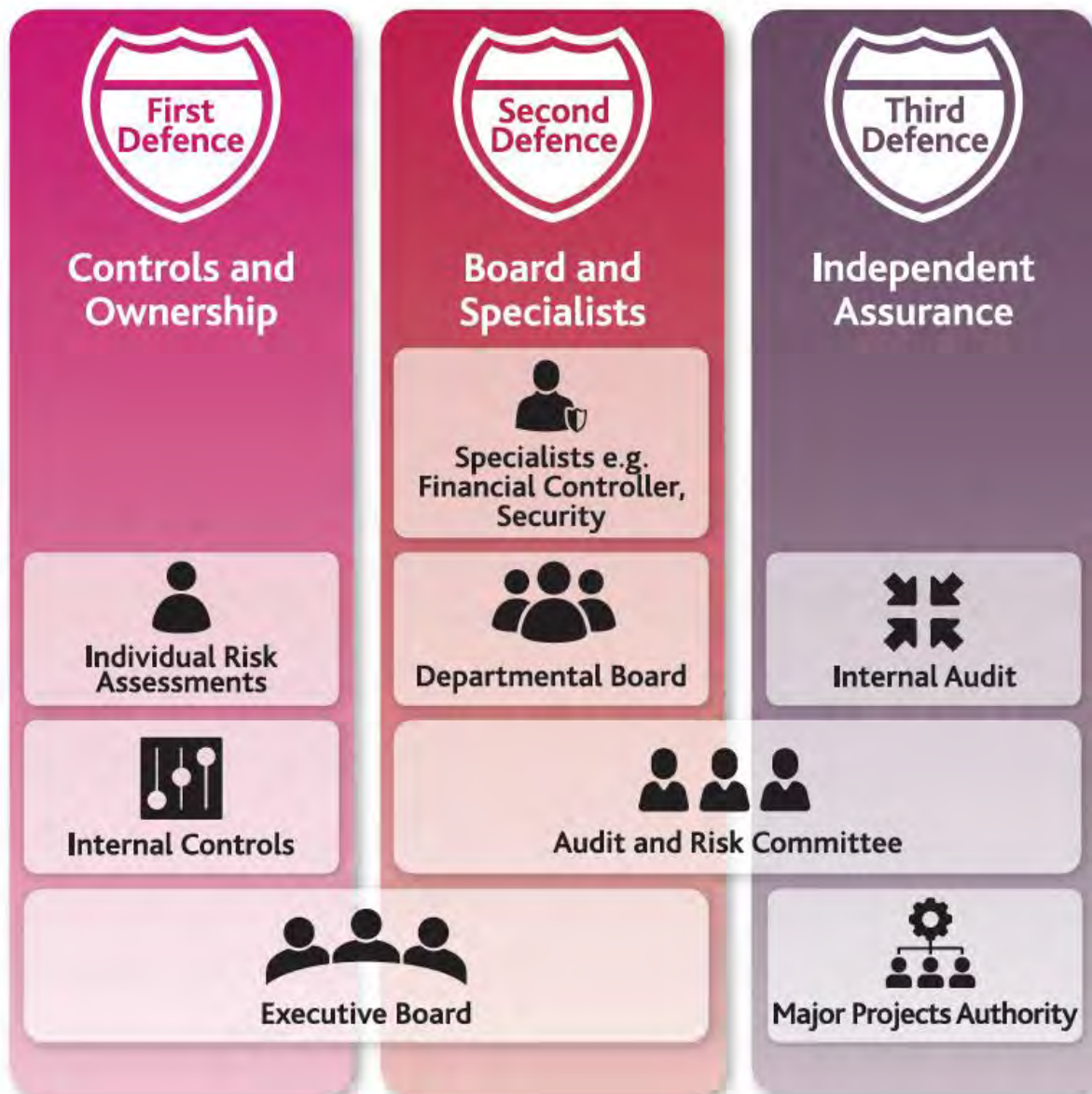
The departmental board and its sub-committees are provided with a range of management information in order to review the department's performance and capability. This includes a progress review of the Information Management Assessment report provided by the National Archives; annual departmental board effectiveness evaluation; performance reports; risk registers and corporate data. The board secretariat oversees this information, and ensures the data's quality complies with the departmental guidance on writing board papers in order to facilitate informed discussion and decision making. The Knowledge, Information Management and Information Technology Committee (KIMIT) approved the Department's IT strategy during the year and an Information Governance Strategy is planned for 2019-20.

External reporting

The department provides information, including the Online System for Central Accounting and Reporting (OSCAR) returns, to HM Treasury and transparency information, which is published on data.gov.uk and announced in a Cabinet Office Quarterly Written Ministerial Statement. DCMS and HM Treasury regularly assess the quality of this data, which is also available for public scrutiny. This data is consistent with data provided to the board.

Approach to risk management in the department

Managing risk is an important part of the Accounting Officer’s role in the department. Strategic and Work Programme level risk is currently discussed at DB, ARC and EB, and also features in most sub-committees. The department’s current risk policy is available internally on the intranet - although this has been updated with a new framework, introduced in April 2019. The policy for 2018-19 holds three lines of defence, as summarised in the below graphic:



- 1) The first line of defence is made up of operational controls and contingencies taken to reduce the risk at first sight, with EB fulfilling this role on a strategic level.
- 2) The second line of defence involves the department's risk and assurance professionals across Finance, Security, IT, the central Performance and Risk team, and beyond. It is supported by all three central boards.
- 3) The third and final line of defence includes external organisations who provide assurance (e.g. the GIAA), challenge (e.g. the Major Projects Authority), and regular third-party oversight (such as through the Non-Executive Board Members on the Audit and Risk Committee).

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

Risks in the department are considered to be anything that may damage or disrupt the achievement of our objectives. These often represent key uncertainties around our objectives. Headline indicators annually monitor the department's progress and performance against these same objectives. Negative scoring in these Key Performance Indicators may also be used to gain a quantitative long view of strategic risks.

Strategic risks are categorised by Strategic Objective, so our top-level board members know which area of our Single Departmental Plan our risks could damage. Risks are tracked centrally at the Work Programme level. Top-level boards (DB, ARC and EB) all use the same Strategic Risk Register, while sub committees of EB (such as the Finance Committee and the People Committee) have their own registers. Top risks affecting achievement against our objectives can be found on page 11.

Assurance exercises

For assurance purposes, all Senior Civil Servants in the department were required to detail potential control issues twice during the year. A subset of respondents were then interviewed, to test for further control issues/risks. We have used this process to identify areas for improvement in our internal control processes, which will be reported in next year's Annual Report.

Changes to risk management

The new Risk Framework adopted from April 2019 seeks to improve the current risk framework - in particular, making it more accessible for all members of staff, tying it to a risk reporting system that holds evidence at its core, and enshrining a concrete system of escalation alongside specific criteria to ensure the most critical risks continue to be seen by the department's leadership.

Governance of DCMS Arm's Length Bodies (ALBs)

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. These are all individually reviewed by the department as part of the process of preparing the group accounts. ALB risks are reviewed at quarterly ALB Risk and Governance Board meetings and escalated to EB as necessary. However, the ALB Risk and Governance Board was temporarily stood down from December 2018 in response to EU Exit prioritisation.

ALBs continue to use the department-produced guidance on Board Performance Appraisals which was produced in 2016. The requirement to undertake an annual board performance assessment is included in ALB management agreements, and informs the process of reappointment of Non-Executive directors to Boards.

The department has continued to provide induction sessions for newly appointed ALB trustees. The departmental induction complements the ALB-managed programmes for new trustees by outlining responsibilities as Ministerially appointed board members. Following the creation of two new Arm's Length Bodies this year (the National Citizen Service and the Birmingham Organising Committee for the 2022 Commonwealth Games Ltd) the department developed and delivered bespoke induction sessions for both boards.

Tailored Reviews

Under our Tailored Review Programme, we are in the process of undertaking a tailored review of the operating model for and activities of Historic England and English Heritage.

Fields Wicker-Miurin is chairing the Challenge Panel for the Tailored Review (TR) of Historic England. TRs provide assurance to the Secretary of State and Cabinet Office ministers of the ongoing need for the functions of an ALB, and examines whether the ALB continues to contribute to departmental strategic priorities. The Challenge Panel is made up of experts independent of the department and their role is to provide robust assurance of and challenge to the evidence and recommendations of the review. The review was launched on 28 March 2019.

Appointment to ALB Boards

DCMS ministers appoint, or make recommendations to the Prime Minister to appoint, the chairs and trustees of almost all our ALBs.

Between 1 April 2018 and 31 March 2019, we made 122 appointments. 76 of these were new appointments and 46 were reappointments and extensions. There were no appointments made by exception.

53% of these appointments were men and 44% were women (3% undeclared). 15% were Black, Asian and Minority Ethnic (BAME) candidates.

Managing risk in ALBs

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

The presence of departmental Non-Executive Board Member, Fields Wicker-Miurin, Cabinet Office director level representation and GIAA with observer status on the ALB Governance and Risk Board provides external challenge regarding the department's approach to ALB risk and relations.⁹¹ The department's ALB risk management system is in the process of being rebalanced with more emphasis on risk indicators and evidence, in addition to established senior and regular engagement via the Partnership Project. Once complete, this project will provide further assurance on the operations and resilience of the department's ALBs.

⁹¹The Board was paused in December 2018, whilst the department prioritised 'No Deal' activity. EB maintained oversight whilst the group was paused.

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

Accounting Officers of all ALBs are made aware of the importance of managing risks proportionately, maintaining a sound internal control system, and ensuring propriety, regularity and value for money in all aspects of governance, decision making and financial management. During the financial year (or after the year end and before the department's accounts are signed), all ALB accounting officers are required to notify the department of significant internal control weaknesses or issues arising. They must incorporate a governance statement in their accounts. The department takes prompt follow-up action as necessary on any matters identified from these governance statements or notifications. In addition, the ALBs have their own audit committees and the department's Finance and Commercial Director has written to the chairs of these forums requesting disclosure or any matters warranting inclusion in this report.

General Oversight

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

National Lottery

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

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

The BBC

The BBC is established by Royal Charter. Her Majesty the Queen granted the latest Charter at the end of 2016 and it will last until 31 December 2027.

The 2016 Charter created a new unitary BBC Board, with Ofcom becoming the BBC's regulator. The BBC Board has up to 14 members, with the government appointing the Chair and four non-executive members for each of the nations. The BBC appoints five non-executives and four executive members to the Board. Neither ministers nor the department have direct responsibility or accountability for the BBC's day-to-day expenditure, nor

operational, managerial or editorial decision-making, as these roles are vested in the BBC and its board.

In 2015 the government decided, as part of the new BBC funding settlement, to increase the licence fee in line with inflation for the first five years of the new Charter period. On 1 April 2018, the fee increased from £147.00 to £150.50.

The BBC has responsibility for the collection of the licence fee, and the Board must ensure that arrangements for the collection of the licence fee are efficient, appropriate and proportionate (as set out in the Charter).

The BBC Board has responsibility for the content of the 2018-19 BBC Annual Report and Statements of Accounts.

Other

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

DCMS Group accounts – points of interest

BBC Regularity

The Comptroller and Auditor General (C&AG) has issued a qualified regularity opinion on the 2018-19 BBC financial statements in relation to the recognition of a provision of £12m. This relates to the BBC Board's approval of an approach to settle retrospective claims that HMRC may have against presenters in respect of any misclassification of their employment status, at an acceptable cost to the licence fee and in a way which the BBC Board considers is fair to all sides. The C&AG considered that the BBC, in committing to make such payments to HMRC, is settling, ex gratia, the tax liabilities of third parties. The C&AG therefore considered that this expenditure does not accord with the BBC's Charter obligations with respect to the principle of regularity and has qualified the audit opinion accordingly.

British Tourist Authority

The Comptroller and Auditor General issued a qualified audit opinion on regularity (the true and fair opinion was unaffected) on the 2017-18 accounts of the British Tourist Authority. This was due to irregular expenditure by the BTA on a number of extra-contractual staff severance payments. These were made without the necessary HM Treasury approvals.

Ofcom

At 31 March 2019 Ofcom was involved with ongoing litigation regarding the restitution of annual licence fees following the Court of Appeal judgment in November 2017 to quash regulations that Ofcom made in September 2015 to revise fees for use of 900/1800 MHz spectrum bands.

This had the legal consequence that those 2015 regulations were void and did not have effect, and the pre-existing licence fees as set out in regulations last made in 2011 continued to be in force throughout, and remained in force until Ofcom had made a redetermination of the fees in December 2018.

The Mobile Network Operators (MNOs) brought claims against Ofcom seeking restitution of the increase in fees paid between September 2015 and November 2017. In the 2017-18 DCMS group accounts, this was disclosed as an unquantifiable contingent liability.

The restitution case was heard in the High Court in May 2019 which found in favour of the MNOs and ordered repayment of the increase in fees that had been collected under the quashed 2015 Regulations.

The High Court granted Ofcom permission to appeal, and Ofcom lodged an appeal with the court on 7 June 2019.

As a result, the cost of the annual licence fee repayments, related interest and the MNOs' legal costs totalling £232million has been included as a provision in these financial statements (note 19).

The sums payable to the MNOs were subject to statutory interest at 8% from the date of judgment. HM Treasury and the department agreed to provide funding in June 2019 to allow Ofcom to make full repayment to the MNOs to avoid further interest being accrued. This will be repaid to DCMS if Ofcom is successful at appeal.

Fraud and Error

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

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

DCMS has two Co-Counter Fraud Responsible Officers (CFROs) at Executive Board level who are responsible for ensuring that the department's overall arrangements for managing the risk of fraud are appropriate. They are the Director of HR, Organisational Development & Change, and the Director of Finance and Commercial who are also accountable to the Board for DCMS' performance in countering fraud, bribery and corruption; personally approve the direction of each fraud investigation; ensure that any lessons learned are translated into strengthened departmental controls; and ensure the department undertakes an annual fraud risk assessment exercise.

The core department works with its ALBs and the Cabinet Office to identify and counter fraudulent activities, and the DCMS lottery bodies operate a Lottery Bodies Forum where they share fraud information and best practice. Through working with the Cabinet Office Centre of Expertise for Counter Fraud and supporting ALBs, the core department will continue to strengthen its processes and controls to reduce the risk of fraud. Over the coming year, we will offer training and awareness activities, drawing on the Cabinet Office's expert knowledge.

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

In 2018-19 there were no reports of fraud in the core department.

Across our many ALBs there were a small number of suspected fraud activities in 2018-19 that will impact both Exchequer and lottery funding. Our ALBs will continue to work with their counter fraud specialists, other lottery bodies and the police on any ongoing investigations and will report their outcomes both to their audit and risk committees and the department as they occur.

Whistleblowing

Details of the department's Whistleblowing arrangements can be seen on page 74.

Core department and shared services

In 2018-19 the department migrated their HR and Payroll system to cloud-based technology. This programme of work has allowed the department to consolidate a number of systems and processes and improve the quality of information that is held in the HR and payroll space. Improvements to employee and manager led processes have taken place with the introduction of an HR and on-boarding portal, ensuring that employees can access HR at any time. The development of the HR technology solution has been delivered in line with the overall HR operational service standards to ensure consistency across the way the Department operates and delivers services to its user base.

Group write-offs

A summary of losses can be found in the Accountability report on page 125. During 2018-19 no individual loss exceeded £300k.

Tax Policy for off-payroll appointees

Tax assurance evidence is sought annually to ensure compliance and where this is not the case, the expectation is that contracts will be terminated. DCMS 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 sent to HM Revenue and Customs for further investigation.

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

<https://www.gov.uk/government/publications/dcms-tax-reporting-data-for-off-payroll-workers-april-2018-to-march-2019>

Ministerial directions

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

During 2018-19 there were no instances of a ministerial direction.

Conflicts of Interest policy and procedure

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

Personal Data Incidents

In the financial year 2018-19 there were 11 cases where personal data breaches occurred. Of these, two were reported to the Information Commissioner's Office (ICO).

- 1) Personal data (including sensitive data) was shared with the National Audit Office (NAO). The effect of this breach was deemed to be minimal. NAO have confirmed that this data has been deleted, the department have replaced and anonymised the data. Access to the personal sensitive information has been restricted to those requiring access, and an internal investigation was conducted. The ICO decided that no further action was required.
- 2) In breach of departmental policy and procedure, a member of staff used an unauthorised and unsecured online tool to complete a work related task relating to cost projections. Two data sets were used (one for 968 individuals and one for 943 individuals). Following initial investigation it became apparent that the data had been cloned on an external server. The department conducted a formal investigation to understand the nature of the information copied and whether other parties gained access to that data. The investigation confirmed that no other access was discovered. The department has removed the data from the external server and have confirmation that the account is locked. The ICO decided no further action was required.

Accounting Officer System Statement

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

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

Internal Audit Annual Report

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

In his Annual Report and Opinion, the Group Chief Internal Auditor (GCIA) provided an overall 'moderate' assurance regarding the adequacy and effectiveness of the department's system of internal control over the course of 2018-19. This is the same level of assurance provided in the previous two years, but now with an upward trend following a couple of years of downward trend. That the department has maintained internal control sufficiently to justify

this level of annual assurance can be interpreted as a success. Due to the department's growth in size and complexity, it was observed by the GCIA that this resulted in the rise of the inherent risk of outstripping the department's capacity for increasing the consistency and coordination of its operations and the effectiveness of its control activities.

GIAA have found evidence that the department has 'turned the corner' and that the senior management team are focused on developing and improving internal systems of control. 2018-19 saw staff in key positions across the department's span of control, some of them new to the organisation, continue to deliver amid extreme and challenging circumstances. The GCIA has highlighted the ongoing challenges in managing this level of change will continue to expose the organisation to a wide range of both corporate and operational risks that will need appropriate and proportionate action by the department's senior management team to ensure an effective control environment is maintained.

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.

Remuneration report

Core department only

This annual remuneration report is prepared with reference to guidance contained in the annual Employer Pension Notice (EPN 571) issued by Civil Service Pensions (MyCSP) on 7 March 2019.

ALBs provide equivalent information in their own accounts where required to do so.

Remuneration policy

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

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

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

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

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

<https://www.gov.uk/government/organisations/review-body-on-senior-salaries/about>

Service contracts

The Constitutional Reform and Governance Act 2010 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 Raj Kalia whose appointment is for a fixed term of two years, and Chris Townsend OBE whose appointment was for a fixed term of three years and extended for one year, 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

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)

Single total figure of remuneration

Ministers	Salary (£)		Benefits in kind (to nearest £100)		Pension benefits (to nearest £1000) ⁹²		Total (to nearest £1000) ⁹³	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
The Rt Hon Jeremy Wright MP, Secretary of State for Digital, Culture, Media and Sport from 9 July 2018	48,996 ⁹⁴	-	-	-	13,000	-	62,000	-
Margot James MP, Minister of State for Digital, Culture, Media and Sport from 10 January 2018	31,680	7,030 ⁹⁵	-	-	8,000	2,000	40,000	9,000
Lord Ashton of Hyde, Parliamentary Under Secretary of State from 14 June 2017	68,710	54,780 ⁹⁶	36,400	29,000 ⁹⁷	- ⁹⁸	-	105,000	84,000
Mims Davies MP, Parliamentary Under Secretary of State from 5 November 2018	9,261 ⁹⁹	-	-	-	2,000	-	12,000	-
Michael Ellis MP, Parliamentary Under Secretary of State from 10 January 2018	22,375	4,965 ⁹⁹	-	-	6,000	1,000	28,000	6,000
The Rt Hon Matt Hancock MP, Secretary of State for Digital, Culture, Media and Sport from 9 January 2018 to 9 July 2018	18,509 ⁹⁴	39,728 ⁹⁴	-	-	4,000	10,000	23,000	50,000
The Rt Hon Karen Bradley MP, Secretary of State for Culture, Media and Sport to 8 January 2018	-	52,339 ¹⁰⁰	-	-	-	12,000	-	64,000
Tracey Crouch MP, Parliamentary Under Secretary of State to 1 November 2018	18,708 ¹⁰¹	22,375	-	-	3,000	6,000	22,000	28,000
John Glen MP, Parliamentary Under Secretary of State from 14 June 2017 to 9 January 2018	-	12,873 ¹⁰²	-	-	-	3,000	-	16,000
Rob Wilson MP, Parliamentary Under Secretary of State to 9 June 2017	-	9,885 ¹⁰³	-	-	-	1,000	-	11,000

⁹²The 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.

⁹³The 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.

⁹⁴The full-year equivalent salary is £67,505.

⁹⁵The full-year equivalent salary was £31,680.

⁹⁶The full-year equivalent salary was £68,710. DCMS did not contribute to his pre June 2017 role.

⁹⁷A Lords office-holders allowance. The full-year equivalent is £36,366.

⁹⁸Lord Ashton has opted out of the Parliamentary Contributory Pension Fund (PCPF).

⁹⁹The full-year equivalent salary is £22,375.

¹⁰⁰The full-year equivalent salary was £67,505. Karen Bradley was appointed Secretary of State for Northern Ireland on 8 January 2018.

¹⁰¹The full-year equivalent is £22,375. Tracey Crouch left under severance terms on 1 November 2018. She received a compensation payment of £5,594.

¹⁰²The full-year equivalent salary was £22,375. John Glen was appointed Economics Secretary to the Treasury on 9 January 2018.

¹⁰³The full-year equivalent salary was £22,375. Rob Wilson left under severance terms on 14 July 2017. He received a compensation payment of £5,594.

The following tables disclose the remuneration of officials who were members of the Departmental Board and Executive Board.

DCMS as an open, inclusive and diverse department, takes into account the widest possible range of views at the Executive Board. As such, whilst attendance at Executive Board continues to include all Directors on a rotational basis, from 2018-19 all Directors (other than the Finance and Commercial and Human Resource Directors) only attended in an advisory capacity.

Single total figure of remuneration

Executive Board Members	Salary (£'000)		Bonus payments (£'000)		Benefits in kind (to nearest £100)		Pension benefits (to nearest £1000) ⁹²		Total (£'000) ⁹³	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18 (Restated)	2018-19	2017-18 (Restated)
Sue Owen DCB, Permanent Secretary & Accounting Officer ¹⁰⁴	180-185 ¹⁰⁵	160-165	-	15-20	-	-	- ¹⁰⁶	12,000	180-185	190-195
Matthew Gould, Director General for Digital and Media ¹⁰⁴	120-125	120-125	10-15	-	-	-	48,000	66,000	185-190	185-190
Helen Judge, Director General for Performance and Strategy from 3 April 2017 ¹⁰⁵	120-125	115-120	-	-	-	-	48,000	123,000 ¹⁰⁷	170-175	240-245 ¹⁰⁷
Tim Sparrow, Finance and Commercial Director from 26 June 2017 ¹⁰⁵	90-95	65-70 ¹⁰⁸	-	-	-	-	36,000	27,000	125-130	95-100
Debra Lang, Director HR, Organisational Development and Change from 1 February 2018	85-90 ¹⁰⁹	10-15 ¹⁰⁸	5-10	-	-	-	149,000	24,000	245-250	35-40

¹⁰⁴On the Executive Board and Departmental Board.

¹⁰⁵This includes a one off payment to compensate untaken annual leave. The full-time equivalent salary was £165-170k.

¹⁰⁶Sue Owen was not a contributing member of the Principal Civil Service Pension Scheme during this accounting period.

¹⁰⁷Re-stated to include pension benefit adjustments.

¹⁰⁸The full-time equivalent salary was £90-95k.

¹⁰⁹The full-time equivalent salary is £90-£95k. A period of unpaid leave was taken.

Executive Board 2017-18 only	Salary (£'000)		Bonus payments (£'000)		Benefits in kind (to nearest £100)		Pension benefits (to nearest £1000) ⁹²		Total (£'000) ⁹³	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18 (Restated)	2018-19	2017-18 (Restated)	2018-19	2017-18 (Restated)
Yasmin Brooks, Director Cyber Security and Data Protection from 12 June 2017	-	70-75 ¹¹⁰	-	-	-	-	-	32,000 ¹¹¹	-	100-105 ¹¹¹
Sarah Connolly, Director Security and Online Harms from 3 April 2017	-	85-90	-	5-10	-	-	-	87,000	-	180-185
Dean Creamer, Deputy Director on temporary promotion to Director Commonwealth Games substantive from 21 January 2019 ¹¹²	-	15-20 ¹¹³	-	-	-	-	-	13,000	-	30-35
Graham Floater, Director EU and International from 6 November 2017	-	45-50 ¹¹⁴	-	-	-	-	-	19,000	-	65-70
James Heath, Director Digital Infrastructure from 1 September 2017	-	65-70 ¹¹⁵	-	-	-	-	-	27,000	-	95-100
Georgia Hutchinson, Deputy Director on temporary promotion to Director of the Office for Civil Society from 12 March 2018 and on temporary promotion to Director Corporate Strategy from 22 September 2018 ¹¹⁵	-	0-5 ¹¹⁶	-	-	-	-	-	6,000 ¹¹¹	-	5-10
Raj Kalia, CEO BDUK from 8 January 2018	-	30-35 ¹¹⁷	-	-	-	5,900 ¹¹⁸	-	13,000 ¹¹¹	-	50-55 ¹¹⁹
David Knott, Director of Office for Civil Society from 27 November 2017 to 11 March 2018 returned back to post 17 September 2018 ¹²⁰	-	20-25 ¹²¹	-	-	-	-	-	20,000	-	40-45
Gila Sacks, Director Digital and Technology Policy to 16 July 2018	-	80-85 ¹²²	-	-	-	-	-	21,000	-	105-110
Andrea Young, Director Broadcasting, Media and Creative Industries and Director Manchester Project from 2 March 2018 ¹²³	-	55-60 ¹²⁴	-	-	-	-	-	12,000 ¹¹¹	-	65-70

¹¹⁰The full-time equivalent salary was £85-90k. This includes an arrears payment paid in April 2018.

¹¹¹Re-stated to include pension benefit adjustments.

¹¹²Dean Creamer was Programme Director Blythe House, then on temporary promotion to Director of Commonwealth Games, Sport and Gambling from 15 January 2018 to 30 June 2018 and returned to his Deputy Director post until substantive promotion to Director on 21 January 2019.

¹¹³The full-time equivalent salary was £85-90k.

¹¹⁴The full-time equivalent salary was £115-120k.

¹¹⁵Works part-time (0.80 FTE). Covered David Knott's shared parental leave in her capacity as Director of Office for Civil Society.

¹¹⁶The full-time equivalent salary was £85-90k. This includes an arrears payment made in April 2018.

¹¹⁷The full-time equivalent salary was £145-150k.

¹¹⁸Restated to include taxable travel costs considered a benefit in kind.

¹¹⁹Restated to include pension benefit adjustments and travel costs considered a benefit in kind.

¹²⁰Works part-time (0.94 FTE).

¹²¹The full-time equivalent salary was £90-95k. Started shared parental leave on 12 March 2018.

¹²²The full-time equivalent was £90-95k.

¹²³Works part-time (0.4 FTE) reducing her hours from 0.6 FTE on 1 May 2018.

¹²⁴The full-time equivalent is £95k-100k.

Executive Board 2017-18 only (continued)	Salary (£'000)		Bonus payments (£'000)		Benefits in kind (to nearest £100)		Pension benefits (to nearest £1000) ⁹²		Total (£'000) ⁹³	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18 (Restated)	2018-19	2017-18 (Restated)
Joe Butler, Director Telecoms from 1 May 2017 and Chief Scientific Adviser from 1 October 2017 to 10 May 2018 ¹²⁵	-	105-110 ¹²⁶	-	-	-	-	-	-	-	105-110
Mark Fisher, Director for Office of Civil Society to 25 June 2017	-	30-35 ¹²⁷	-	-	-	-	-	(2,000)	-	25-30
Hugh Harris, Director, Media, & Creative Industries to 2 September 2018 ¹²⁸	-	90-95 ¹²⁹	-	-	-	-	-	28,000 ¹³⁰	-	115-120 ¹³⁰
Kate Joseph, Director Corporate Strategy to 4 March 2018 ¹³¹	-	60-65 ¹³²	-	-	-	-	-	36,000	-	95-100
Claudia Kenyatta, Director, Corporate Strategy to 21 September 2018 ¹³³	-	55-60 ¹³²	-	-	-	-	-	48,000	-	105-110
Claire Pillman, Director, Sport & Culture to 23 February 2018	-	80-85 ¹³³	-	0-5	-	-	-	7,000	-	85-90
Rosemary Pratt, Director, Europe, Digital and Data Security to 7 January 2018	-	45-50 ¹³⁴	-	-	-	-	-	31,000	-	75-80
William Priest, CEO BDUK from 11 April 2017 to 20 January 2018 ¹³⁵	-	95-100	-	-	-	-	-	-	-	95-100
David Rossington CB, Director, Office for Civil Society to 8 February 2018	-	100-105 ¹³⁶	-	-	-	-	-	10,000	-	110-115
Chris Townsend OBE, CEO BDUK to 5 May 2017 ¹³⁷	-	15-20	-	30-35	-	-	-	-	-	45-50

¹²⁵On secondment from Ofcom since 1 May 2017, formerly as Director Telecoms.

¹²⁶The full-time equivalent is £110k-115k.

¹²⁷The full-time equivalent salary was £125-130k.

¹²⁸Worked part-time (0.90 FTE) from 2 January 2018.

¹²⁹Shared parental leave from 20 February 2017 to 1 January 2018. The full-time equivalent salary was £90-£95k.

¹³⁰Restated to include pension benefit adjustments.

¹³¹Worked part-time (0.7 FTE). Job share with Claudia Kenyatta.

¹³²The full-time equivalent salary is £90-95k.

¹³³Worked part-time (0.6 FTE). Job share with Kate Joseph until 4 March 2018. Full-time since 5 March 2018.

¹³⁴Worked part-time (0.60 FTE), reducing her hours from 0.88 FTE on 19 June 2017. The full-time equivalent salary was £90-95k.

¹³⁵William Priest was a temporary appointment and covered the CEO BDUK role from 11 April 2017 to 20 January 2018. He was paid at a fixed day rate and was not a part of the Civil Service Pension Scheme.

¹³⁶The full-time equivalent salary was £115-£120k.

¹³⁷Chris Townsend OBE was appointed as CEO BDUK effective 1 April 2014 for a fixed employment term of 3 years. This was extended to 31 March 2018 on 21 November 2016, however Chris resigned from 5 May 2017 and William Priest was appointed in the interim before Raj Kalia joined the department on 8 January 2018.

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 (£77,379 from 1 April 2018) and various allowances to which they are entitled are borne centrally. However, the arrangement for ministers in the House of Lords is different in that they do not receive a salary but rather an additional remuneration, which cannot be quantified separately from their ministerial salaries. This total remuneration, as well as the allowances to which they are entitled, is paid by the department and is therefore shown in full in the figures above.

Non-consolidated performance related pay awards (Bonuses)

The performance management and reward policy for members of the Senior Civil Service (SCS), including board members, is managed within a central framework set by the Cabinet Office. In 2018, the framework allowed for non-consolidated performance related awards to be paid to a maximum of 25% of members of the SCS. The SCS performance management and reward principles include explanations of how non-consolidated performance awards are determined¹³⁸.

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 2018-19 figures in the above table relate to awards made in respect of the 2017-18 performance year but paid in the financial year 2018-19. Similarly, the comparable bonuses reported for 2017-18 relate to performance in 2016-17.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the department and treated by HMRC as a taxable emolument. No minister has received living accommodation provided at public expense and chargeable to tax under s163 of the Income and Corporation Taxes Act 1988. Travel expenses have been paid for Raj Kalia as part of his contractual arrangement.

¹³⁸<https://www.gov.uk/government/collections/senior-civil-service-performance-management-and-reward>

Pay multiples (subject to audit)

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

The banded remuneration of the highest-paid director in DCMS in the financial year 2018-19 was £180-185,000 (2017-18: £180-185,000). This was 4.34 times (2017-18: 4.72) the median remuneration of the workforce, which was £42,091 (2017-18: £38,652).

In 2018-19, one (2017-18: nil) employee received remuneration in excess of the highest-paid director. Remuneration ranged from £21,467 to £195,000 (2017-18: £21,160 to £185,000).

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

	2018-19	2017-18
Band of highest paid Director's total remuneration (£'000)	180-185	180-185
Median total actual remuneration (FTE) (£)	42,091	38,652
Ratio	4.34	4.72

The decrease in the ratio from 2017-18 to 2018-19 can be explained by the increase in the median remuneration of the workforce.

Non-executive board members

Non-executive board member	Remuneration and full year equivalent (£'000)	
	2018-19	2017-18
Charles Alexander (current Chair)	20-25	20-25
Fields Wicker-Miurin OBE	20-25	20-25
Neil Mendoza	15-20	15-20
Matthew Campbell-Hill	15-20	15-20
Sherry Coutu from 11 March 2019	0-5 ¹³⁹	-

¹³⁹The full year equivalent is £15-20k.

Pension benefits – ministers (subject to audit)

Minister	Accrued pension at age 65 as at 31 March 2019 (£'000)	Real increase in pension at age 65 (£'000)	CETV at 31 March 2019 (£'000)	CETV at 31 March 2018 (£'000) (Restated)	Real increase in CETV (£'000)
The Rt Hon Jeremy Wright MP, Secretary of State for Digital, Culture, Media and Sport from 9 July 2018	11	1	142	127	5
Margot James MP, Minister of State for Digital, Culture, Media and Sport from 10 January 2018	1	1	23	13	6
Lord Ashton of Hyde, Parliamentary Under Secretary of State from 14 June 2017	-	-	-	-	-
Mims Davies MP, Parliamentary Under Secretary of State from 5 November 2018	-	-	5	3	1
Michael Ellis MP, Parliamentary Under Secretary of State from 10 January 2018	1	-	14	8	3
The Rt Hon Matt Hancock MP, Secretary of State for Digital, Culture, Media and Sport from 9 January 2018 to 9 July 2018	2	-	21	18	-
The Rt Hon Karen Bradley MP, Secretary of State to 8 January 2018	-	-	-	46	-
Tracey Crouch MP, Parliamentary Under Secretary of State to 1 November 2018	1	-	16	13	1
John Glen, MP Parliamentary Under Secretary of State from 14 June 2017 to 9 January 2018	-	-	-	2	-
Rob Wilson MP, Parliamentary Under Secretary of State for Civil Society to 9 June 2017	-	-	-	16	-

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://gna.files.parliament.uk/ws-attachments/170890/original/PCPF%20MINISTERIAL%20SCHEME%20FINAL%20RULES.doc>.

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

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

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

The cash equivalent transfer value (CETV)

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

The real increase in the value of the CETV

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

Pension benefits – officials (subject to audit)

Executive Board Members	Accrued pension at pension age as at 31 March 2019 and related lump sum (£'000)	Real increase in pension and related lump sum as at pension age (£'000)	CETV at 31 March 2019 (£'000)	CETV at 31 March 2018 (£'000) (Restated)	Real increase in CETV (£'000)	Employer contribution to partnership pension account (nearest £100)
Sue Owen DCB, Permanent Secretary & Accounting Officer	-	-	-	1,568	-	-
Matthew Gould, Director General for Digital and Media	50 - 55	2.5 - 5	799	669	23	-
Helen Judge, Director General for Performance and Strategy from 3 April 2017	25 - 30 plus a lump sum of 55 - 60	2.5 - 5 plus a lump sum of 0 - 2.5	540	451	27	-
Tim Sparrow, Finance and Commercial Director from 26 June 2017	15 - 20	0 - 2.5	226	173	17	-
Debra Lang, Director HR, Organisational Development and Change from 1 February 2018	40 - 45 plus a lump sum of 95 - 100	5 - 7.5 plus a lump sum of 12.5 - 15	762	568	120	-

Executive Board 2017-18 only	Accrued pension at pension age as at 31 March 2019 and related lump sum (£'000)	Real increase in pension and related lump sum as at pension age (£'000)	CETV at 31 March 2019 (£'000)	CETV at 31 March 2018 (£'000) (Restated)	Real increase in CETV (£'000)	Employer contribution to partnership pension account (nearest £100)
Yasmin Brooks, Director Cyber Security and Data Protection from 12 June 2017	-	-	-	285	-	-
Sarah Connolly, Director Security and Online Harms from 3 April 2017	-	-	-	206	-	-
Dean Creamer, Director Commonwealth Games from 21 January 2019	-	-	-	287	-	-
Graham Floater, Director EU and International from 6 November 2017	-	-	-	12	-	-
James Heath, Director Digital Infrastructure from 1 September 2017	-	-	-	15	-	-
Georgia Hutchinson, temporary promotion to Director of the Office for Civil Society from 12 March 2018 and temporary promotion to Director Corporate Strategy from 22 September 2018	-	-	-	228	-	-
Raj Kalia, CEO BDUK from 8 January 2018	-	-	-	9	-	-
David Knott, Director of Office for Civil Society from 27 November 2017 to 11 March 2018 returned back to post 17 September 2018	-	-	-	206	-	-
Gila Sacks, Director Digital and Technology Policy to 16 July 2018	-	-	-	95	-	-
Andrea Young, Director Broadcasting, Media and Creative Industries and Director Manchester Project from 2 March 2018	-	-	-	528	-	-
Joe Butler, Director Telecoms from 1 May 2017 and Chief Scientific Adviser from 1 October 2017 to 10 May 2018	-	-	-	-	-	-
Mark Fisher, Director for Office of Civil Society to 25 June 2017	-	-	-	1,162	-	-

Executive Board 2017-18 only	Accrued pension at pension age as at 31 March 2019 and related lump sum (£'000)	Real increase in pension and related lump sum as at pension age (£'000)	CETV at 31 March 2019 (£'000)	CETV at 31 March 2018 (£'000) (Restated)	Real increase in CETV (£'000)	Employer contribution to partnership pension account (nearest £100)
Hugh Harris, Director, Media, & Creative Industries to 2 September 2018	-	-	-	295	-	-
Kate Joseph, Director Corporate Strategy to 4 March 2018	-	-	-	213	-	-
Claudia Kenyatta, Director, Corporate Strategy to 21 September 2018	-	-	-	388	-	-
Claire Pillman, Director, Sport & Culture to 23 February 2018	-	-	-	614	-	-
Rosemary Pratt, Director, Europe, Digital and Data Security to 7 January 2018	-	-	-	540	-	-
William Priest, CEO BDUK from 11 April 2017 to 20 January 2018 ¹⁴⁰	-	-	-	-	-	-
David Rossington CB, Director, Office for Civil Society to 8 February 2018	-	-	-	1,539	-	-
Chris Townsend OBE, CEO BDUK to 5 May 2018	-	-	-	-	-	-

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: three 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

¹⁴⁰William Priest was a temporary appointment and covered the CEO BDUK role from 11 April 2017 to 20 January 2018. He was paid at a fixed day rate and was not a part of the Civil Service Pension Scheme.

members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into **alpha** sometime between 1 June 2015 and 1 February 2022. All members who switch to **alpha** have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the two schemes). Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (**partnership** pension account).

