



Department for  
Digital, Culture,  
Media & Sport

# Annual Report & Accounts

For the Year Ended 31 March 2022





# Department for Digital, Culture, Media and Sport

## Annual report and accounts for the year ended 31 March 2022

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

Ordered by the House of Commons to be printed on 1 December 2022.

HC 742

This is part of a series of departmental publications which, along with the Main Estimates 2022-23 and the document Public Expenditure: Statistical Analyses 2021, present the government's outturn for 2021-22 and planned expenditure for 2022-23.



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DCMS, 100 Parliament Street, London, SW1A 2BQ.

ISBN 978-1-5286-3678-0

E02784234 12/22

Printed on paper containing 40% recycled fibre content minimum

Printed in the UK by HH Associates Ltd. on behalf of the Controller of His Majesty's Stationery Office



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# INTRODUCTION

## Foreword by the Secretary of State



**The Rt Hon  
Michelle Donelan MP**

Secretary of State for  
Digital, Culture, Media  
and Sport

As the recently appointed Secretary of State for the Department for Digital, Culture, Media and Sport (DCMS), I am working closely with my ministerial team to build on DCMS achievements under my predecessor, Rt Hon Nadine Dorries MP, and ensure that through the work of our department, its public bodies and our sectors, we are driving forward growth and enriching lives across the United Kingdom.

A focal point for the department has been on increasing productivity through improved digital connectivity. DCMS has worked with our sectors to rapidly increase gigabit coverage, reaching 70% coverage as of September 2022, and to minimise digital harms via the introduction of the Online Safety Bill in March 2022. This year the department has worked to drive our booming tech industry by promoting greater competition and by creating one of the toughest telecoms security regimes in the world through the Telecommunications Security Act.

The reputation of Britain on the world stage is also dependent on the impact and influence of our sectors. The exhilarating programme of 2022 major events, ranging from Her Late Majesty the Queen's Platinum Jubilee to the Birmingham 2022 Commonwealth Games in the summer, have inspired and united the nation, bringing in new overseas visitors and refocusing the narrative about the UK around its unique strengths and traditions. The series of major events and ceremonial occasions so far have contributed to the cohesion of our communities as we have sought to reduce inequalities in participation.

Other exciting DCMS priorities have also been progressed such as growing and evolving our culture, sport, civil society and creative sectors domestically and globally, accelerating the recovery from COVID-19. We have continued to deliver and expand the unprecedented support packages on offer to support these sectors. We have undertaken steps to offer clarity and ensure enhanced sustainability and resilience in the public service broadcasting space by settling the BBC and S4C licence fee and considering next steps for Channel 4 ownership.

With so much to reflect on and look forward to, I hope you enjoy reading this report. It encapsulates the progress DCMS has made in a year to remember and the work it is doing to shape the future of this nation, enriching people's lives every day.

# Permanent Secretary's Review

Throughout 2021-22 DCMS continued to play a vital role in supporting growth within our sectors, which have been central to the UK's economic and cultural recovery following the Covid-19 pandemic. I am proud of the role that the department, our public bodies and sectors have continued to play in the face of recent adversities. This report shows how key the department has been to creating growth, economic opportunity and bringing our communities closer together.

As the nation recovered from the pandemic throughout 2021-22, we supported the safe return of cultural and sporting events through the Events Research Programme. This was in addition to our continued delivery of unprecedented support packages including the £2bn Cultural Recovery Fund and £300m Sports Survival Package. These packages provided lifelines to our sectors in the face of the extreme challenges brought by the pandemic.

As this report shows, DCMS has an important and varied policy portfolio. On the Digital and Media side, it ranges from delivering important digital innovation, including driving forward gigabit roll out to funding the UK's world leading creative industries. The report demonstrates how we have continued to pursue ambitious initiatives to maintain and strengthen the UK's status as a world leader in the digital space, including work on the Online Safety Bill to ensure people are safe and secure as they navigate the online world. On the Culture, Sport and Civil Society side, we continued our investment in youth services through the launch of the new National Youth Guarantee and kick-started the process of a fan-led football governance review to make culture and sport better and more accessible for all citizens.

In terms of corporate progress, I was pleased to see that DCMS is again the second most engaged across Civil Service departments, maintaining our engagement index at 70% in the 2021 People Survey, despite increased pressures on staff. The survey's findings have also informed initiatives at both a departmental and local team level to help strengthen our unique DCMS culture and help us navigate difficult decisions.

DCMS remains committed to becoming a truly UK wide department and the most inclusive by 2025. During the first phases of our Places for Growth programme, we have established a second headquarters with a strong presence in Manchester, alongside smaller numbers in Cardiff and Edinburgh.

This report tells the story of how we put our people and the public at the heart of what we do, nurturing our talent in order to develop and deliver innovative and exciting major projects, programmes and policies. As the Secretary of State has outlined in her foreword, DCMS will continue to lead the way, reflecting and responding to the future of the nation.



**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 2021-22 financial year.

### Our purpose

In DCMS we work on some of the most exciting, positive and important policies for the future of the UK. DCMS is critical to creating economic opportunity, innovation and collective inspiration and enjoyment. We support these goals by protecting national economic security and social resilience. We are here to drive growth and enrich the lives of people and communities across the UK. 2021-22 continued to present challenges for the UK and the department itself, with COVID-19 and the escalating geo-political situation in the Ukraine presenting an ongoing threat to the UK's culture, sport and tourism, digital, national security and sectors. However, as the success of the vaccine rollout allows us to transition to longer-term management of the pandemic, we look forward to accelerating the growth and recovery of our world leading sectors in the coming year and beyond.

This report is structured against the four priority outcomes for the department in 2021-22 that were agreed in the 2020 Spending Review and first published in our 2021-22 Outcome Delivery Plan (ODP). Our outcomes for 2022-23 remain the same.

The outcomes are:

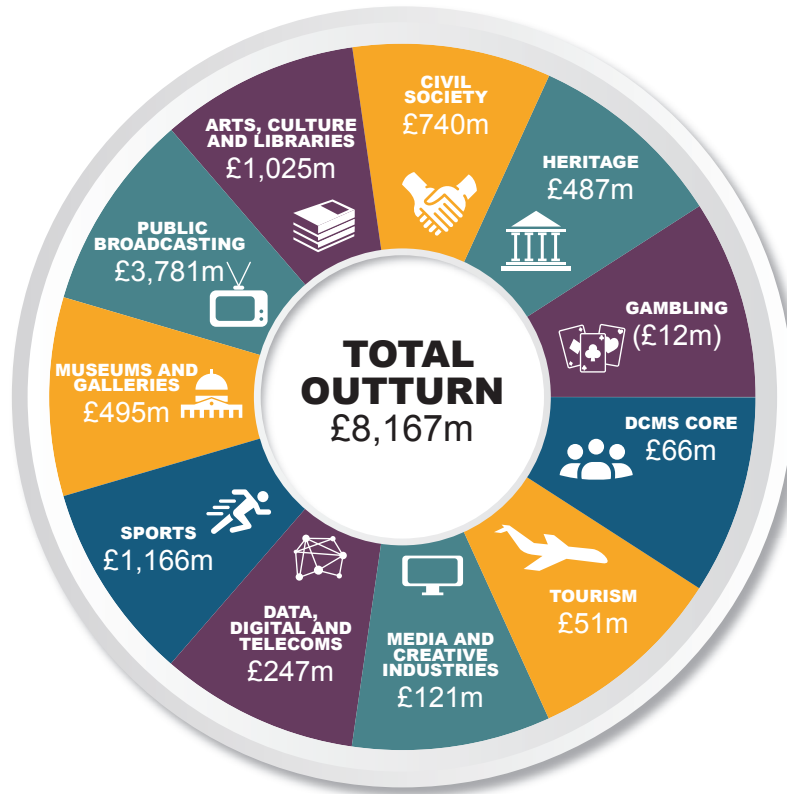
1. Increase economic growth and productivity through improved digital connectivity.
2. Grow and evolve our sectors domestically and globally, in particular those sectors most affected by COVID-19, including culture, sport, civil society, and the creative industries.
3. Increase growth through expanding the use of data and digital technology and increasing innovation, while minimising digital harms to the UK's economic security and society.
4. Enhance the cohesiveness of our communities across all of the UK including through major events and ceremonial occasions, and reduce inequalities of participation in society, particularly among young people.

Our strategic enablers support each of these priority outcomes, as well as the overall delivery capability of the department.

1. Workforce, Skills and Location - Through our locations strategy and our diversity and inclusion strategy, we will support a more diverse workforce overall, one better equipped to support Levelling Up and understand the needs of the people we support.
2. Innovation, Technology & Data - Our vision is to accelerate DCMS Transformation, empowering colleagues with tools, technology and ways of working to put users at the heart of everything we do.
3. Delivery, Evaluation and Collaboration - Through our centres of excellence, expanding the specialist skills in our functions, a more robust risk management framework, more aligned working within our public bodies and a focus on evidence-based policy and delivery; we will provide a better experience for the public.
4. Sustainability - Providing the structures and policy support to ensure that policy work and delivery for years to come can increasingly recognise this critical agenda and ensure that our sectors are at the forefront of the change required to support the Net Zero commitments.

The majority of the department's funding in 2021-22 went to its public bodies, which operate across multiple sectors and are an extremely diverse group of organisations. DCMS works in tandem with these bodies, the majority of which are linked to the department by ministerial appointments and/or legislative requirements. Of these, 38 are directly consolidated into DCMS accounts and categorised as arm's length bodies (ALBs) within note 29 of the accounts.

## Outturn by business area

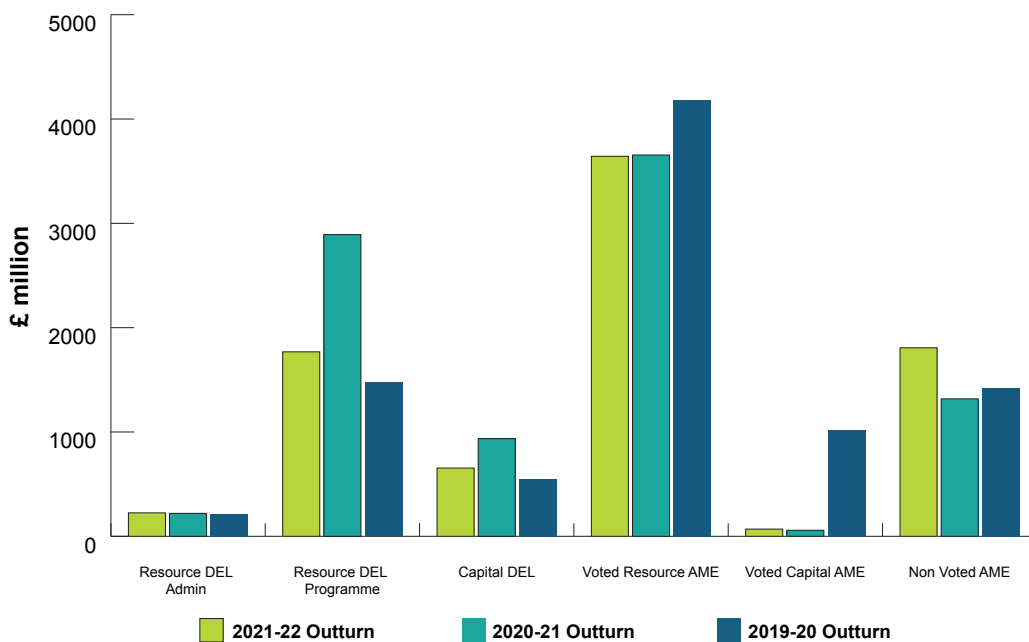


Figures in this diagram agree to the Statement of Outturn against Parliamentary Supply. For more information please see page 86.

This year, intra-group eliminations (trading between ALBs in the group) has been reallocated to specific categories of expenditure where spend is solely related to the category (in previous years these transactions had been allocated to the DCMS core sectors).

The Gambling sector spend is a net credit (£12m) representing a net income position.

## Total Net Expenditure



The total of above for 2021-22 is £8,167m and includes both Voted and Non Voted expenditure and also both Department Expenditure Limit (DEL) and Annual Managed Expenditure (AME). The Financial Review on page 104 includes an explanation of the budgets and page 105 provides a commentary on trends in total expenditure.





## Key achievements

**Outcome 1: Increase economic growth and productivity through improved digital connectivity.**

### Digital Connectivity

- We extended our 5G testbed and trials project into 2021-22, providing more targeted research and development funding to boost UK productivity through increasing the use of 5G in public and private sector settings. (2021-22)
- The shared rural network, our planned deployment and upgrade of 4G mobile infrastructure in the most remote geographies, hit 92% coverage at the end of 2021 as we build towards our target of 95% coverage by 2025. (January 2022)
- Working with industry we have seen rapid increases in Gigabit coverage, hitting 50% in September 2021 and hitting 67% coverage in

April 2022, as we build towards at least 85% coverage by 2025. (April 2022)

### Telecoms Diversification and Security

- We took our Telecommunications (Security) Bill through parliament and this will create one of the toughest telecoms security regimes in the world. (November 2021)
- We introduced our Product Security and Telecommunications Infrastructure Bill to support the rollout of future-proof, gigabit-capable broadband and 5G networks, and better protect citizens, networks and infrastructure against the harms enabled through insecure consumer connectable products. (November 2021)
- We announced winners of the £36.2m FRANC (Future radio access network competition) to projects that support the goals of the government's 5G Supply Chain Diversification Strategy. The competition is aimed at helping



to incentivise industry to create new products and services to unlock the full potential of Open radio access network technology. (December 2021)

- We announced plans for 2G and 3G to be phased out by 2033, helping to bring in new telecoms suppliers to build the UK's 5G networks. (December 2021)
- We announced £15m for phase 2 of SONIC Labs, a programme that enables telecoms suppliers to integrate early stage products into working end-to-end systems tested in lab and real-world mobile network settings. This further expands our work to create testing facilities for exploring new ways of building 5G networks. (December 2021)
- On 1st April 2022 Building Digital UK (BDUK) became a specialist delivery Executive Agency (EA) of DCMS. As an EA, BDUK will have greater operational autonomy to drive fast-paced delivery, balanced with a robust governance structure and expert independent board oversight. The move will make sure BDUK is set up in the most effective way to expand its operations for the fast delivery of broadband rollout. (April 2022)
- Throughout 2021 and 2022, we engaged with our international partners on the developing strategy for 5G Diversification, to realise its full potential. We hosted the G7 Information Sharing Event, launched the Prague Principles on telecommunications supplier diversity at the Prague 5G Security conference and engaged partner governments and industries at Mobile World Congress in pursuit of this ambition.

**Outcome 2: Grow and evolve our sectors domestically and globally, in particular those sectors most affected by COVID-19, including culture, sport, civil society, and the creative industries.**

#### **Creative Industries**

- We created a £49m fund to support the UK's world-leading creative industries, including supporting Small and Medium-sized Enterprises (SMEs) to scale up and providing bespoke support for the UK's independent film, music touring and video game industries. We announced and started work on developing a new sector vision for the Creative Industries which will be published in 2022. (October 2021)

#### **Broadcasting**

- We consulted between July and September 2021 on the future ownership model of Channel 4 (around 60,000 responses) and ministers made a decision to proceed with a change of ownership of the broadcaster. (September 2021)
- We published a White Paper 'Up Next' on the future of broadcasting. (April 2022)
- We announced that we will increase the BBC's commercial borrowing limit from £350m to £750m, enabling greater BBC investment in the UK's creative industries. (October 2021)
- We announced the licence fee settlement in January 2022, providing the BBC and S4C with the certainty of a six year funding settlement which will allow them to continue to deliver on their public service objectives. The



TV licence fee has been frozen for two years as the government moves to support families in the face of rising living costs, and it will then rise with inflation for the following four years. (January 2022)

- We also announced that we will review the funding model of the BBC ahead of the next Charter period as part of our wider strategic review of public service broadcasting. (January 2022)
- Secured £4.1m emergency funding for the BBC to fight Russian disinformation and continue services in the region. (March 2022)

### **Tourism**

- We published the Tourism Recovery Plan in summer 2021, outlining our plans to return domestic tourism to pre-pandemic levels by 2022 and international tourism by 2023, supported by the Government's wider 'Living with Covid' plans. (June 2021)
- We published an independent review to examine and assess the role, structure and performance of Destination Management Organisations (DMOs) across England to establish whether there may be a more efficient and effective model for supporting English tourism at the regional level. (August 2021)
- We launched the £600,000 'England for Everyone' fund to provide holidays and trips for more than 800 families facing difficult times. (February 2022)

### **Culture, Sport and Civil Society**

- We published an action plan on tackling concussion in sport to help reduce risks associated with head injuries. (December 2021)
- From January 2022, football fans were able to stand in some of the biggest stadia in England and Wales, as we launched a landmark trial of safe standing for the remainder of the domestic football season. (January 2022)
- We encouraged increased efficiency in the charitable sector through the Charities Act 2022. This will reduce unnecessary administration and bureaucracy, therefore enabling more funds to be used for charitable purposes. (February 2022)
- We announced £48m Cultural Investment Funding through the cultural development, museum estate and development and libraries improvement funds to more than 60 galleries, museums, libraries and cultural venues to help safeguard the nation's critical cultural heritage. (March 2022)

### **Culture and Sport Recovery**

- Over 2021, we supported the safe return of cultural and sporting events through the Events Research Programme (ERP), delivering 31 events with over 2m attendees. As part of the ERP, we developed a large body of publicly-available evidence on transmission of Covid-19 at large events to inform policy making decisions. (2021)
- We launched the £750m Live Events Reinsurance scheme, giving our £70bn live events industry the confidence they need to plan through to summer 2022. This scheme has so far provided cover for 87 organisations across 169 events, insuring a total covid sum of £117.3m. (September 2021)
- We completed the final round of the Cultural Recovery Fund between July and September 2021, and have supported around 5000 creative and cultural organisations to recover and rebuild. (March 2022)
- The £300m Sports Winter Survival Package supported 1,685 sports organisations impacted by coronavirus until March 2022. (March 2022)

### **Gambling and Lotteries**

- As part of our review into the 2005 Gambling Act, we launched and closed a call for evidence (16,000 responses) to support the evolution of a sustainable and responsible gambling sector. The White Paper setting out the government's vision for the gambling sector will be published this year. (March 2021)
- Supporting the Gambling Commission on the competition for the next licence to run the National Lottery, which starts in 2024. The Commission announced the preferred applicant in March.





**Outcome 3: Increase growth through expanding the use of data and digital technology and increasing innovation, while minimising digital harms to the UK's economic security and society.**

**International Engagement and Trade**

- We secured a commitment for G7 countries to work together on the digitisation of trade documents to make trade cheaper, easier, faster and greener. (April 2021)
- We launched a tech partnership with the United States, to strengthen the resilience and security of our critical and emerging technologies including in AI, and to improve the accessibility and flow of data to support economic growth, public safety and scientific and technological progress. (June 2021)
- We concluded the UK-Singapore Digital Economy Agreement, the most advanced digital trade agreement in the world, and agreed digital trade deals with Australia and New Zealand. (February 2022)

**Online Safety**

- We published the Draft Online Safety Bill, enabling pre-legislative scrutiny of our measures ahead of full introduction to Parliament next year. (May 2021)
- Working with the Department of Health and Social Care (DHSC), we have responded to a

consultation on further advertising restrictions on TV and online for products high in fat, salt and sugar. We will be helping to implement restrictions on TV and online advertising in relation to identifiably less healthy food and drink products as part of the Health and Care Bill. (June 2021)

- We published our Online Media Literacy Strategy and Action Plan, setting out the government's plan to coordinate media literacy education and empower users to make safe choices online. (July 2021)
- We introduced the Online Harms Safety Bill to establish a new regulatory framework to combat harmful content online. (March 2022)

**Digital, Technology and Data**

- We consulted on our proposals for a new pro-competition regime for digital markets, which will seek to level the playing field for consumers and businesses with a response published in spring 2022.
- Completed a public consultation on our plans to create an ambitious, pro-growth and innovation-friendly data protection regime that underpins the trustworthy use of data. (November 2021)
- We hosted the inaugural Future Tech Forum, bringing together global partners and tech players to help address critical questions relating to the impact of tech on society in the coming years and how we can collectively





leverage these future technologies to confront far reaching global challenges. (December 2021)

### Cyber Security

- We launched a consultation on proposed legislation to improve the cyber resilience of organisations which are key to the UK economy. (January 2022)
- We contracted (June 2021) an Adult Cyber Skills training project, with delivery starting in March 2022 and launched a Youth platform, Cyber explorers (February 2022), to help develop the skills needed to meet the demands of future cyber development. (June 2021/February 2022)

### Artificial Intelligence

- We published The National AI Strategy and secured funding for AI and Data Skills Conversion Courses as we enact our ten-year plan to make Britain a global AI superpower. We are now progressing plans to publish our AI White Paper. (September 2021)
- We launched the AI Standards Hub pilot, successfully delivering on the National AI Strategy and aiming to increase the UK's contribution to the development of global AI technical standards. (January 2022)
- We announced £23m to boost skills and diversity in Artificial Intelligence jobs and to create 2,000 scholarships in AI and data science in England. (February 2022)

**Outcome 4: Enhance the cohesiveness of our communities and nations through major events and ceremonial occasions, and reduce inequalities of participation in society, particularly among young people.**

### Youth

- In the Spending Review we secured £560m to invest in youth services in England over the next three years, enabling us to launch the new National Youth Guarantee, the main phase of the Youth Investment Fund for up to 300 new and redeveloped youth centres, and ongoing support for the National Citizen Service (NCS). (October 2021)
- We provided £700,000 in bursary funding to support over 500 youth workers from disadvantaged backgrounds to undertake Level 2 or Level 3 qualifications in Youth Work Practice. (December 2021)

### Sports and Major Events

- We launched a comprehensive fan-led football governance review, to protect the identity of our national game and give fans a greater say in how its run. Following the publication of the review in November 2021, the Government has endorsed the principle recommendation that football should have an independent regulator and we published our full response on 25th April 2022. (April 2022)
- We launched the Birmingham 2022 Commonwealth Games Queen's Baton Relay, Commonwealth Games ticket sales, the

Platinum Jubilee Medal, plans for the central weekend and Platinum Pudding completion as part of our preparations for the Y2022 celebrations (summer 2022)

- We successfully hosted the Semi-finals and Final of UEFA EURO 2020 against the challenging backdrop of Covid-19. (summer 2022)
- We created a £205m investment fund to build or improve up to 8,000 community multi-use sports and football pitches across the UK and confirmed £22m of funding to refurbish 4,500 public tennis courts in deprived parts of the UK. So far, we have provided funding to regenerate 151 grassroot football facilities across the UK. (March 2022)
- We launched UNBOXED (formerly Festival UK 22) with our first event 'About Us' going live on 1st March in Paisley, Scotland. UNBOXED will deliver a celebration of creativity across the UK which aims to reach people across the whole UK online and in-person across ten spectacular creative projects, demonstrating the nation's talent in science, technology, engineering, arts and maths. (March 2022)
- We are pursuing a bid to host the UEFA EURO 2028, concentrating on costs, winnability, governance arrangements and wider benefits and have now submitted an expression of interest to jointly host with Ireland. (March 2022)

## Culture

- We announced a series of measures to significantly increase and better distribute Art Council England's (ACE) funding, transforming the landscape for arts and culture to ensure that it benefits everyone. Where possible, additional funding announced at Spending Review 2021 for ACE (£43.5m) will be invested outside London in levelling up places with London's Arts Council budget being reallocated by up to £32m by 1 April 2025. This means that regional access to arts and culture will be transformed with plans to increase and better distribute funding for the sector in areas outside of London by around £75m by 2025. (February 2022)
- The UK City of Culture 2025 had a record number of places submitting expressions of interest bids from across the UK. A longlist of eight places received a £40,000 grant to help develop progress to their bid for the next stage. We announced Bradford as winner in late May. Bradford will now receive £275,000 in initial seed funding to make sure the city can hit the ground running and get the wheels in motion early to develop plans for 2025.

- We announced £48m Cultural Investment Funding through the cultural development, museum estate and development and libraries improvement funds to more than 60 galleries, museums, libraries and cultural venues to help safeguard the nation's critical cultural heritage. (March 2022)

## Civil Society

- We allocated a further £44m from the Dormant Assets Scheme for charities and social enterprises in England (December 2021). To expand the Scheme further, the Dormant Assets Act also reached Royal Assent, allowing for an estimated £880m in further funding to be unlocked for social and environmental purposes across the UK. (February 2022)
- Through the Volunteering Futures Fund, £6m DCMS funding has been made available to 39 initiatives working to improve the accessibility of volunteering in arts, culture, sports, civil society, youth and heritage sectors. Thousands of young people, people with disabilities and those experiencing loneliness have been given the opportunity to volunteer and help others.
- Following COVID-19 and numerous emergencies, we have continued to work closely with and fund the work of the Voluntary and Community Sector Emergencies Partnership, improving the resilience of communities and embedding the role of the voluntary and community sector in crisis response work across government.
- We have continued to work across government and society more widely to drive forward action to tackle loneliness. This includes delivering the £4m Local Connections Fund in partnership with the National Lottery Community Fund and reaching more people than ever through our loneliness campaign activity.

## Public bodies

We have 45 public bodies in total but only the 38 arm's length bodies (ALBs) that are consolidated into DCMS accounts (see note 1.3) are included in the table opposite.

Museums and Galleries	
British Museum	Royal Armouries Museum
Geffrye Museum (Museum of the Home)	Royal Museums Greenwich
Horniman Museum	Science Museum Group
Imperial War Museum	Sir John Soane's Museum
National Gallery	Tate Gallery
Natural History Museum	Victoria and Albert Museum
National Museums Liverpool	Wallace Collection
National Portrait Gallery	
Sport	
Birmingham 2022 Organising Committee for the 2022 Commonwealth Games	UK Anti-Doping
Sport England	UK Sport
Sports Grounds Safety Authority	
Media / Creative Industries	
British Broadcasting Corporation	S4C (Sianel Pedwar Cymru)
British Film Institute	
Heritage	
Churches Conservation Trust	Historic England
National Heritage Memorial Fund / National Lottery Heritage Fund	
Tourism	
British Tourist Authority (VisitBritain and VisitEngland)	
Arts and Libraries	
Arts Council England	British Library
Civil Society	
Big Lottery Fund (operating as National Lottery Community Fund)	National Citizen Service Trust
Gambling	
Gambling Commission	Horseshoe Betting Levy Board
Data	
Information Commissioner's Office	
Cultural Property	
Reviewing Committee on the Export of Works of Art and Objects of Cultural Interest	Treasure Valuation Committee
Telecoms	
Office of Communications (Ofcom)	Phone-paid Services Authority

VisitBritain and VisitEngland are legally constituted as the British Tourist Authority 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 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.

In addition to the above bodies, DCMS sponsors 3 public corporations (Channel 4, Historic Royal Palaces and The Royal Parks) and 2 non-ministerial government departments (The National Archives and The Charity Commission). These bodies are not included in the accounts.



## Risks affecting delivery

Key risks affecting delivery continue to be monitored and managed at project and programme level, with strategic risks captured on the departmental Executive Risk Register (ERR), for review at the Executive Board. A permanent risk team was established in December 2021 to oversee risk management across the department, through the development of a new risk framework. Further details of the developments to the department's approach to risk are outlined in the risk management section in the Governance Statement. The new approach included a review of our top risks, with further risks identified and newly articulated in year. Two risks were de-escalated, not meeting diversity and inclusion targets and cross-departmental

overlapping priorities. The COVID-19 risk was rephased by embedding it into other strategic risks. To a certain extent it remains a substantial risk to the department as well as our sectors, public bodies and the delivery of key programmes and objectives. However, the measures put in place throughout 2020-21 in DCMS (including hybrid flexible working and prioritisation of key workstreams) means the impact of COVID-19 has reduced since this time last year. We are continuing to embed our new risk management framework, with training being rolled out across the Department for those managing significant risks, and a more joined up approach to engaging with our Public Bodies. The table below highlights the key risks faced by the department during 2021-22.

Strategic Risk	Risk description	Mitigation	Trend ↑↔↓
<b>Supply chain issues</b>	National supply chain issues could adversely impact labour markets, placing further pressure on already distressed sectors, causing irreversible loss or damage.	The department has a dedicated 'supply chain hub' which captures information on the impact on supply chain disruptions to DCMS and our Public Bodies in real time so that issues that require potential policy interventions can be raised at cross Government forums.	<b>NEW</b>
<b>Inability to deliver environmental sustainability goals</b>	There is a risk to the longevity of our policy making if it does not account for climate adaptation. If we lack the capability to create robust assessments in relation to net zero and climate this could escalate to financial risk when fiscal events require more extensive climate based evidence in the bidding process. There is an organisational and reputational risk to DCMS if we do not meet required targets and reporting.	The department has a dedicated Sustainability Team that is working up an action plan to map work the department needs to undertake and capability required to do so.  DCMS is engaging with Other Government Department (OGD) colleagues and external stakeholders (including ALBs), to ensure the department is represented across Whitehall, sharing best practice and supporting government sustainability efforts and initiatives. Strategy and Analysis teams are forward planning for anticipated requirements and changes e.g. Environmental Principles, mandatory skills training and additional assessments for fiscal bidding processes to ensure the department is well placed to comply with necessary actions.	<b>NEW</b>
<b>Recruitment and retention</b>	The department must ensure that the cumulative effect of the last two years does not undermine the wellbeing or retention of staff, which has a direct impact on delivery of programmes.	The department continues to prioritise the delivery of our workforce strategy and improving our broader offer to staff. This includes offering permanent posts to more staff who were previously on short fixed term contracts, addressing our grade structure and management spans to be more effective and offer better career paths and investment in line management, and implementing our vision of hybrid working.	↔

Strategic Risk	Risk description	Mitigation	Trend ↑↔↓
<b>Capacity and capability to deliver successful commercial outcomes</b>	The urgent COVID-19 projects coupled with the increasing portfolio of large and more complex digital and sports programmes give rise to complex and impactful commercial and delivery risks.	The Commercial transformation programme is aimed at enhancing the ability of key teams across the department to manage complex Commercial issues and models, through training and appropriate governance to ensure appropriate management and mitigation of these risks.	<b>NEW</b>
<b>Financial fraud risks</b>	Funding packages developed to support our sectors through COVID-19 have increased the department's exposure to fraud risks due to the pace these have been developed and implemented.	This higher level of risk has been tolerated by the Executive Board and the Performance, Assurance and Risk Committee is assuring counter-fraud measures and the delivery of post-event assurance.	<b>NEW</b>
<b>A successful cyber attack</b>	The department and our Public Bodies may suffer loss of service, data leakage and / or corruption if a successful cyber attack occurs.	DCMS has prioritised investment to meet our cyber security requirements to continue to protect our people, assets and data in this Spending Review (SR) period. We are standing up a new joint function between our DDaT and Security teams, responsible for all areas of corporate cyber resilience.	<b>NEW</b>
<b>Data and systems risks</b>	The rapid expansion of the department has tested our HR and finance systems.	We are prioritising investment in an Enterprise Resource Management system in this SR to ensure that we can reliably report core management information internally and externally.	<b>NEW</b>
<b>Public Bodies Delivery and Public Appointments Risks</b>	Public Bodies are not aligned and focused on delivering Ministers' and DCMS' strategic priorities and objectives, spending money efficiently and effectively, and/or operating in a professional and appropriate way. The appointments process cannot recruit boards in a timely manner that provide diversity and good governance and performance across DCMS's Public Bodies.	The department continues to engage closely with our Public Bodies to ensure risks to delivery are identified and resolved as early as possible. DCMS has a range of internal assurance mechanisms in place to ensure our Public Bodies are compliant with key controls, their functions and statutory obligations. These include quarterly Partnership meetings; regular finance business partner and sponsor team engagement, and year-end reviews of governance statements. From January 2022, the department also commenced a Public Body Review programme to provide additional assurance. The department works closely with senior stakeholders, including Ministers to manage the appointments process and has dedicated resources focussed on diversity and inclusion.	<b>NEW</b>

# Performance analysis

This section sets out performance in 2021-22 against the four priority outcomes outlined in the 2021-22 Outcome Delivery Plan (ODP), including information on the highlights and progress made against them. The datasets used to monitor performance relate to the latest information available.



## Outcome 1: Increase economic growth and productivity through improved digital connectivity

### Key achievements

Digital infrastructure is the foundation of our modern economy and is critical to ensuring that the UK is a great place to start and grow a digital business, develop new technologies and drive forward innovative research. It also has a key role to play in levelling up by improving connectivity and reducing digital inequalities. Our programmes aim to increase coverage of gigabit services, encourage the take-up of gigabit capable connectivity and stimulate competition in the telecoms market, giving consumers more choice.

Over the last year, DCMS has delivered tangible benefits across the nation. We have continued to improve Gigabit coverage, exceeding our targets for 2021 and are on track to meet our target of 85% coverage by 2025. Over the course of this parliament, gigabit coverage has increased from 11.8% to 70% (September 2022)".

We also passed our Telecommunications Security Bill, which will help create one of the toughest telecoms security regimes in the world. Our legislative work continues with the introduction of the Product Security and

Telecommunications Infrastructure (PSTI) Bill, which aims to better protect citizens, networks and infrastructure against the harms enabled through insecure consumer connectable products and supports the rollout of future-proof, gigabit-capable broadband and 5G networks.

Our work on Telecoms diversification continues at pace and we announced plans for 2G and 3G to be phased out by 2033 and we also launched and announced winners of the £36.2m FRANCS (Future Radio Access Network (RAN) equipment Competition). This will support projects that support the goals of the government's 5G Supply Chain Diversification Strategy, incentivising industry to create new products and services to unlock the full potential of Open RAN. We also helped launch a new high-tech lab (SONIC) to speed up the development of the 5G communication kit and help Britain diversify its supply chains. We recognise that to pursue our diversification agenda, it is key we engage partners internationally to fully realise the benefits this market model promises. Over 2021-22, we hosted the G7 Information Sharing Event, launched the Prague Principles on telecommunications supplier diversity at the Prague 5G Security conference and engaged partner governments and industries at Mobile World Congress in pursuit of this ambition.



## Case study - Smart Junctions 5G



DCMS's 5G Testbeds and Trials Programme funded the Smart Junctions 5G (SJ5G) project in Greater Manchester. The project delivers AI traffic control systems to reduce congestion and pollution, and improves productivity by cutting wait times at traffic signals. The project uses private 5G networks, taking advantage of 5G's low latency, deployed in small cells to decrease infrastructure costs and remove the need to mount hardware onto buildings.

SJ5G implements an innovative deployment approach that allows for new suppliers to contribute to network densification, maximising the social value created by digital infrastructure.

SJ5G, led by Vivacity Labs, has designed and deployed an innovative secure cloud-native 5G

private network to enable smart junctions with 5G. The network integrates into existing 5G public networks, addressing some of the core technical and commercial aspects of 5G, such as openness and diversity in the telecoms supply chain, and interoperability between hardware and software, both key to mitigating national security and resilience risks highlighted in the Telecoms Supply Chain Review.

Further, Transport for Greater Manchester is exploring further benefits that could come about as a result of the project, such as Vehicle-to-Infrastructure communication, supporting connected buses and other mobility based public services and providing public Wi-Fi at minimal marginal cost.



## OUR PERFORMANCE METRICS

### Percentage of premises passed with gigabit-capable broadband by nation

Date	UK	England	Northern Ireland	Scotland	Wales
Mar-20	18.1%	18.5%	42.6%	9.6%	12.8%
Mar-21	38.8%	37.6%	70.3%	46.4%	27.0%
Mar-22	66.5%	67.7%	82.0%	60.6%	48.4%

- **Source:** [ThinkBroadband](#) (Further historical data is available)
- **Release schedule:** Monthly. Data is recorded by month of publication (not time period covered)

### Geographic area covered by at least one mobile network operator (4G coverage, outdoor)

Year	UK	England	Northern Ireland	Scotland	Wales
2019 (Sept)	91%	97%	97%	80%	89%
2020 (Sept)	91%	97%	97%	81%	90%
2021 (Sept)	92%	98%	97%	82%	90%

Coverage figures are rounded to the nearest 1%.

- **Source:** [Ofcom Connected Nations Report](#) (further historical data is available)

It is possible that small changes in the data from one year to the next may be due to continual improvements to the modelling methodology used and therefore should be treated with caution.

- **Release schedule:** Annually (main report, with interim updates twice a year).



**Outcome 2: Grow and evolve our sectors domestically and globally, in particular those sectors most affected by COVID-19, including culture, sport, civil society, and the creative industries**

**Key achievements**

Throughout 2021-22, DCMS sectors continued to be impacted by government-imposed restrictions and behavioural change due to COVID-19. Businesses in our sectors made far greater use of the furlough scheme, reported a higher risk of insolvency, and that their cash reserves would run out sooner than other businesses across the economy. Our programmes aim to aid recovery by strengthening economic performance across the UK, improving productivity, and enhancing UK trade. However, as the threat from COVID-19 receded over the course of 2021, we also undertook work to grow and evolve our sectors, improving their resilience to meet the challenges and seize the opportunities the future presents.

We continued to support our sectors impacted by the ongoing COVID-19 pandemic. We supported the safe return of cultural and sporting events through the Events Research Programme (ERP) over 2021. Continuing in our delivery of unprecedented support packages including the £2bn Cultural Recovery Fund and £300m Sports Survival Package, we expanded and launched new schemes to support our sectors as the pandemic evolved to provide lifeline support to our sectors during an incredibly difficult time. We launched the £750m Live Events Reinsurance scheme in September 2021, supporting the UK's economic recovery from the pandemic by giving events the confidence they need to plan for the future. The emergence of the highly infectious Omicron variant in December 2021 hit our sectors hard at a critical time and, in

response, we made extra funding available to the Emergency Resource Support fund to support sectors of cultural value who were at risk. We also announced £48m Cultural Investment funding to support our fantastic cultural and heritage offering into the future.

Tourism has been one the sectors hit hardest by the pandemic and we have now published the Tourism Recovery Plan, outlining our plans to return domestic tourism to pre-pandemic levels by 2022 and international tourism by 2023, helping the sector get back on its feet after a tough period. We have also worked to provide further support for the domestic tourism market and launched the £600,000 'England for Everyone' fund to provide trips for hundreds of families facing challenging times.

We know that our public service broadcasting sector in its current form faces a challenging future to compete in the marketplace and have undertaken steps to provide certainty and improve resilience. We settled the BBC and S4C licence fee, providing a six year settlement to both organisations. We have also announced that we will increase the BBC's commercial borrowing limit, enabling greater BBC investment in the UK's fantastic creative industries, and to review the BBC's funding model as part of our wider work in broadcasting reform. We also consulted on a potential change of ownership of Channel 4 in order to support its sustainability, recognising the changes in the broadcasting landscape, and the importance of Channel 4's continued economic and social contributions, including its contribution to the health of the independent production sector.

Alongside our work to support post-pandemic economic recovery across the creative industries, we are working to develop a foundation for sustainable and inclusive growth across the UK and internationally, creating jobs and opportunities across the UK. We have created a £50m fund to support the UK's world-leading creative industries, including supporting SMEs to scale up and providing bespoke support for the UK's independent film and video game industries.

We have also announced our intention to publish a new sector vision for the Creative Industries in 2022 to outline our strategy to help this thriving sector achieve its fullest potential.

Lastly, we are committed to the development of a sustainable and responsible gambling sector and are progressing work around our review of the 2005 Gambling Act.

## Case study - Live Events Reinsurance Scheme



After COVID-19 hit, insurers removed communicable disease cover from the market. As the country began to emerge from COVID-19, event organisers were reluctant to invest at pre-covid levels due to risk of further restrictions and the lack of covid related insurance available. The music festival sector alone, for example, experienced a 50% drop in activity, with a lack of insurance cited as a key reason for this decline.

In order to restore confidence, the live events sector called on the government to introduce insurance to help grow the sector back to pre-pandemic levels. Responding to these calls, DCMS and HM Treasury (HMT) worked with a group of participating insurers to launch the Live Events Reinsurance Scheme which went live in September 2021.

The Scheme offers Covid cover at a 5% premium as a bolt on to standard event cancellation cover. This protects policyholders for any

losses incurred due to the introduction of new or amended COVID-19 restrictions that legally prevent their event from taking place.

We have already provided £110m worth of cover through this scheme to events ranging from amateur theatre productions and business events through to household names such as Wimbledon and the BRIT Awards. The events covered so far are due to be attended by 2.7m people and represent a total event spend of just under £400m.

The Scheme will be reviewed in the Spring to assess its impact, including the extent to which it has benefited the live events sector while also delivering value for money for UK taxpayers. (June 2022)

## OUR PERFORMANCE METRICS

### GVA of Creative Industries, Cultural Sector, Gambling, Sport and Tourism (adjusted for inflation) in £bn, 2017 to 2019 (£)

<sup>P</sup> = provisional

<sup>r</sup> = revised. These are planned revisions and part of the annual adjustment and balancing process of national accounts.

Sector	2017 <sup>r</sup>	2018 <sup>r</sup>	2019 <sup>P</sup>
Creative Industries	104.5	107.6	113.6
Cultural Sector	31.1	31.3	34.2
Gambling	8.4	8.3	8.1
Sport	16.0	16.1	16.6
Tourism	65.9	71.7	72.5

- **Source: DCMS Economic Estimates 2019: Gross Value Added** (further historical data is available)

#### Notes:

- With reference to the GVA of the Gambling sector, the government has been clear that it recognises the value of a responsible industry which protects players, provides jobs and pays taxes. The department's interest is in ensuring we have the right regulatory framework which balances this with the need to protect children, vulnerable people and wider communities from harm.
- As the Telecommunications sector sits wholly within the Digital Sector, it is reported under Outcome 3.
- These GVA figures are in chained volume measures (i.e. are adjusted for inflation). We also publish GVA estimates in current prices (not adjusted for inflation).
- These figures will be revised on an annual basis, due to planned revisions to the national accounts and updating of the base year used to produce chained volume measure estimates.
- GVA figures for the latest year (currently 2019) are provisional and will be revised in the next release of DCMS Economic Estimates: Gross Value Added. Pre-pandemic tourism statistics may be of limited predictive value.
- Chained volume measures data are not available for Civil Society at present (please see metric for Civil Society in the table below).
- Due to overlap between sectors, GVA cannot be summed together for individual sectors as this will result in double counting.
- Due to substantial revisions to the base data and methodology used to construct the tourism satellite account, estimates for the tourism sector are only available for 2016 to 2019.
- Comparable 2020 data is not available at the time of publishing, however estimates using an alternative methodology are available [here](#).
- **Release schedule:** Annually



## GVA for Civil Society as a proportion of the UK economy (in current prices), 2017 to 2019

<sup>p</sup> = provisional

<sup>r</sup> = revised. These are planned revisions and part of the annual adjustment and balancing process of national accounts.

Sector	2017 <sup>r</sup>	2018 <sup>r</sup>	2019 <sup>p</sup>
Civil Society (Non-market charities)	0.8%	0.8%	0.8%

- Source: [DCMS Economic Estimates 2019: Gross Value Added \(further historical data is available\)](#)

### Notes:

- These figures will be revised on an annual basis, due to planned revisions to the national accounts and updating of the base year used to produce chained volume measure estimates.
- GVA figures for the latest year (currently 2019) are provisional and will be revised in the next release of DCMS Economic Estimates: Gross Value Added.
- An estimate for the Civil Society sector expressed in chained volume measures is not currently available.
- Civil Society in this table represents non-market charities sitting in the Non-profit Institutions Serving Households (NPISH) sector. This is an underestimate for the sector and does not include market provider charities who have passed the market test and therefore sit in the corporate sector, social enterprises and mutuals.
- **Release schedule:** Annually

### Regional GVA for DCMS sectors excluding Civil Society and Tourism (adjusted for inflation) in £m

Regional GVA estimates are also published for DCMS sectors (excluding Civil Society and Tourism).

- Source: [DCMS Economic Estimates: Regional GVA sectors Tables - Chained Volume Measures](#).

### Notes:

- These GVA figures are in chained volume measures (i.e. are adjusted for inflation). We also publish GVA estimates in current prices (not adjusted for inflation).
- These figures will be revised on an annual basis, due to planned revisions to the national accounts and updating of the base year used to produce chained volume measure estimates.
- Due to overlap between sectors, GVA cannot be summed together for individual sectors as this will result in double counting.
- GVA for the latest year (2019) is provisional. Response rates for the Annual Business Survey in 2019 were lower than usual because of the COVID-19 pandemic. This means that the estimates for 2019 are subject to more uncertainty than usual. GVA for all other years has been revised since the previous release. These are planned revisions and part of the annual adjustment and balancing process of regional accounts.
- **Release schedule:** Annually

## Domestic tourism visitor numbers

### Domestic overnight tourism (England only):

	2017	2018	2019
<b>Spend (£m)</b>	19,049	19,347	19,448
<b>Visitor volume (m)</b>	100.622	97.397	99.071

- **Source:** [Great Britain Tourism Survey](#) (further historical data is available)
- **Release schedule:** Monthly (2020 data cannot be reported at a robust level. Data from April 2021 onwards delayed until Q2 2022).

### Domestic Day tourism (England only):

	2017	2018	2019
<b>Spend (£m)</b>	50,899	53,036	56,500
<b>Visitor volume (m)</b>	1,505	1,431	1,390

- **Source:** [Great Britain Day Visits Survey](#) (further historical data is available)
- **Release schedule:** Monthly (2020 data cannot be reported at a robust level. Data from April 2021 onwards delayed until Q2 2022).

Pre-pandemic visitor numbers may be of limited predictive value.

## DCMS Sector Skills Gaps (percent)

### Percentage of businesses that have at least one skills gap (one member of staff judged not to have full proficiency in their role)

Sector	2019
<b>Creative Industries</b>	7.6%
<b>Cultural Sector</b>	8.4%
<b>Gambling</b>	18.2%
<b>Sport</b>	17.9%
<b>Tourism</b>	16.5%
<b>Civil Society</b>	12.7%
<b>Digital Sector</b>	8.4%
<b>Telecoms</b>	7.9%

- **Source:** [DCMS Sectors Skills Shortages and Skills Gaps: 2019](#)
- **Release schedule:** TBC.
- 2019 estimates are for the UK, excluding Scotland, which was covered by the Scottish Government's Employer Skills Survey instead.
- 2019 is the most recent data in this series, as the Department for Education's Employer Skills Survey - used to compile these estimates - is carried out every two years.

### **Outcome 3: Increase growth through expanding the use of data and digital technology and increasing innovation, while minimising digital harms to the UK's economic security and society**

#### **Key achievements**

The UK is one of the most technologically and digitally advanced nations in the world, globally respected for its thriving technology sector and service-based economy. We have a dual role to play in these sectors: positioning them as vehicles of economic growth while ensuring there is oversight of their use and activities. Our programmes of work are targeted at incentivising growth, innovation and adoption of digital and data technology, minimising digital security and societal risks, and shaping global tech standards and the global digital technology ecosystem.

We are progressing our work to make the UK one of the safest places in the world to be online, empowering users to make the right decisions in the online space. Following pre-legislative scrutiny on our draft bill, we introduced the Online Harms Safety Bill in March 2022 to establish a new regulatory framework to tackle harmful content online. We also published the Online Media Literacy Strategy in July 2021, setting out the government's plan to coordinate media literacy education and help users to make safe choices online.

Over the last year we have continued to pursue ambitious strategies and initiatives to maintain and strengthen the UK's status as a leading digital economy. We published the National AI Strategy in September 2021, recognising the power of AI to increase resilience, productivity, growth and innovation across the private and public sectors.

We have been advancing work with partners across the globe in the digital arena, securing digital trade deals with Singapore, Australia and New Zealand and a tech partnership with the United States to strengthen the resilience and security of our critical and emerging technologies.

We also worked to secure a commitment for G7 countries to work together on the digitisation of trade documents to make trade cheaper, easier, faster and greener.

The rapid development of technology presents not only opportunities but also profound challenges that we as a department cannot shy away from addressing. We hosted the inaugural Future Tech Forum in November/December 2021 to help address critical questions relating to the impact of tech on society in the coming years and how we can collectively leverage these future technologies to tackle global challenges. We have consulted on our proposals for a new pro-competition regime for digital markets, which will seek to level the playing field for consumers and businesses with a response to be published in spring 2022. Following this, we will consider next steps.

We have been developing and refining our planned interventions to develop critical sectors. Following the publication of the National Data Strategy in 2021, we launched a consultation on reforms to create an ambitious, pro-growth and innovation-friendly data protection regime that underpins the trustworthy use of data. As part of the £2.6bn National Cyber Strategy 2022, the government is working to improve the cyber resilience of businesses and organisations across the UK economy. We have launched a consultation on our own proposals for new laws to improve the cyber resilience of organisations which are key to the UK economy. Cyber skills are of growing importance and it is paramount the UK has a sustainable supply of home grown cyber skilled professionals to meet the growing demands of an increasingly digital economy. We have therefore contracted an Adult Cyber Skills training project, with delivery commencing in March 2022 and launched a Youth platform, Cyber explorers, to help develop the skills needed to meet the demands of the future.



## Case study - UK-Singapore Digital Economy Agreement (DEA)



This year DCMS and the Department for International Trade (DIT) led on the conclusion of the UK-Singapore Digital Economy Agreement (DEA). As two of the most advanced digital trading nations, the UK-Singapore DEA represents a groundbreaking and innovative deal that is deeper and wider than previous trade agreements covering the modern digital economy. The DEA aims to enhance the UK and Singapore's digital relationship, bringing closer links between and greater access to our respective digital economies.

Among other areas, the DEA facilitates trusted cross-border data flows, providing UK businesses with certainty that unhelpful trade barriers won't be raised in future. The DEA is also designed to guarantee online consumer rights, promote online safety, help protect businesses and society from cyber-attacks, and prevent the abuse of intellectual property. Importantly, the DEA additionally promotes personal data protection. The DEA creates new tech partnerships between the UK and Singapore, including co-operation on

artificial intelligence, emerging technologies and data innovation.

Furthermore, as the government lead on digital policy, DCMS led on a number of digital Memoranda of Understanding (MoUs) with Singapore. These MoUs aim to strengthen the digital connectivity between the UK and Singapore, and will support the shared goals and key tenets of the UK-Singapore DEA. DCMS Secretary of State and her counterpart in Singapore signed and published three digital policy MoUs in December 2021 relating to digital trade facilitation, digital identities and cyber security. We are continuing our engagement with Singapore to implement these MoUs as well as concluding two further MoUs relating to data policy and emerging technologies.



## OUR PERFORMANCE METRICS

### GVA of the Digital sector in the UK (adjusted for inflation) in £bn, 2017 to 2019

<sup>P</sup> = provisional

<sup>r</sup> = revised. These are planned revisions and part of the annual adjustment and balancing process of national accounts.

Sector	2017 <sup>r</sup>	2018 <sup>r</sup>	2019 <sup>p</sup>
Digital Sector	136.6	139.1	147.5
.... of which Telecoms	34.1	34.3	34.3

- **Source: DCMS Economic Estimates 2019: Gross Value Added** (further historical data is available)

#### Notes:

- These GVA figures are in chained volume measures (i.e. are adjusted for inflation). We also publish GVA in current prices (not adjusted for inflation).
- These figures will be revised on an annual basis, due to planned revisions to the national accounts and updating of the base year used to produce chained volume measure estimates.
- Telecoms is a subsector of the Digital Sector and as such its GVA falls wholly within the Digital Sector GVA.
- Due to overlap between sectors, Digital Sector GVA cannot be summed with those of other DCMS Sectors as this will result in double counting.
- GVA figures for the latest year (currently 2019) are provisional and will be revised in the next release of DCMS Economic Estimates: Gross Value Added.
- Annual Business Survey data is used to apportion GVA to DCMS sectors, and the 2020 ABS release has been delayed until later in 2022 due to the pandemic.
- Comparable 2020 data is not available at the time of publication, however estimates using an alternative methodology are available [here](#).
- **Release schedule:** Annually

#### Regional GVA for Digital sector in the UK (adjusted for inflation) in £m, 2010 to 2019

- **Source: DCMS .Sectors Economic Estimates 2019: Regional GVA**

#### Notes:

- These GVA figures are in chained volume measures (i.e. are adjusted for inflation). We also publish GVA estimates in current prices (not adjusted for inflation).
- These figures will be revised on an annual basis, due to planned revisions to the national accounts and updating of the base year used to produce chained volume measure estimates.
- Due to overlap between sectors, GVA cannot be summed together for individual sectors as this will result in double counting.
- GVA for the latest year (2019) is provisional. Response rates for the Annual Business Survey in 2019 were lower than usual because of the COVID-19 pandemic. This means that the estimates for 2019 are subject to more uncertainty than usual. GVA for all other years has been revised since the previous release. These are planned revisions and part of the annual adjustment and balancing process of regional accounts.
- **Release schedule:** Annually

**Percentage of UK firms and charities that have undertaken action on five or more of the ten steps outlined in the government’s 10 steps to Cyber Security guidance**

Organisation type	2020	2021	2022
<b>Businesses</b>	69%	50%	49%
<b>Charities</b>	63%	45%	39%

**Note:** 2022 figures are not directly comparable to previous years owing to an update to the guidance on the 10 Steps to Cyber Security, issued by the National Cyber Security Centre (NCSC).

- The Cyber Security Breaches Survey is an influential research study for UK cyber resilience, aligning with the National Cyber Strategy. It is primarily used to inform government policy on cyber security, making the UK cyberspace a secure place to do business.
- The study explores the policies, processes, and approach to cyber security for businesses, charities, and education institutes. It also considers the different cyber attacks these organisations face, as well as how these organisations are impacted and respond.

- The 10 Steps to Cyber Security is a piece of government guidance which breaks down cyber resilience into 10 clear components for organisations to focus on. We use 5+ of the 10 steps as a great measure of overall cyber resilience. The guidance can be found [here](#).

**Release schedule:** Annually

**Outcome 4: Enhance the cohesiveness of our communities and nations through major events and ceremonial occasions, and reduce inequalities of participation in society, particularly among young people**

**Key achievements**

At the heart of DCMS is our commitment to supporting people across the country to lead healthier and active lives; supporting young people outside of the school setting and helping strengthen communities and ‘level-up’ access to opportunity. Our programmes aim to enhance social capital and cohesion, improve wellbeing, and contribute to personal development.

2022 is set to be a year of spectacular celebrations and we have been progressing plans to ensure it’s a year to remember. We have progressed work in preparation for the Late Queen’s Jubilee and the Birmingham 2022 Commonwealth Games. We have already launched UNBOXED (Formerly Festival UK 22), a celebration of creativity across the UK with our first event going live in Paisley, Scotland.

We have been laying the foundations for our ambition to level up and improve access to sports facilities up and down the UK, recognising the huge health and social benefits of active participation. We secured £205m of investment to build or improve thousands of community multi-use sports and football pitches across the UK and confirmed extra funding to refurbish 4,500 public tennis courts in deprived parts of the UK. We announced a series of measures to significantly increase and better distribute Art Council England’s (ACE) funding, transforming the landscape for arts and culture to ensure that it benefits everyone. This includes some additional funding to areas outside of London to level up access to the arts.

We launched a comprehensive fan-led football governance review. Government endorsed the principle review recommendation that football should have an independent regulator and we published our full response in April 2022, setting our planned next steps to deliver on the review and protect and safeguard our national game.

We secured £560m to invest in youth services in England in the coming three years, allowing us to launch a new National Youth Guarantee informed by our published Youth Review, the Youth Investment Fund (YIF) and ongoing support for the National Citizen Service. This will give every young person access to regular clubs and activities, adventures away from home and opportunities to volunteer by 2025, improving physical and mental wellbeing and skills for life and work. We delivered Phase One of YIF, a £12m fund, benefiting over 400 organisations. We have supported the entry of new talent into the Youth sector and provided bursary funding to support youth workers from disadvantaged backgrounds to undertake qualifications to enter the sector and bring invaluable skills and experiences.

We progressed work to unlock £880m over time for social and environmental purposes with the passage of the Dormant Assets Act, allowing for the expansion of the Dormant Asset Scheme. This summer, we will be consulting on the purposes of the English portion of this funding, with options including youth, financial inclusion, social investment, and community wealth funds.

We recognise the importance of volunteering, made so clear during the pandemic, to both wider society and volunteers themselves and have taken steps to support the sector. Through the Volunteering Futures Fund, £6m has been made available to help thousands of young people, people with disabilities and those experiencing loneliness to be given the opportunity to volunteer and help others. Following COVID-19 and other challenges, we have been working closely with the Voluntary and Community Sector Emergencies Partnership, improving the resilience of communities and embedding the role of the voluntary and community sector in crisis response work across government to help us prepare for and meet future challenges.

## Case study - UK City of Culture



UK City of Culture is DCMS's UK-wide, quadrennial, flagship competition, inviting places across the UK to set out their vision for culture-led regeneration. DCMS delivers the competition in collaboration with the administrations in Scotland, Wales and Northern Ireland. The competition is a key part of the DCMS's broader offer to level up opportunity across the UK - using culture as the catalyst for investment in places to drive economic growth and regeneration, promoting social cohesion and instilling pride in places and making them more attractive to live and work in and visit.

Coventry's year as UK City of Culture 2021 was delayed six months by COVID-19. The delivery organisation, Coventry City of Culture Trust and the local community have been extraordinarily resilient and their exciting cultural programme, including co-created community projects and performances, exhibitions and big set piece events like BBC Radio 1's Big Weekend.

DCMS has invested over £18m in Coventry UK City of Culture, supporting programming, youth projects, legacy and capital transformations of cultural venues like the Herbert Art Gallery, Coventry Cathedral and Drapers' Hall, which has become the city's new music education hub.

The UK City of Culture 2021 title is already having a positive impact on the city and is providing a blueprint for the delivery of future

culture-led regeneration programmes, particularly on evaluation, legacy and co-creation.

- Additional investment of £172.6m has been secured into the city as a result, including private investment, philanthropy, lottery and public funding from other government departments and DCMS arm's length bodies;
- Over 1/3 of the cultural programme has been co-created with local communities;
- All 42 Coventry neighbourhoods have activities taking place across them;
- 43% of tickets issued within Coventry have been to citizens who are financially stretched/facing adversity;
- 45 young people from Coventry, Beirut, Detroit, Nairobi and Bogota are engaged in the Youthful Cities programme;
- £500m city regeneration activity completed or underway is linked to the investment generated by the City of Culture title;
- Those aged 19 and under are most likely to report high levels of satisfaction and significantly increased levels of self-confidence and civic pride as a consequence of participating or engaging with the city of culture programme.

## OUR PERFORMANCE METRICS

### Percentage of adults (16+) in England who have engaged in civic participation in the last 12 months, broken down by age band

Year	2018-19	2019-20	2020-21
Overall	34%	41%	41%
Aged 16-24	33%	37%	48%
Aged 25-34	34%	44%	43%
Aged 35-49	37%	45%	45%
Aged 50-64	34%	42%	41%
Aged 65-74	39%	40%	37%
Aged over 75	26%	28%	26%

- Source: **Community Life Survey (Adults 16+ in England)** (Further historical data is available)
- Release schedule: Annually

### Percentage of adults (16+) who are active or fairly active in England by region

Region	Nov 18-19		May 19-20		Nov 19-20		May 20-21		Nov 20-21	
	Active	Fairly Active	Active	Fairly Active	Active	Fairly Active	Active	Fairly Active	Active	Fairly Active
North West	62.3	11.9	61.2	11.4	59.0	11.4	59.6	11.4	59.0	11.4
North East	60.7	11.8	60.1	11.0	60.0	11.1	59.7	11.5	58.7	11.4
Yorkshire	62.5	11.9	61.3	11.8	59.8	11.0	59.8	12.5	59.8	12.5
West Midlands	58.7	12.8	58.7	12.7	57.0	12.5	57.0	12.2	57.8	12.2
East Midlands	61.4	12.6	61.3	12.2	60.2	11.7	59.3	12.0	59.3	11.9
East of England	62.6	13.0	62.6	12.3	61.5	11.8	60.2	11.6	60.2	11.9
South West	67.4	11.8	67.3	11.0	65.7	11.0	64.9	11.0	65.3	11.0
London	64.5	11.7	63.9	11.3	62.3	11.3	61.5	11.8	62.4	11.2
South East	65.9	12.1	65.5	11.9	64.4	11.6	64.0	11.7	64.4	11.4
England	63.3	12.2	62.8	11.7	61.4	11.5	60.9	11.6	61.4	11.5

- Source: **Active Lives Survey** (by region), **Active Lives Survey** (England), Sport England
- **Active:** At least 150 minutes of moderate physical activity each week
- **Fairly active:** Between 30-149 minutes of moderate activity each week
- Release schedule: Updated every 6 months

## UK Sport major events programme attendance, by event

UK Sport publishes attendance data for major events at a high level.

