



Department for  
Digital, Culture,  
Media & Sport

# Annual Report & Accounts

For the Year Ended 31 March 2023



# Department for Digital, Culture, Media and Sport

## Annual report and accounts for the year ended 31 March 2023

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This is part of a series of departmental publications which, along with the Main Estimates 2023-24 and the document Public Expenditure: Statistical Analyses 2022, present the government's outturn for 2022-23 and planned expenditure for 2023-24.



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# INTRODUCTION

## Foreword by the Secretary of State



**The Rt Hon Lucy Frazer  
KC MP**

Secretary of State for  
Culture, Media and Sport

It was a huge honour to be appointed Culture Secretary in February this year. The Department for Culture, Media and Sport has a deserved reputation as a highly effective Department with a packed agenda and policies that really matter to people's lives. Since my appointment, I have been working with my highly committed Ministerial team to set a clear direction, build on that reputation and ensure the Department is delivering on our refocussed portfolio. This Department is completely aligned with the Prime Minister's five priorities and is front and centre of Government efforts to drive and create economic growth, shape opportunities for young people across the country and maximise the potential of our sectors.

This report looks back at some of DCMS's major achievements from April 2022 to March 2023, and much of the credit for these belongs to my predecessor, and the Secretary of State for Science, Innovation and Technology, Michelle Donelan and Nadine Dorries as well as both of their Ministerial teams. A phenomenal amount was delivered during that period and this provided an excellent foundation on which to establish our new streamlined policy portfolio, following the Machinery of Government changes at the start of 2023.

This was a period where DCMS was instrumental in the return of large-scale public events post-Covid, including the Commonwealth Games in Birmingham, the Women's European Championships and the Platinum Jubilee celebrations. A huge amount of work took place in the Department, and across Government, to ensure these events unified the country, enriched our communities, and brought people and places together in moments of national celebration.

Later in the year, DCMS was integral to the coordination of the state funeral for Her Late Majesty Queen Elizabeth II and the week-long lying-in-state that took place in Westminster Hall, and was attended by over 250,000 people. This was supplemented with a range of opportunities across the country, organised with the Palace, for people to pay their respects to the late Monarch. The Department then played a central role in the proclamation of Charles as King in September 2022 and in preparing for the formal Coronation in May 2023.

Alongside DCMS's involvements in these major national moments, the legislative work of the Department continued at pace during this year. This included substantial progress in navigating the Online Safety Bill through Parliament, championing media freedom, progressing the development of a football regulator and protecting public sector broadcasters in the shaping of the draft Media Bill.

As we look forward to the year ahead, I have set a clear direction for the Department focussed around my priorities of maximising potential in our sectors, unlocking opportunity for young people and communities, and upholding media freedom and its freedom to grow. These priorities are at the core of our policymaking and how we will grow the economy, nurture talent across our sectors and deliver for the British people. I look forward to the next report which will document how we translated those ambitions into tangible policies and interventions.

# Permanent Secretary's Review

I became Permanent Secretary of DCMS in July 2023, and I am pleased to provide a foreword to this Report. It sets out the breadth of DCMS's achievements and its contributions to life in this country throughout the financial year of 2022-23. During this time my predecessor Sarah Healey was Permanent Secretary until February 2023, at which point Polly Payne and Ruth Hannant took on the role on an interim basis.

Following the pandemic years, 2022-23 has seen DCMS provide a huge contribution to life in the UK. The Report notes the huge success of Her Majesty Queen Elizabeth II's Queen's Platinum Jubilee, the triumphant Women's Euros, and the delivery of the Commonwealth Games, during which Birmingham successfully hosted the largest multi-sport event to be held in the UK in 10 years. And we are also proud of DCMS's contribution to the State Funeral of Her Majesty Queen Elizabeth II, a sad but historic event for our nation.

In addition to these high-profile achievements, this Report highlights successes across DCMS's portfolio in 2022-23. For example, we launched the second phase of the Youth Investment Fund, which will enable building or refurbishing of up to 300 youth facilities by the end of March 2025. We continued passage of the Online Safety Bill and strengthened provisions to protect children online, tackle illegal content, and ensure transparency, accountability, and freedom of expression. We introduced The Data Protection and Digital Information (No.2) into the House of Commons in March 2023, and in the same month gigabit coverage hit 74% of premises able to access gigabit-capable networks. We also published our AI Regulation White Paper setting out an approach to AI regulation, and did extensive groundwork for the Wireless Infrastructure Strategy, which was published on 11 April 2023.