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

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

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

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk.

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 2018-19.

Ministers

Tracey Crouch left under severance terms on 1 November 2018. She received a compensation payment of £5,594 (gross).

Special advisors

No Special Advisors left under agreed terms or were paid compensation for loss of office in 2018-19.

Staff report

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

Payband	Number of Staff (SCS) Headcount 31 March 2019	Number of Staff (SCS) Headcount 31 March 2018
£60,000-£64,999	0	0
£65,000-£69,999	12	22
£70,000-£74,999	25	12
£75,000-£79,999	9	6
£80,000-£84,999	5	4
£85,000-£89,999	2	6
£90,000-£94,999	13	8
£95,000-£99,999	4	2
£100,000-£104,999	2	1
£105,000-£109,999	0	0
£110,000-£114,999	0	0
£115,000-£119,999	1	3
£120,000-£124,999	5	2
£125,000-£129,999	0	0
£130,000-£134,999	0	0
£135,000-£139,999	0	0
£140,000-£144,999	0	1
£145,000-£149,999	1	1
£150,000-£154,999	0	0
£155,000-£159,999	0	0
£160,000-£164,999	0	1
£165,000-£169,999	1	0
TOTAL	80	69

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

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

Grade	FTE payroll staff at 31 March 2019	FTE payroll staff at 31 March 2018
Permanent Secretary	1.0	1.0
Senior Civil Service pay band 3	2.0	2.0
Senior Civil Service pay band 2	17.0	17.1
Senior Civil Service pay band 1	55.6	45.2
Grade A (Upper) (Grade 6)	127.5	85.6
Grade A (Grade 7)	363.3	262.9
Grade B (HEO/SEO)	435.4	300.0
Grade C (EO)	149.6	139.6
Grade D (AO/AA)	8.0	11.0
Total	1,159.4	864.4

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

Staff costs comprise:	2018-19					2017-18	
	Permanently employed staff £'000	Others £'000	Contract and agency staff £'000	Ministers £'000	Special advisors £'000	Total £'000	Total £'000
Wages & salaries	1,439,802	5,896	31,438	264	136	1,477,536	1,397,098
Social security costs	167,098	692	-	28	16	167,834	151,789
Pension costs	358,034	103	-	(2)	30	358,165	334,080
Total costs	1,964,934	6,691	31,438	290	182	2,003,535	1,882,967
Less: Recoveries in respect of outward secondments	(1,313)	-	-	-	-	(1,313)	(796)
Total net costs	1,963,621	6,691	31,438	290	182	2,002,222	1,882,171
Of which:							
Core department	65,489	1,002	6,602	290	182	73,565	54,569
Arm's length bodies	1,898,132	5,689	24,836	-	-	1,928,657	1,827,602
Total net costs	1,963,621	6,691	31,438	290	182	2,002,222	1,882,171

Included in wages and salaries above are notional costs of £220k (2017-18: £190k) in respect of salary costs of the Information Commissioner which are paid directly from the Consolidated Fund.

DCMS Group staff costs

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, £5,332k (2017-18: £4,636k) was charged to capital.

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

Principal Civil Service Pension Scheme (PCSPS)

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

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

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/764447/Civil-Superannuation-Account-2017-18.pdf

For 2018-19, employers' contributions of £9,947k for the core department were payable to the PCSPS (2017-18 £6,818k) at one of four rates in the range 20.0% to 24.5% (2017-18: 20.0% to 24.5%) of pensionable earnings, based on salary bands. Group employers' contributions of £64,360k (2017-18: £57,796k) were payable to the PCSPS at rates in the range of 20.0% to 24.5% (2017-18: 20.0% to 24.5%). The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2018-19 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions by the core department were £54k (2017-18: £69k) and by the group were £1,557k (2017-18: £1,333k). These contributions were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and ranged from 8% to 14.75%. Employers also match employee contributions up to 3% of pensionable earnings.

In addition, employer contributions of £4k (2017-18: nil) for the department, £139k (2017-18: £128k) for the group representing 0.5% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

For the core department 1 (2017-18: nil) and for the group 2 (2017-18: nil) individuals retired early on ill-health grounds.

Other pension schemes

Employer contributions to other pension schemes by the group in the year amounted to £201,485k (2017-18: £168,266k) (Note 21). 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:

	2018-19						2017-18
	Permanently employed staff	Others	Contract and agency staff	Ministers	Special advisors	Total	Total
Staff employed	33,960	136	711	5	2	34,814	32,364
Staff engaged on capital projects	143	-	1	-	-	144	382
Total	34,103	136	712	5	2	34,958	32,746
Of which:							
Core department	1,042	6	45	5	2	1,100	828
Arm's length bodies*	33,061	130	667	-	-	33,858	31,918
Total	34,103	136	712	5	2	34,958	32,746

*The total number of staff employed at the BBC PSB Group is 19,231 (2017-18: 18,210). The BBC PSB Group is included above within ALBs.

Staff receivables

As at 31 March 2019, 3,373 employees (31 March 2018: 1,664 employees) of the group were in receipt of advances of travel, housing or other loans which are repayable to the employer totalling £5,899k (31 March 2018: £2,236k).

Sickness absence data

Average working days lost = 3.8

The average working days lost for sickness absence in the core department decreased from 5.2 in 2017-18. This remains significantly below the Civil Service average for average working days lost (6.9 at 31 March 2018).

Expenditure on consultancy

For expenditure on consultancy, refer to Note 4.3.

Staff composition

The number of civil service (excluding agency and contractors) staff (expressed as both headcount and full-time equivalent) of the core department split between male and female as at 31 March 2019:

Grade	Headcount			FTE		
	Female	Male	Total	Female	Male	Total
Exec Team	3	2	5	3.0	2.0	5.0
Other SCS	35	40	75	33.1	37.5	70.6
Grade A (Upper) (Grade 6)	72	61	133	66.5	61.0	127.5
Grade A (Grade 7)	188	183	371	181.5	181.8	363.3
Grade B (HEO/SEO)	244	199	443	237.6	197.8	435.4
Grade C (EO)	95	58	153	92.4	57.2	149.6
Grade D (AO/AA)	5	3	8	5.0	3.0	8.0
Total	642	546	1,188	619.1	540.3	1,159.4
Percentage of staff				53%	47%	100%

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

Exit package cost band	2018-19					
	Core department			Departmental group		
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
Less than £10,000	-	1	1	35	71	106
£10,000 - £25,000	-	-	-	14	96	110
£25,000 - £50,000	-	-	-	6	109	115
£50,000 - £100,000	-	-	-	6	106	112
£100,000 - £150,000	-	-	-	-	51	51
£150,000 - £200,000	-	-	-	-	-	-
More than £200,000	-	-	-	-	-	-
Total number of exit packages	-	1	1	61	433	494
Total cost (£'000)	-	6	6	972	19,570	20,542

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

Exit package cost band	2017-18					
	Core department			Departmental group		
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
Less than £10,000	1	-	1	87	60	147
£10,000 - £25,000	3	1	4	106	80	186
£25,000 - £50,000	-	-	-	50	137	187
£50,000 - £100,000	-	-	-	14	144	158
£100,000 - £150,000	-	-	-	1	66	67
£150,000 - £200,000	-	-	-	-	1	1
More than £200,000	-	-	-	-	-	-
Total number of exit packages	4	1	5	258	488	746
Total cost (£'000)	50	23	73	4,977	25,952	30,929

Included above are 333 other departures with a cost of £20,861k relating to the BBC PSB Group.

Civil Service Compensation Scheme

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

Other schemes

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

Off-payroll arrangements

Information about off-payroll arrangements in DCMS can be found on page 88.

Parliamentary accountability and audit report

Statement of Parliamentary Supply

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

Summary of Resource and Capital Outturn 2018-19

	Note	2018-19						2017-18	
		Estimate			Outturn			Outturn	
		Voted £'000	Non-voted £'000	Total £'000	Voted £'000	Non- voted £'000	Total £'000	Total £'000	
Departmental Expenditure Limit (DEL)									
Resource	SOPS 1.1	1,820,978	-	1,820,978	1,658,493	-	1,658,493	162,485	1,584,256
Capital	SOPS 1.2	447,691	-	447,691	366,165	-	366,165	81,526	350,635
Total DEL budget		2,268,669	-	2,268,669	2,024,658	-	2,024,658	244,011	1,934,891
Annually Managed Expenditure (AME)									
Resource	SOPS 1.1	3,700,423	1,081,941	4,782,364	3,666,368	1,072,400	4,738,768	34,055	4,265,123
Capital	SOPS 1.2	333,270	385,644	718,914	93,856	358,918	452,774	239,414	604,911
Total AME budget		4,033,693	1,467,585	5,501,278	3,760,224	1,431,318	5,191,542	273,469	4,870,034
Total budget		6,302,362	1,467,585	7,769,947	5,784,882	1,431,318	7,216,200	517,480	6,804,925
Non-budget									
Resource	SOPS 1.1	-	-	-	-	-	-	-	220,000
Capital	SOPS 1.2	-	-	-	-	-	-	-	-
Total non-budget		-	-	-	-	-	-	-	220,000
Total		6,302,362	1,467,585	7,769,947	5,784,882	1,431,318	7,216,200	517,480	7,024,925
Total Resource	SOPS 1.1	5,521,401	1,081,941	6,603,342	5,324,861	1,072,400	6,397,261	196,540	6,069,379
Total Capital	SOPS 1.2	780,961	385,644	1,166,605	460,021	358,918	818,939	320,940	955,546
Total		6,302,362	1,467,585	7,769,947	5,784,882	1,431,318	7,216,200	517,480	7,024,925

Net Cash Requirement 2018-19

	Note	2018-19			2017-18
		Estimate £'000	Outturn £'000	Outturn compared with Estimate: saving/(excess) £'000	Outturn £'000
Net Cash Requirement	SOPS 3	5,440,971	5,133,090	307,881	4,926,593

Administration Costs 2018-19

	Note	2018-19			2017-18
		Estimate £'000	Outturn £'000	Voted outturn compared with Estimate: saving/(excess) £'000	Outturn £'000
Administration costs	SOPS 1.1	225,907	205,343	20,564	157,149

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.

An analysis of variances between the Estimate and the Outturn is given in SoPS 1 and explanations are provided in the Statement of Parliamentary Supply Commentary on pages 116-119

SoPS 1. Net Outturn

SoPS 1.1 Analysis of net resource outturn by section

		2018-19										2017-18
		Outturn							Estimate			Outturn
		Administration			Programme				Total	Net total compared to Estimate	Net total compared to Estimate, adjusted for virements	Total
		Gross £'000	Income £'000	Net £'000	Gross £'000	Income £'000	Net £'000	£'000				
Spending in Departmental Expenditure Limit (DEL)												
Voted expenditure												
A	Support for the Museums and Galleries sector	-	-	-	28,923	(245)	28,678	28,678	30,167	1,489	1,883	24,745
B	Museums and Galleries sponsored ALBs (net)	-	-	-	362,569	-	362,569	362,569	441,491	78,922	78,474	363,201
C	Libraries sponsored ALBs (net)	8,818	-	8,818	98,009	-	98,009	106,827	122,506	15,679	15,727	117,386
D	Support for the Arts sector	762	(680)	82	1,513	(78,792)	(77,279)	(77,197)	(78,341)	(1,144)	-	(77,566)
E	Arts and culture ALBs (net)	17,789	-	17,789	435,116	-	435,116	452,905	454,249	1,344	1,344	432,551
F	Support for the Sports sector	-	-	-	15,767	(8,680)	7,087	7,087	7,708	621	314	11,520
G	Sport sponsored ALBs (net)	13,087	-	13,087	127,087	-	127,087	140,174	142,607	2,433	2,433	146,677
H	Ceremonial and support for the Heritage sector	729	(35)	694	87,730	(33,246)	54,484	55,178	52,631	(2,547)	201	67,739
I	Heritage sponsored ALBs (net)	13,954	-	13,954	61,835	-	61,835	75,789	80,866	5,077	5,077	76,762
J	Tourism sponsored ALBs (net)	33,917	-	33,917	34,403	-	34,403	68,320	68,282	(38)	874	59,835
K	Support for the Broadcasting and Media sector	6,628	(40)	6,588	56,191	(1,151)	55,040	61,628	77,726	16,098	17,624	41,100
L	Broadcasting and Media sponsored ALBs (net)	9,689	-	9,689	20,375	-	20,375	30,064	41,262	11,198	11,432	65,330
M	Administration and Research	85,455	(984)	84,471	1,967	-	1,967	86,438	106,061	19,623	12,741	64,333
N	Support for Horseracing and the Gambling sector	-	-	-	-	(6,721)	(6,721)	(6,721)	(6,549)	172	172	(3,714)

SoPS 1.1 Analysis of net resource outturn by section (continued)

		2018-19										2017-18	
		Administration						Outturn			Estimate	Outturn	
		Gross			Income			Net			Net total compared to Estimate	Net total compared to Estimate, adjusted for virements	Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000			
O	Gambling Commission (net)	-	-	-	8,490	-	8,490	8,490	8,166	(324)	-	3,222	
	Olympics - legacy programmes	-	-	-	-	-	-	-	-	-	-	(26)	
P	Office for Civil Society	-	-	-	178,664	(2,354)	176,310	176,310	184,357	8,047	8,047	224,460	
Q	National Citizen Service (net)	16,254	-	16,254	48,517	-	48,517	64,771	70,819	6,048	6,048	-	
R	Birmingham 2022 (net)	-	-	-	17,183	-	17,183	17,183	16,970	(213)	94	-	
	<i>Total voted</i>	<i>207,082</i>	<i>(1,739)</i>	<i>205,343</i>	<i>1,584,339</i>	<i>(131,189)</i>	<i>1,453,150</i>	<i>1,658,493</i>	<i>1,820,978</i>	<i>162,485</i>	<i>162,485</i>	<i>1,617,555</i>	
	Spectrum management receipts	-	-	-	-	-	-	-	-	-	-	(33,299)	
Total spending in DEL		207,082	(1,739)	205,343	1,584,339	(131,189)	1,453,150	1,658,493	1,820,978	162,485	162,485	1,584,256	
Spending in Annually Managed Expenditure (AME)													
Voted expenditure													
S	British Broadcasting Corporation (net)	-	-	-	3,348,171	-	3,348,171	3,348,171	3,417,757	69,586	34,055	3,028,455	
T	Channel Four Television (net)	-	-	-	-	-	-	-	-	-	-	-	
U	Provisions, Impairments and other AME spend	-	-	-	314,679	-	314,679	314,679	282,664	(32,015)	-	43,569	
V	Levy bodies (net)	-	-	-	3,518	-	3,518	3,518	2	(3,516)	-	(20,942)	
	<i>Total voted</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>3,666,368</i>	<i>-</i>	<i>3,666,368</i>	<i>3,666,368</i>	<i>3,700,423</i>	<i>34,055</i>	<i>34,055</i>	<i>3,051,082</i>	
Non-voted expenditure													
W	Lottery grants (net)	-	-	-	1,072,400	-	1,072,400	1,072,400	1,081,941	9,541	9,541	1,214,041	
Total spending in AME		-	-	-	4,738,768	-	4,738,768	4,738,768	4,782,364	43,596	43,596	4,265,123	
Non-budget													
	Prior period adjustments	-	-	-	-	-	-	-	-	-	-	220,000	
Total		207,082	(1,739)	205,343	6,323,107	(131,189)	6,191,918	6,397,261	6,603,342	206,081	206,081	6,069,379	

Explanations of the variances between the Outturn and Estimate are included in the Statement of Parliamentary Supply Commentary on pages 116-119.

SoPS 1.2 Analysis of net capital outturn by section

		2018-19						2017-18
		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	4,477	-	4,477	4,500	23	-	145
B	Museums and Galleries sponsored ALBs (net)	47,297	-	47,297	104,993	57,696	56,106	62,061
C	Libraries sponsored ALBs (net)	4,900	-	4,900	5,021	121	121	2,126
D	Support for the Arts sector	3,657	-	3,657	3,924	267	-	323
E	Arts and culture ALBs (net)	34,398	-	34,398	33,334	(1,064)	-	61,507
F	Support for the Sports sector	1,600	-	1,600	1,600	-	-	-
G	Sport sponsored ALBs (net)	46,747	-	46,747	45,653	(1,094)	-	38,800
H	Ceremonial and support for the Heritage sector	510	-	510	500	(10)	-	1,291
I	Heritage sponsored ALBs (net)	23,361	-	23,361	22,459	(902)	-	23,675
J	Tourism sponsored ALBs (net)	693	-	693	636	(57)	-	1,208
K	Support for the Broadcasting and Media sector	114,107	-	114,107	138,302	24,195	24,195	66,326
L	Broadcasting and Media sponsored ALBs (net)	82,317	-	82,317	80,727	(1,590)	-	91,491
M	Administration and Research	5,080	-	5,080	3,494	(1,586)	-	2,409
O	Gambling Commission (net)	423	-	423	680	257	-	947
P	Office for Civil Society	(3,470)	-	(3,470)	1,355	4,825	636	(1,674)
Q	National Citizen Service (net)	23	-	23	-	(23)	-	-
R	Birmingham 2022 (net)	45	-	45	513	468	468	-
	<i>Total voted</i>	<i>366,165</i>	<i>-</i>	<i>366,165</i>	<i>447,691</i>	<i>81,526</i>	<i>81,526</i>	<i>350,635</i>
Total spending in DEL		366,165	-	366,165	447,691	81,526	81,526	350,635
Spending in Annually Managed Expenditure (AME)								
Voted expenditure								
S	British Broadcasting Corporation (net)	95,496	-	95,496	333,231	237,735	237,735	158,060
T	Channel Four Television (net)	-	-	-	1	1	1	-
V	Levy bodies (net)	(1,640)	-	(1,640)	38	1,678	1,678	(1,924)
	<i>Total voted</i>	<i>93,856</i>	<i>-</i>	<i>93,856</i>	<i>333,270</i>	<i>239,414</i>	<i>239,414</i>	<i>156,136</i>
Non-voted expenditure								
W	Lottery grants (net)	358,918	-	358,918	385,644	26,726	26,726	448,775
Total spending in AME		452,774	-	452,774	718,914	266,140	266,140	604,911
Total		818,939	-	818,939	1,166,605	347,666	347,666	955,546

Explanations of the variances between the Outturn and Estimate are included in the Statement of Parliamentary Supply Commentary on pages 116-119.

SoPS 2. Reconciliation of Outturn to Net Operating Expenditure

	Note	2018-19 Outturn £'000	2017-18 Outturn £'000
Total resource outturn in Statement of Parliamentary Supply			
Budget - DEL resource	SOPS 1.1	1,658,493	1,584,256
Budget - AME resource	SOPS 1.1	4,738,768	4,265,123
Non-budget - resource	SOPS 1.1	-	220,000
Add:			
Capital grants expenditure	4.2	616,663	691,875
Research & development (capital)		35,413	37,471
Ofcom spectrum management receipts	SOPS 1.1	-	33,299
Less:			
Income from National Lottery Distribution Fund (NLDF)	5.2	(1,505,607)	(1,535,188)
BBC broadband income	SOPS 4.1	(20,000)	(80,000)
Charity income (asset donations or cash donations for asset additions)		(66,105)	(61,645)
Capital grants income	5.2	(10,367)	(20,913)
Research & development income (capital)		(11,446)	(12,096)
Other:			
Impact of intra-group transactions crossing budget categories		393	6,613
Prior year adjustment for BBC prepayment restatement		-	(220,000)
Net expenditure in Consolidated Statement of Comprehensive Net Expenditure		5,436,205	4,908,795

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

	Note	Estimate £'000	Outturn £'000	Net total outturn compared with Estimate: saving/(excess) £'000
Resource outturn	SOPS 1.1	6,603,342	6,397,261	206,081
Capital outturn	SOPS 1.2	1,166,605	818,939	347,666
Accruals to cash adjustments:				
<i>Adjustments to remove non-cash items</i>				
Depreciation, amortisation and expected credit loss adjustments	4.4	(3,075)	(3,328)	253
New provisions and adjustments to previous provisions	4.5	-	(155)	155
Other non-cash items		-	(438)	438
Museum loans		-	(191)	191
<i>Adjustments for ALBs</i>				
Remove voted resource and capital		(5,774,926)	(5,331,112)	(443,814)
Cash Grant-in-aid	4.1.1	4,730,571	4,717,237	13,334
<i>Adjustments to reflect movements in working balances</i>				
Increase/(decrease) in receivables			10,297	(10,297)
(Increase)/decrease in payables		186,039	(44,253)	230,292
Utilisation of provisions	19		151	(151)
Removal of non-voted budget items:				
Other adjustments - lottery grants		(1,467,585)	(1,431,318)	(36,267)
Net cash requirement		5,440,971	5,133,090	307,881

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

Statement of Parliamentary Supply Commentary 2018-19

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

The voted outturn was lower than the Estimate in all categories. 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. Many of these underspends are a result of the numerous policy ring fences that exist and prevent an underspend in one area being used to cover an overspend elsewhere.

Resource DEL

The voted resource DEL outturn position as reported in these Accounts is £1,658.5m which is £162.5m (2017-18: £314.2m) or 8.9% lower than provided in the Estimate. The main reasons for these variances are:

Museums and Galleries sponsored ALBs (Line B) shows a £78.9m underspend of which £43.0m relates to depreciation below original budget forecasts across a number of ALB's. The remainder relates to late donations and pledges, additional income raised from a number of sources including improved trading, exhibitions and operational savings and budgetary freedoms under which the department's more commercial ALB's operate, which allows them additional budgetary cover funded from their own reserves not being utilised.

Libraries sponsored ALBs (Line C) shows a £15.7m underspend of which £13.1m relates to depreciation in excess of requirements with the remainder due to higher than forecast income (£2.3m) and operational efficiencies.

Sports sponsored ALBs (Line G) shows a £2.4m underspend which is primarily attributable to slippage against projects offset by small under/overspends across the sector.

Ceremonial and Support for the Heritage Sector (Line H) shows an overspend of £2.5m, of which £1.2m relates to the Gulf Integrated Activity Fund which was allocated to Estimate Line M in the Supplementary Estimate. The remainder is made up of smaller overspends in heritage programmes and ceremonial events.

Heritage sponsored ALBs (Line I) is showing an underspend of £5.1m of which £4.0m relates to budget cover for depreciation not required with the remainder due to higher than anticipated grant and endowment income.

Support for the Broadcasting and Media sector (Line K) shows an underspend of £16.1m arising from project slippages on the National Cyber Security (£4.5m) and 700MHz (£5.0m) programmes. The remainder relates to funding allocated for broadcasting and content improvements which was not required.

Broadcasting and Media sponsored ALBs (Line L) shows a £11.2m underspend of which £5.4m relates to depreciation in excess to requirements with the remainder due to higher than forecast income of £4.9m and other small underspends.

Administration and Research (Line M) shows a £19.6m underspend of which £16.0m relates to administration expenditure (Administration section below refers). The remainder was mainly due to slippages in research programmes which were not completed due to procurement timings.

The Office for Civil Society (Line P) shows an underspend of £8.0m primarily due to the balance of unspent grant to the National Citizen Service (NCS) prior to the NCS transition to an ALB.

The National Citizen Service (Line Q) shows an underspend of £6.0m which relates to an administration underspend (see the section on administration expenditure), and a programme underspend of £2.4m relating to additional sponsorship income and a reduction in programme participation numbers.

Administration expenditure

The voted administration expenditure outturn as reported in these accounts is £205.3m. There was a total underspend of £20.6m (2017-18: £12.2m), 9.1% lower than provided in the Estimate (or 8.2% lower excluding depreciation). The main reasons for the variance (excluding an underspend on depreciation of £6.3m, where the budget was excess to requirements), are:

Sports sponsored ALBs and Heritage sponsored ALBs (Lines G and I) shows a total underspend of £1.9m, mainly due to higher than forecast commercial income, and project delays.

Support for the Broadcasting and Media sector (Line K) shows a £5.8m overspend relating to funding for the administration of the National Cyber Security Programme, which was recorded within the Estimate Line M.

Broadcasting and Media Sponsored ALBs (Line L) shows a £4.0m underspend due to depreciation where the budget exceeded requirements.

Administration and Research (Line M) shows a £16.3m underspend, including £1.1m underspend on depreciation. Within the non-ringfenced underspend of £15.2m, £5.8m is due to the estimate cover for the administration of the National Cyber Security Programme which should have been recorded on Estimate Line K (see above). Of the remaining £9.4m underspend, £3.2m relates to pressures forecast at the Supplementary Estimate not materialising following work done to manage risks. The £6.2m balance of the underspend resulted from a combination of: core department EU exit work not materialising due to delays to EU exit (£1.4m), redeployment of staff to cover No Deal preparation works (£1.8m) with posts not being back-filled, delays in expanding the teams working on data sharing, ethics and governance (£2.1m) (following the Machinery of Government transfer of Government Digital Services functions, see note 1.34) and lower than expected estate and other corporate costs.

National Citizen Service (Line Q) shows a £3.6m underspend which relates mainly to lower than expected expenditure on headcount and project spend.

Resource AME

The voted Resource AME outturn as reported in these Accounts is £3,666.4m. The Resource AME budget showed an underspend of £34.1m (2017-18: £290.4m), 0.9% lower than provided in the Estimate.

BBC (Line S) shows a £69.6m underspend against a budget of £3,417.8m (2017-18 £253.6m), 2.0% lower than provided in the Estimate. This is mainly due to the funding agreed at the Supplementary Estimate to manage uncertainties in pension valuations, impairments and movements in derivative financial instruments not being required in full (£98.0m utilised from a forecast of £160.0m) and operational underspends of £7.4m. Due to the inherent difficulties in forecasting full year expenditure that is impacted by end of year valuations in these areas, adequate budget cover was provided based on best estimates.

The overspend in provisions, impairments and other AME spend (Line U) of £32.0m, was due mainly to an unexpected £35.9m impairment of the British Library Boston Spa site and a £5.0m increase in the Annual Licence Fee (ALF) legal claim provision at Ofcom. In addition, there were higher than anticipated pension and provision movements for the British Tourism Authority (£2.0m) and the British Library (£2.1m). This was offset by reductions in anticipated impairments and other AME provisions across the board of £8.3m, and a £3.1m underspend on investment property revaluations for the British Museum. The nature of AME spend is volatile and difficult to predict.

The Levy bodies overspend of £3.5m (Line V) was mainly due to lower than anticipated Horserace Betting Levy income as a result of increased competition in the digital market and impact of racing Equine flu outbreak.

Capital DEL

The voted capital DEL outturn as reported in these Accounts is £366.2m, which is £81.5m (2017-18: £35.1m) or 18.2% lower than provided in the Estimate.

Museums and Galleries sponsored ALBs (Line B) shows a £57.7m underspend. This is largely due to a £26.3m underspend arising from budgetary freedoms under which the department's more commercial ALBs operate. This allows them to drawdown additional budgetary cover funded by their own reserves which were not utilised. Of the residual balance, £31.4m is a net effect of key movements relating to capital slippage (including £5.0m on the Imperial War Museum All Saints Annexe), higher donations (including £6.2m restricted donations at IWM), higher than anticipated other income and disposal of assets across a number of museums and galleries.

Support for the Broadcasting and Media Sector (Line K) shows an underspend of £24.2m, of which £20.3m relates to slippage of activities in the Local Full Fibre Networks project into 2019-20. The remainder relates to lower than expected claims within the Gigabit voucher scheme and slippages within the Superfast Broadband programme.

The Office for Civil Society (Line P) shows an underspend of £4.8m, which is due to loan repayments on the Future Builders Grant not anticipated at the time of the Supplementary Estimate.

Capital AME

The voted capital AME outturn as reported in these Accounts is £93.9m, which is £239.4m (2017-18: £169.5m), or 71.8% lower than provided in the Estimate.

BBC (Line S) shows a £237.7m underspend against a budget of £333.2m (2017-18: £147.6m), £217.0m resulting from unutilised budget approved to cover borrowing requirements. BBC have the freedom to operate within its net borrowing limit of £350.0m. This limit is in place to provide the BBC with flexibility to operate in the commercial world

including managing cash flow requirements of BBC commercial subsidiaries that operate outside the public sector boundary and are not consolidated within the department's accounts. The budget cover request was based on the prudent estimate of BBC using the full headroom available (which is the budget up to the borrowing limit), whereas £217.0m of the headroom was not required resulting in this underspend. The remainder is due to a combination of reclassification of research and development spending and net changes in additions and disposals across core BBC activity.

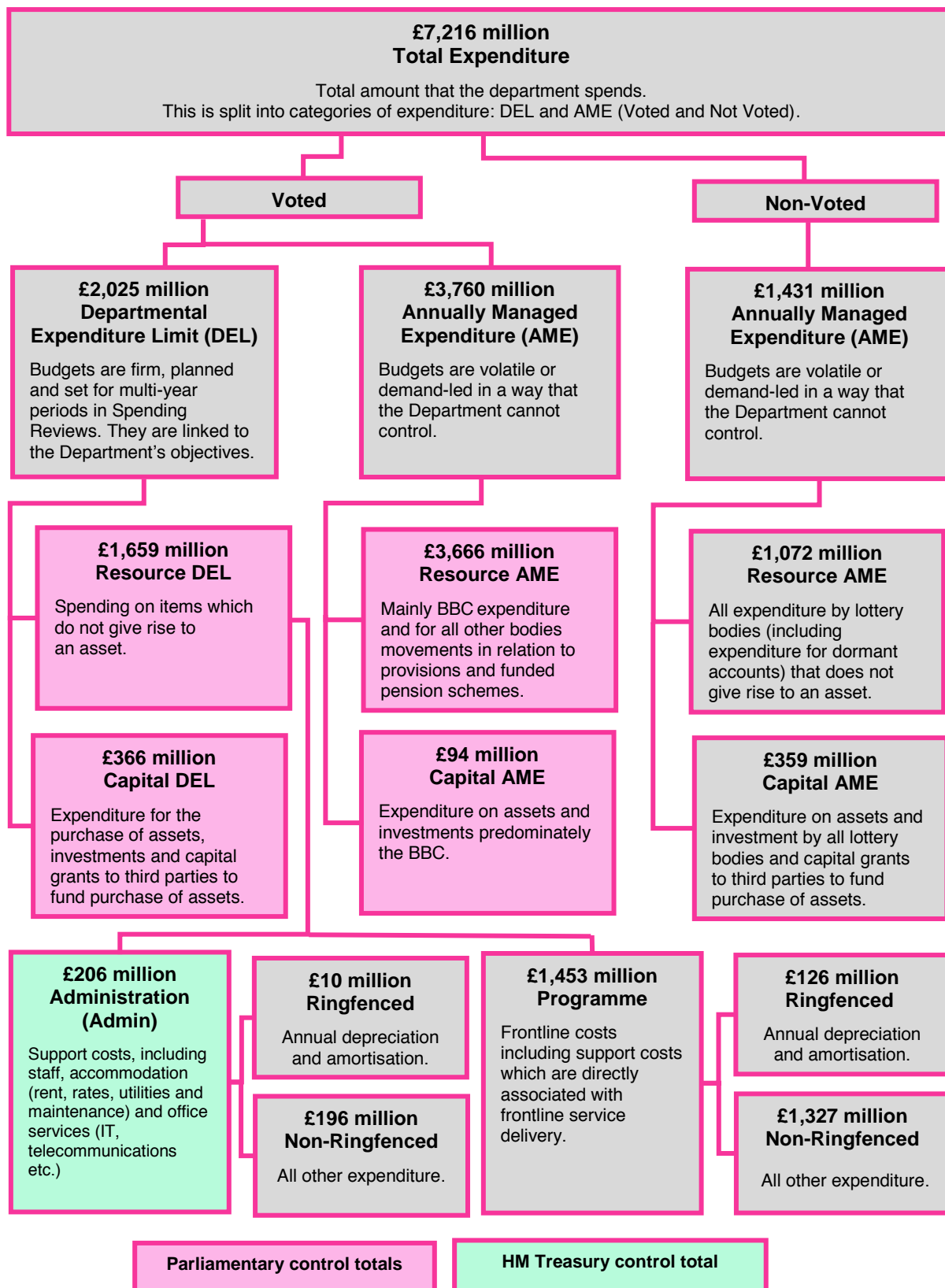
Non-voted resource and capital expenditure (AME)

This relates to the Lottery Distributing Bodies only. The non-voted resource AME expenditure and the non-voted capital AME expenditure as reported in these Accounts is £1,072.4m and £358.9m respectively.

Non-voted resource outturn on Lottery grants was £9.5m lower (2017-18: £153.1m lower) than estimated; and capital outturn was £26.7m lower (2017-18: £21.7m higher) than estimated. The nature of Lottery grant-making is variable, demand led and makes forecasting challenging, which is recognised by its classification within the AME budget.