Source: UK Sport

Figures are published in [UK Sport annual reports](#).

### Percentage of adults in England who have engaged (attended or participated, in person or online) with the arts at least once in the last 12 months

Date	Percentage of adults who have engaged with the arts, in person or online, at least once in the last 12 months
Dec-21	88%

- Source: [Participation Survey](#)
- Release Schedule: Quarterly

#### Notes:

December 2021 figures cover respondents interviewed in the quarterly period October to December 2021. These are the first figures in the series.

### Percentage of adults in England who have visited a museum or gallery in person at least once in the last 12 months

Date	Percentage of adults who have visited a museum or gallery in person
Dec-21	23%

- Source: [Participation Survey](#)
- Release Schedule: Quarterly

#### Notes:

December 2021 figures cover respondents interviewed in the quarterly period October to December 2021. These are the first figures in the series.

### Percentage of adults in England who have used public library services at least once in the last 12 months

Date	Percentage of adults who have used public library services
Dec-21	19%

- Source: [Participation Survey](#)
- Release Schedule: Quarterly

#### Notes:

December 2021 figures cover respondents interviewed in the quarterly period October to December 2021. These are the first figures in the series.



## Percentage of adults in England who have visited a heritage site in person at least once in the last 12 months

Date	Percentage of adults who have visited a heritage site in person
Dec-21	64%

- **Source:** [Participation Survey](#)
- **Release Schedule:** Quarterly

### Notes:

December 2021 figures cover respondents interviewed in the quarterly period October to December 2021. These are the first figures in the series.

### Breakdown of Resource by Business Area

In this environment, the importance of our work has never been greater. We need to have the resources to do our work effectively and respond to new priorities as they arise. The tables below show how our resources are allocated across the department. Due to the cross-cutting nature of our outcomes, with directorates often contributing to multiple outcomes, it is not possible to allocate resources by outcome. This aligns to the presentation of resources in the 2021-22 Outcome Delivery Plan.

The tables below represent the group net expenditure, split between the different directorates within the group by budget type. These budget types are explained in the Financial Review on page 104. The non-voted AME is the total of resource and capital spend.

There are some minor rounding differences in the prior year comparative tables to ensure the totals add up correctly, which may make them immaterially different to the published figures in prior year.

## Expenditure by Directorate 2021-22

	Resource DEL Admin	Resource DEL Programme	Capital DEL	Voted Resource AME	Voted Capital AME	Non Voted AME	Total Net Expenditure
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Building Digital UK	19,846	38,847	44,010	163	-	-	102,866
Digital Infrastructure	23,623	33,889	50,509	(778)	-	-	107,243
Centre for Data Ethics & Innovation	637	1,246	1,412	5	-	-	3,300
Security & Online Harms	2,653	5,194	5,884	22	-	-	13,753
Cyber Security and Digital Identity	5,307	10,387	11,768	44	-	-	27,506
Data Policy	6,319	5,194	8,108	145	-	-	19,766
Media and Creative Industries	7,703	59,187	17,155	3,634,219	90,897	62,601	3,871,762
Digital and Tech Policy	3,290	6,440	7,296	27	-	-	17,053
International	2,441	4,778	5,413	20	-	-	12,652
Civil Society and Youth	18,311	77,257	18,357	68	-	815,316	929,309
Arts, Heritage and Tourism	89,050	1,195,258	358,947	(15,620)	-	265,098	1,892,733
Sport, Gambling & Ceremonials	40,572	206,456	112,384	22,646	(21,878)	664,057	1,024,237
Commonwealth Games	2,335	118,628	6,779	1,853	-	-	129,595
Corporate (including Finance, HR and other support functions)	2,866	5,608	6,353	24	-	-	14,851
<b>Total</b>	<b>224,953</b>	<b>1,768,369</b>	<b>654,375</b>	<b>3,642,838</b>	<b>69,019</b>	<b>1,807,072</b>	<b>8,166,626</b>



## Expenditure by Directorate 2020-21

	Resource DEL Admin	Resource DEL Programme	Capital DEL	Voted Resource AME	Voted Capital AME	Non Voted AME	Total Net Expenditure
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Building Digital UK	13,529	56,486	60,944	273	-	-	131,232
Digital Infrastructure	5,526	23,071	24,891	119	-	-	53,607
Centre for Data Ethics & Innovation	413	1,723	1,859	8	-	-	4,003
Security & Online Harms	641	2,678	2,889	13	-	-	6,221
Cyber Security and Digital Identity	2,308	9,636	10,397	47	-	-	22,388
Data Policy	4,934	4,252	5,086	(876)	-	-	13,396
Media and Creative Industries	9,796	89,555	32,707	3,591,901	57,384	74,063	3,855,406
Digital and Tech Policy	1,693	7,069	7,627	34	-	-	16,423
International	934	3,901	4,209	19	-	-	9,063
Civil Society and Youth	33,932	345,368	249,409	317	-	712,687	1,341,713
Arts, Heritage and Tourism	104,812	1,915,079	394,992	41,758	-	173,783	2,630,424
Sport, Gambling & Ceremonials	32,646	359,370	100,850	20,247	317	357,234	870,664
Commonwealth Games	563	38,849	2,581	1,212	-	-	43,205
Corporate (including Finance, HR and other support functions)	8,316	34,722	37,462	168	-	-	80,668
<b>Total</b>	<b>220,043</b>	<b>2,891,759</b>	<b>935,903</b>	<b>3,655,240</b>	<b>57,701</b>	<b>1,317,767</b>	<b>9,078,413</b>

## Expenditure by Directorate 2019-20

	Resource DEL Admin	Resource DEL Programme	Capital DEL	Voted Resource AME	Voted Capital AME	Non Voted AME	Total Net Expenditure
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Building Digital UK	11,793	13,222	14,930	11,001	-	-	50,946
Digital Infrastructure	4,817	5,400	6,098	4,493	-	-	20,808
Centre for Data Ethics & Innovation	360	403	455	336	-	-	1,554
Security & Online Harms	558	627	708	522	-	-	2,415
Cyber Security and Digital Identity	2,012	2,256	2,547	1,877	-	-	8,692
Data Policy	4,709	995	2,909	2,053	-	-	10,666
Media and Creative Industries	10,831	53,011	74,996	3,999,025	1,017,835	66,764	5,222,462
Digital and Tech Policy	1,476	1,655	1,868	1,376	-	-	6,375
International	815	913	1,031	760	-	-	3,519
Civil Society and Youth	41,455	175,193	48,676	28,453	-	930,212	1,223,989
Arts, Heritage and Tourism	103,162	1,037,985	328,922	122,384	-	198,200	1,790,653
Sport, Gambling & Ceremonials	25,524	158,990	61,567	4,598	(314)	224,440	474,805
Commonwealth Games	491	15,985	(3,190)	748	-	-	14,034
Corporate (including Finance, HR and other support functions)	7,249	8,127	9,178	6,762	-	-	31,316
<b>Total</b>	<b>215,252</b>	<b>1,474,762</b>	<b>550,695</b>	<b>4,184,388</b>	<b>1,017,521</b>	<b>1,419,616</b>	<b>8,862,234</b>

# COVID-19



Throughout 2021, COVID-19 continued to present a considerable threat to the UK's cultural and sporting infrastructure, institutions and workforce. DCMS sectors have been disproportionately affected by the necessary, life-saving restrictions and behavioural change. With many reliant on live audiences and tourism, businesses in DCMS sectors made greater use of the furlough scheme, reported a higher risk of insolvency, and saw their cash reserves deplete at a faster rate than many other sectors of the economy. While the course of 2021 and the success of the vaccine rollout saw the impact of COVID-19 gradually recede, many of our sectors continued to struggle with limits on international travel, attendance caps, isolation regulation and behaviour changes brought on by the pandemic. The Christmas period and early new year 2022, key for many of our sectors, presented a further challenge and test of resilience with the emergence of the highly infectious Omicron variant.

DCMS continues to adapt and respond to support citizens, sectors and public bodies. Reprioritisation throughout 2021 meant some programmes and projects had to pause or were delayed while resources moved to deal with the ongoing pandemic. The COVID-19 Hub, established in March 2020 to coordinate the departmental response to the pandemic, continued to operate, liaising across government to ensure DCMS sectors were represented and that they received the most up-to-date guidance and responded nimbly to the emergence of Omicron to support our sectors during a difficult period. For instance, DCMS set up the Live Events Reinsurance Scheme and the Film and TV Production Restart scheme to help

our sectors get back up and running. We also represented our sectors in cross-government discussions on certification, exemptions for critical workers and guidance for businesses.

During 2021, DCMS also led on delivering the Events Research Programme (ERP) to support the safe return of cultural and sporting events by delivering 31 events with over 2m attendees. This work involved a number of firsts - including bringing audiences back to 100% capacity for the first time, hosting the first nightclub event and music festival since the beginning of the pandemic, and facilitating what was at that moment the largest gathering of spectators with comprehensive pre-event testing anywhere in the world. We built on lessons learned from 2020 and introduced newer flexible resourcing models, to ensure that the overall impact on DCMS key deliverables was minimal.

While the work of the ERP has completed and the COVID-19 Hub has evolved into the department's emergency response unit as the threat from COVID-19 diminishes, DCMS remains at the forefront of efforts to build back better and level-up economic opportunity across the UK.

## COVID-19 – Areas of Spending

The department has incurred expenditure relating to COVID-19 of £486.5m (2020-21: £2,172.1m). This relates to the different COVID-19 support schemes that were implemented by the department to support the culture, sport and creativity sectors across the UK, as well as expenditure to protect staff. Further details of the spend relating to COVID-19 can be found in **Annex D**.

# EU Exit



The department's work on opportunities following the UK's exit from the EU has been mainstreamed into our core business. These opportunities are outlined in detail primarily in our activity supporting Outcome 3 - increasing growth through expanding the use of data and digital technology and increasing innovation, while minimising digital harms to the UK's economic security and society.

This is because 35% of the £26bn invested in UK tech in 2021 came from across Europe this year. Our exit from the EU has therefore provided an opportunity to drive growth and innovation, supercharging the digital economy and cementing the UK's position as a global tech hub. Particular achievements where we have maximised opportunities include:

- In July 2021 we published our [Plan for Digital Regulation](#) in July 2021, which set out the government's overall approach for governing digital technologies in order to drive growth and innovation. We now have a fresh opportunity to build on our world-leading regulatory regime by setting out a more nimble, pro-innovation approach to regulating digital technologies - one that drives prosperity and builds trust in their use.
- In July, 2021 we consulted on proposals for a new [pro-competition regime for digital markets](#). Through these reforms the government will drive greater dynamism in our tech sector, empower consumers and drive growth across the economy. Government will soon be publishing its response, ahead of introducing legislation on the reforms when

Parliamentary time allows.

- In September 2021 we consulted on proposals for a [new direction on data](#) seeking to create an ambitious, pro-growth and innovation-friendly UK data protection regime that underpins the trustworthy use of data. Government will be publishing its response in Spring 2022, ahead of introducing legislation on reforms to the UK's data protection regime when Parliamentary time allows.
- We have supported the review of "Retained EU law" by auditing legislation on our statute book through the European Union (Withdrawal) Act of 2018.

## UK Exiting the EU - Areas of Spending

On 31 January 2021, the UK officially left the EU; as part of the transition the department incurred total expenditure of £23.0m (2020-21: £23.8m). A further breakdown of costs can be found in **Annex D**.



# Looking ahead



In DCMS we work on some of the most exciting, positive and important policies for the future of the UK. DCMS is critical to our nation's economic security and social resilience: we are here to drive growth and enrich the lives of citizens and communities across the UK, and at this moment in time our role is more important than ever. Through uniting the residents of the country, supporting balanced growth and providing people with equal opportunities to digital infrastructure, sports, arts and beyond, we are contributing to levelling up across the UK.

For 2022-23, the department will focus on the same four priority outcomes as 2021-22:

- Priority Outcome 1 - Increase economic growth and productivity through improved digital connectivity.
- Priority Outcome 2 - Grow and evolve our sectors domestically and globally, in particular those sectors most affected by COVID-19, including culture, sport, civil society, and the creative industries.
- Priority Outcome 3 - Increase growth through expanding the use of data and digital technology and increasing innovation, while minimising digital harms to the UK's economy, security and society.
- Priority Outcome 4 - Enhance the cohesiveness of our communities across

all parts of the UK including through major events and ceremonial occasions, and reduce inequalities of participation in society, particularly among young people.

Signed and approved

**Sarah Healey**

**Accounting Officer and Permanent Secretary**

24 November 2022

# ACCOUNTABILITY REPORT

## Corporate governance report

The Corporate Governance Report explains the composition and organisation of DCMS's governance structures and how they support the achievement of our objectives.



**Claudia Arney**  
Lead Non-Executive  
Board Member

### Director's report

In my first full year in the role as lead Non-Executive Board Member, I have many positive reflections on the achievements of the department, from driving creativity and innovation across all of its sectors to making progress with empowering internal colleagues with tools, technology and ways of working, a key focus which is putting users at the centre of the DCMS experience. The report reflects the DCMS story well - the department has been continuously ambitious, agile and pragmatic in the face of serious challenges.

This reporting year has seen some changes to my team of dedicated Non-Executive Board Members as we said goodbye to Baroness Laura Wyld and Sherry Coutu. I would like to thank both for their invaluable contributions to the department, particularly around areas of digital and diversity and inclusion and wish them the very best in their future endeavours. Due to these departures, the department has been focused on the recruitment of two, new additions to the team which we are excited to announce in due course.

In terms of existing membership, I have continued to be supported by Hemant Patel, in his position as Audit and Risk Committee chair. Hemant has consistently provided challenge and assurance in corporate areas ranging from risk management to shared services. He has also worked closely on the Spending Review with key DCMS officials and has continued to participate in the Culture Recovery Board. Priya Lakhani OBE has also bedded well in the department as the newest member of the team and her digital expertise has supported the departments improvements and progress in this space.

We remain committed to providing the external support, assurance and constructive challenge to DCMS officials and ministers as Non-Executive Members. This role is even more critical as the Department looks towards the future. The work of DCMS really does touch all areas of our lives and we are excited to see the department progress sustainable work which supports social and economic recovery and growth and enhances the lives of current and future generations.

# Departmental Board

## Ministers, Non-Executive and Executive



**The Rt Hon Michelle Donelan MP**  
Secretary of State for Digital, Culture, Media and Sport



**Paul Scully MP**  
Parliamentary Under Secretary of State (Minister for Tech and the Digital Economy), and Minister for London



**Julia Lopez MP**  
Minister of State for Media, Data and Digital Infrastructure



**Lord Parkinson of Whitley Bay**  
Parliamentary Under Secretary of State (Minister for Arts and Heritage)



**The Rt Hon Stuart Andrew MP**  
Parliamentary Under Secretary of State (Minister for Sport, Tourism and Civil Society)

### Changes to team

- The Rt Hon Oliver Dowden CBE MP (Secretary of State for Digital, Culture, Media and Sport) from 13 February 2020 to 15 September 2021.
- Caroline Dinéage MP (Minister of State (Minister for Digital and Culture)) from 13 February 2020 to 16 September 2021.
- The Rt Hon John Whittingdale OBE MP (Minister of State (Minister for Media and Data)) from 14 February 2020 to 16 September 2021.
- Matt Warman MP (Parliamentary Under Secretary of State (Minister for Digital Infrastructure)) from 26 July 2019 to 16 September 2021 then Minister of State for Media, Data and Digital Infrastructure from 7 July 2022 to 7 September 2022. Julia Lopez was appointed in this role from 16 September 2021 to 6 July 2022, then from 7 September 2022.
- Baroness Barran MBE (Minister for Civil Society and DCMS) from 26 July 2019 to 17 September 2021.
- The Rt Hon Nadine Dorries (Secretary of State for Digital, Culture, Media and Sport) from 15 September 2021 to 6 September 2022.
- Nigel Huddleston MP (Parliamentary Under Secretary of State (Minister for Sport, Tourism, Heritage and Civil Society)) from 14 February 2020 to 20 September 2022.
- Chris Philp MP (Parliamentary Under Secretary of State (Minister for Tech and the Digital Economy)) from 17 September 2021 to 7 July 2022.
- Lord Parkinson of Whitley Bay (Parliamentary Under Secretary of State (Minister for Arts)) from 30 September 2021 - 20 September 2022. Lord Parkinson was appointed as Minister for Arts and Heritage on 30 October 2022.
- Damian Collins MP (Parliamentary Under Secretary of State (Minister for Tech and the Digital Economy)) from 8 July - 27 October 2022.
- Lord Kamall (Parliamentary Under Secretary of State (Minister for Civil Society, Heritage, Tourism and Growth)) from 20 September to 28 October 2022.



# Non-Executives



**Claudia Arney**  
Lead Non-Executive  
Board Member



**Hemant Patel**  
Non-Executive Board Member  
and Audit and Risk Committee  
Chair



**Priya Lakhani**  
Non-Executive Board Member

## Changes to team

- Charles Alexander (Lead Non-Executive Board Member) from 18 April 2016 to 17 April 2021.
- Baroness Laura Wyld from 15 June 2020 to 17 December 2021.
- Sherry Coutu CBE from 11 March 2019 to 10 March 2022.



# Executive Team



**Sarah Healey CB**  
Permanent Secretary



**Sam Lister**  
Director General, Strategy and Operations



**Susannah Storey CB**  
Director General, Digital and Media



**Polly Payne**  
Director General, Culture, Sport and Civil Society (job share)



**Ruth Hannant**  
Director General, Culture, Sport and Civil Society (job share)



**Jacinda Humphry**  
Finance and Commercial Director

Not all Executive Board members sit on the Departmental Board.

## Changes to team

- There were no changes to the Executive team in 2021-22.

## Performance in other areas

### PEOPLE

#### Our values for 2021-22

- 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 took a values-led approach to supporting our staff throughout COVID-19. Our COVID-19 People Strategy set out an approach based on inclusivity that has supported our people during the pandemic and ensured they were able to work effectively and continue to deliver for the taxpayer. This included a focus on wellbeing across all of our internal communications channels ensuring that staff are supported whilst working at home. Staff networks have been active and visible, particularly the department's Mental Health network, highlighting helpful resources through regular communications and we have made use of our new Employee Assistance programme provider to offer additional support where needed. A comprehensive wellbeing site on the DCMS intranet includes details of how to access corporate support including free access to the Headspace app for all employees. We have reviewed and refreshed our organisational values in the latter part of the year as we move fully to hybrid working. The new values were introduced in 2022-23. They are:

- Strive for the best
- Work as one
- Act with kindness
- Learn and grow

#### Deliver diversity, equality and inclusion objectives

As a public sector employer, DCMS is bound by the Equality Act 2010.

DCMS supports the government's desire to have a truly diverse workforce, and a culture of openness and inclusivity, as a means of delivering better outcomes to the citizens we

serve. We remain committed to our ambition to be the most diverse and inclusive government department by 2025 with teams recruited from the widest possible range of backgrounds and locations which bring different views and perspectives to our work.

DCMS is in the second year of delivery against its Diversity and Inclusion Strategy. The department maintains its aims to increase representation, inclusion and education with progress against these objectives monitored using insights from staff data, the annual People Survey results and pay gap analysis. The department made good progress to ensure all levels of the organisation reflect the ethnic diversity in the UK workforce with 21.5% of colleagues identifying as ethnic minority and at least 13% ethnic minority representation at SCS, grades A, B, and C/D by March 2022. The department maintains a high representation of women (54.6%) and almost twice as many colleagues that identify as LGBO (12.5%) than the civil service average (6.1%). Furthermore, DCMS improved its ranking in the Social Mobility Employer index from a ranking of 62 to 55 in the **top 75 employers** for social mobility.

As of January 2022, 7.3% of staff declared themselves as disabled in DCMS. As part of the wider Diversity and Inclusion strategy we have reviewed our recruitment approach to improve attraction and selection for disabled colleagues. We have also engaged across the department through the creation of Disability Action plans, conducted Line Manager surveys, published an intranet blog series and developed a toolkit to improve understanding of disability and promote an inclusive workplace. This work feeds into a further programme of work planned to improve attraction, retention and the employee experience for disabled staff in 2022.

DCMS supports the government ambition of having one million more disabled people in work by 2027 and this will be a key focus for our Diversity and Inclusion strategy in the coming year. DCMS is a level 3 Disability Confident Leader, noted for best practice in attracting, recruiting and developing disabled staff and acting as a champion within the department's supply chains and networks.

The department also measures inclusion gaps, based on the difference in how different communities respond to the people survey question '**My organisation is committed to creating a diverse and inclusive workplace**'.

The difference in favourable responses between ethnic minority and White colleagues decreased from 13% to 9% between 2020 and 2021. Over the same time period, the difference in favourable responses between colleagues with and without a disability decreased from 10% to 5%, and the difference in favourable responses between LGBO and heterosexual colleagues decreased from 14% to 8%. In 2021 we observed an increase in the difference in favourable responses between male and female colleagues from 1% to 4%.

DCMS has a range of networks that are supported by an SCS champion who provides guidance and a voice at a senior level. All SCS champions meet on a quarterly basis with the Permanent Secretary to work together on cross-cutting issues. Networks include:

- Ability Network (Beyond Disability)
- Ethnic Diversity Network
- Carers Network
- Direct Appointee Network
- EU Nationals Network
- Faith and Belief Network
- Fair Treatment Ambassadors
- Flexible Working and Job Share Network
- Gender Equality Network
- Grade B Network (HEO / SEO Grade equivalent)
- Grade C&D Network (AO & EO Grade equivalent)
- Green Network
- Ideas Panel Network
- LGBT+ Network
- Mental Health and Wellbeing Network
- New Joiner Network
- North Network
- Parenting Network Group
- Social Mobility Network
- South West Network
- Volunteering Network

## Employee engagement

Employee engagement is a measure of employee commitment and motivation. It is measured through the annual Civil Service People Survey, resulting in census data for a large number of employees, and is published on GOV.UK. This year DCMS had a response rate of 93% across the department, the highest response rate of all major departments. Our 70% engagement score was the second highest across the Civil Service's main departments. Data from the survey is analysed and this informs initiatives at both a departmental and local team level to make DCMS a great place to work, helping to maintain the department's position as one of the most engaged departments in government.

DCMS has undertaken additional employee engagement throughout 2021-22. This has included a cultural enquiry, which engaged with 296 employees across the organisation through a survey and workshops to establish an understanding of current organisational culture. In the latter part of the year these findings have been used to inform a refresh of the DCMS values which will be launched in 2022-23. The department also continued to use our 'Team Talks' staff engagement model in which senior leaders host structured conversations on people issues with their teams up to three times a year.

## Anti-bullying policy

DCMS has a zero tolerance policy towards bullying, harassment and discrimination. The department has an ongoing commitment to ensure that staff are treated with dignity and respect and any concerns raised by staff are listened to and dealt with appropriately. In the 2021 People Survey 91% of staff felt respected by the people they work with, and the department achieved an overall score of 86% for inclusion and fair treatment. The department has also made progress in improving its scores for being treated fairly at work (89%) and respecting individual differences (84%). Both were also above the Civil Service benchmark.

DCMS policies and guidance related to bullying, harassment and discrimination are published on the DCMS intranet which are accessible to all staff. Over the last year we have refreshed our guidance in this area and have plans to build on this further in 2022-23. Our Fair Treatment Ambassador Group helps address any issues related to bullying, harassment and discrimination in the workplace, providing support and



confidential advice. DCMS has 32 Acas trained Ambassadors across the department.

### **Anti-bribery and anti-corruption**

In order to help departments continue the fight against fraud, bribery and corruption, the Cabinet Office published version 2.0 of the Government Functional Standard, 'GovS 013: Counter Fraud' in August 2021.

The purpose of this government standard is to set the minimum expectations for the management of counter fraud, bribery and corruption activity in all government organisations.

As a result DCMS has reviewed and updated its integral policy documents including the Counter Fraud Strategy, the Counter Fraud Policy and the Counter Fraud Response Plan, and has updated its procedures to ensure they align with the revised functional standard. As a result we assess that we are compliant with the standard.

Civil servants are expected to demonstrate at all times the highest standards of personal integrity and honesty. Civil servants must not only set out the facts and relevant issues truthfully, but must also not lay themselves open to suspicion of dishonesty, perception of a conflict of interest, and/or of impropriety.

All staff are bound by the department's policy on gifts and hospitality and must not accept gifts, hospitality or benefits of any kind from a third party that might be seen to compromise their integrity.

### **Health and safety**

The DCMS Property and Workplace Services team leads the department's locations and property strategies, space planning, the provision of facilities services and our health and safety. The team's work includes planning the safe and effective use of space in a way that enables the department's core work.

The department's commitment to the Places for Growth Programme and Levelling Up has seen DCMS Property Portfolio expand to include office accommodation in Manchester, Cardiff, Sheffield and Edinburgh in addition to occupancies held in Government Property Agency buildings at 100 Parliament Street, 1 Horse Guards Road and Old Admiralty Building. In all of these buildings, facility management services are provided by third party suppliers and managed by other government departments or private

landlords. Some property management services are still delivered directly by DCMS including the management of Health and Safety. DCMS Property and Workplace Services performed critical roles supporting the department throughout the COVID-19 pandemic, enabling more flexible working arrangements for home working, providing staff with appropriate workplace equipment including for those with additional workplace adjustment requirements.

In the second half of 2021-22 the team focused on providing increased numbers of employees with safe access to return to DCMS offices, working with delivery partners to build appropriate COVID-19 risk assessments in accordance with the Department for Business, Energy and Industrial Strategy (BEIS) Working Safely guidance, ensuring that all reasonable measures were in place to prevent the spread of COVID-19 in DCMS workplaces. This has included a continual programme of employee engagement, the development of hybrid working guidance, the implementation of a desk booking system to manage building capacities and the physical implementation of mitigating measures such as new desk layouts, one-way systems, Personal Protective Equipment (PPE) and signage as appropriate. The department is continuing to monitor case reporting, air quality and employee feedback as measures are removed and workplaces return to increased capacities in line with government guidance.

### **Security**

The DCMS Security team covers all aspects of security provision for the department: personnel, physical, cyber, investigations, technical, business continuity and COVID-19 response. It works closely with the Government Security Group and many others to support organisations to provide and improve our security arrangements.

The COVID-19 pandemic saw us implement the departmental pandemic plan and support the move to remote working, and then the return to hybrid working. As set out below, the department has also embarked on a national location strategy, which brings with it many security considerations. Finally, cyber security has become an evermore important consideration, and we have worked hard to enhance our capability and security posture. Each of these areas and many more besides bring daily challenges to the team, and we have worked hard throughout the year to meet



these challenges, to further professionalise the function, and enhance our support to the department.

## Locations

DCMS has commenced on its journey to become a UK wide department. During the first phases of this journey we have established a concentrated presence in Manchester through the opening of our second HQ, established presence in Cardiff and Edinburgh to empower and support all citizens from all of our nations, and continued to support other regions through our presence in Sheffield and Nottingham.

Our strategy to relocate presence across UK regions and diversify away from a fully centralised London based workforce is supported by the Places for Growth programme and contributes to the aims of Levelling Up.

We plan to go further in our next phases of delivery by developing a concentrated presence in the Darlington Economic Campus and playing an active role in the most important economic issues of the day given that DCMS sectors are among the most dynamic and fast-growing in the UK economy. We plan to support the growth and expansion of Loughborough SportPark through DCMS presence, amongst our leading Sport Bodies. We also plan to develop a presence in Belfast, Birmingham, Bristol, Glasgow, Leeds, Liverpool, Newcastle and Nottingham to spread opportunities more evenly and empower people to live and work in their local regions, giving them a sense of pride.

The move by DCMS to hybrid working and use of technology alongside flexible workplace settings that meet the diverse needs of people has allowed us to usher in a new approach to how we work, creating a greater sense of work/life balance, flexibility and supporting greater outcomes through more opportunity to collaborate and connect. We will use our Locations strategy to offer our people and local communities the opportunity to work in the heart of government, have location based careers, achieve greater outcomes through a wider stakeholder base including closer proximity to our family of ALBs and employment opportunities that reflect different regions of the UK.

## Gender pay gap

### The gender pay gap in DCMS and the Civil Service

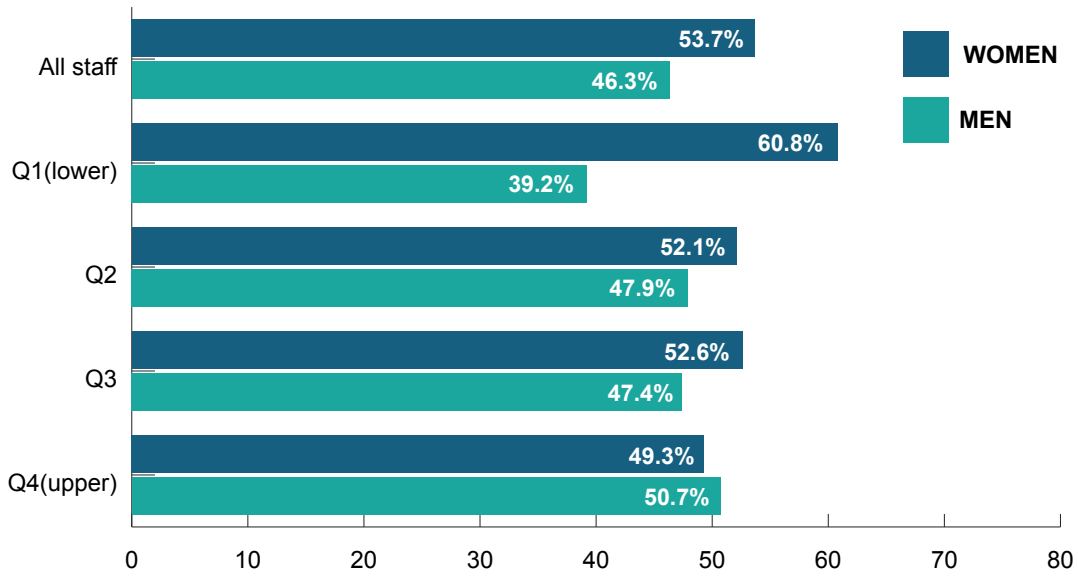
DCMS's gender pay gap is published annually (link to [DCMS Gender pay gap 2021](#)). The latest available information details the position as at 31 March 2021.

### The gender pay gap in DCMS and the Civil Service

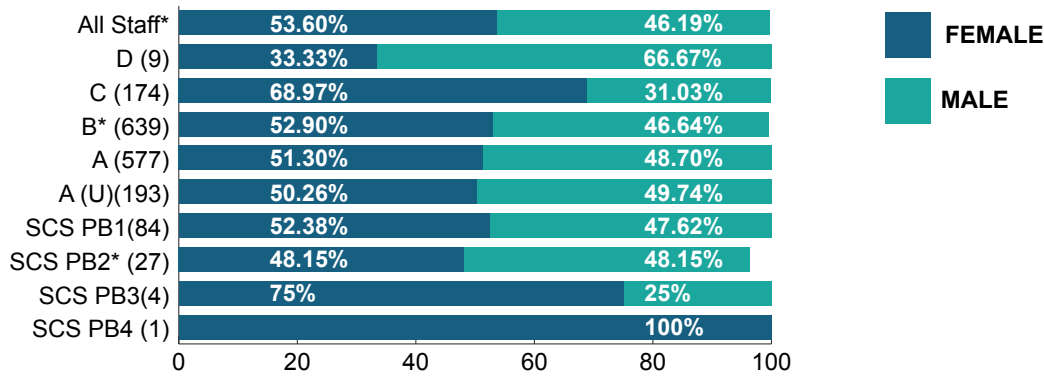
Measure	DCMS 2020	DCMS 2021	Civil Service 2021
Mean	2.7%	5.1%	7.8%
Median	10.6%	0%	8.1%

DCMS has seen a significant decrease in the median with both the middle earning male and female in the department earning the same salary. The increase in the mean pay gap can be attributed in part to the department having more women than men in the lowest quartile of earnings and in our Band C grade, as well as a higher proportion of men being internally promoted within the more senior and higher earning grades.

### Gender distribution in pay quartiles



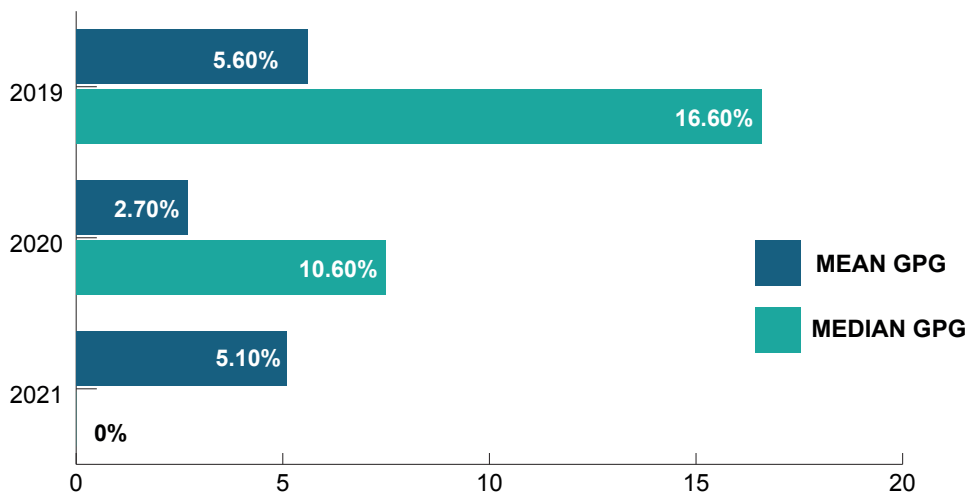
### Gender balance by grade



\*Please note that some staff have gender categorised as gender unidentified and have been excluded from the gender pay gap calculations

### Gender pay gap trends

Between 2019 and 2020 the mean showed a downward trend, however it has increased in 2021. The median on the other hand has decreased consistently over the last 3 years.



## Next steps

We successfully reduced our gender pay gap by increasing transparency on pay and promotion processes including bonuses, and adjusting our pay bands to reduce the pay difference between those at the top of Band B and bottom of Band A. We will continue efforts to eradicate the gender pay gap, with a focus on:

- Achieving parity in the representation of men and women across the majority of grades in the department through monitoring our recruitment and promotion practices to encourage more women into A(U) and SCS roles. Reducing the overrepresentation of women in junior grades, paying particular attention to Band C roles and providing development opportunities for women at that Grade to improve their chances of progression/promotion.
- We will move to a 100% In Year Reward scheme for delegated grades. The scheme will improve transparency, introduce a spot rate for reward values, with clear and consistent criteria for awards, quarterly voluntary peer reward panels and an inclusive approach to nominations.
- We will monitor the recruitment of men and women to national and London pay scales to ensure parity across the scales.

## Trade union facility time

DCMS regularly engages, negotiates and consults with national trade union representatives in areas of policy, in line with our partnership agreement and actively maintains good and effective industrial relations with them. The department has no staff union representatives, therefore facility time is not currently used in DCMS.

## Percentage of pay bill spent on facility time

DCMS have no staff unions representatives, therefore 0.00% of the paybill was spent on facility time during the period 1 April 21 to 31 March 22.

## Paid trade union activities

There have been no paid trade union activities during the period 1 April 21 to 31 March 22.

## Complaints to the Parliamentary Ombudsman for the core department

There were two investigations regarding DCMS in 2021-22. Those investigations were not upheld. There were no recommendations made against the department in 2021-22.

Complaints received	13
Complaints resolved by mediation	0
Decided following primary investigation	2
Resolved with agreement of the complainant at initial checks or Primary Investigation	0
Complaints accepted for detailed investigation	0

Decided following detailed investigation	
Detailed investigations fully upheld	0
Detailed investigations partly upheld	0
Detailed investigations not upheld	0
Detailed investigations resolved with the agreement of the complainant	0
Detailed investigations discontinued	0
Uphold rate (only upholds)	0%
Uphold rate (upheld or partly upheld)	0%

The department aims 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>.

## Departmental correspondence

DCMS accords ministerial and public correspondence a high priority. These include departmental correspondence, parliamentary matters (such as laying documents in Parliament and answering Parliamentary Questions) and Freedom of Information requests. Our target is to reply to ministerial and public correspondence within 20 working days.

In 2021-22, DCMS received 6,775 items of ministerial correspondence (letters requiring a response from a minister), answering 69% on time. DCMS also received 5,409 items of official-level correspondence (letters requiring a response from officials), answering 80% on time.

Compared to the previous year, DCMS saw an improvement in our response rate, with a 5% increase for ministerial correspondence and 6% for official-level correspondence. Alongside this, we saw a decrease in volumes with a 48% decrease for ministerial correspondence and a 43% decrease for official-level correspondence. While a sharp contrast to the previous year's spike, COVID-related correspondence was still a prominent feature for the first half of the year.

## **SUSTAINABLE DEVELOPMENT REPORT**

### **Sustainability at DCMS - An Overview**

DCMS is committed to delivering environmentally sustainable work that enhances the lives of UK citizens and future generations. Over the last 12 months the department has taken significant action to review and improve our processes to ensure that environmental sustainability is a core consideration in everything that we do.

We have delivered multiple events and engagements in the run up to, and at the 26th UN Climate Change Conference of the Parties (COP26) on both mitigation and adaptation to climate change. Within our departmental processes we are embedding consideration for the environment into all of our relevant decision making.

In addition to this, we are taking steps to improve our internal capability with regards to sustainability and carbon literacy. Sustainability is a topic that staff are committed to and our Green Network has continued to progress our corporate sustainability initiatives.

Many DCMS ALBs continue to be active in this space, providing leadership to their sectors on sustainability. For example, the Arts Council England continues to work with Julie's Bicycle, a partnership which started in 2012, to reduce environmental impacts and drive action across the arts and culture sector. Further details relating to sustainability can be found in Annex B.

### **Sustainable Development Goals**

As we emerge from COVID-19, our ambition is to continue to embed environmental sustainability at the heart of DCMS and for the Sustainable

Development Goals (SDGs) to guide this. By improving the sustainability of our buildings and working practices, reducing waste and water consumption, working towards net zero targets, adopting more sustainable procurement practices and integrating sustainability information into reporting mechanisms, we will contribute to SDGs 11, 12 and 13.

## **Greening Government Commitments 2021-25**

In line with the Greening Government Commitments 2021-2025 (GGC), DCMS is committed to reducing the impact of departmental operations on the environment. With the expansion of our office footprint beyond London, our property team selected our new Manchester HQ in part due to its refurbished status, and pledge to become net zero by 2030. All of our other workspaces and hubs have been sought via the Government Property Agency; these workspaces are designed and operate in a way that is productive and sustainable across its entire life cycle. The Government Property Agency is also committed to reducing the carbon footprint and has taken steps to reduce CO2 emissions. Furthermore, we are developing targeted actions and staff awareness campaigns to ensure that we are able to meet the range of environmental objectives set out in the GGCs, including emissions reduction of 33% against our 2017-18 baseline by the end of the current GGC period.

Our internal IT Services are designed and contracted to reduce whole life carbon emissions and landfill. This is achieved through our services being run on cloud infrastructure provided by Google which is carbon neutral using 100% renewable energy sources. All vendor contracts used to support the IT services have a zero landfill sustainability clause, and the latest laptops and hardware have been procured to maximise the use of recycled materials.

## **Climate Change Adaptation and the 25 Year Environment Plan (25 YEP)**

To date climate change adaptation planning in DCMS has been undertaken within the cross-government National Adaptation Plan (NAP), published every 5 years. Our work on the NAP sets out how the risks of extreme weather events, such as floods, high winds and rising sea levels will be managed within our policy areas, such as digital and cultural heritage. We continue to participate in the Climate Change Integrated Review Adaptation Sub Group and we are



actively contributing to the development of the 3rd National Adaptation Plan due for publication in 2023.

DCMS is also actively involved in the Department for Environment, Food and Rural Affairs (Defra) led 25 Year Environmental Plan (YEP) as members of its Board. We have closely engaged with Defra as it has developed its work on the 25 YEP and Environment Act and will continue to do so as it develops statutory targets under the Environment Act to be announced later in 2022.

### **Sustainable Procurement**

We support procurement that is open and competitive. We evaluate bids from suppliers against criteria that are published. These standards work in conjunction with the Government Greening Commitments which set out targets for government departments and agencies to improve greenhouse gas emissions, waste reduction and include transparent reporting on these targets.

Social value components are now considered in central government procurement, as outlined in Procurement Policy Note (PPN) 06/20, which includes objectives specifically related to fighting climate change:

- Deliver additional environmental benefits in the performance of the contract including working towards net zero greenhouse gas emissions.
- Influence staff, suppliers, customers and communities through the delivery of the contract to support environmental protection and improvement.

This covers over £49bn per year of annual spend by government and DCMS is striving to go further ensuring that the Social Value Model is integrated throughout our procurement activities.

### **26th UN Climate Change Conference of the Parties (COP26)**

DCMS has actively supported the government's aim to provide strong global leadership to accelerate climate action at COP26 and throughout the annual presidency. In the build up to COP26 DCMS provided support to various climate initiatives, including backing the UN-led Race to Zero campaign by hosting a number of ministerial-led events to drive net zero commitments from organisations within our sectors, this included launching the Tech Zero Taskforce in June with Tech Nation which now has 254 UK tech firms signed up.

Our Secretary of State attended COP26 and led a joint ministerial event with the Italian Culture Minister that demonstrated the UK's global leadership in integrating cultural heritage into adaptation action. In addition, our Secretary of State spoke at other panel events to champion the role of culture in addressing climate change and held bilateral meetings with representatives of tech companies to discuss the important role they must play to achieve net zero.

DCMS is undertaking further environmental sustainability activities across our policy teams, two examples of these are outlined below:

### **Commonwealth Games 2022**

The 2022 Birmingham Commonwealth games will demonstrate DCMS's commitment to sustainability on an international level. The central ambition to deliver the most sustainable games yet, with a carbon neutral legacy, is underpinned by seven sustainability pillars (Accessibility; Equality, Diversity, and Inclusion; Job Creation and Social Value; Human Rights; Carbon and Air Quality; Circular Economy Principles and Conservation).

The inclusion of these principles, whilst responding to budget and time constraints, demonstrates what can be achieved when a flagship government programme embeds sustainable practices and engages fully with the UN Sustainable Development Goals.

### **Building Digital UK (BDUK)**

BDUK is examining environmental impacts of its activities through its portfolio of independent evaluations. The final round of the Superfast Evaluation, due in early 2023, will explore how improving fixed broadband connectivity could affect channels which could influence environmental outcomes. The evaluation will explore positive and negative areas of environmental impact to establish the possible direction of overall net impacts from improving digital connections. Areas of exploration will include cloud computing, infrastructure energy efficiency and behavioural change such as local traffic/commuting and household energy usage.

### **Rural Proofing**

The digital infrastructure policies and programmes in DCMS are ensuring that rural areas are not left behind, as initially outlined in the Future Telecoms Infrastructure Strategy 2018, and the Government's coverage ambitions

outlined in the National Infrastructure Strategy 2020. In response to this DCMS (via Building Digital UK) has developed four products to deliver broadband infrastructure to rural premises under the programme, Project Gigabit, launched in March 2021. The focus for Project Gigabit is on the 20% of premises deemed to be uncommercial (initially modelled by DCMS as the final 20% (F20)). This is deemed future proofing infrastructure. Evidence from our Superfast and Voucher products to date show that our interventions have been disproportionately focused on the most rural and sparse premises (villages and hamlets), and we expect this trend to continue.

We have identified that alternative options are likely to be required to connect some premises in the 'Very Hard to Reach', initially deemed the final 1% of this 20% (now likely to be c.100,000 or 0.3% of UK premises). To better our understanding of these premises, DCMS ran a Call for Evidence on Improving Broadband for Very Hard to Reach Premises from March 2021 to June 2021 and published its response in February 2022.

Digital infrastructure improvements in relation to mobile will be delivered by the Shared Rural Network (SRN) programme. The Shared Rural Network will help those who live and work in rural communities to achieve their full potential through improved mobile connectivity. This agreement will see the government and industry jointly invest over £1bn to increase 4G mobile coverage throughout the UK to 95% geographic coverage by the end of the programme, underpinned by legally binding spectrum obligations. Progress on the industry-funded part of the programme continues to eliminate the majority of partial not spots - areas where there is currently coverage from at least one, but not all operators - by June 2024. The 2021 Ofcom Connected Nations report, published in December, demonstrates increased coverage across each of the UK Nations by the Mobile Network Operators (MNOs), including 46 deployments towards their SRN commitments. In line with the six year capital funding period, the legally binding spectrum obligations for the SRN must be met by January 2027 and the programme will continue to deliver coverage improvements up to that point. However, as the programme remains on track, both the government and the MNOs are confident that this combined mobile coverage is expected to be delivered to 95% of UK geography by the end of 2025.

## **OTHER AREAS**

### **Regulatory Policy Committee**

The Regulatory Policy Committee (RPC) provides an opinion on the quality of evidence in regulatory impact assessments (IAs). There were 7 final-stage IAs submitted to the RPC for review in the financial year 2021-22. A number of IAs received informal opinions from the RPC and a number of measures were assessed as falling below the de minimis threshold and were certified internally. All IAs are subject to an internal analytical review process and are signed off by the DCMS Chief Economist.

### **Machinery of government changes**

Responsibility for exercising functions previously held by DCMS under the National Security and Investment Act 2021, transferred to BEIS. Please see note 1.34 for further details.

### **Prompt payment of suppliers**

The department's policy is to comply with the Institute of Credit Management's Prompt Payment Code, of which DCMS is an approved signatory. Whilst the department's standard terms and conditions for the supply of goods or services specify payment within 30 days of receipt of a valid invoice, the department aims to pay all valid invoices within 5 working days of receipt.

In 2021-22, 78.4% of undisputed invoices were paid within 5 working days against the target set by the Cabinet Office of 90%. Continued efforts have been made to streamline the department's processes to ensure that payments can be processed as promptly as possible while maintaining a suitable level of controls to ensure that invoices are valid and that the related services have been delivered.

### **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 114. The external audit cost of the departmental group was £3.8m comprising £0.5m notional and £3.3m 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' Interests and the Register of Members' Financial Interests. 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 25 'Related party transactions'. In compliance with Business Appointment rules, the department is transparent in the advice given to individual applications for senior staff, including special advisers. Note that there were no such interests for special advisers during the year.

## 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 2021 No. 265, as amended by Statutory Instrument 2021 No. 1441. Together, they are known as the 'departmental group', consisting of the department and sponsored bodies listed at note 29 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 the Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- ensure that the department has in place

appropriate and reliable systems and procedures to carry out the consolidation process

- make judgements and estimates on a reasonable basis, including those judgements involved in consolidating the accounting information provided by non-departmental and other arm's length public bodies
- state whether applicable accounting standards, as set out in the Government Financial Reporting Manual, have been followed, and disclose and explain any material departures in the accounts
- 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. This responsibility extends to ensuring that, 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.

framework and internal control procedures. It also integrates information about the department's public bodies included in the department's consolidated accounts for 2021-22.

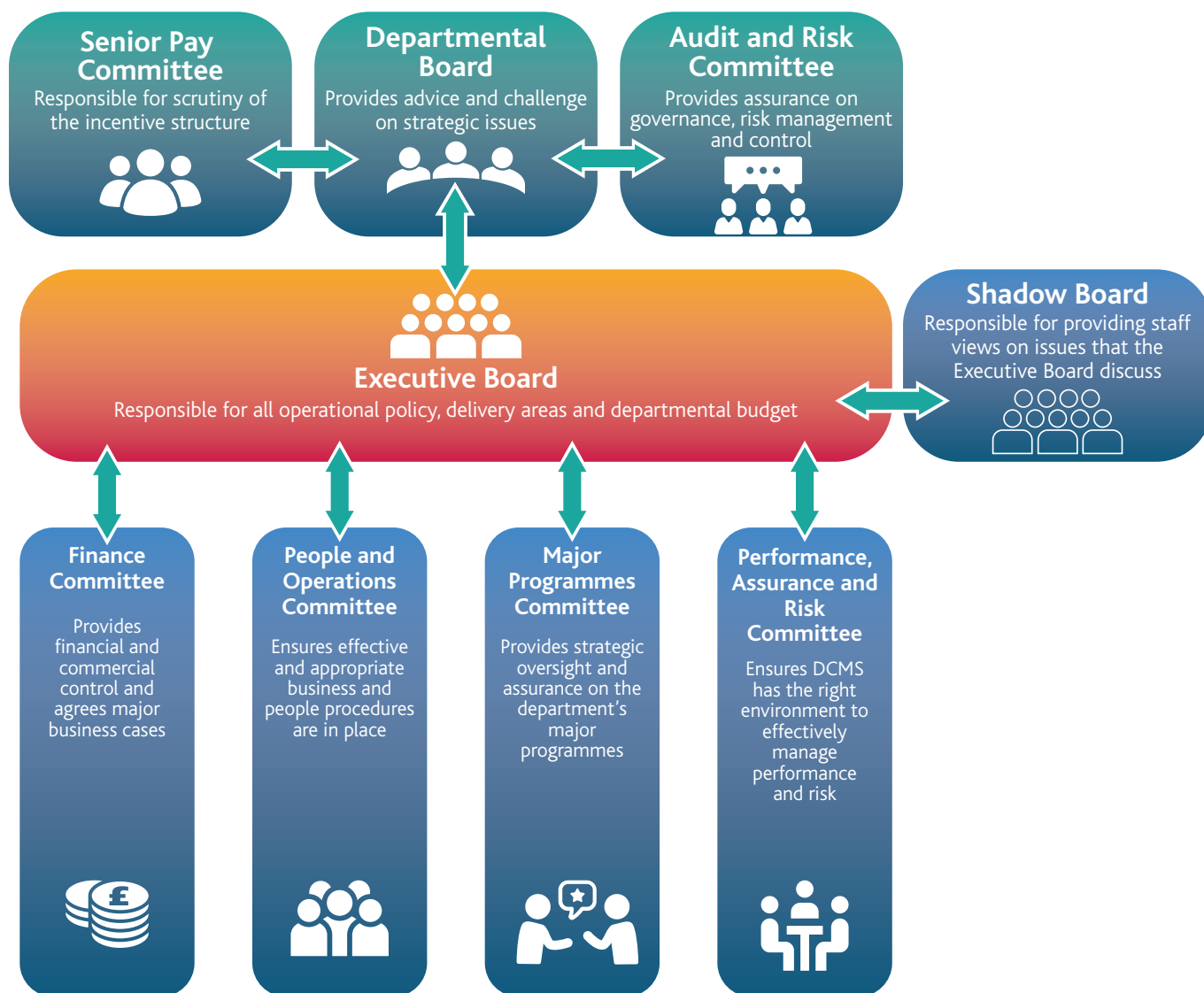
## Governance statement

This statement sets out the department's governance structure, risk management

## Structure

The governance structure below applies to the core department, also referred to as 'the department' in this statement.

## Department Board Structure





## **Departmental Board (DB)**

The Departmental Board is the most senior board in the department, providing advice and challenge on strategic issues. It is chaired by the Secretary of State. Membership includes Ministers, Non-Executives, the Permanent Secretary, Directors General and Finance Director.

## **Audit and Risk Committee (ARC)**

The Audit and Risk Committee provides constructive challenge on the department's governance, risk management and financial controls. It also provides assurance of the financial report and accounts. It is chaired by Hemant Patel (Non-Executive Board Member). Membership comprises the Lead Non-Executive Board Member and two Independent members. It is also attended by the Permanent Secretary, Directors General, Finance Director, National Audit Office (NAO) and the Government Internal Audit Agency (GIAA) officials.

## **Executive Board (EB)**

The Executive Board is the key operational board within DCMS, responsible for all operational policy, delivery areas and departmental budget. It is chaired by the Permanent Secretary. Membership includes the Directors General and Directors of Corporate Strategy, People and Workplace and Finance and Commercial. It is also attended by the DCMS Legal Director (who is not a member).

The Executive Board is supported by a Shadow Board composed of staff from a range of grades. Shadow Board meetings mirror the agenda of the Executive Board to provide representative staff views on a range of issues including operational, policy and delivery areas, strategy, risk management and the overall departmental budget.

## **Executive Board and committees**

The Executive Board is also supported in its role by four committees:

### **Finance Committee (FC)**

The Finance Committee approves and monitors the department's major financial commitments as well as arm's length body projects of £15m and above. It is chaired by the Director for Finance and Commercial. Membership includes Directors and Deputy Directors from all Director General areas. It meets monthly.

## **People and Operations Committee (POpCo)**

The People and Operations Committee ensures effective and appropriate business and people procedures are in place and the right culture and values are in place across the department. It is chaired by the Director General for Strategy and Operations. Membership includes Directors from across Director General areas and DCMS network representatives.

## **Performance, Assurance and Risk Committee (PARCo)**

The Performance, Assurance and Risk Committee ensures DCMS has the right environment to effectively manage performance and risk, with its work complemented by the Major Programmes Committee. It is chaired by the Director General for Digital and Media Group. Membership includes all Director Generals, Directors from all Director General areas and an external member, who provides additional challenge.

## **Major Programmes Committee (MPC)**

The Major Programmes Committee provides strategic oversight and assurance on the department's portfolio of major programmes/projects, closely aligned to the Performance, Assurance and Risk Committee. It is chaired by the Director Generals for Culture, Sport and Civil Society. Membership includes all Director Generals, SROs for all major programmes, Directors from all Director General areas and independent members, who provide external advice and challenge.

## **BOARD PERFORMANCE AND EFFECTIVENESS**

The HM Treasury and Cabinet Office Corporate Governance in Central Government Departments: Code of Good Practice requires all departments to undertake an annual Board effectiveness evaluation. As reported in last year's governance statement EB and its committees undertook a fundamental review of its set up and operation in 2019-20, and the structure reflected in this statement has been in operation for the full 2020-21 year. A review of the implementation and effectiveness of EB and its committees was completed in March 2021. The review found that EB and its committees were operating effectively and meeting their respective terms of reference. In particular the set up of governance enabled the department to remain resilient and responsive to the challenges

posed by COVID-19. This was a view shared by GIAA in their internal audit of the department's Governance reprioritisation in response to COVID-19.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

- The Senior Pay Committee (SPC), comprising the Permanent Secretary, Lead Non-Executive Board Member, a second Non-Executive Board Member and the Director of People and Workplace, fulfils the role of a Nominations and Governance Committee, primarily to scrutinise the incentive structure
- The Head of Internal Audit attends the ARC rather than the DB and the ARC chair reports risks, issues and an overview of the committee's work at each DB meeting

## ATTENDANCE FOR 2021-22

	DB	ARC	SPC	EB
Number of meetings held	2	4	0	21
<b>Ministers</b>				
Oliver Dowden MP	1/1	-	-	-
Baroness Barran MBE	1/1	-	-	-
Caroline Dinenge MP	1/1	-	-	-
Matt Warman MP	1/1	-	-	-
The Rt Hon John Whittingdale OBE MP	0/1	-	-	-
Nigel Huddleston MP	1/2	-	-	-
Nadine Dorries MP	1/1	-	-	-
Julia Lopez MP	1/1	-	-	-
Lord Parkinson MP	1/1	-	-	-
Chris Philp MP	1/1	-	-	-
<b>Non-Executive Board Members and Independent Members</b>				
Charles Alexander	0/0	0/0	-	-
Claudia Arney	2/2	2/4	-	-
Hemant Patel	2/2	4/4	-	-
Sherry Coutu CBE	2/2	-	-	-
Priya Lakhani OBE	2/2	-	-	-
Baroness Laura Wyld	1/1	-	-	-
Phill Wells*	-	3/4	-	-
Brian Porritt*	-	4/4	-	-
<b>Executive</b>				
Sarah Healey	2/2	4/4	-	20/21
Sam Lister	2/2	4/4	-	19/21
Susannah Storey	2/2	3/4	-	20/21
Ruth Hannant / Polly Payne	2/2	4/4	-	20/21
Nico Heslop	-	-	-	20/21
Jacinda Humphry	2/2	3/4	-	13/21
Sarah Tebbutt	-	-	-	19/21

'-' denotes an individual who is not a member of this group or invited to attend. Various individuals were not in position for the full year, this is demonstrated by only showing the total number of meetings they were eligible to attend.

\* Independent Members of the Audit and Risk Committee

## NON-EXECUTIVE BOARD MEMBERS

Baroness Laura Wyld and Sherry Coutu both ended their terms with the department in 2021-22. Claudia Arney, Hemant Patel and Priya Lakhani have provided advice, guidance and challenge to DCMS officials and ministers throughout 2021-22. They have supported and challenged officials on the department's strategic direction and provide support in monitoring and reviewing progress.

## DECLARATION OF INTERESTS

DB, ARC, EB Members and Special Advisers have disclosed a range of interests. Further details can be found at the directorships and significant interests paragraph on page 55. Further details of Declarations of Interest can be requested via [enquiries@dcms.gov.uk](mailto:enquiries@dcms.gov.uk).

## INFORMATION MANAGEMENT

All Boards and committees are provided with a range of management information in order to review the department's performance and capability.

The department's Delivery Unit provides consistent data, insight and assessment of departmental priorities. This enables the department to obtain a greater view on delivery, anticipate success, identify emerging problems and allow for data driven decision making.

## PERSONAL DATA INCIDENTS

In 2021-22 there were 25 cases that were reported as a data breach. 7 of these were lost mobile phones and 3 of these were lost laptops. Of the remaining 15, 8 were internal data breaches contained entirely within DCMS.

In April 2021, an email was sent from one of the department's shared mailboxes to 469 individuals' personal email addresses. This email was in response to separate enquiries regarding the collapse of Football Index. Recipients should have been BCC'd into the email, but were mistakenly CC'd into the email and therefore had sight of personal email addresses. The matter was reported to the Information Commissioner's Office (ICO) but no further action was taken by them. This breach occurred during the 2020-21 accounts preparation process (though actually took place in 2021-22) and as such has been included in both annual reports.

A file containing the names and addresses of 323 BDUK voucher beneficiaries was uploaded to a portal by Wildernet, which resulted in the 323 beneficiaries having access to the personal details

of the rest of the group. Wildernet were asked to remedy the error and mitigate against the risk of recurrence. This breach was determined to be low risk and not reported to the ICO.

An email with an attached internal prebill was unintentionally sent to a third party recipient by a Pinsent Masons member of staff. Pinsent Masons is a subcontracted legal firm working with BDUK. The attachment contained the email addresses of DCMS employees. The breach was reported immediately to DCMS, and the recipient was asked to delete the email. No further action was taken.

A letter intended for the Scotland Office was sent to the Scottish Government in error. The letter contained names of DCMS employees. The Scottish Government was asked to delete the email. No further action was taken as this was deemed to be low risk.

An email containing a consultation response was sent to several public bodies by using CC rather than BCC, meaning the names and email addresses of several DCMS officials and representatives of the public bodies were exposed. This breach was referred to the ICO after an internal investigation.