Of course 2022-23 has also been a significant year for DCMS given the Machinery of Government (MoG) changes announced in February 2023, which meant DCMS became the Department for Culture, Media and Sport and meant around half of DCMS's pre-MoG staff - including the majority of the former Digital and Media Group - moved across to the new Department for Science, Innovation and Technology.

DCMS retains responsibility for media and creative industries policy as well as culture, arts, heritage, youth, civil society, sport, gambling, tourism and ceremonies. There are real benefits from the increased focus on DCMS's sectors - and in having a cabinet minister solely focused on these sectors.

Indeed, this was clearly demonstrated even within the first 100 days after the MoG announcement: DCMS published both the Football Governance White Paper and the Gambling White Paper; the Spring Budget included the allocation of £100 million new money for charities and community organisations, and a new support package of over £60m for public leisure facilities with swimming pools; and DCMS published the Media Bill in draft.

2022-23 was a good year for corporate progress, this year DCMS's response rate to the Civil Service People Survey - which was conducted prior to February's MoG changes - was 94% across the department, the highest response rate of all major departments. Our 68% engagement score was the joint highest across the Civil Service's main departments, and 77% of staff would recommend DCMS as a great place to work - 16% points above the average. We are working to build on these positive results in post-MoG DCMS throughout 2023-24.

This report shows DCMS's achievements through 2022-23, and DCMS will continue to deliver for the nation across all of our important sectors in 2023-24.



**Susannah Storey**

Principal Accounting  
Officer and Permanent  
Secretary

# PERFORMANCE REPORT

## Overview

This section provides a summary of the Department for 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 2022-23 financial year.

In February 2023, MoG changes led to parts of DCMS (notably the Digital and Technology areas) moving to the newly created Department for Science, Innovation and Technology (DSIT), with DCMS being renamed from the Department for Digital, Culture, Media and Sport to the Department for Culture, Media, and Sport. The Media and Creative Industries policy area, which sat in the same Director General group as Digital and Technology, is still part of DCMS. The Transfer of Functions Order 2023 formally created the new DCMS on 3 May 2023.

As the MoG change happened so close to the end of the Financial Year, this Annual Report addresses the full Financial Year 2022-23 for the entire department as it existed for the majority of the year. Within the rest of this Report DCMS is used to refer to activity undertaken by the old and new department as outlined above.

## Our purpose

Across all DCMS sectors, DCMS has been critical to our nation's economic security and social resilience. The Department drives growth and enriches the lives of citizens and communities across the UK and our work in the financial year 2022-23 demonstrated that this 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, DCMS provided a significant contribution to levelling up across the UK.

This report is structured against the four priority outcomes for the department that were agreed in the 2020 Spending Review. These outcomes are being revised for 2023-24 to reflect the refreshed portfolio of the department following the MoG change.

The outcomes were:

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.

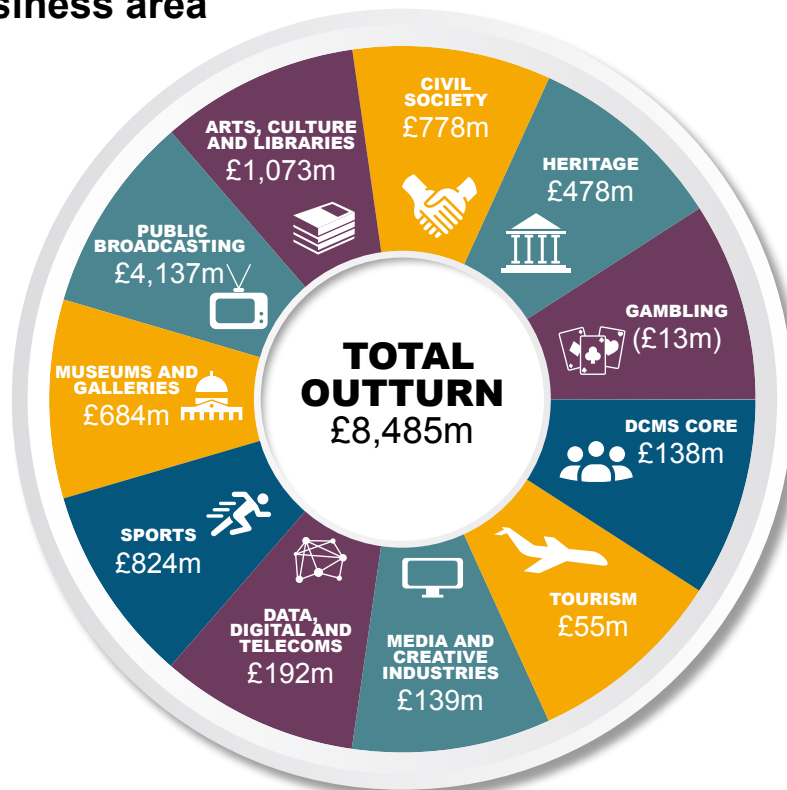
The four strategic enablers set out in Outcome Delivery Plan support the delivery of these priority outcomes, as well as the overall delivery capability