Financial Review

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

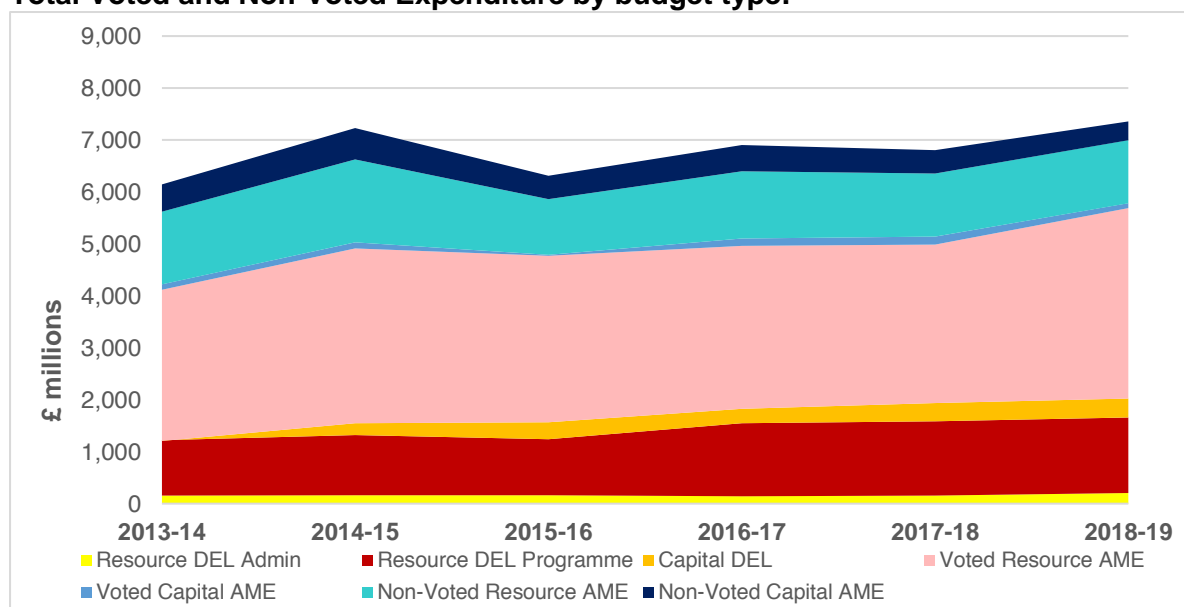


Trends in Total Expenditure over the last six years

The table below¹⁴¹ shows the Department's outturn by budget type for current and prior years:

Type of spend	2013-14 outturn £m	2014-15 outturn £m	2015-16 outturn £m	2016-17 outturn £m	2017-18 outturn £m	2018-19 outturn £m
Voted DEL						
Resource DEL Admin	208	213	211	192	190	206
Resource DEL Programme	1,069	1,163	1,082	1,407 ¹⁴²	1,427	1,453
Capital DEL	(16) ¹⁴³	228	328	275	351	366
Total Voted DEL	1,261	1,604	1,621	1,874	1,968	2,025
Non-Voted Resource DEL	(55)	(53)	(52)	(50)	(33)	-
Total Voted and Non-Voted	1,206	1,551	1,569	1,824	1,935	2,025
Voted AME						
Resource AME	2,911	3,363 ¹⁴⁴	3,201	3,139	3,051	3,666 ¹⁴⁵
Capital AME	104	118	20	141	156	94
Total Voted AME	3,015	3,481	3,221	3,280	3,207	3,760
Non-Voted AME						
Resource AME	1,399	1,594	1,070	1,295	1,214	1,072
Capital AME	524	602	454	504	449	359
Total Non-Voted AME	1,923	2,196	1,524	1,799	1,663	1,431
Total Voted and Non-Voted	4,938	5,677	4,745	5,079	4,870	5,191
Total Expenditure	6,144	7,228	6,314	6,903	6,805	7,216

Total Voted and Non-Voted Expenditure by budget type:



¹⁴¹ All figures are presented as reported in the Statement of Parliamentary Supply in those years' accounts. They have not been adjusted for any restatements arising from non-budgetary prior period adjustments, Machinery of Government changes or errors.

¹⁴² Includes £256m for Office for Civil Society not included in prior years (see Note 27).

¹⁴³ Net of capital income of £184m relating to Olympic disposals.

¹⁴⁴ Increase to prior year predominately relates to an increase in BBC expenditure.

¹⁴⁵ This increase in Resource AME is largely attributable to the BBC (£320m), mainly due to the decrease in income received from DWP for over 75 TV licences, and increased expenditure relating to sports (FIFA World Cup, Commonwealth Games) and music (The Biggest Weekend, BBC Sounds). In addition, Ofcom accounts for £232m, being the creation of a provision in respect of the Annual Licence Fee legal case (see note 4.5)

Statement of Financial Position Commentary

DCMS Group Statement of Financial Position: Assets

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

Statement of Financial Position	2016-17 £'000	2017-18 £'000	2018-19 £'000	2016-17 % of assets	2017-18 % of assets	2018-19 % of assets
Assets						
Property, plant and equipment	7,583,882	7,126,583	7,310,330	50%	46%	47%
Heritage assets	1,432,361	1,506,055	1,644,230	9%	10%	11%
Non-current and current receivables	1,226,627	1,483,722	1,182,564	8%	10%	8%
Investment properties	208,970	196,781	198,741	1%	1%	1%
Inventories	262,169	191,301	181,614	2%	1%	1%
Cash and cash equivalents	2,064,512	2,318,248	2,195,426	14%	15%	14%
Other assets	2,496,717	2,706,238	2,793,294	16%	17%	18%
Total assets	15,275,238	15,528,928	15,506,199	100%	100%	100%

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 (PPE)

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

- Land and buildings upward revaluations of £223m in 2018-19 (2017-18: downward revaluations of £243m) - this is largely due to Tate Gallery which increased by £99m as a result of an independent valuation of the whole portfolio at the year end. There were also upward valuations of £69m at the British Museum and £35m at the Natural History Museum.
- Plant & machinery upward revaluations of £80m in 2018-19 (2017-18: downward revaluations of £98m) of which £56m relates to upward revaluation at British Library and £24m at Natural History Museum, partially offset by a downward revaluation of £26m at Tate Gallery. In the previous year the downward revaluation was primarily as result of a £143m downward revaluation at the British Library which was partially offset by upward revaluations at the Tate of £12m and the British Museum of £12m.

Additions in the year were £260m (2017-18: £224m) which were offset by a depreciation charge in year of £279m (2017-18 £309m). The majority of the additions (£160m) and a high proportion of the depreciation charge (£128m) for the year relates to the BBC.

Of the total PPE, £4.7bn (2017-18: £4.5bn) is held by the Museums and Galleries whilst the BBC holding is £1.4bn (2017-18: £1.4bn) and the British Library holding is £0.9bn (2017-18: £0.9bn).

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 at March 2001) have not been valued, since the costs of doing so are not commensurate with the benefits.

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

The majority of heritage assets are not depreciated as the length of their expected useful economic life is considered close to infinite. As a result, the expectation is that the value of DCMS' holding of heritage assets will continue to increase year on year. In addition to the museums and galleries holding of £1.2bn (2017-18: £1.2bn), heritage assets are also held by Arts Council England, the British Library and Historic England.

3. Non-current and current receivables

The decrease in non-current and current receivables of £301m is primarily due to a change in accounting for the licence fee. The BBC collects licence fee revenue from customers and transfers it to the Government's Consolidated Fund. The revenue collected is passed back to the BBC as Grant-in-Aid from DCMS. In prior years a licence fee receivable and associated payable was included in the DCMS group accounts. Following a review, a more appropriate treatment is to exclude these balances, since the net balance represents Grant-in-Aid due from the Core Department (rather than from licence fee payers) i.e. is an intra-group balance. This revised treatment is effective from 2018-19.

4. Investment properties

The BBC holds £176m of the group's Investment Property (2017-18: £175m).

5. 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.

6. Cash

£1.2bn of the group cash balance (2017-18: £1.2bn) was held by Lottery Distributing Bodies (in the National Lottery Distribution Fund) and as such only available to fund lottery grants (see payables below).

7. Other assets

The BBC holds the majority of the Group's other assets. This primarily relates to the BBC's investments in subsidiaries of £1,611m which increased by £87m during the year.

DCMS Group Statement of Financial Position: Liabilities

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

Statement of Financial Position	Restated 2016-17 £'000	2017-18 £'000	2018-19 £'000	2016-17 % of liabilities	2017-18 % of liabilities	2018-19 % of liabilities
Liabilities						
Non-current payables	(2,509,783)	(2,560,737)	(2,332,872)	35%	38%	36%
Current payables	(2,565,256)	(2,755,139)	(2,510,446)	36%	41%	38%
Provisions	(129,217)	(173,976)	(481,834)	2%	3%	7%
Pensions	(1,363,318)	(716,840)	(704,221)	19%	10%	11%
Other liabilities	(525,987)	(520,393)	(553,224)	8%	8%	8%
Total liabilities	(7,093,561)	(6,727,085)	(6,582,597)	100%	100%	100%

8. Non-current and current payables

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

Of the total current payables, £1.3bn (2017-18: £1.3bn) relates to the Lottery Distributing Bodies (LDBs), whilst these same bodies' share of non-current payables is £1.4bn (2017-18: £1.7bn). Current payables of LDBs are generally covered by their cash holdings (see 6 above).

£229m of the decrease in current payables is due to the revised treatment of licence fee payables by the BBC (see 3, above)

9. Pensions

The most significant element of the change in pension liability relates to the BTA which has decreased by £21m following an actuarial valuation, partly offset by the BBC which increased by £11m from the prior year.

10. Other liabilities

The balance relates almost entirely to the BBC. The increase of £32.8m primarily relates to an upward revaluation of the BBC's derivatives, due to the financing of New Broadcasting House.

Parliamentary accountability disclosures

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

Losses

2018-19			
Core department		Departmental group	
Cases	Amount £'000	Cases	Amount £'000
2	152	325	978

There were no individual losses over £300k for 2018-19.

2017-18			
Core department		Departmental group	
Cases	Amount £'000	Cases	Amount £'000
2	238	364	2,847

There were no individual losses over £300k for 2017-18.

Special Payments

2018-19			
Core department		Departmental group	
Cases	Amount £'000	Cases	Amount £'000
1	108	74	1,593

There were no individual special payments over £300k for 2018-19.

Restated 2017-18			
Core department		Departmental group	
Cases	Amount £'000	Cases	Amount £'000
2	563	44	790

Details of special payments over £300k for 2017-18:

- HM Treasury approved an extra-contractual payment by the Core Department of £498k for work carried out by a contractor, during the term of the contract, but for which they had not claimed payment through the contractual mechanisms.

Gifts

There were no gifts made by the group that were in excess of £300k for 2018-19 or 2017-18.

The Government Art Collection (GAC) received a pledge of a gift during the year of £500k from Sybil Robson Orr and Matthew Orr, which will be paid over the next ten years (the first

payment was in 2018-19). This is to be used to fund the 10Ten Project which is a collaboration between the GAC and Outset Contemporary Art Fund through which a British artist will be commissioned to create a unique image to become a limited edition print of 30, 15 of which will be accessioned to the GAC. From the remaining 15 prints, 11 will be available for purchase via Outset Contemporary Art Fund to support GAC acquisitions.

The British Film Institute received a gift in kind of advertising for London Film Festival from the Time Out Publishing Group in 2018-19, with an estimated value of £360k.

Remote contingent liabilities

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

Details of contingent liabilities as defined by IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* are included in the financial accounts (see note 23).

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

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

	1 April 2018	Increase/ (Decrease) in year	Liabilities crystallised in year	Obligation expired in year	31 March 2019	Amount reported to Parliament by Departmental Minute
	£m	£m	£m	£m	£m	£m
Guarantees						
Borrowing facility for Historic Royal Palaces	4.0	-	-	-	4.0	4.0
Indemnities						
Government Indemnity Scheme	11,368.2	(4,791.5)	-	-	6,576.7	6,576.7
Artworks on loan from the Royal Collection	836.7	1,087.4	-	-	1,924.1	1,924.1
Artworks on loan to the Government Art Collection	2.5	(0.4)	-	-	2.1	-
Totals	12,211.4	(3,704.5)	-	-	8,506.9	8,504.8

Guarantees

Following HM Treasury approval on 15 September 2016 the 'Borrowing facility for Historic Royal Palaces' was extended for five years until September 2021.

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 £6.6bn (2018: £11.4bn).

The change in contingent liabilities arising from these indemnity schemes is driven by the number and value of the works of art on loan and those on long term loan, which changes from year to year. The reduction (£4.8bn) is attributable to a net decrease in loans to Tate

Modern (£3.9bn) and National Gallery (£0.9bn), both of which had exceptionally large balances last year.

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

There are also non-statutory liabilities for indemnities granted in respect of works of art on loan from the Royal Collection totalling £1,924.1m (31 March 2018: £836.7m). The increase is due to the 'Leonardo da Vinci: A Life in Drawing' exhibition. 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 £2.1m for items on loan to the Government Art Collection (31 March 2018: £2.5m). The change in contingent liabilities arising from these indemnity schemes is driven by the number and value of the works of art on loan, which changes from year to year.

BT pension scheme

When BT was privatised in 1984, the government gave a guarantee (contained in the Telecommunications Act 1984) in respect of certain liabilities of the privatised company. Following High Court and Court of Appeal proceedings on the terms and scope of the Crown Guarantee, which would only apply if BT were to enter insolvent winding-up, the contingent liability is approximately the size of the BT pension scheme (BTPS) deficit. The last triennial actuarial valuation of the pension scheme as at 30 June 2017 valued the deficit at £11.3bn. BT has decided to close the BTPS for future accruals of benefit from 1 June 2018, as a result the liabilities covered by the Crown guarantee will be limited to those relating to benefits accrued before that date (together with indexing and any legally-required increments). These liabilities remain with BT plc and so legislation is no longer required on the scope of the guarantee. The contingent liability largely consists of the considerable deficit on the BTPS fund but, providing BT takes steps to reduce that, possible growth in the liability should now be limited.

British Tourist Authority (BTA) pension guarantee

The BTA, trading as VisitEngland and VisitBritain, has operated a defined benefit pension scheme for the benefit of its employees since it was created by the Development of Tourism Act 1969. To ensure a strong covenant rating and avoid a substantial increase in the BTA's annual contributions to service the scheme, the government has issued a guarantee to cover the shortfall between the scheme's assets and its liabilities should the BTA close down. The shortfall is currently estimated at £125m in today's prices though is likely to decrease with time due to further BTA contributions to service the scheme, pension fund investment returns and scheme members passing away.

Letters of Comfort

The department does not have any quantifiable letters of comfort.

Unquantifiable remote contingent liabilities

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

Department

Exiting the European Union

In July 2018, the UK Government announced an extension of its guarantee (originally announced in 2016) of EU-funded projects after the UK has left the EU. The guarantee was originally announced in 2016. The guarantee now covers the following:

- a. the full Multiannual Financial Framework allocation for structural and investment funds over the 2014-20 funding period, with payments to beneficiaries made up to the end of 2023
- b. the payment of awards where UK organisations successfully bid directly to the European Commission on a competitive basis for EU funding projects while we remain in the EU (e.g. before Exit day), for the lifetime of the project
- c. the payment of awards where UK organisations successfully bid to the European Commission on a competitive basis to participate as a 3rd country after Exit, and until the end of 2020, for the lifetime of the project
- d. the current level of agricultural funding under CAP Pillar 1 until 31 December 2020

The financial settlement was agreed in principle by both the UK and EU, as set out in the draft Withdrawal Agreement of 25th November 2018. The guarantee will therefore only be called in the event that the Withdrawal Agreement is not ratified in the case of no deal, and UK organisations are unable to access EU funding.

As a result, and due to the EU funding commitments described, DCMS may be required to assume responsibility for payment of awards to UK beneficiaries in respect of funding provided from EU funds including, but not limited to: Connecting Europe Facility (Telecoms), the Creative Europe Programme, Europe for Citizens Programme and the European Solidarity Corps. An unquantifiable contingent liability is disclosed.

Underwrite of Commonwealth Games

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

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

Olympic Delivery Authority (ODA)

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

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

Jubilee Gardens

The department has given an indemnity to Arts Council England and the Southbank Centre Limited with respect to certain liabilities owed by Shirayama Shokusan Company Limited (SSCL), the owners of County Hall. This indemnity covers any costs to be incurred by SSCL in replacing the proposed new Jubilee Gardens should SSCL make use of their sub-soil lease beneath the Garden to build an underground car park. SSCL require an indemnity to cover the cost of reinstating the gardens in their new form. The cost of this is estimated at around £2m and is not time-limited. The risk of the indemnity being called upon is low as there is currently no intention to build such a car park, and the likelihood of obtaining planning permission is low. A Treasury Minute was laid on 26 April 2011 explaining the contingent liabilities in respect of the proposed development. The term of the sub-soil lease is 999 years from 1993 running to 2992 and the parties to the sub-lease could agree to extend it beyond that.

Fees and Charges

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

Signed and approved

Sarah Healey
Accounting Officer and Permanent Secretary

9 July 2019

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

Opinion on financial statements

I certify that I have audited the financial statements of the Department for Digital, Culture, Media and Sport and of its Departmental Group for the year ended 31 March 2019 under the Government Resources and Accounts Act 2000. The Department comprises the core Department. The Departmental Group consists of the Department and the bodies designated for inclusion under the Government Resources and Accounts Act 2000 (Estimates and Accounts) (Amendment) Order 2018. The financial statements comprise: the Department's and Departmental Group's Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them.

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

In my opinion:

- the financial statements give a true and fair view of the state of the Department's and the Departmental Group's affairs as at 31 March 2019 and of the Department's net expenditure and Departmental Group's net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

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 2019 and shows that those totals have not been exceeded; and
- the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised

Ethical Standard 2016. I am independent of the Department for Digital, Culture, Media and Sport in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

I am required to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the Department for Digital, Culture, Media and Sport's ability to continue as a going concern for a period of at least twelve months from the date of approval of the financial statements. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern. I have nothing to report in these respects.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Auditor's responsibilities for the audit of the financial statements

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

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

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the Department for Digital, Culture, Media and Sport's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the group financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

Other Information

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

Opinion on other matters

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;
- in the light of the knowledge and understanding of the group and the parent and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; and
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

Date: 15 July 2019

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

Primary statements

Consolidated Statement of Comprehensive Net Expenditure for the year ended 31 March 2019

	Note	2018-19		2017-18	
		Core department £'000	Departmental group £'000	Core department £'000	Departmental group £'000
Staff costs	3	73,565	2,002,222	54,569	1,882,171
Grants and subsidies to sponsored bodies	4.1	4,717,237	13,508	4,520,320	14,383
Other grants	4.2	394,459	2,407,551	400,167	2,768,337
Purchase of goods and services	4.3	57,827	585,413	38,263	488,968
Depreciation, amortisation, impairment charges and expected credit loss adjustments	4.4	3,370	371,436	(25)	346,301
Provisions expense	4.5	155	418,464	60	100,436
Other operating expenditure	4.6	63,094	2,959,468	57,229	2,835,742
Total operating expenditure		5,309,707	8,758,062	5,070,583	8,436,338
Revenue from contracts with customers	5.1	(38,080)	(605,747)	(7)	(370,726)
Current grant income	5.1	(91,092)	(196,254)	(88,123)	(186,187)
Other operating income	5.2	(27,263)	(2,519,856)	(129,246)	(2,970,630)
Total operating income		(156,435)	(3,321,857)	(217,376)	(3,527,543)
Net expenditure for the year		5,153,272	5,436,205	4,853,207	4,908,795
Other comprehensive net expenditure					
Items which will not be reclassified to net operating expenditure:					
Net (gain)/loss on:					
- revaluation of property, plant & equipment, intangible assets and heritage assets		(2,876)	(392,239)	-	318,154
- revaluation of investments in associates	11	-	(20,180)	-	-
- pension remeasurements		-	(76,086)	-	(764,952)
Items which may be reclassified to net operating expenditure:					
Net (gain)/loss on:					
- impairments		-	2,745	-	-
- other revaluations including financial assets through OCI		-	(109,006)	-	(239,580)
Total other comprehensive net expenditure		(2,876)	(594,766)	-	(686,378)
Total comprehensive expenditure for the period		5,150,396	4,841,439	4,853,207	4,222,417

All operations relate to continuing activities.

The notes on pages 141 to 227 form part of these accounts.

Consolidated Statement of Financial Position as at 31 March 2019

	Note	31 March 2019		31 March 2018	
		Core department £'000	Departmental group £'000	Core department £'000	Departmental group £'000
Non-current assets					
Property, plant & equipment	6	30,669	7,310,330	28,331	7,126,583
Heritage assets	7	15,221	1,644,230	14,829	1,506,055
Intangible assets	8	1,001	65,642	261	72,606
Investment properties	9	-	198,741	-	196,781
Trade and other receivables	16	-	20,066	-	32,319
Investments in associates and joint ventures	11	-	34,347	-	13,557
Other financial assets	12	47,782	2,461,870	53,231	2,331,213
Total non-current assets		94,673	11,735,226	96,652	11,279,114
Current assets					
Assets classified as held for sale	14	-	40	-	40
Contract assets		-	102	-	-
Inventories	15	-	181,614	-	191,301
Trade and other receivables*	16	38,511	1,162,498	12,234	1,451,403
Other financial assets	12	2,901	231,293	3,872	288,822
Cash and cash equivalents	17	85,744	2,195,426	212,456	2,318,248
Total current assets		127,156	3,770,973	228,562	4,249,814
Total assets		221,829	15,506,199	325,214	15,528,928
Current liabilities					
Trade and other payables	18	(242,512)	(2,510,446)	(308,990)	(2,755,139)
Contract liabilities		-	(1,708)	-	-
Provisions	19	-	(414,177)	(20)	(122,615)
Other financial liabilities	20	-	(662)	-	(3,047)
Total current liabilities		(242,512)	(2,926,993)	(309,010)	(2,880,801)
Non-current assets plus/(less) net current assets/liabilities		(20,683)	12,579,206	16,204	12,648,127

* Includes expected credit loss

Consolidated Statement of Financial Position (continued)

	Note	31 March 2019		31 March 2018	
		Core department £'000	Departmental group £'000	Core department £'000	Departmental group £'000
Non-current liabilities					
Trade and other payables	18	-	(2,332,872)	-	(2,560,737)
Provisions	19	(34)	(67,657)	(10)	(51,361)
Other financial liabilities	20	-	(550,854)	-	(517,346)
Retirement benefit obligations	21	-	(704,221)	-	(716,840)
Total non-current liabilities		(34)	(3,655,604)	(10)	(3,846,284)
Total assets less liabilities		(20,717)	8,923,602	16,194	8,801,843
Taxpayers' equity and other reserves					
Taxpayers' funds					
General fund	SoCTE	(34,547)	2,831,232	5,240	3,329,163
Revaluation reserve	SoCTE	13,830	2,051,664	10,954	1,974,552
Total taxpayers' equity		(20,717)	4,882,896	16,194	5,303,715
Lottery funds	SoCTE	-	(1,458,045)	-	(1,560,017)
Charity funds	SoCTE	-	5,498,751	-	5,058,145
Total reserves	SoCTE	(20,717)	8,923,602	16,194	8,801,843

Sarah Healey (Accounting Officer)
9 July 2019

The notes on pages 141 to 227 form part of these accounts.

Consolidated Statement of Cash Flows for the year ended 31 March 2019

	Note	2018-19		2017-18	
		Core department £'000	Departmental group £'000	Core department £'000	Departmental group £'000
Cash flows from operating activities					
Net expenditure	SoCNE	(5,153,272)	(5,436,205)	(4,853,207)	(4,908,795)
Adjustments for non-cash expenditure - purchase of goods and services	4.3	395	395	400	400
Adjustments for non-cash expenditure - depreciation, amortisation, impairment charges and expected credit loss adjustments	4.4	3,370	371,436	(25)	346,301
Adjustments for non-cash expenditure - provisions expense	4.5	155	418,464	60	100,436
Adjustments for non-cash expenditure - other operating expenditure	4.6	8,300	34,535	(1)	115,696
Adjustments for non-cash salary costs		-	220	-	190
Adjustments for non-cash other operating income	5.2	-	(27,459)	-	(24,186)
Adjustments for non-cash pension costs		-	40,146	-	78,841
Reserves released to net expenditure		-	25	-	25
Adjustment for items shown in other sections of cash flow		(1,340)	(49,244)	(1,542)	(55,036)
(Increase)/decrease in inventories	15	-	9,687	-	70,868
Movements in inventories not passing through the SoCNE	15	-	23	-	(40)
(Increase)/decrease in trade and other receivables	16	(26,277)	300,625	11,346	(257,095)
Movements in receivables not passing through the SoCNE		20,204	8,691	(4,241)	(5,900)
Movements in bad debt provision		-	1,525	1	(124)
Movements in expected credit loss cumulative catch up		-	948	-	-
(Increase)/decrease in contract assets		-	(102)	-	-
Increase/(decrease) in trade payables	18	(66,478)	(472,558)	131,323	240,837
Increase/(decrease) in contract liabilities		-	1,708	-	-
Movements in payables not passing through the SoCNE		109,051	175,336	(122,436)	(53,334)
Utilisation of provisions	19	(151)	(110,606)	(122)	(55,677)
BBC licence fee adjustment	SoCTE	-	(151,698)	-	-
Payments for unfunded pensions	21	-	(198)	-	(282)
Net cash outflow from operating activities		(5,106,043)	(4,884,306)	(4,838,444)	(4,406,875)
Cash flows from investing activities					
Purchase of property, plant & equipment		(222)	(274,918)	(26,238)	(256,222)
Purchase of intangible assets		(1,077)	(13,857)	(307)	(4,647)
Purchase of assets held for sale		-	-	-	(157)
Purchase of financial assets		(10,913)	(64,912)	(12,926)	(218,256)
Proceeds from disposal of property, plant & equipment		-	36,134	226	7,509
Proceeds from disposal of intangible assets		-	694	-	124
Proceeds from disposal of assets held for sale		-	-	-	1,821
Repayments and disposals of financial assets		8,048	107,431	10,510	174,574
Interest and dividend income	5.2	1,340	95,567	1,542	103,418
Net cash inflow/(outflow) from investing activities		(2,824)	(113,861)	(27,193)	(191,836)

Consolidated Statement of Cash Flows (continued)

	Note	2018-19		2017-18	
		Core department £'000	Departmental group £'000	Core department £'000	Departmental group £'000
Cash flows from financing activities					
From the Consolidated Fund (supply) - current year	SoCTE	4,997,706	4,997,706	5,060,807	5,060,807
Capital element of payments in respect of finance leases		-	(72,000)	-	(74,100)
Interest on finance leases		-	(46,323)	-	(48,382)
Net cash inflow from financing activities		4,997,706	4,879,383	5,060,807	4,938,325
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		(111,161)	(118,784)	195,170	339,614
Cash flow from non-financing activities					
Receipts due to the Consolidated Fund which are outside the scope of the department's activities		1,608,642	1,620,155	247,927	249,586
Payments of amounts to the Consolidated Fund		(1,624,193)	(1,624,193)	(335,464)	(335,464)
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		(126,712)	(122,822)	107,633	253,736
Cash and cash equivalents at the beginning of the period	17	212,456	2,318,248	104,823	2,064,512
Cash and cash equivalents at the end of the period	17	85,744	2,195,426	212,456	2,318,248

The notes on pages 141 to 227 form part of these accounts.

Statement of Changes in Taxpayers' Equity (Core Department) for the year ended 31 March 2019

	Note	Core department		
		General fund £'000	Revaluation reserve £'000	Total reserves £'000
Balance at 1 April 2017		(20,080)	(2,328)	(22,408)
Net parliamentary funding - drawn down		(5,060,807)	-	(5,060,807)
Net parliamentary funding - deemed supply		(75,996)	-	(75,996)
Supply payable/(receivable) adjustment	18	210,210	-	210,210
CFERs payable to the Consolidated Fund	SOPS 4.1	80,000	-	80,000
Net expenditure for the year	SoCNE	4,853,207	-	4,853,207
Non-cash adjustments:				
Auditors' remuneration	4.3	(400)	-	(400)
Movements in reserves:				
Transfers between reserves		8,626	(8,626)	-
Balance at 31 March 2018		(5,240)	(10,954)	(16,194)
Net parliamentary funding - drawn down		(4,997,706)	-	(4,997,706)
Net parliamentary funding - deemed supply		(210,210)	-	(210,210)
Supply payable/(receivable) adjustment	18	74,826	-	74,826
CFERs payable to the Consolidated Fund	SOPS 4.1	20,000	-	20,000
Net expenditure for the year	SoCNE	5,153,272	-	5,153,272
Non-cash adjustments:				
Auditors' remuneration	4.3	(395)	-	(395)
Movements in reserves:				
Other comprehensive net expenditure	SoCNE	-	(2,876)	(2,876)
Balance at 31 March 2019		34,547	(13,830)	20,717

The notes on pages 141 to 227 form part of these accounts.

Consolidated Statement of Changes in Taxpayers' Equity (Departmental Group) for the year ended 31 March 2019

	Note	Departmental group					
		General fund £'000	Revaluation reserve £'000	Total taxpayers' equity £'000	Lottery funds £'000	Charity funds £'000	Total reserves £'000
Balance at 31 March 2017		(2,472,738)	(1,696,838)	(4,169,576)	1,453,387	(5,465,488)	(8,181,677)
Net parliamentary funding - drawn down		(5,060,807)	-	(5,060,807)	-	-	(5,060,807)
Net parliamentary funding - deemed supply		(75,996)	-	(75,996)	-	-	(75,996)
Supply payable/(receivable) adjustment	18	210,210	-	210,210	-	-	210,210
CFERs payable to the Consolidated Fund	SOPS 4.1	80,000	-	80,000	-	-	80,000
Net expenditure for the year	SoCNE	4,729,822	-	4,729,822	108,215	70,758	4,908,795
Non-cash adjustments:							
Auditors' remuneration	4.3	(400)	-	(400)	-	-	(400)
Movements in reserves:							
Other comprehensive net expenditure	SoCNE	(746,209)	(270,092)	(1,016,301)	(6,687)	336,610	(686,378)
Transfers (in)/out of boundary		-	-	-	-	-	-
Transfers between reserves		7,622	(7,622)	-	-	-	-
Transfer to SoCNE		-	-	-	-	(25)	(25)
Other movements		(667)	-	(667)	5,102	-	4,435
Balance at 31 March 2018		(3,329,163)	(1,974,552)	(5,303,715)	1,560,017	(5,058,145)	(8,801,843)
Impact of adoption of IFRS 9 and IFRS 15		-	-	-	-	-	-
Balance at 1 April 2018		(3,329,163)	(1,974,552)	(5,303,715)	1,560,017	(5,058,145)	(8,801,843)
Net parliamentary funding - drawn down		(4,997,706)	-	(4,997,706)	-	-	(4,997,706)
Net parliamentary funding - deemed supply		(210,210)	-	(210,210)	-	-	(210,210)
Supply payable/(receivable) adjustment	18	74,826	-	74,826	-	-	74,826
CFERs payable to the Consolidated Fund	SOPS 4.1	20,000	-	20,000	-	-	20,000
Net expenditure for the year	SoCNE	5,529,038	-	5,529,038	(95,895)	3,062	5,436,205
Non-cash adjustments:							
Auditors' remuneration	4.3	(395)	-	(395)	-	-	(395)
Movements in reserves:							
Other comprehensive net expenditure	SoCNE	(67,825)	(78,349)	(146,174)	(4,949)	(443,643)	(594,766)
Transfers between reserves		(1,237)	1,237	-	-	-	-
Transfer to SoCNE		-	-	-	-	(25)	(25)
BBC licence fee adjustment*		151,698	-	151,698	-	-	151,698
Other movements		(258)	-	(258)	(1,128)	-	(1,386)
Balance at 31 March 2019		(2,831,232)	(2,051,664)	(4,882,896)	1,458,045	(5,498,751)	(8,923,602)

The notes on pages 141 to 227 form part of these accounts.

* See Note 16 for further details

Notes

1. Statement of accounting policies

1.1 Basis of Preparation

These accounts have been prepared in accordance with the 2018-19 Government Financial Reporting Manual (FRm) 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 FRm apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the FRm permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the department and the arm's length bodies (the group) for the purpose of giving a true and fair view has been selected. The particular policies adopted by the group are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

1.2 Accounting Convention

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

1.3 Basis of Consolidation

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

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

British Broadcasting Corporation (BBC)

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

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

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

A list of all the arm's length bodies within the departmental boundary, and included in the group results (along with the department), is included in note 27. Details of changes to the boundary are included in note 1.33.

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 Grants

Grant-in-aid

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

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

Grants

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

1.6 Losses and special payments

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

1.7 Operating income and revenue from contracts with customers

Operating income 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 IFRS 15 *Revenue from contracts with customers*, which replaced the existing standard, IAS 18 *Revenue*, for the period beginning on or after 1 January 2018. Non-budgetary income is outside the ambit of the group budget. More details are included in SoPS 4 in Annex B to the Annual report and accounts.

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

Grants received by entities within the group

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

Revenue from contracts with customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. The standard requires an entity to identify the contract(s) with a customer and the performance obligation related to the contract. It further requires that the transaction price be determined and allocated to the performance obligations in the contract. Finally, revenue can only be recognised when (or as) the entity satisfies a performance obligation.

IFRS 15 has been adopted in the current year, with effect from 1 April 2018. For the impact of IFRS 15 on adoption, please refer to Note 1.35 Key changes to accounting policies.

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

The impact of the standard on revenue recognition timing has been immaterial.

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

Goods and services

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

Fees, charges and duties

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

Use of estimates and judgements – income recognition

The major estimates and judgements for income recognition for Revenue from Contracts with Customers relate to the BBC. The complexity of individual contractual terms may require the BBC to make judgements in assessing when the triggers for income recognition have been met, particularly whether the BBC has sufficiently fulfilled its obligations under the contract to allow income to be recognised. Further information is included within Note H of the BBC's 2018-19 accounts.

Contract assets and liabilities

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

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

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

1.8 Property, plant and equipment

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

Freehold land and buildings are revalued to fair value every five years on a rolling basis, 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) Red Book.

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 these 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 where they deem the fair value adjustment is not materially different from the depreciated historic cost. As such these tangible non-current assets are not revalued.

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 1.10.

Capitalisation thresholds

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

1.9 Depreciation and amortisation

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 | Not depreciated until the asset is brought into use |
| • Intangible assets | 2-5 years |

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

1.10 Heritage assets

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

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

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

1.11 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.

1.12 Intangible non-current assets

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

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

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

1.13 Revaluation and impairment of non-current assets

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

credited to the 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 charged to the revaluation reserve up to the level of depreciated historical cost. Any excess downward revaluation 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.

1.14 Investment properties

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

1.15 Investments in subsidiaries

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

Valuation of BBC Commercial Holdings' public corporations

The fair value placed on those subsidiaries of BBC Commercial Holdings classified as public corporations are based on a discounted cash flow model which relies on estimated cash flow

projections and judgements about long term growth and the discount rate used. Further details on the methodology used can be found in note 10.5.1.

1.16 Research and development

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

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

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

Expenditure on research activities is recognised in the Consolidated Statement of Comprehensive Net Expenditure in the period in which it is incurred.

1.17 Assets held for sale

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

1.18 Inventories

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

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

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

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

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

1.19 Cash and cash equivalents

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

1.20 Financial instruments

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

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

IFRS 9 *Financial Instruments* has been adopted with effect from 1 April 2018. As permitted by IFRS 9, prior periods have not been restated. For the impact of IFRS 9 on adoption, please refer to note 1.35 Key changes to accounting policies.

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

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

And each financial liability into one of two categories:

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

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

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

1.20.1 Financial assets

Amortised cost assets

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

amount of the allowance are recognised in the Consolidated Statement of Comprehensive Net Expenditure.

Amortised cost assets - Impairments

Upon adoption of IFRS 9, the group now has a forward-looking 'expected loss' impairment model for amortised costs assets. Impairments / loss allowances may therefore be recognised at an earlier point in time than under IAS 18. This model requires the use of lifetime expected credit loss provision for all financial assets held at amortised cost. These provisions are based on an assessment of risk of default on material financial assets or groups of financial assets at the Statement of Financial Position date. The assessment uses historical data, professional fund manager assistance (where appropriate) and macroeconomic assessments to assess the likelihood of default on amortised cost financial assets. Objective evidence includes significant financial difficulty of the issuer or debtor, disappearance of an active market for the financial asset because of financial difficulties, or data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the official recognition.

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

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

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

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

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

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

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

Any gains or losses on the fair value of an investment are recorded within operating income in the Consolidated Statement of Comprehensive Net Expenditure, including any downward revaluations.

1.20.2 Financial liabilities

Trade and other payables

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

1.21 Derivative financial instruments

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

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

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

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

1.22 Employee Benefits

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

1.23 Leases

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 Retirement benefit obligations

1.24.1 Funded pension schemes

A number of ALBs participate in defined benefit pension schemes as described in note 21. A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The net obligation in respect of these defined benefit pensions plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value, and the fair values of plan assets are deducted. Actuarial gains and losses that arise are recognised in the period they occur through Other Comprehensive Net Expenditure. The most significant funded defined benefit scheme in the group is operated by the BBC.

BBC pension scheme

The BBC operates a number of defined benefit plans for employees (closed to new employees from 1 January 2012), which provide benefits based on pensionable pay. The assets of the BBC's pension scheme are held in a separate fund, and on retirement, members of the BBC's main pension scheme are paid their pensions from this fund. The BBC makes cash contributions to 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. 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 retired early, by paying the required amounts annually to the PCSPS over the period between early departure and normal retirement date. The total cost was provided for in full when the early departure programme was announced and remains binding on the group.

1.25 Provisions

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

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

When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). The discount rates applicable in the 2018-19 accounts are: short-term rate (between 0 and up to and including 5 years): 0.76% per annum; medium-term rate (after 5 and up to and including 10 years): 1.14% per annum; and long-term rate (exceeding 10 years): 1.99% 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

In accordance with IAS 12 *Income Taxes*, corporation tax is liable on the taxable activities of the group that fall within the scope of corporation tax. The tax charge represents the sum of currently payable and deferred tax which is recognised in the 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 core department, and the group.

These reserves include:

- The general fund reserve represents the group's total taxpayers' equity not including the charitable and lottery funds. These reserves are made up of total assets less liabilities, to the extent that the total is not represented by other reserves and financing items;
- The revaluation reserve reflects the unrealised balance of the cumulative indexation and revaluation adjustments to assets (other than donated assets, assets funded by grants, and assets held in charity or lottery funds);

- The lottery funds are the total reserves of the lottery distributors within the group. As these are presented after elimination of inter-company transactions they will not agree back to the individual ALB accounts. The lottery funds comprise the general fund, and revaluation reserve held by the lottery 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 Executive Board.