A meeting invitation was sent to a former employee. The former employee could see the names of current DCMS employees and their email addresses. This was a result of a fault in the Google Meet software. The individual was asked to delete the email. The fault is being investigated but no further action was taken in terms of the data breach.

An email chain containing the names and email addresses of a small number of staff and the name and address of one member of the public was accidentally sent to an incorrect external email address. The recipient was asked to delete the email. The breach was determined to be low risk and not reported to the ICO.

## EXTERNAL REPORTING

The department provides information to HMT through its Online System for Central Accounting and Reporting (OSCAR) system. Returns to HMT input into wider government reporting on spending which are made available for public scrutiny.

The department also publishes transparency information on transactions over £10k which are made available to view on gov.uk.

DCMS regularly assesses the quality of the data provided into these returns and ensures it is

consistent with data provided to the Board.

## APPROACH TO RISK MANAGEMENT

The Risk Team has completed a range of activities during the year, including the creation of a risk management framework, review of the Executive Risk Register, development of a Risk Appetite Statement and delivered a risk management training package. This work was focused on the high level top down risk management arrangements in DCMS. The Risk Team is now focusing on the bottom up activities and establishing effective and efficient processes embedded into the culture of DCMS teams.

The department’s approach to risk management follows the HM Government’s Orange Book Principles:

### An essential part of governance and leadership

Operational risk registers are held at directorate, programme and project level, escalating into Director General level registers, as necessary. Throughout 2020-21 strategic and top level risks were monitored through the department’s Executive Risk Register (the department’s top strategic risks throughout 2021-22 can be found in the Performance Report, ‘Risks Affecting Delivery’). The Executive Risk Register (ERR) is currently discussed at PARCo, EB and ARC. Various risks also feature in other EB sub-committees. The EB risks have been discussed throughout 2021-22 by one of the governance bodies, either as part of an existing agenda item or a specific risk deep dive. The Risk Appetite Statement encourages those with risk

management responsibility to consider strategic goals when identifying, assessing and planning for management of risk mitigation. Risk is a standing agenda item in committees and Senior Leadership Team (SLT) meetings.

### An integral part of all organisational activities

Risk management is integral and embedded into DCMS activities including; Outcome Delivery Plans, policy delivery, project and programme approvals and implementation management, security, public body delivery, financial management and counter fraud activities.

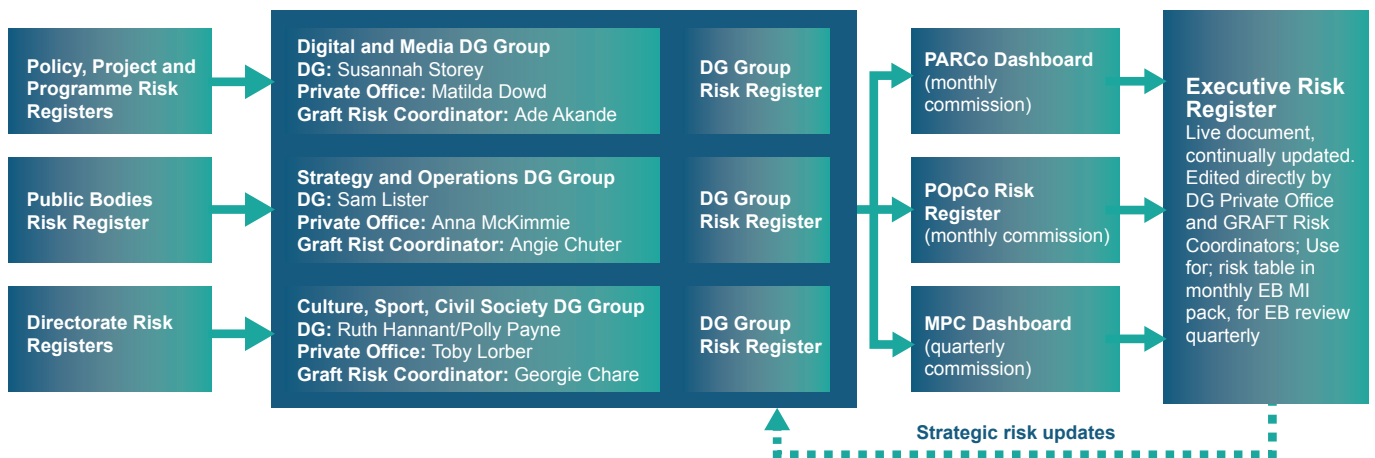
### Collaborative and informed

A Joint Risk Group with representatives across the department has been operating as a transparent forum since December 2021 to discuss and monitor key risk updates, mitigations and risk escalation. Risk discussions extend to public bodies and an internal Risk Community of Practice was established in November 2021 to foster a culture of joined-up working and sharing best practice.

### Structured to include identification, treatment, monitoring, reporting

All directorates have adopted a standard risk register template, to ensure consistent reporting and scoring of risks. A comprehensive suite of guidance documents has been written and is accessible on the intranet to ensure those responsible for recording risks are scoring them in a consistent manner. Risks are escalated (and de-escalated) through risk registers throughout DCMS.

## RISK ESCALATION PROCESS



**Monthly DG SLT Meetings:** GRAFT Risk Coordinators to attend to gather feedback from DG SLT on key risk updates

**Joint Risk Group:** dynamic Google chat forum for: Governance Team, DG Private Offices, Public Bodies Team, Project Delivery Code & Graft Risk Team

**ALB Risk Network:** quarterly meeting with risk leads across ALBs (best practice, collaboration, external speakers)



## Continually improved

Research is currently underway to explore ways we can make risk management more efficient and effective. We are always striving to improve our current process, this may mean we adopt risk management software during 2022-23. In the meantime proposals have been agreed for improving the ERR with the inclusion of the use of revised impact and likelihood definitions and an associated heatmap to convert these to risk exposure scores.

The Government Internal Audit Agency reviewed our risk management processes and provided a 'Moderate' rating. This is an improvement on the previous audit.

## CHANGES TO RISK MANAGEMENT

The department established a permanent Risk Team towards the end of 2021, responsible for implementation of the risk management framework, with oversight and challenge from the Executive Board and its committees. The team provides scrutiny and advice on risk registers for relevant committees, working closely with risk owners to support and strengthen reporting. It conducts strategic risk sessions to identify and articulate key risks and monitors mitigations. The team collaborates closely with the Governance Team, Public Bodies and Project Delivery Centre of Excellence.

The updated Risk Appetite Statement was agreed at EB and ARC in February and March 2022. The current Executive Risk Register was created initially through a top down risk identification exercise, and bottom up risk reporting processes have been developed to support the maintenance of this register on a monthly basis. We are working to improve consistency of; escalation, impact and likelihood assessments, and final exposure ratings.

The Risk Team has dedicated Risk Coordinators for each Director General (DG) group, who have responsibility for liaising with DGs and risk committees to ensure risks are accurately recorded and escalated to relevant governance bodies as necessary. EB risk deep dives continue to take place where risks require further attention from EB; recently these have included Fan Led Review of Football Governance and Cyber Security.

As well as process improvements, over the last year we continue to foster a culture of effective risk management through meaningful

conversations and open communication; the Community of Practice has been established to facilitate this process. An external training provider delivered bespoke risk management training in the last six months of 2021-22 for over 100 staff in risk facing roles, including tailored sessions for Senior Civil Servants (SCS). The Risk Team will continue to assess the department's training requirements and identify those in need of training as 2022 progresses, to ensure everyone is aware of their responsibilities when it comes to risk management, particularly at SCS level.

## ASSURANCE EXERCISES

In line with previous years, we have undertaken an annual assessment of our assurance arrangements. DCMS Directors were surveyed to seek assurance against existing risk management practices and controls, whilst also inviting proposals for improvement. Interviews to probe the underlying issues and findings were held with a random sample of Directors to provide more qualitative evidence. Panel sessions were held with each Director General (DG) and their Director Teams to review the outcomes of the survey and agree areas for improvement, and then a final panel session was held with the Permanent Secretary, all three DGs, and an independent ARC member to provide additional challenge and insight.

The key message from this year's review is to acknowledge that considerable progress continues to be made, with the vast majority of areas having seen an improvement. In particular, managing public money, risk management, project delivery, freedom of information handling, business continuity, commercial and procurement pipeline, management information on public bodies, and processing of new joiners.

We are not complacent and recognise there is still room for improvement. The priority areas identified for improvement in 2021-22 were: mandatory training; use of the system for management of staff absences and performance; and ensuring understanding of spending controls over consultancy and contingent labour. We will also continue to progress as a priority further improvements in contract management and management of information assets. Focused action plans to deliver on these cross-cutting improvements will be in place by the end of June 2022.

Alongside the directors assurance exercise we

have collated self-assessments from DCMS core functional leads on their progress in implementing functional standards. We have ensured that we have development plans in place to achieve compliance with each functional standard in a way that meets DCMS business needs.

We have established a new Deputy Director

role in 2021-22 to bring together and increase the resources dedicated to driving effective risk management, assurance and counter fraud. During 2022-23 our new Head of Assurance will document our integrated assurance strategy across three pillars of: project/programme assurance, public body assurance and DCMS central function assurance using a 3 lines model of assurance, as shown in the graphic below:

1st line (Controls and ownership)	2nd line (Management and specialists)	3rd line (Independent and systemic assurance)
Individual Management Assessments	Performance, Assurance and Risk Committee	Government Internal Audit Agency
Functional Self Assessments	Other sub committees	Infrastructure and Projects Authority
Management Reviews	Executive Board	Public Body Reviews
Internal controls	Department Functional Specialists e.g. Financial Controller, Security	

### First line roles

First line management roles are those responsible for delivering specific objectives or operational – front-line customer delivery, corporate services and audit delivery teams.

Front line management and systems provide assurance that performance and quality is monitored, risks identified and addressed, and objectives are being achieved. These sources of assurance lack independence and objectivity, but they come from those who know the business, culture and day-to-day challenges.

### Second line roles

Second line management roles provide complementary expertise, support, monitoring, and challenge related to the management of risks. The roles are usually within corporate service teams and separate from those responsible for delivery, but not independent of the organisation’s management chain. For example reviews by corporate service professionals of business cases and accounting officer assessments.

### Third line roles

Communicates independent and objective assurance and advice to management

and the governing body on the adequacy and effectiveness of governance and risk management (including internal control) to support the achievement of organisational objectives and to promote and enable continuous improvement.

The annual internal audit strategy and programme of audits is agreed by the Audit and Risk Committee (ARC). Progress reports are provided within a year to each ARC. An annual audit opinion is drafted at the conclusion of the annual programme of audits.

### External

In addition to these 3 lines, various other sources of assurance come from roles outside of DCMS, including the National Audit Office (NAO) and Public Accounts Committee (PAC) both of whom provide independent assurance on government activities to Parliament.

### GOVERNANCE OF PUBLIC BODIES

DCMS has a large, diverse range of public bodies spanning numerous sectors. Over the financial year 2021-22, DCMS worked with 45 public bodies with a wide span of policy and operational responsibilities.

The department’s public bodies are governed by

their own independent boards, each with their own separate governance and internal assurance structures, details of which can be found in their individual annual reports and accounts. The 38 bodies consolidated into the department's accounts are all individually reviewed by DCMS as part of the process of preparing the group accounts.

In 2021-22 the department received assurance on risks and delivery within the 38 arm's length bodies through:

- policy colleagues via a sponsorship model, including quarterly formal meetings to review delivery, risk and performance (Partnership Meetings);
- arm's length bodies' governance statements;
- advice and challenge from the Audit and Risk Committee on assurance processes;
- a dedicated Public Bodies Partnership Board, which provided assurance to the Executive Board, on the department's relationship with its bodies;
- a Public Bodies Performance and Risk Board, which scrutinises public bodies' risks on a quarterly basis, ensuring that the right controls and mitigations are in place, and escalating to the Executive Board via the Performance & Risk Committee, the most significant risks; and
- the initiation of a Framework Document review with our Public Bodies, working in partnership with HMT Spending Teams, and ensuring adherence to Managing Public Money.

To improve and enhance our Public Body governance, this year we have developed and introduced a new DCMS led Chair Appraisal process to ensure a more consistent, proportionate approach is in place with all of our Public Bodies and to align with Government best practice. The key aim of this approach has been to strengthen the dialogue between DCMS senior officials and our Public Body Chairs, with a clear focus on assessment against the delivery of the government's strategic priorities.

To further build on departmental assurance, we have reviewed the process by which the department holds its public bodies to account, and facilitated a shared understanding of challenges and opportunities, through the undertaking of formal Partnership Meetings. These fora scrutinise the performance, delivery and management of our Public Bodies as well as provide support and challenge on any risks

or other issues that may be identified. These meetings have been embedded by teams over the course of 2021-22, and have been through an annual review in February 2022. This has led to the development of departmental guidance for the format and minimum standards for these meetings, to ensure a consistent process across all of our Public Bodies, and the sharing of best practice.

Alongside the activities we have implemented internally, we have correspondingly been working very closely with the Cabinet Office and HMT in contributing to the development of a range of enhanced governance and sponsorship processes as part of the new cross-government Public Bodies Programme. The programme aims to strengthen and improve the frameworks that Public Bodies operate within, and is in line with the Declaration on Government Reform published in June 2021. One aspect of this has included facilitating the attendance of DCMS Board Trustees and new Non-Executives at the Non-Executive Director induction events delivered by the Cabinet Office.

## **PUBLIC BODIES REVIEWS**

The Cabinet Office launched a new Public Bodies Review Programme in early 2022, replacing the Tailored Review Programme which ended in 2020. The new programme is one of the workstreams of the wider Cabinet Office/HMT Public Bodies Programme and a key part of the government's reform agenda.

The programme is designed to meet the government's vision of ensuring Public Bodies are effective, efficient and aligned to the government's priorities, and that they have appropriate governance and accountability. The new programme has incorporated lessons learned from the Tailored Review Programme, most notably ensuring that reviews are proportionate and flexible, focussing on the bodies with the highest risk; ensuring each review has independent challenge through independent lead reviewers.

DCMS will be undertaking three reviews in the first year of the programme (2022-23). These are: Sports Grounds Safety Authority (SGSA), British Tourist Authority and Ofcom. The SGSA review commenced in January 2022 and broadly focuses on the body's scope, capacity, efficacy and governance in line with the Cabinet Office guidance.



## APPOINTMENT TO PUBLIC BODY BOARDS

DCMS ministers appoint, or make recommendations to the Prime Minister or the Sovereign to appoint, the chairs and trustees of the majority of DCMS public bodies. Appointments to 41 of the department's public body Boards are regulated by the Commissioner for Public Appointments.

Between 1 April 2021 and 31 March 2022, the department made 78 regulated public appointments. Of these, 34 were reappointments and 44 were new appointments. 41% of new appointments and 52% of reappointments were women. 24% of new appointments and 15% of reappointments were made to people from a minority ethnic background. 7% of new appointments and 7% of reappointments were made to candidates declaring disabilities.

## MANAGING RISKS IN PUBLIC BODIES

While responsibility for managing their own risks remains with Public Bodies, the department regularly reviews those which have the potential to impact on the departmental group. The level of departmental engagement with individual Public Bodies to formally scrutinise their performance, risks, finances and delivery is undertaken through quarterly Partnership Meetings.

The department's Public Body risk management system has been rebalanced, with more emphasis on risk indicators and evidence. In 2021-22 the Performance, Assurance and Risk Committee (PARCo) has overseen the management of both DCMS core departmental and Public Body risk. A sub-committee of PARCo, the Public Bodies Performance and Risk Board monitors all Public Body risks through the identification of risk themes and trends and supporting effective and aligned risk mitigation. This board escalates to PARCo those risks which require further scrutiny via a quarterly risk dashboard and governance report.

We have developed the Public Bodies Risk Dashboard for PARCo and the Executive Board. This shows the top 5 Public Body risks to DCMS broken down into the following impact categories: (a) Organisational/Governance; (b) Reputational; (c) Financial and Legal; and (d) Operations. These risks are identified from information and insights obtained from the sector/functional teams reporting to the Performance and Risk Board and scrutinised by PARCo.

In line with the scope of Accounting Officer

responsibility, the department has Framework Document agreements with all directly funded Public Bodies setting out the department's expectations in return for the public funds applied, and associated financial arrangements or accountability lines. These are currently being refreshed in line with the latest HMT guidance published in March 2022.

Accounting Officers of all Public Bodies 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 public body 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 public bodies have their own audit committees, and the department's Finance and Commercial Director writes to the chairs of these forums requesting disclosure or any matters warranting inclusion in this report.

The department has also put in place a risk network with its Public Bodies this year, ensuring the sharing of best practice across the DCMS group.

## 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 policy and legislative framework underpinning the National Lottery and works closely with the Gambling Commission (GC), the independent regulator of the National Lottery licence. Amongst other things, the GC monitors and reports on the performance of the operator and enforces the terms of its 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 current (3rd) National Lottery licence ends in February 2024. In March 2022, the GC



announced Allwyn Entertainment Ltd as preferred applicant to operate the 4th licence. Following the challenge on the Fourth National Lottery Licence competition, in May 2022 the Gambling Commission's (GC) action to formally award the 4th Licence was automatically paused. The GC went to court to ask for an Application to lift this stay, and proceed with implementation with the preferred applicant, Allwyn. The courts ruled in the GC's favour, but there were subsequent appeals. These appeals have subsequently been withdrawn. On 20 September 2022 the GC announced that the Fourth National Lottery Licence has therefore been formally awarded to Allwyn and the transition process has commenced. The substantive legal challenge against the GC's competition outcome decision has not been dropped and a High Court trial is still due to begin in January 2023. DCMS is not party to the challenge but is closely monitoring developments. The department's priority is to ensure a smooth transition from the 3rd to the 4th licence and to minimise the risk of disruption to those who play the National Lottery and the good causes they support.

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 the government and are distributed at arm's length by independent lottery distributing bodies. 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 distribution of National Lottery funding is not impacted by the move from the 3rd to the 4th licence.

### **The BBC**

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

On 17 January 2022, the government announced the BBC licence fee settlement for the following six years, from 1 April 2022 to 31 March 2028. The licence fee will be frozen for the next two years, and will rise in line with inflation for the following four years. This means the cost of the licence fee will remain fixed at £159 until April 2024, before rising with inflation until April 2028. On 1 April 2021, the fee increased from £157.50 to £159 (in the final year of the previous BBC funding settlement). 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).

On 26 May 2022, the government published the Terms of Reference for the Mid-Term Review, which will consider whether the BBC's current governance and regulation arrangements are working effectively, or if further reform is required. The option of a review was established in the current Charter.

The government will also carry out an independent review of the licence fee funding model ahead of the next Charter period. We will set out more detail on this in due course.

The BBC Board has responsibility for the content of the 2021-22 BBC Annual Report and Statement of Accounts.

### **Other**

The department also sponsors a number of advisory bodies and committees (5 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**

### **Accounts timetable**

The timetable for laying the DCMS group accounts has been revised from pre-summer recess (July) to post-recess. This is due to the ongoing COVID-19 related challenges encountered with producing accounts and completing audits, and the impact of post recess laying in 2020-21. As such, a pre-recess laying date for 2021-22 was not feasible. Several other ALBs are also impacted.

## FRAUD AND ERROR

The department's risk appetite for losing funding to fraud is minimal. The department's fraud strategy and policy sets out in detail how we aim to achieve this, whilst the fraud response plan sets out the arrangements for reporting and responding to fraud. The policy and plan have been reviewed in line with Cabinet Office guidelines.

DCMS has a Counter Fraud Responsible Officer at Executive Board level who is responsible for ensuring that the department's overall arrangements for managing the risk of fraud are appropriate.

All suspected frauds against the department or public bodies, or affecting Exchequer funding, are recorded and reported to audit and risk committees, and relevant authorities, including law enforcement agencies, as appropriate. Two areas of high inherent risk to the department this year have been potential abuse of our COVID-19 relief schemes (grants and loans) and the potential abuse of BDUK's voucher scheme for the rollout of gigabit. Due to the circumstances of COVID-19, the department accepted a higher tolerance to risk with an acknowledgement that, due to the demand for urgent delivery of relief schemes, the emphasis of counter fraud work would pivot towards remedial or post-event scrutiny, with Post Event Assurance workstreams embedded in COVID-19 relief packages.

Post Event Assurance exercises (for loans and grants) have focussed primarily on two high risk COVID-19 support packages: the Cultural Recovery Fund (CRF) and the Sports Survival Package (SSP). Testing is underway to identify the levels of fraud and error, if any, with the SSP testing and the final round of CRF testing to be completed by the end of October 2022. No significant level of fraud or error has been identified to date and the final round of testing on the CRF has been designed with the lessons learnt from earlier rounds in mind. The results to date on the other support packages including loans have not identified materially significant amounts of fraud and error with reference to Cabinet Office thresholds set on fraud and error.

The department has designed a debt strategy for recovery of fraud and error which has been approved by EB. This has been tested through the Voluntary, Community and Social Enterprise (VCSE) Post Event Assurance, setting out thresholds and pathways for recovery should

they be needed.

BDUK has undertaken a third and final stage of Fraud Measurement and Assurance (FMA) on their legacy gigabit broadband voucher schemes for broadband connections. This FMA covers the period 2018-19, 2019-20 as well as 2020-21 and a final report was submitted to the Cabinet Office at the beginning of March which identified both a level of fraud and error as well as irregularity across this period. The total voucher value paid of all open/active suspected fraud and error cases was £7.12m and included 18 suppliers. This represented circa 5% of the total spend on vouchers under the legacy schemes, 2% of which is suspected fraud. These cases are being thoroughly investigated, with remedial action including debt recovery pursued where appropriate.

BDUK has made a substantial investment of effort to improve counter fraud and compliance during the course of the year, which has included: establishing a dedicated counter fraud team; strengthening supplier onboarding checks and increased expectation setting; excluding new suppliers with past suspected fraud and error cases; strengthening the Terms and Conditions for the scheme; requesting more detailed information in project applications; and strengthening approval processes.

Across the department's public bodies, there were a number of suspected fraud activities in 2021-22 that impacted both exchequer and lottery funding. Public bodies will continue to work with their counter fraud specialists, other lottery bodies and Law Enforcement agencies on any ongoing investigations and will report their outcomes to both their audit committees and the department as they occur.

An internal audit of the department's oversight of its public bodies' approach to counter fraud had previously made a number of recommendations including a more systematic and targeted approach to monitoring and supporting ALBs in reaching the counter fraud functional standards. We have worked with all of the department's ALBs in gathering evidence to assess their compliance with the Functional Standard and will use this review to further update the Action Plan to underpin improvement activity in 2022-23.

## WHISTLEBLOWING

DCMS's Raising a Concern Policy and Procedure (also known as Whistleblowing) is published on the department's intranet. DCMS has 3 independent nominated officers whom staff can approach anonymously to report any concerns they may have about perceived wrongdoings or something that goes against the Civil Service Code (i.e integrity, honesty, objectivity, impartiality). In the 2021 People Survey DCMS obtained a score of 86% for inclusion and fair treatment (level with 2020). In addition 90% of staff reported that they were aware of the Civil Service Code, 57% knew how to raise a concern under the code, and 78% confirmed they were confident that a raised concern under the Civil Service Code would be properly investigated.

## GROUP WRITE-OFFS

A summary of losses can be found in the Parliamentary accountability disclosures on page 109. During 2021-22, 4 individual losses exceeded £300,000.

## 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 public bodies 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-2021-to-march-2022>

## 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 2021-22 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.

## ACCOUNTING OFFICER SYSTEM STATEMENT

The department's Accounting Officer System Statement (AOSS) is available at [www.gov.uk/government/publications/dcmsaccounting-officer-system-statement](http://www.gov.uk/government/publications/dcmsaccounting-officer-system-statement). This statement sets out all of the accountability relationships and processes within the departmental group, including relationships with DCMS public bodies and other delivery partners.

Accounting Officer Assessments for the department's major programmes (GMPPs) are available at <https://www.gov.uk/government/publications/dcms-accounting-officer-assessments>. The assessments are owned by the Senior Responsible Officer (SRO) and assure the Accounting Officer that the programme is meeting the four criteria of regularity, propriety, value for money, and feasibility.

## INTERNAL AUDIT ANNUAL REPORT

Every year, Internal Audit 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. Internal audit activity and engagement across the year then informs the Group Chief Internal Auditor's (GCIA) 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 her Annual Report and Opinion, the GCIA provided an overall Moderate assurance regarding the adequacy and effectiveness of the department's system of internal control over the course of 2021-22. This highlighted the embedding of enhanced governance arrangements that provide effective oversight

and direction of organisational performance and key operational issues. The GCIA noted that her observations were made in the context of a year of the department continuing to respond to and adapt to a range of challenges: COVID-19, lead delivery of several major programmes, heavy legislative agenda and ongoing transformation. When combined, these could have impacted its ability to develop and deliver against its strategic priorities.

Internal audit noted positive improvements across a range of activities and functions including where risk management arrangements at a strategic level continue to strengthen, good work to develop and embed required improvements in areas such as Public Bodies Governance and in Programme and Project Assurance. A key driver for these improvements has been progress made by the Transformation Programme to lead and oversee the implementation of required change.

### **NATIONAL AUDIT OFFICE REPORTS**

The department's work was the subject of one NAO report in 2021-22, summarised below:

#### **Sport Participation**

This report considers if DCMS and Sport England have been clear about what they are trying to achieve on sport participation, they have achieved their objectives and their plans for achieving their ambitions are realistic.

**All DCMS related NAO reports can be found [here](#).**

The department has also consulted NAO on publication of data related to BDUK, of which is now regularly reported to the Public Accounts Committee.

### **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 public bodies 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 647) issued by Civil Service Pensions (MyCSP) on 31 January 2022. 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 requires Civil Service appointments to be made on merit, on the basis of fair and open competition. The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

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

Further information about the work of the Civil Service Commission can be found at: <https://civilservicecommission.independent.gov.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 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) <sup>1</sup>		Total (to nearest £1000) <sup>2</sup>	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
The Rt Hon Nadine Dorries MP, Secretary of State for Digital, Culture, Media and Sport from 15 September 2021	35,381 <sup>3</sup>	-	-	-	10,000	-	46,000	-
The Rt Hon Oliver Dowden CBE MP, Secretary of State for Digital, Culture, Media and Sport to 15 September 2021	30,684 <sup>3</sup>	67,505	-	-	7,000	17,000	38,000	84,000
Nigel Huddleston MP, Minister for Sport, Tourism, Heritage and Civil Society from 17 September 2021	11,356 <sup>4</sup>	-	-	-	3,000	-	14,000	-
Julia Lopez MP, Minister of State for Media, Data, and Digital Infrastructure from 16 September 2021	16,263 <sup>5</sup>	-	-	-	4,000	-	20,000	-
Chris Philp MP, Minister for Technology and the Digital Economy from 17 September 2021	11,187 <sup>6</sup>	-	-	-	3,000	-	14,000	-
Lord Parkinson, Lords Minister from 30 September 2021	- <sup>7</sup>	-	-	-	-	-	-	-
Caroline Dinenage MP, Minister of State for Digital and Culture to 16 September 2021	22,320 <sup>8</sup>	31,680	-	-	3,000	8,000	25,000	39,000
The Rt Hon John Whittingdale OBE MP, Minister of State for Media and Data to 16 September 2021	22,320 <sup>8</sup>	31,680	-	-	3,000	8,000	25,000	39,000
Baroness Barran MBE, Minister for Civil Society and DCMS to 17 September 2021	- <sup>9</sup>	12,122 <sup>10</sup>	-	-	-	-	-	12,000
Matt Warman MP, Minister for Digital Infrastructure to 16 September 2021	15,848 <sup>11</sup>	22,375	-	-	2,000	5,000	18,000	28,000

- 1 The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) less (the contributions made by the individual). The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.
- 2 The total remuneration has been calculated by adding the actual remuneration and expressing this figure to the nearest £1,000. Due to rounding the total may not exactly reflect the declared values in the components of the remuneration, such as salary and pension benefits.
- 3 The full-year equivalent salary is £67,505.
- 4 Nigel Huddleston moved from Parliamentary Under Secretary of State & Assistant Government Whip where he was remunerated by HMT only to Minister for Sport, Tourism, Heritage and Civil Society from 14 February 2020 (though he was remunerated by DCMS only from 17 September 2021). The full-year equivalent salary is £22,375.
- 5 The full-year equivalent salary is £31,680.
- 6 The full-year equivalent salary is £22,375.
- 7 Lord Parkinson undertakes his role as an unpaid Minister.
- 8 Caroline Dinenage and John Whittingdale received an exit payment of £7,920. The full-year equivalent salary is £31,680.
- 9 Baroness Barran undertook her role as an unpaid Minister.
- 10 Baroness Barran received a Lords office-holders allowance from 1 May 2020 to 1 September 2020. The full-year equivalent was £36,366.
- 11 Matt Warman received an exit payment of £5,593. The full-year equivalent salary is £22,375.

The following tables disclose the remuneration of the departmental Executives.

### Single total figure of remuneration

Executives	Salary (£'000)		Bonus payments (£'000)		Benefits in kind (to nearest £100)		Pension benefits (to nearest £1000) <sup>12</sup>		Total (£'000) <sup>2</sup>	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
Sarah Healey CB, Permanent Secretary and Accounting Officer	165-170	165-170	15-20	15-20	-	-	46,000	84,000	230-235	265-270
Ruth Hannant, Director General for Culture, Sport and Civil Society	90-95 <sup>13</sup>	5-10 <sup>13</sup>	-	-	-	-	18,000	4,000	110-115	10-15
Sam Lister, Director General for Strategy and Operations	135-140	135-140	5-10	0-5	-	-	52,000	54,000	190-195	195-200
Polly Payne, Director General for Culture, Sport and Civil Society	90-95 <sup>14</sup>	5-10 <sup>14</sup>	-	-	-	-	22,000	4,000	115-120	10-15
Susannah Storey, Director General for Digital and Media	120-125 <sup>15</sup>	120-125 <sup>15</sup>	10-15	10-15	-	-	52,000	48,000	185-190	185-190
Nico Heslop, Director Corporate Strategy	95-100	95-100	10-15	0-5	-	-	37,000	39,000	140-145	140-145
Jacinda Humphry, Finance and Commercial Director	105-110	105-110	0-5	-	-	-	21,000	6,000	130-135	110-115
Sarah Tebbutt, Director, People and Workplace	120-125	20-25 <sup>16</sup>	0-5	-	-	-	- <sup>17</sup>	10,000	120-125	30-35

<sup>12</sup> The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

<sup>13</sup> Ruth Hannant works in a job share part time (0.7 FTE). The full-time equivalent salary is £130-135k.

<sup>14</sup> Polly Payne works in a job share part time (0.7 FTE). The full-time equivalent salary is £130-135k.

<sup>15</sup> Susannah Storey works part-time (0.9 FTE). The full-time equivalent salary is £135-140k.

<sup>16</sup> The full-time equivalent salary is £120-125k.

<sup>17</sup> Sarah Tebbutt opted out of the pension scheme on 31/08/2021, information has therefore not been provided.

## 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 (£81,932 from 1 April 2021) 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 all members of the Senior Civil Service (SCS), including board members, is managed within a central framework set by the Cabinet Office.

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 2021-22 figures in the above table relate to awards made in respect of the 2020-21 performance year but paid in the financial year 2021-22. Similarly, the comparable bonuses reported for 2020-21 relate to performance in 2019-20.

### 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.

### 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 following of the remuneration of the organisation's workforce: lower quartile, median and upper quartile.

The banded remuneration of the highest-paid director in DCMS in the financial year 2021-22 was £180,000-185,000 (2020-21: £180,000-185,000). This was 4.0 times (2020-21: 3.5) the median remuneration of the workforce, which was £45,311 (2020-21: £51,729).

In 2021-22, zero (2020-21: zero) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £22,375 to £185,000<sup>18</sup> (2020-21: £22,375 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.

There are new requirements for the Pay Multiple disclosures for 2021-22. We have included prior years for comparison purposes only.

<sup>18</sup> The highest paid director in DCMS was awarded non-consolidated payment bringing remuneration to £185,000.



Percentile pay ratio	2021-22	2020-21
Band of highest paid Directors total remuneration (£'000)	180-185	180-185
25th percentile pay ratio	5.3	5.3
50th percentile pay ratio (Median)	4.0	3.5
75th percentile pay ratio	3.2	3.1

2021-22 Amounts (£'000)	25th percentile ratio	50th percentile ratio	75th percentile ratio
Total pay and benefits (£'000)	34.5	45.3	56.3
Salary and allowance component of total pay and benefits (£'000)	34.0	45.3	55.7

The 0.5 increase in the median ratio from 2020-21 to 2021-22 can be explained by the decrease in the median remuneration of the workforce compared to the most highly paid director. This is due to changes in our grade mix and our drive to move roles outside of London as part of the government's commitment to address the regional imbalance of public sector roles throughout the UK.

DCMS believes the median pay ratio for the relevant financial year is consistent with the pay, reward and progression policies for the entity's employees taken as a whole.

### Annual remuneration percentage change (subject to audit)

The following disclosures are new for 2021-22. These are percentage changes in relation to Salary and Allowances and Performance Pay and Bonuses payable for the Highest Paid Director and the Employees taken as a whole (excluding the Highest Paid Director).

Highest Paid Director	2021-22	2020-21
Salary and Allowances	0%	2.6%
Performance Pay and Bonuses payable	0%	100%
<b>FTE - employees of the entity taken as a whole</b>		
Salary and Allowances	-5.03%	3.32%
Performance Pay and Bonuses payable	23.29% <sup>19</sup>	5.98%

Salary and allowances cost in 2021-22 have decreased by 5.03% as a direct result of having a greater proportion of Full-Time Equivalent (FTE) from lower grades when compared to 2020-21.

### Non-executive board members (subject to audit)

Non-executive board member	Remuneration and full year equivalent (£'000)	
	2021-22	2020-21
Charles Alexander, Lead Non-Executive Board Member to 17 April 2021	0-5 <sup>20</sup>	20-25
Claudia Arney, Lead Non-Executive Board Member from 15 April 2021	15-20 <sup>20</sup>	-
Hemant Patel, Non-Executive Board Member and Audit and Risk Committee Chair	20-25	20-25
Sherry Coutu, Non-Executive Board Member to 10 March 2022	10-15 <sup>21</sup>	15-20
Priya Lakhani, Non-Executive Board Member from 15 April 2021	10-15 <sup>21</sup>	-
Baroness Laura Wyld, Non-Executive Board Member to 17 December 2021	10-15 <sup>21</sup>	10-15

<sup>19</sup> The department moved fully to an in-year award system for delegated grades during the 21-22 performance year, and the budget was fully utilised by the end of March 22. This figure also includes the accrued end of year performance payments from the 20-21 performance year, which were paid in Summer 21.

<sup>20</sup> The full year equivalent is £20-25k.

<sup>21</sup> The full year equivalent is £15-20k.

## Pension benefits – ministers (subject to audit)

Minister	Accrued pension at age 65 as at 31 March 2022 (£'000)	Real increase in pension at age 65 (£'000)	CETV at 31 March 2022 (£'000)	CETV at 31 March 2021 (£'000)	Real increase in CETV (£'000)
The Rt Hon Nadine Dorries MP, Secretary of State for Digital, Culture, Media and Sport from 15 September 2021	4	1	81	66	9
The Rt Hon Oliver Dowden CBE MP, Secretary of State for Digital, Culture, Media and Sport to 15 September 2021	3	1	30	24	2
Nigel Huddleston MP, Minister for Sport, Tourism, Heritage and Civil Society from 17 September 2021	1	-	12	9	1
Julia Lopez MP, Minister of State for Media, Data, and Digital Infrastructure from 16 September 2021	1	-	9	6	1
Chris Philp MP, Minister for Technology and the Digital Economy from 17 September 2021	1	-	12	10	1
Lord Parkinson, Lords Minister from 30 September 2021	<sup>22</sup>	-	-	-	-
Caroline Dinenage MP, Minister of State for Digital and Culture to 16 September 2021	3	-	41	38	1
The Rt Hon John Whittingdale OBE MP, Minister of State for Media and Data to 16 September 2021	6	-	106	101	2
Baroness Barran MBE, Minister for Civil Society and DCMS to 17 September 2021	<sup>23</sup>	-	-	-	-
Matt Warman MP, Minister for Digital Infrastructure to 16 September 2021	1	-	8	6	-

<sup>22</sup> Lord Parkinson undertakes his role as an unpaid Minister.

<sup>23</sup> Baroness Barran undertook her role as an unpaid Minister.

## **Ministerial pensions**

Pension benefits for ministers are provided by the Parliamentary Contributory Pension Fund (PCPF). The scheme is made under statute and the rules are set out in the Ministers' etc. Pension Scheme 2015, available at:

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

Those ministers who are Members of Parliament may also accrue an MP's pension under the PCPF (details of which are not included in this report). A new MP's pension scheme was introduced from May 2015, although members who were aged 55 or older on 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)

Executives	Accrued pension at pension age as at 31 March 2022 and related lump sum (£'000)	Real increase in pension and related lump sum as at pension age (£'000)	CETV at 31 March 2022 (£'000)	CETV at 31 March 2021 (£'000)	Real increase in CETV (£'000)
Sarah Healey CB, Permanent Secretary and Accounting Officer	45 - 50 plus a lump sum of 75 - 80	2.5 - 5 plus a lump sum of 0	707	648	15
Ruth Hannant, Director General for Culture, Sport and Civil Society	35 - 40 plus a lump sum of 75 - 80	0 - 2.5 plus a lump sum of 0	609	572	3
Sam Lister, Director General for Strategy and Operations	30-35	2.5 - 5	360	317	24
Polly Payne, Director General for Culture, Sport and Civil Society	30 - 35 plus a lump sum of 60 - 65	0 - 2.5 plus a lump sum of 0	577	537	8
Susannah Storey, Director General for Digital and Media	30-35	2.5 - 5	420	374	27
Nico Heslop, Director Corporate Strategy	20-25	0 - 2.5	192	168	12
Jacinda Humphry, Finance and Commercial Director	45 - 50 plus a lump sum of 85 - 90	0 - 2.5 plus a lump sum of 0	869	816	6
Sarah Tebbutt, Director, People and Workplace	<sup>24</sup>	-	-	815	-

<sup>24</sup> Sarah Tebbutt opted out of the pension scheme on 31/08/2021, information has therefore not been provided.



## Civil Service pensions

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

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic, premium, classic plus, nuvos** and **alpha** are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into **alpha** sometime between 1 June 2015 and 1 February 2022. Because the Government plans to remove discrimination identified by the courts in the way that the 2015 pension reforms were introduced for some members, it is expected that, in due course, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period (and this may affect the Cash Equivalent Transfer Values shown in this report – see below).

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 his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in **alpha** build up in a similar way to **nuvos**, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The **partnership** pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the appointed provider - Legal & General. 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](http://www.civilservicepensionscheme.org.uk).

### **The cash equivalent transfer value (CETV)**

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

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

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

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

### **Compensation for loss of office (subject to audit)**

No board members or executives left under agreed terms or were paid compensation for loss of office in 2021-22 (2020-21: none).

### **Ministers (subject to audit)**

5 Ministers left in 2021-22.

Caroline Dinenage left under severance terms on 14 September 2021 and received a compensation payment of £7,920.00. Matthew Warman left under severance terms on 15 September 2021 and received a compensation payment of £5,593.00. John Whittingdale left under severance terms on 14 September 2021 and received a compensation payment of £7,920.00. The leaving dates listed here are slightly different to the official leaving dates in the remuneration and pension tables - as they are the dates these Ministers were paid up until.

### **Special advisers**

3 special advisers left in 2021-22.

Special Advisers are temporary civil servants. In order to improve efficiency, the administration of staff costs for all Special Advisers across government was moved to the Cabinet Office in July 2019, with the corresponding budget cover transfers. Special Advisers remain employed by the respective departments of their appointing Minister.

## Staff report

The staff report provides required disclosures on staff activity, staff numbers and expenditure.

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

Payband	Number of Staff (SCS) Headcount 31 March 2022	Number of Staff (SCS) Headcount 31 March 2021
£60,000-£64,999	0	1
£65,000-£69,999	0	0
£70,000-£74,999	50	49
£75,000-£79,999	29	19
£80,000-£84,999	7	10
£85,000-£89,999	4	6
£90,000-£94,999	8	3
£95,000-£99,999	11	12
£100,000-£104,999	2	3
£105,000-£109,999	2	5
£110,000-£114,999	1	3
£115,000-£119,999	1	1
£120,000-£124,999	2	2
£125,000-£129,999	0	0
£130,000-£134,999	3	2
£135,000-£139,999	2	2
£140,000-£144,999	0	1
£145,000-£149,999	0	1
£150,000-£154,999	0	0
£155,000-£159,999	0	1
£160,000-£164,999	0	0
£165,000-£169,999	1	1
<b>TOTAL</b>	<b>123</b>	<b>122</b>

### 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 2022	FTE payroll staff at 31 March 2021
Permanent Secretary	1.0	1.0
Senior Civil Service pay band 3	3.3	3.1 <sup>25</sup>
Senior Civil Service pay band 2	24.4	25.4
Senior Civil Service pay band 1	89.0	89.1
Grade A (Upper) (Grade 6)	230.9	200.0
Grade A (Grade 7)	668.4	611.2
Grade B (HEO/SEO)	769.4	654.2
Grade C (EO)	183.0	177.4
Grade D (AO/AA)	9.4	8.4
<b>Total</b>	<b>1978.8</b>	<b>1769.8</b>

<sup>25</sup> Figure amended to reflect the change in temporary promotion status.

## Staff loans

The department no longer captures the staffing requirements for EU Exit or COVID-19, due to change in business need. The department utilised a total of 273 staff from other government departments during the year.

### Number of Loans

The grading structure of all loans:

Grade	Loan In		Loan Out	
	Six months or Less	Over six months	Six months or Less	Over six months
Senior Civil Service Pay Band 3	0	2	0	0
Senior Civil Service Pay Band 2	0	15	0	1
Senior Civil Service Pay Band 1	0	0	0	0
Grade A (Upper) (Grade 6)	0	42	0	0
Grade A (Grade 7)	1	118	0	0
Grade B (HEO/SEO)	4	82	0	3
Grade C (EO)	0	9	0	0
<b>TOTAL</b>	<b>5</b>	<b>268</b>	<b>0</b>	<b>4</b>

5 staff were redeployed on less than a 6 month duration at a cost of £9,981.85, 272 staff were redeployed for a greater than 6 months duration at a cost of £9,769,535.91. 7 staff were loaned in (4 six months or less duration, 3 over six months duration) and were paid by their home department.

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

Staff costs comprise:	2021-22						2020-21
	Permanently employed staff	Others	Contract and agency staff	Ministers	Special advisers	Total	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Wages & salaries	1,523,644	14,978	32,899	165	-	1,571,686	1,578,677
Social security costs	177,552	1,486	-	15	-	179,053	174,475
Pension costs	570,512	91	-	-	-	570,603	548,917
<b>Total costs</b>	<b>2,271,708</b>	<b>16,555</b>	<b>32,899</b>	<b>180</b>	<b>-</b>	<b>2,321,342</b>	<b>2,302,069</b>
Less: Recoveries in respect of outward secondments	(892)	-	-	-	-	(892)	(1,229)
<b>Total net costs</b>	<b>2,270,816</b>	<b>16,555</b>	<b>32,899</b>	<b>180</b>	<b>-</b>	<b>2,320,450</b>	<b>2,300,840</b>
Of which:							
Core department	123,257	4,137	9,697	180	-	137,271	115,854
Arm's length bodies	2,147,559	12,418	23,202	-	-	2,183,179	2,184,986
<b>Total net costs</b>	<b>2,270,816</b>	<b>16,555</b>	<b>32,899</b>	<b>180</b>	<b>-</b>	<b>2,320,450</b>	<b>2,300,840</b>

Included in total staff costs above are notional costs of £256k (2020-21: £256k) in respect of the salary, social security and pension costs of the Information Commissioner which are paid directly from the Consolidated Fund.

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

In addition to staff costs above £7,460k (2020-21: £7,305k) 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](#).

For 2021-22, employers' contributions of £23,699k for the core department were payable to the PCSPS (2020-21: £19,116k) at one of four rates in the range 26.6% to 30.3% (2020-21: 26.6% to 30.3%) of pensionable earnings, based on salary bands. Group employers' contributions of £96,892k (2020-21: £92,551k) were payable to the PCSPS at rates in the range of 26.6% to 30.3% (2020-21: 26.6% to 30.3%). 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 2021-22 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 £153k (2020-21: £117k) and by the group were £1,863k (2020-21: £3,245k). 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% for the core department and 8% to 17.8% for the Group. Employers also match employee contributions up to 5% of pensionable earnings.

In addition, employer contributions of £7k (2020-21: £5k) for the core department, £153k (2020-21: £156k) 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.

Contributions due to the partnership pension providers at the balance sheet date were £12k (2020-21: £12k) for the core department. Contributions prepaid at that date were £nil (2020-21: £nil) for the core department.

For the core department, one (2020-21: nil), individual retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £nil (2020-21: £nil) for the core department. For the group one (2020-21: one) individual retired early on ill-health grounds.

### Other pension schemes

Employer contributions to other pension schemes by the group in the year amounted to £180,012k (2020-21: £256,377k) (note 22). A list of these bodies is provided in note 28.

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

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

	2021-22						2020-21
	Permanently employed staff	Others	Contract and agency staff	Ministers	Special advisers	Total	Total
Staff employed	34,182	250	665	5	3	35,105	35,399
Staff engaged on capital projects	156	-	9	-	-	165	180
<b>Total</b>	<b>34,338</b>	<b>250</b>	<b>674</b>	<b>5</b>	<b>3</b>	<b>35,270</b>	<b>35,579</b>
Of which:							
Core department	1,830	38	70	5	3	1,946	1,555
Arm's length bodies*	32,508	212	604	-	-	33,324	34,024
<b>Total</b>	<b>34,338</b>	<b>250</b>	<b>674</b>	<b>5</b>	<b>3</b>	<b>35,270</b>	<b>35,579</b>

\*The total number of staff employed at the BBC PSB Group is 17,890 (2020-21: 18,977) of which 152 were apprentices.

The BBC PSB Group is included above within ALBs

### Staff receivables

As at 31 March 2022, 1,651 employees (31 March 2021: 1,347 employees) of the group were in receipt of advances of travel, housing or other loans which are repayable to the employer of £2,605k (31 March 2021: £1,168k).

## Sickness absence data

Average working days lost = **3.6**

The average working days lost for sickness absence increased from 2.2 in 2020-21. This remains significantly below the Civil Service average for average working days lost at 6.8 at 30 September 2021<sup>26</sup>.

## Expenditure on consultancy

For expenditure on consultancy, refer to note 4.3.

## Staff composition

The number of civil service staff (excluding agency and contractors) expressed as both headcount and full time equivalent of the core department, split between male and female as at 31 March 2022:

Grade	Headcount			FTE		
	Female	Male	Total	Female	Male	Total
Exec Team	6	2	8	5.3	2.0	7.3
Other SCS	62	53	115	58.8	51.6	110.4
Grade A (Upper) (Grade 6)	132	104	236	127.8	103.1	230.9
Grade A (Grade 7)	345	333	678	335.8	332.6	668.4
Grade B (HEO/SEO)	426	351	777	420.1	349.3	769.4
Grade C (EO)	122	65	187	118.0	65.0	183.0
Grade D (AO/AA)	5	5	10	5.0	4.4	9.4
<b>Total</b>	<b>1098</b>	<b>913</b>	<b>2011</b>	<b>1070.8</b>	<b>908</b>	<b>1978.8</b>
Percentage of staff				<b>54%</b>	<b>46%</b>	<b>100%</b>

## Staff turnover percentage<sup>27</sup> (per Cabinet Office guidance)

The average turnover for 2021-22 was **18.4%** (7.04% in 2020-21).

The average departmental turnover for 2021-22 was **21.0%** (17.38% in 2020-21).

## Furlough income and COVID-19 Statutory Sick Pay

Please see note 5.1 of the financial statements for relevant disclosures.

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

Exit package cost band	2021-22					
	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	25	90	115
£10,000 - £25,000	-	3	3	16	129	145
£25,000 - £50,000	-	-	-	9	136	145
£50,000 - £100,000	-	-	-	1	273	274
£100,000 - £150,000	-	-	-	-	200	200
£150,000 - £200,000	-	-	-	-	1	1
<b>Total number of exit packages</b>	<b>-</b>	<b>4</b>	<b>4</b>	<b>51</b>	<b>829</b>	<b>880</b>
<b>Total cost (£'000)</b>	<b>-</b>	<b>24</b>	<b>24</b>	<b>743</b>	<b>53,454</b>	<b>54,197</b>
<b>Total exit costs paid in year - cash basis</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>54,529</b>

\*including special severance payments and Ministers exit packages.

<sup>26</sup> Latest available figures from Cabinet Office at time of writing.

<sup>27</sup> Average turnover percentage figure relates to staff leaving the Civil Service upon departure from DCMS. Average departmental turnover includes data for all staff leaving DCMS.

Included above are 668 other departures with a cost of £48,531k relating to the BBC PSB Group.

Exit package cost band	2020-21					
	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	-	-	-	42	169	211
£10,000 - £25,000	-	-	-	18	269	287
£25,000 - £50,000	-	-	-	10	284	294
£50,000 - £100,000	-	-	-	3	484	487
£100,000 - £150,000	-	-	-	-	193	193
£150,000 - £200,000	-	-	-	-	2	2
More than £200,000	-	-	-	1	-	1
<b>Total number of exit packages</b>	-	-	-	<b>74</b>	<b>1,401</b>	<b>1,475</b>
<b>Total cost (£'000)</b>	-	-	-	<b>1,274</b>	<b>75,939</b>	<b>77,213</b>
<b>Total exit costs paid in year - cash basis</b>	-	-	-	-	-	<b>72,926</b>

Included above are 992 other departures with a cost of £66,958k relating to the BBC PSB Group.

### All Exits and Special Severance Payments Annually (subject to audit)

The number of Special Severance Payments made by DCMS in 2021-22 is 1 (2020-21: Nil). The total amount paid out is £2,517.50.

### 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 67.

# Parliamentary accountability and audit report

The Parliamentary accountability and audit report brings together the key Parliamentary accountability documents within the annual report and accounts.

## Statement of Outturn against Parliamentary Supply (SOPS)

In addition to the Primary Statements prepared under IFRS, the Government Financial Reporting Manual (FReM) requires DCMS to prepare a Statement of Outturn against 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, as detailed in the Certificate and Report of the Comptroller and Auditor General to the House of Commons.

The SOPS is a key accountability statement that shows, in detail, how an entity has spent against their Supply Estimate. Supply is the monetary provision (for resource and capital purposes) and cash (drawn primarily from the Consolidated Fund), that Parliament gives statutory authority for entities to utilise. The Estimate details supply and is voted on by Parliament at the start of the financial year.

Should an entity exceed the limits set by their Supply Estimate, called control limits, their accounts will receive a qualified opinion.

The format of the SOPS mirrors the Supply Estimates, published on [www.gov.uk](http://www.gov.uk), to enable comparability between what Parliament approves and the final outturn.

The SOPS contains a summary table, detailing performance against the control limits that Parliament have voted on, cash spent (budgets are compiled on an accruals basis and so outturn won't exactly tie to cash spent) and administration.

The supporting notes detail the following:

- Outturn by Estimate line, providing a more detailed breakdown (SOPS 1);
- a reconciliation of outturn to net operating expenditure in the SoCNE, to tie the SOPS to the financial statements (SOPS 2);
- a reconciliation of outturn to net cash requirement (SOPS 3); and
- an analysis of income payable to the Consolidated Fund (SOPS 4).

The SOPS and Estimates are compiled against the budgeting framework, which is similar to, but different from, IFRS. An understanding of the budgeting framework and an explanation of the key terms is provided in the Financial Review section of the Accountability Report. Further information on the Public Spending Framework and the reasons why the budgeting rules are different to IFRS can also be found in chapter 1 of the Consolidated Budgeting Guidance, available on [www.gov.uk](http://www.gov.uk).

The SOPS provides a detailed view of financial performance, in a form that is voted on and recognised by Parliament. The Statement of Outturn against Parliamentary Supply commentary provides a summarised discussion of outturn against estimate.



## **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.

### **Lottery Income**

With HM Treasury agreement and in line with the Supplementary Estimate, the SOPS do 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. Consequently, non-voted lottery expenditure is stated gross of lottery income in the SOPS.

### **TV and Film Production Restart Scheme**

This scheme was established in 2020-21 to help productions across the country that have been halted or delayed by an inability to obtain insurance for COVID-19 related risks. The participating bodies paid £nil (2020-21: £6.8m) to the core department in respect of the Film and TV Production Restart Scheme. These payments are not retained by the core department and are subsequently paid to the Consolidated Fund, as such the income is not recognised in the SOPS. The core department's associated expenditure in the scheme is included in the SOPS, and consequently a reconciling item arises between the SOPS and the SoCNE (see SOPS 2).

### **Live Events Reinsurance Scheme**

During 2021-22 DCMS announced that it is partnering with insurers to offer a cost indemnification insurance scheme which will make cover available against the cancellation, postponement, relocation or abandonment of events due to new UK Civil Authority restrictions in response to COVID-19.

The core department's associated resource and capital expenditure in the scheme is included in the SOPS, with the capital element resulting in a reconciling item between the SOPS and the SoCNE (see SOPS 2).

### **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.

## Statement of Outturn against Parliamentary Supply Summary of Resource and Capital Outturn 2021-22

Type of spend	SOPS Note	2021-22			2021-22			2021-22			2021-22			2020-21		
		Outturn			Estimate			Outturn vs Estimate, saving/ (excess)			Outturn			Outturn		
		Voted £'000	Non-voted £'000	Total £'000	Voted £'000	Non-voted £'000	Total £'000	Voted £'000	Non-voted £'000	Total £'000	Voted £'000	Non-voted £'000	Total £'000	Voted £'000	Non-voted £'000	Total £'000
<b>Departmental Expenditure Limit (DEL)</b>																
Resource	SOPS 1.1	1,993,322	-	1,993,322	2,484,944	-	2,484,944	491,622		491,622			491,622			3,111,802
Capital	SOPS 1.2	654,375	-	654,375	802,097	-	802,097	147,722		147,722			147,722			935,903
<b>Total DEL budget</b>		<b>2,647,697</b>	<b>-</b>	<b>2,647,697</b>	<b>3,287,041</b>	<b>-</b>	<b>3,287,041</b>	<b>639,344</b>		<b>639,344</b>			<b>639,344</b>			<b>4,047,705</b>
<b>Annually Managed Expenditure (AME)</b>																
Resource	SOPS 1.1	3,642,838	1,618,333	5,261,171	4,176,356	1,699,575	5,875,931	1,699,575		1,699,575			533,518			4,752,947
Capital	SOPS 1.2	69,019	188,739	257,758	341,108	296,177	637,285	296,177		296,177			272,089			277,761
<b>Total AME budget</b>		<b>3,711,857</b>	<b>1,807,072</b>	<b>5,518,929</b>	<b>4,517,464</b>	<b>1,995,752</b>	<b>6,513,216</b>	<b>1,995,752</b>		<b>1,995,752</b>			<b>805,607</b>			<b>5,030,708</b>
<b>Total Budget</b>																
Resource	SOPS 1.1	5,636,160	1,618,333	7,254,493	6,661,300	1,699,575	8,360,875	1,699,575		1,699,575			1,025,140			7,864,749
Capital	SOPS 1.2	723,394	188,739	912,133	1,143,205	296,177	1,439,382	296,177		296,177			419,811			1,213,664
<b>Total Budget Expenditure</b>		<b>6,359,554</b>	<b>1,807,072</b>	<b>8,166,626</b>	<b>7,804,505</b>	<b>1,995,752</b>	<b>9,800,257</b>	<b>1,995,752</b>		<b>1,995,752</b>			<b>1,444,951</b>			<b>9,078,413</b>
<b>Non-Budget Expenditure</b>																
Resource	SOPS 1.1	-	-	-	-	-	-	-		-			-			-
Capital	SOPS 1.2	-	-	-	-	-	-	-		-			-			-
<b>Total non-budget</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>			<b>-</b>			<b>-</b>
<b>Total Budget and Non budget</b>		<b>6,359,554</b>	<b>1,807,072</b>	<b>8,166,626</b>	<b>7,804,505</b>	<b>1,995,752</b>	<b>9,800,257</b>	<b>1,995,752</b>		<b>1,995,752</b>			<b>1,444,951</b>			<b>9,078,413</b>
Total Resource	SOPS 1.1	5,636,160	1,618,333	7,254,493	6,661,300	1,699,575	8,360,875	1,699,575		1,699,575			1,025,140			7,864,749
Total Capital	SOPS 1.2	723,394	188,739	912,133	1,143,205	296,177	1,439,382	296,177		296,177			419,811			1,213,664
<b>Total</b>		<b>6,359,554</b>	<b>1,807,072</b>	<b>8,166,626</b>	<b>7,804,505</b>	<b>1,995,752</b>	<b>9,800,257</b>	<b>1,995,752</b>		<b>1,995,752</b>			<b>1,444,951</b>			<b>9,078,413</b>

Figures in the areas outlined in thick line cover the voted control limits voted by Parliament. Refer to the Supply Estimates guidance manual, available on [www.gov.uk](http://www.gov.uk), for detail on the control limits voted by Parliament.

## Net Cash Requirement 2021-22

Item	SOPS Note	2021-22	2021-22	2021-22	2020-21
		Outturn	Estimate	Outturn vs Estimate, saving/(excess)	Outturn
		£'000	£'000	£'000	£'000
Net Cash Requirement	SOPS 3	6,692,387	7,072,912	380,525	7,208,964

## Administration Costs 2021-22

Type of spend	SOPS Note	2021-22	2021-22	2021-22	2020-21
		Outturn	Estimate	Outturn vs Estimate, saving/(excess)	Outturn
		£'000	£'000	£'000	£'000
Administration costs	SOPS 1.1	224,953	312,158	87,205	220,043

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 SOPS commentary on pages 95-103.