of the department.

1. Workforce, Skills and Location - Including our locations strategy and our diversity and inclusion strategy to support a more diverse workforce overall, and one better equipped to support Levelling Up and understand the needs of the people we support.
2. Innovation, Technology & Data - Our vision to empower 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, 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 2022-23 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. Prior to the MoG changes announced in February 2023, the Department for Digital, Culture, Media and Sport had 47 Public Bodies in total, of which 39 (including BDUK as an Executive Agency) are directly consolidated into DCMS accounts and categorised as arm's length bodies (ALBs) within note 28 of the accounts.

## Outturn by business area



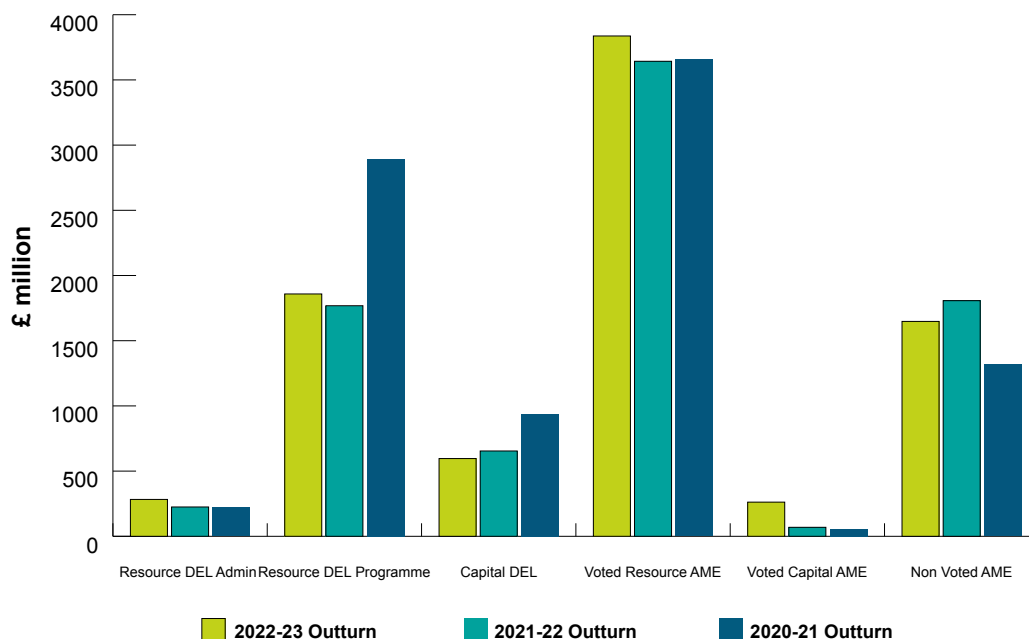
Figures in this diagram agree to the Statement of Outturn against Parliamentary Supply. For more information, please see page 94.

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 that category.

Included within Sport sector spend is the expenditure on Festival 2022 Ltd which is a subsidiary of the Birmingham Organising Committee for the 2022 Commonwealth Games.

The Gambling sector spend is a net credit (£13m) representing a net income position.

## Total Net Expenditure



The total of the above for 2022-23 is £8,485m and includes both Voted and Non Voted expenditure and also both Departmental Expenditure Limit (DEL) and Annually Managed Expenditure (AME). The Financial Review on page 113 includes an explanation of these budget headings and page 114 provides a commentary on trends in total expenditure.