The segmental analysis in note 2 presents the financial information based on the structure reported to the Board. The segments reflect the operational structure within the department.

1.29 Third party assets

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

Any third party monies held at the end of the reporting period are recognised as cash and cash equivalents (note 17) and trade and other payables (note 18), and therefore have no net impact on the Consolidated Statement of Financial Position.

1.30 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group.

A contingent liability can also include an amount where a present obligation arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability. Where the time value of money is material, contingent liabilities are stated at discounted amounts.

1.31 Contingent assets

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

1.32 Accounting estimates and judgements

Critical accounting estimates and judgements

The preparation of the group's accounts requires management of the core department and the ALBs to make judgements, estimates and assumptions that affect the reported amounts

of assets, liabilities, income and expenditure. The resulting accounting estimates will, by definition, seldom equal the related actual results. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Valuation of non-current assets

The value of the group's property, plant and equipment and intangibles are estimated based on the period over which the assets are expected to be available for use. Such estimation is based on experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence or legal or other limits on the use of an asset.

The valuation of the BBC's property assets are 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 classed as heritage assets. These specialised non-current assets have a restricted use and cannot be sold on the open market. Consequently they are, where possible, valued using the depreciated current replacement cost of a modern equivalent rather than the replacement cost of the original.

Valuation of BBC Commercial Holdings' public corporations

See note 1.15.

Provisions for liabilities and charges

The provisions for liabilities and charges reported in note 19 reflect judgements about the likelihood that a future transfer of economic benefits will arise as a result of past events. A provision is recognised where the likelihood of a liability crystallising is deemed probable and where it is possible to quantify the effect with reasonable certainty. Where the likelihood of potential liabilities crystallising is judged to be possible, a contingent liability is disclosed.

Retirement benefit obligations

The present value of the net pension liability detailed in note 21 depends on a number of actuarially derived assumptions about inflation, salary and pension trends, discount factors, mortality rates, and long term rate of return on the assets (equities, bonds and property) underlying the relevant pension funds. The estimated liability is subject to fluctuation and uncertainty due to changes in these assumptions over time and differences between assumptions and actual events. 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 21.2.2.

Expected credit loss

The forward looking impairment assessment model includes some estimates and judgements on the likelihood of default on our amortised cost assets. The quantum of these estimates and judgements is included within note 4.4.

1.33 Changes in the group boundary

Following the Treasury's indicative classification of Tech Nation Group (formally called Tech City) to Central Government in November 2017, the body was included within the group accounts for 2017-18 on a grant paid basis. In November 2018, on the basis of additional evidence, the Treasury agreed that Tech Nation Group should be classified as outside the public sector, and the body was removed from the 2018-19 Amended Designation Order. Accordingly it will no longer be treated as part of the group.

The National Citizen Service Trust (a Royal Charter body) and the Birmingham Organising Committee for the 2022 Commonwealth Games Limited have been included in the 2018-19 Amended Designation Order, and are included within the group for the first time. Further information is included in note 27.

1.34 Machinery of Government (MOG) Changes

DCMS had two MoG changes affecting its accounts and estimates for the year ended 31 March 2019. A MoG is when functions or responsibilities have been merged or transferred within Government and are accounted for using merger accounting, in accordance with the FReM. These changes are effective from 1 April 2018, and were announced and confirmed in a written statement on 29 March 2018. The changes are as follows:

- *Government Digital Service*. The Data Policy and Governance functions of the Government Digital Service (GDS) have been transferred from the Cabinet Office to DCMS. The transfer includes responsibility for data sharing (including coordination of Part 5 of the Digital Economy Act 2017), data ethics, open data and data governance.

The impact of the above was considered immaterial therefore prior periods have not been restated.

- *Digital Signatures and other trust services*
Responsibility for Digital Signatures including the trust service elements of the eIDAS Regulation No 910/2014, has transferred to DCMS from the Department for Business, Energy and Industrial Strategy (BEIS). DCMS and BEIS will have a joint role in shaping the strategic relationship with the Open Data Institute, The Alan Turing Institute and Digital Catapult.

The impact of the above was considered immaterial therefore prior periods have not been restated.

- *Counter disinformation*
DCMS has been confirmed as the overall strategic lead on the Government's domestic counter-disinformation policy. At an official level these changes largely confirm responsibilities that de facto already sit with DCMS. Whilst this is technically a MoG change, this does not come with any additional funding or movement of staff.

1.35 Key changes to accounting policies and impacts for 2018-19 annual report and accounts

On the first time adoption of IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from contracts with customers*, the group has reclassified classes of financial instruments and revenue for both the current and prior year.

IFRS 9 replaces IAS 39 *Financial Instruments – Recognition and Measurement*. There are two main changes for this new accounting standard within our 2018-19 accounts. We have implemented a single approach to classification and measurement and a new forward-looking 'expected loss' impairment model.

IFRS 15 introduces a new five stage model for the recognition of revenue from contracts with customers replacing the previous Standards IAS 11 *Construction Contracts*, IAS 18 *Revenue* and related IFRIC and SIC Interpretations. The five stage model is:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The group has applied transitional provisions required by the FReM. These include retrospectively applying the standards with the cumulative effect recognised as an adjustment to opening balances rather than restate prior year figures. DCMS has used the practical expedients allowed in IFRS 15 to not restate contracts that were modified before the beginning of the earliest period presented. The total financial instruments and operating income agree with prior year stated figures. The cumulative catch up figures are presented in the Statement of Taxpayers Equity. This transitional provision is not expected to impact future periods.

Upon transition to IFRS 9 *Financial Instruments* the classification of financial assets (FA) has been adjusted.

- 1) FA – loans and receivables has transferred to FA- amortised cost as they are used in the normal day to day operations of the business and the cash flows satisfy the definition of solely payments of principal and interest.
- 2) FA – Available for sale (apart from other FA) have transferred to FA – FVOCI. We have designated equity investments (previously classified as 'investment funds' or 'shares and equity type investments') and investments in subsidiaries as held at FVOCI. All gains and losses on these are reflected through Other Comprehensive Income in the SoCNE, except dividends received which are included in income note 5.2. The above designation is allowable under IFRS9 as this better presents the volatile nature of these types of investments on the SoCNE as these are not held for trading purposes.

IFRS 9: Financial instruments – Reclassifications

	Note	31-Mar-18		Reclassifications		01-Apr-18	
		Core department £'000	Departmental group £'000	Core department £'000	Departmental group £'000	Core department £'000	Departmental group £'000
Financial assets							
Loans and Receivables							
Cash and cash equivalents	17	212,456	2,318,248	(212,456)	(2,318,248)	-	-
Trade and other receivables	16	1,486	808,649	(1,486)	(808,649)	-	-
Loans	12, 16	48,880	263,421	(48,880)	(263,421)	-	-
Deposits	12	-	28,576	-	(28,576)	-	-
		262,822	3,418,894	(262,822)	(3,418,894)	-	-
Available for Sale							
Shares and equity type investments	12	-	23,476	-	(23,476)	-	-
Investment in subsidiaries	12	8,342	1,633,993	(8,342)	(1,633,993)	-	-
Investment funds		-	233,189	-	(233,189)	-	-
Other financial assets		-	12,430	-	(12,430)	-	-
		8,342	1,903,088	(8,342)	(1,903,088)	-	-
Financial assets							
Amortised cost							
Cash and cash equivalents	17	-	-	212,456	2,318,248	212,456	2,318,248
Trade and other receivables	16	-	-	1,486	808,649	1,486	808,649
Loans	12, 16	-	-	48,880	263,421	48,880	263,421
Deposits	12	-	-	-	28,576	-	28,576
		-	-	262,822	3,418,894	262,822	3,418,894
Fair value through other comprehensive income							
Equity investments excluding investment in subsidiaries	12	-	-	-	256,665	-	256,665
Investment in subsidiaries	12	-	-	8,342	1,633,993	8,342	1,633,993
		-	-	8,342	1,890,658	8,342	1,890,658
Fair value through profit or loss							
Derivative financial instrument assets	12	-	428,478	-	-	-	428,478
Other financial assets (FI non derivative through profit or loss)	12	-	-	-	12,430	-	12,430
		-	428,478	-	12,430	-	440,908
Financial liabilities							
Fair value through profit or loss							
Derivative financial instrument liabilities	20	-	(520,393)	-	-	-	(520,393)
Amortised cost							
Payables including contract liabilities	18, 19	(11,397)	(4,612,469)	-	-	(11,397)	(4,612,469)
Other financial liabilities	20	-	-	-	-	-	-
Total financial liabilities		(11,397)	(5,132,862)	-	-	(11,397)	(5,132,862)
Total net financial assets		259,767	617,598	-	-	259,767	617,598

No remeasurement adjustments were made.

Upon first time adoption of IFRS 15, the group has reclassified revenue to revenue from contracts with customers and current grant income the Statement of Comprehensive Net Expenditure.

IFRS 15: Revenue from Contracts with Customers - Reclassifications

	31-Mar-18		Reclassifications		01-Apr-18	
	Core department £'000	Departmental group £'000	Core department £'000	Departmental group £'000	Core department £'000	Departmental group £'000
Income from sale of goods and services	(7)	(88,009)	7	88,009	-	-
Other operating income	(217,369)	(3,439,534)	88,123	468,904	(129,246)	(2,970,630)
Revenue from contracts with customers	-	-	(7)	(370,726)	(7)	(370,726)
Current grant income	-	-	(88,123)	(186,187)	(88,123)	(186,187)
	(217,376)	(3,527,543)	-	-	(217,376)	(3,527,543)

IFRS 15: Revenue from Contracts with Customers - Transition Note – SoCNE

	As reported 2018-19		Adjustments made due to IFRS 15		SoCNE without adoption of IFRS 15	
	Core department £'000	Departmental group £'000	Core department £'000	Departmental group £'000	Core department £'000	Departmental group £'000
Income from Contracts with Customers	(38,080)	(605,747)	38,080	605,747	-	-
Current grant income	(91,092)	(196,254)	-	-	(91,092)	(196,254)
Other Operating Income	(27,263)	(2,519,856)	(38,080)	(605,747)	(65,343)	(3,125,603)
Total Operating Income	(156,435)	(3,321,857)	-	-	(156,435)	(3,321,857)

IFRS 15: Revenue from Contracts with Customers - Transition Note - SoFP

	As reported 2018-19		Adjustments made due to IFRS 15		SoFP without adoption of IFRS 15	
	Core department £'000	Departmental group £'000	Core department £'000	Departmental group £'000	Core department £'000	Departmental group £'000
Non-current assets						
Trade and Other Receivables	-	20,066	-	-	-	20,066
Other lines not affected by IFRS 15	94,673	11,715,160	-	-	94,673	11,715,160
Total non-current assets	94,673	11,735,226	-	-	94,673	11,735,226
Current assets						
Trade and Other Receivables	38,511	1,162,498	-	102	38,511	1,162,600
Contract Assets	-	102	-	(102)	-	-
Other lines not affected by IFRS 15	88,645	2,608,373	-	-	88,645	2,608,373
Total current assets	127,156	3,770,973	-	-	127,156	3,770,973
Total Assets	221,829	15,506,199	-	-	221,829	15,506,199
Current liabilities						
Trade and Other Payables	(242,512)	(2,510,446)	-	(1,708)	(242,512)	(2,512,154)
Contract Liabilities	-	(1,708)	-	1,708	-	-
Provisions	-	(414,177)	-	-	-	(414,177)
Other lines not affected by IFRS 15	-	(662)	-	-	-	(662)
Total current liabilities	(242,512)	(2,926,993)	-	-	(242,512)	(2,926,993)
Non-current assets plus/(less) net current assets/liabilities	(20,683)	12,579,206	-	-	(20,683)	12,579,206
Non-current liabilities						
Trade and Other Payables	-	(2,332,872)	-	-	-	(2,332,872)
Provisions	(34)	(67,657)	-	-	(34)	(67,657)
Other lines not affected by IFRS 15	-	(1,255,075)	-	-	-	(1,255,075)
Total non-current liabilities	(34)	(3,655,604)	-	-	(34)	(3,655,604)
Total assets less liabilities	(20,717)	8,923,602	-	-	(20,717)	8,923,602
Taxpayers' equity and other reserves						
Taxpayers' funds						
General Fund	(34,547)	2,831,232	-	-	(34,547)	2,831,232
Revaluation Reserve	13,830	2,051,664	-	-	13,830	2,051,664
Total taxpayers' equity	(20,717)	4,882,896	-	-	(20,717)	4,882,896
Lottery Funds	-	(1,458,045)	-	-	-	(1,458,045)
Charity Funds	-	5,498,751	-	-	-	5,498,751
Total reserves	(20,717)	8,923,602	-	-	(20,717)	8,923,602

1.36 Changes to accounting standards not yet effective

IFRS 16 Leases

IFRS 16 *Leases* supersedes IAS 17 *Leases* and is effective for periods beginning on or after 1 January 2019. IFRS 16 provides a single lessee accounting model and requires a lessee to recognise assets and liabilities for leases which last over 12 months, largely eliminating the current 'off-balance sheet' treatment of operating leases under IAS 17.

Impact of the new standard

The Group has assessed the impact that the application of IFRS 16 will have on the comprehensive net expenditure for the financial year ending 31 March 2020 and on the statement of financial position at that date. The figures below are for existing leases as at 31 March 2019.

The standard is expected to increase total expenditure in 2019-20 by approximately £20million. The right of use asset is expected to be increased by approximately £1,461million, whilst the associated lease liability will increase by approximately £1,463million.

SoCNE impacts IFRS 16	£m
Depreciation expected – 2019-20	89
Interest expense expected – 2019-20	16
IAS 17 basis Rental payments expected – 2019-20	(85)
Increased Expenditure	20

SoFP impacts IFRS 16	£m
Existing IAS 17 Operating Leases – Right to Use Asset – 1 April 2019	740
Increased/ (decreased) Right to Use Asset - 1 April 2019	721
Increased Right to Use Asset	1,461
Existing IAS 17 Operating Leases – Lease Liability – 1 April 2019	(757)
Re-measured Finance Leases Increased Lease Liability - 1 April 2019	(706)
Increased Lease Liability	(1,463)

The above figures are calculated before intercompany eliminations are made, these will not have a material impact on the figures.

The above figures also exclude leased assets held under peppercorn leases which are required to be fair valued as at 1 April 2019. The majority of the groups peppercorn leased assets are already included at fair value within our 2018-19 accounts and therefore the impact of recognising the fair value of peppercorn leased assets are not expected to be material.

2. Statement of Operating Expenditure by Operating Segment

2.1 Statement of Comprehensive Net Expenditure by Operating Segment

	Note	2018-19						2017-18					
		Core department £'000	BBC PSB group £'000	Lottery distributing bodies £'000	Other ALBs £'000	Amounts eliminated on consolidation £'000	Total as per group SoCNE £'000	Core department £'000	BBC PSB group £'000	Lottery distributing bodies £'000	Other ALBs £'000	Amounts eliminated on consolidation £'000	Total as per group SoCNE £'000
Staff costs	3	73,565	1,251,957	75,489	601,399	(188)	2,002,222	54,569	1,207,053	73,251	547,599	(301)	1,882,171
Grant and subsidies to sponsored bodies	4.1	4,717,237	-	-	13,508	(4,717,237)	13,508	4,520,320	-	-	14,383	(4,520,320)	14,383
Other grants	4.2	394,459	-	1,223,906	816,148	(26,962)	2,407,551	400,167	-	1,566,171	843,731	(41,732)	2,768,337
Purchase of goods and services	4.3	57,827	82,568	53,098	400,081	(8,161)	585,413	38,263	88,850	59,755	308,283	(6,183)	488,968
Depreciation, amortisation, impairment charges and expected credit loss adjustments	4.4	3,370	148,565	18,318	201,183	-	371,436	(25)	152,506	15,993	177,827	-	346,301
Provisions expense	4.5	155	71,762	112,771	233,776	-	418,464	60	10,498	87,762	2,116	-	100,436
Other operating expenditure	4.6	63,094	2,696,144	9,579	303,417	(112,766)	2,959,468	57,229	2,658,473	11,827	277,434	(169,221)	2,835,742
Total expenditure	SoCNE	5,309,707	4,250,996	1,493,161	2,569,512	(4,865,314)	8,758,062	5,070,583	4,117,380	1,814,759	2,171,373	(4,737,757)	8,436,338
Revenue from contracts with customers	5.1	(38,080)	(231,656)	-	(337,182)	1,171	(605,747)	(7)	(56,400)	4	(314,637)	314	(370,726)
Current grant income	5.1	(91,092)	(88,556)	(773)	(102,079)	86,246	(196,254)	(88,123)	(85,870)	(822)	(95,854)	84,482	(186,187)
Other operating income	5.2	(27,263)	(567,763)	(1,588,283)	(397,207)	60,660	(2,519,856)	(129,246)	(929,300)	(1,705,726)	(338,999)	132,641	(2,970,630)
Total income	SoCNE	(156,435)	(887,975)	(1,589,056)	(836,468)	148,077	(3,321,857)	(217,376)	(1,071,570)	(1,706,544)	(749,490)	217,437	(3,527,543)
Net expenditure for the year ended 31 March	SoCNE	5,153,272	3,363,021	(95,895)	1,733,044	(4,717,237)	5,436,205	4,853,207	3,045,810	108,215	1,421,883	(4,520,320)	4,908,795

2.2 Statement of Financial Position by Operating Segment

	Note	2018-19						2017-18					
		Core department £'000	BBC PSB group £'000	Lottery distributing bodies £'000	Other ALBs £'000	Amounts eliminated on consolidation £'000	Total as per group SoFP £'000	Core department £'000	BBC PSB group £'000	Lottery distributing bodies £'000	Other ALBs £'000	Amounts eliminated on consolidation £'000	Total as per group SoFP £'000
Non-current assets	SoFP	94,673	3,673,008	7,492	7,976,590	(16,537)	11,735,226	96,652	3,610,346	10,154	7,577,559	(15,597)	11,279,114
Current assets	SoFP	127,156	1,552,992	1,430,122	698,295	(37,592)	3,770,973	228,562	1,926,328	1,533,110	589,743	(27,929)	4,249,814
Total assets	SoFP	221,829	5,226,000	1,437,614	8,674,885	(54,129)	15,506,199	325,214	5,536,674	1,543,264	8,167,302	(43,526)	15,528,928
Current liabilities	SoFP	(242,512)	(599,101)	(1,416,685)	(706,663)	37,968	(2,926,993)	(309,010)	(779,594)	(1,394,215)	(426,151)	28,169	(2,880,801)
Non-current liabilities	SoFP	(34)	(1,975,517)	(1,478,974)	(217,240)	16,161	(3,655,604)	(10)	(1,929,094)	(1,709,066)	(223,471)	15,357	(3,846,284)
Total liabilities		(242,546)	(2,574,618)	(2,895,659)	(923,903)	54,129	(6,582,597)	(309,020)	(2,708,688)	(3,103,281)	(649,622)	43,526	(6,727,085)
Total assets less liabilities	SoFP	(20,717)	2,651,382	(1,458,045)	7,750,982	-	8,923,602	16,194	2,827,986	(1,560,017)	7,517,680	-	8,801,843

The department reports its expenditure by operating segment in accordance with IFRS 8 *Operating Segments*. The group's operations are organised and managed by body. This includes the department and ALBs. The group operating segments reflect the major bodies by expenditure within the group. All other bodies within the group are included under 'Other'. Each reportable segment represents a business or corporate unit. The operating segments included above are those used for reporting to the department's board.

Intra-group eliminations occur between group entities during the normal course of business. This is disclosed in the column 'Amounts eliminated on consolidation'.

The BBC is governed by Royal Charter and an associated agreement with government. The Charter and agreement set out the BBC's accountability to Parliament for use of the public money it receives whilst at the same time preserving the BBC's independence on editorial policy and programming.

3. Staff costs

Staff costs comprise:	2018-19						2017-18
	Permanently employed staff	Others	Contract and agency staff	Ministers	Special Advisors	Total	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Total net costs	1,963,621	6,691	31,438	290	182	2,002,222	1,882,171

Staff costs comprise:	2017-18						2016-17
	Permanently employed staff	Others	Contract and agency staff	Ministers	Special Advisors	Total	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Total net costs	1,840,460	5,742	35,647	244	78	1,882,171	1,826,976

Details of staff numbers and related costs (and relevant disclosures) are in the Staff Report in the Accountability section of the Annual Report (page 104).

4. Expenditure

4.1 Grants and subsidies to sponsored bodies

	2018-19		2017-18	
	Core department £'000	Departmental group £'000	Core department £'000	Departmental group £'000
Grant-in-aid to ALBs	4,717,237	-	4,520,320	-
Grants and subsidies to public sector	-	13,508	-	14,383
Total: Grants and subsidies to sponsored bodies	4,717,237	13,508	4,520,320	14,383

Subsidies include an operating subsidy of £13.5m (2017-18: £14.4m) from Historic England to the English Heritage Trust for management of the National Collection of buildings, monuments and sites.

4.1.1 Grant-in-Aid to ALBs

	2018-19 Estimate £'000	2018-19 Outturn £'000	2017-18 Outturn £'000
Arts Council England	486,313	508,119	462,442
Birmingham 2022	26,093	26,226	-
BBC PSB Group	3,255,500	3,229,500	3,173,508
British Film Institute	21,718	21,718	23,587
British Library (includes Public Lending Right)	93,443	93,443	93,443
British Museum	52,543	52,543	53,573
Historic England	87,106	91,607	89,122
Gambling Commission (for regulation of the National Lottery)	8,278	6,721	3,714
Geffrye Museum Trust Limited	2,156	2,096	1,696
Horniman Public Museum and Public Park Trust	3,870	3,820	4,320
Imperial War Museum	30,639	25,739	25,497
Information Commissioner's Office	2,896	2,896	5,195
National Citizen Service Trust	70,716	65,765	-
National Gallery	24,092	24,092	24,092
National Heritage Memorial Fund	5,574	4,629	12,458
Royal Museums Greenwich	25,369	15,870	16,020
National Museums Liverpool	19,761	19,761	19,761
National Portrait Gallery	7,634	7,634	7,134
Natural History Museum	42,455	42,455	41,815
Office of Communications (Ofcom)	74,981	68,840	118,462
Royal Armouries Museum	10,761	9,461	7,788
S4C	14,560	15,117	6,956
Science Museum Group	49,915	47,928	45,209
Sir John Soane's Museum	1,012	1,032	1,012
Sport England	80,152	98,765	81,343
Tate Gallery	37,566	37,566	38,066
UK Sport	69,841	70,091	61,957
Victoria and Albert Museum	40,676	40,676	37,806
Visit Britain	68,218	68,193	60,633
Wallace Collection	3,563	2,731	3,711
Not allocated at time of Estimate	667	-	-
Grant-in-Aid as reported in the accounts	4,718,068	4,705,034	4,520,320
Churches Conservation Trust	2,604	2,604	2,738
UK Anti-Doping	8,298	7,998	5,996
Sports Grounds Safety Authority	1,601	1,601	1,542
Grant-in-Aid per Supply Estimate	4,730,571	4,717,237	4,530,596

Grant-in-Aid (GIA) and funding paid to ALBs within the Group is eliminated upon consolidation.

In 2018-19, two new bodies received Grant-in-Aid funding, Birmingham 2022 (£26.2m) and National Citizen Services Trust (£65.8m). The £56m uplift in funding to the BBC reflects the increase in the licence fee. The additional funding to the other public bodies in the year is in line with the increase in the Departmental Expenditure Limit.

Eight public bodies – classified or expected to be classified by Office for National Statistics to central government and sponsored by DCMS – have been consolidated into the 2018-19 DCMS group accounts at a summary level on the grounds of materiality. These are the Phone-paid Services Authority (PSA), the Churches Conservation Trust (CCT), Sports Grounds Safety Authority (SGSA), Horniman Public Museum and Public Park Trust (HMM), Royal Armouries Museum (RAM), Sir John Soane's Museum (SJS), Wallace Collection (WCO) and UK Anti-Doping (UKAD).

PSA is levy-funded and does not receive Grant-in-Aid. For six of the remaining seven bodies, the 2018-19 draft accounts have been used to allocate GIA paid between resource and capital, and between income and expenditure, and have been reported against relevant group totals. For the remaining one, the 2017-18 audited accounts were used as these were the most recently available.

In 2017-18, a different methodology was used for small GIA-funded bodies that were not consolidated line-by-line. For CCT, SGSA and UKAD, operational spend equal to the Grant-in-Aid paid was reported under the 'Sports' and 'Historical and Heritage' lines in Note 4.6 Other Operating Expenditure.

4.2 Other grants

	2018-19		2017-18	
	Core department £'000	Departmental group £'000	Core department £'000	Departmental group £'000
Capital grants	119,776	616,663	77,030	691,875
Current grants	274,683	1,790,888	323,137	2,076,462
Total: Other grants	394,459	2,407,551	400,167	2,768,337

Group capital grants have decreased by £75.2m, of this £67.0m is a decrease at the National Lottery Heritage Fund, a result of aligning reserves and commitments with changes in lottery income, and £10.4m is a decrease at Ofcom as the 700MHz spectrum programme moves to the clearance phase. Decreases across other ALBs were offset by an increase of £42.7m for the core department, primarily due to increased investment across the 5G testbeds and trials programme and the Local Full Fibre Networks programme.

Group current grants have decreased by £285.6m predominately driven by decreases of £315.2m at Arts Council England Lottery, last year was the first year of the 3 year investment cycle when more grants are committed, and £48.5m for the core department. These were partly offset by increases of £25.2m for National Lottery Community Fund and other lottery bodies.

Current grants for the core department have decreased due to the National Citizen Service Trust becoming an ALB in December 2018 and being fully consolidated after that date. In 2018-19 NCS received £111.2m as grants and £65.8m as Grant-in-Aid (2017-18: £177.4m as grants and £nil as Grant-in-Aid).

4.3 Purchase of goods and services

	2018-19		2017-18	
	Core department £'000	Departmental group £'000	Core department £'000	Departmental group £'000
Professional services	35,334	162,167	21,827	91,829
Human resources	1,280	23,069	1,605	18,186
Marketing and media	1,186	31,822	387	26,740
Premises expenses	1,270	116,127	1,184	109,265
Business rates	1,045	16,945	1,029	16,394
Utilities	247	22,885	156	21,602
Rentals under operating leases (non PFI)	10,384	118,970	7,582	124,498
IT maintenance and support	4,333	60,455	2,474	52,755
Travel and subsistence	2,353	29,792	1,619	24,908
Audit fees (statutory accounts) - cash	-	2,786	-	2,391
Sub-total: cash items	57,432	585,018	37,863	488,568
Non-cash items				
Auditors' remuneration	395	395	400	400
Sub-total: non-cash items	395	395	400	400
Total: Purchase of goods and services	57,827	585,413	38,263	488,968

Professional services

In 2018-19 the core department increased its expenditure on professional services to £35.3m from £21.8m in 2017-18 largely as a result of increased investment in Cyber Skills and Innovation and Cyber Security.

£50.5m of the Group increase in professional services expenditure is a result of the addition of National Citizen Service (NCS) as an ALB in 2018-19, which became a Royal Charter Body on 1 December 2018. The majority of that spend relates to payments made to regional and local partners who deliver the NCS programme on behalf of NCS.

Included within professional services is £22.5m of consultancy costs (2017-18: £18.3m), comprising core department £3.3m (2017-18: £2.7m) and in respect of the ALBs, £19.2m (2017-18: £15.6m). £2.2m of this increase relates to work on the 4th Lottery Licence by the Gambling Commission.

Auditors' remuneration

Audit fees (cash) of £2,790k (2017-18: £2,455k) relates to the statutory audit of the ALBs. Of this amount, £4k relates to the audit of several subsidiaries of bodies which have not been consolidated in the 2018-19 DCMS group accounts on the grounds of materiality.

Of the cash fees £2,456k (2017-18: £2,361k) was payable to the National Audit Office (NAO) on behalf of the C&AG and £334k (2017-18: £94k) was payable to other auditors.

Notional non-cash auditors' remuneration for the cost of the audit of the group's accounts was £395k (2017-18: £400k).

In 2018-19 the core department did not purchase any non-audit services from its auditor, the Comptroller and Auditor General (C&AG) (2017-18: £nil). The ALBs purchased non-audit services from auditors other than the NAO for £56k (2017-18: £4k). Further details can be obtained from the accounts of the ALBs.

4.4 Depreciation, amortisation, impairment charge and expected credit loss

	2018-19		2017-18	
	Core department £'000	Departmental group £'000	Core department £'000	Departmental group £'000
Depreciation	2,048	279,424	1,282	309,282
Amortisation	337	27,994	228	26,346
Impairments/(write backs)	42	63,490	(1,535)	10,673
Expected credit loss	943	528	-	-
Depreciation, amortisation and impairment charges - non-cash total	3,370	371,436	(25)	346,301

The decrease in depreciation is driven by a downward revaluation of the British Library's St Pancras site and the associated fit out assets during 2017-18, and a change in classification from buildings to land by the Tate Modern in 2017-18.

The increase in impairments is largely due to Boston Spa site of the British Library being revalued by new advisors using a different revaluation method, depreciated replacement cost instead of existing use value. The value of 2 specialist buildings and their corresponding fit out costs have significantly reduced resulting in an impairment charge of £35.9m. Tate Modern also saw a £11.9m revaluation downward as a result of an independent valuation at the year end.

The expected credit loss arises from the adoption of IFRS 9 *Financial Instruments*.

4.5 Provisions expense

	2018-19		2017-18	
	Core department £'000	Departmental group £'000	Core department £'000	Departmental group £'000
Provisions:				
Unwinding of discount	-	(1)	-	-
Provided for/(released)	155	418,465	60	100,436
Provisions expense - non-cash total	155	418,464	60	100,436

Ofcom has provided £232.0m in 2018-19 for ongoing litigation regarding the restitution of annual licence fees following the Court of Appeal judgment in November 2017 to quash regulations that Ofcom made in September 2015 to revise fees for use of 900/1800 MHz spectrum bands. The Mobile Network Operators brought claims against Ofcom seeking restitution of the increase in fees paid between September 2015 and November 2017.

The restitution case was heard in the High Court in May 2019 which found in favour of the Mobile Network Operators and ordered repayment of the increase in fees that had been collected under the quashed 2015 Regulations. Ofcom have been granted right of appeal.

The National Lottery Community Fund (NLCF) has provided £93.3m (2017-18: £59.7m) relating to dormant account income to be paid out.

The BBC has provided £71.8m (2017-18: £10.5m) primarily relating to taxation and restructuring provisions.

British Film Institute Lottery has provided £19.4m (2017-18: £26.8m) in respect of grant commitments.

4.6 Other operating expenditure

	2018-19		2017-18	
	Core department £'000	Departmental group £'000	Core department £'000	Departmental group £'000
Broadcasting and media	-	2,522,046	-	2,331,823
Sport	-	31,423	12,707	26,957
Tourism	-	50,140	-	61,569
Ceremonial and cultural events	4,689	7,013	4,025	6,861
Historical and heritage	41,096	43,463	33,322	35,275
Museums, galleries, art & exhibits	397	55,904	304	65,232
Libraries	-	6,073	-	6,091
Interest payable	-	75,168	-	97,293
Finance costs	17	2,841	15	3,340
Early departure costs	-	30,025	36	21,549
Research & development (capital)	456	10,409	-	13,154
Other expenditure	8,139	90,428	6,821	50,902
Sub-total: cash items	54,794	2,924,933	57,230	2,720,046
Non-cash items				
Interest on pension liabilities	-	23,551	-	40,383
(Profit)/loss on disposal of property, plant & equipment	-	4,249	-	752
(Profit)/loss on disposal of intangibles	-	8	-	29
Revaluations	-	8,256	-	74,416
Share of (profits)/losses on joint ventures and associates	-	(5)	-	(8)
(Gains)/losses on net asset transfers	8,300	-	-	-
Write offs/(write backs)	-	(1,525)	(1)	124
Other non-cash charges	-	1	-	-
Sub-total: Non-cash items	8,300	34,535	(1)	115,696
Total: Other operating expenditure	63,094	2,959,468	57,229	2,835,742

The £190.2m increase in Broadcasting and Media expenditure is primarily a result of additional spend by the BBC on sport events (Football World Cup and Commonwealth Games), the launch of BBC Sounds and the development of the BBC I-Player offering.

The £11.4m decrease in Tourism expenditure is due to reclassification of income and expenditure in relation to the implementation of IFRS 15 at the British Tourist Authority.

The interest payable decrease was mainly driven by £21.5m fair value movement of various interest rates swaps connected to the BBC's finance lease on New Broadcasting House.

The increase in early departure cost was due to restructuring and additional redundancies associated with an efficiency programme at the BBC.

Revaluations decreased by £66.2m, the majority of the movement was related to the revaluation of various BBC swap instruments.

The £8.3m loss on net asset transfers in the core department relates to the transfer of the Royal Armouries (International) plc investment to the Royal Armouries Museum.

5. Income

5.1 Revenue from contracts with customers and current grant income

	2018-19		2017-18	
	Core department £'000	Departmental group £'000	Core department £'000	Departmental group £'000
Goods and services	7,448	216,366	7	58,426
Rental income	18	50,768	-	29,583
Fees, charges and duties	30,614	147,978	-	84,307
Levies	-	77,483	-	94,975
Royalties	-	33,694	-	32,657
Charity Income - sponsorship and trading	-	79,458	-	70,778
Total: Revenue from contracts with customers	38,080	605,747	7	370,726
Current grant income	91,092	196,254	88,123	186,187
Total Revenue from contracts with customers and current grants	129,172	802,001	88,130	556,913

The adoption of IFRS 15 in 2018-19 has resulted in reclassifications of various income streams to revenue from contracts with customers from other operating income (note 1.35). BBC total contract income is £231.7m, of which £152.7m relates to Broadcasting services, being content and format sales, production income and subscription fees. The remainder is rental income of £47.0m and royalties of £32.0m. Income from commercial activities totalled £22.9m for British Tourist Authority.

Where by statute or Treasury consent, an entity is permitted to retain the revenue from taxation, fines and penalties, this revenue is treated as arising from a contract and accounted for under IFRS 15. This applies even though there is no associated performance obligation. Levies, duties and legislative fees have been reclassified accordingly. Fees include administration, application and regulatory fees at Ofcom (£42.9m), data protection fees at Information Commissioner's Office (£39.3m), fees in respect of the core department's barter arrangement with The Royal Parks (£30.6m) and operator annual licence fees at Gambling Commission (£18.8m).

5.1.1 Transaction price allocated to remaining performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that are (partially) unsatisfied at the reporting date:

	2019-20	2020-21	2021-22	2023-24	2024-25	2025 onwards
Revenue expected to be received	£'000	£'000	£'000	£'000	£'000	£'000
Broadcasting services	31,089	31,307	24,601	197,902	-	-

The Department applies the practical expedient allowable by paragraph 121 of IFRS 15 and does not disclose information about the remaining performance obligations that have expected durations of one year or less. Substantially all reportable obligations are in relation to the broadcasting services contracts (BBC).

Further details of relevant policies in relation to performance obligations are disclosed in the BBC Group Financial Statements (Note H – accounting policies).

5.2 Other operating income

	2018-19		2017-18	
	Core department £'000	Departmental group £'000	Core department £'000	Departmental group £'000
Lottery income	-	1,505,607	-	1,535,188
Capital grant income	-	10,367	25,496	20,913
Recoveries	5,265	65,027	4,134	43,238
Fees for licences and broadcast licences	20,112	484,330	97,258	683,835
Charity income - donations	-	140,923	-	124,679
Interest	1,340	27,629	1,542	31,433
Dividends	-	67,938	-	71,985
Charity income - other	-	58,015	-	50,712
Other operating income	546	132,561	816	384,461
Sub-total: cash items	27,263	2,492,397	129,246	2,946,444
Non-cash items				
Profit/(loss) on disposal of assets:				
Assets held for sale	-	-	-	1,420
Financial assets	-	1,315	-	3,747
Inventories	-	5	-	-
Share of profit on joint ventures and associates	-	605	-	-
Revaluation of financial assets/liabilities	-	149	-	(399)
Charity income - asset donations	-	25,385	-	19,418
Sub-total: Non-cash items	-	27,459	-	24,186
Total: Other operating income	27,263	2,519,856	129,246	2,970,630

Significant movements in income

Recoveries – in 2017-18, the Digital Economy Act 2017 introduced legislative amendments which permitted Ofcom to retain sums received in connection with its functions under the Wireless Telegraphy Act (WTA). This has led to an increase of £37.1m in recoveries income since 2018-19 was the first full year of recognition of WTA retention.