## SOPS 1. Net Outturn

### SOPS 1.1 Analysis of net resource outturn by Estimate line

Type of spend (Resource)	2021-22										2021-22	2020-21		
	Administration					Programme					Estimate		Outturn vs Estimate, saving/ (excess)	Outturn
	Gross	Income	Net	Gross	Income	Net	Total	Virements	Total inc. virements	£'000	£'000			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
<b>Spending in Departmental Expenditure Limit (DEL)</b>														
<b>Voted expenditure</b>														
A Support for the Museums and Galleries sector	-	-	-	20,079	-	20,079	-	20,079	20,079	809	20,478	399	24,342	
B Museums and Galleries sponsored ALBs (net)	-	-	-	389,798	-	389,798	-	389,798	389,798	(23,281)	481,596	91,798	429,655	
C Libraries sponsored ALBs (net)	7,936	-	7,936	96,962	-	96,962	-	104,898	104,898	7	129,908	25,010	111,097	
D Support for the Arts sector	824	(1,498)	(674)	44,533	(95,371)	(50,838)	(51,512)	(51,512)	(51,512)	(26,120)	31,658	83,170	(31,072)	
E Arts and culture ALBs (net)	24,311	-	24,311	586,136	-	586,136	610,447	610,447	610,447	3,858	610,745	298	1,180,937	
F Support for the Sports sector	-	-	-	68,641	(13,656)	54,985	54,985	54,985	54,985	23,281	132,126	77,141	16,090	
G Sport sponsored ALBs (net)	17,532	-	17,532	133,469	-	133,469	151,001	151,001	151,001	642	152,117	1,116	303,568	
H Ceremonial and support for the Heritage sector	649	(32)	617	58,769	(17,660)	41,109	41,726	41,726	41,726	80	53,709	11,983	43,260	
I Heritage sponsored ALBs (net)	23,464	-	23,464	85,783	-	85,783	109,247	109,247	109,247	(118)	116,752	7,505	203,061	
J Tourism sponsored ALBs (net)	27,374	-	27,374	21,704	-	21,704	49,078	49,078	49,078	118	52,852	3,774	37,725	
K Support for the Digital, Broadcasting and Media sector	10,341	(40)	10,301	128,404	(24,769)	103,635	113,936	113,936	113,936	1,985	174,678	60,742	83,691	
L Broadcasting and Media sponsored ALBs (net)	11,431	-	11,431	47,976	-	47,976	59,407	59,407	59,407	-	76,866	17,459	99,158	
M Administration and Research	93,511	(883)	92,628	649	-	649	93,277	93,277	93,277	(8,405)	178,238	84,961	114,206	
N Support for Horseracing and the Gambling sector	-	-	-	-	(26,790)	(26,790)	(26,790)	(26,790)	(26,790)	-	(27,219)	(429)	(17,851)	



## SOPS 1.1 Analysis of net resource outturn by Estimate line (continued)

Type of spend (Resource)	2021-22										2021-22		2020-21	
	Administration					Resource outturn					Estimate		Outturn	
	Gross	Income	Net	Gross	Income	Net	Total	Virements	Total inc. virements	£'000	£'000	Outturn	£'000	
O	-	-	-	24,569	-	24,569	24,569	-	28,226	28,226	3,657	19,280		
P	-	-	-	28	(42)	(14)	(14)	-	-	-	14	-		
Q	-	-	-	33,172	(1,310)	31,862	31,862	-	39,580	39,580	7,718	385,990		
R	10,033	-	10,033	61,053	-	61,053	71,086	-	86,392	86,392	15,306	72,258		
S	-	-	-	146,242	-	146,242	146,242	27,144	119,098	146,242	-	36,407		
<b>Total voted DEL</b>	<b>227,406</b>	<b>(2,453)</b>	<b>224,953</b>	<b>1,947,967</b>	<b>(179,598)</b>	<b>1,768,369</b>	<b>1,993,322</b>	-	<b>2,484,944</b>	<b>2,484,944</b>	<b>491,622</b>	<b>3,111,802</b>		
<b>Total spending in DEL</b>	<b>227,406</b>	<b>(2,453)</b>	<b>224,953</b>	<b>1,947,967</b>	<b>(179,598)</b>	<b>1,768,369</b>	<b>1,993,322</b>	-	<b>2,484,944</b>	<b>2,484,944</b>	<b>491,622</b>	<b>3,111,802</b>		
<b>Spending in Annually Managed Expenditure (AME)</b>														
<b>Voted expenditure</b>														
T	-	-	-	3,626,012	-	3,626,012	3,626,012	-	4,060,420	4,060,420	434,408	3,589,746		
V	-	-	-	5,732	-	5,732	5,732	-	100,933	100,933	95,201	51,329		
W	-	-	-	11,094	-	11,094	11,094	-	15,003	15,003	3,909	14,165		
<b>Total voted AME</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,642,838</b>	<b>-</b>	<b>3,642,838</b>	<b>3,642,838</b>	<b>-</b>	<b>4,176,356</b>	<b>4,176,356</b>	<b>533,518</b>	<b>3,655,240</b>		
<b>Non-voted expenditure</b>														
X	-	-	-	1,618,333	-	1,618,333	1,618,333	-	1,699,575	1,699,575	81,242	1,097,707		
<b>Total spending in AME</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,261,171</b>	<b>-</b>	<b>5,261,171</b>	<b>5,261,171</b>	<b>-</b>	<b>5,875,931</b>	<b>5,875,931</b>	<b>614,760</b>	<b>4,752,947</b>		
<b>Total resource</b>	<b>227,406</b>	<b>(2,453)</b>	<b>224,953</b>	<b>7,209,138</b>	<b>(179,598)</b>	<b>7,029,540</b>	<b>7,254,493</b>	<b>-</b>	<b>8,360,875</b>	<b>8,360,875</b>	<b>1,106,382</b>	<b>7,864,749</b>		

Explanations of the variances between the Outturn and Estimate are included in the SOPS commentary on pages 95-103.

## SOPS 1.2 Analysis of net capital outturn by Estimate line

Type of spend (Capital)		2021-22			2021-22			2021-22	2020-21
		Outturn			Estimate			Outturn vs Estimate, saving/ (excess)	Outturn
		Gross	Income	Net	Total	Virements	Total inc. virements		Total
		£'000	£'000	£'000	£'000	£'000	£'000		£'000
<b>Spending in Departmental Expenditure Limit (DEL)</b>									
<b>Voted expenditure</b>									
A	Support for the Museums and Galleries sector	2	-	2	-	2	2	-	(3)
B	Museums and Galleries sponsored ALBs (net)	115,948	-	115,948	127,823	-	127,823	11,875	73,039
C	Libraries sponsored ALBs (net)	7,144	-	7,144	11,845	-	11,845	4,701	6,815
D	Support for the Arts sector	3,445	-	3,445	7,439	(1,601)	5,838	2,393	255,658
E	Arts and culture ALBs (net)	70,689	-	70,689	73,400	-	73,400	2,711	68,098
F	Support for the Sports sector	105,551	-	105,551	122,985	-	122,985	17,434	117,955
G	Sport sponsored ALBs (net)	57,282	-	57,282	59,760	-	59,760	2,478	40,385
H	Ceremonial and support for the Heritage sector	5,655	(195)	5,460	5,866	-	5,866	406	1,637
I	Heritage sponsored ALBs (net)	147,113	-	147,113	160,350	(610)	159,740	12,627	177,027
J	Tourism sponsored ALBs (net)	1,343	-	1,343	733	610	1,343	-	2,179
K	Support for the Digital, Broadcasting and Media sector	160,511	(7,934)	152,577	196,068	-	196,068	43,491	158,060
L	Broadcasting and Media sponsored ALBs (net)	17,640	-	17,640	21,902	-	21,902	4,262	29,567
M	Administration and Research	(10,878)	-	(10,878)	29,955	(2)	29,953	40,831	8,460
O	Gambling Commission (net)	265	-	265	280	-	280	15	258
P	Olympics - legacy programmes	-	(27,350)	(27,350)	(27,265)	-	(27,265)	85	-
Q	Office for Civil Society	6,543	-	6,543	10,750	-	10,750	4,207	(3,263)
R	National Citizen Service	-	-	-	206	-	206	206	(12)
S	Birmingham 2022 and Festival 2022 (net)	1,601	-	1,601	-	1,601	1,601	-	43
<b>Total spending in DEL</b>		<b>689,854</b>	<b>(35,479)</b>	<b>654,375</b>	<b>802,097</b>	<b>-</b>	<b>802,097</b>	<b>147,722</b>	<b>935,903</b>
<b>Spending in Annually Managed Expenditure (AME)</b>									
<b>Voted expenditure</b>									
T	British Broadcasting Corporation	167,193	-	167,193	217,363	-	217,363	50,170	48,633
U	Channel Four Television	(76,296)	-	(76,296)	123,745	-	123,745	200,041	8,751
W	Levy bodies	(21,878)	-	(21,878)	-	-	-	21,878	317
<b>Total voted AME</b>		<b>69,019</b>	<b>-</b>	<b>69,019</b>	<b>341,108</b>	<b>-</b>	<b>341,108</b>	<b>272,089</b>	<b>57,701</b>
<b>Non-voted expenditure</b>									
X	Lottery grants	188,739	-	188,739	296,177	-	296,177	107,438	220,060
<b>Total spending in AME</b>		<b>257,758</b>	<b>-</b>	<b>257,758</b>	<b>637,285</b>	<b>-</b>	<b>637,285</b>	<b>379,527</b>	<b>277,761</b>
<b>Total capital</b>		<b>947,612</b>	<b>(35,479)</b>	<b>912,133</b>	<b>1,439,382</b>	<b>-</b>	<b>1,439,382</b>	<b>527,249</b>	<b>1,213,664</b>

Explanations of the variances between the Outturn and Estimate are included in the SOPS Commentary on pages 95-103.

The total Estimate columns include virements. Virements are the reallocation of provision in the Estimates that do not require Parliamentary authority (because Parliament does not vote to that level of detail and delegates to HM Treasury). Further information on virements is provided in the Supply Estimates Manual, available on [gov.uk](https://www.gov.uk).

The Outturn vs Estimate column is based on the total including virements. The estimate total before virements have been made is included so that users can tie the estimate back to the Supply Estimates laid before Parliament.

## SOPS 2. Reconciliation of Outturn to Net Expenditure

Item	Reference	2021-22 Outturn Total	2020-21 Outturn Total
		£'000	£'000
<b>Total resource outturn</b>	<b>SOPS 1.1</b>	<b>7,254,493</b>	<b>7,864,749</b>
<b>Add:</b>			
Capital grants expenditure	4.2	598,875	602,042
Live events reinsurance scheme (capital)	4.6	200	-
Research & development (capital)		38,172	31,584
<b>Total</b>		<b>637,247</b>	<b>633,626</b>
<b>Less:</b>			
Income from National Lottery Distribution Fund (NLDF)	5.2	(1,694,812)	(1,699,048)
Charity income (asset donations or cash donations for asset additions)		(89,078)	(65,010)
Capital grants income	5.2	(31,047)	(10,353)
Peppercorn lease income - capital grant in kind	5.2	-	(11,500)
Research & development income (capital)		(7,938)	(9,754)
Property sales - East Village (capital)	5.2	(27,350)	-
Production restart scheme income	SOPS 4.1	-	(6,795)
(Gains)/losses on net asset transfers (non-budget)	4.6	3,000	-
<b>Total</b>		<b>(1,847,225)</b>	<b>(1,802,460)</b>
<b>Other:</b>			
Impact of intra-group transactions crossing budget categories		10,316	5,083
<b>Total</b>		<b>10,316</b>	<b>5,083</b>
<b>Net expenditure in Consolidated Statement of Comprehensive Net Expenditure</b>	<b>SoCNE</b>	<b>6,054,831</b>	<b>6,700,998</b>

As noted in the introduction to the SOPS above, outturn and the Estimates are compiled against the budgeting framework, which is similar to, but different from, IFRS. Therefore, this reconciliation bridges the resource outturn to net operating expenditure, linking the SOPS to the financial statements.

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

Item	Reference	Outturn Total	Estimate	Outturn vs Estimate, saving/ (excess)
		£'000	£'000	£'000
<b>Resource outturn</b>	<b>SOPS 1.1</b>	<b>7,254,493</b>	<b>8,360,875</b>	<b>1,106,382</b>
<b>Capital outturn</b>	<b>SOPS 1.2</b>	<b>912,133</b>	<b>1,439,382</b>	<b>527,249</b>
<i>Adjustments for ALBs:</i>				
Remove voted resource and capital		(5,809,406)	(6,688,050)	(878,644)
Cash grant-in-aid	4.1.1	6,150,150	6,331,814	181,664
<i>Adjustments to remove non-cash items:</i>				
Depreciation, amortisation and expected credit loss adjustments	4.4	(34,402)	(62,067)	(27,665)
New provisions and adjustments to previous provisions	4.5	(3,823)	(63,900)	(60,077)
Other non-cash items		(42,677)	(230,445)	(187,768)
Museum loans		950	-	(950)
<i>Adjustments to reflect movements in working balances:</i>				
Increase/(decrease) in receivables		719	-	(719)
(Increase)/decrease in payables		24,615	(18,945)	(43,560)
(Increase)/decrease in lease liabilities		44,121	-	(44,121)
Utilisation of provisions	19	2,586	-	(2,586)
<b>Total</b>		<b>332,833</b>	<b>(731,593)</b>	<b>(1,064,426)</b>
<b>Removal of non-voted budget items:</b>				
Other adjustments - lottery grants		(1,807,072)	(1,995,752)	(188,680)
<b>Total</b>		<b>(1,807,072)</b>	<b>(1,995,752)</b>	<b>(188,680)</b>
<b>Net cash requirement</b>		<b>6,692,387</b>	<b>7,072,912</b>	<b>380,525</b>

As noted in the introduction to the SOPS above, outturn and the Estimates are compiled against the budgeting framework, not on a cash basis. Therefore, this reconciliation bridges the resource and capital outturn to the net cash requirement.

### SOPS 4. Income payable to the Consolidated Fund

#### SOPS 4.1 Analysis of income payable to the Consolidated Fund

The department acted as principal for any funds payable to the Consolidated Fund in relation to the collection of fees from applicants to the Production Restart scheme.

During 2021-22, £nil (2020-21: £6.8m) was received from applicants to this scheme and paid to the Consolidated Fund. From 22 February 2021, the department was given permission by HM Treasury to retain these fees and not pay them onto the Consolidated Fund. This has been included as income in the SoCNE.

The department acted as principal for any funds payable to the Consolidated Fund in relation to the receipt of monies owed to the department from Keeping Kids Company. During 2021-22, £883k was received and paid over to the Consolidated Fund (2020-21: £nil) from the Official Receiver and liquidator for monies owed following the wind-up of the charity. This has been included as income in the SoCNE.



In addition to income retained by the department, the following income is payable to the Consolidated Fund:

Item	Outturn 2021-22		Outturn 2020-21	
	Accruals	Cash basis	Accruals	Cash basis
	£'000	£'000	£'000	£'000
Amounts to be collected on behalf of the Consolidated Fund				
- 2020-21 income	-	-	6,795	6,795
- 2021-22 income	883	883	-	-
<b>Total amount payable to the Consolidated Fund</b>	<b>883</b>	<b>883</b>	<b>6,795</b>	<b>6,795</b>

## SOPS 4.2 Consolidated Fund Income

Consolidated Fund income shown in note SOPS 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 group financial statements) were:

	2021-22	2020-21
	£'000	£'000
<b>Taxes and licence fees</b>		
Spectrum Management fees: Auction proceeds from the award of 4GHZ spectrum licences	1,379,400	-
Spectrum Management fees: Wireless Telegraphy Act annual licence fees and charges to Crown spectrum users	320,704	323,663
Information Commissioner data protection fees	92	-
Sports Grounds Safety Authority licences	9	9
<b>Sub-total: Taxes and licence fees</b>	<b>1,700,205</b>	<b>323,672</b>
<b>Fines and penalties</b>		
Gambling Commission penalties issued	33,349	3,095
Information Commissioner civil monetary penalties issued	1,430	38,424
Information Commissioner fines issued	-	-
<b>Sub-total: Fines and penalties</b>	<b>34,779</b>	<b>41,519</b>
<i>Less:</i>		
Impairment of debts - Information Commissioner penalties	(533)	(444)
<b>Other</b>		
BDUK Superfast Broadband Programme - take-up claw-back	34,772	-
National Lottery Communities Fund - repayment of COVID-19 grants	1,281	-
<b>Amount payable to the Consolidated Fund</b>	<b>1,770,504</b>	<b>364,747</b>
Balance held at start of year	78,733	14,082
Payments into the Consolidated Fund	(1,779,118)	(300,096)
<b>Balance held on trust at end of year</b>	<b>70,119</b>	<b>78,733</b>

The main income streams collected as agent are:

### Licence Fees

- **Spectrum Management auction fees** - these are the proceeds of the auction managed by Ofcom that concluded in April 2021. Further details are reported in the 'Ofcom Section 400 Licence Fees and Penalties Account 2021-22'.
- **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 2021-22 was £81,649k (2020-21: £62,828k).

- **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 2020-21 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 businesses 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 the 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 2021-22 (2020-21: nil).
- **Fines collected by the ICO for non-payment of data protection fees.** The ICO has the power to fine organisations that fail to register or to renew their fees. Fines range from £400 to £4,000.

## Other

- **BDUK Superfast Broadband Programme – take-up claw-back** – recovery of grants paid to suppliers for provision of superfast broadband in areas that were deemed at the time, not to be commercially viable. Since installation and with the increased uptake of broadband nationally, suppliers have made higher than originally anticipated profits in some areas. Under the terms of this grant programme, these excess profits are clawed back by the department.
- **National Lottery Communities Fund (NLCF) – repayment of COVID-19 grants** – this is the return of unspent grants given to NLCF to administer to the voluntary and community sector as part of the COVID-19 pandemic.

The balance held on trust of £70.1m at the end of 31 March 2022 comprises:

- £12.2m for WTA and other Spectrum Management fees, all of which is receivable;
- £23.3m in respect of ICO Civil Monetary Penalties and interest, all of which is receivable;
- £33.3m in respect of Gambling Commission penalties issued, all of which is receivable;
- £1.3m related to NLCF COVID-19 grants repayable, all of which is receivable;
- £38k in respect of ICO fines, all of which is receivable.

# Statement of Outturn against Parliamentary Supply Commentary 2021-22

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 e.g. philanthropy, which makes financial risk management particularly challenging.

The commentary that follows relates to the key features of the outturn position as reported in the SOPS and the supporting analysis within SOPS notes 1.1 and 1.2, and describes the position before virements (allowed budgetary transfers) are applied. 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.

Expenditure Line		Outturn	Estimate (before virements applied)	Outturn vs Estimate Variance (over)/under
		£'000	£'000	£'000
<b>Resource DEL - Voted expenditure</b>				
B	Museums and Galleries sponsored ALBs (net)	389,798	504,877	115,079
C	Libraries sponsored ALBs (net)	104,898	129,901	25,003
D	Support for the Arts sector	(51,512)	57,778	109,290
E	Arts and culture ALBs (net)	610,447	606,887	(3,560)
F	Support for the Sports sector	54,985	108,845	53,860
H	Ceremonial and support for the Heritage sector	41,726	53,629	11,903
I	Heritage sponsored ALBs (net)	109,247	116,870	7,623
J	Tourism sponsored ALBs (net)	49,078	52,734	3,656
K	Support for the Digital, Broadcasting and Media sector	113,936	172,693	58,757
L	Broadcasting and Media sponsored ALBs (net)	59,407	76,866	17,459
M	Administration and Research	93,277	186,643	93,366
O	Gambling Commission (net)	24,569	28,226	3,657
Q	Office for Civil Society	31,862	39,580	7,718
R	National Citizen Service	71,086	86,392	15,306
S	Birmingham 2022 and Festival 2022 (net)	146,242	119,098	(27,144)
<b>Administration DEL - Voted expenditure</b>				
I	Heritage sponsored ALBs (net)	23,464	27,210	3,746
J	Tourism sponsored ALBs (net)	27,374	31,148	3,774
L	Broadcasting and Media sponsored ALBs (net)	11,431	15,142	3,711
M	Administration and Research	92,628	165,224	72,596
R	National Citizen Service	10,033	13,917	3,884

Expenditure Line		Outturn	Estimate (before virements applied)	Outturn vs Estimate Variance (over)/under
		£'000	£'000	£'000
<b>Resource AME - Voted expenditure</b>				
T	British Broadcasting Corporation (net)	3,626,012	4,060,420	434,408
V	Provisions, Impairments and other AME spend	5,732	100,933	95,201
W	Levy bodies	11,094	15,003	3,909
<b>Resource AME - Non-Voted expenditure</b>				
X	Lottery grants	1,618,333	1,699,575	81,242
<b>Capital DEL - Voted expenditure</b>				
B	Museums and Galleries sponsored ALBs (net)	115,948	127,823	11,875
C	Libraries sponsored ALBs (net)	7,144	11,845	4,701
D	Support for the Arts sector	3,445	7,439	3,994
E	Arts and culture ALBs (net)	70,689	73,400	2,711
F	Support for the Sports sector	105,551	122,985	17,434
G	Sport sponsored ALBs (net)	57,282	59,760	2,478
I	Heritage sponsored ALBs (net)	147,113	160,350	13,237
K	Support for the Digital, Broadcasting and Media sector	152,577	196,068	43,491
L	Broadcasting and Media sponsored ALBs (net)	17,640	21,902	4,262
M	Administration and Research	(10,878)	29,955	40,833
Q	Office for Civil Society	6,543	10,750	4,207
<b>Capital AME - Voted expenditure</b>				
T	British Broadcasting Corporation (net)	167,193	217,363	50,170
U	Channel Four Television	(76,296)	123,745	200,041
W	Levy bodies	(21,878)	-	21,878
<b>Capital AME - Non-Voted expenditure</b>				
X	Lottery grants	188,739	296,177	107,438

## Resource DEL

The voted resource DEL outturn position as reported in these Accounts is £1,993.3m which is £491.6m, or 19.8%, lower than provided in the Estimate (2020-21: £720.9m or 18.8% lower, outturn: £3,111.8m).

Museums and Galleries sponsored ALBs (net) (Line B) shows an underspend of £115.1m which mostly relates to reduced expenditure due to closures throughout the year, as a result of COVID-19, improved income as visitors figures were greater than anticipated towards the end of the year, and other reductions in depreciation and other accounting adjustments. In particular:

- £42.2m is attributed to reductions in spending across the year as museums and galleries experienced closures as a result of COVID-19 lockdown measures;
- £30.9m is related to reclassifications of resource to capital expenditure, which occurred following completion of the 2021-22 Supplementary Estimate;
- £23.3m is attributed to reductions in depreciation, amortisation, and impairments relative to forecast;
- £17.0m is attributed to higher income than anticipated due to improvement in visitor numbers towards the end of the year above forecasts;
- £1.0m is attributed to various other reasons including acquisition of heritage assets not budgeted for, realised and unrealised gains on investment properties and disposals, tax adjustments, and other immaterial differences.

Libraries sponsored ALBs (Line C) shows an underspend of £25.0m relating to the British Library, of which:

- £13.8m relates to delays in a number of projects including Boston Spa Renewed and Leeds Presence due to supply chain disruption, contract negotiation and recruitment delays. Other underspends

included the Single Digital Presence project and other low level underspends across the library;

- £7.2m underspend on depreciation due to reduction in building fit out assets in the prior year and write back of prior year impairment losses in respect of the Boston Spa site; and
- £4.1m relates to underspends on acquisitions and staff costs.

Support for the Arts sector (Line D) shows an underspend of £109.3m of which:

- £64.4m relates to the Cultural Recovery Fund loans, of which £44.0m relates to Expected Credit Losses (ECL) of loans issued under the scheme which were significantly lower than anticipated at the 2021-22 Supplementary Estimate. A further £20.0m of the underspend relates to the lower uptake in recovery grants than expected against the Emergency Resource Support announced to provide support in response to the Omicron outbreak;
- £12.1m relates to Cultural Recovery Fund budget which was transferred to Line E (Arts and Culture ALBs) after the 2021-22 Supplementary Estimate;
- £32.5m relates intra-group transactions across estimate lines relating to grants provided by the core department to Festival 2022 (“Unboxed”) (offsets against Estimate Line S); and
- £1.1m is due to lower than anticipated third party administrator costs for the Live Events Reinsurance Scheme.

Arts and culture ALBs (Line E) shows an overspend of £3.6m of which:

- £1.7m overspend relates to the Volunteering Futures Fund which was provided after the 2021-22 Supplementary Estimate;
- £1.3m overspend relates to additional Cultural Recovery Fund grant funding allocated after completion of 2021-22 Supplementary Estimate;
- £0.4m overspend relates to Coventry City of Culture (youth projects) which was provided after completion of the 2021-22 Supplementary Estimate;
- £0.7m overspend relates to intra-group transactions across estimate lines mostly relating to admin charges for the Cultural Recovery Fund incurred by Arts Council England (from Line M);
- This is offset by an underspend of £0.3m on depreciation.

Support for the Sports sector (Line F) shows an underspend of £53.9m of which:

- £57.9m underspend relates to loans issued under the Sports Survival Package where the Fair Value and Expected Credit Loss was significantly lower than anticipated at the Supplementary Estimate stage;
- This was offset by £6.1m of additional expenditure due to funding being transferred from the Commonwealth Games (Line S) after the 2021-22 Supplementary Estimate;
- There was a further underspend of £1.0m relating to Other Government Department grants and £0.5m intra-group transactions across estimate lines (offset against Estimate Line S).



Ceremonial and support for the Heritage sector (Line H) shows an underspend of £11.9m of which:

- £11.1m relates to lower costs incurred under the Listed Places of Worship grant scheme where fewer claims were received than anticipated. This was due to COVID-19 closures impacting fundraising potential meaning that fewer projects were eligible for the support.

Heritage sponsored ALBs (net) (Line I) shows an underspend of £7.6m of which:

- £2.6m underspend on Cultural Recovery Fund grants by the National Heritage Memorial Fund;
- £2.6m relates to income on the National Heritage Memorial Fund endowment fund which was not forecast at the 2021-22 Supplementary Estimate;
- £1.7m relates to an underspend by Historic England on administration and programme depreciation due in part to a delayed rent review;
- £1.3m underspend relating to the administration of grant programmes by the National Heritage Memorial Fund;
- £0.3m underspend by Historic England on general operating activities;
- This is offset by an overspend of £0.8m due to an intra-group transaction across estimate lines for core department reimbursement of shared services costs to Historic England (Line M).

Tourism sponsored ALBs (Line J) shows an underspend of £3.7m which relates to the British Tourist Authority, including:

- £3.1m underspend on core activities due to staff vacancies and reduced back office costs; there were also challenges with delivery of digital transformation initiatives and an underspend on the GREAT campaign;
- £0.2m underspend due to overestimation of depreciation costs;
- £0.2m underspend due to an intra-group elimination journal relating to recovery of seconded staff costs by the British Tourist Authority from the core department (Line M).

Support for the Digital, Broadcasting and Media sector (Line K) shows an underspend of £58.8m of which:

- £56.4m relates to the Film and TV Production Restart Scheme where fewer claims were received and approved in 2021-22 than anticipated at the Supplementary Estimate stage;
- £2.8m net underspend relates to Building Digital UK (£4.5m underspend on the UK Gigabit Programme offset by a £1.7m overspend on Local Full Fibre Networks);
- This was offset by a £1.0m overspend on the Shared Outcome Fund due to VAT previously thought to be recoverable.

Broadcasting and Media sponsored ALBs (Line L) shows an underspend of £17.5m of which:

- £6.7m relates to the British Film Institute - underspends related to the Cultural Recovery Fund, the Young Audiences Content Fund, the Global Screen Fund, and better than anticipated financial performance;
- £5.0m relates to S4C resulting from delays to content and other projects, and receipt of unanticipated tax credits;
- £3.3m relates to the Information Commissioner's Office resulting from delays in recruitment for specialist roles, and underspends in legal and professional services due to slippage on Network and Infrastructure Systems regulation;
- £2.4m relates to Ofcom transferring resource budget to capital to cover capital expenditure to upgrade spectrum management at Baldock Radio Management Station (after the Supplementary Estimate);
- £1.0m relates to underspends due to depreciation being lower than forecast;
- This is offset by a £1.0m overspend mostly due to an intra-group transaction across estimate lines arising from elimination of income recognised by Ofcom received from Birmingham 2022 (Line S).

Administration and Research (Line M) shows an underspend of £93.4m of which:

- £42.1m relates to a technical accounting adjustment for IFRS 16 due to the finalisation and signing of the lease for 100 Parliament Street prior to year end and the transfer of the lease to the Government Property Agency;
- £21.8m relates to an underspend on depreciation;
- £4.8m is an underspend on permanent staff costs;
- £1.8m relates to underspend on facilities;
- £5.2m relates to budget transfers after the 2021-22 Supplementary Estimate (including £4.1m transferred to Line G and £0.8m to Line A);
- £6.0m relates to EU Exit of which £2.6m relates to other expenditure and £2.4m relates to permanent staff costs;
- £3.9m overspend on non ring-fenced other expenditure, offset by a £1.7m underspend on professional services;
- £3.2m relates intra-group transactions across estimate lines. Of this, £1.7m is related to Sport England (Line G), £1.0m is related to Arts Council England (Line E) and £0.8m is related to Historic England (Line I);
- £2.8m relates to an underspend relating to administration of the Sports Survival Package and £1.7m relates to the Cultural Recovery Fund due to fewer claims being received than anticipated for each;
- £1.0m relates to underspends on Broadcasting and Media ring-fenced funding;
- £0.9m relates to underspends for the Events Reinsurance Scheme due to staff vacancies and lower than anticipated legal costs.

Gambling Commission (Line O) shows an underspend of £3.7m of which:

- £2.6m of underspend relates to cost reductions driven by staffing vacancies and lower than expected other employee costs within the Gambling Commission (including National Lottery Regulation activities), lower professional fees and lower office and administrative costs;
- £0.8m additional income not forecast at the 2021-22 Supplementary Estimates relating to operator application fees, annual licences and personal licence applications; and
- £0.2m relates to technical adjustments to provisions.

Office for Civil Society (Line Q) shows an underspend of £7.7m of which:

- £1.5m relates to the Life Chances Fund reduced expenditure compared to budget across multiple projects;
- £1.7m relates to the Youth Investment Fund due to the scheme being launched later in the year than planned leading to lower costs in 2021-22 than anticipated;
- £2.8m relates to an underspend on non ring-fenced expenditure of which £2.6m is across consultancy and professional services (with £1.2m relating to the National Citizen Service and £1.4m relating to the COVID-19 volunteering programme); and
- £0.5m relates to Tampon Tax Fund grant expenditure being lower than anticipated.

National Citizen Service (Line R) shows an underspend of £15.3m of which:

- £13.2m relates to programme underspends and lower than budgeted programme prepayments and corporate costs due to the impact of COVID-19;
- £1.6m relates to unanticipated service user income received from parents and guardians for young people to attend National Citizen Service programmes; and
- £0.5m relates to unutilised depreciation cover.

Birmingham 2022 and Festival 2022 (Line S) shows an overspend of £27.1m of which:

- £32.2m relates to intra-group transactions across estimate lines mostly due to grants provided by the core department to Festival 2022 (“Unboxed”) (offsets with Estimate Line D);
- This is partially offset by £6.1m of unallocated funds under this heading being moved to the core department (Line F) after the 2021-22 Supplementary Estimate.

### **Administration expenditure**

The voted administration expenditure outturn as reported in these accounts is £225.0m. There was a total underspend of £87.2m, 27.9% lower than provided in the Estimate (2020-21: £56.4m or 20.4% lower, outturn: £220.0m). The main reasons for the variance are:

Heritage sponsored ALBs (Line I) shows an underspend of £3.8m of which:

- £2.6m relates to income on the National Heritage Memorial Fund endowment fund which was not forecast at the 2021-22 Supplementary Estimate;
- £1.3m underspend relating to the administration of grant programmes by the National Heritage Memorial Fund;
- £0.9m relates to an underspend on administration depreciation partly due to a delayed rent review for Historic England;
- This is offset by an overspend of £0.8m due to an intra-group transaction between estimate lines for core department reimbursement of shared services costs to Historic England (Line M).

Tourism sponsored ALBs (Line J) shows an underspend of £3.8m which relates to the British Tourist Authority, including:

- £1.7m underspend on core activities due to savings and challenges with delivery of the GREAT campaign and digital transformation initiatives;
- £1.5m of administration funding was utilised as programme expenditure for Destination Management Organisation grants, which were agreed after the 2021-22 Supplementary Estimate;
- £0.2m underspend due to overestimation of depreciation costs; and
- £0.2m underspend is due to an intra-group transaction across estimate lines relating to recovery of seconded staff costs by the British Tourist Authority from the core department (Line M).

Broadcasting and Media sponsored ALBs (Line L) shows an underspend of £3.7m of which:

- £3.6m relates to the Information Commissioner’s Office resulting from delays in recruitment for specialist roles, underspends in legal and professional services due to slippage on the Network and Infrastructure Systems regulation, and lower than anticipated depreciation.

Administration and Research (Line M) shows an underspend of £72.6m of which:

- £42.1m relates to a technical accounting adjustment for IFRS 16 due to the finalisation and signing of the lease for 100 Parliament Street prior to year end and the transfer of the lease to the Government Property Agency;
- £14.3m is an underspend on non ring-fenced expenditure of which £7.8m relates to depreciation, £4.8m is permanent staff costs, £2.6m is other expenditure, and £1.8m relates to facilities. These are offset by overspends of £1.2m on contractor costs and £2.0m on other professional services;
- £5.1m relates to EU Exit of which £2.6m relates to other expenditure and £1.5m relates to permanent staff costs;
- £3.2m relates to intra-group transactions across estimate lines. £1.7m is offset against Sport England (Line G), £1.0m against Arts Council England (Line E) and £0.8m against Historic England (Line I);
- £2.8m relates to an underspend for administration of the Sports Survival Package and £1.7m relates to the Cultural Recovery Fund due to fewer claims being received than anticipated for each;
- £1.0m relates to underspends on Broadcasting and Media ring-fenced funding;

- £0.9m relates to underspends for the Events Reinsurance Scheme due to staff vacancies and lower than anticipated legal costs; and
- £0.6m relates to underspends on professional services and legal costs for the Shared Outcome Fund.

National Citizen Service (Line R) shows an underspend of £3.9m of which:

- £2.0m relates to unspent budget related to provider payments which were lower than expected due to the impact of the COVID-19 pandemic; and
- £1.0m relates to a reduction in staff costs and headcount caused by the impact of the COVID-19 pandemic, transformation efficiency savings, and lower marketing, office and IT costs.

### **Resource AME (Voted)**

The voted Resource AME outturn as reported in these Accounts is £3,642.8m, which is £533.5m or 14.6% lower than provided in the Estimate (2020-21: £317.6m or 8.0% lower, outturn: £3,655.2m).

British Broadcasting Corporation (Line T) shows an underspend of £434.4m of which:

- £262.0m relates to lower spend than forecast at the 2021-22 Supplementary Estimate, due in part to delivery slippages on programmes and changes to scheduling (impacted by COVID-19), reduced staff costs and savings on travel and expenses during the year due to COVID-19;
- £118.9m relates to the impact of fair value movements on financial instruments;
- £55.7m relates to higher income, dividends and interest than forecast;
- This is offset by a £2.2m overspend relative to forecast caused by impairments following revaluations as well as other asset disposals.

There is an underspend on 'Provisions, impairments and other AME spend' (Line V) of £95.2m, of which:

- £52.8m relates to excess budget cover provided to the Tate, Victoria and Albert Museum, British Museum, Science Museum Group, National Gallery, National Portrait Gallery and Sport England arising from unanticipated depreciation, revaluation and provision movements compared to budgeted;
- £32.5m is excess provision cover to manage the IFRS 16 lease impairment risk;
- £5.6m relates to unused budget cover provided to the British Tourist Authority in response to a potential liability for a matter that was not resolved during 2021-22 resulting in lower expenditure than budgeted;
- £2.8m relates to provision cover for the Live Events Reinsurance Scheme which wasn't utilised;
- This is offset by a £1.2m overspend resulting from utilisation of a Production Restart Scheme provision.

The Levy bodies show an underspend of £3.9m (Line W), mostly due to unutilised cover provided to the Horserace Betting Levy Board at the 2021-22 Supplementary Estimates to cover a forecast operating deficit resulting from the impact of COVID-19.

The nature of AME spend is volatile and difficult to predict. Adequate budget cover was provided at the Supplementary Estimate based on best estimates.

### **Capital DEL**

The voted capital DEL outturn as reported in these Accounts is £654.4m which is £147.7m, or 18.4% lower than provided in the Estimate (2020-21: £265.0m or 22.1% lower, outturn: £935.9m).

Museums and Galleries sponsored ALBs (Line B) shows an underspend of £11.9m of which:

- £33.1m is attributed to COVID-19 related closures and delays to capital projects;
- £6.4m underspend is attributed to unbudgeted acquisitions of heritage assets funded by additional grants or from internal funds;
- This is offset by a £27.5m overspend due to ALBs utilising their own reserves above that budgeted

and a further £2.4m overspend due to reclassifications.

Libraries sponsored ALBs (Line C) shows an underspend of £4.7m which relates to the British Library:

- £4.2m underspend reflects delays in a number of projects including Boston Spa Renewed, Public Sector Decarbonisation Scheme, Unified Digital Repository Project and delays in Blavatnik Honresfield Library acquisitions;
- £2.0m underspend relates to an adjustment to remove vested items paid for on the Public Decarbonisation Project;
- £0.3m underspend relates to donated assets not forecast in the 2021-22 Supplementary Estimate;
- The impact of these underspends was reduced by £2.0m due to a Single Digital Presence project grant not being utilised due to delays.

Support for the Arts sector (Line D) shows an underspend of £4.0m of which:

- £3.2m relates to the Events Reinsurance Scheme due to claims not being received from devolved administrations; and
- £1.0m relates to the Cultural Recovery Fund where the lower than anticipated Expected Credit Loss led to an underspend for capital interest on the loans.

Arts and culture ALBs (Line E) shows an underspend of £2.7m of which:

- £2.7m relates to an underspend by Arts Council England on its IFRS 16 capital allocation.

Support for the Sports sector (Line F) shows an underspend of £17.4m of which:

- £19.1m relates to the Sports Survival Package due to lower than expected uptake in loans;
- This is offset by £1.7m overspend, where the budget was transferred from Line M, for the Rugby Football League Loans Scheme after completion of the 2021-22 Supplementary Estimate.

Sport sponsored ALBs (Line G) shows an underspend of £2.5m which is mostly driven by delays in UK Sport signing lease agreements resulting in an underspend of their IFRS 16 capital allocation.

Heritage sponsored ALBs (Line I) shows an underspend of £13.2m of which:

- £10.2m underspend is largely driven by Historic England (IFRS 16 related due to delays in rent review);
- £2.4m relates to underspends on National Heritage Memorial Fund capital grant programmes;
- £1.4m relates to intra-group transactions, mostly due to grants issued from the National Heritage Memorial Fund to museums across estimate lines (offsetting with Line B);
- This is offset by additional capital funding allocated to Historic England from Line M following the 2021-22 Supplementary Estimates resulting in a £0.4m overspend on their capital programme.

Support for the Digital, Broadcasting and Media sector (Line K) shows an underspend of £43.5m of which:

- £24.2m relates to Building Digital UK of which £21.4m is due to a change in recognition point for liabilities in the forecasting model for the UK Gigabit Programme and a further £2.8m relates to the Superfast programme and is the result of descopes from several projects;
- £22.9m relates to the 5G Diversification Programme of which £17.9m is due to a reduction in the final capitalised lease costs for the UK Telecom Lab as a result of lower than anticipated costs;
- £1.1m relates to the Shared Outcome Fund with fewer capital grants issued than expected;
- This is offset by an overspend of £4.2m on 5G where additional expenditure was accounted for in 2021-22 than budgeted, with lower costs now expected in 2022-23.

Broadcasting and Media sponsored ALBs (Line L) shows an underspend of £4.3m of which:

- £3.9m relates to unutilised IFRS 16 capital funding;



- £1.4m relates to underspend due to an irrecoverable VAT treatment adjustment in relation to IFRS 16;
- £1.1m relates to a lower than expected capitalisation value of IT software;
- This is offset by a £2.2m overspend relating to additional capital funding from the core department (Line M) allocated to Ofcom following the completion of the 2021-22 Supplementary Estimate.

Administration and Research (Line M) shows an underspend of £40.8m of which:

- £32.6m relates to the impact of IFRS 16. Of this, £17.8m is due to the finalisation and signing of the lease for 100 Parliament Street prior to year end and the transfer of the lease to the Government Property Agency. £14.8m relates to unallocated IFRS 16 capital cover;
- £7.7m relates to budget transfers of which £2.8m was transferred to Line L, £1.7m to Line F, £1.0m to Line Q, £0.5m each to Lines B and J and £0.4m to Line I;
- £0.5m relates to non ring-fenced IT expenditure.

Office for Civil Society (Line Q) shows an underspend of £4.2m of which:

- £5.2m relates to the Future Builders Programme, specifically higher than expected receipts from historic loan repayments;
- This is offset by a £1.0m overspend on the Youth Investment Fund due to additional funding transferred from Line M after the 2021-22 Supplementary Estimate.

### **Capital AME (Voted)**

The voted capital AME outturn as reported in these Accounts is £69.0m, which is £272.1m, or 79.8% lower than provided in the Estimate (2020-21: £392.0m or 87.2% lower, outturn: £57.7m).

British Broadcasting Corporation (Line T) shows an underspend of £50.2m of which:

- £27.7m relates to the impact of capital additions and disposals movements;
- £22.4m relates to unused headroom on borrowing limits.

Channel Four Television (Line U) shows an underspend of £200.0m due to the unutilised cover for borrowing through their credit facility (£123.7m), combined with a repayment in relation to the credit facility and lease movements (£76.3m). The budget cover request was based on the prudent estimate of Channel Four using the full headroom for borrowing available.

Levy Bodies (Line W) shows an underspend of £21.9m due to loans received by the Horserace Betting Levy Board through the Sports Survival Package which was not confirmed at the 2021-22 Supplementary Estimate, as well as the impact of building disposals.

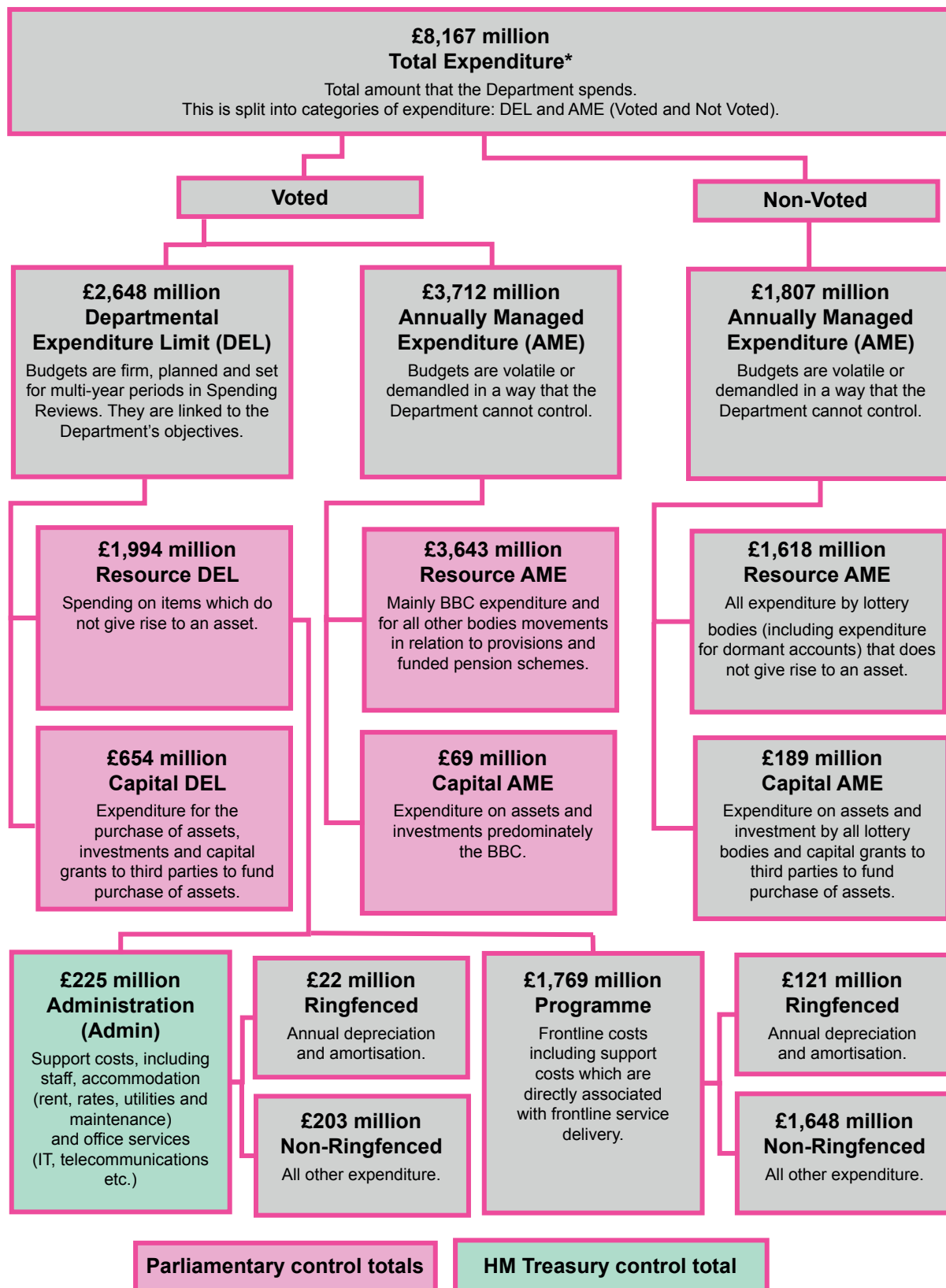
### **Non-voted resource and capital expenditure (AME)**

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 £1,618.3m and £188.7m respectively.

Non-voted resource outturn on Lottery grants was £81.2m lower (2020-21: £166.0m lower) than estimated; and capital outturn was £107.4m lower (2020-21: £23.0m 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:



\* Figures rounded to nearest £m so may not round to SOPS table exactly.

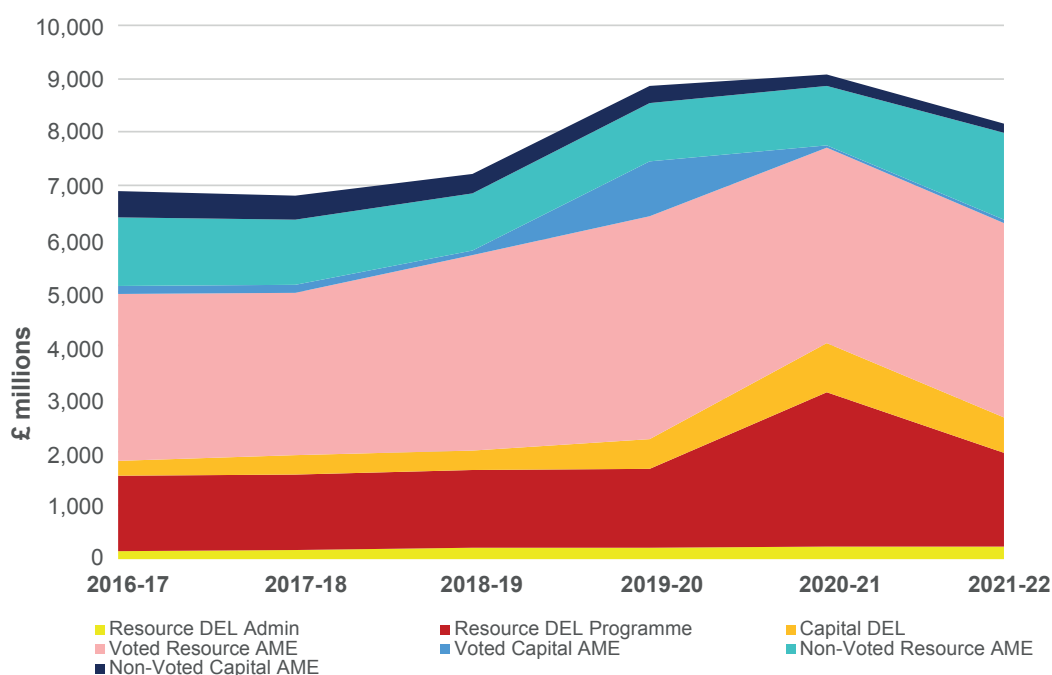
## Trends in Total Expenditure over the last six years

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

Type of spend	2016-17 outturn £m	2017-18 outturn £m	2018-19 outturn £m	2019-20 outturn £m	2020-21 outturn £m	2021-22 outturn £m*
<b>Voted DEL</b>						
Resource DEL Admin	192	190	206	215	220	225
Resource DEL Programme	1,407 <sup>28</sup>	1,427	1,453	1,475	2,892 <sup>29</sup>	1,769 <sup>29</sup>
Capital DEL	275	351	366	551	936 <sup>29</sup>	654 <sup>29</sup>
<b>Total Voted DEL</b>	<b>1,874</b>	<b>1,968</b>	<b>2,025</b>	<b>2,241</b>	<b>4,048</b>	<b>2,648</b>
Non-Voted Resource DEL Admin	(50)	(33)	-	-	-	-
<b>Total Voted and Non-Voted DEL</b>	<b>1,824</b>	<b>1,935</b>	<b>2,025</b>	<b>2,241</b>	<b>4,048</b>	<b>2,648</b>
<b>Voted AME</b>						
Resource AME	3,139	3,051	3,666 <sup>30</sup>	4,184 <sup>31</sup>	3,655	3,643
Capital AME	141	156	94	1,017 <sup>31</sup>	57	69
<b>Total Voted AME</b>	<b>3,280</b>	<b>3,207</b>	<b>3,760</b>	<b>5,201</b>	<b>3,712</b>	<b>3,712</b>
<b>Non-Voted AME</b>						
Resource AME	1,295	1,214	1,072	1,111	1,098	1,618 <sup>32</sup>
Capital AME	504	449	359	309	220	189
<b>Total Non-Voted AME</b>	<b>1,799</b>	<b>1,663</b>	<b>1,431</b>	<b>1,420</b>	<b>1,318</b>	<b>1,807</b>
<b>Total Voted and Non-Voted AME</b>	<b>5,079</b>	<b>4,870</b>	<b>5,191</b>	<b>6,621</b>	<b>5,030</b>	<b>5,519</b>
<b>Total Expenditure<sup>33</sup></b>	<b>6,903</b>	<b>6,805</b>	<b>7,216</b>	<b>8,862</b>	<b>9,078</b>	<b>8,167</b>

\* Figures rounded to nearest £m so may not round to SOPS table exactly.

### Total Voted and Non-Voted Expenditure by budget type:



<sup>28</sup> Includes £256m for Office for Civil Society not included in prior years (Machinery of Government Change transfer from the Cabinet Office).

<sup>29</sup> The increase in Resource and Capital DEL in 2020-21 is largely attributable to the COVID-19 support packages issued (loans and grants). These payments reduced in 2021-22.

<sup>30</sup> 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.

<sup>31</sup> The increase in Resource and Capital AME is largely attributable to the implementation of IFRS 16 (BBC being a major component).

<sup>32</sup> The nature of Lottery grant making is demand led resulting in fluctuations in Resource AME.

<sup>33</sup> All figures are presented as reported in the Statement of Outturn against 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. See Annex A Core Tables for more information on trends including the 22-23 Plans year.

## 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	Restated 1 April 2020 £'000	Restated 31 March 2021 £'000	31 March 2022 £'000	2019-20 % of assets	2020-21 % of assets	2021-22 % of assets
<b>Assets</b>						
Property, plant and equipment	6,447,046	6,370,402	6,510,884	42%	36%	37%
Right of use assets	1,401,950	1,217,328	1,133,649	9%	7%	7%
Heritage assets	1,505,335	1,565,142	1,631,795	10%	9%	9%
Non-current and current receivables	1,261,083	1,460,858	1,304,703	8%	8%	7%
Intangible Assets	67,160	84,860	101,994	0%	0%	1%
Inventories	172,163	218,612	265,585	1%	1%	2%
Cash and cash equivalents	2,017,498	3,679,643	3,128,835	13%	21%	18%
Other assets	2,502,779	3,057,697	3,369,609	17%*	18%*	19%
<b>Total assets</b>	<b>15,375,014</b>	<b>17,654,542</b>	<b>17,447,054</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

\*these percentages have been rounded so totals cast

#### 1. Property, plant and equipment (PPE) – note 6

The net book value of PPE has increased by £140m since the prior year. Buildings account for 53% of the departments asset base and is the main driver behind this increase. The buildings balance has increased by £162m in the year, due to new additions of £22m and the reclassification of assets from Assets Under Construction of £85m of which £66m relates to assets brought into use in the year at the BBC.

Of the total PPE, the museums and galleries hold £4,749m (31 March 2021: £4,670m), whilst the British Library's holding is £919m (31 March 2021: £891m) and the BBC's holding is £451m (31 March 2021: £485m).

#### 2. Right of use assets (ROU assets) – note 7

The net book value of this balanced has decreased by £84m during the year. Additions in the year were £90m relating mainly to £45m by the BBC and £22m for the DCMS core. This was offset by depreciation of £102m, impairments of £62m, net disposals of £35m, transfers to PPE of £24m as well as revaluations.

Of the total ROU assets, the BBC's holding is £771m (31 March 2021: £887m) whilst the museums and galleries hold £205m (31 March 2021: £180m).

### 3. Heritage assets – note 8

The net book value of heritage assets has increased by £67m over the previous year. The increase is attributable to additions of £14m, donations of £32m and an upward revaluation of £21m.

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 £1,435m (31 March 2021: £1,381m), heritage assets are also held by DCMS core department, Arts Council England, the British Library and Historic England.

### 4. Non-current and current receivables – note 16

Total receivables have decreased by £156m over the previous year. This is primarily due to a £106m decrease in prepayments relating to BBC. £906m of the total trade and other receivables balance also relates to the BBC.

### 5. Intangible assets – note 9

The intangible asset balance increased by £17m over the previous year. The increase is due to additions of £34m, of which the DCMS core department acquired £19m, 49% of the intangible asset base relates to the BBC.

### 6. Inventories – note 15

The BBC holds the majority of the group's inventories, valued at £240m (31 March 2021: £195m). This relates to programmes that either are in production or have not been aired yet.

### 7. Cash and cash equivalents – note 17

£1,506m of the group's cash balance (31 March 2021: £1,075m) was held by Lottery Distributing Bodies (in the National Lottery Distribution Fund) and as such only available to fund lottery grants (see payables below).

Of the remaining balance, £686m relates to the BBC, £254m to the museum and galleries and £196m relates to the DCMS core department.

The decrease in year is mainly due to a lower cash balance in the core department, as in 2020-21 DCMS received an additional Contingencies Fund advance to cover the COVID-19 support packages.

### 8. Other assets

The BBC holds the majority of the Group's other assets. This primarily relates to the BBC's investments in subsidiaries of £1,771m which increased by £172m during the year, partly due to the recovery seen from COVID-19 impacts. The derivative balance of £419m (31 March 2021: £358m), primarily relates to the refinancing of New Broadcasting House. There are also other loans held by the BBC to its subsidiaries (£250m); the loans outstanding vary based on the borrowing requirements of public corporations.

Also included in this balance are the loan book of the Cultural Recovery Fund, Sport Survival Package and Rugby Football League emergency loans in DCMS core department. New loans of £115m were issued during the year. The outstanding loan amount as at 31 March 2022 was £346m.



## 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 1 April 2020 £'000	Restated 31 March 2021 £'000	31 March 2022 £'000	2019-20 % of liabilities	2020-21 % of liabilities	2021-22 % of liabilities
<b>Liabilities</b>						
Non-current payables	(3,799,834)	(5,392,000)	(4,307,692)	57%	64%	72%
Provisions	(243,090)	(208,161)	(142,152)	4%	2%	2%
Lease Liabilities	(2,187,018)	(2,108,712)	(1,979,636)	33%	25%	33%
Pensions	98,246	(88,504)	1,035,725	-1%	1%	-17%
Other liabilities	(563,833)	(618,227)	(605,313)	8%	8%*	10%
<b>Total liabilities</b>	<b>(6,695,529)</b>	<b>(8,415,604)</b>	<b>(5,999,068)</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

\* this percentage has been rounded up so totals cast

### 9. Non-current and current payables – note 18

Total trade and other payables reduced by £1,084m in the year. This was mainly down to a reduction of £1,095m in the departments' supply payable. The supply payable had increased significantly in the prior year as the department sought cover for various COVID-19 support packages that were not required for 2021-22.

Non-current payables reflect the fact that many of the Lottery Distributing Bodies' grants payable is used to fund projects that take several years to complete. Of the total current government grant payables, £1,142m (31 March 2021: £1,026m) relates to the Lottery Distributing Bodies (LDBs), whilst these same bodies' share of non-current government grant payables is £1,209m (31 March 2021: £1,000m). Current payables of LDBs are generally covered by their cash holdings (see point 7 above).

### 10. Lease liabilities – note 20

The main components of this balance are the BBC (£1,629m), DCMS core department (£81m) and the Victoria and Albert Museum (£119m). Most of the £129m decrease is due to the expiry of existing leases, rental payments on existing leases and fewer new leases taken out in the year.

### 11. Pensions – note 22

Pensions have increased significantly from a net liability position of £89m in 2020-21 to a net asset position of £1,036m this year. This is as a result of a significant revaluation of the BBC pension scheme. The BBC funded pension scheme now has an accounting surplus of £1,249m (31 March 2021: £198m).

The other notable schemes include UK Sport (£83m), BFI (£74m) and Sports England (£57m).

### 12. Other liabilities (including contract liabilities)

The balance relates almost entirely to the BBC (£586m). The decrease of £13m primarily relates to a £10m downward revaluation of the BBC's derivatives, primarily due to the refinancing of New Broadcasting House.

## PARLIAMENTARY ACCOUNTABILITY DISCLOSURES

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

### Losses

	Core department		Departmental group	
	Cases	Amount	Cases	Amount
		£'000		£'000
2021-22	13	14,487	563	16,634
2020-21	199	315	382	9,624

Details of losses over £300,000 for 2021-22:

The core department incurred losses of £11.8m as a result of an early termination of a royalty agreement which created a write-off of an asset relating to the Trans Pennine Initiative; a project within the wider Local Full Fibre Networks programme within BDUK (see note 13 - other financial assets).

The core department incurred losses of £2.5m with respect to non-compliant voucher payments for the Gigabit Broadband Voucher Scheme, made to The Fourth Utility Ltd, which has gone into liquidation.

The residential element of the Summer 2021 NCS programme was officially cancelled on 21 May 2021. Up to this point, the Trust had paid out £909,000 worth of deposits to 36 accommodation venues. These deposits were treated as non-refundable as notice of the cancellation was given after the 30 April 2021 hand back date.

The National Lottery Community Fund incurred a loss of £322,000 in relation to funds spent by the Hidden Homeless Ltd which didn't meet the project's objectives. Hidden Homeless Ltd went into liquidation and no longer exists. The legal team attempted to recover the expenditure from the liquidators, however, there were insufficient funds to pay the creditors.

### Special Payments

	Core department		Departmental group	
	Cases	Amount	Cases	Amount
		£'000		£'000
2021-22	-	-	30	145
2020-21	3	219	54	1,749

There were no individual special payments in excess of £300,000 for 2021-22.

### Gifts

There were no gifts made by the group that were in excess of £300,000 for 2021-22 or 2020-21.

The Government Art Collection (GAC) received a pledge of a gift in 2018-19 of £500,000 from Sybil Robson Orr and Matthew Orr, which will be paid over a number of years. 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 donated goods and services of £2.0m for the London Film Festival 2021, including £302,000k of Media Partnership value from 'The Face' (monthly magazine), £365,000 of accommodation from Edwardian Hotels and £300,000 for laser projection from Christie Digital.

## 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 24).

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 2021	Increase/ (Decrease) in year	Liabilities crystallised in year	Obligation expired in year	31 March 2022	Amount reported to Parliament by Departmental Minute
	£m	£m	£m	£m	£m	£m
<b>Guarantees</b>						
Borrowing facility for Historic Royal Palaces	4.0	-	-	-	4.0	4.0
<b>Indemnities</b>						
Government Indemnity Scheme	5,239.5	3,922.8	-	-	9,162.3	9,162.3
Artworks on loan from the Royal Collection	245.3	71.7	-	-	317.0	317.0
Artworks on loan to the Government Art Collection	11.6	(9.8)	-	-	1.8	-
<b>Totals</b>	<b>5,500.4</b>	<b>3,984.7</b>	<b>-</b>	<b>-</b>	<b>9,485.1</b>	<b>9,483.3</b>

#### Guarantees

The £4m guarantee for Historic Royal Palaces (HRP) in the table above is available until 19 January 2027 and HRP will only enter into borrowing facilities at such times and within such monetary limits that the department shall agree.

#### 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 £9.2bn (2021: £5.2bn).

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 increase of £3.9bn is mainly attributable to a net increase in loans to the National Gallery (£1.2bn); the Royal Academy (£1.0bn); and the Courtauld Gallery (£0.8bn).