## Key achievements

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

The achievements and work listed below under Outcome 1 now sit with DSIT, which will be responsible for carrying forward future plans.

#### Digital Connectivity

- We completed our Local Full Fibre Networks programme, having delivered more than 5,000 broadband upgrades to public buildings across the whole UK including 1,200 schools and colleges, 50 hospitals, 650 health centres and almost 350 libraries. (April 2022)
- Working with the Department for Education, we announced plans for up to 3000 rural primary schools to get a huge broadband upgrade, backed by £82m in Government funding. (July 2022)
- The Shared Rural Network programme will see the government and industry jointly invest over £1 billion to increase 4G mobile coverage throughout the UK to 95% geographic coverage by the end of the programme, underpinned by legally binding spectrum obligations. The programme is on track to deliver this combined coverage by the end of 2025. 4G coverage across the UK stood at 92% at the end of March 2023, which is up from 91% in 2021, as the early impact from the Shared Rural Network took effect.
- Working with industry we have seen rapid increases in Gigabit coverage, hitting 74% coverage by the end of March 2023. DSIT will now continue this work and build towards at least 85% coverage by 2025. (March 2023)
- We coordinated Parliament's passing 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. The PSTI Bill requires manufacturers, importers and distributors to ensure that minimum security requirements are met in relation to consumer connectable products such as smart TVs. The Bill also provides a robust regulatory framework that can adapt and remain effective in the face of rapid technological advancement, the evolving techniques employed by malicious actors, and the broader international regulatory landscape. (December 2022)
- We launched our Very Hard to Reach Alpha Trials Programme. This saw the Department deploy Low Earth Orbit satellite infrastructure for the first time, and is the first step in delivering improved connectivity to those premises which are unlikely to receive a gigabit-capable connection. We are continuing to work to ensure Very Hard to Reach premises are also able to benefit from improved connectivity. (December 2022)
- We worked to put in place a new policy framework to drive the deployment and adoption of 5G and the development of 6G, through the new Wireless Infrastructure Strategy, which was published in April 2023.



(March 2023)

- We announced the Open Networks Ecosystem (ONE) Competition, which offers up to £80m to industry to tackle key barriers to the adoption of open mobile networks. (March 2023)

### Telecoms Diversification

- We announced the UK's Open Radio Access Network (RAN) Principles to build a stronger telecoms supply chain. These new industry guidelines set out the characteristics that Open RAN architectures should possess to support the delivery of the UK's 5G supply chain diversification objectives. (April 2022)
- We launched the £28.8m Future Open Networks Research challenge. This challenge will encourage industry and academia to develop future-facing open and interoperable solutions to diversify the UK's telecom supply chain. Winners were announced in December 2022. (July 2022)
- We launched a competition to appoint UK participants for our research and development collaboration with the Republic of Korea. This collaboration will now see consortias from the UK and Republic of Korea working together to support the development of power efficiency in Open RAN solutions. Winners were announced in December 2022. (July 2022)
- We announced plans for a cutting-edge telecoms lab based in Solihull. The first of its kind in the country, the UK Telecommunications Laboratory (UKTL) will act as a secure research facility, bringing

together telecom operators, suppliers and academics to research and test innovative ways of boosting the security, resilience and performance of the UK's mobile networks. (October 2022)

- We published a Joint Statement on Telecommunications Supplier Diversity alongside the governments of Australia, Canada and the United States of America. The statement marked the one year anniversary of the 2021 Prague Proposals on Telecommunications Supplier Diversity. It included the endorsement of the UK's Open RAN Principles by these three governments. (December 2022)

### Telecoms Security

- Following the introduction of the Telecommunications (Security) Act 2021, we issued a Designation Notice to Huawei and Designated Vendor Direction to 35 UK telecoms network operators in 2022 instructing Huawei technology to be removed from the UK's 5G public networks by the end of 2027. (October 2022)
- We implemented a world-leading regulatory framework to improve the security and resilience of our public telecoms networks and services. This included laying the Electronic Communications (Security Measures) Regulations 2022 in Parliament and publishing the Telecommunications Security Code of Practice. The new measures will (among other things) ensure providers protect data stored by their networks and services, identify potentially dangerous activity, and take account of supply chain risks. (September 2022)