Fees for licences and broadcast licences – income has fallen by £199.5m, driven by a £185.5m decrease to £468.9m in BBC's licence fee income resulting from the phasing out of the DWP contribution for concessionary licences for over 75's, with 2019-20 being the final year of contributions. The core department has also seen a £77.1m decrease primarily due to a decrease in BBC's contribution to broadband as per the 2010 Licence Fee Settlement. The core department collected £20.0m from the BBC for contributions for broadband (2017-18 - £80.0m), which was eliminated in the group accounts. This money was paid over to the Consolidated Fund, see SoPS Note 4.1 in Annex B to the accounts.

Other operating income – of the £251.9m decrease, £167.9m relates to the BBC. This is mainly as a result of a reclassification from other operating income to goods and services within revenue from contracts with customers, arising from the adoption of IFRS 15 in 2018-19. National Lottery Community Fund has also seen a decrease in income from dormant accounts of £87.0m, after previously seeing an increase in income in 2017-18 of £58.3m.

6. Property, plant and equipment

	2018-19								
	Land £'000	Buildings £'000	Dwellings £'000	Information technology £'000	Plant & machinery £'000	Furniture & fittings £'000	Antiques, works of art & collections £'000	Assets under construction £'000	Total £'000
Cost or valuation									
At 1 April 2018	1,480,868	4,194,118	3,401	103,656	2,274,991	426,676	827	160,727	8,645,264
Additions	4,400	17,974	-	4,429	18,912	10,489	-	204,211	260,415
Donations	-	-	-	-	-	-	-	-	-
Disposals	(1,400)	(15,571)	-	(6,768)	(102,113)	(8,721)	-	(1,617)	(136,190)
Revaluations	167,067	(29,975)	150	22	(59,796)	12	-	-	77,480
Impairments	14	(26,774)	-	-	(23,977)	5	38	-	(50,694)
Reclassifications	23,500	156,823	-	479	(48,850)	26,213	-	(158,165)	-
Transfers to intangibles	-	10,062	-	3	3,244	573	-	(21,773)	(7,891)
At 31 March 2019	1,674,449	4,306,657	3,551	101,821	2,062,411	455,247	865	183,383	8,788,384
Depreciation									
At 1 April 2018	206	155,176	694	84,045	978,534	300,026	-	-	1,518,681
Charged in year	-	121,894	153	7,464	124,833	25,080	-	-	279,424
Disposals	-	(14,201)	-	(6,744)	(66,414)	(8,479)	-	-	(95,838)
Revaluations	-	(85,534)	-	21	(139,471)	(26)	-	-	(225,010)
Impairments	-	402	-	-	393	2	-	-	797
Reclassifications	-	-	-	(1)	-	1	-	-	-
At 31 March 2019	206	177,737	847	84,785	897,875	316,604	-	-	1,478,054
Carrying amount:									
31 March 2019	1,674,243	4,128,920	2,704	17,036	1,164,536	138,643	865	183,383	7,310,330
31 March 2018	1,480,662	4,038,942	2,707	19,611	1,296,457	126,650	827	160,727	7,126,583
Asset financing:									
Owned	1,664,267	3,080,955	2,704	17,036	1,161,872	134,910	865	183,383	6,245,992
Finance leased	9,976	1,047,965	-	-	2,664	3,733	-	-	1,064,338
Carrying amount at 31 March 2019	1,674,243	4,128,920	2,704	17,036	1,164,536	138,643	865	183,383	7,310,330
Of which:									
Core department	7,374	18,750	-	2,016	991	1,538	-	-	30,669
Arm's length bodies	1,666,869	4,110,170	2,704	15,020	1,163,545	137,105	865	183,383	7,279,661
Carrying amount at 31 March 2019	1,674,243	4,128,920	2,704	17,036	1,164,536	138,643	865	183,383	7,310,330

6. Property, plant and equipment (continued)

	2017-18								
	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 2017	1,276,093	4,670,928	11,575	98,412	2,251,881	427,485	827	246,410	8,983,611
Additions	-	23,779	880	6,169	19,884	8,935	-	164,251	223,898
Donations	-	-	-	-	-	-	-	240	240
Disposals	(391)	(12,597)	(1)	(3,637)	(53,231)	(17,168)	-	(275)	(87,300)
Revaluations	(58,832)	(264,640)	304	(524)	(127,942)	133	-	23	(451,478)
Impairments	(2)	508	-	(255)	(37)	(6)	-	-	208
Reclassifications	264,000	(298,011)	(9,357)	1,475	173,826	10,666	-	(142,599)	-
Transfers (to)/from assets held for sale/intangibles/investment properties/heritage assets	-	74,151	-	2,016	10,610	(3,369)	-	(107,323)	(23,915)
Balance as at 31 March 2018	1,480,868	4,194,118	3,401	103,656	2,274,991	426,676	827	160,727	8,645,264
Depreciation									
At 1 April 2017	186	121,808	5,195	79,816	899,952	292,772	-	-	1,399,729
Charged in year	8	117,840	1,002	7,788	157,730	24,774	-	-	309,142
Disposals	-	(10,389)	(1)	(3,551)	(48,925)	(16,523)	-	-	(79,389)
Revaluations	12	(79,918)	50	(223)	(29,975)	(747)	-	-	(110,801)
Reclassifications	-	5,686	(5,552)	(2)	(132)	-	-	-	-
Transfers (to)/from assets held for sale/intangibles/investment properties/heritage assets	-	149	-	217	(116)	(250)	-	-	-
Balances as at 31 March 2018	206	155,176	694	84,045	978,534	300,026	-	-	1,518,681
Carrying amount:									
31 March 2018	1,480,662	4,038,942	2,707	19,611	1,296,457	126,650	827	160,727	7,126,583
31 March 2017	1,275,907	4,549,120	6,380	18,596	1,351,929	134,713	827	246,410	7,583,882
Asset financing:									
Owned	1,470,686	2,968,159	2,707	19,611	1,291,310	122,907	827	160,727	6,036,934
Finance leased	9,976	1,070,783	-	-	5,147	3,743	-	-	1,089,649
Carrying amount at 31 March 2018	1,480,662	4,038,942	2,707	19,611	1,296,457	126,650	827	160,727	7,126,583
Of which:									
Core department	8,971	14,567	-	2,389	1,077	1,327	-	-	28,331
Arm's length bodies	1,471,691	4,024,375	2,707	17,222	1,295,380	125,323	827	160,727	7,098,252
Carrying amount at 31 March 2018	1,480,662	4,038,942	2,707	19,611	1,296,457	126,650	827	160,727	7,126,583

Land & buildings valuation

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

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

Details of the valuation method applied by the BBC are included in the accounting policies note 1.8.

Land

Land includes the Tate Gallery portfolio with a carrying value of £504.0m (31 March 2018: £443.1m); the British Library of £240.6m (31 March 2018: £247.0m); the Natural History Museum of £200.7m (31 March 2018: £180.9m); and the British Museum of £201.6m (31 March 2018: £151.7m).

The major components of the £193.6m increase are: upward revaluations of £60.9m at the Tate Gallery, £49.9m at the British Museum and £19.8m at the Natural History Museum. The National Portrait Gallery also had a reclassification in the period from buildings resulting in an increase to land for £23.5m.

Buildings

Buildings includes the BBC with a carrying value of £958.4m (31 March 2018: £999.4m); the Tate Gallery of £432.1m (31 March 2018: £261.2m); the British Library of £418.3m (31 March 2018: £429.8m); the British Museum of £424.3m (31 March 2018: £409.8m); the Victoria and Albert Museum of £324.0m (31 March 2018: £338.3m) and the Natural History Museum of £309.4m (31 March 2018: £296.0m).

The major components of the £90.0m increase are: £171.0m increase relating to the Tate Gallery reclassification from plant & machinery for £141.5m and an upward revaluation for £38.5m, partly offset by a reduction of £46.6m at the National Portrait Gallery (consisting of a reclassification and downward revaluation) and a decrease of £40.9m at the BBC.

Plant & machinery

Plant & machinery includes the Tate Gallery with a carrying value of £237.8m (31 March 2018: £427.5m); the BBC of £264.1m (31 March 2018: £268.5m); and the British Library of £225.5m (31 March 2018: £192.8m).

The major components of the £131.9m decrease are: £189.7m decrease relating to the Tate Gallery reclassification to buildings of £141.5m and a downward revaluation of £26.4m. This is offset by upward revaluations at the British Library of £32.7m, Natural History Museum of £19.8m and National Portrait Gallery of 13.4m.

Assets under construction

Assets under construction includes a large number of projects at the BBC with a carrying value of £117.4m (31 March 2018: £101.1m).

7. Heritage assets

The heritage assets owned by the group are split between land, buildings and other (which includes antiques, works of art and scientific and natural history collections) as shown in the table below. Further analysis of the heritage assets is included in note 7.1.

	2018-19			
	Land £'000	Buildings £'000	Other £'000	Total £'000
Cost or valuation				
At 1 April 2018	2,400	64,415	1,439,986	1,506,801
Additions	-	3,285	19,759	23,044
Donations	-	-	25,385	25,385
Disposals	-	-	(32)	(32)
Revaluations	-	5,992	83,755	89,747
Impairments	-	31	-	31
At 31 March 2019	2,400	73,723	1,568,853	1,644,976
Depreciation				
At 1 April 2018	-	660	86	746
At 31 March 2019	-	660	86	746
Carrying amount:				
31 March 2019	2,400	73,063	1,568,767	1,644,230
31 March 2018	2,400	63,755	1,439,900	1,506,055
Asset financing:				
Owned	2,400	73,063	1,568,767	1,644,230
Carrying amount at 31 March 2019	2,400	73,063	1,568,767	1,644,230
Of which:				
Core department	-	-	15,221	15,221
Arm's length bodies	2,400	73,063	1,553,546	1,629,009
Carrying amount at 31 March 2019	2,400	73,063	1,568,767	1,644,230

Heritage Assets (continued)

	2017-18			
	Land £'000	Buildings £'000	Other £'000	Total £'000
Cost or valuation				
At 1 April 2017	2,400	54,469	1,376,038	1,432,907
Additions	-	1,631	30,682	32,313
Donations	-	-	19,178	19,178
Disposals	-	-	(290)	(290)
Revaluations	-	8,232	14,278	22,510
Impairments	-	183	-	183
Reclassifications	-	(100)	100	-
At 31 March 2018	2,400	64,415	1,439,986	1,506,801
Depreciation				
At 1 April 2017	-	521	25	546
Charged in year	-	79	61	140
Disposals	-	60	-	60
At 31 March 2018	-	660	86	746
Carrying amount:				
31 March 2018	2,400	63,755	1,439,900	1,506,055
31 March 2017	2,400	53,948	1,376,013	1,432,361
Asset financing:				
Owned	2,400	63,755	1,439,900	1,506,055
Carrying amount at 31 March 2018	2,400	63,755	1,439,900	1,506,055
Of which:				
Core department	-	-	14,829	14,829
Arm's length bodies	2,400	63,755	1,425,071	1,491,226
Carrying amount at 31 March 2018	2,400	63,755	1,439,900	1,506,055

7.1 Heritage assets

	Non-operational		Operational		Total heritage assets £'000
	At cost £'000	At valuation £'000	At cost £'000	At valuation £'000	
Cost or valuation					
Balance at 1 April 2018	389,113	1,050,701	17,396	49,591	1,506,801
Additions	19,143	616	3,285	-	23,044
Donations	1,887	23,498	-	-	25,385
Disposals	-	(1)	(31)	-	(32)
Impairments	-	-	-	31	31
Revaluations	-	83,755	-	5,992	89,747
Balance at 31 March 2019	410,143	1,158,569	20,650	55,614	1,644,976
Depreciation					
Balance at 1 April 2018	-	-	746	-	746
Balance at 31 March 2019	-	-	746	-	746
Net book value at 31 March 2019	410,143	1,158,569	19,904	55,614	1,644,230

	Non-operational		Operational		Total heritage assets £'000
	At cost £'000	At valuation £'000	At cost £'000	At valuation £'000	
Cost or valuation					
Balance at 1 April 2017	358,453	1,017,513	15,765	41,176	1,432,907
Additions	30,324	358	1,631	-	32,313
Donations	368	18,810	-	-	19,178
Disposals	(32)	(258)	-	-	(290)
Impairments	-	-	-	183	183
Revaluations	-	14,278	-	8,232	22,510
Balance at 31 March 2018	389,113	1,050,701	17,396	49,591	1,506,801
Depreciation					
Balance at 1 April 2017	-	-	546	-	546
Depreciation charge for the year	-	-	140	-	140
Disposals	-	-	60	-	60
Balance at 31 March 2018	-	-	746	-	746
Net book value at 31 March 2018	389,113	1,050,701	16,650	49,591	1,506,055

Summary of heritage asset transactions	2018-19 £000	2017-18 £000	2016-17 £000	2015-16 £000	2014-15 £000
Purchased assets	23,044	32,313	27,364	23,021	33,881
Donated assets	25,385	19,178	94,869	16,961	90,435
Disposals	(32)	(230)	(605)	-	(2,460)
Impairments	31	183	(750)	(412)	-

Classification

Heritage assets are classified under the FRoM 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, 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 Secretary of State has a contract with The Royal Parks Limited for the provision of maintenance and management of the Royal Parks; including 114 heritage assets. These assets consisted of statues, fountains, bridges, walls, band stands, historic gates and monuments such as Albert Memorial in Kensington Gardens and the 7 July Memorial in Hyde Park. Four of these had been subject to major capital enhancements are held at cost/valuation of £6m.
- The Historic Royal Palaces in England (Hampton Court Palace, Kew Palace, the Tower of London, the Whitehall Banqueting House and most of Kensington Palace) are managed by the Historic Royal Palaces Trust, which has a contract to manage the palaces and provide education and visitor services in return for the rights to retain admission charges to these sites.
- The occupied royal palaces in England (Buckingham Palace, St James' Palace, Windsor Castle and some other smaller properties) are managed by the Royal Household. From 1 April 2012, although the Secretary of State retains legal

responsibility for these properties, this funding has been aggregated with the Civil List into the Sovereign Grant paid by HM Treasury under the Sovereign Grant Act 2011.

- Marlborough House, used as the home of the Commonwealth Secretariat, is maintained by the Royal Household under an ongoing grant agreement.

The Secretary of State is also the owner of land, buildings, monuments and sites of heritage interest acquired by the Office of Works and its successors using exchequer funding or as a result of specific statutes such as the Wellington Museum Act 1947 and other Crown Lands Acts.

Under Section 34 of the National Heritage Act 1983, management responsibility is vested in the Historic Buildings and Monuments Commission for England (Historic England). There are close to 100 such properties, plus some 250 properties under the Secretary of State's guardianship (for which the freehold remains with private owners). The department also owns freeholds adjacent to some sites under guardianship, used for purposes ancillary to public access such as car parks.

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

- Stonehenge
- Dover Castle
- Hadrian's Wall
- Osborne House
- Tintagel Castle
- Kenwood House
- Audley End House
- Whitby Abbey
- Carisbrooke Castle
- Kenilworth Castle

Arm's length bodies

The group owns a wide range of non-operational heritage assets. Further details are recorded in the respective ALBs' annual report and accounts (see note 27), the following illustrate the scope of these.

Tate Gallery held non-operational heritage assets at cost of £160.9m (31 March 2018: £153.5m) and at valuation of £324.4m (31 March 2018: £313.7m). Tate Gallery holds the National Collection of British Art from the 1500s and international modern and contemporary art from the 1900s. The collection embraces all media from painting, drawing, sculpture and prints, to photography, video and film, installation and performance. The collection currently consists of 74,944 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 £46.1m (31 March 2018: £42.1m) and at valuation of £278.8m (31 March 2018: £273.1m). 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 Exchequer held non-operational heritage assets at valuation of £241.0m (31 March 2018: £169.1m). The significant increase is as a result of a revaluation in the period. The works of art collection has been built up since 1946 and consisted of 7,890 items at 31 March 2019. Works of exceptionally high value are valued every year; as are items that are on long term loan. All items are valued when loans are agreed as this provides the value for which the lender has to insure the item.

The British Museum held non-operational heritage assets at cost of £33.9m (31 March 2018: £33.0m) and at valuation of £65.5m (31 March 2018: £58.2m). The British Museum collection is a global one, and its great strength is the way it records the interrelated histories of humanity as a whole. The collection is estimated to contain about eight million objects.

The Victoria and Albert Museum held non-operational heritage assets at cost of £45.8m (31 March 2018: £42.1m) and at valuation of £62.0m (31 March 2018: £62.0m). The Victoria and Albert Museum is the leading international museum of art and design, with 2.3 million objects, library items and archives in its collections.

The British Library held non-operational heritage assets at cost of £43.8m (31 March 2018: £40.5m) and at valuation of £30.2m (31 March 2018: £29.0m). The British Library is the national library of the UK and one of the world's greatest research libraries. The British Library is one of the six legal deposit libraries of the UK and it receives copies of all publications produced in the UK and the Republic of Ireland. The assets held at valuation reflect valuations made as part of the acquisition process.

The National Portrait Gallery held non-operational heritage assets at cost of £23.5m (31 March 2018: £23.1m) and at valuation of £9.1m (31 March 2018: £8.6m). The National Portrait Gallery holds two collections: a primary collection consisting mainly of paintings and sculpture and a reference collection containing more than 85,000 portraits.

Historic England has responsibility for the National Collection of buildings, monuments and sites. Since 1 April 2015 they are managed by Historic England's charitable subsidiary, The English Heritage Trust, using a mixture of Grant-in-Aid funding and self-generated income.

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 held at nil value.

The Somerset House Trust, a private company limited by guarantee and a registered charity, was established in 1997 to conserve and develop Somerset House and the open spaces around it to the public. The department manages the government's freehold interest in Somerset House and ensures the Somerset House Trust fulfils the terms of its lease, which it holds until 2125.

Arm's length bodies

Historic England held 184 operational heritage assets of £53.2m at valuation (31 March 2018: £47.1m).

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 and a planned programme of repairs and maintenance for historic buildings is set out in the 'Protocol for the Care of the Government Historic Estate'. This protocol requires departments and agencies to nominate a Departmental Conservation Officer to monitor conservation activity and liaise with the Government Historic Estates Unit (GHEU). GHEU is a team in Historic England providing advice and guidance at a national level to government departments and agencies, as well as other public bodies.

With the exception of Somerset House, and those non-operational assets listed in note 7.1.1, Historic England (via its charitable subsidiary, The English Heritage Trust) manages all the sites on behalf of the department. Historic England is obliged by the National Heritage Act 1983 "to secure the preservation of ancient monuments and historic buildings in England (including UK territorial waters adjacent to England)". In addition, the department agrees with Historic England a strategy for the conservation and maintenance of the sites. Historic England Commissioners have approved an updated asset management plan, 'Sustainable Conservation Strategy & Asset Management Plan 2019-23, which sets out the policy for maintaining the National Collection of Historic Properties in their care. This plan will be published during 2019.

The Government Art Collection (GAC) 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: <http://www.gac.culture.gov.uk/resources/reports/>

Arm's length bodies

The ALBs have detailed documented procedures in relation to acquisitions and disposals. These acquisitions and disposals take into account relevant guidelines and require the approval of the ALBs' board. There are restrictions placed on ALBs in relation to the disposal of heritage assets, a significant exception is where an item has deteriorated beyond usefulness for the purpose of the relevant collection. The relevant ALBs have established standards of care which generally follow codes of practice for the preservation of collections. These policies and procedures are regularly reviewed. Conservation work includes assessment of the collection, preventive conservation (through environmental and light control), preventive maintenance and minor treatment. For further details of their acquisition, preservation, management and disposal policies please refer to the individual financial statements of the ALBs (see note 27).

7.1.4 Heritage assets: records maintained and access

Department

The GAC maintains a physical and online database of its collection. The GAC places works of art in major government buildings in the UK and around the world to promote British art, culture and history and, as a result, the public's access is limited.

Arm's length bodies

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

7.1.5 Nature and extent of significant donations of heritage assets

Donated assets of £25.4m were received in 2018-19 (2017-18: £19.2m), the most significant of these are:

The Tate Gallery received donations of heritage assets with a value of £10.7m (2017-18: £12.9m).

The British Museum received donations of heritage assets with a value of £6.3m (2017-18: £1.0m). Asset donations in 2018-19 included items from the Sir Victor Sassoon Chinese Ivories Collection with a value of £5.0m.

The National Gallery received donations of heritage assets with a value of £5.1m (2017-18: £3.4m). Asset donations in 2018-19 included Lucas Cranach the Elder's *Venus and Cupid*, a gift from the Drue Heinz Charitable Trust with a value of £4.7m.

8. Intangible assets

	2018-19			
	Licences £'000	Websites £'000	Development expenditure £'000	Total £'000
Cost or valuation				
At 1 April 2018	191,997	4,263	28,887	225,147
Additions	11,905	507	1,427	13,839
Disposals	(6,108)	-	(543)	(6,651)
Revaluations	4	-	35	39
Reclassification	(28)	28	-	-
Transfers (to)/from property, plant & equipment	7,794	107	(10)	7,891
At 31 March 2019	205,564	4,905	29,796	240,265
Amortisation				
At 1 April 2018	129,074	2,452	21,015	152,541
Charged in year	24,528	726	2,740	27,994
Disposals	(5,789)	-	(160)	(5,949)
Revaluations	4	-	33	37
Reclassifications	35	(35)	-	-
At 31 March 2019	147,852	3,143	23,628	174,623
Carrying amount:				
31 March 2019	57,712	1,762	6,168	65,642
31 March 2018	62,923	1,811	7,872	72,606
Asset financing:				
Owned	57,712	1,762	6,168	65,642
Carrying amount at 31 March 2019	57,712	1,762	6,168	65,642
Of Which:				
Core department	1,001	-	-	1,001
Arm's length bodies	56,711	1,762	6,168	64,641
Carrying amount at 31 March 2019	57,712	1,762	6,168	65,642

The BBC held £49.1m of intangible software licences as at 31 March 2019 (31 March 2018: £55.2m).

Intangible assets (continued)

	2017-18			
	Licences £'000	Websites £'000	Development expenditure £'000	Total £'000
Cost or valuation				
At 1 April 2017	212,475	3,958	27,295	243,728
Additions	2,522	298	1,743	4,563
Disposals	(49,843)	(41)	(17)	(49,901)
Revaluations	29	-	213	242
Transfers (to)/from property, plant & equipment	26,814	48	(347)	26,515
At 31 March 2018	191,997	4,263	28,887	225,147
Amortisation				
At 1 April 2017	155,841	1,813	18,060	175,714
Charged in year	22,906	680	2,760	26,346
Disposals	(49,703)	(41)	(4)	(49,748)
Revaluations	30	-	199	229
At 31 March 2018	129,074	2,452	21,015	152,541
Carrying amount:				
31 March 2018	62,923	1,811	7,872	72,606
31 March 2017	56,634	2,145	9,235	68,014
Asset financing:				
Owned	62,923	1,811	7,872	72,606
Carrying amount at 31 March 2018	62,923	1,811	7,872	72,606
Of which:				
Core department	261	-	-	261
Arm's length bodies	62,662	1,811	7,872	72,345
Carrying amount at 31 March 2018	62,923	1,811	7,872	72,606

9. Investment properties

	Core department £'000	Departmental group £'000
Balance at 31 March 2017	-	208,970
Revaluations	-	(12,189)
Balance at 31 March 2018	-	196,781
Revaluations	-	1,960
Balance at 31 March 2019	-	198,741

The BBC holds investment properties as at 31 March 2019 valued at £176.4m (31 March 2018: £174.6m). The valuation of these investment properties was carried out by Lambert Smith Hampton, independent valuers not connected with the group, in accordance with the RICS Valuations – Professional Standards and International Valuation Standards. The year end revaluation of these investment properties resulted in an increase of £1.9m (31 March 2018: decrease of £9.6m).

The property rental income earned by the BBC from its investment properties, which are leased out under operating leases, amounted to £19.6m (2017-18: £19.3m). Direct operating expenses incurred on the investment properties, which generated rental income during the year, amounted to £19.5m (2017-18: £16.5m). There were no direct operating expenses incurred on the investment properties, which did not generate rental income during the year (2017-18: £nil)

The British Museum holds investment properties valued at £22.3m as at 31 March 2019 (31 March 2018: £22.2m). The valuation of the investment properties at open market value as at 31 March 2019 was carried out by chartered surveyors Montagu Evans LLP. The valuation is in accordance with the RICS Red Book. The year end revaluation of these investment properties resulted in an increase of £0.1m (2017-18: decrease of £2.6m).

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

10. Financial instruments

	Note	31 March 2019	
		Core department £'000	Departmental group £'000
Financial assets			
Amortised costs			
Cash and cash equivalents	17	85,744	2,195,426
Trade and other receivables	16	5,329	337,847
Contract assets		-	102
Loans	12, 16	43,386	206,660
Deposits	12	-	18,733
		134,459	2,758,768
Fair value through other comprehensive income			
Equity investments excluding investment in subsidiaries	12	-	268,119
Investment in subsidiaries	12	-	1,734,326
		-	2,002,445
Fair value through profit or loss			
Derivative financial instrument assets	12	-	449,337
Other financial assets (FI non derivative through profit or loss)	12	7,430	21,438
		7,430	470,775
Financial liabilities			
Fair value through profit or loss			
Derivative financial instrument liabilities	20	-	(551,516)
Financial liabilities at amortised cost			
Payables including contract liabilities	18	(25,811)	(4,203,942)
Total net financial assets		116,078	476,530

This note has been restructured for the reclassification of financial instruments upon transition to IFRS 9 *Financial Instruments*, the comparative figures are accounted for under IAS 39 as shown on the following page. See note 1.35 in accounting policies for further information on our designation of assets and liabilities into categories upon implementation of the standard.

	Note	31 March 2018	
		Core department £'000	Departmental group £'000
Financial assets			
Loans and receivables			
Cash and cash equivalents	17	212,456	2,318,248
Trade and other receivables	16	1,486	808,649
Loans	12, 16	48,880	263,421
Deposits	12	-	28,576
		262,822	3,418,894
Available for sale			
Shares & equity type investments (listed and unlisted)	12	-	23,476
Investment in subsidiaries	12	8,342	1,633,993
Investment funds	12	-	233,189
Other financial assets	12	-	12,430
		8,342	1,903,088
Fair value through profit or loss			
Derivative financial instrument assets	12	-	428,478
Financial liabilities			
Fair value through profit or loss			
Derivative financial instrument liabilities	20	-	(520,393)
Financial liabilities at amortised cost			
Payables	18	(11,397)	(4,612,469)
		(11,397)	(4,612,469)
Total		259,767	617,598

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

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

We have not reclassified any financial assets within the year.

Within the group we did not derecognise any material equity investments within the year. The core department transferred Royal Armouries (International) plc to the Trustees of the Royal Armouries in 2018-19. This investment in subsidiary remains within the group position. We have not transferred any material cumulative gains or losses between reserves within the year. Transfers between reserves are included within the SoCTE.

Derivative financial instrument assets of £449.3m held by the BBC are designated as financial assets through profit and loss. Derivative financial instrument liabilities held by the BBC of £551.5m are designated as financial liabilities through profit and loss. Both asset and liability derivatives are predominantly cash flow swaps for the refinancing of New

Broadcasting House. The BBC annual report and accounts gives further information on these assets and liabilities.

The group's other assets designated as financial assets through profit and loss are £14.0m of BFI film rights assets and an investment of £7.4m by the core department with Network Rail Infrastructure Ltd under the Local Full Fibre Network programme.

We have no financial instruments that are offset.

We have not pledged collateral for these financial liabilities.

We have no loans or other borrowings payable other than those disclosed in note 18 Trade and Other Payables.

10.1 Credit risk

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

The group assesses credit risk when setting the expected credit loss forward looking analysis which is expected to include macroeconomic assessments, historical data and fund managers where required for these assets. The group has an immaterial expected credit loss on the assets that it holds and therefore has assessed the level of credit risk as low. We have an immaterial expectation of defaults which we expect to be deemed as a failure to fulfil an obligation, especially to repay a loan or appear in a law court. We expect assets to be written off when it is no longer possible to recover the asset.

The changes in amortised cost assets are explained in their respective notes but are not as a result of material changes to credit risk assessments within the year.

The loan commitments have had immaterial expected credit loss allowances included within the valuations included above representing our review of the credit risk of these assets. Further information on these assets are included within note 12.

Lottery Bodies' cash holdings are predominantly held by the National Lottery Distribution Fund. Other deposits and cash holdings are held with the Government Banking Service or approved UK banks and are spread across institutions.

Transactions involving derivative financial instruments are entered into only with reputable banks, the credit ratings of which are taken into account to minimise credit risk.

10.2 Market risk (currency and other price risks)

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

dollars, mainly relating to the BBC. However, due to the relative size of this exposure in comparison to the group's sterling dominated business, this is not considered to be significant for the group. The BBC generally enters into forward currency contracts to manage or hedge this currency risk, which allows it to settle transactions at known exchange rates, reducing further any uncertainty. The overall income or expenditure to be recognised in relation to contracts denominated in foreign currency and the related hedges is therefore relatively fixed; however where these contracts span financial years, the recognition of the fair value of the forward currency results in timing gains or losses in each financial year. The timing gains or losses are as a result of market conditions and not variances in underlying contract value. The BBC as a result has mitigated its underlying exposure to currency fluctuations and therefore we have not presented sensitivity analysis as any potential variance is insignificant.

10.3 Interest rate risk

The group's main exposure to interest rate fluctuations arises on external borrowings, which are predominantly undertaken by BBC Commercial Holdings. By taking out a range of interest rate swaps, caps and collars the BBC has mitigated underlying exposure to interest rate fluctuations and hence no sensitivity analysis has been presented as any potential variation is insignificant.

10.4 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. As the cash requirements of the group are largely met through the Parliamentary Estimates process, there is minimal liquidity risk.

The BBC is subject to ceilings on its borrowings set by the Secretary of State in accordance with the agreement between the BBC and DCMS. In order to comply with these ceilings, together with the terms of any individual debt instruments, the BBC's treasury function manages the BBC's borrowings by regularly monitoring the BBC's cash flow forecasts. The BBC holds its surplus liquidity in term deposit accounts with highly rated financial institutions.

The bank loans of the BBC's commercial operations are subject to debt covenants based on the group's earnings before interest and taxation. The covenants are in respect of net borrowings and net interest coverage. The BBC is active in the monitoring of its debt covenants which have been met at 31 March 2019.

The majority of funding for Arts Council England Lottery, British Film Institute Lottery, National Lottery Community Fund, National Lottery Heritage Fund, Sport England Lottery and UK Sport Lottery comes from the National Lottery. This liquidity risk is minimised by holding significant amounts of liquid assets and through cash-flow forecasting. Forward projections of lottery income are provided to these ALBs by the department and used to inform the distributors' decisions on forward grant commitments.

The Horserace Betting Levy Board is wholly funded by levy, and the Gambling Commission, ICO and Ofcom are largely funded by licence fees rather than through parliamentary funding. They mitigate this risk by monitoring cash requirements and holding sufficient amounts of cash and cash equivalents to meet their requirements.

10.5 Financial instruments – fair value hierarchy

The table below analyses financial instruments carried at fair value by the hierarchy set out in IFRS 13 *Fair Value Measurement*. The different levels are defined as follows:

- Level 1 – uses quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – uses inputs for the assets or liabilities other than quoted prices that are observable either directly or indirectly.
- Level 3 – uses inputs for the assets or liabilities that are not based on observable market data, such as internal models or other valuation method.

	31 March 2019				31 March 2018			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets								
<i>Fair value through OCI</i>								
Equity investments excluding investment in subsidiaries	267,931	188	-	268,119	256,473	192	-	256,665
Investment in subsidiaries	-	-	1,734,326	1,734,326	-	-	1,633,993	1,633,993
Total fair value through OCI financial assets	267,931	188	1,734,326	2,002,445	256,473	192	1,633,993	1,890,658
<i>Fair value through profit or loss</i>								
Derivative financial instrument assets	2,233	447,104	-	449,337	3,294	425,184	-	428,478
Other financial assets (FI non derivative through profit or loss)	-	-	21,438	21,438	-	-	12,430	12,430
Total financial assets: fair value through profit or loss	2,233	447,104	21,438	470,775	3,294	425,184	12,430	440,908
Total financial assets measured at fair value	270,164	447,292	1,755,764	2,473,220	259,767	425,376	1,646,423	2,331,566
Of which:								
Core department	-	-	7,430	7,430	-	-	8,342	8,342
Arm's length bodies	270,164	447,292	1,748,334	2,465,790	259,767	425,376	1,638,081	2,323,224
Total financial assets measured at fair value	270,164	447,292	1,755,764	2,473,220	259,767	425,376	1,646,423	2,331,566
Financial liabilities								
<i>Fair value through profit or loss</i>								
Derivative financial instrument liabilities	(3,033)	(548,483)	-	(551,516)	(4,458)	(515,935)	-	(520,393)
Total financial liabilities measured at fair value	(3,033)	(548,483)	-	(551,516)	(4,458)	(515,935)	-	(520,393)
Of which:								
Core department	-	-	-	-	-	-	-	-
Arm's length bodies	(3,033)	(548,483)	-	(551,516)	(4,458)	(515,935)	-	(520,393)
Total financial liabilities measured at fair value	(3,033)	(548,483)	-	(551,516)	(4,458)	(515,935)	-	(520,393)

There were no transfers between level 1 and 2 during the year.

Specific valuation techniques used to value financial instruments include:

- quoted market prices or dealer quotes for similar instruments;
- the fair value of interest rate swaps, calculated as the present value of the estimated future cash flows based on observable yield curves;
- the fair value of forward foreign exchange contracts is determined using forward exchange rate at the reporting date, with the resulting value discounted back to present value;
- other techniques are used, such as discounted cash flow analysis or, for non-quoted ordinary shares that are not actively traded, the net assets of the company or historic cost. These are classified as level 3.

The following table presents the changes in level 3 instruments for the year ended 31 March 2019:

	Investment in subsidiaries £'000	Other financial assets (FI non derivative through profit or loss) £'000	Total financial assets £'000
Balance at 1 April 2017	1,337,309	12,627	1,349,936
Additions	84,621	18,309	102,930
Repayments/disposals	-	(5,532)	(5,532)
Reclassifications to non-current assets held for sale	(127)	-	(127)
Gains and losses recognised in the CSocNE	212,190	(12,974)	199,216
Balance at 31 March 2018	1,633,993	12,430	1,646,423
Additions	8,957	27,898	36,855
Repayments/disposals	-	(4,134)	(4,134)
Gains and losses recognised in the CSocNE	91,376	(14,756)	76,620
Balance at 31 March 2019	1,734,326	21,438	1,755,764
Of which:			
Core department	-	7,430	7,430
Arm's length bodies	1,734,326	14,008	1,748,334
Balance at 31 March 2019	1,734,326	21,438	1,755,764

The most significant individual valuation using level 3 inputs in the DCMS group are the investment in subsidiaries of the BBC.

10.5.1 BBC's public corporations

BBC Commercial Holdings and its subsidiaries (including BBC Studios Limited (specifically its interest in BBC Studios Distribution Limited and BBC Studios Production Limited), BBC Global News Limited and BBC Studioworks Limited) are the commercial operations of the BBC which exist to exploit BBC content, formats, brands, channels, facilities, services and intellectual property to deliver benefit to BBC licence fee payers.

A number of companies in the BBC Commercial Holdings structure have been reorganised and their legal names amended in 2018-19. In particular, the valuations of BBC Studios Distribution Limited and BBC Studios Production Limited are now combined rather than separate, as operations are managed as one vertically-integrated company.

BBC Commercial Holdings and its direct subsidiary holding companies have been consolidated in these accounts. BBC Commercial Holdings' other subsidiaries have been (or we believe would be) classified by the Office for National Statistics as public corporations and in accordance with the FReM are accounted for as financial assets under IFRS 9.

As the valuation of the BBC public corporations does not meet the IFRS 9 definition for amortised cost, we have classified the assets as fair value through other comprehensive expenditure. The nature of these assets, not being held for trading, means this is allowable under IFRS 9.

Fair value through other comprehensive expenditure assets are financial instruments to be measured at fair value in the balance sheet.

10.5.2 Fair value hierarchy

We have classified the valuation of the BBC's public corporations as level 3 of the fair value model (see note 10.5). The fair value is the estimated future cash flows that will be generated in perpetuity, discounted at the cost of capital. Cash flow projections, long term growth rates and the cost of capital at which cash flows are discounted are the key unobservable inputs in the valuation. The full market cost of capital has been determined by the BBC following comparisons to similar competitors and discussions with the individual commercial subsidiaries classified as public corporations.