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

Claims paid (liabilities crystallised) of £26,816 were reported to Parliament in November 2021.

There are also non-statutory liabilities for indemnities granted in respect of works of art on loan from the Royal Collection totalling £317.0m (31 March 2021: £245.3m). The main increases relate to the National Gallery (£87.5m) and English Heritage (£33.0m) which are offset by smaller decreases in other national and non-national museums.

The Royal Undertakings reported here are to English and Northern Ireland (NI) national and non-national museums. There are no Royal loans to Scottish and Welsh non-national Museums. It excludes Royal

loans to Scottish and Welsh national Museums.

There is also an indemnity scheme amounting to £1.8m for items on loan to the Government Art Collection (31 March 2021: £11.6m).

#### *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 2020 valued the deficit at £7.98bn. BT has closed 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.

#### *Tate Gallery*

This is a property law claim (nuisance) brought by certain neighbouring residents of the Neobankside development adjacent to Tate Modern, whereby they have sought an injunction to prevent Tate from using a section of the viewing platform on Level 10 of the Blavatnik Building at Tate Modern which has been open to the public since 17 June 2016. The matter first went to trial in the High Court in October 2018 where Tate won the case and was awarded costs. The claimants appealed and the matter went to the Court of Appeal where Tate won again. The claimants have since appealed to the Supreme Court and the matter was heard on 7,8 December 2021. If Tate loses it will be required to pay a proportion of the claimants' fees incurred to date (from the High Court to the Supreme Court). The estimated quantifiable liability is £1.5m.

#### *British Museum*

The British Museum is required to sign a section 278 agreement with Wokingham Borough Council in relation to works on the public highway required as part of a project to construct the new British Museum Archaeological Research Collection facility in Shinfield, in partnership with University of Reading. As part of the agreement, the Council requires a bond to guarantee the performance of the obligations for the highways works. Early in 2020-21, they therefore entered into a performance bond (issued by NatWest) for £0.4m.

#### *Gambling Commission*

There are remote contingent liabilities of £0.4m as at 31 March 2022 which is a combination of voluntary exit costs (£0.3m) and legal costs (£0.1m).

#### *Arts Council*

An ex-employee has claimed constructive dismissal, with disability and race discrimination. The potential liability is estimated at £0.1m.

#### *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

### *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 and there is no certainty repossession will happen.
- 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. Lee Valley Regional Park Authority (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 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.

### *Production Restart Scheme*

This compensation scheme was created to restart UK film and TV production and aid economic recovery of this important sector, by addressing the market failure of the unavailability of COVID-19 insurance for productions. As such government has a remote contingent liability for the maximum total exposure. The scheme limit is £500m and was closed to new registrations on 30 April 2022. The amounts claimed but not provided for are disclosed in the notes to the Accounts (note 24 Contingent assets and liabilities).

### *The Live Events Reinsurance Scheme*

This scheme was announced by the government on 5 August 2021 and will support live events across the country that are at risk of being halted or delayed due to an inability to obtain insurance. The duration of the cover will be from September 2021 to 30 September 2022.

Based on the risk share set out and the initial appetite put forward by insurers, the scheme will create £750m of cover at any one time, although this could increase if there is market demand and insurer willingness to offer more cover. The amount of cover remaining outstanding as at 31 March 2022 is £110m which is the maximum exposure at this point. The amounts claimed for this scheme are insignificant to these accounts. The income (which is recognised straight line over the lifetime of the cover) and expenditure on any eligible claims received for this scheme are recognised in the SoCNE.



### *Platinum Jubilee Pageant*

The Pageant Company covered the cost of the pageant by fundraising independently at no cost to the taxpayer. The Government provided an underwrite, capped at £2.45m, to cover financial support to the company in the event that the pageant is cancelled due to specific, extenuating circumstances. The underwrite was not called upon.

### **Fees and Charges**

In 2021-22, the department collected £23.8m (2020-21: £9.7m) of fee income from applications to the Production Restart Scheme and £3.4m (2020-21: £nil) of fee income from the Live Events Reinsurance Scheme. The core department did not provide any other services for which it charges fees to the general public.

### **Signed and approved**

**Sarah Healey**  
**Accounting Officer and Permanent Secretary**  
24 November 2022

# 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 (the Department) and of its Departmental Group for the year ended 31 March 2022 under the Government Resources and Accounts Act 2000. The Departmental Group consists of the Department and the bodies designated for inclusion under the Government Resources and Accounts Act 2000 (Estimates and Accounts) Order 2021. The financial statements comprise: the Department's and the Departmental Group's

- Statement of Financial Position as at 31 March 2022;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Department and the Departmental Group's affairs as at 31 March 2022 and its net expenditure for the year then ended; and
- 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 Outturn Against Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2022 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 for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law 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 2019*. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the Department and its Group in accordance with the ethical requirements that are relevant to my audit of 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

In auditing the financial statements, I have concluded that the Department and its Group's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Department and its Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Department and its Group is adopted in consideration of the requirements set out in HM Treasury's Government Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

## **Other Information**

The other information comprises information included in the Annual Report, but does not include the financial statements nor my auditor's certificate and report. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my certificate, 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 I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000.

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;
- 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 and is in accordance with the applicable legal requirements.

## **Matters on which I report by exception**

In the light of the knowledge and understanding of the Department for Digital, Culture, Media and Sport and its Group and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Report.

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

- I have not received all of the information and explanations I require for my audit; or
- adequate accounting records have not been kept by the Department 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 subject to audit are not in agreement with the accounting records and returns; or

- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

## **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:

- maintaining proper accounting records;
- the preparation of the financial statements and Annual Report in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- ensuring that the Annual Report and accounts as a whole is fair, balanced and understandable;
- internal controls as the Accounting Officer determines is necessary to enable the preparation of the financial statements to be free from material misstatement, whether due to fraud or error; and
- assessing the Department and its Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Department and its Group will not continue to be provided in the future.

## **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.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. 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.

### **Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud**

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

### **Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud**

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, we considered the following:

- the nature of the sector, control environment and operational performance including the design of the Department and its Group's accounting policies, key performance indicators and performance incentives.
- Inquiring of management, the Department's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Department and its Group's policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and

- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Department and its Group's controls relating to the Department's compliance with the Government Resources and Accounts Act 2000, Managing Public Money and the Supply and Appropriation (Main Estimates) Act 2021.
- discussing among the engagement team including significant component audit teams and involving relevant internal and external specialists, including property, pensions, financial instruments, and corporate finance regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Department and its Group for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, bias in management estimates and the COVID-19 support schemes (loans and grants). In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override.

I also obtained an understanding of the Department and Group's framework of authority as well as other legal and regulatory frameworks in which the Department and Group operates, focusing on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Department and its Group. The key laws and regulations I considered in this context included Government Resources and Accounts Act 2000, Managing Public Money, Supply and Appropriation (Main Estimates) Act 2021, employment law and tax legislation.

In addition, I obtained an understanding of how the COVID-19 pandemic affected the Department's control environment and identified where measures taken in response may have resulted in an increased risk of fraud in expenditure and loans issued by the Department.

#### **Audit response to identified risk**

As a result of performing the above, the procedures I implemented to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- enquiring of management, the Audit and Risk Committee and in-house legal counsel concerning actual and potential litigation and claims;
- reading and reviewing minutes of meetings of those charged with governance and the Board and internal audit reports;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- confirming that the Department and Departmental Group has reasonable assurance (including from third-party assurance providers) over the level of fraud within, and that, the COVID-19 support schemes have, in all material respects, been used for the purposes intended by Parliament.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.



## Other auditor's responsibilities

I am required to obtain appropriate evidence sufficient to give reasonable assurance that the Statement of Outturn against 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.

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.

## Report

I have no observations to make on these financial statements.

**Gareth Davies**  
**Comptroller and Auditor General**

**Date:** 25 November 2022

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 2022

	Note	2021-22		Restated 2020-21	
		Core department	Departmental group	Core department	Departmental group
		£'000	£'000	£'000	£'000
Staff costs	3	137,271	2,320,450	115,854	2,300,840
Grants and subsidies to sponsored bodies	4.1	6,150,150	9,636	6,172,214	10,850
Other grants	4.2	351,233	3,168,228	679,804	3,868,766
Purchase of goods and services	4.3	89,604	565,475	73,602	440,511
Depreciation, amortisation, impairment charges and expected credit loss adjustments	4.4	34,038	435,963	5,777	438,102
Provisions expense	4.5	3,823	17,236	2,586	138,745
Finance cost	4.6	433	58,937	2,649	63,231
Other operating expenditure	4.6	39,547	2,700,881	37,540	2,275,986
<b>Total operating expenditure</b>		<b>6,806,099</b>	<b>9,276,806</b>	<b>7,090,026</b>	<b>9,537,031</b>
Income from contracts with customers	5.1	(44,566)	(558,657)	(44,361)	(474,665)
Current grant income	5.1	(91,122)	(209,886)	(99,169)	(225,963)
Other operating income	5.2	(81,713)	(2,453,432)	(2,977)	(2,135,405)
<b>Total operating income</b>		<b>(217,401)</b>	<b>(3,221,975)</b>	<b>(146,507)</b>	<b>(2,836,033)</b>
<b>Net expenditure for the year</b>		<b>6,588,698</b>	<b>6,054,831</b>	<b>6,943,519</b>	<b>6,700,998</b>
<b>Other comprehensive net expenditure</b>					
Items which will not be reclassified to net operating expenditure:					
Net (gain)/loss on:					
- revaluation of property, plant & equipment, intangible assets, heritage assets and right of use assets		(14,980)	(196,872)	(15,824)	61,409
- pension remeasurements	22.1	-	(1,188,149)	-	233,040
Items which may be reclassified to net operating expenditure:					
Net (gain)/loss on:					
- impairments		-	(306)	-	10,014
- other revaluations including financial assets through OCI		-	(185,900)	-	(354,135)
<b>Total other comprehensive net expenditure</b>		<b>(14,980)</b>	<b>(1,571,227)</b>	<b>(15,824)</b>	<b>(49,672)</b>
<b>Total comprehensive expenditure for the period</b>		<b>6,573,718</b>	<b>4,483,604</b>	<b>6,927,695</b>	<b>6,651,326</b>

All operations relate to continuing activities.

The notes on pages 126 to 212 form part of these accounts. Prior year comparatives have been restated as explained in note 28.

## Consolidated Statement of Financial Position as at 31 March 2022

	Note	31 March 2022		Restated 31 March 2021		Restated 1 April 2020	
		Core department	Departmental group	Core department	Departmental group	Core department	Departmental group
		£'000	£'000	£'000	£'000	£'000	£'000
<b>Non-current assets</b>							
Property, plant & equipment	6	28,103	6,510,884	30,119	6,370,402	29,853	6,447,046
Right of use assets	7	58,391	1,133,649	42,416	1,217,328	22,706	1,401,950
Heritage assets	8	17,149	1,631,795	16,415	1,565,142	15,680	1,505,335
Intangible assets	9	27,624	101,994	10,970	84,860	435	67,160
Contract assets		-	-	-	16,514	-	13,574
Investment properties	10	-	28,126	-	28,150	-	33,001
Trade and other receivables*	16	-	227,484	989	206,870	2,609	215,540
Investments in associates and joint ventures	12	-	33,283	-	35,328	-	32,166
Other financial assets	13	371,828	2,965,654	358,068	2,722,089	49,915	2,098,395
<b>Total non-current assets</b>		<b>503,095</b>	<b>12,632,869</b>	<b>458,977</b>	<b>12,246,683</b>	<b>121,198</b>	<b>11,814,167</b>
<b>Current assets</b>							
Assets classified as held for sale		-	3,600	-	3,600	-	40
Contract assets		-	18,775	-	5,350	-	1,136
Inventories	15	-	265,585	-	218,612	-	172,163
Trade and other receivables*	16	88,881	1,077,219	82,690	1,253,988	50,600	1,045,543
Other financial assets	13	12,095	320,171	7,098	246,666	2,835	324,467
Cash and cash equivalents	17	195,598	3,128,835	1,303,586	3,679,643	24,467	2,017,498
<b>Total current assets</b>		<b>296,574</b>	<b>4,814,185</b>	<b>1,393,374</b>	<b>5,407,859</b>	<b>77,902</b>	<b>3,560,847</b>
<b>Total assets</b>		<b>799,669</b>	<b>17,447,054</b>	<b>1,852,351</b>	<b>17,654,542</b>	<b>199,100</b>	<b>15,375,014</b>
<b>Current liabilities</b>							
Trade and other payables	18	(413,736)	(2,881,251)	(1,541,855)	(4,177,233)	(160,850)	(2,486,643)
Contract liabilities		-	(20,222)	-	(5,900)	-	(2,189)
Provisions	19	(3,823)	(74,513)	(2,586)	(145,972)	(32)	(172,186)
Lease liabilities	20	(13,131)	(130,934)	(10,730)	(128,676)	(11,293)	(130,088)
Other financial liabilities	21	-	(2,206)	-	(5,560)	-	(480)
<b>Total current liabilities</b>		<b>(430,690)</b>	<b>(3,109,126)</b>	<b>(1,555,171)</b>	<b>(4,463,341)</b>	<b>(172,175)</b>	<b>(2,791,586)</b>
<b>Non-current assets plus/(less) net current assets/liabilities</b>		<b>368,979</b>	<b>14,337,928</b>	<b>297,180</b>	<b>13,191,201</b>	<b>26,925</b>	<b>12,583,428</b>

\* Excludes expected credit loss.

## Consolidated Statement of Financial Position (continued)

	Note	31 March 2022		Restated 31 March 2021		Restated 1 April 2020	
		Core department	Departmental group	Core department	Departmental group	Core department	Departmental group
		£'000	£'000	£'000	£'000	£'000	£'000
<b>Non-current liabilities</b>							
Trade and other payables	18	-	(1,426,441)	-	(1,214,767)	-	(1,313,191)
Contract liabilities		-	-	-	(17,185)	-	(13,706)
Provisions	19	-	(67,639)	-	(62,189)	-	(70,904)
Lease liabilities	20	(68,123)	(1,848,702)	(114,645)	(1,980,036)	(119,364)	(2,056,930)
Other financial liabilities	21	-	(582,885)	-	(589,582)	-	(547,458)
Retirement benefit obligations	22	-	1,035,725	-	(88,504)	-	98,246
<b>Total non-current liabilities</b>		<b>(68,123)</b>	<b>(2,889,942)</b>	<b>(114,645)</b>	<b>(3,952,263)</b>	<b>(119,364)</b>	<b>(3,903,943)</b>
<b>Total assets less liabilities</b>		<b>300,856</b>	<b>11,447,986</b>	<b>182,535</b>	<b>9,238,938</b>	<b>(92,439)</b>	<b>8,679,485</b>
<b>Taxpayers' equity and other reserves</b>							
<b>Taxpayers' funds</b>							
General fund	SoCTE	256,215	4,665,027	152,874	3,212,896	(106,276)	3,149,943
Revaluation reserve	SoCTE	44,641	1,798,735	29,661	1,592,813	13,837	1,361,227
<b>Total taxpayers' equity</b>		<b>300,856</b>	<b>6,463,762</b>	<b>182,535</b>	<b>4,805,709</b>	<b>(92,439)</b>	<b>4,511,170</b>
Lottery funds	SoCTE	-	(904,141)	-	(812,306)	-	(1,205,780)
Charity funds	SoCTE	-	5,888,365	-	5,245,535	-	5,374,095
<b>Total reserves</b>	SoCTE	<b>300,856</b>	<b>11,447,986</b>	<b>182,535</b>	<b>9,238,938</b>	<b>(92,439)</b>	<b>8,679,485</b>

**Sarah Healey (Accounting Officer)**

24 November 2022

The notes on pages 126 to 212 form part of these accounts. Prior year comparatives have been restated as explained in note 28.

## Consolidated Statement of Cash Flows for the year ended 31 March 2022

	Note	2021-22		2020-21	
		Core department	Departmental group	Core department	Departmental group
		£'000	£'000	£'000	£'000
<b>Cash flows from operating activities</b>					
Net expenditure	SoCNE	(6,588,698)	(6,054,831)	(6,943,519)	(6,700,998)
Adjustments for non-cash expenditure - purchase of goods and services	4.3	535	535	500	500
Adjustments for non-cash expenditure - depreciation, amortisation, impairment charges and expected credit loss adjustments	4.4	34,038	435,963	5,777	438,102
Adjustments for non-cash expenditure - provisions expense	4.5	3,823	17,236	2,586	138,745
Adjustments for non-cash expenditure - other operating expenditure	4.6	(23,169)	(32,543)	56,829	176,897
Adjustments for non-cash salary costs		-	256	-	256
Adjustments for non-cash expenditure - other grants	4.2	61,185	58,177	-	-
Adjustments for non-cash other operating income	5.2	(17,797)	(121,342)	-	(62,451)
Adjustments for non-cash pension costs		-	54,471	-	(51,767)
Reserves released to net expenditure		-	(270)	-	-
Adjustment for items shown in other sections of cash flow		(212)	(110,106)	1,726	39,514
(Increase)/decrease in inventories	15	-	(46,973)	-	(46,449)
Movements in inventories not passing through the SoCNE	15	-	-	-	(4)
(Increase)/decrease in trade and other receivables	16	(5,202)	155,243	(30,470)	(200,296)
Movements in receivables not passing through the SoCNE		8,725	(2,767)	34,251	5,915
Movements in bad debt provision		(2,715)	(2,900)	-	372
(Increase)/decrease in contract assets		-	3,089	-	(7,154)
Increase/(decrease) in trade payables	18	(1,128,119)	(1,084,308)	1,381,005	1,592,166
Increase/(decrease) in contract liabilities		-	(2,863)	-	7,190
Increase/(decrease) in lease liabilities	20	(44,121)	(129,076)	(5,282)	(78,306)
Movements in payables not passing through the SoCNE		1,086,679	1,235,891	(1,334,631)	(1,166,354)
Utilisation of provisions	19	(2,586)	(83,245)	(32)	(173,674)
Interest on lease liabilities	20	(425)	(56,451)	(2,646)	(60,953)
Payments for unfunded pensions	22	-	(249)	-	(259)
<b>Net cash outflow from operating activities</b>		<b>(6,618,059)</b>	<b>(5,767,063)</b>	<b>(6,833,906)</b>	<b>(6,149,008)</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant & equipment		13,890	(191,078)	(4,196)	(204,585)
Purchase of right of use assets		(22,052)	(89,726)	(21,730)	(90,065)
Purchase of investment property		-	-	-	(67)
Purchase of intangible assets		(19,353)	(34,444)	(10,978)	(32,333)
Purchase of financial assets		(118,838)	(225,781)	(377,512)	(490,254)
Proceeds from disposal of property, plant & equipment		39,239	46,374	-	2,301
Proceeds from disposal of right of use assets		17,833	35,054	15,824	20,277
Proceeds from disposal of investment property		-	281	-	2,666
Proceeds from disposal of intangible assets		645	657	-	736
Proceeds from disposal of assets held for sale		-	(2)	-	(1)
Repayments and disposals of financial assets		18,795	67,049	7,493	195,575
Interest and dividend income	5.2	637	166,557	920	21,439
<b>Net cash inflow/(outflow) from investing activities</b>		<b>(69,204)</b>	<b>(225,059)</b>	<b>(390,179)</b>	<b>(574,311)</b>



## Consolidated Statement of Cash Flows (continued)

	Note	2021-22		2020-21	
		Core department	Departmental group	Core department	Departmental group
		£'000	£'000	£'000	£'000
<b>Cash flows from financing activities</b>					
From the Consolidated Fund (supply) - current year	SoCTE	5,597,497	5,597,497	8,479,599	8,479,599
Contingencies Fund - advance/receipts		14,000	14,000	2,838,403	2,838,403
Contingencies Fund - repayments		(14,000)	(14,000)	(2,838,403)	(2,838,403)
Payment of lease liabilities		-	(149,453)	-	(148,742)
<b>Net cash inflow from financing activities</b>		<b>5,597,497</b>	<b>5,448,044</b>	<b>8,479,599</b>	<b>8,330,857</b>
<b>Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund</b>		<b>(1,089,766)</b>	<b>(544,078)</b>	<b>1,255,514</b>	<b>1,607,538</b>
<b>Cash flow from non-financing activities</b>					
Receipts due to the Consolidated Fund which are outside the scope of the department's activities		1,761,779	1,773,271	330,496	361,498
Payments of amounts to the Consolidated Fund		(1,780,001)	(1,780,001)	(306,891)	(306,891)
<b>Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund</b>		<b>(1,107,988)</b>	<b>(550,808)</b>	<b>1,279,119</b>	<b>1,662,145</b>
<b>Cash and cash equivalents at the beginning of the period</b>	17	<b>1,303,586</b>	<b>3,679,643</b>	<b>24,467</b>	<b>2,017,498</b>
<b>Cash and cash equivalents at the end of the period</b>	17	<b>195,598</b>	<b>3,128,835</b>	<b>1,303,586</b>	<b>3,679,643</b>

The following payments were received from the Contingencies Fund during the year:

- £14,000k was received by DCMS on 10 August 2021 and repaid on 21 March 2022.
- There was no balance outstanding to the Contingencies Fund as at 31 March 2022.

The notes on pages 126 to 212 form part of these accounts.

## Statement of Changes in Taxpayers' Equity (core department) for the year ended 31 March 2022

	Note	Core department		
		General fund	Revaluation reserve	Total reserves
		£'000	£'000	£'000
<b>Balance at 1 April 2020</b>		<b>106,276</b>	<b>(13,837)</b>	<b>92,439</b>
Net parliamentary funding - drawn down		(8,479,599)	-	(8,479,599)
Supply payable/(receivable) adjustment	18	1,270,635	-	1,270,635
CFERs payable to the Consolidated Fund	SOPS 4.1	6,795	-	6,795
Net expenditure for the year	SoCNE	6,943,519	-	6,943,519
<b>Non-cash adjustments:</b>				
Auditors' remuneration	4.3	(500)	-	(500)
<b>Movements in reserves:</b>				
Other comprehensive net expenditure	SoCNE	-	(15,824)	(15,824)
<b>Balance at 31 March 2021</b>		<b>(152,874)</b>	<b>(29,661)</b>	<b>(182,535)</b>
Net parliamentary funding - drawn down		(5,597,497)	-	(5,597,497)
Net parliamentary funding - deemed supply		(1,270,635)	-	(1,270,635)
Supply payable/(receivable) adjustment	18	175,745	-	175,745
CFERs payable to the Consolidated Fund	SOPS 4.1	883	-	883
Net expenditure for the year	SoCNE	6,588,698	-	6,588,698
<b>Non-cash adjustments:</b>				
Auditors' remuneration	4.3	(535)	-	(535)
<b>Movements in reserves:</b>				
Other comprehensive net expenditure	SoCNE	-	(14,980)	(14,980)
<b>Balance at 31 March 2022</b>		<b>(256,215)</b>	<b>(44,641)</b>	<b>(300,856)</b>

The notes on pages 126 to 212 form part of these accounts.

## Consolidated Statement of Changes in Taxpayers' Equity departmental group for the year ended 31 March 2022

	Note	Departmental group					
		General fund	Revaluation reserve	Total taxpayers' equity	Lottery funds	Charity funds	Total reserves
		£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31 March 2020</b>		<b>(3,149,943)</b>	<b>(1,361,227)</b>	<b>(4,511,170)</b>	<b>1,205,780</b>	<b>(5,615,862)</b>	<b>(8,921,252)</b>
Prior period adjustments	28	-	-	-	-	241,767	241,767
<b>Restated balance at 1 April 2020</b>		<b>(3,149,943)</b>	<b>(1,361,227)</b>	<b>(4,511,170)</b>	<b>1,205,780</b>	<b>(5,374,095)</b>	<b>(8,679,485)</b>
Net parliamentary funding - drawn down		(8,479,599)	-	<b>(8,479,599)</b>	-	-	<b>(8,479,599)</b>
Supply payable/(receivable) adjustment	18	1,270,635	-	<b>1,270,635</b>	-	-	<b>1,270,635</b>
CFERs payable to the Consolidated Fund	SOPS 4.1	6,795	-	<b>6,795</b>	-	-	<b>6,795</b>
Net expenditure for the year	SoCNE	6,944,884	-	<b>6,944,884</b>	(399,755)	155,869	<b>6,700,998</b>
<b>Non-cash adjustments:</b>							
Auditors' remuneration	4.3	(500)	-	<b>(500)</b>	-	-	<b>(500)</b>
<b>Movements in reserves:</b>							
Other comprehensive net expenditure	SoCNE	189,468	(232,655)	<b>(43,187)</b>	13,805	(20,290)	<b>(49,672)</b>
Transfers between reserves		(1,069)	1,069	-	-	-	-
Other movements		6,433	-	<b>6,433</b>	(7,524)	(7,019)	<b>(8,110)</b>
<b>Restated balance at 31 March 2021</b>		<b>(3,212,896)</b>	<b>(1,592,813)</b>	<b>(4,805,709)</b>	<b>812,306</b>	<b>(5,245,535)</b>	<b>(9,238,938)</b>
Net parliamentary funding - drawn down		(5,597,497)	-	<b>(5,597,497)</b>	-	-	<b>(5,597,497)</b>
Net parliamentary funding - deemed supply		(1,270,635)	-	<b>(1,270,635)</b>	-	-	<b>(1,270,635)</b>
Supply payable/(receivable) adjustment	18	175,745	-	<b>175,745</b>	-	-	<b>175,745</b>
CFERs payable to the Consolidated Fund	SOPS 4.1	883	-	<b>883</b>	-	-	<b>883</b>
Net expenditure for the year	SoCNE	6,391,780	-	<b>6,391,780</b>	95,837	(432,786)	<b>6,054,831</b>
<b>Non-cash adjustments:</b>							
Auditors' remuneration	4.3	(535)	-	<b>(535)</b>	-	-	<b>(535)</b>
<b>Movements in reserves:</b>							
Other comprehensive net expenditure	SoCNE	(1,150,195)	(207,085)	<b>(1,357,280)</b>	(3,715)	(210,232)	<b>(1,571,227)</b>
Transfers between reserves		(1,163)	1,163	-	-	-	-
Transfer to SoCNE		(50)	-	<b>(50)</b>	-	320	<b>270</b>
Other movements		(464)	-	<b>(464)</b>	(287)	(132)	<b>(883)</b>
<b>Balance at 31 March 2022</b>		<b>(4,665,027)</b>	<b>(1,798,735)</b>	<b>(6,463,762)</b>	<b>904,141</b>	<b>(5,888,365)</b>	<b>(11,447,986)</b>

The notes on pages 126 to 212 form part of these accounts. Prior year comparatives have been restated as explained in note 28

## NOTES

### 1. Statement of accounting policies

#### 1.1 Basis of Preparation

These accounts have been prepared in accordance with the 2021-22 Government Financial Reporting Manual (FReM) and Accounts Direction issued by HM Treasury under section 6(4) of the Government Resources and Accounts Act 2000. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the department 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.

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 29.

#### *British Broadcasting Corporation (BBC)*

The elements of 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). The Office for National Statistics have classified the BBC Pension Scheme as a pension administrator in the public pension fund subsector, and the BBC as the pension manager within central government. As such, the pension liabilities and assets held by the scheme will be attributed to central government, therefore the whole scheme is consolidated in these accounts.
- BBC Commercial Limited (previously called 'BBC Commercial Holdings Limited') and its direct subsidiary holding companies.

#### 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 the FReM 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. This includes all grants issued under the COVID-19 support packages. 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 relates to the operating activities of the group and includes both budgetary and non-budgetary income. It is recognised in accordance with the FReM and IFRS 15 *Revenue from contracts with customers*. Non-budgetary income is outside the ambit of the group budget. More details are included in SOPS 4 in the primary statements of 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 (SoCNE) 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 *Revenue from contracts with customers* was adopted with effect from 1 April 2018.

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

Revenue from contracts with customers is measured at the fair value of consideration received or receivable (transaction price) and comprises primarily of 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 *Revenue from contracts with customers* to meet the 'over time' recognition. The default category, if none of these criteria are met, is the '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 B 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 whereby under 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.
- 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 B of the BBC's 2021-22 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 *Revenue from contracts with customers* 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, using professional valuations. In the intervening periods, the value of land and buildings are updated annually using appropriate indices. 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.

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.

The policy on heritage assets is disclosed in note 1.10.

The policy on right of use assets is disclosed in note 1.23.

### *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**

Property, plant and equipment (PPE), intangibles and right of use assets are depreciated to estimated residual values over the following estimated useful lives:

● 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 for internally generated assets; the licence period for purchased licences; or the period of expected income streams for income generating assets

The depreciation method used is that which provides a realistic reflection of the consumption of that asset. Depreciation methods, estimated useful lives and residual values are reviewed at each reporting date.

## **1.10 Heritage assets**

Heritage assets are tangible assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture. These assets are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations. 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 8.1. Valuation changes in heritage assets reported at valuation are recognised in the Other Comprehensive Expenditure section of the SoCNE 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 31 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. As valuation is not practical, the group have therefore only capitalised assets acquired since 1 April 2001.

### 1.11 Donated assets

Donated assets are capitalised at fair value on receipt, and this value is credited to the SoCNE. 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 SoCNE 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 SoCNE 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 SoCNE. 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 SoCNE. 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 SoCNE.

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 desktop reviews carried out in intervening periods. Gains or losses arising in fair value of investment property are recognised in the SoCNE.

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

## 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 Limited's public corporations*

The fair value placed on those subsidiaries of BBC Commercial Limited 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 11.5.1.

## 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 SoCNE 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, provided a sale is expected to be completed within one year of the reporting date and the asset reclassified as an asset held for sale. Such assets are disclosed separately in the SoFP 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 the lower of cost, or where materially different, current replacement cost. 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, trade 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 holds various derivative and non-derivative financial instruments (including assets such as trade investments and liabilities such as borrowings).

IFRS 9 *Financial Instruments* was adopted with effect from 1 April 2018.

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

Each financial liability is classified 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 payments of principal and interest. An allowance for estimated impairment is based on the expected credit loss model. Changes in the carrying amount of the allowance are recognised in the SoCNE.

##### *Amortised cost assets - Impairments*

The group has a forward-looking ‘expected loss’ impairment model for amortised costs assets. This model requires the use of lifetime expected credit loss provision for financial assets where there has been a significant increase in credit risk. If there is no significant increase in credit risk the group would recognise a 12 month expected credit loss provision. These provisions are based on an assessment of risk of default on material financial assets or groups of financial assets at the SoFP date. The assessment uses historical data, professional fund manager assistance (where appropriate) and macroeconomic assessments to review 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 in the SoCNE, including any downward revaluations. IFRS 9 requires that only dividend income is recorded within operating income in the SoCNE.

#### *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 SoFP 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 SoCNE.

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 SoCNE, 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 SoFP 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 SoFP date, taking into account current interest rates, the current creditworthiness of the 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 SoFP 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

Leases are accounted for under IFRS 16 since its implementation from 1 April 2019.

#### *Assumptions*

The definition of a contract is expanded to include intra-UK government agreements where non-performance may not be enforceable by law. This includes, for example, Memorandum of Terms of Occupation (MOTO) agreements.

The group has expanded the definition of a lease to include arrangements with £nil consideration. Peppercorn leases are examples of these, and they are defined by HM Treasury (HMT) as lease payments significantly below market value. These assets are fair valued on initial recognition. Any differences between the lease liability and the right of use asset for new leases after implementation of IFRS 16, are recorded as capital grant in kind income in the SoCNE.

The group has elected not to recognise right of use assets and lease liabilities for the following leases:

- Intangible assets;
- Non-lease components of contracts where applicable;
- Low value assets (these are determined to be in line with capitalisation thresholds on property, plant and equipment, except vehicles which have been deemed to be not of low value); and
- Leases with a lease term of 12 months or less.

#### *Policy applicable from 1 April 2019*

At inception of a contract, the group assesses whether a contract is, or contains, a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time. This includes assets for which there is no consideration. To assess whether a contract conveys the right to control the use of an identified asset, the group assesses whether:

- The contract involves the use of an identified asset;
- The group has the right to obtain substantially all of the economic benefit from the use of the asset throughout the period of use; and
- The group has the right to direct the use of the asset.

The policy is applied to contracts entered into, or changed, on or after 1 April 2019.

At inception or on reassessment of a contract that contains a lease component, the group allocates the consideration in the contract to each lease component on the basis of the relative standalone prices.

The group assesses whether it is reasonably certain to exercise break options or extension options at the lease commencement date. The group reassesses this if there are significant events or changes in circumstances that were not anticipated.

#### *As a lessee*

##### *Right of use assets*

The group recognises a right of use asset and lease liability at the commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for initial direct costs, prepayments or incentives, and costs related to restoration at the end of a lease.

The right of use assets are subsequently measured at either fair value or current value in existing use in line with property, plant and equipment assets. The cost measurement model in IFRS 16 is used as an appropriate proxy for current value in existing use or fair value for the majority of leases, except for those which meet one of the following:

- A longer term lease that has no provisions to update lease payments for market conditions or if there is a significant period of time between those updates; and
- The fair value or current value in existing use of the underlying asset is likely to fluctuate significantly due to changes in market prices.

The right of use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of the right of use assets are determined on the same basis as those of property, plant and equipment assets.

The group applies IAS 36 *Impairment of Assets* to determine whether the right of use asset is impaired and to account for any impairment loss identified.

#### *Lease liabilities*

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that cannot be readily determined, the rate provided by HMT.

When measuring lease liabilities, the group discounted lease payments using rates within the range 0.03% to 58.01%.

The lease payment is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in the index or rate, if there is a change in the group's estimates of the amount expected to be payable under a residual value guarantee, or if the group changes its assessment of whether it will exercise a purchase, extension or termination option.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the group is reasonably certain to exercise, lease payments in an optional renewal period if the group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the group is reasonably certain not to terminate early.

When the lease liability is re-measured, a corresponding adjustment is made to the right of use asset or recorded in the SoCNE, if the carrying amount of the right of use asset is £nil.

The group presents right of use assets that do not meet the definition of investment properties per IAS 40 *Investment Properties* as right of use assets on the SoFP. The lease liabilities are included within lease liabilities within current and non-current liabilities on the SoFP.

#### *As a lessor*

When the group acts as a lessor, it determines at lease inception whether each lease is a finance or operating lease.

To classify each lease, the group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease, if not then it is an operating lease.

When the group is the intermediate lessor, it accounts for its interest in the head lease and the sub lease separately. If a head lease is a short-term lease to which the group applies the exemption above, then the sublease classifies as an operating lease.

The group recognises lease payments under operating leases as income on a straight-line basis over the length of the lease terms.

## **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 22. 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 the 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 is an unfunded multi-employer defined benefit scheme. The participating bodies make contributions based on rates that are set to meet the cost of the benefits accruing during the reporting period, to be paid when the member retires, and not the benefits paid during this period to existing pensioners. 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 SoCNE 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 SoCNE 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 2021-22 accounts are: short-term rate (between 0 and up to and including 5 years): 0.47% per annum; medium-term rate (after 5 and up to and including 10 years): 0.70% per annum; and long-term rate (exceeding 10 years): 0.95% per annum.

Each year the financing charges in the SoCNE 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 SoCNE, 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 distributors. 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.

## 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, right of use assets and intangible assets 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, legal or other limits on the use of an asset.

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

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 replacement cost of a modern equivalent rather than the replacement cost of the original.

### *Extension options*

At lease commencement, the group makes a decision as to whether they are reasonably certain to be exercising break clauses or extension options. This estimate determines the length of the lease term impacting the lease liabilities and right of use assets. This is reviewed if there is a significant event or significant change of circumstances.

The BBC has a number of options to extend the lease on a right of use asset, or to purchase the underlying asset – typically relating to land and buildings, either in the UK or overseas. An assessment of

the location and the availability of suitable alternatives has been undertaken in determining the likelihood of exercising these options. Management's estimate determines the length of the lease term impacting the lease liabilities and right of use assets.

The BBC exercises judgment and estimates over options of a leased building. Management's judgement includes the use of alternative buildings and the strategic importance of the building. Estimates include the length of the lease term. The impact of these judgements and estimates are significant to the financial statements and are reviewed on a regular basis.

#### *Valuation of BBC Commercial Limited's 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 22 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 22.2.2.

#### *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.

#### *Impact of COVID-19*

COVID-19, which was declared a 'global pandemic' on 11 March 2020, has impacted global financial markets and wider economies. Overall, the group has considered the financial impacts for the 2021-22 reporting period and appropriate figures and disclosures have been included in these accounts.

The core department has issued COVID-19 support loans to the sectors that it operates in, which include the Sport Survival Package and the Cultural Recovery Fund (see note 13). These support packages have been classified as financial assets measured at amortised cost in line with IFRS 9 *Financial Instruments*, as the cash flows are solely payments of principal and interest.

The transaction price is different to their fair value. The fair value has been calculated by discounting the future risk adjusted cash flows at the higher of the rate intrinsic to the loans and the real financial instrument discount rate set by HM Treasury (promulgated in Public Expenditure System (PES) papers). Modified loans have been discounted using the original effective interest rate. DCMS has elected to treat this difference as a government grant, in line with IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*, as in substance these loans are issued in support of DCMS's policy objectives. This adjustment is shown as expenditure in the Consolidated Statement of Comprehensive Net Expenditure when the loans are issued as this is the point all conditions and obligations will have been met by the borrowers. Subsequently, the effective interest rate is applied to the support loan's gross carrying amount and recognised as interest revenue.

For new and existing support loans, an expected credit loss allowance will be measured as the expected loss over the next 12 months (stage 1). If there has been a significant increase in the credit risk a lifetime expected credit loss will be applied (stage 2). For support loans that become credit-impaired (stage 3)

the expected credit loss recognised is the difference between the asset's gross carrying amount and the present value of estimated future cash flows. Further information on the loss applied to the support loans can be found in note 11.

### **1.33 Changes in the group boundary**

There have been no changes to the Group Designation Order for 2021-22. The entities within the group therefore remain consistent with the previous reporting period. Further information, including a full list of entities, is included in note 29.

### **1.34 Machinery of Government (MOG) Changes**

DCMS had one MoG change affecting its accounts and estimates for the year ended 31 March 2022. A MoG change is when functions or responsibilities have been merged or transferred within Government and are accounted for using merger accounting, in accordance with the FReM. This change (effective from 4 January 2022) was as follows:

- Decision making under the National Security and Investment Act

Responsibility for exercising functions under the National Security and Investment Act 2021 in connection with national security risks arising from the acquisition of control over entities in the media, broadcasting, digital and telecommunications sectors will transfer from DCMS to the department for Business, Energy and Industrial Strategy (BEIS). There were no prior period transactions/balances or movement of staff associated with this MoG.

### **1.35 Key changes to accounting policies and impacts for 2021-22 annual report and accounts**

There have been no key accounting policy changes in the 2021-22 annual report and accounts. There has been one restatement this year for heritage assets (see note 28 for details) although this is not a change to the overarching heritage assets policy for the DCMS group accounts.

### **1.36 Changes to accounting standards not yet effective**

#### **IFRS 17 *Insurance Contracts***

The International Accounting Standards Board (IASB) has issued IFRS 17 *Insurance Contracts* which replaces IFRS 4 *Insurance Contracts*. This is expected to be effective for accounting periods beginning on or after 1 January 2023, following IASB's decision to defer the effective date. IFRS 17 redefines what constitutes an insurance contract broadly, bringing many more situations in scope. HM Treasury has agreed with the Financial Reporting Advisory Board (FRAB) to delay the implementation of IFRS 17 in central government by 2 years to 1 April 2025. IFRS 17 redefines what constitutes an insurance contract broadly, bringing many more situations in scope.

Guidance has yet to be issued to government departments on the interpretation of this standard. The DCMS group impact assessment exercise will be performed ahead of the implementation date.

## 2. Statement of Operating Expenditure by Operating Segment

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

	Note	2021-22										2020-21	
		Core department	BBC PSB group	Lottery distributing bodies	Other ALBs	Amounts eliminated on consolidation	Total as per group SoCNE	Core department	BBC PSB group	Lottery distributing bodies	Other ALBs	Amounts eliminated on consolidation	Total as per group SoCNE
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Staff costs	3	137,271	1,394,600	80,811	707,410	358	2,320,450	115,854	1,428,504	79,732	675,733	1,017	2,300,840
Grant and subsidies to sponsored bodies	4.1	6,150,150	-	-	9,636	(6,150,150)	9,636	6,172,214	-	-	10,850	(6,172,214)	10,850
Other grants	4.2	351,233	-	1,716,551	1,155,173	(54,729)	3,168,228	679,804	-	1,434,296	1,983,732	(229,066)	3,868,766
Purchase of goods and services	4.3	89,604	1,009	35,467	454,548	(15,153)	565,475	73,602	927	32,135	347,609	(13,762)	440,511
Depreciation, amortisation, impairment charges and expected credit loss adjustments	4.4	34,038	231,191	4,928	165,806	-	435,963	5,777	227,023	7,510	197,792	-	438,102
Provisions expense	4.5	3,823	11,699	(1,044)	2,758	-	17,236	2,586	102,178	30,307	3,674	-	138,745
Finance cost	4.6	433	49,954	183	8,367	-	58,937	2,649	51,638	272	8,672	-	63,231
Other operating expenditure	4.6	39,547	2,496,624	21,428	249,691	(106,409)	2,700,881	37,540	2,084,862	28,686	231,074	(106,176)	2,275,986
<b>Total expenditure</b>	<b>SoCNE</b>	<b>6,806,099</b>	<b>4,185,077</b>	<b>1,858,324</b>	<b>2,753,389</b>	<b>(6,326,083)</b>	<b>9,276,806</b>	<b>7,090,026</b>	<b>3,895,132</b>	<b>1,612,938</b>	<b>3,459,136</b>	<b>(6,520,201)</b>	<b>9,537,031</b>
Income from contracts with customers	5.1	(44,566)	(187,460)	-	(327,096)	465	(558,657)	(44,361)	(166,767)	-	(264,376)	839	(474,665)
Current grant income	5.1	(91,122)	(95,053)	(39)	(144,124)	120,452	(209,886)	(99,169)	(85,642)	(95)	(135,138)	94,081	(225,963)
Other operating income	5.2	(81,713)	(264,331)	(1,762,448)	(399,956)	55,016	(2,453,432)	(2,977)	(39,515)	(2,012,598)	(333,382)	253,067	(2,135,405)
<b>Total income</b>	<b>SoCNE</b>	<b>(217,401)</b>	<b>(546,844)</b>	<b>(1,762,487)</b>	<b>(871,176)</b>	<b>175,933</b>	<b>(3,221,975)</b>	<b>(146,507)</b>	<b>(291,924)</b>	<b>(2,012,693)</b>	<b>(732,896)</b>	<b>347,987</b>	<b>(2,836,033)</b>
<b>Net expenditure for the year ended 31 March</b>	<b>SoCNE</b>	<b>6,588,698</b>	<b>3,638,233</b>	<b>95,837</b>	<b>1,882,213</b>	<b>(6,150,150)</b>	<b>6,054,831</b>	<b>6,943,519</b>	<b>3,603,208</b>	<b>(399,755)</b>	<b>2,726,240</b>	<b>(6,172,214)</b>	<b>6,700,998</b>

## 2.2 Statement of Financial Position by Operating Segment

	Note	2021-22										Restated 2020-21	
		Core department	BBC PSB group	Lottery distributing bodies	Other ALBs	Amounts eliminated on consolidation	Total as per group SoFP	Core department	BBC PSB group	Lottery distributing bodies	Other ALBs	Amounts eliminated on consolidation	Total as per group SoFP
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Non-current assets	SoFP	503,095	3,686,338	19,723	8,464,666	(40,953)	12,632,869	458,977	3,587,441	23,216	8,196,886	(19,837)	12,246,683
Current assets	SoFP	296,574	1,874,900	1,568,051	1,159,309	(84,649)	4,814,185	1,393,374	1,644,881	1,362,598	1,071,396	(64,390)	5,407,859
<b>Total assets</b>	<b>SoFP</b>	<b>799,669</b>	<b>5,561,238</b>	<b>1,587,774</b>	<b>9,623,975</b>	<b>(125,602)</b>	<b>17,447,054</b>	<b>1,852,351</b>	<b>5,232,322</b>	<b>1,385,814</b>	<b>9,268,282</b>	<b>(84,227)</b>	<b>17,654,542</b>
Current liabilities	SoFP	(430,690)	(681,889)	(1,187,061)	(894,132)	84,646	(3,109,126)	(1,555,171)	(678,585)	(1,075,517)	(1,216,990)	62,922	(4,463,341)
Non-current liabilities	SoFP	(68,123)	(1,158,494)	(1,286,033)	(418,248)	40,956	(2,889,942)	(114,645)	(2,324,012)	(1,103,782)	(431,129)	21,305	(3,952,263)
<b>Total liabilities</b>	<b>SoFP</b>	<b>(498,813)</b>	<b>(1,840,383)</b>	<b>(2,473,094)</b>	<b>(1,312,380)</b>	<b>125,602</b>	<b>(5,999,068)</b>	<b>(1,669,816)</b>	<b>(3,002,597)</b>	<b>(2,179,299)</b>	<b>(1,648,119)</b>	<b>84,227</b>	<b>(8,415,604)</b>
<b>Total assets less liabilities</b>	<b>SoFP</b>	<b>300,856</b>	<b>3,720,855</b>	<b>(885,320)</b>	<b>8,311,595</b>	<b>-</b>	<b>11,447,986</b>	<b>182,535</b>	<b>2,229,725</b>	<b>(793,485)</b>	<b>7,620,163</b>	<b>-</b>	<b>9,238,938</b>

The department reports its expenditure by operating segment in accordance with IFRS 8 *Operating Segments*. The group's operations are organised and managed by body. This includes the department 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.

The prior year Statement of Financial Position has been restated due to a prior period adjustment. See note 28 for further details.



### 3. Staff costs

	Permanently employed staff	Others	Contract and agency staff	Ministers	Special advisers	Total
	£'000	£'000	£'000	£'000	£'000	£'000
2021-22	2,270,816	16,555	32,899	180	-	2,320,450
2020-21	2,255,228	12,920	32,509	183	-	2,300,840

Details of staff numbers and related costs (and relevant disclosures) are in the Staff Report in the Accountability section of the Annual Report (page 79).

### 4. Expenditure

#### 4.1 Grants and subsidies to sponsored bodies

	2021-22		2020-21	
	Core department	Departmental group	Core department	Departmental group
	£'000	£'000	£'000	£'000
Grant-in-aid to ALBs	6,150,150	-	6,172,214	-
Grants and subsidies to public sector	-	9,636	-	10,850
<b>Total: Grants and subsidies to sponsored bodies</b>	<b>6,150,150</b>	<b>9,636</b>	<b>6,172,214</b>	<b>10,850</b>

Subsidies include an operating subsidy of £9.6m (2020-21: £10.9m) 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

	2021-22	2021-22	2020-21
	Estimate	Outturn	Outturn
	£'000	£'000	£'000
Arts Council England	966,889	867,695	1,048,602
Birmingham 2022	115,703	84,500	36,670
BBC PSB Group	3,807,950	3,849,900	3,632,795
British Film Institute	75,161	74,310	53,992
British Library (includes Public Lending Right)	112,062	110,412	108,226
British Museum	65,671	66,621	65,420
Churches Conservation Trust	2,924	2,924	2,788
Gambling Commission (for regulation of the National Lottery)	27,219	26,889	17,854
Gambling Commission (other)	668	79	1,667
Geffrye Museum Trust Limited (Museum of the Home)	1,991	2,106	1,889
Historic England	162,450	162,850	163,905
Horniman Public Museum and Public Park Trust	4,897	4,619	4,661
Imperial War Museum	35,941	40,061	31,658
Information Commissioner's Office	7,578	7,578	6,173
National Citizen Service Trust	85,800	63,036	75,367
National Gallery	30,555	30,755	29,257
National Heritage Memorial Fund	127,560	120,015	183,287
Royal Museums Greenwich	21,744	21,744	19,834
National Museums Liverpool	27,206	27,206	25,176
National Portrait Gallery	15,926	15,645	9,263
Natural History Museum	63,667	60,667	60,254
Office of Communications (Ofcom)	7,400	6,239	23,910
Royal Armouries Museum	9,733	9,733	8,430
S4C	5,822	5,822	17,512
Science Museum Group	67,011	70,780	65,584
Sir John Soane's Museum	1,635	1,635	1,381
Sport England	209,517	163,761	222,150
Sports Grounds Safety Authority	1,897	1,627	1,647
Tate Gallery	57,531	57,531	51,570
UK Anti-Doping	8,823	8,823	8,361
UK Sport	60,856	56,534	69,464
Victoria and Albert Museum	78,055	78,268	79,059
Visit Britain	52,632	45,392	40,317
Wallace Collection	4,281	4,393	4,091
Savings not allocated at time of Estimate	7,059	-	-
<b>Grant-in-Aid per Supply Estimate</b>	<b>6,331,814</b>	<b>6,150,150</b>	<b>6,172,214</b>

Grant-in-Aid (GIA) and funding paid to ALBs within the Group is eliminated upon consolidation.

Last year, there was a significant increase in GIA paid to ALBs to help cope with the impact of COVID-19 on them, notably the museums who were adversely affected by the lockdown and reduction in visitors. For the museums sector, the GIA has remained broadly consistent with last year since COVID-19 impacts persisted into 2021-22.

Several ALBs received additional GIA in 2020-21 to cover grants paid out and the administration costs of the Cultural Recovery Fund (CRF) - Arts Council England, British Film Institute (BFI), Historic England and National Heritage Memorial Fund. This year there was a reduction in the GIA for these ALBs (except BFI) primarily due to a lower level of CRF grant payments. BFI's GIA increased due a timing difference between grants committed in the prior year but the funding being deferred to 2021-22.

The £217.1m uplift in funding to the BBC is largely due to timing differences around the over 75s having to pay for a TV licence; in 2021-22, funding was received for 2020-21 instalments (due to the new collection process taking time to embed from the prior year) as well as 2021-22 instalments. In addition

there was an increase in licence fee.

Birmingham 2022 received additional GIA as their activities ramp up ahead of the Commonwealth Games in summer 2022.

The £58.4m reduction in funding to Sport England was due to reduced levels of grants paid out and reduced administration costs of the Sport Survival Package compared to last year.

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 2021-22 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.

## 4.2 Other grants

	2021-22		2020-21	
	Core department	Departmental group	Core department	Departmental group
	£'000	£'000	£'000	£'000
Capital grants	149,706	598,875	152,091	602,042
Current grants	140,342	2,511,176	527,713	3,266,724
<b>Sub-total: cash items*</b>	<b>290,048</b>	<b>3,110,051</b>	<b>679,804</b>	<b>3,868,766</b>
<b>Non-cash items</b>				
Current grants (non-cash) - COVID-19 loans fair value adjustment	61,185	58,177	-	-
Sub-total: non-cash items	61,185	58,177	-	-
<b>Total: Other grants</b>	<b>351,233</b>	<b>3,168,228</b>	<b>679,804</b>	<b>3,868,766</b>

Group current grants have decreased by £755.5m. There is a £573.3m decrease at Arts Council England Exchequer largely due to the Culture Recovery Fund (CRF) Grants Programme in the prior year and a £108.9m decrease at the National Lottery Community Fund largely due to the Coronavirus Community Support Fund in the prior year. There are also decreases of £660.7m (core department £387.4m, National Heritage Memorial Fund £106.8m, Sport England Exchequer £140.9m and the British Film Institute Lottery £25.6m) largely due to other Covid-19 support packages in the prior year. These reductions are offset by increases of £299.7m for Sport England Lottery primarily driven by investment into System Partners and an increase of £114.2m (Arts Council England Lottery £92.7m and UK Sport Lottery £21.5m) relating to increased levels of expenditure in the current year.

Current grants (non-cash) represents the fair value adjustment for COVID-19 loans, where the transaction price is different to their fair value. The fair value has been calculated by discounting the future risk adjusted cash flows at the higher of the rate intrinsic to the loans and the real financial instrument discount rate set by HM Treasury (promulgated in Public Expenditure System (PES) papers). Modified loans have been discounted using the original effective interest rate. DCMS has elected to treat this difference as a government grant, in line with IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*, as in substance these loans are issued in support of DCMS’s policy objectives. The group position includes an intra-group elimination for one entity in the group that received a COVID-19 loan from DCMS.

\*The 2020-21 cash items include the fair value adjustment for COVID-19 loans, which have been disclosed separately in 2021-22.

### 4.3 Purchase of goods and services

	2021-22		2020-21	
	Core department	Departmental group	Core department	Departmental group
	£'000	£'000	£'000	£'000
Professional services	71,052	253,025	57,829	183,446
Human resources	2,061	23,681	2,425	17,607
Marketing and media	3,409	32,734	354	27,310
Premises expenses	2,632	115,427	(260)	103,649
Business rates	637	9,048	666	5,444
Utilities	37	23,128	260	18,427
Rentals under operating leases	-	1,044	-	1,066
PFI service charges	-	632	-	610
IT maintenance and support	6,822	79,468	10,456	72,756
Travel and subsistence	933	9,184	476	2,975
Audit fees (statutory accounts) - cash	-	3,306	-	3,165
Expenses relating to short term liabilities	-	1,860	-	8
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	1,486	12,190	896	3,440
Variable lease payments not included in measurement of lease liabilities	-	213	-	108
<b>Sub-total: cash items</b>	<b>89,069</b>	<b>564,940</b>	<b>73,102</b>	<b>440,011</b>
<b>Non-cash items</b>				
Auditors' remuneration	535	535	500	500
<b>Sub-total: non-cash items</b>	<b>535</b>	<b>535</b>	<b>500</b>	<b>500</b>
<b>Total: Purchase of goods and services</b>	<b>89,604</b>	<b>565,475</b>	<b>73,602</b>	<b>440,511</b>

#### Professional services

£37.7m of the group's increased professional services costs were directly attributed to the Birmingham Organising Committee for 2022 Commonwealth Games due to the scaling up of activities of the Organising Committee as the event draws closer. The costs relate to the host broadcaster, business and tourism provider and ticketing commission.

Included within professional services is £72.0m of consultancy costs (2020-21: £46.1m) comprising core department £17.5m (2020-21: £16.6m) and in respect of the ALBs, £54.5m (2020-21: £29.5m), of which £31.2m relates to the Birmingham Organising Committee for 2022 Commonwealth Games (2020-21: £7.2m).

#### Auditors' remuneration

Audit fees (cash) of £3.3m (2020-21: £3.2m) relates to the statutory audit of the ALBs. Of the cash fees £3.2m (2020-21: £3.0m) was payable to the National Audit Office (NAO) on behalf of the C&AG and £118k (2020-21: £184k) was payable to other auditors.

Notional non-cash auditors' remuneration for the cost of the audit of the group's accounts was £535k (2020-21: £500k).

In 2021-22 the core department did not purchase any non-audit services from its auditor, the Comptroller and Auditor General (C&AG) (2020-21: £nil). The ALBs did not purchase non-audit services from other auditors nor the NAO in the year (2020-21: £nil). Further details can be obtained from the accounts of the ALBs.

#### 4.4 Depreciation, amortisation, impairment charge and expected credit loss

	2021-22		2020-21	
	Core department	Departmental group	Core department	Departmental group
	£'000	£'000	£'000	£'000
Depreciation	2,053	227,636	2,457	247,008
Depreciation on right of use assets	3,224	102,006	2,020	106,281
Amortisation	2,628	20,988	443	20,017
Impairments/(write backs)	(364)	(4,738)	(195)	8,959
Impairment on right of use assets	-	62,662	-	54,264
Expected credit loss	26,497	27,409	1,052	1,573
<b>Depreciation, amortisation and impairment charges - non-cash total</b>	<b>34,038</b>	<b>435,963</b>	<b>5,777</b>	<b>438,102</b>

Expected Credit Loss of £26.5m (2020-21: £1.1m) comprises mainly of DCMS loans distributed during the COVID-19 pandemic. During 2021-22 there has been a significant increase in credit risk for a number of the DCMS COVID-19 loans, as such a lifetime expected credit loss has been applied (stage 2) (note 1.32). In 2020-21 there had not been any significant increase in credit risk due to the close proximity between the loans being issued and the financial year end.

#### 4.5 Provisions expense

	2021-22		2020-21	
	Core department	Departmental group	Core department	Departmental group
	£'000	£'000	£'000	£'000
Provisions:				
Unwinding of discount	-	5	-	10
Provided for/(released)	3,823	17,231	2,586	138,735
<b>Provisions expense - non-cash total</b>	<b>3,823</b>	<b>17,236</b>	<b>2,586</b>	<b>138,745</b>

The BBC has provided £11.7m (2020-21: £102.2m) primarily relating to restructuring provisions.



## 4.6 Other operating expenditure

	2021-22		2020-21	
	Core department	Departmental group	Core department	Departmental group
	£'000	£'000	£'000	£'000
Broadcasting and media	-	2,455,439	-	1,834,138
Sport	-	31,303	-	27,016
Tourism	-	27,450	-	10,859
Ceremonial and cultural events	4,987	39,702	2,270	8,830
Historical and heritage	27,163	38,048	26,554	36,218
Museums, galleries, art & exhibits	405	53,610	523	44,388
Libraries	-	6,041	-	6,040
Interest payable	-	2,213	-	43,148
Early departure costs	-	16,974	(15)	110,578
Live events reinsurance claims	200	200	-	-
Research & development (capital)	4,902	11,697	1,491	7,710
Other expenditure	25,059	50,747	(50,112)	(29,836)
<b>Sub-total: Cash items (excluding finance costs)</b>	<b>62,716</b>	<b>2,733,424</b>	<b>(19,289)</b>	<b>2,099,089</b>
<b>Non-cash items</b>				
Interest on pension liabilities	-	10,434	-	5,657
(Profit)/loss on disposal of property, plant & equipment and right of use assets	(37,649)	(36,027)	134	4,570
Losses on disposal of other assets:				
Assets held for sale	-	1	-	-
Financial assets	11,765	11,765	-	-
Revaluations	-	(24,604)	56,695	167,023
(Gains)/losses on net asset transfers	-	3,000	-	-
Write offs/(write backs)	2,715	2,900	-	(372)
Unrealised foreign exchange rate (gains)/losses	-	(38)	-	-
Other non-cash charges	-	26	-	19
<b>Sub-total: Non-cash items</b>	<b>(23,169)</b>	<b>(32,543)</b>	<b>56,829</b>	<b>176,897</b>
<b>Total: Other operating expenditure</b>	<b>39,547</b>	<b>2,700,881</b>	<b>37,540</b>	<b>2,275,986</b>
Finance costs	433	58,937	2,649	63,231
<b>Total: Other expenditure</b>	<b>39,980</b>	<b>2,759,818</b>	<b>40,189</b>	<b>2,339,217</b>

The increase in Broadcasting and Media spend of £621.3m is primarily due to increased business activity, following delays in the prior year due to COVID-19 restrictions.

Ceremonial and cultural spend increased by £30.9m largely due to the increase in expenditure for Festival 2022 (2021-22: £26.9m, 2020-21: £5.2m), as it moved to delivery stage this year, following the pre-production work in the previous year.

Interest payable has decreased by £40.9m due to movements on BBC derivatives.

Early departure costs have decreased by £93.6m, mainly due to the ongoing efficiency programme at the BBC. Significant savings were initiated last year, resulting in lower expenditure this year.

The other expenditure line in the core department includes:

- live events reinsurance scheme claims of £3.4m (2020-21: £nil). This scheme was established during 2021-22 to support live events across the country that are at risk of being halted or delayed due to an inability to obtain the necessary insurance.
- production guarantee costs of £23.6m (2020-21: £3.0m). This relates to claims in year and has grown as the scheme developed.