**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 concluded the successful Film and TV Production Restart Scheme, which kept the cameras rolling during the pandemic, supported 100,000 jobs and contributed to record £6.3bn production spend - the highest ever reported and £1.8bn higher than for the pre-pandemic year 2019. (April 2022)
- We are delivering the £28m UK Global Screen Fund over 2021-25 to help spur more global success for the UK's independent film, TV, animation and video game sectors. In 2022/23, UK Global Screen Fund supported 30 projects and companies, bringing the total supported since its inception in 2021 to 120. (March 2023)
- We are delivering the £8.4m UK Games Fund over 2022-25 (increased to £13.4m in June 2023) to support early stage games businesses and talent across the UK. In 2022-23, the UK Games Fund funded over 100 games companies. (March 2023)
- We announced £950,000 to deliver the next phase of the Creative Careers Programme (CCP) until 2025, following a successful pilot. This next phase of the CCP will continue to provide specialist advice and guidance, with a specific focus on engaging young people from low socioeconomic backgrounds. (May 2022)

- We ran and closed a consultation to support our review of the regulatory framework of paid-for online advertising to tackle the evident lack of transparency and accountability across the supply chain. The consultation was a part of our Online Advertising Programme. (June 2022)

**Broadcasting & Press Sustainability**

- We published 'Up next - the government's vision for the broadcasting sector'. This white paper sets out the government's vision for the broadcasting sector and the steps we are taking to support our system of public service broadcasting. (April 2022)
- We published a report to address gaps in the existing evidence base regarding the financial sustainability of the UK press sector. This will inform our press sustainability policy and the design of any future interventions to support the sector. (May 2022)
- We launched the Mid-Term Review of the BBC's charter to assess whether current regulations and governance could be improved to ensure it is delivering for licence fee payers. The review will focus on BBC's compliance with editorial standards and evaluate how it is representing audiences from working class backgrounds. (May 2022)
- We announced measures to help low income pensioners get easier access to free TV licences. (June 2022)
- We launched The Listed Events Digital Rights Review of broadcast rules around major sporting events. The review will consider





if public service broadcasters should be guaranteed the opportunity to buy digital rights for major sporting events. (November 2022)

- We confirmed that Channel 4 will remain publicly owned and outlined ambitious reforms to boost its sustainability and commercial freedom. These include allowing Channel 4 the flexibility to make some of its own content and a new legal duty to promote long-term sustainability whilst introducing protections to ensure they continue to be an incubator for the independent production sector. Channel 4 committed to doubling its planned number of new roles outside London and doubling its financial investment in skills. (January 2023)
- We published our draft Media Bill, outlining our plans to enable public service broadcasters to unleash their potential to grow, produce more top quality British content and invest in new technologies to keep viewers tuning in amid fierce competition from subscription-based online platforms. (March 2023)

## Tourism

- We published our response to the independent review of destination management organisations in England and subsequently announced plans for a new accreditation scheme of the highest performing organisations and a funded pilot, backed by £4m in Government funding to Visit England across the 2022-2025 Spending Review Period. Of this £4m, the North East of England will pilot a new £2.25m scheme to restructure tourism boards, which will develop new initiatives to attract visitors and attract investment into the visitor economy

while building the evidence base to inform any possible nationwide roll-out of the pilot. (July-November 2022)

- We launched a call for evidence into short-term holiday lets to get a better understanding of the benefits and challenges of the increase in short-term and holiday letting we have seen in England in recent years. (June 2022)
- We then committed to introduce a registration scheme in England through the Levelling Up and Regeneration Bill (LURB) tabled in December 2022. Our analysis of the call for evidence was published alongside a consultation on the design of a registration scheme in April 2023. (June 2022 - April 2023)

## Culture and Sport Recovery

- We closed the Live Events Reinsurance Scheme (which applies to sporting as well as cultural events) at the end of September 2022, with 169 events including The Brits and Wimbledon purchasing COVID-19 cancellation cover, a product which had been previously withdrawn by the insurance market. Under this Scheme, government backed £117m of participating events' costs, and, more broadly, injected confidence to the live events sector to bounce back following the pandemic. (September 2022)
- We worked with Arts Council England (ACE) to support the announcement of its 2023-26 investment programme across 985 organisations, better distributing ACE funding across the UK to help deliver on the levelling up agenda. The investment round saw 22% more investment outside of London in 2023/24



compared to 2018/19. (November 2022)