10.5.3 Significant unobservable inputs

Assets	31 March 2019 £m	31 March 2018 £m	Valuation technique	Unobservable inputs
BBC's public corporations	1,611	1,524	Discounted cash flow model	Long term growth rate: 2018-19: 1.50% 2017-18: 1.75%
				Discount Rate
				Cash flows

Below is a table showing the fair values for a selection of key input changes.

As at 31 March 2019		
Change in input	Impact on fair value £m	Adjusted total value £m
Growth rate increase by 100 bps	249	1,860
Growth rate decrease by 100 bps	(184)	1,427
Discount rate increase by 100 bps	(227)	1,384
Discount rate decrease by 100 bps	309	1,920
Increase in cash flows* by 5%	109	1,720
Decrease in cash flows* by 5%	(110)	1,501

31 March 2018		
Change in input	Impact on fair value £m	Adjusted total value £m
Growth rate increase by 100 bps	257	1,781
Growth rate decrease by 100 bps	(187)	1,337
Discount rate increase by 100 bps	(231)	1,293
Discount rate decrease by 100 bps	317	1,841
Increase in cash flows* by 5%	123	1,647
Decrease in cash flows* by 5%	(124)	1,400

*change in earnings before interest, depreciation and amortisation.

A 100 basis point (bps) rise or fall in growth rates or discount rates represents management's assessment of a large but realistic movement which can easily be multiplied to give sensitivities (it is also consistent with sensitivity analysis that other companies use when looking at these rates).

A 5% increase or decrease in cash flows is considered reasonable by management based on variations seen in the financial assets historically compared to budgeted information.

10.5.4 Measurement

These financial assets are recognised at fair value. Since these subsidiaries are not traded on an active market and the fair value cannot be derived from the quoted prices of similar assets, fair value is determined using an internal model (i.e. level 3 of the fair value hierarchy). This model uses discounted cash flow projections to arrive at a net present value.

The cash flow projections initially use internal five year forecasts provided by the three commercial subsidiaries (BBC Studios Limited, BBC Global News Limited and BBC Studioworks Limited). The detailed business plans supporting the cash flow projections are compiled by the management teams of each individual subsidiary based on the extrapolation of historical trends in each business area, internal intelligence on expected customer activity and external information on expected future trends in the entertainment and communications industry in each territory.

The first three years of the forecast are reviewed by the BBC Board as part of the BBC budget process. The final two years are extrapolated out by the subsidiary management teams at a higher level. The historical accounts for each commercial subsidiary are publicly available but do not contain any forward-looking information that would link to the cash flow projections. Cash flow projections are considered commercially sensitive by the BBC and are not publicly available.

Corporate tax rate projections are set with reference to the latest future guidance from HMRC with an uplift applied to reflect the impact on the BBC's commercial subsidiaries of exposure to higher tax rates outside the UK. This uplift has been set with reference to the historic difference between effective and statutory tax rates owing to global tax rate differentials.

The valuation assumes that the financial assets have perpetual access to BBC content distribution rights as this is the basis on which the financial assets' business plans are based.

After the five year forecast period, the cash flow projections have a perpetual growth rate of 1.50% (2017-18: 1.75%) applied. The growth rate used is consistent with the long-term average growth rates for both the industry and the countries in which the assets are located and is appropriate because the assets are long-term businesses. It is referenced against the Bank of England's long-term inflation target and incorporates the considered view of BBC management about growth prospects for the BBC's commercial subsidiaries and the risk they are exposed to.

In determining the applicable discount rate, the BBC applied judgement in respect of several factors, which included, inter alia: assessing the risk attached to future cash flows and making reference to the capital asset pricing model. The BBC gave consideration to the selection of appropriate inputs to the capital asset pricing model, which included the latest market assumptions for:

1. Long-term country equity risk premium – using an assumption for mature markets;
2. Levered beta – from analysing a group of peers that the BBC has selected and their predicted beta when compared against their local indices;
3. Risk-free rate – with reference to UK Government 30-year Treasury Bond;
4. A debt spread – reflecting the risk premium attached to the BBC's commercial subsidiaries. Applies a credit rating assumption to get a benchmark spread when referencing long-term debt on non-financial companies;
5. Corporate tax rate – as per guidance from HMRC with the BBC's uplift applied to reflect exposure to higher tax rates outside the UK; and
6. A blend of debt and equity cost based on the levels of leverage that are achieved by the peer set looked at for the beta analysis (when analysing their net debt in comparison to their market values).

The peer group used for the analysis above includes a broad selection of listed cable networks, global media conglomerates, UK media companies, production companies, news media companies and studio operators (reflecting the full range of activities of the BBC's commercial subsidiaries).

The calculation gives a fair value of £1,611m (31 March 2018: £1,524m).

The £87m upwards revaluation is driven by free cash flow outperformance (resulting from improved trading in content sales, including to Discovery's global (ex-UK) subscription video-

on-demand platform, and efficiency savings) and sale of the Good Food business. The long range returns have also benefited from the structured split of UKTV.

Further detail on the performance of the BBC's commercial subsidiaries are available in the Annual Report and Consolidated Financial Statements for BBC Commercial Holdings Limited.

The growth and discount rates are highly subjective inputs to the valuation. This results in considerable, but unavoidable, uncertainties in the resulting fair value amount. The valuation is therefore a single estimate from a wide spread of possible values, as highlighted in the sensitivity analysis above.

10.5.5 Risks on the financial assets

The risks facing these BBC public corporations are disclosed in the BBC Commercial Holdings' Annual Report.

11. Investments in associates and joint ventures

	2018-19		2017-18	
	Core department £'000	Departmental group £'000	Core department £'000	Departmental group £'000
Balance at 1 April	-	13,557	-	13,549
Share of profit or loss	-	610	-	8
Revaluations	-	20,180	-	-
Balance at 31 March	-	34,347	-	13,557

Of the total investments in associates and joint ventures, £20.7m (2017-18: £nil) relates to the Victoria and Albert Museum (V&A) and £13.6m (2017-18: £13.6m) relates to the BBC.

The V&A's balance relates to an associate interest in the Gilbert Trust for the Arts, a charity that owns a collection of silver, gold, micromosaics and gold boxes, on long-term loan to the V&A.

12. Other Financial Assets

	Deposits £'000	Derivatives £'000	Equity Investments excluding investment in subsidiaries £'000	Investment in subsidiaries (other than BBC public corporations) £'000	Investment in BBC public corporations £'000	Museum loans £'000	Other loans £'000	Other financial assets (FI non derivative through profit or loss) £'000	Total £'000
Balance at 1 April 2017	18,798	495,778	259,103	102,309	1,235,000	-	288,655	12,627	2,412,270
Additions	11,865	-	129,999	8,393	49,540	-	150	18,309	218,256
Disposals	(2,087)	-	(132,696)	(52)	-	-	-	-	(134,835)
Revaluations	-	(67,300)	268	(657)	239,460	-	-	(424)	171,347
Impairments	-	-	(9)	-	-	-	1,535	(12,550)	(11,024)
Repayments	-	-	-	-	-	-	(30,476)	(5,532)	(36,008)
Discounting	-	-	-	-	-	-	29	-	29
Balance as at 31 March 2018	28,576	428,478	256,665	109,993	1,524,000	-	259,893	12,430	2,620,035
Additions	156	-	36,616	-	-	-	242	27,898	64,912
Disposals	(10,005)	-	(33,981)	-	-	-	-	-	(43,986)
Revaluations	-	20,859	8,814	13,375	87,000	-	-	-	130,048
Impairments	-	-	-	(42)	-	-	-	(14,756)	(14,798)
Repayments	-	-	-	-	-	-	(57,996)	(4,134)	(62,130)
FX Movements	6	-	5	-	-	-	-	-	11
Discounting	-	-	-	-	-	-	14	-	14
Expected credit loss	-	-	-	-	-	-	(943)	-	(943)
Balance at 31 March 2019	18,733	449,337	268,119	123,326	1,611,000	-	201,210	21,438	2,693,163
Of which:									
Core department	-	-	-	-	-	17,879	25,374	7,430	50,683
Arm's length bodies	18,733	449,337	268,119	123,326	1,611,000	(17,879)	175,836	14,008	2,642,480
Carrying amount at 31 March 2019	18,733	449,337	268,119	123,326	1,611,000	-	201,210	21,438	2,693,163
Within 12 months	18,667	1,014	21,065	-	-	-	176,539	14,008	231,293
Over 12 months	66	448,323	247,054	123,326	1,611,000	-	24,671	7,430	2,461,870
Carrying amount at 31 March 2019	18,733	449,337	268,119	123,326	1,611,000	-	201,210	21,438	2,693,163
Within 12 months	28,323	764	19,247	-	-	-	228,058	12,430	288,822
Over 12 months	253	427,714	237,418	109,993	1,524,000	-	31,835	-	2,331,213
Carrying amount at 31 March 2018	28,576	428,478	256,665	109,993	1,524,000	-	259,893	12,430	2,620,035

Deposits

The British Library held deposits of £18.0m (31 March 2018: £18.0m) which have a maturity date of greater than three months. The Horserace Betting Levy Board held no deposits at year end (31 March 2018: £10.0m).

Derivatives

The derivative balance relates to the BBC, in particular their refinancing of New Broadcasting House.

Equity Investments excluding investment in subsidiaries

The British Museum held investment funds with a fair value of £87.9m (31 March 2018: £79.6m). These investments consist of investment funds, fixed income and unlisted equities.

The National Heritage Memorial Fund held investment funds with a fair value of £45.1m (31 March 2018: £43.9m). The funds are invested in a wide variety of investment trusts, unit trusts, hedge funds and cash.

The Victoria and Albert Museum held investment funds with a fair value of £29.4m (31 March 2018: £29.6m) which mainly consist of government stocks, corporate bonds and investment funds managed by Partners Capital LLP.

The British Library held investment funds with a fair value of £24.1m (31 March 2018: £24.2m) which are shares and equity type investments held with Baillie Gifford and Investec.

Investments in subsidiaries (other than BBC public corporations)

ALBs' subsidiaries are included in the accounts at their fair value with the net assets used as a proxy for fair value.

During the year the core department transferred Royal Armouries (International) Plc to the Royal Armouries Museum, at a value of £8.3m.

The significant investments in subsidiaries are as follows:

The English Heritage Trust is a 100% controlled subsidiary of Historic England. The Trust looks after the National Heritage Collection of more than 400 state-owned historic sites and monuments across England under licence from Historic England. The fair value of the Trust was £77.1m (31 March 2018: £68.1m).

S4C holds four subsidiaries with a fair value of £17.4m (31 March 2018: £16.8m).

Investment in BBC public corporations

Refer to section 10.5.4 for further details.

Museum Loans

The core department issues loans to museums within the group. The following ALB's held outstanding loan amounts:

	2018-19	2017-18
Arm's length body	Museum loan £'000	Museum loan £'000
Science Museum Group	6,398	5,421
Imperial War Museum	-	1,430
Royal Museums Greenwich	5,700	5,948
Natural History Museum	1,643	2,191
Geffrye Museum	303	243
National Portrait Gallery	2,632	2,601
Royal Armouries Museum	1,203	-
Total museum loans issued	17,879	17,834

These loans are eliminated upon consolidation and therefore no assets or liabilities are reported for the group.

Other loans

The BBC had loans outstanding to its trading subsidiaries as at 31 March 2019 of £174.2m (31 March 2018: £225.7m).

The core department includes within other loans the loan book of Futurebuilders England Limited (FBE). FBE is a social investment business funded by DCMS to make loans to third sector organisations delivering public services. Applications for new loans are closed. The outstanding loan amount as at 31 March 2019 was £23.8m (31 March 2018: £29.3m).

Other financial assets

The balance is made up of £7.4m (2017-18: £nil) relating to the core department's funding of the Local Full Fibre Network project and £14.0m (2017-18: £12.4m) relating to the recoverable amount from Lottery film right awards for British Film Institute Lottery.

13. Impairments

	Note	31 March 2019		31 March 2018	
		Core department £'000	Departmental group £'000	Core department £'000	Departmental group £'000
Property, plant & equipment	6	-	(48,746)	-	208
Heritage assets	7	-	31	-	183
Other financial assets	12	(42)	(14,798)	1,535	(11,024)
Inventories	15	-	23	-	(40)
Total impairments		(42)	(63,490)	1,535	(10,673)

Of the impairment charge in 2018-19, £14.8m (2017-18: £12.6m) relates to film rights held by the British Film Institute (Lottery), £35.9 (2017-18: £nil) and £11.9m (2017-18: £nil) relates to downward revaluation of property and plant respectively at British Library and Tate Gallery.

14. Assets classified as held for sale

	2018-19		2017-18	
	Core department £'000	Departmental group £'000	Core department £'000	Departmental group £'000
Balance at 1 April	-	40	-	2,884
Additions	-	-	-	157
Transfers (to)/from property, plant & equipment	-	-	-	(2,600)
Disposals	-	-	-	(401)
Balance at 31 March	-	40	-	40
Of which:				
Property, plant & equipment	-	40	-	40
Total assets held for sale	-	40	-	40

The transfer to property, plant and equipment in 2017-18 includes an amount of £2.6m relating to a property owned by the National Gallery, which was subsequently sold to National Portrait Gallery.

15. Inventories

	2018-19		2017-18	
	Core department £'000	Departmental group £'000	Core department £'000	Departmental group £'000
Balance at 1 April	-	191,301	-	262,169
Additions	-	2,335,020	-	2,217,318
Disposals	-	(2,344,730)	-	(2,288,146)
Impairments (note 13)	-	23	-	(40)
Carrying amount at 31 March	-	181,614	-	191,301
Work in intermediate stages of completion	-	47,274	-	70,002
Raw materials and consumables	-	160	-	162
Goods for resale and finished inventories	-	134,180	-	121,137
Total inventories and work in progress	-	181,614	-	191,301

As at 31 March 2019 the BBC held £162.6m (31 March 2018: £170.1m) and S4C held £11.1m (31 March 2018: £10.8m) in inventories in respect of programmes which were either in the course of production or ready for broadcast but not yet aired. Additions for these two entities relate to programmes which have been completed, whilst disposals relate to those broadcast during the year.

16. Trade and other receivables

	31 March 2019		31 March 2018	
	Core department £'000	Departmental group £'000	Core department £'000	Departmental group £'000
Amounts falling due within one year:				
Trade receivables	5,080	54,668	87	44,696
VAT receivables	728	77,107	5,213	48,398
Other receivables	249	275,501	1,399	746,899
Prepayments	478	625,596	85	518,649
Accrued income	6,767	112,566	459	85,721
Interest receivable	-	43	-	23
Staff loans and advances	133	5,450	119	3,528
Taxation and duties due	-	1,475	-	1,555
Consolidated Fund receivables	25,076	10,625	4,872	1,934
	38,511	1,163,031	12,234	1,451,403
Amounts falling due after more than one year:				
Taxation and duties due	-	38	-	77
Other receivables	-	8,168	-	17,031
Prepayments	-	1,697	-	2,426
Accrued income	-	10,163	-	12,785
	-	20,066	-	32,319
Total before expected credit loss	38,511	1,183,097	12,234	1,483,722
Expected credit loss	-	(533)	-	-
Total	38,511	1,182,564	12,234	1,483,722

Included in trade receivables at 31 March 2019 is a balance due to the BBC of £14.5m (31 March 2018: £13.2m).

Included in VAT receivables at 31 March 2019 is a balance due to the BBC of £54.9m (31 March 2018: £28.5m).

Included in other receivables due within one year at 31 March 2019 is a balance due to the BBC of £112.0m (31 March 2018: £491.2m). The decrease is due to change in accounting for the licence fee. The BBC collects licence fee revenue from customers and transfers it to the Government's Consolidated Fund. The revenue collected is passed back to the BBC as Grant-in-Aid from DCMS. In prior years a licence fee receivable and associated payable were included in the DCMS group accounts. Following a review, a more appropriate treatment is to exclude these balances, since the net balance represents Grant-in-Aid due from the Core Department (rather than from licence fee payers) i.e. is an intra-group balance. This revised treatment is effective from 2018-19.

The BBC had prepayments of £581.5m at 31 March 2019 (31 March 2018: £482.3m). The increase is due to £65m early payment of rights contract and licence fee collection costs.

17. Cash and cash equivalents

	2018-19		2017-18	
	Core department £'000	Departmental group £'000	Core department £'000	Departmental group £'000
Balance at 1 April	212,456	2,318,248	104,823	2,064,512
Net change in cash and cash equivalent balances	(126,712)	(122,822)	107,633	253,736
Balance at 31 March	85,744	2,195,426	212,456	2,318,248
The following balances at 31 March were held with:				
Government Banking Service	79,872	105,362	210,808	223,879
Commercial banks and cash in hand	-	886,522	-	820,002
Liquid deposits	5,872	38,166	1,648	35,685
Sub-total	85,744	1,030,050	212,456	1,079,566
Balance held by NLDF	-	1,165,376	-	1,238,682
Balance at 31 March	85,744	2,195,426	212,456	2,318,248

Of the £886.5m of balances held with commercial banks and cash in hand, £412.3m relates to the BBC (31 March 2018: £476.0m); £95.4m relates to the National Lottery Community Fund (31 March 2018: £45.6m); £93.3m relates to Arts Council England Exchequer (31 March 2018: £49.9m); £69.2m relates to the Horserace Betting Levy Board (31 March 2018: £36.9m); £27.6m relates to the British Library (31 March 2018: £32.0m); £25.8m relates to the Gambling Commission (31 March 2018: £17.1m), and £7.7m relates to Ofcom (31 March 2018: £25.2m).

Cash and cash equivalents also include £nil (31 March 2018: £0.1m) for funds held on behalf of third parties (see note 26).

The cash balance held by the National Lottery Distribution Fund (NLDF) is under the stewardship of the Secretary of State for Digital, Culture, Media and Sport. This fund is managed by the Commissioners for the Reduction of the National Debt, who invest the funds as call notice deposits with the Debt Management Office.

18. Trade and other payables

	31 March 2019		31 March 2018	
	Core department £'000	Departmental group £'000	Core department £'000	Departmental group £'000
Amounts falling due within one year:				
Taxation and social security	1,637	34,833	1,158	27,441
Trade payables	19,427	172,212	3,994	189,068
Other payables	6,384	226,051	7,404	449,181
Accruals & deferred income	110,116	467,571	80,755	440,269
Grants payable	-	1,415,801	-	1,402,084
Obligations under finance leases: amounts payable within 1 year	-	22,552	-	19,167
Supply payable	74,826	74,826	210,210	210,210
Loans and borrowings: amounts payable within 1 year	-	66,478	-	12,250
Consolidated Fund payables	30,122	30,122	5,469	5,469
	242,512	2,510,446	308,990	2,755,139
Amounts falling due after more than one year:				
Trade payables	-	-	-	(105)
Other payables	-	9,952	-	9,708
Accruals & deferred income	-	33,732	-	20,017
Grants payable	-	1,445,108	-	1,672,215
Bank and other borrowings	-	192,545	-	181,281
Obligations under finance leases: amounts payable after more than 1 year	-	651,535	-	677,621
	-	2,332,872	-	2,560,737
Total	242,512	4,843,318	308,990	5,315,876

Trade payables falling due within one year include £106.5m (31 March 2018: £111.2m) in respect of the BBC.

Other payables falling due within one year include £146.2m (31 March 2018: £375.4m) in respect of the BBC. This decrease of £229.2m is due to the revised treatment of licence fee payables (see Note 16).

As at 31 March 2019 £1,262.5m (31 March 2018: £1,276.4m) of current grants payable and £1,445.1m (31 March 2018: £1,672.2m) of non-current grants payable were attributable to lottery bodies.

The core department supply payable of £74.8m (31 March 2018: £210.2m) is Parliamentary funding drawn down which has not been spent within the year.

Obligations under finance leases payable of more than one year include £630.2m (31 March 2018: £656.1m) in respect of the BBC.

19. Provision for liabilities and charges

Total provisions by type	Grant commitments £'000	Legal claims £'000	Early departures and redundancies £'000	Other £'000	Total £'000
Balance at 1 April 2018	70,282	2	1,903	101,789	173,976
Provided in the year	112,568	232,362	2,529	83,031	430,490
Provisions utilised in year	(70,136)	(2)	(1,641)	(38,828)	(110,607)
Provisions not required written back	-	-	(21)	(12,004)	(12,025)
Balance at 31 March 2019	112,714	232,362	2,770	133,988	481,834
Comprising:					
Current liabilities					
Not later than one year	112,714	232,362	2,543	66,558	414,177
Non-current liabilities					
Later than one year and not later than five years	-	-	122	26,102	26,224
Later than five years	-	-	105	41,328	41,433
Balance at 31 March 2019	112,714	232,362	2,770	133,988	481,834
Of the total:					
Core department	-	-	34	-	34
Arm's length bodies	112,714	232,362	2,736	133,988	481,800
Balance at 31 March 2019	112,714	232,362	2,770	133,988	481,834

Total provisions by type	Grant commitments £'000	Legal claims £'000	Early departures and redundancies £'000	Other £'000	Total £'000
Balance at 31 March 2017	13,202	24	1,490	114,501	129,217
Provided in the year	86,577	-	1,440	45,665	133,682
Provisions not required written back	(31)	(12)	(313)	(32,890)	(33,246)
Provisions utilised in year	(29,466)	(10)	(714)	(25,487)	(55,677)
Balance at 31 March 2018	70,282	2	1,903	101,789	173,976
Comprising:					
Current liabilities					
Not later than one year	70,282	2	1,551	50,780	122,615
Non-current liabilities					
Later than one year and not later than five years	-	-	235	13,576	13,811
Later than five years	-	-	117	37,433	37,550
Balance at 31 March 2018	70,282	2	1,903	101,789	173,976
Of the total:					
Core department	-	-	30	-	30
Arm's length bodies	70,282	2	1,873	101,789	173,946
Balance at 31 March 2018	70,282	2	1,903	101,789	173,976

19. Provision for liabilities and charges (continued)

Total provisions	31 March 2019		31 March 2018	
	Core department £'000	Departmental group £'000	Core department £'000	Departmental group £'000
Balance at 1 April	30	173,976	92	129,217
Provided in the year	155	430,490	60	133,682
Provisions utilised in year	(151)	(110,607)	(122)	(55,677)
Provisions not required written back	-	(12,025)	-	(33,246)
Balance at reporting date	34	481,834	30	173,976
Comprising:				
Current liabilities:				
Not later than one year	-	414,177	20	122,615
Non-current liabilities				
Later than one year and not later than five years	34	26,224	10	13,811
Later than five years	-	41,433	-	37,550
Subtotal: non-current liabilities	34	67,657	10	51,361
Balance at reporting date	34	481,834	30	173,976

19.1 Grant commitments

National Lottery Community Fund has provisions of £93.3m (2017-18: £59.7m) principally relating to awards made of dormant account money to Big Society Capital.

British Film Institute Lottery has provisions of £19.4m (31 March 2018: £10.5m) for non-film rights awards which have been made, but at the reporting date, either contracts have not been signed and/or the conditions have not been met. As a result these transactions are recognised as an award commitment and hence provided for rather than being included in awards payable.

19.2 Legal claims

At 31st March 2019 Ofcom was involved with ongoing litigation regarding the restitution of annual licence fees following the Court of Appeal judgment in November 2017 to quash regulations that Ofcom made in September 2015 to revise fees for use of 900/1800 MHz spectrum bands. The Mobile Network Operators brought claims against Ofcom seeking restitution of the increase in fees paid between September 2015 and November 2017.

The restitution case was heard in the High Court in May 2019 which found in favour of the Mobile Network Operators and ordered repayment of the increase in fees that had been collected under the quashed 2015 Regulations. The High Court granted Ofcom permission to appeal and Ofcom lodged an appeal with the court on 7 June 2019. As a result, the cost of the annual licence fee repayments, related interest and legal costs of £232.0m has been included as a provision in these financial statements.

19.3 Early departures and redundancies

The group meets the additional costs of benefits beyond the normal PCSPS benefits in respect of employees who retire early by paying the required amounts annually to the relevant pension fund over the period between early departure and normal retirement date.

The liabilities extend for up to ten years. The group provides for this when the early retirement programme becomes binding, by creating a provision for the estimated payments discounted using HM Treasury's post-employment benefit discount rate.

19.4 Other provisions

BBC restructuring and property provisions

This relates to various restructuring, decommissioning and dilapidation provisions within the BBC. The value of this provision as at 31 March 2019 was £69.5m (31 March 2018: £54.4m restated).

BBC taxation, litigation and insurance

The BBC taxation, litigation and insurance provisions as at 31 March 2019 were £40.3m (31 March 2018: £16.8m).

20. Other financial liabilities

	Total derivatives £'000
Balance at 31 March 2017	525,987
Additions	-
Disposals	(16)
Revaluations	(5,578)
Balance at 31 March 2018	520,393
Additions	-
Disposals	-
Repayments	-
Revaluations	31,123
Balance at 31 March 2019	551,516
Of the total:	
Core department	-
Arm's length bodies	551,516
Balance at 31 March 2019	551,516
Due within 12 months	662
Due after 12 months	550,854
Balance at 31 March 2019	551,516
Due within 12 months	3,047
Due after 12 months	517,346
Balance at 31 March 2018	520,393

The BBC held financial derivatives of £551.5m (31 March 2018: £520.4m). The largest element of these derivatives relates to the refinancing of New Broadcasting House of £548.5m (31 March 2018: £515.9m).

21. Retirement benefit obligations

	2018-19			2017-18		
	Funded £'000	Unfunded £'000	Total £'000	Funded £'000	Unfunded £'000	Total £'000
Analysis of movement in scheme liabilities						
Balance at 1 April	17,990,258	11,914	18,002,172	17,892,775	12,456	17,905,231
Current service cost	222,083	158	222,241	245,493	158	245,651
Past service cost	19,232	-	19,232	418	-	418
Interest cost on pension scheme liabilities	426,272	77	426,349	434,218	157	434,375
Administration cost	7,263	-	7,263	9,050	-	9,050
Benefits paid	(541,109)	(198)	(541,307)	(533,854)	(282)	(534,136)
Contributions by members	2,587	-	2,587	4,013	-	4,013
Contributions by employer	-	(158)	(158)	-	(558)	(558)
(Gains)/losses on settlements and curtailments	-	-	-	480	-	480
Remeasurements						
Experience (gains)/losses on defined benefit obligation	(59,471)	(1)	(59,472)	113,626	24	113,650
Change in demographic assumptions	(39,603)	(20)	(39,623)	(946)	(24)	(970)
Change in financial assumptions	693,921	41	693,962	(176,798)	(17)	(176,815)
Transfers in/(out) - group transfers (to)/from other schemes	-	-	-	1,783	-	1,783
Pension liabilities at 31 March	18,721,433	11,813	18,733,246	17,990,258	11,914	18,002,172
Analysis of movement in scheme assets						
Balance at 1 April	(17,285,332)	-	(17,285,332)	(16,541,913)	-	(16,541,913)
Interest on assets	(411,123)	-	(411,123)	(404,044)	-	(404,044)
Administration cost	1,062	-	1,062	1,002	-	1,002
Benefits paid	542,507	-	542,507	532,254	-	532,254
Contributions by members	(3,859)	-	(3,859)	(4,106)	-	(4,106)
Contributions by employer	(201,327)	-	(201,327)	(167,708)	-	(167,708)
Remeasurements	-	-	-	-	-	-
Change in actuarial assumptions	-	-	-	-	-	-
Return on assets	(670,953)	-	(670,953)	(700,817)	-	(700,817)
Pension assets at 31 March	(18,029,025)	-	(18,029,025)	(17,285,332)	-	(17,285,332)
Net pension liability/(asset) at 31 March	692,408	11,813	704,221	704,926	11,914	716,840
Of the total:						
Core department	-	-	-	-	-	-
Arm's length bodies	692,408	11,813	704,221	704,926	11,914	716,840
Balance at 31 March	692,408	11,813	704,221	704,926	11,914	716,840
Comprising:						
BBC	521,500	8,100	529,600	510,200	8,100	518,300
BFI	62,470	2,228	64,698	63,302	2,343	65,645
Sport England	42,215	-	42,215	47,839	-	47,839
BTA	10,189	148	10,337	30,932	168	31,100
UK Sport	53,152	(100)	53,052	50,516	(75)	50,441
Ofcom	(17,691)	1,211	(16,480)	(18,169)	1,142	(17,027)
Other ALBs	20,573	226	20,799	20,306	236	20,542
Total	692,408	11,813	704,221	704,926	11,914	716,840

21.1 Analysis of total pension cost recognised in the Consolidated Statement of Comprehensive Net Expenditure

	2018-19 £'000	2017-18 £'000
Pension cost recognised in Net Operating Cost		
Current service cost	222,241	245,769
Past service cost	19,232	300
Enhancements and (gains)/losses on settlements and curtailments	-	480
Net interest cost on Pension Scheme	15,226	30,331
Administration Cost	8,325	10,052
Total	265,024	286,932

	2018-19 £'000	2017-18 £'000
Remeasurements recognised in Other Comprehensive Net Expenditure		
Pension liabilities:		
Experience (gains)/losses on defined benefit obligation	(59,472)	113,650
Change in demographic assumptions	(39,623)	(970)
Change in financial assumptions	693,962	(176,815)
Pension assets:		
Change in actuarial assumptions	-	-
Return on assets	(670,953)	(700,817)
Total	(76,086)	(764,952)

21.1.1 Funded pension schemes

A number of the ALBs operate funded pension schemes, details of the most significant schemes are included below.

The range of future employer contributions for funded schemes are shown below:

	Future employer contributions
BBC	31.4%
BFI	11.5%
Sport England	16.1%
BTA	13.1%- 24.4%
UK Sport	12%
Ofcom (benefits accruals have ceased see note 21.5)	£558k
Other ALBs	12% - 26.4%

Further information in relation to these funded pension schemes are set out in the published accounts of the ALBs.

21.2 BBC pension scheme

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

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

BBC pension scheme financial position as at:			
	2019 £m	2018 £m	2017 £m
Scheme assets	17,183.9	16,476.3	15,745.2
Scheme liabilities	(17,705.4)	(16,986.5)	(16,885.9)
(Deficit)/Surplus	(521.5)	(510.2)	(1,140.7)
Percentage by which scheme assets cover liabilities	97%	97%	93%

21.2.1 Funding the BBC scheme

The most recent actuarial valuation of the pension scheme completed in 2016 by Willis Towers Watson showed a funding shortfall of £1,769m. 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 an 11 year period starting in 2017.

	Projection 2020 %	2019 %	2018 %	2017 %
Employer	31.4	31.4	16.7	16.7
Employee (old and new benefits)	7.5	7.5	7.5	7.5
Employee (career average benefits 2006)	4.0	4.0	4.0	4.0
Employee (career average benefits 2011)	6.0	6.0	6.0	6.0

21.2.2 Principal actuarial assumptions of the BBC scheme

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

Principal financial assumptions	2019 %	2018 %	2017 %
Rate of increase in salaries	1.0	1.0	1.0
Rate of increase in pension payments:			
Old Benefits	3.2	3.1	3.2
New Benefits	3.0	2.9	3.0
Career Average Benefits (2006)	2.4	2.4	2.4
Career Average Benefits (2011)	2.1	2.0	2.1
Inflation assumption (RPI)	3.2	3.1	3.2
Inflation assumption (CPI)	2.2	2.1	2.2
Discount rate	2.3	2.4	2.5

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

Principal demographic assumptions	2019 Number of years	2018 Number of years	2017 Number of years
Retiring today:			
Male	27.2	27.1	27.0
Female	29.5	28.6	29.3
Retiring in 20 years:			
Male	28.7	29.4	28.5
Female	31.1	31.0	31.0

The sensitivities of the scheme's liabilities to changes in the principal assumptions are set out below:

	Assumption used %	Movement	Impact on Scheme liabilities %	Impact on Scheme liabilities £m
Discount rate	2.3	Increase/decrease 0.1%	1.7/2.2	299/(398)
Retail price inflation rate	3.2	Increase/decrease 0.1%	1.8/1.7	(312)/304
Mortality rate	1.3*	Increase/decrease 1 year	4.4/4.6	(771)/808

* A long term trend of 1.3% for both males and females has been applied to the life expectancy reported above

The details on the fair value of plan assets, risk management strategies, funding arrangements and maturity profile for the scheme assets and liabilities can be found in the BBC annual accounts.

21.3 Local Government Pension Scheme

A number of ALBs participate in the Local Government Pension Scheme (LGPS) operated by the London Pension Fund Authority (LPFA).

The LGPS is a funded defined benefit scheme, benefits are based on final salary and the scheme remains open to existing members for ongoing accrual of benefits.

The scheme is subject to triennial valuations by the consulting actuaries to the LPFA and the latest valuation was at 31 March 2016. The next formal valuation is due on 31 March 2019.

The details on the fair value of plan assets, risk management strategies, funding arrangements and maturity profile for the scheme assets and liabilities can be found in the individual accounts for each of the bodies that are part of the LPFA.

21.3.1 British Film Institute (BFI) pension schemes

BFI participates in the Local Government Pension Scheme (LGPS), operated by the London Pension Fund Authority (LPFA).

BFI's share of the net pension deficit was £62.5m (31 March 2018: £63.3m). The deficit is being funded over 14 years from the last valuation date of 31 March 2016, under a deficit recovery plan, that increases with CPI, as agreed with the pension trustees. The additional pension contribution were £870k for 2018-19 and £891k for 2019-20.

From 1 January 2014 the BFI also operates a defined contribution pension scheme which is available to all employees not already in the defined benefit scheme. Employee contributions

for members of the scheme for the year ended 31 March 2019 were £364k (31 March 2018: £293k).

21.3.2 Sport England pension schemes

Sport England also participates in the LGPS.

It is a funded defined benefit scheme which was closed to new members on 30 September 2005. Benefits are based on final salary until 31 March 2014, and on a career average salary basis from 1 April 2014. Sport England's share of the net pension deficit was £18.1m (31 March 2018: £20.4m).

Additional employer contributions are paid into the scheme to reduce the scheme's deficit as advised by the scheme's actuaries based on the triennial valuation. In addition, Sport England makes voluntary contributions that are dependent on available funds.

Sport England also operates a Group Personal Pension Plan defined contribution scheme run by Aviva. This is available to employees who commenced service on or after 1 October 2005. Employee contributions for members of this scheme for the year ended 31 March 2019 were £923k (31 March 2018: £732k).

21.3.3 UK Sport pension schemes

UK Sport operates the following pension schemes:

UK Sport:

The majority of staff of UK Sport (both Exchequer and Lottery funded) are members of the LGPS.

The pension scheme is a funded defined benefit scheme open to all staff. The scheme is based on average salary throughout membership. UK Sport's share of the pension scheme liability as at the year end is £15.8m (31 March 2018: £19.8m). As a result of the most recent triennial valuation (31 March 2016), it was agreed that in order to reduce the deficit on the scheme, UK Sport is to make secondary contributions into the LPFA fund covering the period to 31 March 2020. An additional pension contribution of £171k has been made in the year and the payments to be made are as follows: 2019-20: £179k.

The English Institute of Sport:

The English Institute of Sport (EIS) is a subsidiary of UK Sport. EIS also participates in the LGPS.

The pension scheme is a funded defined benefit scheme which is open to all staff.

EIS's share of the pension scheme liability as at the year end is £32.7m (31 March 2018: £30.7m).

21.3.4 Other participating members of LGPS

Other ALBs participating in the Local Government Pension Scheme are:

- Geffrye Museum
- Horniman Public Museum and Public Park Trust; and
- UK Anti-Doping

21.4 British Tourist Authority (BTA) pension schemes

BTA participates in the British Tourist Boards' Pension Scheme (BTBP). The BTBP Scheme is a multi-employer scheme which includes other Tourist Boards. It is a defined benefit final salary pension scheme, which is closed to new entrants from 1 April 2017.

In accordance with IAS 19, BTA's share of the deficit of the funded scheme as at 31 March 2019 is £10.2m (31 March 2018: £30.9m). These figures include the US pension scheme. For the UK pension scheme (BTBPs), the correct deficit at 31 March 2019 is £16.0m (31 March 2018: £31.0m). The decrease is due to a change in the actuarial assumptions including RPI and the discount rate.

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

21.5 Ofcom pension schemes

Ofcom operates the following pension schemes:

Defined benefit schemes:

- The Ofcom Defined Benefit Pension Plan.
- The Ofcom (Former ITC) Pension Plan which Ofcom jointly participates in with S4C, S4C Masnachol and the Advertising Standards Authority.

Both of these plans are closed to new entrants and benefit accruals ceased on 31 May 2011. From this time all existing members were provided with access to the Ofcom stakeholder plan, which is a defined contribution scheme (see below).