The core department credit to other expenditure in 2020-21 related to COVID-19 support package capital grants being issued below market rate; and subsequent entries required to reflect the correct cash/non-cash split and budgetary outcome of this transaction. This year, new non-cash grant codes have been established and the equivalent entries are disclosed in note 4.2 (other grants).

A new rental agreement on a DCMS lease (100 Parliament Street) signed during the year has resulted in lower rental charges and resulted in a profit on disposal of right of use assets for the core department of £37.6m (2020-21: £0.1m loss on disposal of property, plant and equipment).

Revaluations in the core department have fallen to nil (2020-21: £56.7m). This relates to the discounting of loans related to COVID-19 support packages; this year the movement was an upwards revaluation and disclosed in note 5.2. The departmental group's decrease in revaluations (aside from the core movement) is mainly due to an overall upward revaluation of derivatives by the BBC of £71.1m (disclosed in income note 5.2) compared to a downward revaluation of £90.1m in this note in 2020-21.

## 5. Income

### 5.1 Revenue from contracts with customers and current grant income

	2021-22		2020-21	
	Core department	Departmental group	Core department	Departmental group
	£'000	£'000	£'000	£'000
Goods and services	339	142,877	18,235	149,015
Rental income	123	15,807	(115)	23,562
Fees, charges and duties	44,104	178,705	26,241	148,450
Levies	-	97,582	-	81,978
Royalties	-	71,390	-	40,720
Charity Income - sponsorship and trading	-	52,296	-	30,940
<b>Total: Income from contracts with customers</b>	<b>44,566</b>	<b>558,657</b>	<b>44,361</b>	<b>474,665</b>
Current grant income	91,122	209,886	99,169	225,963
<b>Total: Income from contracts with customers and current grants</b>	<b>135,688</b>	<b>768,543</b>	<b>143,530</b>	<b>700,628</b>

Income from contracts with customers for the group totalled £558.7m in the year (2020-21: £474.7m). Of the total, the BBC comprises £187.5m (2020-21: £166.8m), of which £105.1m (2020-21: £106.0m) relates to the goods and services line, specifically to Broadcasting services, being content and format sales, production income and subscription fees. The remainder is royalties of £70.0m (2020-21: £40.0m) and rental income of £12.4m (2020-21: £20.8m).

Whereby 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 *Revenue from contracts with customers*. 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 of £43.7m (2020-21: £45.1m), data protection fees at Information Commissioner's Office of £61.8m (2020-21: £53.2m), and operator annual licence fees at Gambling Commission of £20.2m (2020-21: £18.8m).

Total Levy income for the year received by the Horserace Betting Levy Board was £97.6m (2020-21: £82.0m). This levy increased back to pre-COVID-19 levels as the restrictions were lifted almost entirely during the year.

Charity income also increased across all museums and galleries due to increased visitor activity after lifting of COVID-19 restrictions.

As a response to the global COVID-19 pandemic, the Coronavirus Job Retention Scheme was introduced. Under this scheme, HMRC agreed to reimburse the lower of 80% of the employee's salary, or £2,500 per month for employees who have been asked to stop working ('furloughed'), but who are being kept on the payroll for job retention purposes. As this scheme involves a transfer of resources from government to the entity, it meets the definition of a government grant. The scheme is designed to compensate for staff costs, so amounts received have been recognised as a government grant in the Statement of Comprehensive Net Expenditure over the same period as the costs to which they relate.

During the 2021-22 financial year, the group received £2.1m (2020-21: £29.4m) of current grant income under this scheme and a total of 1,495 (2020-21: 4,339) employees and casual staff were furloughed

for various lengths of time throughout the period. The main reasons for the claims were the closures of many venues (including museums, galleries and cinemas) resulting from the restrictions imposed due to COVID-19. Given the nature of these roles, staff could not be redeployed to other activities.

Similar to the Coronavirus Job Retention Scheme, HMRC agreed to reimburse up to two weeks' Statutory Sick Pay for employee absence due to becoming infected with COVID-19. The group claimed £3k (2020-21: £1k) under this scheme during the 2021-22 period, representing 147 working days (2020-21: 7).

### 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:

	2022-23	2023-24	2024-25	2025-26	2026-27	2027 onwards
Revenue expected to be received	£'000	£'000	£'000	£'000	£'000	£'000
Broadcasting services	31,323	27,938	28,417	131,764	-	-

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. All reportable obligations are in relation to the broadcasting services contracts (BBC and BFI).

Further details of relevant policies in relation to performance obligations are disclosed in the BBC Group Financial Statements (note B3).

## 5.2 Other operating income

	2021-22		2020-21	
	Core department	Departmental group	Core department	Departmental group
	£'000	£'000	£'000	£'000
Lottery income	-	1,694,812	-	1,699,048
Capital grant income	7,934	31,047	1,135	10,353
Recoveries	983	77,156	888	50,994
Property Sales proceeds/overages	27,350	27,350	-	-
Fees for licences and broadcast licences	26,790	41,129	-	18,491
Charity income - donations	195	137,964	-	115,338
Interest	637	28,343	920	20,203
Dividends	-	138,214	-	1,236
Charity income - other	-	24,070	-	7,624
Other operating income	27	118,567	34	137,640
Income of sub-leasing right-of-use assets	-	13,438	-	12,027
<b>Sub-total: cash items</b>	<b>63,916</b>	<b>2,332,090</b>	<b>2,977</b>	<b>2,072,954</b>
<b>Non-cash items</b>				
Profit/(loss) on disposal of assets:				
Assets held for sale	-	(1)	-	(1)
Financial assets	-	3,793	-	20,399
Share of profit on joint ventures and associates	-	(2,045)	-	3,162
Revaluation of financial assets/liabilities	17,797	88,067	-	253
Peppercorn lease income - capital grant in kind	-	-	-	11,500
Charity income - asset donations	-	31,528	-	27,138
<b>Sub-total: Non-cash items</b>	<b>17,797</b>	<b>121,342</b>	<b>-</b>	<b>62,451</b>
<b>Total: Other operating income</b>	<b>81,713</b>	<b>2,453,432</b>	<b>2,977</b>	<b>2,135,405</b>

### Significant movements in income

Recoveries – Ofcom had £82.4m (2020-21: £62.8m) of recoveries in the year which has increased as they have received funding for additional duties. These are the Video-Sharing Platform and Telecommunications Security Act and preparation for Online Safety.

Property sales proceeds – DCMS received £27.4m (2020-21: £nil) of property sales proceeds in the year relating to the sale of the Olympic Village.

Fees for licences and broadcast licences – DCMS received £26.8m from the recharge to the National Lottery Distribution Fund. The recharge last year was £17.8m, however it was previously shown in note 5.1, within the goods and services line. It has been reclassified to appear within licences in the table above in the current year, as this best represents the nature of the recharge.

Dividends – the BBC received substantial dividends from its subsidiaries in the current year amounting to £138.0m, which were mostly retained in the prior year to mitigate potential COVID-19 risks.

Other Operating income – the National Lottery Community Fund received £129.0m (2020-21: £90.0m) from Reclaim Fund Ltd which related to transfers for dormant accounts.

Revaluations of financial assets/liabilities – the BBC had £71.1m of derivatives revaluations. In the prior year, the derivatives were revalued and made a £90.1m loss, disclosed in note 4.6. DCMS had £17.8m (2020-21: £nil) of upwards revaluations due to revaluing COVID-19 loans where additional loans have been granted or repaid.

## 6. Property, plant and equipment

	2021-22									
	Land £'000	Buildings £'000	Dwellings £'000	Information technology £'000	Plant & machinery £'000	Furniture & fittings £'000	Antiques, works of art & collections £'000	Assets under construction £'000	Total £'000	
<b>Cost or valuation</b>										
At 1 April 2021	1,607,661	3,556,242	3,331	107,296	2,054,769	466,642	865	227,883	8,024,689	
Additions	-	21,743	-	5,288	11,250	12,287	-	143,438	194,006	
Disposals	-	(5,390)	-	(10,948)	(69,629)	(20,873)	-	(23)	(106,863)	
Revaluations	25,767	79,166	236	(116)	(8,770)	3,331	-	-	99,614	
Impairments	3	2,403	-	(12)	1,672	(913)	-	-	3,153	
Reclassifications	-	84,575	-	242	17,904	5,822	-	(108,543)	-	
Transfers (to)/from assets held for sale/intangibles/investment properties/ heritage assets/right of use assets	-	190	-	4,124	11,385	1,626	-	(47,448)	(30,123)	
Transfers in/(out) of group	-	(3,000)	-	-	-	-	-	-	(3,000)	
<b>At 31 March 2022</b>	<b>1,633,431</b>	<b>3,735,929</b>	<b>3,567</b>	<b>105,874</b>	<b>2,018,581</b>	<b>467,922</b>	<b>865</b>	<b>215,307</b>	<b>8,181,476</b>	
<b>Depreciation</b>										
At 1 April 2021	-	290,233	372	85,005	930,861	347,816	-	-	1,654,287	
Charged in year	-	88,973	139	8,125	109,662	20,737	-	-	227,636	
Disposals	-	(768)	-	(9,511)	(66,757)	(19,480)	-	-	(96,516)	
Revaluations	-	(70,765)	21	(115)	(45,189)	1,726	-	-	(114,322)	
Impairments	-	72	-	-	6	(571)	-	-	(493)	
Transfers (to)/from assets held for sale/intangibles/investment properties/ heritage assets/right of use assets	-	-	-	(11)	-	11	-	-	-	
<b>At 31 March 2022</b>	<b>-</b>	<b>307,745</b>	<b>532</b>	<b>83,493</b>	<b>928,583</b>	<b>350,239</b>	<b>-</b>	<b>-</b>	<b>1,670,592</b>	
<b>Carrying amount:</b>										
<b>31 March 2022</b>	<b>1,633,431</b>	<b>3,428,184</b>	<b>3,035</b>	<b>22,381</b>	<b>1,089,998</b>	<b>117,683</b>	<b>865</b>	<b>215,307</b>	<b>6,510,884</b>	
<b>31 March 2021</b>	<b>1,607,661</b>	<b>3,266,009</b>	<b>2,959</b>	<b>22,291</b>	<b>1,123,908</b>	<b>118,826</b>	<b>865</b>	<b>227,883</b>	<b>6,370,402</b>	
<b>Asset financing:</b>										
Owned	1,633,431	3,428,184	3,035	22,381	1,089,998	117,683	865	215,307	6,510,884	
Finance leased	-	-	-	-	-	-	-	-	-	
<b>Carrying amount at 31 March 2022</b>	<b>1,633,431</b>	<b>3,428,184</b>	<b>3,035</b>	<b>22,381</b>	<b>1,089,998</b>	<b>117,683</b>	<b>865</b>	<b>215,307</b>	<b>6,510,884</b>	
<b>Of which:</b>										
Core department	7,374	16,508	-	2,857	841	523	-	-	28,103	
Arm's length bodies	1,626,057	3,411,676	3,035	19,524	1,089,157	117,160	865	215,307	6,482,781	
<b>Carrying amount at 31 March 2022</b>	<b>1,633,431</b>	<b>3,428,184</b>	<b>3,035</b>	<b>22,381</b>	<b>1,089,998</b>	<b>117,683</b>	<b>865</b>	<b>215,307</b>	<b>6,510,884</b>	



## 6. Property, plant and equipment (continued)

	2020-21									
	Land £'000	Buildings £'000	Dwellings £'000	Information technology £'000	Plant & machinery £'000	Furniture & fittings £'000	Antiques, works of art & collections £'000	Assets under construction £'000	Total £'000	
<b>Cost or valuation</b>										
At 1 April 2020	1,586,160	3,559,574	3,359	108,653	2,027,381	462,159	865	244,377	7,992,528	
Additions	8,150	17,788	-	8,051	10,274	7,564	-	129,895	181,722	
Donations	-	-	-	-	-	-	-	25	25	
Disposals	-	(8,640)	(54)	(12,194)	(17,823)	(7,859)	-	-	(46,570)	
Revaluations	29,243	(86,077)	26	192	(51,288)	(36)	-	-	(107,940)	
Impairments	(22)	(12,647)	-	-	(521)	49	-	-	(13,141)	
Reclassifications	7	3,292	-	275	71,324	3,342	-	(78,240)	-	
Transfers (to)/from assets held for sale/intangibles/investment properties/ heritage assets/right of use assets	(15,877)	82,952	-	2,319	15,422	1,423	-	(68,174)	18,065	
<b>At 31 March 2021</b>	<b>1,607,661</b>	<b>3,556,242</b>	<b>3,331</b>	<b>107,296</b>	<b>2,054,769</b>	<b>466,642</b>	<b>865</b>	<b>227,883</b>	<b>8,024,689</b>	
<b>Depreciation</b>										
At 1 April 2020	-	256,762	997	88,985	867,114	331,624	-	-	1,545,482	
Charged in year	-	90,927	147	7,861	124,359	23,714	-	-	247,008	
Disposals	-	(3,330)	(54)	(12,030)	(16,746)	(7,550)	-	-	(39,710)	
Revaluations	-	(60,513)	(755)	190	(44,004)	(30)	-	-	(105,112)	
Impairments	-	92	-	-	9	-	-	-	101	
Reclassifications	-	(121)	-	(1)	57	65	-	-	-	
Transfers (to)/from assets held for sale/intangibles/investment properties/ heritage assets/right of use assets	-	6,416	37	-	72	(7)	-	-	6,518	
<b>At 31 March 2021</b>	<b>-</b>	<b>290,233</b>	<b>372</b>	<b>85,005</b>	<b>930,861</b>	<b>347,816</b>	<b>-</b>	<b>-</b>	<b>1,654,287</b>	
<b>Carrying amount:</b>										
<b>31 March 2021</b>	<b>1,607,661</b>	<b>3,266,009</b>	<b>2,959</b>	<b>22,291</b>	<b>1,123,908</b>	<b>118,826</b>	<b>865</b>	<b>227,883</b>	<b>6,370,402</b>	
<b>31 March 2020</b>	<b>1,586,160</b>	<b>3,302,812</b>	<b>2,362</b>	<b>19,668</b>	<b>1,160,267</b>	<b>130,535</b>	<b>865</b>	<b>244,377</b>	<b>6,447,046</b>	
<b>Of which:</b>										
Core department	7,374	17,267	-	3,736	885	857	-	-	30,119	
Arm's length bodies	1,600,287	3,248,742	2,959	18,555	1,123,023	117,969	865	227,883	6,340,283	
<b>Carrying amount at 31 March 2021</b>	<b>1,607,661</b>	<b>3,266,009</b>	<b>2,959</b>	<b>22,291</b>	<b>1,123,908</b>	<b>118,826</b>	<b>865</b>	<b>227,883</b>	<b>6,370,402</b>	

## 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.

The operational assets held by DCMS and its ALBs and used to deliver front line services and back office functions (as both PPE and Right of Use Assets) include a wide range of sites with specialised functions.

Apart from the BBC, the owned estate is predominantly accounted for by the value of land, buildings and plant and equipment for the museums, galleries and libraries, Historic England's operational non-heritage assets, and Sport England's National Sports Centres. These are all specialised assets for which there is no readily ascertainable market value in existing use.

In arriving at a current value in existing use, some 85% of the group's owned assets are therefore valued using estimates of the present value of these asset's remaining service potential. In practice, this has meant that valuers have adopted a depreciated replacement cost methodology.

Of the BBC's owned and right of use land and buildings, over three quarters have been valued using either a comparable/capitalised rental approach or a depreciated replacement cost valuation to assess the fair value in existing use due to the specialised nature of these assets. Depreciated Replacement Cost is defined in RICS Global Standards as 'the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation.' 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 £480.7m (31 March 2021: £476.1m); the British Library of £216.7m (31 March 2021: £215.6m); the British Museum of £204.5m (31 March 2021: £198.9m); the Natural History Museum of £204.1m (31 March 2021: £201.5m); the National Gallery of £135.5m (31 March 2021: £135.5m); the Victoria and Albert Museum of £128.1m (31 March 2021: £128.1m); the Science Museum Group of £102.1m (31 March 2021: £99.9m); the National Portrait Gallery of £35.2m (31 March 2021: £35.2m); the National Maritime Museum of £33.7m (31 March 2021: £26.2m); the Imperial War Museum of £24.4m (31 March 2021: 23.5m) and the Sport England Exchequer of £20.6m (31 March 2021: £18.9m).

### Buildings

Buildings includes the British Library with a carrying value of £458.2m (31 March 2021: £445.3m); the Tate Gallery of £449.9m (31 March 2021: £424.8m); the British Museum of £448.3m (31 March 2021: £434.6m); the Victoria and Albert Museum of £329.2m (31 March 2021: £339.6m); the Natural History Museum of £324.4m (31 March 2021: £312.6m); the Science Museum Group of £245.5m (31 March 2021: £235.4m); the National Museums Liverpool of £171.2m (31 March 2021: £166.2m); the BBC of £170.9m (31 March 2021: £130.0m); the National Maritime Museum of £160.5m (31 March 2021: £155.3m); the Imperial War Museum of £154.2m (31 March 2021: £141.3m); the National Gallery of £117.0m (31 March 2021: £100.3m); the Sport England Exchequer of £90.7m (31 March 2021: £87.1m); the British Film Institute of £86.2m (31 March 2021: £68.4m); the Historic England of £67.0m (31 March 2021: £67.5m); the Royal Armouries Museum of £46.6m (31 March 2021: £46.6m); the Horniman Public Museum and Public Park Trust of £29.5m (31 March 2021: £29.5m); the Wallace Collection of £27.5m (31 March 2021: £27.5m) and the National Portrait Gallery of £25.5m (31 March 2021: £25.6m)

## **Plant & machinery**

Plant & machinery includes the British Library with a carrying value of £225.9m (31 March 2021: £219.1m); the BBC of £216.0m (31 March 2021: £259.1m); the Tate Gallery of £211.1m (31 March 2021: £216.4m); the British Museum of £127.4m (31 March 2021: £125.2m); the Science Museum Group of £86.8m (31 March 2021: £87.7m); the Natural History Museum of £82.3m (31 March 2021: £84.2m); the National Gallery of £68.3m (31 March 2021: £59.2m) and the Imperial War Museum of £40.6m (31 March 2021: £40.0m).

## **Assets under construction**

Assets under construction includes a large number of projects at the British Museum with a carrying value of £61.5m (31 March 2021: £46.4m); the BBC of £47.6m (31 March 2021: £75.0m); the Science Museum Group of £23.5m (31 March 2021: £10.2m) and the National Portrait Gallery of £20.4m (31 March 2021: £6.1m).

## **Furniture and Fittings**

Furniture and fittings includes the British Museum with a carrying value of £27.6m (31 March 2021: £26.7m).

## 7. Right of Use Assets

	2021-22									
	Land £'000	Buildings £'000	Information technology £'000	Plant & machinery £'000	Furniture & fittings £'000	Assets under construction £'000	Other £'000	Total £'000		
<b>Cost or valuation</b>										
At 1 April 2021	56,274	1,302,411	1,048	10,986	4,211	9,500	635	1,385,065		
Additions	-	73,834	109	2,002	7	13,653	121	89,726		
Disposals	-	(35,488)	-	(1,545)	-	-	-	(37,033)		
Revaluations	5,561	(5,719)	-	-	141	-	-	(17)		
Impairments	-	(61,803)	-	-	-	-	-	(61,803)		
Reclassifications	(8,164)	8,164	-	-	-	-	-	-		
Transfers (to)/from assets held for sale/intangibles/ investment properties/heritage assets/property, plant and equipment	-	24,093	-	-	-	-	-	24,093		
<b>At 31 March 2022</b>	<b>53,671</b>	<b>1,305,492</b>	<b>1,157</b>	<b>11,443</b>	<b>4,359</b>	<b>23,153</b>	<b>756</b>	<b>1,400,031</b>		
<b>Depreciation</b>										
At 1 April 2021	95	158,578	472	7,451	861	-	280	167,737		
Charged in year	63	98,868	237	2,544	45	-	249	102,006		
Disposals	-	(453)	-	(1,526)	-	-	-	(1,979)		
Revaluations	-	(1,417)	-	-	35	-	-	(1,382)		
<b>At 31 March 2022</b>	<b>158</b>	<b>255,576</b>	<b>709</b>	<b>8,469</b>	<b>941</b>	<b>-</b>	<b>529</b>	<b>266,382</b>		
<b>Carrying amount:</b>										
31 March 2022	53,513	1,049,916	448	2,974	3,418	23,153	227	1,133,649		
31 March 2021	56,179	1,143,833	576	3,535	3,350	9,500	355	1,217,328		
<b>Asset financing:</b>										
Owned	-	-	-	-	-	-	-	-		
Finance leased	53,513	1,049,916	448	2,974	3,418	23,153	227	1,133,649		
<b>Carrying amount at 31 March 2022</b>	<b>53,513</b>	<b>1,049,916</b>	<b>448</b>	<b>2,974</b>	<b>3,418</b>	<b>23,153</b>	<b>227</b>	<b>1,133,649</b>		
<b>Of which:</b>										
Core department	-	58,391	-	-	-	-	-	58,391		
Arm's length bodies	53,513	991,525	448	2,974	3,418	23,153	227	1,075,258		
<b>Carrying amount at 31 March 2022</b>	<b>53,513</b>	<b>1,049,916</b>	<b>448</b>	<b>2,974</b>	<b>3,418</b>	<b>23,153</b>	<b>227</b>	<b>1,133,649</b>		

## Right of Use Assets (continued)

	2020-21									
	Land £'000	Buildings £'000	Information technology £'000	Plant & machinery £'000	Furniture & fittings £'000	Assets under construction £'000	Other £'000	Total £'000		
<b>Cost or valuation</b>										
At 1 April 2020	29,838	1,425,407	493	10,966	4,376	-	345	1,471,425		
Additions	11,500	67,430	555	790	-	9,500	290	90,065		
Disposals	(1,592)	(19,909)	-	(770)	(6)	-	-	(22,277)		
Revaluations	4,191	(72,334)	-	-	(159)	-	-	(68,302)		
Impairments	-	(58,518)	-	-	-	-	-	(58,518)		
Transfers (to)/from assets held for sale/intangibles/ investment properties/heritage assets/property, plant and equipment	12,337	(39,665)	-	-	-	-	-	(27,328)		
<b>At 31 March 2021</b>	<b>56,274</b>	<b>1,302,411</b>	<b>1,048</b>	<b>10,986</b>	<b>4,211</b>	<b>9,500</b>	<b>635</b>	<b>1,385,065</b>		
<b>Depreciation</b>										
At 1 April 2020	49	63,284	171	5,263	570	-	138	69,475		
Charged in year	454	102,217	301	2,846	321	-	142	106,281		
Disposals	-	(1,342)	-	(658)	-	-	-	(2,000)		
Revaluations	(590)	(2,218)	-	-	(30)	-	-	(2,838)		
Transfers (to)/from assets held for sale/intangibles/ investment properties/heritage assets/property, plant and equipment	182	(3,363)	-	-	-	-	-	(3,181)		
<b>At 31 March 2021</b>	<b>95</b>	<b>158,578</b>	<b>472</b>	<b>7,451</b>	<b>861</b>	<b>-</b>	<b>280</b>	<b>167,737</b>		
<b>Carrying amount:</b>										
31 March 2021	56,179	1,143,833	576	3,535	3,350	9,500	355	1,217,328		
31 March 2020	29,789	1,362,123	322	5,703	3,806	-	207	1,401,950		
<b>Asset financing:</b>										
Owned	-	-	-	-	-	-	-	-		
Finance leased	56,179	1,143,833	576	3,535	3,350	9,500	355	1,217,328		
<b>Carrying amount at 31 March 2021</b>	<b>56,179</b>	<b>1,143,833</b>	<b>576</b>	<b>3,535</b>	<b>3,350</b>	<b>9,500</b>	<b>355</b>	<b>1,217,328</b>		
<b>Of which:</b>										
Core department	-	42,416	-	-	-	-	-	42,416		
Arm's length bodies	56,179	1,101,417	576	3,535	3,350	9,500	355	1,174,912		
<b>Carrying amount at 31 March 2021</b>	<b>56,179</b>	<b>1,143,833</b>	<b>576</b>	<b>3,535</b>	<b>3,350</b>	<b>9,500</b>	<b>355</b>	<b>1,217,328</b>		



See note 6 Property, plant and equipment, and note 1.8 for the valuation methods undertaken within the group.

Of the BBC's owned and right of use land and buildings, over three quarters have been valued using either a comparable/capitalised rental approach or a depreciated replacement cost valuation due to the specialised nature of these assets.

## Land

Land mainly comprises the Victoria and Albert Museum's Here East development site with a carrying value of £16.0m (2020-21: £24.2m) and various Royal Armouries leases with a carrying value of £22.1m (2020-21: £22.1m).

## Buildings

Buildings includes the BBC with a carrying value of £746.1m (2020-21: £873.9m); core department - £58.4m (2020-21: £42.4m); Victoria and Albert Museum - £53.8m (2020-21: £22.1m); Ofcom - £39.1m (2020-21: £42.9m); National Museums Liverpool - £32.2m (2020-21: £37.0m); Historic England - £28.1m (2020-21: £26.1m) and Science Museum - £24.6m (2020-21: £23.3m).

## 8. 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 8.1.

	2021-22			
	Land	Buildings	Other	Total
	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>				
At 1 April 2021	2,400	97,653	1,465,835	1,565,888
Additions	-	877	13,020	13,897
Donations	-	-	31,672	31,672
Revaluations	-	10,110	10,870	20,980
Impairments	-	104	-	104
<b>At 31 March 2022</b>	<b>2,400</b>	<b>108,744</b>	<b>1,521,397</b>	<b>1,632,541</b>
<b>Depreciation</b>				
At 1 April 2021	-	660	86	746
<b>At 31 March 2022</b>	<b>-</b>	<b>660</b>	<b>86</b>	<b>746</b>
<b>Carrying amount:</b>				
<b>31 March 2022</b>	<b>2,400</b>	<b>108,084</b>	<b>1,521,311</b>	<b>1,631,795</b>
<b>31 March 2021</b>	<b>2,400</b>	<b>96,993</b>	<b>1,465,749</b>	<b>1,565,142</b>
<b>Asset financing:</b>				
Owned	2,400	108,084	1,521,311	1,631,795
<b>Carrying amount at 31 March 2022</b>	<b>2,400</b>	<b>108,084</b>	<b>1,521,311</b>	<b>1,631,795</b>
<b>Of which:</b>				
Core department	-	-	17,149	17,149
Arm's length bodies	2,400	108,084	1,504,162	1,614,646
<b>Carrying amount at 31 March 2022</b>	<b>2,400</b>	<b>108,084</b>	<b>1,521,311</b>	<b>1,631,795</b>

## Heritage Assets (continued)

	Restated 2020-21			
	Land	Buildings	Other	Total
	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>				
At 1 April 2020	2,400	85,666	1,418,015	1,506,081
Additions	-	5,224	16,909	22,133
Donations	-	-	27,113	27,113
Disposals	-	-	(12)	(12)
Revaluations	-	7,222	3,816	11,038
Impairments	-	(459)	(6)	(465)
<b>Restated at 31 March 2021</b>	<b>2,400</b>	<b>97,653</b>	<b>1,465,835</b>	<b>1,565,888</b>
<b>Depreciation</b>				
At 1 April 2020	-	660	86	746
<b>Restated at 31 March 2021</b>	<b>-</b>	<b>660</b>	<b>86</b>	<b>746</b>
<b>Carrying amount:</b>				
<b>31 March 2021</b>	<b>2,400</b>	<b>96,993</b>	<b>1,465,749</b>	<b>1,565,142</b>
<b>31 March 2020</b>	<b>2,400</b>	<b>85,006</b>	<b>1,417,929</b>	<b>1,505,335</b>
<b>Asset financing:</b>				
Owned	2,400	96,993	1,465,749	1,565,142
<b>Carrying amount at 31 March 2021</b>	<b>2,400</b>	<b>96,993</b>	<b>1,465,749</b>	<b>1,565,142</b>
<b>Of which:</b>				
Core department	-	-	16,415	16,415
Arm's length bodies	2,400	96,993	1,449,334	1,548,727
<b>Carrying amount at 31 March 2021</b>	<b>2,400</b>	<b>96,993</b>	<b>1,465,749</b>	<b>1,565,142</b>

The prior year comparatives for heritage assets have been restated. Further information can be found in note 28.

## 8.1 Heritage assets

	2021-22				
	Non-operational		Operational		Total heritage assets
	At cost	At valuation	At cost	At valuation	
	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>					
Balance at 1 April 2021	479,640	975,017	42,778	68,453	1,565,888
Additions	12,467	553	877	-	13,897
Donations	1,291	30,381	-	-	31,672
Impairments	-	-	-	104	104
Reclassifications	(36,326)	36,326	-	-	-
Revaluations	-	11,270	-	9,710	20,980
<b>Balance at 31 March 2022</b>	<b>457,072</b>	<b>1,053,547</b>	<b>43,655</b>	<b>78,267</b>	<b>1,632,541</b>
<b>Depreciation</b>					
Balance at 1 April 2021	-	-	746	-	746
<b>Balance at 31 March 2022</b>	<b>-</b>	<b>-</b>	<b>746</b>	<b>-</b>	<b>746</b>
<b>Net book value at 31 March 2022</b>	<b>457,072</b>	<b>1,053,547</b>	<b>42,909</b>	<b>78,267</b>	<b>1,631,795</b>

	Restated 2020-21				
	Non-operational		Operational		Total heritage assets
	At cost	At valuation	At cost	At valuation	
	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>					
Balance at 1 April 2020	463,305	954,569	27,815	60,392	1,506,081
Additions	16,122	436	5,575	-	22,133
Donations	225	16,202	9,388	1,298	27,113
Disposals	(12)	-	-	-	(12)
Impairments	-	(6)	-	(459)	(465)
Revaluations	-	3,816	-	7,222	11,038
<b>Restated balance at 31 March 2021</b>	<b>479,640</b>	<b>975,017</b>	<b>42,778</b>	<b>68,453</b>	<b>1,565,888</b>
<b>Depreciation</b>					
Balance at 1 April 2020	-	-	746	-	746
<b>Restated balance at 31 March 2021</b>	<b>-</b>	<b>-</b>	<b>746</b>	<b>-</b>	<b>746</b>
<b>Net book value at 31 March 2021</b>	<b>479,640</b>	<b>975,017</b>	<b>42,032</b>	<b>68,453</b>	<b>1,565,142</b>

Summary of heritage asset transactions	2021-22	2020-21	2019-20	2018-19	2017-18
	£'000	£'000	£'000	£'000	£'000
Purchased assets	13,897	22,133	39,762	23,044	32,213
Donated assets	31,672	27,113	35,725	25,385	19,178
Disposals	-	(12)	(71)	(32)	(230)
Impairments	104	(465)	58	31	183

### 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 SoFP 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 29.

### 8.1.1 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 SoFP. 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 SoFP 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. A full valuation of these assets was performed in April 2020 by Sotheby's using current auction estimates.

#### *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, bandstands, historic gates and monuments such as Albert Memorial in Kensington Gardens and the 7 July Memorial in Hyde Park. Four of these have been subject to major capital enhancements that 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 29), the following illustrate the scope of these.

Tate Gallery held non-operational heritage assets at cost of £173.6m as at 31 March 2022 (31 March 2021: £171.0m) and at valuation of £375.8m as at 31 March 2022 (31 March 2021: £352.5m). 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 76,445 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. Where works of art are included at valuation, external valuations are used where available, and where this isn't the case, the assets are valued internally by Tate staff. These staff members are considered to be industry experts and therefore are able to assign values based on their expert knowledge.

The National Gallery held non-operational heritage assets at a cost of £81.6m as at 31 March 2022 (31 March 2021: £75.8m) and at valuation of £294.5m as at 31 March 2022 (31 March 2021: £291.0m). 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. Where heritage assets have been acquired under the Acceptance in Lieu Scheme or Cultural Gifts Scheme, valuations are provided by the Arts Council England. Where assets have been donated, valuations have been performed by the Gallery's curators, who are recognised experts in their fields, or by external valuers.

The Victoria and Albert Museum held non-operational heritage assets at cost of £37.5m as at 31 March 2022 (31 March 2021: £66.4m) and at valuation of £102.1m as at 31 March 2022 (31 March 2021: £62.0). The Victoria and Albert Museum is the leading international museum of art and design, with approximately 2.3 million objects, library items and archives in its collections. Items held at valuation are valued by the curators of the museum, based on their expert knowledge.



The British Museum held non-operational heritage assets at cost of £36.7m as at 31 March 2022 (31 March 2021: £35.9m) and at valuation of £73.1m as at 31 March 2022 (31 March 2021: £72.5m). The British Museum collection is a global one, and its great strength is the way it records the interrelated histories of humanity as a whole. The collection is estimated to contain about eight million objects. Valuations are performed during the year of acquisition by internal curatorial experts based on their expert knowledge and, where appropriate, with reference to recent sales of similar objects.

The National Maritime Museum held non-operational heritage assets at cost of £22.9m as at 31 March 2022 (31 March 2021: £21.5m) and at valuation of £80.3m as at 31 March 2022 (31 March 2021: £80.3m). The National Maritime Museum has the most important holdings in the world related to Britain at sea and the collection comprises some 3 million items. Items held at valuation are valued by curators based on their knowledge, and market value where available.

The British Library held non-operational heritage assets at cost of £46.2m as at 31 March 2022 (31 March 2021: £45.6m) and at valuation of £30.6m as at 31 March 2022 (31 March 2021: £30.3m). 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. These valuations are performed by internal curatorial experts based on their expert knowledge.

The National Portrait Gallery held non-operational heritage assets at cost of £24.2m as at 31 March 2022 (31 March 2021: £24.0m) and at valuation of £9.7m as at 31 March 2022 (31 March 2021: £9.4m). The National Portrait Gallery holds two collections: a primary collection consisting mainly of paintings and sculpture and a reference collection containing more than 335,000 images.

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.

### **8.1.2 Operational heritage assets**

Where operational heritage assets have not been included in the SoFP, 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. This property is classified as a finance lease under IFRS 16, as such the property asset is not reflected and a lease receivable for the peppercorn lease included in the accounts.

#### *Arm's length bodies*

Historic England held operational heritage assets of £74.6m at valuation as at 31 March 2022 (31 March 2021: £64.8m), relating to land and buildings, dwellings and assets under construction. All land and buildings are subject to a full professional valuation every five years. A full quinquennial valuation was undertaken during the year ended 31 March 2021. A number of heritage assets which have not previously been subject to valuation, were valued by Powis Hughes in order to obtain a baseline valuation prior to works being carried out to address significant conservation defects.

The Geffrye Museum (Museum of the Home) held operational heritage assets of £25.3m at cost as at 31 March 2022 (31 March 2021: £24.5m). This property is classified as a finance lease under IFRS 16, as such the property asset is not reflected and a lease receivable for the peppercorn lease included in the accounts.

### 8.1.3 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 8.1.1, 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.

The Government Art Collection (GAC) is part of the department that 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: <https://www.artcollection.culture.gov.uk/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 29).

### 8.1.4 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.

### 8.1.5 Nature and extent of significant donations of heritage assets

Donated assets of £31.7m were received in 2021-22 (2020-21: £27.1m) the most significant of these are:

- The Tate Gallery received donations of heritage assets with a value of £23.3m during 2021-22 (2020-21: £13.8m).
- The Victoria and Albert Museum received donations of heritage assets with a value of £3.0m during 2021-22 (2020-21: £9.4m).

## 9. Intangible assets

	2021-22			
	Licences	Websites	Development expenditure	Total
	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>				
At 1 April 2021	237,415	9,633	18,832	265,880
Additions	25,169	2,101	7,174	34,444
Disposals	(5,835)	(511)	(97)	(6,443)
Revaluations	(25)	-	(126)	(151)
Impairments	(1)	-	(16)	(17)
Transfers (to)/from property, plant & equipment/right of use assets	484	-	3,886	4,370
<b>At 31 March 2022</b>	<b>257,207</b>	<b>11,223</b>	<b>29,653</b>	<b>298,083</b>
<b>Amortisation</b>				
At 1 April 2021	162,945	7,202	10,873	181,020
Charged in year	17,965	877	2,146	20,988
Disposals	(5,178)	(511)	(97)	(5,786)
Revaluations	(25)	-	(108)	(133)
<b>At 31 March 2022</b>	<b>175,707</b>	<b>7,568</b>	<b>12,814</b>	<b>196,089</b>
<b>Carrying amount:</b>				
<b>31 March 2022</b>	<b>81,500</b>	<b>3,655</b>	<b>16,839</b>	<b>101,994</b>
<b>31 March 2021</b>	<b>74,470</b>	<b>2,431</b>	<b>7,959</b>	<b>84,860</b>
<b>Asset financing:</b>				
Owned	81,500	3,655	16,839	101,994
<b>Carrying amount at 31 March 2022</b>	<b>81,500</b>	<b>3,655</b>	<b>16,839</b>	<b>101,994</b>
<b>Of Which:</b>				
Core department	23,543	232	3,849	27,624
Arm's length bodies	57,957	3,423	12,990	74,370
<b>Carrying amount at 31 March 2022</b>	<b>81,500</b>	<b>3,655</b>	<b>16,839</b>	<b>101,994</b>

## Intangible assets (continued)

	2020-21			
	Licences	Websites	Development expenditure	Total
	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>				
At 1 April 2020	221,108	9,438	16,973	247,519
Additions	28,276	195	3,817	32,288
Disposals	(18,376)	-	(1,973)	(20,349)
Revaluations	43	-	255	298
Impairments	-	-	(250)	(250)
Transfers (to)/from property, plant & equipment/right of use assets	6,364	-	10	6,374
<b>At 31 March 2021</b>	<b>237,415</b>	<b>9,633</b>	<b>18,832</b>	<b>265,880</b>
<b>Amortisation</b>				
At 1 April 2020	162,768	6,615	10,976	180,359
Charged in year	17,776	587	1,654	20,017
Disposals	(17,640)	-	(1,973)	(19,613)
Revaluations	41	-	216	257
<b>At 31 March 2021</b>	<b>162,945</b>	<b>7,202</b>	<b>10,873</b>	<b>181,020</b>
<b>Carrying amount:</b>				
<b>31 March 2021</b>	<b>74,470</b>	<b>2,431</b>	<b>7,959</b>	<b>84,860</b>
<b>31 March 2020</b>	<b>58,340</b>	<b>2,823</b>	<b>5,997</b>	<b>67,160</b>
<b>Asset financing:</b>	-			-
Owned	74,470	2,431	7,959	84,860
<b>Carrying amount at 31 March 2021</b>	<b>74,470</b>	<b>2,431</b>	<b>7,959</b>	<b>84,860</b>
<b>Of which:</b>				
Core department	10,889	81	-	10,970
Arm's length bodies	63,581	2,350	7,959	73,890
<b>Carrying amount at 31 March 2021</b>	<b>74,470</b>	<b>2,431</b>	<b>7,959</b>	<b>84,860</b>

The BBC held £49.7m of intangible software licences as at 31 March 2022 (31 March 2021: £54.6m).

## 10. Investment properties

	Core department	Departmental group
	£'000	£'000
<b>Balance at 31 March 2020</b>	-	<b>33,001</b>
Additions	-	67
Disposals	-	(2,666)
Revaluations	-	(4,918)
Transfers	-	2,666
<b>Balance at 31 March 2021</b>	-	<b>28,150</b>
Disposals	-	(281)
Revaluations	-	(1,403)
Transfers	-	1,660
<b>Balance at 31 March 2022</b>	-	<b>28,126</b>

The BBC holds investment properties as at 31 March 2022 valued at £2.7m (31 March 2021: £3.2m). 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 British Museum holds investment properties valued at £25.4m as at 31 March 2022 (31 March 2021: £25.0m). The valuation of the investment properties at open market value as at 31 March 2022 was carried out by chartered surveyors Montagu Evans LLP. The valuation is in accordance with the RICS Red Book.

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



## 11. Financial instruments

	Note	31 March 2022		31 March 2021	
		Core department	Departmental group	Core department	Departmental group
		£'000	£'000	£'000	£'000
<b>Financial assets</b>					
<b>Amortised costs</b>					
Cash and cash equivalents	17	195,598	3,128,835	1,303,586	3,679,643
Trade and other receivables	16	4,518	464,479	24,884	527,857
Contract assets		-	18,775	-	21,864
Loans	13, 16	383,953	593,844	353,431	537,511
Deposits	13	-	10,552	-	552
		<b>584,069</b>	<b>4,216,485</b>	<b>1,681,901</b>	<b>4,767,427</b>
<b>Fair value through other comprehensive income</b>					
Equity investments excluding investment in subsidiaries	13	-	326,258	-	293,826
Investment in subsidiaries	13	-	1,923,489	-	1,756,217
		-	<b>2,249,747</b>	-	<b>2,050,043</b>
<b>Fair value through profit or loss</b>					
Derivative financial instrument assets	13	-	418,620	-	357,567
Other financial assets (FI non derivative through profit or loss)	13	-	13,471	11,738	23,297
		-	<b>432,091</b>	<b>11,738</b>	<b>380,864</b>
<b>Financial liabilities</b>					
<b>Fair value through profit or loss</b>					
Derivative financial instrument liabilities	21	-	(585,091)	-	(595,142)
<b>Financial liabilities at amortised cost</b>					
Payables including contract liabilities	18	(30,943)	(3,464,073)	(14,388)	(3,465,409)
Lease liabilities	20	(81,254)	(1,979,636)	(125,375)	(2,108,712)
<b>Total financial liabilities</b>		<b>(112,197)</b>	<b>(6,028,800)</b>	<b>(139,763)</b>	<b>(6,169,263)</b>
<b>Total net financial assets/(liabilities)</b>		<b>471,872</b>	<b>869,523</b>	<b>1,553,876</b>	<b>1,029,071</b>

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.

The group has not reclassified any financial assets within the year.

The group has not derecognised any material equity investments within the year.

No material cumulative gains or losses between reserves have occurred within the year. Transfers between reserves are included within the SoCTE.

Derivative financial instrument assets of £418.6m (31 March 2021: £357.6m) held by the BBC are designated as financial assets through profit and loss. Derivative financial instrument liabilities held by the BBC of £585.1m (31 March 2021: £595.1m) 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 £13.5m (31 March 2021: £11.6m) of BFI film rights assets.

The group has no financial instruments that are offset.

The group has not pledged collateral for these financial liabilities.

The group has no loans or other borrowings payable other than those disclosed in note 18.

### **11.1 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, considering 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. It has an immaterial expected credit loss on the assets that it holds and therefore has assessed the level of credit risk as low. It has an immaterial expectation of defaults, which it expects to be deemed as a failure to fulfil an obligation, especially to repay a loan or appear in a law court. It expects 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 above representing the group's review of the credit risk of these assets. Further information on these assets are included within note 13.

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.

There have been a number of COVID-19 support packages issued in 2020-21 and 2021-22, which include loans to external bodies. The loans are regularly assessed for credit risk by considering reasonable and supportable information that is relevant and available without undue cost or effort when determining whether credit risk has increased significantly since initial recognition. During 2021-22 there has been a significant increase in credit risk for a number of the DCMS COVID-19 loans, as such a lifetime expected credit loss has been applied (stage 2) (note 1.32). In coming to this conclusion, DCMS have used a number of judgements which includes reviewing external credit risk agency scores, the bodies net assets, operating profit, average revenue, level of securities and if there are any existing creditor agreements. In 2020-21 there had not been any significant increase in credit risk due to the close proximity between the loans being issued and the financial year end.

Transactions involving derivative financial instruments are entered into only with reputable banks, the credit ratings of which are considered to minimise credit risk.

## 11.2 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. However, the impact of such transactions is not significant to the group.

## 11.3 Interest rate risk

The group's main exposure to interest rate fluctuations arises on external borrowings, which are predominantly undertaken by BBC Commercial Limited. By taking out a range of interest rate swaps, the BBC has mitigated underlying exposure to interest rate fluctuations and hence no sensitivity analysis has been presented as any potential variation is insignificant.

## 11.4 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 limits 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 limits, 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 2022.

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; the Gambling Commission is largely funded by the National Lottery and licence fees, and ICO and Ofcom are funded mainly by data protection fees and licence fees respectively, 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.

## 11.5 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 2022				31 March 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Financial assets</b>								
<i>Fair value through OCI</i>								
Equity investments excluding investment in subsidiaries	326,258	-	-	<b>326,258</b>	293,684	142	-	<b>293,826</b>
Investment in subsidiaries	-	-	1,923,489	<b>1,923,489</b>	-	-	1,756,217	<b>1,756,217</b>
<b>Total fair value through OCI financial assets</b>	<b>326,258</b>	<b>-</b>	<b>1,923,489</b>	<b>2,249,747</b>	<b>293,684</b>	<b>142</b>	<b>1,756,217</b>	<b>2,050,043</b>
<i>Fair value through profit or loss</i>								
Derivative financial instrument assets	5,962	412,658	-	<b>418,620</b>	279	357,288	-	<b>357,567</b>
Other financial assets (FI non derivative through profit or loss)	-	-	13,471	<b>13,471</b>	-	-	23,297	<b>23,297</b>
<b>Total financial assets: fair value through profit or loss</b>	<b>5,962</b>	<b>412,658</b>	<b>13,471</b>	<b>432,091</b>	<b>279</b>	<b>357,288</b>	<b>23,297</b>	<b>380,864</b>
<b>Total financial assets measured at fair value</b>	<b>332,220</b>	<b>412,658</b>	<b>1,936,960</b>	<b>2,681,838</b>	<b>293,963</b>	<b>357,430</b>	<b>1,779,514</b>	<b>2,430,907</b>
<b>Of which:</b>								
Core department	-	-	-	-	-	-	11,738	<b>11,738</b>
Arm's length bodies	332,220	412,658	1,936,960	<b>2,681,838</b>	293,963	357,430	1,767,776	<b>2,419,169</b>
<b>Total financial assets measured at fair value</b>	<b>332,220</b>	<b>412,658</b>	<b>1,936,960</b>	<b>2,681,838</b>	<b>293,963</b>	<b>357,430</b>	<b>1,779,514</b>	<b>2,430,907</b>
<b>Financial liabilities</b>								
<i>Fair value through profit or loss</i>								
Derivative financial instrument liabilities	(5,127)	(579,964)	-	<b>(585,091)</b>	(9,921)	(585,221)	-	<b>(595,142)</b>
<b>Total financial liabilities measured at fair value</b>	<b>(5,127)</b>	<b>(579,964)</b>	<b>-</b>	<b>(585,091)</b>	<b>(9,921)</b>	<b>(585,221)</b>	<b>-</b>	<b>(595,142)</b>
<b>Of which:</b>								
Core department	-	-	-	-	-	-	-	-
Arm's length bodies	(5,127)	(579,964)	-	<b>(585,091)</b>	(9,921)	(585,221)	-	<b>(595,142)</b>
<b>Total financial liabilities measured at fair value</b>	<b>(5,127)</b>	<b>(579,964)</b>	<b>-</b>	<b>(585,091)</b>	<b>(9,921)</b>	<b>(585,221)</b>	<b>-</b>	<b>(595,142)</b>

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; and
- 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.

## BBC derivatives

The BBC hold cash flow swaps classified as Level 2 instruments representing derivative financial assets of £412.7m (2020-21: £357.3m) and derivative financial liabilities of £580.0m (2020-21: £585.2m) relating to the refinancing of New Broadcasting House. The swaps expire between 2033 and 2045, and are valued with reference to relevant SONIA and Retail Price Index yield curves, subject to appropriate credit risk adjustments.

An adjustment of 233 basis points is applied to a specific leg of the swaps to reflect credit risk as the arrangement with the counterparty is not collateralised. These assumptions and inputs are reviewed annually, along with the completion of sensitivity analysis. If an alternative adjustment of 248 basis points had been used to reflect a reasonably possible change based on market movements during the year, then this would result in a decreased in the net liability of £9.2m.

During the prior year an adjustment of 207 basis points was applied to a specific leg of the swaps to reflect credit risk as the arrangement with the counterparty is not collateralised. If an alternative adjustment of 209 basis points had been used to reflect a reasonably possible change based on market movements during the year, then this would have resulted in a decrease in the net liability of £1.3m.

The following table presents the changes in level 3 instruments for the year ended 31 March 2022:

	Investment in subsidiaries	Other financial assets (FI non derivative through profit or loss)	Total financial assets
	£'000	£'000	£'000
<b>Balance at 1 April 2020</b>	<b>1,423,552</b>	<b>23,905</b>	<b>1,447,457</b>
Additions	2,888	22,897	<b>25,785</b>
Repayments/disposals	-	(4,075)	<b>(4,075)</b>
Reclassifications to non-current assets held for sale	(87)	-	<b>(87)</b>
Gains and losses recognised in the CSocNE	329,864	(19,430)	<b>310,434</b>
<b>Balance at 31 March 2021</b>	<b>1,756,217</b>	<b>23,297</b>	<b>1,779,514</b>
Additions	1,678	20,589	<b>22,267</b>
Repayments/disposals	(5,000)	(17,036)	<b>(22,036)</b>
Reclassifications to non-current assets held for sale	-	-	-
Gains and losses recognised in the CSocNE	170,594	(13,379)	<b>157,215</b>
<b>Balance at 31 March 2022</b>	<b>1,923,489</b>	<b>13,471</b>	<b>1,936,960</b>
<b>Of which:</b>			
Core department	-	-	-
Arm's length bodies	1,923,489	13,471	<b>1,936,960</b>
<b>Balance at 31 March 2022</b>	<b>1,923,489</b>	<b>13,471</b>	<b>1,936,960</b>

The most significant individual valuation using level 3 inputs in the DCMS group is the investment in subsidiaries of the BBC.



### 11.5.1 BBC's public corporations

BBC Commercial Limited (previously named 'BBC Commercial Holdings Limited') and its subsidiaries (BBC Studioworks Limited, BBC Studios Distribution Limited and BBC Studios Production 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. During the year, there was a small restructuring of the public corporations included in the investment reflected in these accounts. BBC Global News Limited moved into BBC Studios Limited group as a subsidiary of BBC Studios Distribution Limited.

BBC Commercial Limited and its direct subsidiary holding companies have been consolidated in these accounts. BBC Commercial Limited's other subsidiaries have been (or it is believed 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, the group has 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.

### 11.5.2 Fair value hierarchy

The group has classified the valuation of the BBC's public corporations as level 3 of the fair value model (see note 11.5). 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.

### 11.5.3 Significant unobservable inputs

Assets	31 March 2022 £m	31 March 2021 £m	Valuation technique	Unobservable inputs
BBC's public corporations	1,771	1,599	Discounted cash flow model	Long term growth rate:
				2021-22: 1.50%
				2020-21: 1.50%
				Discount rate
				Cash flows

Below is a table showing the fair values for a selection of key input changes.

Change in input	Impact on fair value £m	As at 31 March 2022
		Adjusted total value £m
Growth rate increase by 100 bps	247	2,018
Growth rate decrease by 100 bps	(185)	1,586
Discount rate increase by 100 bps	(234)	1,537
Discount rate decrease by 100 bps	312	2,083
Increase in cash flows by 5%	94	1,865
Decrease in cash flows by 5%	(94)	1,677

As at 31 March 2021		
Change in input	Impact on fair value	Adjusted total value
	£m	£m
Growth rate increase by 100 bps	224	1,823
Growth rate decrease by 100 bps	(167)	1,432
Discount rate increase by 100 bps	(211)	1,388
Discount rate decrease by 100 bps	282	1,881
Increase in cash flows by 5%	84	1,683
Decrease in cash flows by 5%	(83)	1,516

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.

#### 11.5.4 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 use internal five year forecasts provided by the commercial subsidiaries (BBC Studioworks Limited, BBC Studios Distribution Limited and BBC Studios Production 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 and approved 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 BBC Studios Distribution Limited and BBC Studios Production Limited 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 which countries these subsidiaries have historically sourced its revenues from and the corporate tax rates applied in those countries when compared to the UK corporate tax rate. The tax uplift was not applied from 1 April 2023, as the UK corporate tax rate was expected to increase (at the time of preparation of the cashflow) and was expected to align more with the corporate tax rates of other countries that these subsidiaries operate in.

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% (2020-21: 1.50%) 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 market benchmarks from equity research analysts. The rate incorporates the considered view of BBC management about the long-term growth prospects for the BBC's commercial subsidiaries. BBC management has considered the current global macroeconomic environment of high inflation alongside market forecasts that expect this inflation to be short to mid-term in nature. Accordingly, BBC management has assessed that a short to mid-term increase in inflation does not affect the long-term growth prospects of the commercial business (i.e. by the end of the five-year forecast period).

In determining the applicable discount rate, the BBC applied judgement in respect of several factors, which included reviewing the weighted average cost of capital analysis and long-range plans of the commercial businesses against market benchmarks from equity research analysts. The BBC gave weighted consideration to market consensus discount rates of comparable companies and general commercial operations in a post COVID-19 environment to conclude on the most appropriate discount rate.

The peer group used for the analysis above includes listed European broadcast media companies, including UK broadcasters and production companies (reflecting the main activities of the BBC's commercial subsidiaries).

The £172.0m upwards revaluation from the prior year primarily reflects a full recovery to pre-COVID-19 levels of cash flow and profitability for the BBC's commercial subsidiaries and a record level of profitability in BBC Studios Distribution Limited and BBC Studios Production Limited during 2021-22, which they expect to continue building on.

Further detail on the performance of the BBC's commercial subsidiaries are available in the Annual Report and Consolidated Financial Statements for BBC Commercial 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.

### 11.5.5 Risks on the financial assets

The risks facing these BBC public corporations are disclosed in the BBC Commercial Limited's Annual Report.

## 12. Investments in associates and joint ventures

	2021-22		2020-21	
	Core department	Departmental group	Core department	Departmental group
	£'000	£'000	£'000	£'000
Balance at 1 April	-	35,328	-	32,166
Share of profit or loss	-	(2,045)	-	3,162
Balance at 31 March	-	33,283	-	35,328

Of the total investments in associates and joint ventures, £19.7m (2020-21: £21.8m) relates to the Victoria and Albert Museum (V&A) and £13.6m (2020-21: £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.

### 13. Other financial assets

	Deposits	Derivatives	Equity Investments excluding investment in subsidiaries	Investment in subsidiaries (other than BBC public corporations)	Investment in BBC public corporations	Museum loans	Other loans	Other financial assets (FI non derivative through profit or loss)	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 April 2020</b>	<b>17,762</b>	<b>400,534</b>	<b>269,361</b>	<b>130,552</b>	<b>1,293,000</b>	-	<b>287,748</b>	<b>23,905</b>	<b>2,422,862</b>
Additions	-	-	93,002	(74)	-	-	374,429	22,897	490,254
Disposals	(17,210)	-	(90,229)	-	(21)	-	-	(4,075)	(111,535)
Revaluations	-	(42,967)	21,629	26,739	306,021	-	-	(19,430)	291,992
Impairments	-	-	63	-	-	-	(821)	-	(758)
Repayments	-	-	-	-	-	-	(66,307)	-	(66,307)
Discounting	-	-	-	-	-	-	(56,701)	-	(56,701)
Expected credit loss	-	-	-	-	-	-	(1,052)	-	(1,052)
<b>Balance as at 31 March 2021</b>	<b>552</b>	<b>357,567</b>	<b>293,826</b>	<b>157,217</b>	<b>1,599,000</b>	-	<b>537,296</b>	<b>23,297</b>	<b>2,968,755</b>
Additions	10,000	-	52,277	1,678	-	-	141,238	20,589	225,782
Disposals	-	-	(35,206)	-	(5,000)	-	-	(17,036)	(57,242)
Revaluations	-	61,053	15,317	(6,406)	177,000	-	-	(13,379)	233,585
Impairments	-	-	44	-	-	-	408	-	452
Repayments	-	-	-	-	-	-	(16,152)	-	(16,152)
Discounting	-	-	-	-	-	-	(41,230)	-	(41,230)
Expected credit loss	-	-	-	-	-	-	(28,125)	-	(28,125)
<b>Balance at 31 March 2022</b>	<b>10,552</b>	<b>418,620</b>	<b>326,258</b>	<b>152,489</b>	<b>1,771,000</b>	-	<b>593,435</b>	<b>13,471</b>	<b>3,285,825</b>
<b>Of which:</b>									
Core department	-	-	-	-	-	23,946	359,977	-	383,923
Arm's length bodies	10,552	418,620	326,258	152,489	1,771,000	(23,946)	233,458	13,471	2,901,902
<b>Carrying amount at 31 March 2022</b>	<b>10,552</b>	<b>418,620</b>	<b>326,258</b>	<b>152,489</b>	<b>1,771,000</b>	-	<b>593,435</b>	<b>13,471</b>	<b>3,285,825</b>
Within 12 months	10,486	1,474	44,848	-	-	-	259,900	3,463	320,171
Over 12 months	66	417,146	281,410	152,489	1,771,000	-	333,535	10,008	2,965,654
<b>Carrying amount at 31 March 2022</b>	<b>10,552</b>	<b>418,620</b>	<b>326,258</b>	<b>152,489</b>	<b>1,771,000</b>	-	<b>593,435</b>	<b>13,471</b>	<b>3,285,825</b>
Within 12 months	486	100	37,468	-	-	-	206,281	2,331	246,666
Over 12 months	66	357,467	256,358	157,217	1,599,000	-	331,015	20,966	2,722,089
<b>Carrying amount at 31 March 2021</b>	<b>552</b>	<b>357,567</b>	<b>293,826</b>	<b>157,217</b>	<b>1,599,000</b>	-	<b>537,296</b>	<b>23,297</b>	<b>2,968,755</b>

## Deposits

The British Library held deposits of £10.0m (31 March 2021: £nil). In 2020-21 no monies were placed on fixed term deposits due to COVID-19, the uncertainty around income and to ensure sufficient cashflow.

## 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 £71.2m (31 March 2021: £69.3m). These investments consist of investment funds, fixed income and listed and unlisted equities.

The Victoria and Albert Museum held investment funds with a fair value of £60.7m (31 March 2021: £33.9m) which mainly consist of multi-asset funds, equities, property funds and currencies managed by Partners Capital LLP.

The National Heritage Memorial Fund held investment funds with a fair value of £53.0m (31 March 2021: £64.2m). The funds are invested in a wide variety of investment trusts, unit trusts and cash.

The Science Museum held investment funds with a fair value of £31.0m (31 March 2021: £25.1m) which consist of corporate bonds, cash, and equity type investments.

The National Portrait Gallery held investment funds with a fair value of £26.1m (31 March 2021: £19.7m) which mainly consist of investment funds, government stocks and corporate bonds managed by Partners Capital LLP.

The British Library held investment funds with a fair value of £25.1m (31 March 2021: £25.0m) which are shares and equity type investments held with Baillie Gifford and Ninety One plc.

## 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.

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 £76.2m (31 March 2021: £85.3m).

The British Museum holds four subsidiaries with a fair value of £30.4m (31 March 2021: £29.8m).

S4C holds four subsidiaries with a fair value of £20.1m (31 March 2021: £19.7m).

## Investment in BBC public corporations

Refer to section 11.5.4 for further details.



## Other loans

The BBC had loans outstanding to its trading subsidiaries as at 31 March 2022 of £249.8m (31 March 2021: £202.0m). The loans outstanding vary based on the borrowing requirements of public corporations.

The core department includes within other loans, the loan book of the Cultural Recovery Fund, Sport Survival Package and Rugby Football League emergency loans.

The loans have been tailored for cultural and sporting institutions with an initial repayment holiday of up to four years and low interest rates of 0.2-2% to ensure they are affordable for sports, arts and heritage organisations.

New loans of £114.6m were issued during the year. These loans were risk adjusted and discounted using the HM Treasury discount rate of 1.9%. £43.4m was the amount discounted on initial recognition.

Repayments of £10.6m were made during the year. The outstanding loan amount as at 31 March 2022 was £346.4m (31 March 2021: £312.7m).

Further details on the expected credit losses can be found in note 11.1.

The core department also 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 2022 was £11.6m (31 March 2021: £16.5m).

## Other financial assets

The balance is made up of £13.5m (31 March 2021: £11.6m) relating to the recoverable amount from the Lottery film right awards for the British Film Institute Lottery. In 2020-21, £11.7m related to the core department's funding of the Local Full Fibre Network project, which was written off during the current year.

### 13.1 Museum Loans

The core department issues loans to museums within the group. The following ALBs held outstanding loan amounts:

Arm's length body	31 March 2022	31 March 2021
	Museum loan	Museum loan
	£'000	£'000
Science Museum Group	3,473	4,325
Imperial War Museum	4,008	5,007
National Maritime Museum	4,957	5,205
Natural History Museum	-	548
Geffrye Museum	1,249	1,249
National Portrait Gallery	9,049	5,227
Royal Armouries Museum	1,210	1,211
<b>Total museum loans issued</b>	<b>23,946</b>	<b>22,772</b>

These loans are eliminated upon consolidation and therefore no assets or liabilities are reported for the group.

## 14. Impairments

	Note	31 March 2022		31 March 2021	
		Core department	Departmental group	Core department	Departmental group
		£'000	£'000	£'000	£'000
Property, plant & equipment	6	-	3,646	50	(13,242)
Right of use assets	7	-	(61,803)	-	(58,518)
Heritage assets	8	-	104	-	(465)
Intangible assets	9	-	(17)	-	(250)
Other financial assets	13	364	452	145	(758)
Inventories	15	-	-	-	(4)
<b>Total impairments</b>		<b>364</b>	<b>(57,618)</b>	<b>195</b>	<b>(73,237)</b>

### Right of use assets

£64.7m (2020-21: £43.8m) of the impairment relates to assets held by the BBC. £10.4m of the prior year impairment relates to the Victoria and Albert Museum's Collection and Research Centre, for which there was an upwards revaluation this year reflected in the revaluation reserve.

## 15. Inventories

	2021-22		2020-21	
	Core department	Departmental group	Core department	Departmental group
	£'000	£'000	£'000	£'000
<b>Balance at 1 April</b>	-	<b>218,612</b>	-	<b>172,163</b>
Additions	-	2,451,075	-	2,087,138
Disposals	-	(2,404,102)	-	(2,040,685)
Impairments (note 14)	-	-	-	(4)
<b>Carrying amount at 31 March</b>	-	<b>265,585</b>	-	<b>218,612</b>
Work in intermediate stages of completion	-	45,913	-	74,384
Raw materials and consumables	-	152	-	157
Goods for resale and finished inventories	-	219,520	-	144,071
<b>Total inventories and work in progress</b>	-	<b>265,585</b>	-	<b>218,612</b>

As at 31 March 2022, the BBC held £240.5m (31 March 2021: £195.3m) and S4C held £14.7m (31 March 2021: £11.5m) in inventories in respect of programmes which were either in the course of production or ready for broadcast but not yet aired. The increase in year is primarily due to a build-up of delayed programmes from 2020-21 as a result of COVID-19.

Additions for these two entities primarily relate to programmes which have been completed, whilst disposals relate to those broadcast during the year.

## 16. Trade and other receivables

	31 March 2022		31 March 2021	
	Core department	Departmental group	Core department	Departmental group
	£'000	£'000	£'000	£'000
<b>Amounts falling due within one year:</b>				
Trade receivables	3,281	71,410	22,043	63,597
VAT receivables	7,017	89,809	6,329	101,578
Other receivables	1,237	187,333	1,852	276,625
Prepayments	2,010	610,865	4,589	701,762
Accrued income	18,925	98,915	218	92,320
Staff loans and advances	30	409	3	215
Taxation and duties due	-	11,862	-	7,596
Consolidated Fund receivables	56,381	10,697	47,656	13,464
	<b>88,881</b>	<b>1,081,300</b>	<b>82,690</b>	<b>1,257,157</b>
<b>Amounts falling due after more than one year:</b>				
Other receivables	-	209,817	989	190,804
Accrued income	-	17,667	-	16,066
	-	<b>227,484</b>	<b>989</b>	<b>206,870</b>
<b>Total before expected credit loss</b>	<b>88,881</b>	<b>1,308,784</b>	<b>83,679</b>	<b>1,464,027</b>
Expected credit loss	-	(4,081)	-	(3,169)
<b>Total</b>	<b>88,881</b>	<b>1,304,703</b>	<b>83,679</b>	<b>1,460,858</b>

Included in trade receivables at 31 March 2022 is a balance due to the Gambling Commission of £21.2m (31 March 2021: £0.1m) and a balance due to the BBC of £15.5m (31 March 2021: £15.8m).

Included in VAT receivables at 31 March 2022 is a balance due to the BBC of £56.5m (31 March 2021: £71.7m).

Included in other receivables due within one year at 31 March 2022 is a balance due to the BBC of £63.8m (31 March 2021: £64.9m), a balance due to the National Lottery Community Fund of £39.4m (31 March 2021: £131.5m) and a balance due to the Information Commissioner's Office of £21.4m (31 March 2021: £31.4m).

The BBC had prepayments due within one year of £541.3m at 31 March 2022 (31 March 2021: £646.9m). The decrease is primarily due to a £39.9m reduction to the capital prepayment which was only 3 months this year rather than a full year in the previous year. The prior year also included a £47.0m pension prepayment.

Included in other receivables due after more than one year at 31 March 2022, is a balance due to the BBC of £209.8m (31 March 2021: £187.7m).

Within the total other receivables balance, the BBC held total lease receivables of £9.0m (31 March 2021: £7.7m) (current) and £209.8m (31 March 2021: £182.7m) (non-current).

## 17. Cash and cash equivalents

	2021-22		2020-21	
	Core department	Departmental group	Core department	Departmental group
	£'000	£'000	£'000	£'000
<b>Balance at 1 April</b>	<b>1,303,586</b>	<b>3,679,643</b>	<b>24,467</b>	<b>2,017,498</b>
Net change in cash and cash equivalent balances	(1,107,988)	(550,808)	1,279,119	1,662,145
<b>Balance at 31 March</b>	<b>195,598</b>	<b>3,128,835</b>	<b>1,303,586</b>	<b>3,679,643</b>
<b>The following balances at 31 March were held with:</b>				
Government Banking Service	189,483	319,951	1,301,713	1,522,348
Commercial banks and cash in hand	-	1,395,549	-	984,793
Liquid deposits	6,115	116,054	1,873	97,643
<b>Sub-total</b>	<b>195,598</b>	<b>1,831,554</b>	<b>1,303,586</b>	<b>2,604,784</b>
Balance held by NLDF	-	1,297,281	-	1,074,859
<b>Balance at 31 March</b>	<b>195,598</b>	<b>3,128,835</b>	<b>1,303,586</b>	<b>3,679,643</b>

The decrease in the Government Banking Service figure for DCMS core from £1,301.7m in 2020-21 to £189.5m in 2021-22, was driven by funds received from the Contingencies Fund in February 2021. Royal Assent was only provided in March 2021 to pay this back; whilst this was paid back before the year end, the 2020-21 cash balance was higher than normal due to the late confirmation of Royal Assent (meaning a timing difference between outgoing payments). The departmental group decrease is further explained by the Arts Council England Exchequer cash balance of £78.3m compared to £190.2m at 31 March 2021, as more funds were required at 31 March 2021 to cover committed Cultural Recovery Fund payments.

Balances with commercial banks and cash in hand of £1,395.5m (31 March 2021: £984.8m) includes:

	2021-22	2020-21
Commercial banks and cash in hand over £20m in 2021-22 or 2020-21 held by:	£'000	£'000
BBC	685,995	434,609
National Lottery Community Fund	163,313	81,511
National Heritage Memorial Fund	102,634	86,675
Horse Race Betting Levy Board	60,817	35,744
British Film Institute Exchequer	29,780	22,285
Sports England Exchequer	26,997	16,167
Victoria and Albert Museum	26,344	37,058
British Library	24,900	25,599
Natural History Museum	24,064	12,065
British Museum	23,668	12,716
Imperial War Museum	21,431	12,649
Ofcom	20,920	14,185
S4C	17,543	26,182
National Citizen Service	16,654	33,675

Cash and cash equivalents also include £nil (31 March 2021: £nil) funds held on behalf of third parties (see note 27).

Liquid deposits include the British Museum £32.0m (31 March 2021: £38.0m), the British Library £28.8m (31 March 2021: £32.8m), Tate Gallery £25.2m (31 March 2021: £8.2m) and the Science Museum £20.1m (31 March 2021: £13.1m).

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 2022		31 March 2021	
	Core department	Departmental group	Core department	Departmental group
	£'000	£'000	£'000	£'000
<b>Amounts falling due within one year:</b>				
Taxation and social security	2,826	44,442	2,472	50,284
Trade payables	17,024	209,539	3,964	160,800
Other payables	13,919	135,875	10,424	286,228
Accruals & deferred income	134,103	549,781	175,627	520,741
Grants payable	-	1,448,717	-	1,684,367
Supply payable	175,745	175,745	1,270,635	1,270,635
Loans and borrowings: amounts payable within 1 year	-	247,033	-	125,445
Consolidated Fund payables	70,119	70,119	78,733	78,733
	<b>413,736</b>	<b>2,881,251</b>	<b>1,541,855</b>	<b>4,177,233</b>
<b>Amounts falling due after more than one year:</b>				
Trade payables	-	53	-	-
Other payables	-	23,194	-	15,415
Accruals & deferred income	-	23,754	-	29,283
Grants payable	-	1,209,440	-	1,000,069
Bank and other borrowings	-	170,000	-	170,000
	-	<b>1,426,441</b>	-	<b>1,214,767</b>
<b>Total</b>	<b>413,736</b>	<b>4,307,692</b>	<b>1,541,855</b>	<b>5,392,000</b>

Included in trade payables due within one year is £109.1m (31 March 2021: £97.5m) in respect of the BBC. The higher balance is due to a general increase in purchasing activity compared to the previous year, as spend was impacted by COVID-19 restrictions. The core department trade payables increased from £4.0m to £17.0m largely due to a grant agreed close to year end that was not paid until April 2022. The remainder of the increase relates to the timing of cash clearing at year end.

Other payables falling due within one year include £35.3m (31 March 2021: £168.1m) in respect of the BBC. This decrease of £132.8m is due to a larger amount owed to intercompany accounts, salary creditors, as well as a higher accrual balance as at 31 March 2021. The remainder of the decrease reflects a general reduction in pandemic support grants.

The Birmingham Organising Committee for the 2022 Commonwealth Games had significantly higher balances within accruals & deferred income totalling £60.1m (31 March 2021: £3.5m) as activity increased to enable the games to take place in July/August 2022.

Accruals & deferred income within the core department decreased to £134.1m (31 March 2021: £175.6m) due primarily to the drop in number of accruals raised for COVID-19 related support schemes.

As at 31 March 2022, £2,351.2m (31 March 2021: £2,025.9m) of current and non-current grants payable were attributable to lottery bodies.

The core department supply payable of £175.7m (31 March 2021: £1,270.6m) is Parliamentary funding drawn down which has not been spent within the year. The significantly higher 31 March 2021 balance reflects the anticipated funds drawn down before year-end to cover the various COVID-19 support packages, for which a Contingencies Fund Advance was secured. This was paid back before the year end but the cash balance (and therefore supply payable) was higher than normal due to the timing of confirmation of Royal Assent for the Contingencies Fund Advance repayment (see note 17).



The loans and borrowings (within one year) and bank and other borrowings (greater than one year) relate to the BBC. The loans and borrowings (within one year) of £247.0m (31 March 2021: £125.4m) comprises of mainly commercial intra-group borrowings which vary according to cash requirements. The bank and other borrowings (greater than one year) reflects a loan taken during 2019-20 and remains unchanged.

## 19. Provision for liabilities and charges

Total provisions by type	Grant commitments	Legal claims	Early departures and redundancies	Other	Total
	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 April 2021</b>	<b>42,216</b>	<b>1,517</b>	<b>324</b>	<b>164,104</b>	<b>208,161</b>
Provided in the year	-	260	75	36,150	36,485
Provisions utilised in year	(18,574)	-	(134)	(64,537)	(83,245)
Provisions not required written back	(169)	-	(3)	(19,082)	(19,254)
Unwinding of discounts	-	-	5	-	5
<b>Balance at 31 March 2022</b>	<b>23,473</b>	<b>1,777</b>	<b>267</b>	<b>116,635</b>	<b>142,152</b>
<b>Comprising:</b>					
<b>Current liabilities</b>					
Not later than one year	23,473	1,727	48	49,265	74,513
<b>Non-current liabilities</b>					
Later than one year and not later than five years	-	50	119	24,057	24,226
Later than five years	-	-	100	43,313	43,413
<b>Balance at 31 March 2022</b>	<b>23,473</b>	<b>1,777</b>	<b>267</b>	<b>116,635</b>	<b>142,152</b>
<b>Of the total:</b>					
Core department	-	-	-	3,823	3,823
Arm's length bodies	23,473	1,777	267	112,812	138,329
<b>Balance at 31 March 2022</b>	<b>23,473</b>	<b>1,777</b>	<b>267</b>	<b>116,635</b>	<b>142,152</b>

Total provisions by type	Grant commitments	Legal claims	Early departures and redundancies	Other	Total
	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31 March 2020</b>	<b>87,909</b>	<b>3,000</b>	<b>1,430</b>	<b>150,751</b>	<b>243,090</b>
Provided in the year	28,008	1,517	133	137,011	166,669
Provisions utilised in year	(73,701)	(940)	(1,244)	(97,789)	(173,674)
Provisions not required written back	-	(2,060)	(5)	(25,869)	(27,934)
Unwinding of discounts	-	-	10	-	10
<b>Balance at 31 March 2021</b>	<b>42,216</b>	<b>1,517</b>	<b>324</b>	<b>164,104</b>	<b>208,161</b>
<b>Comprising:</b>					
<b>Current liabilities</b>					
Not later than one year	42,216	1,517	149	102,090	145,972
<b>Non-current liabilities</b>					
Later than one year and not later than five years	-	-	67	19,037	19,104
Later than five years	-	-	108	42,977	43,085
<b>Balance at 31 March 2021</b>	<b>42,216</b>	<b>1,517</b>	<b>324</b>	<b>164,104</b>	<b>208,161</b>
<b>Of the total:</b>					
Core department	-	-	-	2,586	2,586
Arm's length bodies	42,216	1,517	324	161,518	205,575
<b>Balance at 31 March 2021</b>	<b>42,216</b>	<b>1,517</b>	<b>324</b>	<b>164,104</b>	<b>208,161</b>

## Provision for liabilities and charges (continued)

Total provisions	31 March 2022		31 March 2021	
	Core department	Departmental group	Core department	Departmental group
	£'000	£'000	£'000	£'000
<b>Balance at 1 April</b>	<b>2,586</b>	<b>208,161</b>	<b>32</b>	<b>243,090</b>
Provided in the year	3,823	36,485	2,586	166,669
Provisions utilised in year	(2,586)	(83,245)	(32)	(173,674)
Provisions not required written back	-	(19,254)	-	(27,934)
Unwinding of discounts	-	5	-	10
<b>Balance at reporting date</b>	<b>3,823</b>	<b>142,152</b>	<b>2,586</b>	<b>208,161</b>
<b>Comprising:</b>				
<b>Current liabilities:</b>				
Not later than one year	3,823	74,513	2,586	145,972
<b>Non-current liabilities</b>				
Later than one year and not later than five years	-	24,226	-	19,104
Later than five years	-	43,413	-	43,085
<b>Subtotal: non-current liabilities</b>	<b>-</b>	<b>67,639</b>	<b>-</b>	<b>62,189</b>
<b>Balance at reporting date</b>	<b>3,823</b>	<b>142,152</b>	<b>2,586</b>	<b>208,161</b>

### 19.1 Grant commitments

British Film Institute Lottery has provisions of £23.5m (31 March 2021: £25.6m) 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 included within provisions.

### 19.2 Early departures and redundancies

The group meets the additional costs of benefits beyond the normal PCSPS benefits in respect of employees who retire early by paying the required amounts annually to the relevant pension fund over the period between early departure and normal retirement date.

The liabilities extend for up to ten years. The group provides for this when the early retirement programme becomes binding, by creating a provision for the estimated payments discounted using HM Treasury's post-employment benefit discount rate.

### 19.3 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 2022 was £76.0m (31 March 2021: £110.9m).

#### *BBC taxation, litigation and insurance*

The BBC taxation, litigation and insurance provisions as at 31 March 2022 were £23.1m (31 March 2021: £37.7m).

## 20. Lease liabilities

Total future lease payments under leases are given in the table below:

Obligations for the following periods comprise:	31 March 2022		31 March 2021	
	Core department	Departmental group	Core department	Departmental group
	£'000	£'000	£'000	£'000
<b>Land</b>				
Not later than one year	-	2,763	-	3,057
Later than one year and not later than five years	-	10,732	-	12,402
Later than five years	-	732,487	-	768,217
<b>Subtotal: Land</b>	-	<b>745,982</b>	-	<b>783,676</b>
Less interest element	-	(680,228)	-	(692,723)
<b>Present value of obligations</b>	-	<b>65,754</b>	-	<b>90,953</b>
<b>Buildings</b>				
Not later than one year	13,894	177,765	11,908	174,388
Later than one year and not later than five years	25,240	652,490	42,320	661,349
Later than five years	48,190	1,611,574	80,826	1,737,074
<b>Subtotal: Buildings</b>	<b>87,324</b>	<b>2,441,829</b>	<b>135,054</b>	<b>2,572,811</b>
Less interest element	(6,070)	(536,418)	(9,679)	(564,894)
<b>Present value of obligations</b>	<b>81,254</b>	<b>1,905,411</b>	<b>125,375</b>	<b>2,007,917</b>
<b>Other</b>				
Not later than one year	-	2,057	-	2,383
Later than one year and not later than five years	-	4,021	-	4,589
Later than five years	-	2,203	-	2,956
<b>Subtotal: Other</b>	-	<b>8,281</b>	-	<b>9,928</b>
Less interest element	-	190	-	(86)
<b>Present value of obligations</b>	-	<b>8,471</b>	-	<b>9,842</b>
<b>Total present value of obligations</b>	<b>81,254</b>	<b>1,979,636</b>	<b>125,375</b>	<b>2,108,712</b>
<b>Comprising:</b>				
<b>Current obligations</b>	<b>13,131</b>	<b>130,934</b>	<b>10,730</b>	<b>128,676</b>
<b>Non-current obligations</b>	<b>68,123</b>	<b>1,848,702</b>	<b>114,645</b>	<b>1,980,036</b>

Leases are discounted using the rate implicit in the lease. Where that rate cannot be readily determined, leases are discounted at the entity's incremental borrowing rate.

Where an entity has no borrowings (which is the case for all entities consolidated into the departmental group, with the exception of the BBC), HM Treasury issues discount rates to be used. These cover calendar years and were 1.27% for 2020, 0.91% for 2021 and 0.95% for 2022.

Lease liabilities are held by the BBC of £1,629.1m (2020-21: £1,695.3m). This consists of lease liabilities (inclusive of the effect of discounting the interest element) of £101.6m (2020-21: £98.7m) due in one year, £410.9m (2020-21: £395.0m) due in more than one and not later than five years and £1,116.6m (2020-21: £1,201.6m) due in more than five years. The interest element of these lease liabilities is £451.7m (2020-21: £491.9m). The core department holds lease liabilities (inclusive of the effect of discounting the interest element) of £81.3m (2020-21: £125.4m), all of which relates to buildings. The interest element for these lease liabilities is £6.1m (2020-21: £9.7m).

Amounts recognised in SoCNE	Note	31 March 2022		31 March 2021	
		Core department	Departmental group	Core department	Departmental group
		£'000	£'000	£'000	£'000
Interest on lease liabilities - Finance Cost*		425	56,451	2,646	60,953
Variable lease payments not included in measurement of lease liabilities	4.3	-	213	-	108
Income of sub-leasing right-of-use assets	5.2	-	(13,438)	-	(12,027)
Expenses relating to short term liabilities	4.3	-	1,860	-	8
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	4.3	1,486	12,190	896	3,440
<b>Total</b>		<b>1,911</b>	<b>57,276</b>	<b>3,542</b>	<b>52,482</b>

\*Interest on lease liabilities is included within the finance cost total in note 4.6.

## 21. Other financial liabilities

	Total derivatives
	£'000
<b>Balance at 31 March 2020</b>	<b>547,938</b>
Revaluations	47,204
<b>Balance at 31 March 2021</b>	<b>595,142</b>
Revaluations	(10,051)
<b>Balance at 31 March 2022</b>	<b>585,091</b>
<b>Of the total:</b>	
Core department	-
Arm's length bodies	585,091
<b>Balance at 31 March 2022</b>	<b>585,091</b>
Due within 12 months	2,206
Due after 12 months	582,885
<b>Balance at 31 March 2022</b>	<b>585,091</b>
Due within 12 months	5,560
Due after 12 months	589,582
<b>Balance at 31 March 2021</b>	<b>595,142</b>

The BBC held financial derivatives of £585.1m (31 March 2021: £595.1m). The largest element of these derivatives relates to the refinancing of New Broadcasting House of £580.0m (31 March 2021: £585.2m).

## 22. Retirement benefit obligations

	2021-22			2020-21		
	Funded	Unfunded	Total	Funded	Unfunded	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Analysis of movement in scheme liabilities</b>						
<b>Balance at 1 April</b>	<b>19,891,973</b>	<b>11,542</b>	<b>19,903,515</b>	<b>17,890,818</b>	<b>10,962</b>	<b>17,901,780</b>
Current service cost	233,888	-	233,888	203,723	-	203,723
Past service cost	595	-	595	710	-	710
Interest cost on pension scheme liabilities	391,669	26	391,695	384,408	30	384,438
Administration cost	8,928	-	8,928	9,062	-	9,062
Benefits paid	(579,425)	(249)	(579,674)	(561,315)	(259)	(561,574)
Contributions by members	2,375	155	2,530	2,699	-	2,699
(Gains)/losses on settlements and curtailments	-	-	-	177	-	177
<b>Remeasurements:</b>						
Experience (gains)/losses on defined benefit obligation	531,814	311	532,125	(494,986)	209	(494,777)
Change in demographic assumptions	(17,920)	(444)	(18,364)	(15,187)	488	(14,699)
Change in financial assumptions	(840,822)	(21)	(840,843)	2,471,864	112	2,471,976
Transfers to funded pension scheme reserve	(3,307)	-	(3,307)	-	-	-
Transfers out - individual to other schemes and refunds for members leaving	(560)	560	-	-	-	-
<b>Pension liabilities at 31 March</b>	<b>19,619,208</b>	<b>11,880</b>	<b>19,631,088</b>	<b>19,891,973</b>	<b>11,542</b>	<b>19,903,515</b>
<b>Analysis of movement in scheme assets</b>						
<b>Balance at 1 April</b>	<b>(19,815,011)</b>	<b>-</b>	<b>(19,815,011)</b>	<b>(18,000,026)</b>	<b>-</b>	<b>(18,000,026)</b>
Interest on assets	(391,520)	-	(391,520)	(389,141)	-	(389,141)
Administration cost	1,331	-	1,331	1,298	-	1,298
Benefits paid	580,819	-	580,819	562,703	-	562,703
Contributions by members	(3,842)	-	(3,842)	(4,008)	-	(4,008)
Contributions by employer	(180,012)	-	(180,012)	(256,377)	-	(256,377)
<b>Remeasurements:</b>						
Change in actuarial assumptions	(7,028)	-	(7,028)	-	-	-
Return on assets	(854,039)	-	(854,039)	(1,729,460)	-	(1,729,460)
Transfers to funded pension scheme reserve	2,489	-	2,489	-	-	-
<b>Pension assets at 31 March</b>	<b>(20,666,813)</b>	<b>-</b>	<b>(20,666,813)</b>	<b>(19,815,011)</b>	<b>-</b>	<b>(19,815,011)</b>
<b>Net pension liability/(asset) at 31 March</b>	<b>(1,047,605)</b>	<b>11,880</b>	<b>(1,035,725)</b>	<b>76,962</b>	<b>11,542</b>	<b>88,504</b>
<b>Of the total:</b>						
Core department	-	-	-	-	-	-
Arm's length bodies	(1,047,605)	11,880	(1,035,725)	76,962	11,542	88,504
<b>Balance at 31 March</b>	<b>(1,047,605)</b>	<b>11,880</b>	<b>(1,035,725)</b>	<b>76,962</b>	<b>11,542</b>	<b>88,504</b>
<b>Comprising:</b>						
BBC	(1,248,600)	7,700	(1,240,900)	(198,200)	7,800	(190,400)
BFI	71,870	2,216	74,086	92,403	2,411	94,814
Sport England	57,121	-	57,121	57,121	-	57,121
BTA	(629)	107	(522)	23,494	118	23,612
UK Sport	81,942	560	82,502	96,723	(155)	96,568
Ofcom	(19,688)	1,084	(18,604)	(14,876)	1,153	(13,723)
Other ALBs	10,379	213	10,592	20,297	215	20,512
<b>Total</b>	<b>(1,047,605)</b>	<b>11,880</b>	<b>(1,035,725)</b>	<b>76,962</b>	<b>11,542</b>	<b>88,504</b>



## 22.1 Analysis of total pension cost recognised in the Consolidated Statement of Comprehensive Net Expenditure

	2021-22 £'000	2020-21 £'000
<b>Pension cost recognised in Net Operating Cost</b>		
Current service cost	233,888	203,723
Past service cost	595	710
Enhancements and (gains)/losses on settlements and curtailments	-	177
Net interest cost on Pension Scheme	175	(4,703)
Administration cost	10,259	10,360
<b>Total</b>	<b>244,917</b>	<b>210,267</b>

	2021-22 £'000	2020-21 £'000
<b>Remeasurements recognised in Other Comprehensive Net Expenditure</b>		
<b>Pension liabilities:</b>		
Experience (gains)/losses on defined benefit obligation	532,125	(494,777)
Change in demographic assumptions	(18,364)	(14,699)
Change in financial assumptions	(840,843)	2,471,976
<b>Pension assets:</b>		
Change in actuarial assumptions	(7,028)	-
Return on assets	(854,039)	(1,729,460)
<b>Total</b>	<b>(1,188,149)</b>	<b>233,040</b>

### 22.1.1 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	42.3%
BFI	11.5%
Sport England	16%
BTA	9% - 16%
UK Sport	12%
Ofcom (benefits accruals have ceased, see note 22.5)	£553k
Other ALBs	12% - 27.2%

Further information in relation to these funded pension schemes are set out in the published accounts of the ALBs.

## 22.2 BBC pension scheme

These accounts include only the elements of the BBC classified as central government. The DCMS group accounts include the entire BBC pension scheme in accordance with note 1.3 (where the Office for National Statistics have classified the scheme assets and liabilities as falling to central government). It is not possible to allocate the scheme's deficit across the individual divisions of the BBC. 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 asset represents the majority of the BBC's net pension asset, with details below:

BBC funded pension scheme financial position as at:			
	2022	2021	2020
	£m	£m	£m
Scheme assets	19,744.5	18,925.3	17,202.9
Scheme liabilities	(18,495.9)	(18,727.1)	(16,948.1)
Surplus/(Deficit)	1,248.6	198.2	254.8
Percentage by which scheme assets cover liabilities	107%	101%	102%

Note D.7.7 of the BBC accounts includes details on the allocation of assets by the pension fund Trustees, governed by the need to manage risk against the desire for high returns and any liquidity needs.

### 22.2.1 Funding the BBC scheme

The most recent triennial actuarial valuation of the pension scheme at 1 April 2019 by Willis Towers Watson showed a funding shortfall of £1,138m. A recovery plan was agreed between the BBC and the pension scheme Trustees which details the additional contributions to be paid by the BBC through to December 2028.

The next formal triennial actuarial valuation as at 1 April 2022 is currently underway.

	Projection	2022	2021	2020
	2023			
	%	%	%	%
Employer	42.3	42.3	31.4	31.4
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

## 22.2.2 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	2022	2021	2020
	%	%	%
Rate of increase in salaries	1.0	1.0	1.0
<b>Rate of increase in pension payments:</b>			
Old Benefits	3.9	3.5	3.0
New Benefits	3.7	3.3	2.8
Career Average Benefits (2006)	2.4	2.4	2.4
Career Average Benefits (2011)	3.5	2.9	2.0
Inflation assumption (RPI)	3.9	3.5	2.8
Inflation assumption (CPI)	3.6	3.0	2.0
Discount rate	2.7	2.0	2.2

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

Principal demographic assumptions	2022	2021	2020
	Number of years	Number of years	Number of years
<b>Retiring today:</b>			
Male	27.0	27.0	26.9
Female	29.0	29.0	29.2
<b>Retiring in 20 years:</b>			
Male	29.0	29.0	28.4
Female	31.0	31.0	30.8

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	2.7	Decrease/increase 0.5%	2.0/1.7	(368)/321
Retail price inflation rate	3.9	Decrease/increase 0.1%	1.7/1.8	323/(330)
Mortality rate	1.25*	Decrease/increase 1 year	4.8/4.9	888/(901)

\*A long-term trend of 1.25% for both males and females has been applied to the life expectancy reported above.

Note D6-D7 of the BBC accounts details the actuarial risks relating to the BBC pension scheme, covering investment, currency, counterparty, interest, longevity, inflation and liquidity risk. Level 3 assets are valued in line with industry standard guidelines, including RICS methodology for Property and International Private Equity and Venture Capital guidelines for Private Equity. At 31 March 2022 Direct and Pooled property was valued at £1,764.2m and a 5% reduction would equate to £88.2m.

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.

## 22.3 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 2022.

Most of the LPFA's assets have quoted prices in active markets, but there are unquoted property, infrastructure and private equity assets. The property and infrastructure assets are subject to valuation by external valuers and despite the impact of COVID-19 on the market and wider economy, the valuers have advised the pension fund that they are satisfied with the valuation of the assets at 31 March 2022.

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.

### 22.3.1 British Film Institute (BFI) pension schemes

BFI participates in the Local Government Pension Scheme (LGPS), operated by the London Pension Fund Authority (LPFA).

The BFI has accounted in full for pension benefits in the year ended 31 March 2022. Therefore, as at 31 March 2022, BFI's share of the pension deficit was £74.1m (2021: £94.8m). BFI's agreed schedule of contributions is 15.4% of member employees' salary per year plus a monetary amount of £399k (2021: £385k).

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 2022 were £579k (31 March 2021: £504k).

### 22.3.2 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 £57.1m (31 March 2021: £57.1m).

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. Employer contributions for members of this scheme for the year ended 31 March 2022 were £558k (31 March 2021: £429k).

### 22.3.3 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 £38.8m (31 March 2021: £34.3m). As a result of the triennial valuation in March 2016 it was agreed that in order to reduce the deficit on the scheme, UK Sport was to make secondary contributions into the LPFA fund covering the period to 31 March 2020. An additional pension contribution of £266k was made in the prior year. Following the most recent triennial valuation (31 March 2019) it was determined that for the period to the next valuation additional contributions are no longer required.

#### *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 £52.9m (31 March 2021: £62.2m).

### 22.3.4 Other participating members of LGPS

Other ALBs participating in the Local Government Pension Scheme are:

- Geffrye Museum (Museum of the Home);
- Horniman Public Museum and Public Park Trust; and
- UK Anti-Doping.

### 22.4 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. BTA also operates an unfunded pension scheme for payments to former Chairs.

In accordance with IAS 19, BTA's share of the surplus of the funded and unfunded schemes as at 31 March 2022 is £0.5m (31 March 2021: £23.6m deficit). These figures include the US pension scheme. For the UK pension scheme (BTBPs), the surplus at 31 March 2022 is £53k (31 March 2021: £23.9m deficit).

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

### 22.5 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 2022 these schemes had a net pension surplus of £19.7m (31 March 2021: £14.8m). These schemes had an additional net pension asset of £8.8m (31 March 2021: £7.7m) 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. In accordance with 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, and as such only £19.7m is included in the accounts.

The scheme is administered by a board of Trustees which 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 £7.1m were made in the year ended 31 March 2022 (31 March 2021: £6.4m).

## 22.6 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 29).

## 23. Capital, other commitments and lessor arrangements

### 23.1 Capital commitments

Contracted capital commitments not otherwise included in these financial statements:	31 March 2022		31 March 2021	
	Core department	Departmental group	Core department	Departmental group
	£'000	£'000	£'000	£'000
Property, plant & equipment	-	73,193	-	80,021
Intangible assets	-	849	-	906
<b>Total</b>	-	<b>74,042</b>	-	<b>80,927</b>

The most significant element of commitments as at 31 March 2022 was the BBC totalling £20.3m (31 March 2021: £10.4m).

### 23.2 Operating leases as lessor

Future minimum lease payments under non-cancellable operating leases comprise:	31 March 2022		31 March 2021	
	Core department	Departmental group	Core department	Departmental group
	£'000	£'000	£'000	£'000
Not later than one year	-	6,899	-	7,192
Later than one year and not later than five years	-	26,865	-	24,960
Later than five years	-	24,579	-	30,683
<b>Total operating leases as a lessor</b>	-	<b>58,343</b>	-	<b>62,835</b>

The significant component of the group lessor balance at 31 March 2022 is the BBC holding of £56.7m (31 March 2021: £57.8m). These leases relate to various property sub-lease arrangements.

### 23.3 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 2022, 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 2022		31 March 2021	
	Core department	Departmental group	Core department	Departmental group
	£'000	£'000	£'000	£'000
Not later than one year	-	648	-	625
Later than one year and not later than five years	-	2,401	-	2,660
Later than five years	-	-	-	354
<b>Total</b>	-	<b>3,049</b>	-	<b>3,639</b>

### 23.4 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 2021-22, analysed by the period during which the commitments expire, are as follows:

	31 March 2022		31 March 2021	
	Core department	Departmental group	Core department	Departmental group
	£'000	£'000	£'000	£'000
Not later than one year	-	1,039,607	-	1,024,751
Later than one year and not later than five years	-	2,258,161	-	1,512,505
Later than five years	-	446,000	-	649,717
<b>Total</b>	-	<b>3,743,768</b>	-	<b>3,186,973</b>

The BBC as at 31 March 2022 had commitments of £3,624.0m (31 March 2021: £2,995.0m) relating to long term outsourcing contracts including IT support, content distribution and transmission, facilities management and elements of finance support.

UK Sport Exchequer as at 31 March 2022 had commitments of £54.7m (31 March 2021: £72.5m) relating to grant commitments which are subject to an annual review process.

National Citizen Service as at 31 March 2022 had commitments of £35.9m (31 March 2021: £24.1m) relating to contracts for programme delivery partners.

## 24. Contingent assets and liabilities

### 24.1 Contingent liabilities disclosed under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*

#### 24.1.1 Quantifiable

##### Core Department

###### *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. Advice from the department for Levelling Up, Housing and Communities (DLUHC) 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, with the potential of an audit challenge remaining in place until 2026.

###### *Production Restart Scheme*

This compensation scheme was created to restart the UK film and TV production and aid economic recovery of this important sector, by addressing the market failure of the unavailability of COVID-19 insurance for productions. The £13.1m contingent liability is all claims relating to 2021-22 that have not been paid or provided for in the accounts.

##### Group

###### *Lottery Distribution Bodies (LDBs)*

In 2021-22, the Lottery Distribution Bodies (LDBs) have contingent liabilities relating to future grant payments. The estimated value is £424m (2020-21: £398m). The LDBs include British Film Institute, National Lottery Community Fund (formerly Big Lottery Fund), National Lottery Heritage Fund, Sport England, and UK Sport.

The contingent liabilities as at 31 March 2022 relate to potential grant awards that do not satisfy the criteria of being treated as a liability. For more detailed information on contingent liabilities, please refer to the financial statements of the individual LDBs.

The values per LDB are set out in the table below.

Lottery Distribution Body	2021-22 £m	2020-21 £m
Sport England	9	16
UK Sport	192	246
National Lottery Heritage Fund	201	116
National Lottery Community Fund	19	15
British Film Institute	3	5
<b>Total</b>	<b>424</b>	<b>398</b>

#### *Guarantee of British Horseracing Authority (BHA) Pension Scheme*

On 30 July 2007 the Board 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 payment by the BHA of certain contributions to the Scheme. The last completed formal valuation of the scheme took place in December 2017. Until 2020-21 HBLB provided two separate guarantees: an annual repair deficit guarantee of £0.6m valid until September 2024 if BHA were unable to pay and a maximum wind up guarantee of £30.3m valid until December 2024.

HBLB was approached by the Trustees of the scheme during 2020-21 to consider an extension to the wind-up guarantee. This was agreed by the Board with the necessary approvals from DCMS and HM Treasury subsequently received.

Accordingly, the Board now has a contingent liability in the event of the BHA becoming unable to meet its obligations and if such circumstances arise to:

- a. Meet the entire annual deficit contributions £0.6m per annum for the period ending 30 September 2024;
- b. Guarantee until the earlier of (i) 31 December 2032 and (ii) the date a future actuarial valuation of the Scheme discloses that there is no longer a past deficit on the basis of the December 2006 Actuarial Assumptions, the full Scheme wind-up liabilities; up to a maximum of £30.3m, payable in five equal annual instalments, only in the event that the Scheme is wound up by its trustees as a result of the BHA becoming unable to maintain contributions, or terminates its participation in the Scheme, without substituting an alternative Principal Employer (Rule 66 of the Scheme). This guarantee does not apply if the Scheme is wound up for any other reason.

#### *The 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 £1.5m. The hearing of the contested issues is expected within the 2022-23 financial year. The same liability was reported as at 31 March 2021 with an estimated obligation of £1.4m.

The result of the hearing could set a precedent for other museums and galleries with commercial areas. However, as at 31 March 2022, 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.

## *Gambling Commission*

There are contingent liabilities of £0.1m as at 31 March 2022 (31 March 2021: £1.0m) relating to legal costs. The contingent liabilities figure has been calculated under the guidance of IAS 37, based on events existing at the Statement of Financial Position date.

## *Birmingham Organising Committee for the 2022 Commonwealth Games*

The OC has an indemnity letter in place in favour of the CGF Partnerships (CGFP) and Commonwealth Games Federation (CGF) in the event the Games are cancelled due to a pandemic. The indemnity of £79m is in respect of sponsorship, broadcast rights and merchandising income which may be refundable in the event of cancellation due to a pandemic.

The OC has an indemnity in place with CGFP of £6.5m recognising its obligations for sponsorship, broadcast rights and merchandising should the Games be cancelled.

## *British Film Institute*

The BFI Locked Box initiative enables UK-filmmakers supported through the BFI to benefit from their film's success. In short, a share of income from supported film productions is put aside (into a BFI Locked Box) and can be used by the filmmakers for the development and/or production of future projects. The value of this contingent liability as at 31 March 2022 is £3.1m (31 March 2021: £3.0m).

## **24.1.2 Unquantifiable**

### **Core Department**

#### *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.



## *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.

### **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.

#### *New Fair Deal – Natural History Museum*

The Natural History Museum outsourced the provision of soft maintenance services to Servest Ltd in 2009. This required a number of employees to be transferred out of the Museum's employment and into the employment of Servest under the Transfer of Undertakings (Protection of Employment) Regulations 2006. These employees had to be enrolled by the new employer into a pension scheme broadly comparable to the Civil Service Pension scheme which they were enrolled in whilst in the Museum's employment. The contract was retendered and awarded to Total Support Services Ltd in July 2016 which under the New Fair Deal Policy triggered the opportunity for the transferred staff to transfer the pension benefits earned in the Servest scheme back into the Civil Service Pension scheme.

As the contracting authority, the Natural History Museum will have a liability to pay the shortfall between the transfer in and transfer out values. The value of the liability will depend on negotiation with the Servest scheme provider and the number of individuals who take up the option to transfer. The Government Actuary's Department have been engaged to undertake this process on the Museum's behalf.

#### *4th National Lottery Licence Legal Challenge*

The Gambling Commission considers the liability to be a contingent liability in accordance with IAS 37. Due to the ongoing legal action and complexity of the case, including the varied consequences of multiple possible scenarios and permutations, we are unable to provide reliable financial estimates. Furthermore, there are a number of commercial sensitivities surrounding the legal challenges, and disclosure of further information could be prejudicial to the ongoing case. The liabilities will remain until the legal challenges are settled, because they relate to possible obligations in respect of enduring legal challenges as a result of the Gambling Commission's decision.

#### *British Tourist Authority – India Subsidiary*

There is potential non-compliance in connection with Indian operations and India Subsidiary over cash collection and the branch office. The final outcome of the investigations with the Reserve Bank of India could result in a fine the value of which is currently unknown. BTA are working with their advisers and it is currently anticipated that the position and the value of any liability will be known by March 2023.

## **24.2 Contingent assets**

### **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. Payments of £47.4m are forecast to be received between 2016 and 2045, of which £8.2m had been received by the end of 2021-22.

#### *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). We continue to engage with the GLA on forecasts for land sales on the Olympic Park.

#### *British Museum Legacies*

Six legacies were bequeathed to the British Museum group. The amount and timing of these payments are uncertain, as the museum's interest is in the residuary estates, but are estimated at around £1.5m. The museum was notified of a potential bequest of prints and drawings, valued at £0.5m. The gift has not yet been formally accepted.

#### *Dormant Assets*

Under the provisions of the Dormant Bank and Building Society Accounts Act 2008, banks and building societies may pass funds from dormant accounts to Reclaim Fund Ltd (RFL), a not-for-profit entity authorised to act as the reclaim fund. RFL transfers funds which it is satisfied are not required to meet future claims from the owners of the dormant account money to the National Lottery Community Fund (NLCF) for onward distribution. RFL calculate the liability due to the NLCF and recognise this as a creditor, which corresponds to a debtor and related income being accounted for by the NLCF. In addition, RFL note a provisional amount of future income which may be passed to the NLCF. The NLCF now recognises this as a contingent asset according to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. RFL have indicated this value is likely to be in the range of £75m-£90m for 2021-22.

#### *Arts Impact Fund*

The Arts Council Lottery has potential income of £0.5m to be paid annually over the period 2022-2026. This relates to surplus funds generated by National Endowment for Science, Technology and the Arts (NESTA) following a previous grant award.

### *VAT reclaim*

Historic England submitted a claim to HMRC in December 2021 for £4.5m-£4.9m relating to a proposed change in treatment of English Heritage free sites. This is largely due to English Heritage, but the resultant increase in the group's partial exemption recovery percentage produces a contingent asset for Historic England of £1.15m. This claim is being reviewed by HMRC with the results expected in the first half of 2022-23.

## 25. Related party transactions

### Core department

At 31 March 2022, DCMS was the sponsor of the ALBs listed in Note 29. 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
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, and for AI conversion courses. 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.
Government Property Agency (GPA)	Payments from DCMS to GPA relating to DCMS leasing office space.
HM Revenue and Customs (HMRC)	DCMS pays PAYE, national insurance and VAT to HMRC.
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. DCMS also pays business rates to Westminster Council.
Department for Levelling Up, Housing and Communities (DLUHC)	DCMS contributions to cover local government Libraries and Sports PFI projects that are distributed by DLUHC.
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 Telegraphy 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*

John Whittingdale MP, former Minister of State for Media and Data (left on 16 September 2021), is a patron of the Stow Maries Great War Aerodrome Trust which received £15k from Historic England.

#### *Non-Executive Board Members*

Sherry Coutu, a former Non-Executive Board Member (resigned 10 March 2022) is a Chair of the board of Trustees for Founders4Schools which received £27k from the core department. Sherry Coutu was an advisory Board Member of The Royal Society, which paid £30k to the BBC and received £6k from National History Museum. The Royal Society received £10k from the core department (£10k payable at year end).

#### *Audit and Risk Committee Members*

Hemant Patel (Non-Executive Board Member and Audit and Risk Committee Chair) is the Chief Financial Officer at Whitbread PLC which received £36k from UK Sport Exchequer (£6k payable at year end), £10k from UK Anti-Doping, £7k from Imperial War Museum, £7k from Royal Armouries Museum, £6k from British Museum, £1k from Birmingham 2022 and £1k from the Sports Grounds Safety Authority for hotel accommodation.

Melanie Hogger, partner of Phill Wells (Independent Audit and Risk Committee Member), is the Director of Technology Services at Essex County Council which made payments of £100k to the core department during the year and £3k to the Information Commissioner's Office. Also, during the year it received £2,357k from Sports England Lottery (£8,786k receivable at the year end), £1,956k from Arts Council England, £1,807k from the core department, £336k from Sport England Exchequer, £77k from Historic England, £10k from the National Lottery Community Fund (£930k payable at the year end), and £1k from the British Library (£8k payable at year end). As at the year end, £185k was payable to Essex County Council by the National Lottery Heritage Fund.

#### *Executive Board Members*

Susannah Storey (Director General for Digital and Media) is a Trustee of The Charities Aid Foundation (CAF) which paid £14k to Sir John Soane's Museum.

The Remuneration Report (page 69) contains details of payments made to key personnel.



## 26. 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.

### *Changes to Ministerial team*

The following changes to the ministerial team have occurred since 1 April 2022:

- The Rt Hon Nadine Dorries MP (Secretary of State for Digital, Culture, Media and Sport) was replaced by The Rt Hon Michelle Donelan MP on 6 September 2022.
- Julia Lopez MP (Minister of State for Media, Data and Digital Infrastructure) was replaced by Matt Warman MP on 7 July 2022. On 7 September 2022, Matt Warman MP left and Julia Lopez MP rejoined DCMS with this ministerial portfolio.
- Chris Philp MP (Parliamentary Under Secretary of State (Minister for Tech and the Digital Economy) was replaced by Damian Collins MP on 8 July 2022. Damian Collins MP was then replaced by Paul Scully MP on 27 October 2022.
- Nigel Huddleston MP (Minister for Sport, Tourism, Heritage and Civil Society) left DCMS on 20 September 2022.
- Lord Parkinson of Whitley Bay (Parliamentary Under Secretary of State), Minister for Arts, left DCMS on 20 September 2022. He was reappointed as Minister for Arts and Heritage on 30 October 2022.
- Lord Kamall (Parliamentary Under Secretary of State (Minister for Civil Society, Heritage, Tourism and Growth) joined DCMS on 20 September 2022 and left on 28 October 2022.
- The Rt Hon Stuart Andrew MP was appointed as Parliamentary Under Secretary of State (Minister for Sport, Arts and Ceremonials) on 20 September 2022. His portfolio subsequently changed to Minister for Sport, Tourism and Civil Society.

### *Building Digital UK (BDUK)*

BDUK became an Executive Agency of the department on 1 April 2022. £5.3m of assets and £27.3m of liabilities are estimated to be transferred to BDUK at this date, from the Core department.

### *Rugby League World Cup (RLWC)*

The 2021 RLWC has been rescheduled (due to the pandemic) to take place on 15 October to 19 November 2022. On 26 May 2022, to ensure the World Cup can proceed as planned, DCMS agreed to take on a contingent liability of up to £10m, with £4m ringfenced for rising/unexpected costs related to COVID-19, and £6m ringfenced for lost ticketing income related to COVID-19 should the tournament fail to sell enough tickets to break even. The national governing body, the Rugby Football League, will be responsible for any additional costs that exceed the event budget.

### *Shared Rural Network*

The shared rural network is the Government's £1bn deal with four mobile network operators (MNOs) to deliver 4G coverage to 95% of UK landmass by the end of the programme. On 22 June 2022, a departmental minute was laid recording the Government's proposal to enter into an agreement to indemnify Digital Mobile Spectrum Ltd – a subsidiary of the four MNOs – in respect of costs that may arise if there is a change in the operator of the Emergency Services Network. The proposed indemnity will be reported as a contingent liability in the 2022-23 accounts.

### *DCMS COVID-19 Loans*

The DCMS expected credit loss (ECL) model was prepared based on the prevailing factors at the reporting date. The current economic climate in the UK, such as the widespread inflationary pressures and cost of living crisis, could have an impact on the assumptions that feed into the model for some of our borrowers. DCMS could experience increases in the probability of default, which could subsequently increase the credit risk significantly, for a number of borrowers. If there has been a significant increase in

the credit risk, a lifetime expected credit loss would be applied (stage 2).

The probability of default assumption could result in an uplift of ECL, however any loss given default is mitigated by strong security that DCMS holds over borrowers. The ECL model uses the prevailing exposure on the loan book at the reporting date and therefore ECL would not be impacted retrospectively if DCMS experiences loan repayment defaults in the up and coming year.

#### *Contingent liabilities no longer existing post 31 March 2022*

Remote contingent liabilities disclosed in the parliamentary accountability disclosures section of the annual report, and quantifiable and non-quantifiable contingent liabilities disclosed in note 24 are representative of conditions existing at the reporting date, however at the date of these accounts being signed these conditions no longer exist for the following:

The parliamentary accountability disclosures are applicable to the live events reinsurance scheme and Platinum Jubilee Pageant, which provided £750m of cover up to the 30 September 2022 and £2.45m of cover up to 5 June 2022, respectively. No expense was incurred by DCMS because at the date of signing the accounts, UK Civil Authority restrictions were not imposed and the Platinum Jubilee Pageant took place without cancellation.

Contingent liabilities disclosed in note 24 are applicable to the Birmingham Organising Committee for the 2022 Commonwealth Games indemnity and the underwrite of Commonwealth Games, which provided a £85.5m indemnity and an unquantifiable underwrite of the costs of staging the games, respectively. No expense was incurred by DCMS because at the date of signing these accounts, the Platinum Jubilee Pageant took place without cancellation.

#### *Her Late Majesty The Queen's Funeral*

The Department funded part of the costs for the state funeral of Her Late Majesty The Queen on 19 September 2022. These costs will be included in the 2022-23 accounts.

#### *BBC*

As set out in the Autumn Budget and Spending Review 2021, the commercial arm of the BBC's net borrowing limit will benefit from a stepped increase for the general limit (excluding leases), which has been at a level of £350m, as follows: 9 August 2022 (£600m), 1 April 2025 (£650m) and 1 April 2026 onwards (£750m). These increases will allow BBC Studios, as the BBC's principal commercial subsidiary, to invest in growth initiatives to generate higher returns in the years ahead.

Following increases in yields in the gilts market after the year end and a particularly volatile period in late September and early October 2022, the BBC Pension Scheme (disclosed in note 22) experienced a material reduction of assets and liabilities, but has remained able to meet its obligations at all times. The Scheme is taking measured steps to ensure it can continue to withstand a large and sudden increase in yields. The Scheme does not consider that the recent market volatility has any retrospective impact on its assets or liabilities as at 31 March 2022.

#### *Gambling Commission*

Following the challenge on the Fourth National Lottery Licence competition, in May 2022 the Gambling Commission's (GC) action to formally award the 4th Licence was automatically paused. The GC went to court to ask for an Application to lift this stay, and proceed with implementation with the preferred applicant, Allwyn. The courts ruled in the GC's favour, but there were subsequent appeals. These appeals have subsequently been withdrawn. On 20 September 2022 the GC announced that the Fourth National Lottery Licence has therefore been formally awarded to Allwyn and the transition process has commenced. The substantive legal challenge against the GC's competition outcome decision has not been dropped and a High Court trial is still due to begin in January 2023.

## **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.

## **27. 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 2022 the National Lottery Community Fund (NLCF) held assets of £9.5m (31 March 2021: £14.0m), these assets represent third party bank balances for whom NLCF manage grant programmes and the National Lottery Promotions Unit to meet payments processed by the Fund under service level contracts.

## 28. Restatements of Statement of Financial Position and Statement of Comprehensive Net Expenditure

### Group restatements

#### Arts Council England heritage assets restatement

Arts Council England Exchequer (ACE) has amended their accounting policy to no longer revalue their heritage assets collection (specifically the Arts Council Collection). This is due to ACE's view that the market value would not be a true reflection of the value of the asset to the nation's heritage; and the asset, if lost, could not be replaced or reconstructed. The historic revaluation has therefore been revised to hold these assets at a historic cost basis.

Comparative details in various notes have also been restated for the above. The financial impact of all prior period adjustments are set out in the following tables:

Consolidated Statement of Comprehensive Net Expenditure as at 31 March 2021	Published 2020-21		ACE Heritage Assets restatement	Restated 2020-21	
	2020-21: Core department	2020-21: Departmental group		2020-21: Core department	2020-21: Departmental group
	£'000	£'000		£'000	£'000
Staff costs	115,854	2,300,840	-	115,854	2,300,840
Grants and subsidies to sponsored bodies	6,172,214	10,850	-	6,172,214	10,850
Other grants	679,804	3,868,766	-	679,804	3,868,766
Purchase of goods and services	73,602	440,511	-	73,602	440,511
Depreciation, amortisation, impairment charges and expected credit loss adjustments	5,777	438,102	-	5,777	438,102
Provisions expense	2,586	138,745	-	2,586	138,745
Finance cost	2,649	63,231	-	2,649	63,231
Other operating expenditure	37,540	2,275,986	-	37,540	2,275,986
<b>Total operating expenditure</b>	<b>7,090,026</b>	<b>9,537,031</b>	<b>-</b>	<b>7,090,026</b>	<b>9,537,031</b>
Income from contracts with customers	(44,361)	(474,665)	-	(44,361)	(474,665)
Current grant income	(99,169)	(225,963)	-	(99,169)	(225,963)
Other operating income	(2,977)	(2,135,405)	-	(2,977)	(2,135,405)
<b>Total operating income</b>	<b>(146,507)</b>	<b>(2,836,033)</b>	<b>-</b>	<b>(146,507)</b>	<b>(2,836,033)</b>
<b>Net expenditure for the year</b>	<b>6,943,519</b>	<b>6,700,998</b>	<b>-</b>	<b>6,943,519</b>	<b>6,700,998</b>
<b>Other comprehensive net expenditure</b>					
Items which will not be reclassified to net operating expenditure:					
Net (gain)/loss on:					
- revaluation of property, plant & equipment, intangible assets, heritage assets and right of use assets	(15,824)	58,773	2,636	(15,824)	61,409
- pension remeasurements	-	233,040	-	-	233,040
Items which may be reclassified to net operating expenditure:					
Net (gain)/loss on:					
- impairments	-	10,014	-	-	10,014
- other revaluations including financial assets through OCI	-	(354,135)	-	-	(354,135)
<b>Total other comprehensive net expenditure</b>	<b>(15,824)</b>	<b>(52,308)</b>	<b>2,636</b>	<b>(15,824)</b>	<b>(49,672)</b>
<b>Total comprehensive expenditure for the period</b>	<b>6,927,695</b>	<b>6,648,690</b>	<b>2,636</b>	<b>6,927,695</b>	<b>6,651,326</b>

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

Consolidated Statement of Financial Position as at 31 March 2021	Published 2020-21		ACE Heritage Assets restatement £'000	Restated 2020-21	
	2020-21: Core department £'000	2020-21: Departmental group £'000		2020-21: Core department £'000	2020-21: Departmental group £'000
<b>Non-current assets</b>					
Property, plant & equipment	30,119	6,370,402	-	30,119	6,370,402
Right of use assets	42,416	1,217,328	-	42,416	1,217,328
Heritage assets	16,415	1,809,545	(244,403)	16,415	1,565,142
Intangible assets	10,970	84,860	-	10,970	84,860
Contract assets	-	16,514	-	-	16,514
Investment properties	-	28,150	-	-	28,150
Trade and other receivables*	989	206,870	-	989	206,870
Investments in associates and joint ventures	-	35,328	-	-	35,328
Other financial assets	358,068	2,722,089	-	358,068	2,722,089
<b>Total non-current assets</b>	<b>458,977</b>	<b>12,491,086</b>	<b>(244,403)</b>	<b>458,977</b>	<b>12,246,683</b>
<b>Current assets</b>					
Assets classified as held for sale	-	3,600	-	-	3,600
Contract assets	-	5,350	-	-	5,350
Inventories	-	218,612	-	-	218,612
Trade and other receivables*	82,690	1,253,988	-	82,690	1,253,988
Other financial assets	7,098	246,666	-	7,098	246,666
Cash and cash equivalents	1,303,586	3,679,643	-	1,303,586	3,679,643
<b>Total current assets</b>	<b>1,393,374</b>	<b>5,407,859</b>	<b>-</b>	<b>1,393,374</b>	<b>5,407,859</b>
<b>Total assets</b>	<b>1,852,351</b>	<b>17,898,945</b>	<b>(244,403)</b>	<b>1,852,351</b>	<b>17,654,542</b>
<b>Current liabilities</b>					
Trade and other payables	(1,541,855)	(4,177,233)	-	(1,541,855)	(4,177,233)
Contract liabilities	-	(5,900)	-	-	(5,900)
Provisions	(2,586)	(145,972)	-	(2,586)	(145,972)
Lease liabilities	(10,730)	(128,676)	-	(10,730)	(128,676)
Other financial liabilities	-	(5,560)	-	-	(5,560)
<b>Total current liabilities</b>	<b>(1,555,171)</b>	<b>(4,463,341)</b>	<b>-</b>	<b>(1,555,171)</b>	<b>(4,463,341)</b>
<b>Non-current assets plus/(less) net current assets/liabilities</b>	<b>297,180</b>	<b>13,435,604</b>	<b>(244,403)</b>	<b>297,180</b>	<b>13,191,201</b>

\* Excludes expected credit loss.