As at 31 March 2019 these schemes had a net pension surplus of £17.7m (31 March 2018: £18.2m). These schemes had an additional net pension asset of £8.3m (31 March 2018: £8.3m) that has not been recognised. IAS19 *Employee Benefits (revised)* only allows the pension asset to be recognised if an economic benefit is available to the body as a result of the surplus. Per the Ofcom (Former ITC) Plan's Trust Deed and Rules a refund of any surplus is not available to Ofcom, and therefore a reduction of the pension asset is required, as such only £17.7m is included in the accounts.

The scheme is administered by a board of Trustees that is independent of Ofcom. Ofcom operates a feeder trust account which sets aside funds in order to make future contributions to the running of the plan.

Defined contribution scheme:

Ofcom also operates a defined contribution plan which is the stakeholder pension plan. This is now the primary means of providing pension benefits to staff. Employer contributions of £5.7m were made in the year ended 31 March 2019 (31 March 2018 £5.4m).

21.6 Unfunded pension schemes

The BBC, British Film Institute, British Tourist Authority, UK Sport, Ofcom and Gambling Commission have unfunded pension schemes. For more details on these schemes refer to the published accounts of the individual ALBs (see Note 27).

22. Capital and other commitments

22.1 Capital commitments

	31 March 2019		31 March 2018	
	Core department £'000	Departmental group £'000	Core department £'000	Departmental group £'000
Contracted capital commitments not otherwise included in these financial statements:				
Property, plant & equipment	-	93,020	-	74,707
Intangible assets	-	289	-	522
Total	-	93,309	-	75,229

The property, plant and equipment commitments as at 31 March 2019 include the following significant commitments:

- BBC had commitments of £36.4m (31 March 2018: £39.7m)
- Science Museum Group had commitments of £31.4m (31 March: 2018 £13.5m)
- Geffrye Museum had commitments of £9.2m (31 March 2018: £nil)
- Imperial War Museum had commitments of £7.2m (31 March 2018: £1.1m)
- Tate Gallery had commitments of £4.0m (31 March 2018: £5.5m)

22.2 Commitments under leases

22.2.1 Operating leases

	31 March 2019		Restated 31 March 2018	
	Core department £'000	Departmental group £'000	Core department £'000	Departmental group £'000
Land				
Not later than one year	-	7,886	-	7,384
Later than one year and not later than five years	-	33,998	-	45,062
Later than five years	-	100,859	-	83,958
	-	142,743	-	136,404
Buildings				
Not later than one year	13,389	73,631	13,868	70,356
Later than one year and not later than five years	33,172	215,443	40,574	227,488
Later than five years	25,501	272,053	31,770	297,134
	72,062	561,127	86,212	594,978
Other				
Not later than one year	-	4,499	-	5,662
Later than one year and not later than five years	-	4,578	-	5,873
Later than five years	-	77	-	59
	-	9,154	-	11,594
Total obligations under operating leases	72,062	713,024	86,212	742,976

Total future minimum payments under operating leases are given in the table above. The most significant operating leases are as follows:

Land

The BBC has lease obligations under operating lease agreements of £139.6m (31 March 2018: £136.1m restated) in respect of the land elements within the BBC's key property contracts.

Buildings

The core department leases buildings under non-cancellable operating lease agreements of £72.1m (31 March 2018: £86.2m). 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 leases buildings of £301.9m (31 March 2018: £308.5m). 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.

Ofcom leases buildings of £67.9m (31 March 2018: £74.3m), the most notable being the lease for their main premises at Riverside House. In May 2016 this lease was extended to September 2030.

Other

The BBC leases IT equipment of £5.7m (31 March 2018: £7.4m restated). Obligations under operating leases compared to the previous year have been restated. This is due to an exercise undertaken by the BBC in advance of the adoption of IFRS 16 *Leases* on 1 April 2019, to reassess its operating lease commitments and the contracts included within. The results of this exercise are reflected in the updated disclosure.

22.2.2 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 2019		31 March 2018	
	Core department £'000	Departmental group £'000	Core department £'000	Departmental group £'000
Land				
Not later than one year	-	492	-	492
Later than one year and not later than five years	-	1,966	-	1,966
Later than five years	-	670,424	-	670,424
	-	672,882	-	672,882
Less interest element	-	(662,592)	-	(662,592)
Present value of obligations	-	10,290	-	10,290
Buildings				
Not later than one year	-	64,683	-	62,226
Later than one year and not later than five years	-	277,756	-	276,407
Later than five years	-	735,887	-	805,828
	-	1,078,326	-	1,144,461
Less interest element	-	(422,217)	-	(468,572)
Present value of obligations	-	656,109	-	675,889
Other				
Not later than one year	-	2,109	-	2,836
Later than one year and not later than five years	-	3,652	-	5,822
Later than five years	-	4,190	-	4,816
	-	9,951	-	13,474
Less interest element	-	(2,263)	-	(2,865)
Present value of obligations	-	7,688	-	10,609
Total present value of obligations	-	674,087	-	696,788

The Royal Armouries Museum holds a finance lease obligation of £672.9m (31 March 2018: £672.9m). The interest element for this finance lease is £662.6m (31 March 2018: £662.6m).

Finance leases (continued)

Present value of obligations under finance lease comprise:	31 March 2019		31 March 2018	
	Core department £'000	Departmental group £'000	Core department £'000	Departmental group £'000
Land				
Not later than one year	-	492	-	492
Later than one year and not later than five years	-	1,703	-	1,703
Later than five years	-	8,095	-	8,095
Present value of obligations	-	10,290	-	10,290
Buildings				
Not later than one year	-	20,423	-	16,408
Later than one year and not later than five years	-	118,604	-	109,618
Later than five years	-	517,082	-	549,863
Present value of obligations	-	656,109	-	675,889
Other				
Not later than one year	-	1,706	-	2,267
Later than one year and not later than five years	-	2,598	-	4,558
Later than five years	-	3,384	-	3,784
Present value of obligations	-	7,688	-	10,609
Total present value of obligations	-	674,087	-	696,788

Finance lease commitments are held by the BBC of £651.5m (31 March 2018: £673.9m). This consists of £648.8m of buildings (31 March 2018: £668.6m) and other finance leases of £2.6m (31 March 2018: £5.3m).

Under the terms of the leasing agreements, the BBC has the right to share in the residual value of one of its key finance lease properties (Pacific Quay). This share will be passed to the BBC 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 has the right to repurchase each property at the end of the respective lease agreements.

The BBC leases with a contingent element included within their contract have a total carrying value of £648.8m (31 March 2018: £668.6m) resulting in contingent rents of £32.2m (31 March 2018: £29.0m) being reflected in operating costs.

22.2.3 Operating leases as lessor

Future minimum lease payments under non-cancellable operating leases comprise:	31 March 2019		Restated 31 March 2018	
	Core department £'000	Departmental group £'000	Core department £'000	Departmental group £'000
Not later than one year	-	26,752	-	27,541
Later than one year and not later than five years	-	115,884	-	97,974
Later than five years	-	240,767	-	245,210
Total operating leases as a lessor	-	383,403	-	370,725

This note has been presented for the first time in 2018-19, as previously the balances were immaterial for the DCMS group. Following a leases review, the BBC identified £362.0m of operating leases as lessor which had been omitted in the 2017-18 accounts; the prior year comparatives have therefore been restated.

The significant components of the lessor balance comprise the BBC holding £371.2m (31 March 2018: £362.0m) and the National Lottery Community Fund of £9.5m (31 March 2018: £8.7m).

The BBC's leases relate to various property sub-lease arrangements. Contingent rent recognised as income during the period amounted to £0.6m (2017-18: £0.5m).

22.3 Commitments under PFI contracts and other service concession arrangements off-balance sheet (Consolidated Statement of Financial Position)

The group has entered into the following non-cancellable off-balance sheet PFI contract: In 2010, the National Museums Liverpool (NML) entered into a 17 year standard form of PFI contractual arrangement for the provision of energy services and is making quarterly unitary payments over this period for a Combined Heat Power plant that came into use in October 2010. Further details can be found in NML's accounts.

Total future minimum payments to which the group is committed, as at 31 March 2019, analysed by the period during which commitments expire are as follows:

Obligations for off-balance sheet (SoFP) PFI and other service concession arrangements for the following periods comprise:	31 March 2019		31 March 2018	
	Core department £'000	Departmental group £'000	Core department £'000	Departmental group £'000
Not later than one year	-	581	-	575
Later than one year and not later than five years	-	2,471	-	2,446
Later than five years	-	1,675	-	2,700
Total	-	4,727	-	5,721

22.4 Other financial commitments

The group entered into non-cancellable contracts which are not leases, PFI contracts or other service concession arrangements. The payments to which the group are committed as at 2018-19, analysed by the period during which the commitments expire, are as follows:

	31 March 2019		31 March 2018	
	Core department £'000	Departmental group £'000	Core department £'000	Departmental group £'000
Not later than one year	-	899,764	-	946,494
Later than one year and not later than five years	-	1,852,458	-	2,197,373
Later than five years	-	787,918	-	935,031
Total	-	3,540,140	-	4,078,898

The BBC as at 31 March 2019 had commitments of £3,373.9m (31 March 2018: £3,873.4m) relating to long term outsourcing contracts including IT support, content distribution and transmission, facilities management and elements of finance support.

Sport England Exchequer as at 31 March 2019 had commitments of £92.4m (31 March 2018: £120.4m) relating to grants awarded in respect of approved programmes.

The UK Sport Exchequer as at 31 March 2019 had commitments of £30.0m (31 March 2018: £49.4m) relating to grant commitments which are subject to an annual review process.

23. Contingent assets and liabilities

23.1 Contingent liabilities disclosed under IAS 37

23.1.1 Quantifiable

Core Department

Sale of Olympic Village

A contingent liability remains in connection with the East Village sale to Qatari Diar Delancey (QDD) for any income shortfall arising from service recharges, capped at £3m. This contingent liability passed to the core department following the dissolution of the Olympic Delivery Authority (ODA) on 2 December 2014.

Building Digital UK (BDUK)

The contingent liability for a potential clawback in relation to European Regional Development Fund (ERDF) funding for two broadband projects which were procured through change requests to existing contracts with BT remains in place. The contracts were agreed under the 2012 State Aid National Broadband Scheme (NBS) which expired in June 2015. However, the England ERDF Operational Programme for the 2014-2020 period was not agreed until later in 2015 and therefore the funding was added to the contracts in 2016.

The department believes the funding meets the ERDF criteria given that the contracts had state aid clearance and provision for the extra ERDF funding was included. However, it is possible that the ERDF auditors decide that the additional funding was not in compliance with ERDF criteria as it was added to the contracts after the expiration of the NBS. The audit is expected to occur no earlier than 2019. Advice from the Ministry of Housing, Communities and Local Government (MHCLG) is that the maximum level of possible fines or penalties would be £2.5m. The outcome will not be known until the relevant audits have taken place, which is likely to be in 2019.

Underwrite of UK Sport

The department has agreed to underwrite UK Sport up to £25m each year for the years 2017-18 to 2019-20 in the lead up to the 2020 Tokyo Olympic and Paralympic Games. This constitutes a contingent liability for the core department only, as the agreement is with another department body, resulting in an intra-group arrangement and therefore no contingent liability for the group. For the 2018-19 financial year, UK Sport drew down £8.2m (2017-18: £13.8m) of the £25m that was potentially available for that year of the Tokyo funding cycle. Full details of UK Sport's accounts is available in their Annual Report for 2018-19.

UCI Road World Championships 2019

To help secure the bid for the 2019 Union Cycliste Internationale (UCI) Road World Championships in Yorkshire, the department has agreed to underwrite any shortfall in revenue. The arrangement was set out in a departmental minute to Parliament in September 2016. The maximum contingent liability for the department is estimated at £2m.

British Board of Film Classification (BBFC) Age Verification

An indemnity was provided to the British Board of Film Classification (BBFC) against legal proceedings brought against the BBFC in its role as the age verification regulator for online pornography. See written ministerial statement HCWS986. The Digital Economy Act introduces the requirement for commercial providers of online pornography to have robust age verification controls to protect children and young people under 18 from exposure to

online pornography. This is a new law and there is a risk that the BBFC will be exposed to legal challenge on the basis of decisions taken as the age verification regulator or on grounds of principle.

The risk range is between £1m - £10m in the first year, based on likely number and scale of legal challenges. The likelihood of the contingent liability being called upon is expected to diminish over time as the regime settles in and relevant industries become accustomed to it.

It is worth noting that Her Majesty's Government (HMG) recently confirmed that the indemnity extends to the BBFC's non-statutory function in administering a voluntary certification scheme for age verification providers to assess their data security standards.

The BBFC expects a high level of voluntary compliance by providers of online pornography. To encourage compliance, the BBFC has engaged with industry and charities and undertaken a public consultation on its regulatory approach. Furthermore, the BBFC will ensure that it takes a proportionate approach to enforcement and will maintain arrangements for an appeals process to be overseen by an independent appeals body. This will help reduce the risk of potential legal action against the BBFC.

Group

Lottery Distribution Bodies (LDBs)

In 2018-19, the LDBs have contingent liabilities relating to future grant payments. The estimated value is £509m (2017-18: £741m (restated)) of which £286m (2017-18: £495m) relates to the National Lottery Heritage Fund. The LDBs include British Film Institute, The National Lottery Community Fund (formerly Big Lottery Fund), The National Lottery Heritage Fund, Sport England, and UK Sport.

The contingent liabilities as at 31 March 2019 relate to awards offered that have been approved in principle but are yet to be accepted by the recipient. For more detailed information on contingent liabilities, please refer to the financial statements of the individual LDBs.

Local Government Pension Scheme (McCloud judgement)

On 27 June 2019 the Supreme Court rejected the government's request to appeal, regarding age discrimination arising from public sector pension scheme transition arrangements. Court of appeal judgements were made in cases affecting judge's pensions (e.g. McCloud) and firefighter pensions (e.g. Sergeant) which had previously been considered by employment tribunals. The rulings have implications for ALB's which operate Local Government Pension Schemes including British Film Institute (BFI), British Film Institute Lottery, Geffrye Museum, Horniman Public Museum and Public Park Trust, Sport England, UK Sport and UK Anti-Doping.

The impact of this judgement has not been recognised in the accounts, on the grounds that the financial implications are not significant. The cost as a percentage of the pension scheme liability ranges from as low as <0.1% to 7%, depending on salary assumption and age of membership, across the relevant ALB's. The estimated cost, across the group, based on broad assumptions, is £13.9m.

Guarantee of British Horseracing Authority (BHA) Scheme

The Horserace Betting Levy Board (HBLB) entered into an agreement with the British Horseracing Authority (BHA), the Jockey Club, and Trustees of the Jockey Club Pension Fund and Life Assurance Scheme, now known as the BHA Pension Scheme (the 'Scheme'), to guarantee the payments by the BHA of certain contributions to the Scheme. The most recent triennial valuation of the Scheme as at 31 December 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

HBLB no longer has a contingent liability in respect of the BHA's future service contributions to the Scheme.

The British Museum

The British Museum is currently contesting a case relating to the withdrawal of charitable relief against business rates on elements of the Bloomsbury site. The possible obligation is estimated at circa £1.3m. The hearing of the contested issues is expected within the 2019-20 financial year. The same liability was reported as at 31 March 2018 with an estimated obligation of circa £1.1m.

The result of the hearing could set a precedent for other museums and galleries with commercial areas. However, as at 31 March 2019, the department does not consider any other bodies in the group to have a contingent liability related to business rates.

Sport England

In 1979, the Football Association (FA) contributed £0.5m towards the construction of a hostel at Lilleshall National Sports and Conferencing Centre. A management agreement with the FA was entered into by Sport England which enabled the FA to run the Vauxhall School at the Centre which closed in July 1999. The Management Agreement continues to remain in place and at the present time the accommodation is used by the FA's Medical and Education Units. If Sport England were to terminate the agreement at any time before 2039, then a proportion of the £0.5m would fall due to be paid to the FA calculated by the reference to time. It is considered unlikely that the agreement will be terminated by Sport England.

23.1.2 Unquantifiable

Core Department

Sale of Olympic Village

The Olympic Delivery Authority (ODA) had, under the various sale or lease agreements with Qatari Dier 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.

Hague Convention and Cultural Property (Armed Conflicts) Act 2017

The government has ratified the 1954 Hague Convention for the Protection of Cultural Property in the Event of Armed Conflict and accede to its two Protocols. The Cultural Property (Armed Conflicts) Act 2017 created a number of new criminal offences in domestic law to enable the UK to ratify the Convention and accede to the Protocols. The offences include a serious breach of the Second Protocol, unauthorised use of the Cultural Emblem and the offence of dealing in unlawfully exported cultural property. The department has an unquantifiable contingent liability for the additional costs related to imprisonment and legal costs incurred by the Ministry of Justice for prosecutions brought solely under this new legislation. The department also has an unquantifiable contingent liability for any costs it may be required to cover relating to compensation which may be payable to buyers of 'good faith' that forfeit any cultural property.

The Royal Parks historic liabilities

On 15 March 2017, an agreement to manage the Royal Parks was signed between The Royal Parks Limited and the Secretary of State setting out the elements transferred from The Royal Parks Agency (TRPA) and additional obligations and arrangements. Under the terms of the agreement, the core department retains responsibility for the cost of historic liabilities of TRPA for 10 years. There is an unquantifiable contingent liability in respect of an incident in one of the Royal Parks. There is insufficient information to assess the value of the liability at this time.

Group

The British Library

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

The supplier has warranted in its contract with the Library that use of the digitisations will not infringe copyright, or give rise to any possible action for defamation and has undertaken to cover any liability falling on the library as a result of any such claims (in addition to the cost of defending the action) up to £5m.

DCMS has agreed to underwrite any liability which arises beyond that, for the duration that such claims might arise. It is considered that a claim in excess of £5m would be extremely unlikely but in the event that the liability is called, provision for any payment will be sought through the normal supply procedure.

The National Gallery

The National Gallery is recognising an unquantifiable liability in respect of funds received from Ronald S Lauder. The funds enabled the Gallery to purchase the painting 'Scenes from the Lives of the Virgin and other Saints' by Giovanni da Rimini in July 2015. The deed between the Gallery and the donor states that a part of the consideration is in relation to the lease of the painting to the donor in the period from the acquisition of the painting for the remainder of the donor's lifetime. The Gallery is unable to measure the value of the obligation so it is recorded as unquantifiable liability.

Arts Council England

On 28 June 2018 a judicial review took place. The claimant had previously sought an export licence from Arts Council England to export a painting to Switzerland from the UK. The Arts Council (in consultation with DCMS) refused to grant the licence on the basis that it was not the competent authority for the purposes of the relevant EU legislation to grant the claimant a licence, and it was not satisfied that the painting was in the UK following 'lawful and definitive dispatch from another Member State'. The claimant challenged this decision by way of judicial review. The potential liability is not quantifiable. The judicial review found in favour of the Arts Council, however the claimant is appealing the decision.

British Tourist Authority

A complaint was made against the BTA on an allegation of the infringement of Intellectual Property ("IP"). In particular, it is alleged that the BTA used IP material from an exhibition known as ADA ("ADA IP") in a previous campaign which appeared across various digital platforms, including (but not limited to) Twitter and Facebook. This matter was originally reported to their Audit Committee in 2017, however, the complaint was not pursued until recently.

The complaint is still at the pre litigation stage, but the complainant has indicated that proceedings may be issued prior to the United Kingdom's exit from the European Union. This was originally scheduled for 29 March 2019 but is now scheduled for 31 October 2019.

The complaint is unquantifiable because the potential liability cannot be estimated with a degree of certainty at the current time.

23.2 Contingent assets

Department

Sale of Olympic Village

When each of the development plots on the Olympic Village is sold, the core department has an entitlement to an overage from the owners (QDD), up to March 2024. Any sums payable to the department in respect of overage on the Village development plots are subject to a 5% levy in favour of London Borough of Newham. £6.4m was received by the department in 2016-17. Other overages may be payable but the likelihood is considered remote.

Group

Land sales on the Greenwich Peninsula

As successor to the Millennium Commission, the National Lottery Community Fund is entitled to a share of the proceeds of land sales on the Greenwich Peninsula made by the Greater London Authority, once certain costs have been covered. Future payments of £32m (2017-18: £50m) are now forecast to be received between 2016 and 2037, of which £7.8m has been received by the end of 2018-19. No further sums were received in 2018-19.

Sale of Olympic Park

The National Lottery Distributors are entitled to receive a share of receipts from the sale of land on Queen Elizabeth Olympic Park in return for their contribution of an additional £675m to the funding of the London 2012 Olympic and Paralympic Games. The arrangements are set out in a legal agreement between the Secretary of State and the Greater London Authority (GLA) dated 29 March 2012 which sets out the distribution of funds between the GLA and the Lottery Distributors (via the core department). Land sales are likely to take place over a lengthy period, estimated to be from 2019-20 to 2036-37. The department estimates the first payments to the Lottery Distributors will be received in the early to mid-2020s.

24. Related party transactions**Core department**

At 31 March 2019, DCMS 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 other government bodies, these are set out below:

Related Party	Nature of Transaction
Cabinet Office	Provision of Information Technology services under a shared service agreement.
Department for Business, Energy & Industrial Strategy (BEIS)	DCMS provided funding for Digital Economy programmes delivered by BEIS sponsored research councils and Innovate UK.
Department for Education (DfE)	Contributions from DfE for a number of Arts and Culture programmes (Music Hubs, In Harmony and implementing response to the Henley review of cultural education). DCMS Contribution to DfE for the Primary School Sports Premium.
Department of Health and Social Care (DoH)	DoH contributions to School Games Organisers programme, amounts passed on to Sport England.
Department For International Trade (DIT)	Payments from DCMS to DIT relate to contributions to various cyber security programmes.
Government Legal Department	Government Legal Department provides legal services to DCMS and over 180 central government departments and other publicly funded bodies in England and Wales.
HM Revenue and Customs (HMRC)	Payments from DCMS to HMRC relating to DCMS leasing office space at 100 Parliament Street.
Local Authorities	Payments to 26 councils or their subsidiaries who are responsible for administering and enabling the broadband rollout in their area and 5 councils as part of the local full fibre programme.

Related Party	Nature of Transaction
Ministry of Housing, Communities & Local Government (MHCLG)	DCMS contributions to cover local government Libraries and Sports PFI projects that are distributed by MHCLG.
Network Rail Infrastructure Ltd	Payments to Network Rail as part of the local full fibre programme.
The Northern Ireland Executive	Payment to the Northern Ireland Executive for their share of the Wireless and Telegraphic Act licence fee receipts.
Security & Intelligence Agencies	Payments from DCMS to Security & Intelligence Agencies relate to contributions to various cyber security programmes.

The National Lottery Distribution Fund is maintained under the control and management of the Secretary of State. During the year, a number of staff employed by the core department worked on National Lottery Distribution related activities and also used systems owned by the department. These costs were recharged to the fund by the department.

Departmental Ministers make specific disclosure of financial interests as required by the Ministerial Code of Conduct. DCMS Non-Executive Board members must declare to the Permanent Secretary any personal or business interest which may, or may be perceived to, influence their judgement as a board member.

Departmental Group

Other than those listed below no Minister, Board Member, or other related parties have undertaken any material transactions with the group during the year.

Ministers

Margot James MP, Minister of State for Digital and Creative Industries, is a Lay Governor for London School of Economics & Political Science (LSE), which received £14k from Arts Council England Exchequer. LSE also paid £11k to British Library and £10k to British Museum during the year.

Tracey Crouch MP, the former Parliamentary Under Secretary of State for Sport and Civil Society (resigned November 2018), is a patron of the Medway Branch of the National Osteoporosis Society, which paid £31k to the Science Museum Group.

Non-Executive Board Members

Fields Wicker-Miurin OBE (Non-Executive Board Member and Chair of the Audit and Risk Committee) is also a Non-Executive Director at BNP Paribas, which received £1,373k from various DCMS entities during the year, notably £1,205k from Historic England (£13k payable at year end), £104k from National Lottery Heritage Fund and £46k from the BBC. During the year, BNP Paribas paid £207k to Tate Gallery, £55k to National Gallery and £23k to Victoria and Albert Museum (£23k payable at year end).

Neil Mendoza (Non-Executive Board Member) is the Chairman of the Board of Trustees of the Landmark Trust, which received £487k from National Lottery Heritage Fund (£942k receivable at year end). He is also a Trustee of Soho Theatre Company Limited, which received £603k from Arts Council England Exchequer, and a Director of The Lundy Company Limited which received £18k from Historic England.

Sherry Coutu (Non-Executive Board Member) is a Non-Executive Member of the Finance Board for the University of Cambridge, which received £1,537k from DCMS entities during the year, notably £1,214k from Arts Council England Exchequer. A further £83k from UK Sport Exchequer, £75k from British Library, £51k from Wallace Collection, £41k from Horserace Betting Levy Board, £31k from Science Museum Group and £16k from Historic England was also received. During the year, the University of Cambridge also paid £110k to various DCMS entities, notably £90k to British Library and £14k to Science Museum Group. National Lottery Community Fund owes a balance of £37k to the University of Cambridge at year end.

Sherry Coutu is also a Trustee of Raspberry Pi Foundation, which received £44k from National Citizen Service Trust, and a Non-Executive Director of London Stock Exchange PLC, which received £16k from the BBC.

Audit and Risk Committee Members

Phill Wells is an Independent Member of the Audit and Risk Committee (the role is not remunerated) and is the Director of Finance for Homerton University Hospital Foundation Trust, which paid £15k to Ofcom.

The Remuneration Report (page 91) contains details of payments made to key personnel.

25. Events after the reporting period

In accordance with the requirements of IAS 10 *Events after the Reporting Period*, post year end events are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General.

The following events occurred after the reporting period:

Changes to Ministers

Rebecca Pow MP was appointed as the Minister for Arts, Heritage and Tourism on 23 May 2019, replacing Michael Ellis MP.

Changes to Executive

Sarah Healey was appointed as Permanent Secretary and Accounting officer on 23 April 2019.

BBC

Following a public consultation, the BBC Board announced on 10 June 2019 that from June 2020 any household with someone aged over 75 who receives Pension Credit will be entitled to a free TV licence paid for by the BBC.

Office of Communications (Ofcom)

On 17 May 2019, the High Court found in favour of the Mobile Network Operators in the case related to the restitution of certain annual licence fee payments. The High Court granted Ofcom permission to appeal. As a result, the cost of the repayments, related interest and legal costs has been included as a provision in these financial statements. DCMS and HMT have agreed that additional funding for the repayment of the annual licence fees and related interest costs resulting from the High Court judgment of May 2019 in the restitution case will be provided as required. Ofcom lodged an appeal with the court on 7 June 2019.

Victoria and Albert Museum (V&A)

On 10 May 2019 the V&A's obligation to enter into a 100 year lease on commercial terms for the new Collections and Research Centre at V&A East became unconditional.

National Portrait Gallery

On 3 April 2019 the trustees of the Portrait Trust and the trustees of the National Portrait Gallery entered into a Transfer Agreement, whereby the Gallery will receive the assets of the Portrait Trust and continue the work of the trust. This is considered a non-adjusting event.

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.

26. Third-party assets

The core department does not hold third party assets.

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

As at 31 March 2019 the National Lottery Community Fund (NLCF) held assets of £8.5m (31 March 2018: £9.8m), these assets represent third party bank balances for whom NLCF manage grant programmes.

27. List of bodies within the group

The entities within the group during 2018-19 listed below, comprised the core department, and those bodies included in the Government Resources and Accounts Act 2000 (Estimates and Accounts) Order 2018.

During the year HM Treasury agreed that Tech Nation (previously Tech City (UK)) was not a public sector body and is outside the group boundary. The Birmingham Organising Committee for the 2022 Commonwealth Games Ltd and the National Citizen Service Trust (a Royal Charter body) are new additions to the DCMS Group. There were no other changes to the Group Designation Order for 2018-19.

Body name	Legal status	Website
Heritage		
The Historic Buildings and Monuments Commission for England (Historic England) *	Statutory Body	www.historicengland.org.uk
National Heritage Memorial Fund (NHMF) ¹⁴⁶ *\$	Statutory Body	www.nhmf.org.uk
Churches Conservation Trust	Charity	www.visitchurches.org.uk
Regulators		
Office of Communications (Ofcom)	Statutory Body	www.ofcom.org.uk
Information Commissioner's Office *	Statutory Body	www.ico.org.uk
Media/Creative Industries		

¹⁴⁶ NHMF carries out its lottery distribution activities as the National Lottery Heritage Fund.

Body name	Legal status	Website
British Broadcasting Corporation (BBC) ¹⁴⁷	Royal Charter Body	www.bbc.co.uk
S4C (Sianel Pedwar Cymru) ¹⁴⁸	Statutory Body	www.s4c.cymru
British Film Institute *\$	Royal Charter Body and Charity	www.bfi.org.uk
Museums and Galleries		
British Museum *	Exempt Charity	www.britishmuseum.org
Geffrye Museum *	Limited Company and Charity	www.geffrye-museum.org.uk
Horniman Public Museum and Public Park Trust *	Limited Company and Charity	www.horniman.ac.uk
Imperial War Museum *	Exempt Charity	www.iwm.org.uk
National Gallery *	Exempt Charity	www.nationalgallery.org.uk
National Museums Liverpool *	Exempt Charity	www.liverpoolmuseums.org.uk
National Portrait Gallery *	Exempt Charity	www.npg.org.uk
Royal Armouries Museum *	Exempt Charity	www.royalarmouries.org
National Maritime Museum (Royal Museums Greenwich) *	Exempt Charity	www.rmg.co.uk
Science Museum Group *	Exempt Charity	www.sciencemuseum.org.uk
Sir John Soane's Museum *	Charity	www.soane.org
Tate Gallery (Tate) *	Exempt Charity	www.tate.org.uk
Victoria and Albert Museum *	Exempt Charity	www.vam.ac.uk
Wallace Collection *	Exempt Charity	www.wallacecollection.org
Natural History Museum *	Exempt Charity	www.nhm.ac.uk
Sport		
UK Anti-Doping ¹⁴⁹ *	Limited Company	www.ukad.org.uk
Birmingham Organising Committee for the 2022 Commonwealth Games (Birmingham 2022) ¹⁴⁹	Limited Company	www.birmingham2022.com
The English Sports Council (Sport England) *\$	Royal Charter Body	www.sportengland.org
The United Kingdom Sports Council (UK Sport) *\$	Royal Charter Body	www.uk sport.gov.uk
Sports Grounds Safety Authority *	Statutory Body	www.safetyatsportsgrounds.org.uk
Tourism		
British Tourist Authority (operating as VisitBritain * and VisitEngland *)	Statutory Body	www.visitbritain.org
Gambling		
Gambling Commission *	Statutory Body	www.gamblingcommission.gov.uk
Horserace Betting Levy Board *	Statutory Body	www.hblb.org.uk

¹⁴⁷ The BBC is governed by Royal Charter and an associated Framework Agreement with Government. The Charter and Agreement set out the BBC's accountability to Parliament for use of the public money it receives whilst at the same time preserving the BBC's independence on editorial policy and programming. The definition of the BBC as consolidated in these accounts is provided in Note 1.3 (Basis of Consolidation).

¹⁴⁸ S4C is a statutory corporation, and the Welsh Fourth Channel Authority (Awdurdod Sianel Pedwar Cymru) is responsible for S4C's strategic policy and for ensuring the fulfilment of its statutory functions.

¹⁴⁹ UK Anti-Doping Limited and Birmingham 2022 are companies limited by guarantee of which the Secretary of State for Digital, Culture, Media and Sport is the sole member.

Body name	Legal status	Website
Arts and Libraries		
Arts Council England *\$	Royal Charter Body and Charity	www.artscouncil.org.uk
British Library *	Exempt Charity	www.bl.uk
Civil Society		
Big Lottery Fund (operating as National Lottery Community Fund)*	Statutory Body	www.tnlcommunity.org.uk
National Citizen Service Trust	Royal Charter Body	www.ncsyas.co.uk
Cultural Property		
Reviewing Committee on the Export of Works of Art and Objects of Cultural Interest †	Committee funded by the department	www.artscouncil.org.uk/collections/reviewing-committee
Treasure Valuation Committee †	Committee funded by the department	www.gov.uk/government/organizations/treasure-valuation-committee
Other		
Phone-paid Services Authority	Limited Company	www.psauthority.org.uk

* Executive NDPBs per Cabinet Office's [Public Bodies 2018-19 report](#)

† Advisory NDPBs per Cabinet Office's [Public Bodies 2018-19 report](#)

\$ These bodies also produce a lottery distribution account

Eight bodies (Churches Conservation Trust, Phone-paid Services Authority, Sports Grounds Safety Authority, Horniman Public Museum and Public Park Trust, Royal Armouries Museum, Sir John Soane's Museum, Wallace Collection and UK Anti-Doping) have not been consolidated in the 2018-19 DCMS group accounts on a line-by-line basis on the grounds of materiality.

27.1 Bodies excluded from the boundary

The public sector bodies that are outside the departmental accounting boundary, and for which the department had lead policy responsibility during the year, are listed below together with their status.

27.1.1 Non-ministerial government departments

Non-Ministerial government departments are not consolidated within the group accounts.

- The Charity Commission for England and Wales. The Charity Commission's annual report and accounts can be found at <https://www.gov.uk/government/publications/charity-commission-annual-report-and-accounts-2017-to-2018>
- The National Archives. The National Archives annual report and accounts can be found at <http://www.nationalarchives.gov.uk/about/news/read-our-annual-report-and-accounts-2017-18/>

27.1.2 Public Corporations sponsored by DCMS

Public corporations, as defined by the Office for National Statistics, are market bodies that derive more than 50% of their income from the sale of goods and services and they have substantial day to day operating independence:

- Channel Four Television Corporation*
- Historic Royal Palaces*
- The Royal Parks Limited*

*Since the department has no financial asset in these public corporations, they are not recognised as financial investments in the group accounts.

From 24 July 2018, the Royal Armouries Museum replaced the core department as the controlling body of Royal Armouries (International) plc.

In addition, a large number of bodies within the departmental accounting boundary have subsidiaries that are trading companies which are, or we expect would be, classified as public corporations.

27.1.3 National Lottery Distribution Fund

The department is responsible for the operation of a lottery fund which is separately accounted for and is not consolidated in these accounts.

Annex A – Core tables

These tables present actual expenditure by the department for the years 2014-15 to 2018-19 and planned expenditure for the year 2019-20 (derived from the Spending Review (SR) 2015 and subsequent fiscal events). The data relates to the department's expenditure on an estimate and budgeting basis.

The format of the tables is determined by HM Treasury, and the disclosure in tables 1 and 2 follow that of the Supply Estimate functions.

All years have been restated for the effect of Machinery of Government changes and the change in budgetary treatment of research and development (from resource to capital). Please note that the current year Statement of Parliamentary Supply and financial accounts have not been restated for the GDS MoG change (see note 1.34) as the impact was considered immaterial.

Table 1 Public spending – summarises expenditure on functions administered by the department. Consumption of resources includes Departmental Expenditure Limits (DEL) for administration, programme and capital costs, and Annually Managed Expenditure (AME) both voted and non-voted expenditure. The figures are derived from the OSCAR database and the mappings replicate the lines in SoPS Note 1.

Table 2 Administration budgets – provides a more detailed analysis of the administration costs of the department. It retains the high level functional analysis used in table 1. The figures are derived from the OSCAR database and the mappings replicate the lines in SoPS Note 1.

Table 1 – Public spending

Resource DEL (£'000s)	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
	Outturn	Outturn	Outturn	Outturn	Outturn	Plans
Support for the Museums and Galleries sector	16,003	20,314	16,198	24,745	28,678	26,887
Museums and Galleries sponsored ALBs (net)	326,032	339,528	362,966	363,201	362,569	420,675
Libraries sponsored ALBs (net)	98,369	113,571	115,172	117,386	106,827	127,975
Support for the Arts sector ¹⁵⁰	(58,465)	(79,113)	(76,979)	(77,566)	(77,197)	(78,101)
Arts and culture ALBs (net)	433,475	439,548	442,231	432,551	452,905	465,895
Support for the Sports sector	18,075	11,159	7,585	11,520	7,087	7,124
Sport sponsored ALBs (net)	111,006	106,112	128,683	146,677	140,174	130,481
Ceremonial and support for the Heritage sector ¹⁵¹	29,456	53,141	48,451	67,739	55,178	29,509
Heritage sponsored ALBs (net) ¹⁵²	115,478	84,350	99,814	76,762	75,789	78,940
The Royal Parks ¹⁵³	14,600	12,320	6,022	-	-	-
Support for the Tourism sector	(200)	-	-	-	-	-
Tourism sponsored ALBs (net) ¹⁵⁴	46,502	66,374	57,095	59,835	68,320	39,182
Support for the Broadcasting and Media sector ¹⁵⁵	43,091	20,290	29,154	41,924	61,628	43,670
Broadcasting and Media sponsored ALBs (net) ¹⁵⁶	88,099	95,600	82,204	65,330	30,064	58,171
Administration and Research	41,748	54,081	57,898	64,333	86,438	102,919
Support for Horseracing and the Gambling sector ¹⁵⁷	(843)	(2,858)	(2,539)	(3,714)	(6,721)	(10,740)
Gambling Commission (net) ¹⁵⁷	1,449	365	1,197	3,222	8,490	11,560
Olympics - legacy programmes ¹⁵⁸	(33,823)	(55,210)	(30,408)	(26)	-	-
London 2012 (net) ¹⁵⁸	55,715	-	-	-	-	-
Office for Civil Society ¹⁵⁹	219,954	162,582	255,511	224,460	176,310	139,631
National Citizen Service (net) ¹⁶⁰	-	-	-	-	64,771	176,372
Birmingham 2022 (net) ¹⁶¹	-	-	-	-	17,183	-
Spectrum Management Receipts ¹⁶²	(52,594)	(52,139)	(49,645)	(33,299)	-	-
Total Resource DEL	1,513,127	1,390,015	1,550,610	1,585,080	1,658,493	1,770,150

¹⁵⁰ Support for the Arts Sector. The income relates to contributions from the Department for Education towards the cost of Music Hubs and other programmes managed by the Arts Council England. The funding profile is agreed on a year by year basis. The contra expenditure budget is in Arts and culture ALBs.

¹⁵¹ Ceremonial and Support for the Heritage sector included funding for World War One Centenary commemorations in 2013-14 through to 2018-19 including Jutland, the Somme and the Armistice. From 2017-18, this line also includes contractual payments to The Royal Parks Limited (footnote 154). The reduction between 2017-18 and 2018-19 is largely due to completion of the WW1 Centenary Cathedrals Repairs Fund programme.

¹⁵² The Heritage Sponsored Bodies line illustrates a reduction in 2015-16 following the Spending Review 2013. This is partially offset by funding for Church Roof repairs, announced in the 2014 Autumn Statement, via the National Heritage Memorial fund which commenced in 2015-16.

¹⁵³ On 15 March 2017, The Royal Parks Limited took over the role of managing the parks from The Royal Parks Agency. As a result The Royal Parks Agency has no planned expenditure after 2016-17. The new charity manages the parks on behalf of the government and is classified as outside central government.

¹⁵⁴ Tourism sponsored ALBs line shows a drop in expenditure in 2019-20 which reflects the end of the current Discover England funding stream.

¹⁵⁵ On 1 April 2018, the Data Policy and Governance functions of the Government Digital Service (GDS) were transferred from the Cabinet Office to DCMS (see note 1.34). The Core Tables have been restated (2014-15 to 2017-18) as required by HM Treasury, however the financial accounts have not been restated as the impact was considered immaterial.

¹⁵⁶ Broadcasting and Media sponsored ALBs includes the clearance and auction of the 800MHz band, with additional funding in 2014-15 for Superfast Broadband. The reduction in expenditure between 2016-17 and 2017-18 is due to Ofcom becoming self-funding from October 2017 and so does not need funding from the Exchequer from this point.

¹⁵⁷ Support for the Horse Racing and Gambling Sector, and the Gambling Commission. The Gambling Commission (for regulation of the National Lottery) and the subsequent income it receives is recorded on a year by year basis.

¹⁵⁸ Olympics legacy and London 2012 relate to the staging of the Olympic and Paralympic games 2012. This includes income from the sale of the Olympic Village, residual costs and final settlements with the Greater London Authority (GLA) and Olympic Lottery Distribution Fund (OLDF), most of which concluded by 2016-17.

¹⁵⁹ On 15 July 2016 the Office for Civil Society moved from the Cabinet Office to DCMS via a Machinery of Government transfer.

¹⁶⁰ On 1 December 2018, The National Citizen Service Trust was set up as an Arm's Length Body, with expenditure for the National Citizen Service moving from being recorded under the Office for Civil Society. The large increase in funding from 2018-19 to 2019-20 reflects the full year budget for 2019-20 in comparison to the funding from 1 December 2018 for 2018-19.

¹⁶¹ On 1 February 2019, the Birmingham Organising Committee for the 2022 Commonwealth Games Ltd was set up as an Arm's Length Body. The budget for 2019-20 will be provided at the Supplementary Estimate 2019-20.

¹⁶² From 2018-19, Spectrum Management receipts which partially offset Broadcasting Administration expenditure are to be treated as income by Ofcom.

Resource DEL (£'000s)	2014-15 Outturn	2015-16 Outturn	2016-17 Outturn	2017-18 Outturn	2018-19 Outturn	2019-20 Plans
Total Resource DEL (brought forward from previous page)	1,513,127	1,390,015	1,550,610	1,585,080	1,658,493	1,770,150
<i>Of which:</i>						
Staff costs ¹⁶³	565,692	551,076	564,505	581,505	650,729	*
Purchase of goods and services ¹⁶³	907,108	565,276	600,059	613,920	736,859	*
Income from sales of goods and services	(106,416)	(55,343)	(57,591)	(58,480)	(64,368)	(19,030)
Current grants to local government (net)	28,150	46,224	69,566	44,881	17,237	-
Current grants to persons and non-profit (net)	754,888	630,433	758,716	790,068	782,659	848,609
Current grants abroad (net)	13,269	(1,820)	(3,787)	(785)	(22)	-
Subsidies to public corporations	51,410	44,951	30,227	14,443	13,568	-
Net public service pensions	-	6,763	-	-	8,970	-
Rentals	24,410	24,188	19,699	23,832	26,225	-
Depreciation ¹⁶⁴	105,770	127,561	143,221	149,256	134,988	198,854
Take up of provisions	-	-	-	-	1	-
Change in pension scheme liabilities ¹⁶⁵	-	-	158	-	-	-
Unwinding of discount rate on pension scheme liabilities ¹⁶⁵	-	1,389	813	843	915	-
Other resource	(831,154)	(550,683)	(574,976)	(574,403)	(649,268)	(362,834)

¹⁶³ Figures for plans for staff costs and purchase of goods and services are redacted to avoid publishing any assumptions about future price or pay movements.

¹⁶⁴ Depreciation includes impairments.

¹⁶⁵ 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)	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
	Outturn	Outturn	Outturn	Outturn	Outturn	Plans
British Broadcasting Corporation (net) ¹⁶⁶	3,363,160	3,238,249	3,117,377	3,028,455	3,348,171	3,644,822
Provisions, Impairments and other AME spend ¹⁶⁷	11,157	31,006	14,024	43,569	314,679	49,642
Levy bodies ¹⁶⁸	4,021	8,139	7,490	(20,942)	3,518	2
London 2012 (net)	(38,195)	-	-	-	-	-
Lottery Grants ¹⁶⁹	1,594,409	1,070,465	1,294,717	1,214,041	1,072,400	1,191,202
Total Resource AME	4,934,552	4,347,859	4,433,608	4,265,123	4,738,768	4,885,668
<i>Of which:</i>						
Staff costs ¹⁷⁰	1,041,637	1,083,741	1,170,477	1,055,940	1,117,884	*
Purchase of goods and services ¹⁷⁰	2,672,561	2,647,535	2,412,420	2,478,429	2,617,994	*
Income from sales of goods and services	-	-	-	-	(152,656)	(200,935)
Current grants to local government (net)	32,218	24,145	21,787	25,345	48,097	35,623
Current grants to persons and non-profit (net)	1,470,874	949,267	1,260,754	1,177,008	904,161	1,006,861
Current grants abroad (net)	-	37	-	-	-	-
Net public service pensions	-	-	-	-	(8,970)	-
Subsidies to public corporations	4,823	7,245	-	1,795	2,477	-
Rentals	106,848	51,535	34,284	38,377	8,517	-
Depreciation	212,367	212,951	221,081	273,033	244,112	222,073
Take up of provisions	21,917	46,670	44,783	100,436	418,464	(30)
Release of provision	(19,185)	(6,886)	-	-	-	-
Change in pension scheme liabilities ¹⁷¹	192,115	165,013	195,426	246,549	241,473	-
Unwinding of discount rate on pension scheme liabilities ¹⁷¹	70,393	43,439	47,882	39,540	22,636	10,884
Release of provisions covering pension benefits ¹⁷¹	(9,633)	(6,763)	-	-	-	-
Other resource	(862,383)	(870,070)	(975,286)	(1,171,329)	(725,421)	(293,793)
Total Resource Budget¹⁷²	6,447,679	5,737,874	5,984,218	5,850,203	6,397,261	6,655,818
<i>Of which:</i>						
Depreciation ¹⁷³	318,137	340,512	364,302	422,289	379,100	420,927

¹⁶⁶ British Broadcasting Corporation: BBC Commercial Holdings and its direct subsidiary holding companies have been consolidated in these accounts and reflected in the outturn from 2017-18.

¹⁶⁷ Provisions, impairments and other AME spend: The increase from 2017-18 to 2018-19 relates to Ofcom's provision for legal costs (see note 19.2).

¹⁶⁸ Levy Bodies: Levy bodies are assumed to be self-financing year-on-year, hence no forward plans data.

¹⁶⁹ Lottery Grants: The group accounts exclude the Devolved Administrations and records expenditure on an accruals basis since 2014-15.

¹⁷⁰ Figures for plans for staff costs and purchase of goods and services are redacted to avoid publishing any assumptions about future price or pay movements.

¹⁷¹ 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.

¹⁷² Total resource budget is the sum of the resource DEL budget and the resource AME budget, including depreciation.

¹⁷³ Depreciation includes impairments.

Capital DEL (£'000s)	2014-15 Outturn	2015-16 Outturn	2016-17 Outturn	2017-18 Outturn	2018-19 Outturn	2019-20 Plans
Support for the Museums and Galleries sector ¹⁷⁴	1,981	1,170	3,118	145	4,477	7,000
Museums and Galleries sponsored ALBs (net) ¹⁷⁵	42,177	30,031	65,867	62,061	47,297	84,373
Libraries sponsored ALBs (net)	12,561	3,408	8,050	2,126	4,900	3,221
Support for the Arts sector	-	723	314	323	3,657	318
Arts and culture ALBs (net) ¹⁷⁶	14,432	21,413	49,316	61,507	34,398	21,144
Support for the Sports sector	-	154	-	-	1,600	-
Sport sponsored ALBs (net)	29,019	38,916	37,131	38,800	46,747	43,265
Ceremonial and support for the Heritage sector	2,182	5,491	5,056	1,291	510	5,500
Heritage sponsored ALBs (net) ¹⁷⁷	106,864	17,421	25,401	23,675	23,361	20,359
The Royal Parks ¹⁷⁸	2,570	3,577	5,201	-	-	-
Tourism sponsored ALBs (net)	325	253	1,184	1,208	693	186
Support for the Broadcasting and Media sector ¹⁷⁹	229,066	213,138	51,779	66,326	114,107	375,262
Broadcasting and Media sponsored ALBs (net) ¹⁸⁰	4,289	4,720	30,522	91,491	82,317	94,857
Administration and Research	4,401	1,800	1,424	2,409	5,080	-
Support for Horseracing and the Gambling sector ¹⁸¹	49,896	-	-	-	-	-
Gambling Commission (net)	335	633	724	947	423	-
Olympics - legacy programmes ¹⁸²	-	-	(6,435)	-	-	-
London 2012 (net) ¹⁸²	(256,703)	-	-	-	-	-
Office for Civil Society ¹⁸³	20,357	6,136	(3,705)	(1,674)	(3,470)	-
National Citizen Service (net) ¹⁸⁴	-	-	-	-	23	-
Birmingham 2022 (net) ¹⁸⁵	-	-	-	-	45	-
Total Capital DEL	263,752	348,984	274,947	350,635	366,165	655,485

¹⁷⁴ Support for the Museums and Galleries. In the Spending Review 2015 it was announced that the government would invest £150m to support the British Museum, Science Museum and Victoria and Albert Museum to replace out of date museum storage at Blythe House; this programme commenced in 2016-17. At the Supplementary Estimate 2018-19, funding for the Blythe House programme was re-profiled until 2022-23, with the funding reallocated to the Museums and Galleries sponsored ALBs.

¹⁷⁵ Museums and Galleries Sponsored ALBs funding from 2014-15 to 2015-16 illustrate the efficiency savings made by the Museums and Galleries following spending reviews of 2010 and 2013. Additional Capital funding was allocated for 2016-17 in the Spending Review 2015, with reserves access granted to them as part of the new Museums Freedoms programme. The Museums Freedoms Reserves can only be accessed at the Supplementary Estimate stage and so are not yet incorporated in funding data for 2019-20.

¹⁷⁶ Arts and culture ALBs includes funding in 2016-17, 2017-18 and 2018-19 for the Factory Manchester as part of the Northern Powerhouse.

¹⁷⁷ 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.

¹⁷⁸ On 15 March 2017, The Royal Parks Limited took over the role of managing the parks from The Royal Parks Agency. As a result The Royal Parks Agency has no planned expenditure after 2016-17. The new charity manages the parks on behalf of the government and is classified as outside central government.

¹⁷⁹ Support for Broadcasting and Media sector is related to Building Digital UK (BDUK) programmes. At the Autumn Statement 2016 it was announced that the Government would invest a further £740m targeted at supporting the market to roll out full-fibre connections and future 5G communications

¹⁸⁰ Broadcasting and Media sponsored ALBs. In the 2015 Spending Review it was announced the government would invest up to £550m during this Spending Review period to make the 700 MHz spectrum band available for mobile broadband use. The increase from 2016-17 onwards includes increased funding for clearance and auction of the band.

¹⁸¹ Support for Horse Racing 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.

¹⁸² 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 OLDF.

¹⁸³ On 15 July 2016 the Office for Civil Society moved from the Cabinet Office to DCMS via a Machinery of Government transfer. Any future year's expenditure will be reflected at the Supplementary Estimate. The change from net income in 2016-17 relates to loan repayments and fewer capital grants issued.

¹⁸⁴ On 1 December 2018, The National Citizen Service Trust was set up as an Arm's Length Body, with expenditure for the National Citizen Service moving from being recorded under the Office for Civil Society.

¹⁸⁵ On 1 February 2019, the Birmingham Organising Committee for the 2022 Commonwealth Games Ltd was set up as an Arm's Length Body. The budget for 2019-20 will be provided for at the Supplementary Estimate 2019-20.

Capital DEL (£'000s)	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
	Outturn	Outturn	Outturn	Outturn	Outturn	Plans
Total Capital DEL	263,752	348,984	274,947	350,635	366,165	655,485
<i>Of which:</i>						
Staff costs ¹⁸⁶	11,450	10,660	-	8,004	8,973	*
Purchase of goods and services ¹⁸⁶	3,900	3,900	14,521	6,250	6,280	*
Income from sales of goods and services	-	-	-	(9,982)	(9,102)	-
Capital support for local government (net)	220,067	202,988	82,509	93,785	78,233	-
Capital grants to persons & non-profit (net)	(100,388)	(81,098)	(76,394)	71,701	57,043	545,079
Capital grants to private sector companies (net)	41,159	43,204	(247)	18,713	63,123	243
Capital support for public corporations	80,050	-	-	(1,400)	-	-
Current grants to persons & non-profit (net)	-	-	-	7,309	7,290	-
Subsidies to public corporations	-	-	-	3,748	2,966	-
Purchase of assets	262,825	191,711	276,438	160,704	153,731	96,373
Income from sales of assets	(260,065)	(43,645)	(3,322)	(7,020)	(6,088)	-
Net lending to the private sector and abroad	23,628	31,752	8,186	3,715	6,169	-
Other capital	(18,874)	(10,488)	(26,744)	(4,892)	(2,453)	-

¹⁸⁶ Figures for plans for staff costs and purchase of goods and services are redacted to avoid publishing any assumptions about future price or pay movements.

Capital AME (£'000s)	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
	Outturn	Outturn	Outturn	Outturn	Outturn	Plans
British Broadcasting Corporation (net) ¹⁸⁷	139,462	45,226	143,691	158,060	95,496	145,975
Channel Four Television ¹⁸⁸	-	-	-	-	-	20,000
London 2012 (net)	-	-	-	-	-	-
Levy bodies ¹⁸⁹	1,991	(2,079)	(2,737)	(1,924)	(1,640)	-
Lottery Grants ¹⁹⁰	601,444	453,717	503,897	448,775	358,918	243,300
Total Capital AME	742,897	496,864	644,851	604,911	452,774	409,275
<i>Of which:</i>						
Staff costs ¹⁹¹	23,078	23,078	-	12,565	13,065	*
Purchase of goods and services ¹⁹¹	-	-	14,000	6,904	4,129	*
Income from sales of goods and services	-	-	-	(2,114)	(2,344)	-
Capital support for local government (net)	188,770	21,803	149,469	133,006	96,321	-
Capital grants to persons & non-profit (net)	329,681	379,110	280,753	270,423	222,998	225,000
Capital grants to private sector companies (net)	-	-	-	3,505	35	-
Capital support for public corporations	417	-	-	(20,151)	(50,717)	20,000
Purchase of assets	124,090	153,770	126,206	119,473	169,004	150,174
Income from sales of assets	(6,342)	(107,851)	(8,067)	(6,818)	(35,749)	-
Net lending to the private sector and abroad	17,612	20,554	33,471	65,874	18,775	-
Other capital	65,591	6,400	49,019	22,244	17,257	-
Total Capital Budget¹⁹²	1,006,649	845,848	919,798	955,546	818,939	1,064,760
Total Departmental Spending¹⁹³	7,136,191	6,243,210	6,539,714	6,383,460	6,837,100	7,299,651
<i>Of which:</i>						
Total DEL ¹⁹⁴	1,671,109	1,611,438	1,682,336	1,786,459	1,889,670	2,226,781
Total AME ¹⁹⁵	5,465,082	4,631,772	4,857,378	4,597,001	4,947,430	5,072,870

¹⁸⁷ BBC capital expenditure is net of property disposals including the sale of Television Centre in White City in 2015-16. BBC Commercial Holdings and its holding companies have been consolidated in these accounts, reflected in the outturn from 2017-18.

¹⁸⁸ Channel Four Television includes £20m budget cover secured to cover commercial borrowings. This facility has not previously been required.

¹⁸⁹ Levy Bodies: Levy bodies are assumed to be self-financing year-on-year, hence no forward plans data.

¹⁹⁰ Lottery Grants: The group accounts excludes the Devolved Administrations and records expenditure on an accruals basis since 2014-15. The funding profile is agreed on a year by year basis, and refined at the Supplementary Estimate for 2019-20.

¹⁹¹ Figures for plans for staff costs and purchase of goods and services are redacted to avoid publishing any assumptions about future price or pay movements.

¹⁹² Total Capital Budget is the sum of the Capital DEL budget and the Capital AME budget.

¹⁹³ Total Departmental Spending is the sum of the resource budget and the capital budget less depreciation.

¹⁹⁴ Total DEL is the sum of the resource budget DEL and capital budget DEL less depreciation in DEL.

¹⁹⁵ 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	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
	Outturn	Outturn	Outturn	Outturn	Outturn	Plans
Libraries sponsored ALBs (net)	7,462	7,945	6,754	7,928	8,818	8,770
Support for the Arts sector	(100)	(340)	(680)	(310)	82	(680)
Arts and culture ALBs (net)	14,828	13,094	15,634	14,255	17,789	17,045
Sport sponsored ALBs (net)	12,155	11,355	11,134	12,788	13,087	15,095
Ceremonial and support for the Heritage sector	-	769	516	550	694	415
Heritage sponsored ALBs (net)	15,873	16,704	16,037	16,378	13,954	15,865
The Royal Parks ¹⁹⁶	2,601	3,431	3,589	-	-	-
Tourism sponsored ALBs (net)	26,392	44,250	29,375	31,077	33,917	30,682
Support for the Broadcasting and Media sector	19,881	164	118	4,105	6,588	-
Broadcasting and Media sponsored ALBs (net) ¹⁹⁷	59,965	61,103	54,389	40,160	9,689	14,397
Administration and Research	41,294	52,891	55,495	63,517	84,471	95,839
National Citizen Service (net) ¹⁹⁸	-	-	-	-	16,254	-
Spectrum Management Receipts ¹⁹⁹	(52,594)	(52,139)	(49,645)	(33,299)	-	-
Total Administration Budget	147,757	159,227	142,716	157,149	205,343	197,428
<i>Of which:</i>						
Staff costs ²⁰⁰	110,948	127,842	129,583	128,737	141,814	*
Purchase of goods and services ²⁰⁰	107,376	105,330	101,145	98,753	102,932	*
Income from sales of goods and services	(24,662)	(27,214)	(31,806)	(31,158)	(29,295)	-
Current grants to local government (net)	-	-	-	(25)	(68)	-
Current grants to persons and non-profit (net)	634	-	183	177	512	-
Current grants abroad (net)	-	3	-	-	-	-
Subsidies to Public corporations	-	5,354	-	-	-	-
Net public service pensions	-	-	-	-	2,975	-
Rentals	13,415	16,014	15,659	16,962	17,785	-
Depreciation	11,875	11,411	10,118	8,883	9,528	14,816
Change in pension scheme liabilities	-	-	-	-	-	-
Unwinding of discount rate on pension scheme liabilities	-	368	288	317	72	-
Other resource	(71,829)	(79,881)	(82,454)	(65,497)	(40,912)	(715)

¹⁹⁶ On 15 March 2017, The Royal Parks Limited took over the role of managing the parks from The Royal Parks Agency. As a result The Royal Parks Agency has no planned expenditure after 2016-17. The new charity manages the parks on behalf of the government and is classified as outside central government.

¹⁹⁷ Broadcasting and Media Sponsored ALBs shows a fall in spend from 2017-18 onwards because from this point Ofcom retained Spectrum Management Receipts as income.

¹⁹⁸ On 1 December 2018, The National Citizen Service Trust was set up as an Arm's Length Body, with expenditure for the National Citizen Service moving from being recorded under the Office for Civil Society.

¹⁹⁹ Spectrum Management receipts, which directly offset Broadcasting Administration expenditure, will be shown as income in the Broadcasting and Media Sponsored ALBs line from 2017-18.

²⁰⁰ Figures for Plans for staff costs and purchase of goods and services are redacted to avoid publishing any assumptions about future price or pay movements

Annex B – Statement of Parliamentary Supply Notes

The Statement of Parliamentary Supply (SoPS) and supporting notes show outturn against estimate in terms of the resource and capital budgets and non-budget expenditure and the Net Cash Requirement.

Lottery Income

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

BBC Broadband Income

The BBC PSB Group paid £20m to the core department towards Broadband. However, since the core department pays these monies to the Consolidated Fund, this income is not recognised in the SoPS. Whilst the core department's associated expenditure is included in the SoPS, consequently a reconciling item arises between the SoPS and the SoCNE (see SoPS 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.

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

Charity Income - donations

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

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.

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

	Outturn 2018-19		Outturn 2017-18	
	Income	Receipts	Income	Receipts
	£'000	£'000	£'000	£'000
Amounts to be collected on behalf of the Consolidated Fund				
- 2017-18 income	-	-	80,000	80,000
- 2018-19 income	20,000	20,000	-	-
Total	20,000	20,000	80,000	80,000

SOPS 4.2 Consolidated Fund Income

Consolidated Fund income shown in note 4.1 above does not include any amounts collected by the department where it was acting as agent for the Consolidated Fund rather than as principal. The amounts collected as agent for the Consolidated Fund (which are otherwise excluded from these financial statements) were:

	2018-19 £'000	2017-18 £'000
Taxes and licence fees		
Spectrum Management fees: Auction proceeds from the award of 2.3 and 3.4GHz spectrum licences	1,370,354	-
Spectrum Management fees: Wireless Telegraphy Act annual licence fees and charges to Crown spectrum users	243,646	239,780
Information Commissioner data protection fees	-	-
Sports Grounds Safety Authority licences	9	9
Sub-total: Taxes and licence fees	1,614,009	239,789
Fines and penalties		
Gambling Commission penalties issued	9,873	
Information Commissioner civil monetary penalties issued	4,764	4,321
Information Commissioner penalties issued	200	-
Sub-total: Fines and penalties	14,837	4,321
Less:		
Uncollectible debts - Information Commissioner penalties	-	(424)
Amount payable to the Consolidated Fund	1,628,846	243,686
Balance held at start of year	5,469	17,247
Payments into the Consolidated Fund	(1,604,193)	(255,464)
Balance held on trust at end of year	30,122	5,469

The main income streams collected as agent are:

Licence Fees

- **Spectrum Management Auction Proceeds** – these are the proceeds of the auction managed by Ofcom in March-April 2018. Further details are reported in the 'Ofcom Section 400 Licence Fees and Penalties Account 2018-19'.

- **Spectrum Management Annual Licence Fees** - these are annual licences issued by Ofcom under the Wireless Telegraphy Act (WTA) and charges for Crown use of spectrum. Since December 2017, most of Ofcom's operating costs have been deducted from the amounts remitted to the Consolidated Fund rather than met from Grant-in-Aid funding. The value retained in 2018-19 was £56,198k (in 2017-18 £19,127k was retained for four months' activity). This decrease has been offset by an increase in the annual licence fees to Mobile Network Operators from January 2019 following a fee re-determination. Further details of these can also be found in the Ofcom Section 400 Account.
- **Data Protection fees** - collected by the Information Commissioner's Office (ICO). If fees exceed the cost of the ICO's work on data protection regulation, the excess is paid to the Consolidated Fund. There were no data protection fees payable to the Consolidated Fund for 2018-19 or 2017-18 as the excess of fees collected over costs of data protection activity was below the 3% threshold set out in the ICO's management agreement.
- **Sports Grounds Safety Authority (SGSA)** annual licence fees for the certification of football grounds.

Penalties

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

The balance held on trust of £30.1m at end of 31 March 2019 comprises:

- £15.6m for WTA and other Spectrum Management fees, of which £10.6m is receivable, and £5.0m is held by DCMS as cash
- £9.9m in Gambling Commission penalties, all of which is receivable
- £4.4m in respect of ICO Civil Monetary Penalties and interest, all of which is receivable
- £0.2m in respect of ICO fines, all of which is receivable

Annex C – Sustainability

Greening Government for the Core Department

The core department's sustainability report has been prepared in line with the requirements under the Greening Government Commitments. The three tables below demonstrate our continuing commitment to sustainable development. We plan to reduce our use of materials and energy, minimise waste and water use and increase sustainable procurement to minimise our carbon footprint.

Table A – 2018-19 Performance against 2009-10 Baseline

	2020 Government target	Position as at 31 March 2019
Greenhouse gas emissions	63% reduction	34% reduction
Waste	Reduce from Baseline	19% reduction
Water	Reduce from Baseline	31% reduction
Paper	50% reduction	12% reduction
Domestic flights	30% reduction	153% increase

Table B – 2018-19 Actuals to Target

Area		2018-19 Performance	
		Target	Actual
Greenhouse gas emissions	Consumption (tCO ₂ e)	500 ²⁰¹	894
Paper Purchased	Reams A4 Equivalent	2,551	4,512
Domestic flights	Number of Flights	118	428

Table C – Performance against 2009-10 Baseline in prior years

The non-financial performance of the core department over the last eight years against the 2009-10 baseline target is represented in the table below.

	Estate Carbon (Reduction to baseline for 2009-10)	Domestic flights (Number of flights)	Waste (Reduction to baseline for 2009-10)	Water (Usage per FTE)	Paper usage (Number of A4 reams)
2018-19	34%	428	19%	4.6 m ³	4,512
2017-18	60%	219	67%	3.1 m ³	4,364
2016-17	64%	260	75%	5.1 m ³	4,071
2015-16	54%	224	63%	5.7 m ³	1,508
2014-15	57%	398	55%	4.0 m ³	2,960
2013-14	64%	221	71%	5.0 m ³	2,723
2012-13	33%	146	53%	9.0 m ³	2,493
2011-12	29%	241	18%	13.4 m ³	4,968
2010-11	21%	169	3%	13.7 m ³	4,952

²⁰¹ The target is based on the Department's bespoke greenhouse gas emissions target of 63%.

Commentary relating to the core department's current year performance is provided below.

DCMS can report a 34% reduction in estate carbon emission, although there was a significant increase in staff number and an expansion of office space this year. The Department moved into two additional floors in 100 Parliament St, almost doubling its percentage occupancy in the building. The Department has exceeded its target towards overall waste and water consumption.

Figures on building emissions (electricity, waste and water consumption) are reported as a percentage of the total figures for 100 Parliament St based on allocated seating in the building (753 of 2,250). DCMS building emission figures are not reported in Government totals as these are already counted under HMRC's figures. As DCMS' data are indicative only statistics derived from the above exercises may not accurately represent the department activities as DCMS does not have control over the building wide activities of other departments based at 100 Parliament St, or policies around building sustainability made by HMRC.

The Department pays a fixed price for utilities in parts of the building and a percentage of utilities in other areas.

The amount and type of travel in the department is determined by business needs and is restrained by a robust travel policy that requires all travel to be necessary and cost efficient; thus challenges arise with achieving the 30% reduction target. Domestic flights were higher in 2018-19, due to an increase in the number of personnel and as a result of the EU exit work, 5G and Local Full-Fibre Networks work in the Telecoms space etc.

Paper usage increased in 2018-19 due to an increase in the number of personnel, combined with an increase in work associated with significant bills and policy papers.

Sustainability Report - Group Performance

Data has only been included from ALBs that meet the required threshold for sustainability reporting. This sustainability report is not based on the same Departmental accounting boundary as the 2018-19 accounts. The ALBs exempt for 2018-19 and prior years are:

Churches Conservation Trust	Sir John Soane's Museum
Geffrye Museum Trust Limited	S4C
Horniman Public Museum & Public Park Trust	Sports Grounds Safety Authority
Royal Armouries Museum	UK Anti-Doping
The English Sports Council	Wallace Collection
UK Sports Council	Horseshoe Betting Levy Board
Birmingham Organising Committee for the 2022 Commonwealth Games	National Citizen Service ²⁰²

²⁰² National Citizen Service became an ALB in December 2018 and is exempted for sustainability reporting in 2018-19.

Table 1 - Greenhouse Gas Emissions

	2018-19		2017-18		2016-17		2015-16		2014-15		2013-14	
	Core	Group	Core	Group	Core	Core	Core	Group	Core	Group	Core	Group
Non-financial Indicators (1,000 tCO₂e)												
Total gross emissions	0.6	154.9	0.5	168.2	0.5	198.4	0.6	216.4	0.6	240.1	0.5	254.8
Gross emissions Scope 1 (direct) (gas, oil & fuel)	-	50.0	-	47.4	-	54.6	-	56.5	-	62.3	-	66.4
Gross emissions Scope 2 (indirect) (electricity)	0.5 ²⁰³	93.3	0.4	109.3	0.4	132.9	0.5	148.7	0.6	165.4	0.5	174.3
Gross emissions Scope 3 (indirect) (domestic business travel)	0.1	11.6	0.1	11.5	0.1	10.9	0.1	11.2	-	12.4	-	14.1
Total energy consumption	2.6	596.0	1.4	584.5	1.5	604.0	2.1	611.9	1.4	652.0	1.1	723.1
Electricity: non-renewable ²⁰⁴	1.5 ²⁰³	162.1	0.8	162.8	0.9	333.6	1.5	338.8	1.0	342.4	0.9	394.0
Electricity: renewable	-	181.6	-	179.5	-	22.4	-	19.1	-	44.5	-	42.8
Gas	1.1 ²⁰³	251.1	0.6	241.4	0.6	244.3	0.6	250.3	0.4	258.0	0.2	279.1
LPG	-	0.3	-	0.2	-	3.1	-	2.7	-	3.7	-	3.5
Other	-	0.9	-	0.6	-	0.6	-	1.0	-	3.4	-	3.7
Related Energy Consumption (million kWh)												
Total expenditure	1.2	88.2	0.6	80.8	0.4	86.6	0.8	85.7	0.6	92.3	0.3	84.3
Expenditure on energy	0.2	43.5	0.2	39.2	0.2	42.6	0.2	42.2	0.1	46.7	0.2	46.2
CRC license expenditure (2010 onwards)	-	0.9	-	1.2	-	1.4	-	1.6	-	1.3	-	0.6
Expenditure on accredited offsets	-	-	-	-	-	-	-	-	-	0.1	-	0.2
Expenditure on official business travel	1.0 ²⁰³	43.8	0.4	40.4	0.2	42.6	0.6	41.9	0.5	44.2	0.1	37.3
Financial Indicators (£m)												

²⁰³ Increase is due to the expansion of DCMS during 2018-19 with more personnel and office space on two additional floors.

²⁰⁴ Where an ALB did not split between non-renewable and renewable electricity consumption, the entire amount has been classified as non-renewable.

Table 2 - Waste

	2018-19		2017-18		2016-17		2015-16		2014-15		2013-14	
	Core	Group	Core	Group	Core	Group	Core	Group	Core	Group	Core	Group
Total waste	71.4	10,721.7	28.6	11,045.5	22.4	17,773.6	32.0	18,295.9	39.0	18,738.0	36.0	18,451.7
Hazardous waste	-	8.9	-	29.9	-	22.3	-	31.3	-	67.4	-	48.0
Non-hazardous waste:												
Non-financial Indicators (tonnes)												
Landfill	-	738.7	1.6	737.6	15.5	1,057.3	17.0	1,782.0	18.0	1,925.2	13.0	1,301.0
Reused/ recycled	42.5	5,434.0	27.0	6,030.9	6.9	9,058.3	15.0	8,032.5	21.0	7,861.3	23.0	7,354.7
Composted	-	553.0	-	496.0	-	2,750.7	-	3,514.2	-	4,740.8	-	4,138.6
Incinerated with energy recovery	28.9	3,978.4	-	3,747.1	-	4,868.7	-	4,899.9	-	4,045.3	-	5,605.6
Incinerated without energy recovery	-	8.7	-	4.0	-	16.3	-	36.0	-	98.0	-	3.8
Total disposal cost²⁰⁵	-	2,097.7	3.9	2,118.7	2.1	2,370.2	5.0	2,443.8	5.0	1,944.5	19.0	835.1
Hazardous waste	-	48.9	-	30.1	-	344.0	-	295.0	-	8.4	-	8.1
Non-hazardous waste:												
Financial Indicators (£'000)												
Landfill	-	54.6	-	67.4	-	46.0	-	92.8	-	49.2	-	78.2
Reused/ recycled	-	365.4	-	377.8	-	428.8	-	345.0	-	284.4	-	277.9
Composted	-	39.9	-	42.3	-	41.1	-	50.4	-	28.9	-	26.0
Incinerated with energy recovery	-	307.5 ²⁰⁶	-	516.3	-	300.7	-	332.3	-	267.3	-	233.2
Incinerated without energy recovery	-	-	-	4.0	-	-	-	-	-	-	-	-

²⁰⁵ Total disposal costs include some costs that are not in the itemised lines. These were not provide by some ALBs due to limitations in their current service contracts.

²⁰⁶ As a result of the above, there is a decrease in disposal costs on waste incinerated with energy recovery for Imperial War Museum as the waste cost is built into the contract price from the service provider which isn't shown by method of disposal.

Table 3 - Finite Resource Consumption

	2018-19		2017-18		2016-17		2015-16		2014-15		2013-14	
	Core	Group	Core	Group	Core	Group	Core	Group	Core	Group	Core	Group
Total water consumption	5.0	1,061.9	2.6	1,161.8	3.2	1,746.1	3.3	1,704.2	2.2	2,112.1	2.1	2,290.3
Water consumption (office estate):												
Supplied	5.0	802.9	2.6	796.7	3.2	787.2	3.3	729.2	2.2	1,006.9	2.1	1,193.5
Abstracted	-	41.5 ²⁰⁷	-	135.8	-	187.9	-	99.8	-	69.0	-	40.4
per FTE	0.005	0.022	0.003	0.023	0.005	0.029	0.006	0.022	0.004	0.031	0.005	0.037
Water consumption (non-office estate):												
Supplied	-	174.9	-	163.5	-	328.6	-	318.8	-	184.9	-	292.9
Abstracted	-	42.6	-	65.8	-	442.4	-	556.4	-	851.3	-	763.5
Total water cost²⁰⁸	11.6	2,513.0	-	2,618.8	-	2,067.1	-	2,533.1	1.4	2,484.2	-	2,569.6
Water supply costs (office estate)	11.6	2,067.7	-	2,176.9	-	1,515.1	-	1,943.7	1.4	2,174.3	-	2,157.1
Water supply costs (non-office estate)	-	445.3	-	441.9	-	552.0	-	589.4	-	309.9	-	412.5

²⁰⁷ Decrease is due to the reduction in water abstraction from the closure of the borehole cooling system at Tate Modern. A new water harvesting facility is now operational that allows the collection, storage and distribution of recycled rainwater.

²⁰⁸ Total water cost in contrast with total water consumption may not align due to timing differences in relation to the receipt of utility invoices by ALBs.

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