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

Consolidated Statement of Financial Position as at 31 March 2021	Published 2020-21		ACE Heritage Assets restatement	Restated 2020-21	
	2020-21: Core department	2020-21: Departmental group		2020-21: Core department	2020-21: Departmental group
	£'000	£'000		£'000	£'000
<b>Non-current liabilities</b>					
Trade and other payables	-	(1,214,767)	-	-	(1,214,767)
Contract liabilities	-	(17,185)	-	-	(17,185)
Provisions	-	(62,189)	-	-	(62,189)
Lease liabilities	(114,645)	(1,980,036)	-	(114,645)	(1,980,036)
Other financial liabilities	-	(589,582)	-	-	(589,582)
Retirement benefit obligations	-	(88,504)	-	-	(88,504)
<b>Total non-current liabilities</b>	<b>(114,645)</b>	<b>(3,952,263)</b>	<b>-</b>	<b>(114,645)</b>	<b>(3,952,263)</b>
<b>Total assets less liabilities</b>	<b>182,535</b>	<b>9,483,341</b>	<b>(244,403)</b>	<b>182,535</b>	<b>9,238,938</b>
<b>Taxpayers' equity and other reserves</b>					
<b>Taxpayers' funds</b>					
General fund	152,874	3,212,896	-	152,874	3,212,896
Revaluation reserve	29,661	1,592,813	-	29,661	1,592,813
<b>Total taxpayers' equity</b>	<b>182,535</b>	<b>4,805,709</b>	<b>-</b>	<b>182,535</b>	<b>4,805,709</b>
Lottery funds	-	(812,306)	-	-	(812,306)
Charity funds	-	5,489,938	(244,403)	-	5,245,535
<b>Total reserves</b>	<b>182,535</b>	<b>9,483,341</b>	<b>(244,403)</b>	<b>182,535</b>	<b>9,238,938</b>

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

Consolidated Statement of Financial Position as at 31 March 2020	Published 2019-20		ACE Heritage Assets restatement	Restated 2019-20	
	2019-20: Core department	2019-20: Departmental group		2019-20: Core department	2019-20: Departmental group
	£'000	£'000		£'000	£'000
<b>Non-current assets</b>					
Property, plant & equipment	29,853	6,447,046	-	29,853	6,447,046
Right of use assets	22,706	1,401,950	-	22,706	1,401,950
Heritage assets	15,680	1,747,102	(241,767)	15,680	1,505,335
Intangible assets	435	67,160	-	435	67,160
Contract assets	-	13,574	-	-	13,574
Investment properties	-	33,001	-	-	33,001
Trade and other receivables*	2,609	215,540	-	2,609	215,540
Investments in associates and joint ventures	-	32,166	-	-	32,166
Other financial assets	49,915	2,098,395	-	49,915	2,098,395
<b>Total non-current assets</b>	<b>121,198</b>	<b>12,055,934</b>	<b>(241,767)</b>	<b>121,198</b>	<b>11,814,167</b>
<b>Current assets</b>					
Assets classified as held for sale	-	40	-	-	40
Contract assets	-	1,136	-	-	1,136
Inventories	-	172,163	-	-	172,163
Trade and other receivables*	50,600	1,045,543	-	50,600	1,045,543
Other financial assets	2,835	324,467	-	2,835	324,467
Cash and cash equivalents	24,467	2,017,498	-	24,467	2,017,498
<b>Total current assets</b>	<b>77,902</b>	<b>3,560,847</b>	<b>-</b>	<b>77,902</b>	<b>3,560,847</b>
<b>Total assets</b>	<b>199,100</b>	<b>15,616,781</b>	<b>(241,767)</b>	<b>199,100</b>	<b>15,375,014</b>
<b>Current liabilities</b>					
Trade and other payables	(160,850)	(2,486,643)	-	(160,850)	(2,486,643)
Contract liabilities	-	(2,189)	-	-	(2,189)
Provisions	(32)	(172,186)	-	(32)	(172,186)
Lease liabilities	(11,293)	(130,088)	-	(11,293)	(130,088)
Other financial liabilities	-	(480)	-	-	(480)
<b>Total current liabilities</b>	<b>(172,175)</b>	<b>(2,791,586)</b>	<b>-</b>	<b>(172,175)</b>	<b>(2,791,586)</b>
<b>Non-current assets plus/(less) net current assets/liabilities</b>	<b>26,925</b>	<b>12,825,195</b>	<b>(241,767)</b>	<b>26,925</b>	<b>12,583,428</b>

\*Excludes expected credit loss

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

Consolidated Statement of Financial Position as at 31 March 2020	Published 2019-20		ACE Heritage Assets restatement	Restated 2019-20	
	2019-20: Core department	2019-20: Departmental group		2019-20: Core department	2019-20: Departmental group
	£'000	£'000		£'000	£'000
<b>Non-current liabilities</b>					
Trade and other payables	-	(1,313,191)	-	-	(1,313,191)
Contract liabilities	-	(13,706)	-	-	(13,706)
Provisions	-	(70,904)	-	-	(70,904)
Lease liabilities	(119,364)	(2,056,930)	-	(119,364)	(2,056,930)
Other financial liabilities	-	(547,458)	-	-	(547,458)
Retirement benefit obligations	-	98,246	-	-	98,246
<b>Total non-current liabilities</b>	<b>(119,364)</b>	<b>(3,903,943)</b>	<b>-</b>	<b>(119,364)</b>	<b>(3,903,943)</b>
<b>Total assets less liabilities</b>	<b>(92,439)</b>	<b>8,921,252</b>	<b>(241,767)</b>	<b>(92,439)</b>	<b>8,679,485</b>
<b>Taxpayers' equity and other reserves</b>					
<b>Taxpayers' funds</b>					
General fund	(106,276)	3,149,943	-	(106,276)	3,149,943
Revaluation reserve	13,837	1,361,227	-	13,837	1,361,227
<b>Total taxpayers' equity</b>	<b>(92,439)</b>	<b>4,511,170</b>	<b>-</b>	<b>(92,439)</b>	<b>4,511,170</b>
Lottery funds	-	(1,205,780)	-	-	(1,205,780)
Charity funds	-	5,615,862	(241,767)	-	5,374,095
<b>Total reserves</b>	<b>(92,439)</b>	<b>8,921,252</b>	<b>(241,767)</b>	<b>(92,439)</b>	<b>8,679,485</b>

## 29. List of bodies within the group

The entities within the group during 2021-22 listed below, comprised the core department, and those bodies included in the Government Resources and Accounts Act 2000 (Estimates and Accounts) (Amendment) Order 2021.

There were no changes to the Group Designation Order for 2021-22.

Body name	Legal status	Website
<b>Heritage</b>		
The Historic Buildings and Monuments Commission for England (Historic England) *	Statutory Body	<a href="http://www.historicengland.org.uk">www.historicengland.org.uk</a>
National Heritage Memorial Fund (NHMF) <sup>34</sup> * <sup>s</sup>	Statutory Body	<a href="http://www.nhmf.org.uk">www.nhmf.org.uk</a>
Churches Conservation Trust	Statutory Body and Registered Charity	<a href="http://www.visitchurches.org.uk">www.visitchurches.org.uk</a>
<b>Data</b>		
Information Commissioner's Office *	Statutory Body	<a href="http://www.ico.org.uk">www.ico.org.uk</a>
<b>Media/Creative Industries</b>		
British Broadcasting Corporation (BBC) <sup>35</sup>	Royal Charter Body	<a href="http://www.bbc.co.uk">www.bbc.co.uk</a>
S4C (Sianel Pedwar Cymru) <sup>36</sup>	Statutory Body	<a href="http://www.s4c.cymru">www.s4c.cymru</a>
British Film Institute * <sup>s</sup>	Royal Charter Body and Registered Charity	<a href="http://www.bfi.org.uk">www.bfi.org.uk</a>
<b>Museums and Galleries</b>		
British Museum *	Statutory Body and Exempt Charity	<a href="http://www.britishmuseum.org">www.britishmuseum.org</a>
Geffrye Museum (Museum of the Home)*	Limited Company and Registered Charity	<a href="http://www.museumofthehome.org.uk">www.museumofthehome.org.uk</a>
Horniman Public Museum and Public Park Trust *	Limited Company and Registered Charity	<a href="http://www.horniman.ac.uk">www.horniman.ac.uk</a>
Imperial War Museum *	Statutory Body and Exempt Charity	<a href="http://www.iwm.org.uk">www.iwm.org.uk</a>
National Gallery *	Statutory Body and Exempt Charity	<a href="http://www.nationalgallery.org.uk">www.nationalgallery.org.uk</a>
National Museums Liverpool *	Statutory Body and Exempt Charity	<a href="http://www.liverpoolmuseums.org.uk">www.liverpoolmuseums.org.uk</a>
National Portrait Gallery *	Statutory Body and Exempt Charity	<a href="http://www.npg.org.uk">www.npg.org.uk</a>
Royal Armouries Museum *	Statutory Body and Exempt Charity	<a href="http://www.royalarmouries.org">www.royalarmouries.org</a>
National Maritime Museum (Royal Museums Greenwich) *	Statutory Body and Exempt Charity	<a href="http://www.rmg.co.uk">www.rmg.co.uk</a>
Science Museum Group *	Statutory Body and Exempt Charity	<a href="http://www.sciencemuseum.org.uk">www.sciencemuseum.org.uk</a>
Sir John Soane's Museum *	Registered Charity	<a href="http://www.soane.org">www.soane.org</a>
Tate Gallery (Tate) *	Statutory Body and Exempt Charity	<a href="http://www.tate.org.uk">www.tate.org.uk</a>
Victoria and Albert Museum *	Statutory Body and Exempt Charity	<a href="http://www.vam.ac.uk">www.vam.ac.uk</a>
Wallace Collection *	Statutory Body and Exempt Charity	<a href="http://www.wallacecollection.org">www.wallacecollection.org</a>
Natural History Museum *	Statutory Body and Exempt Charity	<a href="http://www.nhm.ac.uk">www.nhm.ac.uk</a>
<b>Sport</b>		
UK Anti-Doping <sup>37</sup> *	Limited Company	<a href="http://www.ukad.org.uk">www.ukad.org.uk</a>
Birmingham Organising Committee for the 2022 Commonwealth Games (Birmingham 2022) <sup>38</sup>	Limited Company	<a href="http://www.birmingham2022.com">www.birmingham2022.com</a>
The English Sports Council (Sport England) * <sup>s</sup>	Royal Charter Body	<a href="http://www.sportengland.org">www.sportengland.org</a>
The United Kingdom Sports Council (UK Sport) * <sup>s</sup>	Royal Charter Body	<a href="http://www.uksport.gov.uk">www.uksport.gov.uk</a>
Sports Grounds Safety Authority *	Statutory Body	<a href="http://www.sgsa.org.uk">www.sgsa.org.uk</a>
<b>Tourism</b>		
British Tourist Authority (operating as VisitBritain * and VisitEngland *)	Statutory Body	<a href="http://www.visitbritain.org">www.visitbritain.org</a>
<b>Gambling</b>		
Gambling Commission *	Statutory Body	<a href="http://www.gamblingcommission.gov.uk">www.gamblingcommission.gov.uk</a>
Horse Race Betting Levy Board *	Statutory Body	<a href="http://www.hblb.org.uk">www.hblb.org.uk</a>

34 NHMF carries out its lottery distribution activities as the National Lottery Heritage Fund.

35 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).

36 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.

37 United Kingdom 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.

38 Festival 2022 Limited is a 100% owned subsidiary of Birmingham 2022; figures are consolidated in these accounts.

Body name	Legal status	Website
<b>Arts and Libraries</b>		
Arts Council England * <sup>s</sup>	Royal Charter Body and Registered Charity	<a href="http://www.artscouncil.org.uk">www.artscouncil.org.uk</a>
British Library *	Statutory Body and Exempt Charity	<a href="http://www.bl.uk">www.bl.uk</a>
<b>Civil Society</b>		
Big Lottery Fund (operating as National Lottery Community Fund)*	Statutory Body	<a href="http://www.tnlcommunityfund.org.uk">www.tnlcommunityfund.org.uk</a>
National Citizen Service Trust	Royal Charter Body	<a href="http://www.ncsyas.co.uk">www.ncsyas.co.uk</a>
<b>Cultural Property</b>		
Reviewing Committee on the Export of Works of Art and Objects of Cultural Interest †	Committee funded by the department	<a href="http://www.artscouncil.org.uk/collections/reviewing-committee">www.artscouncil.org.uk/collections/reviewing-committee</a>
Treasure Valuation Committee †	Committee funded by the department	<a href="http://www.gov.uk/government/organisations/treasure-valuation-committee">www.gov.uk/government/organisations/treasure-valuation-committee</a>
<b>Telecoms</b>		
Office of Communications (Ofcom)	Statutory body	<a href="http://www.ofcom.org.uk">www.ofcom.org.uk</a>
Phone-paid Services Authority	Limited Company	<a href="http://www.psauthority.org.uk">www.psauthority.org.uk</a>

\* Executive NDPBs per Cabinet Office's **Public Bodies 2020 report**

† Advisory NDPBs per Cabinet Office's **Public Bodies 2020 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 2021-22 or 2020-21 DCMS group accounts on a line-by-line basis on the grounds of materiality.

## 29.1 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.

### 29.1.1 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-2021-to-2022>.
- The National Archives. The National Archives annual report and accounts can be found at <https://www.gov.uk/government/publications/the-national-archives-annual-report-and-accounts-2021-to-2022>.

### 29.1.2 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.

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.

### 29.1.3 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. The accounts can be found [here](#).

# ANNEXES

## Annex A – Core tables

These tables present actual expenditure by the department for the years 2017-18 to 2021-22 and planned expenditure for the years 2022-23 to 2024-25 (derived from the Spending Review 2021 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 other restatements.

**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)	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
	Outturn	Outturn	Outturn	Outturn	Outturn	Plans	Plans	Plans
Support for the Museums and Galleries sector	24,745	28,678	25,719	24,342	20,079	27,410	32,053	32,755
Museums and Galleries sponsored ALBs (net) <sup>39</sup>	363,201	362,569	369,006	429,655	389,798	456,113	358,822	363,965
Libraries sponsored ALBs (net)	117,386	106,827	117,105	111,097	104,898	128,158	108,259	109,547
Support for the Arts sector <sup>40</sup>	(77,566)	(77,197)	(79,289)	(31,072)	(51,512)	1,723	2,201	2,283
Arts and culture ALBs (net) <sup>41</sup>	432,551	452,905	465,976	1,180,937	610,447	474,237	371,980	379,043
Support for the Sports sector <sup>42</sup>	11,520	7,087	5,061	16,090	54,985	15,893	18,585	18,991
Sport sponsored ALBs (net) <sup>43</sup>	146,677	140,174	142,204	303,568	151,001	159,851	128,812	130,639
Ceremonial and support for the Heritage sector <sup>44</sup>	67,739	55,178	50,936	43,260	41,726	22,386	26,115	26,676
Heritage sponsored ALBs (net) <sup>45</sup>	76,762	75,789	72,039	203,061	109,247	75,737	65,133	65,412
Tourism sponsored ALBs (net) <sup>46</sup>	59,835	68,320	51,654	37,725	49,078	39,848	35,023	34,245
Support for the Digital, Broadcasting and Media sector <sup>47</sup>	41,924	61,628	75,560	83,691	113,936	59,584	67,251	68,238
Broadcasting and Media sponsored ALBs (net) <sup>48</sup>	65,330	30,064	66,244	99,158	59,407	34,873	37,181	37,235
Administration and Research <sup>49</sup>	64,333	86,438	100,733	114,206	93,277	222,825	180,759	174,711
Support for Horseracing and the Gambling sector <sup>50</sup>	(3,714)	(6,721)	(16,161)	(17,851)	(26,790)	(16,991)	(19,870)	(20,305)
Gambling Commission (net) <sup>50</sup>	3,222	8,490	17,598	19,280	24,569	26,846	21,339	21,767
Olympics - legacy programmes <sup>51</sup>	(26)	-	-	-	(14)	-	-	-
Office for Civil Society <sup>52</sup>	224,460	176,310	58,472	385,990	31,862	33,728	39,441	40,305
National Citizen Service <sup>53</sup>	-	64,771	151,723	72,258	71,086	72,431	57,476	58,040
Birmingham 2022 and Festival 2022 (net) <sup>54</sup>	-	17,183	15,434	36,407	146,242	382,486	221,066	225,842
Spectrum Management Receipts <sup>55</sup>	(33,299)	-	-	-	-	-	-	-
Building Digital UK <sup>56</sup>	-	-	-	-	-	27,744	31,595	32,233
<b>Total Resource DEL</b>	<b>1,585,080</b>	<b>1,658,493</b>	<b>1,690,014</b>	<b>3,111,802</b>	<b>1,993,322</b>	<b>2,244,882</b>	<b>1,783,221</b>	<b>1,801,622</b>

39 Museums and Galleries sponsored ALBs shows an increase in expenditure in 2020-21 and 2021-22 due to additional funding provided to support Museums and Galleries impacted by the COVID-19 pandemic.

40 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 Arts Council England. The increase in 2020-21 and 2021-22 relates to additional funding to support the Arts sector and ALBs impacted by the COVID-19 pandemic.

41 Arts and culture ALBs shows an increase in expenditure in 2020-21 and 2021-22 due to the Cultural Recovery Fund announced in response to the COVID-19 pandemic.

42 Support for the Sports sector shows an increase in expenditure in 2021-22 mainly due to Expected Credit Loss adjustments resulting from Sports Sector Covid Recovery Loans and additional expenditure relating to Major Sporting Events.

43 Sport sponsored ALBs shows an increase in expenditure in 2020-21 due to Sports sector and Leisure Centre recovery programmes announced in response to the COVID-19 pandemic.

44 Ceremonial and Support for the Heritage sector included funding for World War One commemorations in 2017-18. The Listed Places of Worship budget for 2022-23 will be provided for at the Supplementary Estimate 2022-23.

45 Heritage sponsored ALBs shows an increase in expenditure in 2020-21 and 2021-22 due to the Cultural Recovery Fund announced in response to the COVID-19 pandemic.

46 Tourism sponsored ALBs line shows a drop in expenditure in 2019-20 which reflects the end of the current Discover England funding stream. The decrease in 2020-21 relates to the British Tourist Authority withdrawing or cancelling planned marketing activity during the COVID-19 pandemic in line with government guidelines on international travel restrictions. GREAT funding for 2022-23 will be provided for at the Supplementary Estimate 2022-23.

47 Support for Digital, Broadcasting and Media - On 1 April 2018, the Data Policy and Governance functions of the Government Digital Service (GDS) were transferred from the Cabinet Office to the DCMS. The Core Tables have been restated (2017-18) as required by HM Treasury, however the financial accounts were not restated as the impact was considered immaterial. In the 2020 Budget statement, the Government confirmed its commitment to invest a total of £5bn to roll out gigabit-capable broadband in the most difficult to reach areas of the UK. The decrease in 2022-23 plans relates to Building Digital UK being accounted for under its own estimate heading following the organisation's transition to Executive Agency status in 2022-23.

48 Broadcasting and Media sponsored ALBs shows an increase in 2019-20 which relates to the Contestable Fund and S4C payment of VAT. The increase in 2020-21 relates to the additional funding for British Film Institute as part of the Cultural Sector Support package announced in response to the COVID-19 pandemic.

49 The rise in Administration and Research expenditure since 2017-18 reflects the substantial growth of the department since the 2015 spending review, particularly in the digital and data protection areas. There have also been administration funding uplifts relating to EU Exit and Festival 2022.

50 Support for the Horseracing and Gambling Sector, and the Gambling Commission. The National Lottery Commission and the subsequent income it receives is recorded on a year by year basis.

51 Olympics legacy relates 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.

52 Office for Civil Society - The increase in 2020-21 reflects funding relating to Civil and Youth Initiatives announced in response to the COVID-19 pandemic.

53 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 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. The reduction in 2020-21 and 2021-22 relates to programme underspends and lower than budgeted programme prepayments.

54 On 1 February 2019, the Birmingham Organising Committee for the 2022 Commonwealth Games Ltd was set up as an Arm's Length Body. The increase from 2020-21 reflects the step up in activity relating to the 2022 Commonwealth Games.

55 Spectrum Management receipts, which partially offset Broadcasting Administration expenditure, are treated as income by Ofcom from 2018-19.

56 Building Digital UK planned expenditure in 2022-23 has been moved from the Support for the Digital, Broadcasting and Media sector heading following the organisation's transition to Executive Agency status in 2022-23.

Resource DEL (£'000s)	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
	Outturn	Outturn	Outturn	Outturn	Outturn	Plans	Plans	Plans
<b>Total Resource DEL</b> (brought forward from previous page)	<b>1,585,080</b>	<b>1,658,493</b>	<b>1,690,014</b>	<b>3,111,802</b>	<b>1,993,322</b>	<b>2,244,882</b>	<b>1,783,221</b>	<b>1,801,622</b>
<b>Of which:</b>								
Staff costs <sup>57</sup>	581,505	650,729	718,014	778,852	814,545	[ ]	[ ]	[ ]
Purchase of goods and services <sup>57</sup>	613,920	736,859	802,264	588,088	835,485	[ ]	[ ]	[ ]
Income from sales of goods and services	(58,480)	(64,368)	(67,518)	(43,493)	(37,840)	(213,606)	(164,619)	(163,887)
Current grants to local government (net)	44,881	17,237	65,150	197,455	82,311	6,236	7,295	7,454
Current grants to persons and non-profit (net)	790,068	782,659	640,431	1,912,362	739,105	671,740	560,995	573,255
Current grants abroad (net)	(785)	(22)	(1,092)	(932)	444	357	417	427
Subsidies to public corporations	14,443	13,568	13,296	21,178	10,146	1,233	957	978
Net public service pensions	-	8,970	6,658	9,286	6,846	4,351	3,431	3,478
Rentals	23,832	26,225	4,076	1,505	9,149	888	790	759
Depreciation <sup>58</sup>	149,256	134,988	155,075	212,611	206,844	200,129	200,129	200,129
Take up of provisions	-	1	-	19	9,828	-	-	-
Change in pension scheme liabilities <sup>59</sup>	-	-	-	-	-	-	-	-
Unwinding of discount rate on pension scheme liabilities <sup>59</sup>	843	915	1,445	1,144	1,225	-	-	-
Other resource	(574,403)	(649,268)	(647,785)	(566,273)	(684,766)	(155,070)	(137,014)	(139,096)

57 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.

58 Depreciation includes impairments.

59 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)	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
	Outturn	Outturn	Outturn	Outturn	Outturn	Plans	Plans	Plans
British Broadcasting Corporation (net) <sup>60</sup>	3,028,455	3,348,171	3,987,714	3,589,746	3,626,012	4,193,882	4,193,882	4,193,882
Provisions, Impairments and other AME spend <sup>61</sup>	43,569	314,679	211,575	51,329	5,732	115,926	111,636	111,636
Levy bodies <sup>62</sup>	(20,942)	3,518	(14,901)	14,165	11,094	2	2	2
Lottery Grants <sup>63</sup>	1,214,041	1,072,400	1,110,895	1,097,707	1,618,333	1,354,396	1,354,396	1,354,396
<b>Total Resource AME</b>	<b>4,265,123</b>	<b>4,738,768</b>	<b>5,295,283</b>	<b>4,752,947</b>	<b>5,261,171</b>	<b>5,664,206</b>	<b>5,659,916</b>	<b>5,659,916</b>
<b>Of which:</b>								
Staff costs <sup>64</sup>	1,055,940	1,117,884	1,190,180	1,405,618	1,261,796	[ ]	[ ]	[ ]
Purchase of goods and services <sup>64</sup>	2,478,429	2,617,994	2,498,997	1,879,611	2,511,256	[ ]	[ ]	[ ]
Income from sales of goods and services	-	(152,656)	(137,000)	(106,000)	(105,053)	(123,784)	(123,784)	(123,784)
Current grants to local government (net)	25,345	48,097	27,310	53,437	71,141	28,776	28,776	28,776
Current grants to persons and non-profit (net)	1,177,008	904,161	984,298	1,258,883	1,578,371	1,509,881	1,509,881	1,509,881
Subsidies to public corporations	1,795	2,477	6,150	5,799	2,342	8,553	8,553	8,553
Net public service pensions	-	(8,970)	-	(9,286)	(6,846)	-	-	-
Rentals	38,377	8,517	(60,040)	(72,475)	(93,877)	(84,121)	(84,121)	(84,121)
Depreciation	273,033	244,112	913,712	391,296	168,002	432,147	432,147	432,147
Take up of provisions	100,436	418,464	136,034	138,745	17,046	201,964	201,964	201,964
Release of provision	-	-	(2,961)	-	-	-	-	-
Change in pension scheme liabilities	246,549	241,473	244,200	204,610	234,483	241,328	241,328	241,328
Unwinding of discount rate on pension scheme liabilities <sup>65</sup>	39,540	22,636	22,286	4,513	9,209	4,706	4,706	4,706
Release of provisions covering pension benefits <sup>65</sup>	-	-	(6,658)	-	-	-	-	-
Other resource	(1,171,329)	(725,421)	(521,225)	(401,804)	(386,699)	(425,840)	(425,840)	(425,840)
<b>Total Resource Budget<sup>66</sup></b>	<b>5,850,203</b>	<b>6,397,261</b>	<b>6,985,297</b>	<b>7,864,749</b>	<b>7,254,493</b>	<b>7,909,088</b>	<b>7,443,137</b>	<b>7,461,538</b>
<b>Of which:</b>								
Depreciation <sup>67</sup>	422,289	379,100	1,068,787	603,907	374,846	632,276	632,276	632,276

60 BBC Commercial Limited and its holding companies have been consolidated in these accounts, reflected in the outturn from 2017-18.

61 The increase from 2017-18 to 2018-19 relates to Ofcom provision for litigation costs. The 2019-20 figures contain the impact of lease impairments on the initial adoption of IFRS 16. The decrease in 2021-22 is due to unanticipated depreciation, revaluation and provision movements.

62 Levy Expenditure is only recorded at year end via the annual accounts, hence no forward plans data.

63 The group accounts exclude the Devolved Administrations.

64 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.

65 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.

66 Total Resource Budget is the sum of the Resource DEL budget and the Resource AME budget, including depreciation.

67 Depreciation includes impairments.

Capital DEL (£'000s)	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
	Outturn	Outturn	Outturn	Outturn	Outturn	Plans	Plans	Plans
Support for the Museums and Galleries sector	145	4,477	1,800	(3)	2	10,796	15,709	16,958
Museums and Galleries sponsored ALBs (net) <sup>68</sup>	62,061	47,297	230,985	73,039	115,948	140,870	73,903	79,844
Libraries sponsored ALBs (net) <sup>69</sup>	2,126	4,900	3,281	6,815	7,144	35,065	51,605	55,752
Support for the Arts sector <sup>70</sup>	323	3,657	4,498	255,658	3,445	330	479	518
Arts and culture ALBs (net) <sup>71</sup>	61,507	34,398	26,625	68,098	70,689	50,383	73,196	79,076
Support for the Sports sector <sup>72</sup>	-	1,600	(13)	117,955	105,551	64,120	93,269	100,761
Sport sponsored ALBs (net)	38,800	46,747	46,034	40,385	57,282	43,447	63,118	68,190
Ceremonial and support for the Heritage sector	1,291	510	2,055	1,637	5,460	-	-	-
Heritage sponsored ALBs (net) <sup>73</sup>	23,675	23,361	38,801	177,027	147,113	52,801	76,708	82,872
Tourism sponsored ALBs (net)	1,208	693	365	2,179	1,343	2,475	3,596	3,884
Support for the Digital, Broadcasting and Media sector <sup>74</sup>	66,326	114,107	121,006	158,060	152,577	91,827	133,569	144,300
Broadcasting and Media sponsored ALBs (net) <sup>75</sup>	91,491	82,317	75,890	29,567	17,640	5,763	8,372	9,044
Administration and Research <sup>76</sup>	2,409	5,080	901	8,460	(10,878)	55,301	80,439	86,903
Gambling Commission (net)	947	423	783	258	265	521	757	818
Olympics - legacy programmes <sup>77</sup>	-	-	-	-	(27,350)	-	-	-
Office for Civil Society <sup>78</sup>	(1,674)	(3,470)	1,487	(3,263)	6,543	94,882	138,015	149,102
National Citizen Service <sup>79</sup>	-	23	9	(12)	-	10	15	16
Birmingham 2022 and Festival 2022 (net) <sup>80</sup>	-	45	(3,812)	43	1,601	-	-	-
Building Digital UK <sup>81</sup>	-	-	-	-	-	182,324	265,206	286,511
<b>Total Capital DEL</b>	<b>350,635</b>	<b>366,165</b>	<b>550,695</b>	<b>935,903</b>	<b>654,375</b>	<b>830,915</b>	<b>1,077,956</b>	<b>1,164,549</b>

68 Museums and Galleries Sponsored ALBs were allocated additional Capital funding 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 2022-23. The higher outturn in 2019-20 is due to the initial recognition of lease assets under IFRS 16. The increase in 2021-22 relates to additional funding for the Public Bodies Infrastructure Fund.

69 Libraries sponsored ALBs increased expenditure in 2022-23 relates to the British Library Leeds and Boston Spa project.

70 Support for the Arts sector increased expenditure in 2020-21 relates to the Cultural Sectors Support Package announced in response to the COVID-19 pandemic.

71 Arts and culture ALBs includes funding in 2017-18 and 2018-19 for the Factory Manchester as part of the Northern Powerhouse. At the Spring Budget 2020, the government confirmed a £250m Cultural Investment Fund for culture, heritage, local museums, and neighbourhood libraries. The increase in 2020-21 and 2021-22 relates to the Cultural Sectors Support Package announced in response to the COVID-19 pandemic, additional funding relating to Regional Cultural Infrastructure, and the Cultural Investment Fund.

72 Support for the Sports sector shows an increase in 2020-21 and 2021-22 due to Sports Sector loans packages announced in response to the COVID-19 pandemic.

73 Heritage sponsored ALBs shows an increase in 2020-21 and 2021-22 due to Cultural Sectors Support Package announced in response to the COVID-19 pandemic, transfer of funding to support grants distribution of the Green Recovery Fund and step up in planned activity for the High-Street Heritage Action Zones programme.

74 Support for Digital, Broadcasting and Media sector relates to Broadband Delivery UK (BDUK) programmes. In the 2020 Budget statement, the Government confirmed its commitment to invest a total of £5bn to roll out gigabit-capable broadband in the most difficult to reach areas of the UK. 2020-21 and 2021-22 outturn is higher than prior years due to programmes stepping up to full delivery and funding reprofiled from previous years.

75 Broadcasting and Media sponsored ALBs. In the 2015 Spending Review it was announced the government would invest up to £550m during the Spending Review period to make the 700 MHz spectrum band available for mobile broadband use. Additional funding was provided for clearance and auction of the band which was completed in August 2021 hence the decline from 2020-21.

76 The decline in 2021-22 outturn is driven by technical adjustments relating to accounting for leases under IFRS 16.

77 Olympics legacy programmes 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 and Olympic Lottery Distribution Fund.

78 On 15 July 2016 the Office for Civil Society moved from the Cabinet Office to the Department for Digital, Culture, Media and Sport via a Machinery of Government transfer. The increase in 2022-23 plans relates to additional funding provided for the Youth Investment Fund.

79 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 the Office for Civil Society.

80 On 1 February 2019, the Birmingham Organising Committee for the 2022 Commonwealth Games Ltd was set up as an Arm's Length Body. Negative outturn in 2019-20 is driven by timing differences between matching capital additions to grant income, and the implementation of IFRS 16 leases.

81 Building Digital UK planned expenditure in 2022-23 has been moved from the Support for the Digital, Broadcasting and Media sector heading following the organisation's transition to Executive Agency status in 2022-23.

Capital DEL (£'000s)	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
	Outturn	Outturn	Outturn	Outturn	Outturn	Plans	Plans	Plans
<b>Total Capital DEL</b> (brought forward from previous page)	<b>350,635</b>	<b>366,165</b>	<b>550,695</b>	<b>935,903</b>	<b>654,375</b>	<b>830,915</b>	<b>1,077,956</b>	<b>1,164,549</b>
<b>Of which:</b>								
Staff costs <sup>82</sup>	8,004	8,973	8,676	8,289	13,220	[ ]	[ ]	[ ]
Purchase of goods and services <sup>82</sup>	6,250	6,280	5,400	5,451	9,471	[ ]	[ ]	[ ]
Income from sales of goods and services	(9,982)	(9,102)	(9,075)	(7,396)	(4,991)	-	-	-
Current grants to persons & non-profit (net)	7,309	7,290	7,336	6,439	8,187	-	-	-
Subsidies to public corporations	3,748	2,966	2,951	-	-	-	-	-
Subsidies to private sector companies	-	-	-	2,023	313	-	-	-
Capital support for local government (net)	93,785	78,233	77,678	161,673	99,753	36,455	53,026	57,287
Capital grants to persons & non-profit (net)	71,701	57,043	47,697	107,823	105,270	77,439	117,321	126,749
Capital grants to private sector companies (net)	18,713	63,123	65,415	40,062	92,224	387,660	563,887	609,185
Capital grants abroad (net)	-	-	-	(62)	-	-	-	-
Capital support for public corporations	(1,400)	-	2,909	17,684	21,310	-	-	-
Purchase of assets	160,704	153,731	337,159	266,314	264,791	350,075	361,971	391,040
Income from sales of assets	(7,020)	(6,088)	(5,327)	(29,440)	(30,582)	(14,516)	(21,090)	(22,783)
Net lending to the private sector and abroad	3,715	6,169	16,760	367,409	91,298	-	-	-
Other capital	(4,892)	(2,453)	(6,884)	(10,366)	(15,889)	(15,251)	(10,326)	(11,156)

<sup>82</sup> 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)	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
	Outturn	Outturn	Outturn	Outturn	Outturn	Plans	Plans	Plans
British Broadcasting Corporation (net) <sup>83</sup>	158,060	95,496	941,101	48,633	167,193	704,522	704,522	704,522
Channel Four Television <sup>84</sup>	-	-	76,734	8,751	(76,296)	200,000	-	-
Levy bodies <sup>85</sup>	(1,924)	(1,640)	(314)	317	(21,878)	-	-	-
Lottery Grants <sup>86</sup>	448,775	358,918	308,721	220,060	188,739	343,291	343,291	343,291
<b>Total Capital AME</b>	<b>604,911</b>	<b>452,774</b>	<b>1,326,242</b>	<b>277,761</b>	<b>257,758</b>	<b>1,247,813</b>	<b>1,047,813</b>	<b>1,047,813</b>
<b>Of which:</b>								
Staff costs <sup>87</sup>	12,565	13,065	13,338	13,561	12,942	[ ]	[ ]	[ ]
Purchase of goods and services <sup>87</sup>	6,904	4,129	3,535	2,259	2,226	[ ]	[ ]	[ ]
Income from sales of goods and services	(2,114)	(2,344)	(2,004)	(2,358)	(2,947)	(57,023)	(57,023)	(57,023)
Capital support for local government (net)	133,006	96,321	75,477	74,396	32,711	117,673	117,673	117,673
Capital grants to persons & non-profit (net)	270,423	222,998	181,414	109,988	123,173	173,268	173,268	173,268
Capital grants to private sector companies (net)	3,505	35	-	-	-	-	-	-
Capital support for public corporations	(20,151)	(50,717)	165,369	(42,267)	4,686	(1,280,391)	(1,480,391)	(1,480,391)
Purchase of assets	119,473	169,004	844,631	88,269	99,015	1,885,582	1,885,582	1,885,582
Release of provision	-	-	-	-	(21,520)	-	-	-
Income from sales of assets	(6,818)	(35,749)	(3,191)	(1,143)	(24,470)	(24,892)	(24,892)	(24,892)
Net lending to the private sector and abroad	65,874	18,775	18,234	18,068	15,510	21,290	21,290	21,290
Other capital	22,244	17,257	29,439	16,988	16,432	29,732	29,732	29,732
<b>Total Capital Budget<sup>88</sup></b>	<b>955,546</b>	<b>818,939</b>	<b>1,876,937</b>	<b>1,213,664</b>	<b>912,133</b>	<b>2,078,728</b>	<b>2,125,769</b>	<b>2,212,362</b>
<b>Total Departmental Spending<sup>89</sup></b>	<b>6,383,460</b>	<b>6,837,100</b>	<b>7,793,447</b>	<b>8,474,506</b>	<b>7,791,780</b>	<b>9,355,540</b>	<b>8,936,630</b>	<b>9,041,624</b>
<b>Of which:</b>								
Total DEL <sup>90</sup>	1,786,459	1,889,670	2,085,634	3,835,094	2,440,853	2,875,668	2,661,048	2,766,042
Total AME <sup>91</sup>	4,597,001	4,947,430	5,707,813	4,639,412	5,350,927	6,479,872	6,275,582	6,275,582

83 BBC capital expenditure is net of property disposals. BBC Commercial Limited and its holding companies have been consolidated in these accounts, reflected in the outturn from 2017-18. There was a one-off impact in 2019-20 relating to asset recognition on the adoption of IFRS 16. The planned increase in 2022-23 is mainly due to continued expenditure on major strategic investments, renewals and new leases.

84 This AME expenditure represents cover for commercial borrowings. This facility was not required prior to 2019-20. In 2021-22 the negative outturn relates to a credit repayment in relation to Channel 4's credit facility.

85 Levy Expenditure is only recorded at year end via the annual accounts, so there is no forward plans data.

86 The group accounts exclude the Devolved Administrations and records expenditure on an accruals basis since 2014-15. The funding profile is agreed on a year by year basis. Plans data will be refined at the 2022-23 Supplementary Estimate.

87 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.

88 Total Capital Budget is the sum of the Capital DEL budget and the Capital AME budget.

89 Total Departmental Spending is the sum of the resource budget and the capital budget less depreciation.

90 Total DEL is the sum of the resource budget DEL and capital budget DEL less depreciation in DEL.

91 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	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
	Outturn	Outturn	Outturn	Outturn	Outturn	Plans	Plans	Plans
Libraries sponsored ALBs (net)	7,928	8,818	8,341	7,998	7,936	8,845	7,965	7,647
Support for the Arts sector	(310)	82	90	88	(674)	(669)	(595)	(571)
Arts and culture ALBs (net)	14,255	17,789	17,849	19,876	24,311	20,122	19,650	19,000
Sport sponsored ALBs (net)	12,788	13,087	13,467	19,281	17,532	16,636	16,467	15,940
Ceremonial and support for the Heritage sector	550	694	597	601	617	222	198	190
Heritage sponsored ALBs (net) <sup>92</sup>	16,378	13,954	15,021	4,717	23,464	21,332	22,118	21,518
Tourism sponsored ALBs (net)	31,077	33,917	30,819	26,371	27,374	27,641	25,552	24,566
Support for the Digital, Broadcasting and Media sector	4,105	6,588	5,917	7,082	10,301	8,684	7,727	7,411
Broadcasting and Media sponsored ALBs (net) <sup>93</sup>	40,160	9,689	13,948	12,904	11,431	16,145	21,553	21,350
Administration and Research <sup>94</sup>	63,517	84,471	97,598	111,771	92,628	191,633	159,304	152,784
National Citizen Service <sup>95</sup>	-	16,254	11,605	9,354	10,033	12,658	11,099	10,649
Spectrum Management Receipts <sup>96</sup>	(33,299)	-	-	-	-	-	-	-
Building Digital UK <sup>97</sup>	-	-	-	-	-	1,001	891	854
<b>Total Administration Budget</b>	<b>157,149</b>	<b>205,343</b>	<b>215,252</b>	<b>220,043</b>	<b>224,953</b>	<b>324,250</b>	<b>291,929</b>	<b>281,338</b>
<b>Of which:</b>								
Staff costs <sup>98</sup>	128,737	141,814	164,962	189,699	223,363	[ ]	[ ]	[ ]
Purchase of goods and services <sup>98</sup>	98,753	102,932	85,372	77,321	86,922	[ ]	[ ]	[ ]
Income from sales of goods and services	(31,158)	(29,295)	(24,731)	(7,813)	(11,370)	(83,207)	(68,982)	(66,157)
Current grants to local government (net)	(25)	(68)	(91)	-	(115)	-	-	-
Current grants to persons and non-profit (net)	177	512	311	577	2,713	364	324	311
Net public service pensions	-	2,975	799	3,095	510	494	443	425
Rentals	16,962	17,785	7,348	2,390	6,616	888	790	759
Depreciation	8,883	9,528	32,167	24,468	21,986	33,263	33,263	33,263
Unwinding of discount rate on pension scheme liabilities	317	72	570	337	248	-	-	-
Take up of provisions	-	-	-	-	1,102	-	-	-
Other resource	(65,497)	(40,912)	(51,455)	(70,031)	(107,022)	(16,493)	(14,565)	(13,967)

92 Heritage sponsored ALBs shows a reduced outturn in 2020-21 due to a one-off credit in relation to the liquidation of a National Heritage Memorial Fund financial asset.

93 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.

94 The rise in Administration and Research expenditure since 2017-18 reflects the substantial growth of the department since the 2015 spending review, particularly in the digital and data protection areas. There have also been administration funding uplifts relating to EU Exit and Festival 2022.

95 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 the Office for Civil Society.

96 Spectrum Management receipts, which directly offset Broadcasting Administration expenditure, have been shown as income in the Broadcasting and Media Sponsored ALBs line from 2017-18.

97 Building Digital UK planned expenditure in 2022-23 has been moved from the Support for the Digital, Broadcasting and Media sector heading following the organisation's transition to Executive Agency status in 2022-23.

98 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 – Sustainability

## Greening Government for the Core Department

The department's sustainability report has been prepared in line with the requirements under the Greening Government Commitments. The 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 – 2021-22 Performance against 2017-18 Baseline<sup>99</sup>**

	2025 Government target	Position as at 31 March 2022
Greenhouse gas emissions	Reduce from Baseline	8% reduction
Waste	15% Reduction	41% reduction
Water	8% reduction	31% reduction
Paper	50% reduction	64% reduction
Government Fleet Commitment	25% categorised as ultra-low emission vehicle	7% categorised

Commentary relating to the department's current year performance is provided below.

DCMS can report an 8% reduction in estate carbon emissions. COVID-19 has presented many challenges however a change in the department's working arrangements such as hybrid working and reduced travel has resulted in a reduction in carbon emissions arising from energy emissions and business travel. The department has also exceeded its target towards overall waste and water consumption as a result of these new working arrangements throughout the financial year.

Figures on building emissions (electricity, waste and water consumption) for the core department are reported as a percentage of the total figures for 100 Parliament Street based on allocated seating in the building (720 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 and 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 Street, or policies around building sustainability made by HMRC.

DCMS are committed to the removal of Consumer Single Use Plastics from the group estate. We have been working closely with our supply chain to maintain and monitor the removal of items such as plastic cups, drink stirrers, plastic sauce sachets and cutlery, working to ensure biodegradable alternatives are used.

The core 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. Lower carbon options are considered first as an alternative to each planned flight.

Since the COVID-19 restrictions have eased, the department has favoured a blended approach between remote and office working and as a result paper consumption has exceeded 2020-21 but has not started to surpass consumption pre-pandemic.

<sup>99</sup> The 2017-18 baselines have been updated in 2021-22 to reflect the DCMS's Arms Length Bodies which are now in scope.

## 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 2021-22 accounts. The ALBs exempt for 2021-22 and prior years are:

Churches Conservation Trust	Sir John Soane's Museum
Geffrye Museum (Museum of the Home)	Sports Grounds Safety Authority
Phone-paid Services Authority	UK Anti-Doping
Horserace Betting Levy Board	Wallace Collection*
National Citizen Service Trust	

\*No information received from Wallace Collection

**Table 1 - Greenhouse gas emissions**

	2021-22		2020-21		2019-20		2018-19		2017-18		2016-17	
	Core	Group	Core	Group	Core	Group	Core	Group	Core	Group	Core	Group
<b>Total gross emissions</b>	<b>0.1</b>	<b>114.3</b>	<b>0.3</b>	<b>111.8</b>	<b>0.9</b>	<b>140.5</b>	<b>0.6</b>	<b>154.9</b>	<b>0.5</b>	<b>191.2</b>	<b>0.5</b>	<b>198.4</b>
Gross emissions Scope 1 (direct) (gas, oil & fuel)	-	53.0	-	48.0	-	47.9	-	50.0	-	47.4	-	54.6
Gross emissions Scope 2 (indirect) (electricity)	0.1	59.5	0.3	62.7	0.5	81.3	0.5	93.3	0.4	132.9	0.4	132.9
Gross emission Scope 3 (indirect) (domestic and international business travel)	-	1.8	-	1.1	0.4	11.3	0.1	11.6	0.1	10.9	0.1	10.9
<b>Total energy consumption</b>	<b>0.7</b>	<b>568.0</b>	<b>1.9</b>	<b>559.1</b>	<b>2.8</b>	<b>595.0</b>	<b>2.6</b>	<b>596.0</b>	<b>1.5</b>	<b>604.0</b>	<b>1.5</b>	<b>604.0</b>
Electricity: non-renewable	0.1	87.5	0.9	85.1	1.6	125.6	1.5	162.1	0.9	333.6	0.9	333.6
Electricity: renewable	-	231.6	-	218.3	-	216.4	-	181.6	-	22.4	-	22.4
Gas	0.6	243.9	1.0	253.9	1.2	252.0	1.1	251.1	0.6	244.3	0.6	244.3
LPG	-	0.5	-	0.4	-	0.2	-	0.3	-	3.1	-	3.1
Other	-	4.5	-	1.4	-	0.8	-	0.9	-	0.6	-	0.6
<b>Total expenditure</b>	<b>-</b>	<b>73.2</b>	<b>0.2</b>	<b>71.8</b>	<b>1.2</b>	<b>85.1</b>	<b>1.2</b>	<b>88.2</b>	<b>0.4</b>	<b>86.6</b>	<b>0.4</b>	<b>86.6</b>
Expenditure on energy	-	49.4	0.2	47.3	0.2	45.8	-	43.5	0.2	42.6	0.2	42.6
CRC licence expenditure (2010 onwards)	-	-	-	-	-	0.1	-	0.9	-	1.4	-	1.4
Expenditure on accredited offsets	-	-	-	-	-	-	-	-	-	-	-	-
Expenditure on official business travel	-	23.8	-	24.5	1.0	39.2	1.2	43.8	0.2	42.6	0.2	42.6

**Table 2 - Waste**

	2021-22		2020-21		2019-20		2018-19		2017-18		2016-17	
	Core	Group	Core	Group	Core	Group	Core	Group	Core	Group	Core	Group
<b>Total waste</b>	<b>20.5</b>	<b>6,503.0</b>	<b>9.1</b>	<b>3,488.0</b>	<b>73.0</b>	<b>10,664.5</b>	<b>71.4</b>	<b>10,721.7</b>	<b>28.6</b>	<b>11,045.5</b>	<b>22.4</b>	<b>17,773.6</b>
Hazardous waste	-	14.0	-	69.2	-	15.5	-	8.9	-	29.9	-	22.3
Landfill	-	776.0	-	150.0	-	676.4	-	738.7	1.6	737.6	15.5	1,057.3
Reused/ recycled	15.0	2,466.0	4.5	1,485.7	41.0	5,659.7	42.5	5,434.0	27.0	6,030.9	6.9	9,058.3
ICT waste recycled, reused and recovered (externally)	-	181.0	-	-	-	-	-	-	-	-	-	-
Composted	-	208.0	0.5	131.4	-	591.1	-	553.0	-	496.0	-	2,750.7
Incinerated with energy recovery	4.0	2,725.0	4.1	1,651.7	32.0	3,721.8	28.9	3,978.4	-	3,747.1	-	4,868.7
Incinerated without energy recovery	1.5	133.0	-	-	-	-	-	8.7	-	4.0	-	16.3
<b>Total disposal cost<sup>100</sup></b>	<b>-</b>	<b>1,352.9</b>	<b>-</b>	<b>1,071.6</b>	<b>-</b>	<b>1,727.3</b>	<b>-</b>	<b>2,097.7</b>	<b>3.9</b>	<b>2,118.7</b>	<b>2.1</b>	<b>2,370.2</b>
Hazardous waste	-	14.2	-	43.5	-	28.0	-	48.9	-	30.1	-	344.0
Landfill	-	74.8	-	228.6	-	36.3	-	54.6	-	67.4	-	46.0
Reused/ recycled	-	509.3	-	361.1	-	385.3	-	365.4	-	377.8	-	428.8
ICT waste recycled, reused and recovered (externally)	-	17.6	-	-	-	-	-	-	-	-	-	-
Composted	-	38.9	-	30.1	-	49.1	-	39.9	-	42.3	-	41.1
Incinerated with energy recovery	-	678.6	-	408.3	-	337.2	-	307.5	-	516.3	-	300.7
Incinerated without energy recovery	-	19.5	-	-	-	33.0	-	-	-	4.0	-	-

<sup>100</sup> Total disposal costs include some costs that are not in the itemised lines. These were not provided by some ALBs due to limitations in their current service contracts.

**Table 3 - Finite resource consumption**

	2021-22		2020-21		2019-20		2018-19		2017-18		2016-17	
	Core	Group	Core	Group	Core	Group	Core	Group	Core	Group	Core	Group
<b>Total water consumption</b>	<b>3.5</b>	<b>803.4</b>	<b>3.2</b>	<b>669.9</b>	<b>5.5</b>	<b>1,152.1</b>	<b>5.0</b>	<b>1,061.9</b>	<b>2.6</b>	<b>1,161.8</b>	<b>3.2</b>	<b>1,746.1</b>
Water consumption (office estate)												
Supplied	3.5	388.2	3.2	384.6	5.5	845.3	5.0	802.9	2.6	796.7	3.2	787.2
Abstracted	-	7.9	-	13.6	-	45.7	-	41.5	-	135.8	-	187.9
per FTE	0.001	0.009	0.002	0.011	0.004	0.023	0.005	0.022	0.003	0.023	0.005	0.029
Water consumption (non-office estate)												
Supplied	-	326.7	-	271.7	-	229.8	-	174.9	-	163.5	-	328.6
Abstracted	-	80.6	-	-	-	31.3	-	42.6	-	65.8	-	442.4
<b>Total water cost</b>	<b>-</b>	<b>2,134.5</b>	<b>10.0</b>	<b>1,899.7</b>	<b>16.8</b>	<b>2,535.7</b>	<b>11.6</b>	<b>2,513.0</b>	<b>-</b>	<b>2,618.8</b>	<b>-</b>	<b>2,067.1</b>
Water supply costs (office estate)	-	1,562.7	10.0	1,288.3	16.8	1,912.7	11.6	2,067.7	-	2,176.9	-	1,515.1
Water supply costs (non-office estate)	-	571.8	-	611.4	-	623.0	-	445.3	-	441.9	-	552.0

**Non-financial indicators**  
(<sup>101</sup>'000m<sup>3</sup>)

**Financial indicators**  
(£'000)

<sup>101</sup> 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.



# Annex C – Disaggregated information on Arm's Length Bodies (2021-22)

Arm's Length Body	Total operating income (excluding financing) £'000	Total operating expenditure (excluding financing) £'000	Net expenditure (including financing) £'000	Permanently employed staff		Other staff	
				Number of employees	Staff costs £'000	Number of employees	Staff costs £'000
DCMS Core department	(198,894)	6,804,523	6,588,698	1,830	123,432	116	13,782
Arts Council England <sup>s</sup>	(238,504)	63,126	(175,287)	673	30,257	47	1,574
Birmingham 2022 <sup>a</sup>	(13,320)	44,656	31,392	595	27,185	53	4,701
BBC PSB Group*	(306,551)	281,753	(211,667)	17,890	1,394,600	-	-
Big Lottery Fund (operating as National Lottery Community Fund)	(787,048)	693,654	(93,261)	749	36,062	21	786
British Film Institute <sup>s</sup>	(78,558)	56,462	(21,569)	525	32,600	7	413
British Library	(28,503)	14,278	(14,118)	1,437	63,169	33	1,874
British Museum	(37,765)	6,848	(31,748)	786	33,323	49	1,616
British Tourist Authority (operating as VisitBritain and Visit England)	(4,759)	8,571	4,166	193	10,904	65	5,283
Churches Conservation Trust	(8,821)	8,817	(1)	68	2,992	1	81
Gambling Commission	(20,176)	17,918	(2,154)	295	18,813	26	1,210
Geffrye Museum (Museum of the Home)	(627)	102	(525)	41	1,805	-	-
Historic England	(10,607)	8,197	(1,137)	843	43,912	88	2,606
Horniman Public Museum and Public Park Trust	(2,969)	2,967	(2)	117	4,552	5	135
Horserace Betting Levy Board	(100,582)	111,701	11,098	12	1,188	-	-
Imperial War Museum	(14,108)	4,172	(9,857)	342	15,285	4	85
Information Commissioner's Office	(62,193)	57,992	(3,789)	834	47,314	50	2,295
National Citizen Service Trust <sup>#</sup>	(1,607)	9,598	8,050	213	12,177	-	13
National Gallery	(23,103)	12,508	(10,541)	249	14,725	42	162
National Heritage Memorial Fund <sup>s</sup>	(362,091)	166,654	(197,992)	328	17,086	13	762
National Maritime Museum (Royal Museums Greenwich)	(7,400)	8,425	1,071	418	12,412	8	122
National Museums Liverpool	(5,551)	5,491	(44)	360	15,101	33	5
National Portrait Gallery	(16,613)	(4,866)	(21,459)	95	5,588	32	708
Natural History Museum	(24,834)	17,590	(6,632)	877	39,676	29	1,098
Office of Communications (Ofcom)	(139,846)	137,366	(1,606)	1,102	89,742	30	3,406
Phone-paid Services Authority	(8,414)	8,402	(4)	39	2,585	2	211
Royal Armouries Museum	(1,492)	1,027	142	117	5,437	-	-
S4C (Sianel Pedwar Cymru)	(825)	4,182	3,365	112	6,633	-	-
Science Museum Group	(31,620)	6,995	(25,099)	818	30,128	24	403
Sir John Soane's Museum	(1,268)	1,268	-	47	1,903	-	-
Sport England <sup>s</sup>	(228,169)	548,616	320,426	285	17,940	37	1,412
<b>Sub-total</b>	<b>(2,766,818)</b>	<b>9,108,993</b>	<b>6,139,916</b>	<b>32,290</b>	<b>2,158,526</b>	<b>815</b>	<b>44,743</b>

	Total operating income (excluding financing)	Total operating expenditure (excluding financing)	Net expenditure (including financing)	Permanently employed staff		Other staff	
				Number of employees	Staff costs	Number of employees	Staff costs
Arm's Length Body	£'000	£'000	£'000		£'000		£'000
<b>Sub-total (from previous page)</b>	<b>(2,766,818)</b>	<b>9,108,993</b>	<b>6,139,916</b>	<b>32,290</b>	<b>2,158,526</b>	<b>815</b>	<b>44,743</b>
Sports Grounds Safety Authority	(408)	419	11	20	1,451	-	-
Tate Gallery	(68,511)	8,430	(59,818)	657	34,774	74	4,119
UK Anti-Doping	(2,406)	2,403	-	68	5,713	10	120
UK Sport <sup>6</sup>	(90,988)	111,045	20,074	530	37,313	4	217
Victoria and Albert Museum	(34,529)	(15,365)	(45,352)	710	29,849	9	397
Wallace Collection	(1,944)	1,944	-	63	3,190	20	38
<b>Total</b>	<b>(2,965,604)</b>	<b>9,217,869</b>	<b>6,054,831</b>	<b>34,338</b>	<b>2,270,816</b>	<b>932</b>	<b>49,634</b>

\* 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).

\$ These bodies produce an exchequer and lottery distribution account, the figures presented are an aggregate of these.

^ Festival 2022 is a 100% owned subsidiary of Birmingham 2022 – as such this line incorporates the Festival 2022 entity.

# The number of employees included in the table above represent the average number of full time equivalent (FTE) persons employed during the year. The National Citizen Service Trust had zero average FTE other staff, representing staff on contracts with a duration of less than six months.

The table above provides a breakdown of total operating income, total operating expenditure, net expenditure for the year, staff numbers and staff costs for the department and for each of the component entities consolidated within these financial statements. This table does not include public corporations as these are outside the DCMS accounting boundary, as previously described in note 29.1. Other staff numbers/costs represent categories other than permanent per the staff report (others, contract and agency, Ministers and Special Advisers).

The figures above are the final consolidated figures in the departmental accounts and therefore include any adjustments at a consolidation level, including FReM alignment adjustments and intragroup eliminations. As a result, the figures below will not agree directly to the published ALB accounts. Furthermore, the DCMS core department line incorporates intra-group adjustments so may not reconcile exactly to the DCMS core figures in the accounts (as per the accounts, the core element of the intra-group adjustments is presented in the 'group' column, but here has been allocated to the DCMS core entity).

Eight bodies within the DCMS boundary (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 on a line-by-line basis on the grounds of materiality. As such, for some of these bodies their staff numbers and staff costs are not split between permanently employed staff and other staff.

# Annex D – Covid-19 and the UK Exiting the EU Expenditure

Due to the cross-cutting nature of our priority outcomes, it is not possible to allocate resources by outcome.

## COVID-19 – Areas of spending and budget category

The table below sets out how the departmental group's funds were spent on COVID-19 in 2021-22.

Areas of spending	DEL admin expenditure	DEL programme expenditure	AME expenditure	Capital DEL and Capital AME expenditure	2021-22 Total
	£'000	£'000	£'000	£'000	£'000
Capital and Current Grants	-	248,971	54,539	53,449	356,959
Loan additions	-	-	-	114,628	114,628
Other financial liabilities - loans	-	-	-	(21,520)	(21,520)
Loan repayments	-	-	-	(10,589)	(10,589)
Professional Services	7,649	2,875	-	-	10,524
Other	10,874	16,668	4,199	4,739	36,480
<b>Total</b>	<b>18,523</b>	<b>268,514</b>	<b>58,738</b>	<b>140,707</b>	<b>486,482</b>
<i>Of which:</i>					
Self-funded					60,198
Funded by HM Treasury					426,284
<b>Total</b>					<b>486,482</b>

The table below sets out how the departmental group's funds were spent on COVID-19 in 2020-21.

Areas of spending	DEL admin expenditure	DEL programme expenditure	AME expenditure	Capital DEL and Capital AME expenditure	2020-21 Total
	£'000	£'000	£'000	£'000	£'000
Capital and Current Grants	-	1,504,385	68,880	176,673	1,749,938
Loan additions	-	-	-	370,003	370,003
Professional Services	13,578	3,123	-	-	16,701
Other	8,604	18,576	160	8,074	35,414
<b>Total</b>	<b>22,182</b>	<b>1,526,084</b>	<b>69,040</b>	<b>554,750</b>	<b>2,172,056</b>
<i>Of which:</i>					
Self-funded					232,473
Funded by HM Treasury					1,939,583
<b>Total</b> <sup>102</sup>					<b>2,172,056</b>

<sup>102</sup> Included in the table are 2020-21 estimated costs as follows: professional services of £7k and other of £14,120k.

## **Capital and current grants**

Capital and current grant expenditure on COVID-19 for the group was £357.0m in 2021-22 (2020-21: £1,749.9m). This expenditure relates to various government grant programmes as a result of the COVID-19 pandemic including charity packages, repair grants for heritage organisations, funds to tackle loneliness and other emergency programmes.

## **Loan packages**

As part of these COVID-19 packages, in 2021-22 £114.6m was awarded to recipients as repayable finance (2020-21: £370.0m); £111.1m for the sports survival package (2020-21: £118.0m) and £3.5m as part of the cultural recovery fund (2020-21: £252.0m). The loans have been tailored for each borrower with an initial repayment holiday of up to four years, low interest rate and up to 25-year repayment term to ensure they are affordable for arts, sports and heritage organisations.

The other financial liabilities – loans relates to amounts received by Horserace Betting Levy Board (HBLB) for the Sports Survival Package Loan from DCMS in 2021-22 (£21.5m).

## **Professional services**

Professional services include legal, consultancy and administrative costs associated with the COVID-19 grants and loans delivery.

There were various underspends relating to COVID-19 support packages. This is detailed in the SOPS commentary on pages 95 to 103.

## UK Exiting the EU – Areas of spending and budget category

The table below sets out how the departmental group's funds were spent on EU Exit in 2021-22.

Areas of spending	DEL admin expenditure	DEL programme expenditure	AME expenditure	2021-22 Total
	£'000	£'000	£'000	£'000
Permanently employed staff <sup>103</sup>	16,596	958	-	17,554
Professional services	3,946	-	-	3,946
Other	1,476	2	55	1,533
<b>Total</b>	<b>22,018</b>	<b>960</b>	<b>55</b>	<b>23,033</b>
Of which:				
Self-funded				56
Funded by HM Treasury				22,977
<b>Total</b>				<b>23,033</b>

The table below sets out how the departmental group's funds were spent on EU Exit in 2020-21.

Areas of spending	DEL admin expenditure	DEL programme expenditure	AME expenditure	2020-21 Total
	£'000	£'000	£'000	£'000
Permanently employed staff	14,427	164	-	14,591
Professional services	5,061	513	-	5,574
Other <sup>104</sup>	3,514	97	35	3,646
<b>Total</b>	<b>23,002</b>	<b>774</b>	<b>35</b>	<b>23,811</b>
Of which:				
Self-funded				709
Funded by HM Treasury				23,102
<b>Total</b>				<b>23,811</b>

### Permanently employed staff

The most significant areas of spend in 2021-22 and 2020-21 are permanently employed staff costs, which all relate to the core department. Permanently employed staff costs include gross pay, bonuses, employer's national insurance and pension costs. These costs relate to activities such as learning and development for all staff and specific posts in arts, heritage and tourism which have delivered a holistic readiness for the transition programme to ensure DCMS sectors are best placed to manage changes following the transition period.

### Professional services

Professional services mainly relate to legal and consultancy costs.

There were various underspends relating to UK exiting the EU. This is detailed in the SOPS commentary on pages 95 to 103.

<sup>103</sup> Included in 2021-22 permanently employed staff are £287k of estimated costs.

<sup>104</sup> Included in 2020-21 other are £2,225k of estimated costs.





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978-1-5286-3678-0