- We announced that more than 70 cultural venues, museums and libraries will be supported with £60m in-year funding through the Cultural Investment Fund. This funding will improve people's access to arts, support local economic growth through culture and safeguard vital local collections for future generations. (March 2023)
- We have successfully committed £74.7m to DCMS sponsored cultural bodies for critical infrastructure as part of a wider £300m three year programme. (March 2023)
- We announced that 33 museums and galleries across England will be supported by the £4m DCMS/Wolfson Museums and Galleries Improvement Fund. This partnership Fund with the Wolfson foundation provides capital funding to improve display, protect collections and make exhibitions more accessible. (December 2022)
- We appointed Baroness Elizabeth Sanderson of Welton to help develop a new strategy to make sure public libraries are providing the best possible service for their communities. This work will inform a new government public libraries strategy for 2023, succeeding the previous strategy which came into force in 2016. (September 2022)
- We have also appointed Baroness Deborah Bull CBE to Chair an Expert Panel to inform development of a joint DCMS/DfE Cultural Education Plan. (August 2022)
- Theatre, Orchestra, Museums and Galleries will benefit from a further two years of higher tax relief rates. For Theatre Tax Relief (TTR) and Museums and Galleries Exhibitions

Tax Relief, the rates will remain at 45% for non touring productions and exhibitions and 50% for touring productions, and the rates for Orchestra Tax Relief will remain at 50%, for a further two years. The museums and galleries exhibitions tax relief sunset clause will be extended for a further 2 years to allow these organisations to fully benefit from the extension of the highest rates. (March 2023)

### Government Art Collection

- We launched Art X-UK, a five year commitment to support artists through acquisitions, engaging with regional networks across the UK. For the 2022-23 financial year we worked in partnership with visual art networks in the East and West Midlands and Wales to select the artists. (August 2022)
- The Government Art Collection delivered 122 displays in the UK and additional location focused displays in Cardiff and Manchester (both August 22) over the 2022-23 financial year. (throughout 2022-23)
- We delivered new displays in Bangkok (May 22), Holy See in Vatican City (June 22), Rome (October 22) and Bern (March 23). (throughout 2022-23)
- We enabled the purchase of eight new works (to the value of £47.8k) through the Robson Orr TenTen Award, a commissioning partnership, over the financial year 2022-23. With further sponsorship to engage with over 300 school children. (throughout 2022-23)

### Sport

- We announced that Premier League and Championship clubs wishing to introduce licensed 'safe standing' areas at football stadiums were able to do so from the start





of the 2022-23 season, a key step forward in improving fan safety at Football matches. (July 2022)

- We published our Football White Paper outlining a bold plan to protect the long-term future of English football. For the first time, a new independent regulator for the men's elite game will be established in law to oversee the financial sustainability of the game and put fans back at the heart of how football is run. (February 2023)
- We secured £63m of funding to support publicly-owned leisure centres with swimming pools for investment in decarbonisation, long-term energy efficiency. (March 2023)
- We announced and began to invest in an uplift of £230m funding to 2025 into multi-sport grassroots facilities across the UK, on top of an £18m annual commitment in England. As announced in January 2023, this funding - £68m in total in 2022-23 - is delivering improvements to hundreds of sites, with at least half of the investment going directly to the most deprived areas. (January 2023)
- We have also invested £8.3m to renovate c750 tennis courts in parks across Scotland, England and Wales, in partnership with and alongside funding from the Lawn Tennis Association. We will continue to build on this with additional funding in 2023/24. (March 2023)

### Civil Society

- We launched the second phase of the Youth Investment Fund, over £300m of funding to improve youth services in underserved areas, building or refurbishing up to 300 youth facilities over the next three years. (August 2022)
- We commenced the first tranche of provisions of the Charities Act 2022, implementing Law Commission recommendations which

simplify a number of technical processes in charity law, saving charities time and money. Further provisions will be commenced in 2023. (October 2022)

- We secured £101.5m for charities and community organisations in England until 2025, to provide critical support and energy efficiency support, in response to the cost of living. (March 2023)
- We launched the £4.1m Social Enterprise Boost Fund to provide targeted support for social enterprises in disadvantaged places and build the evidence base on sustainable interventions that work to grow the social enterprise sector in these places. (March 2023)
- We made £10.7m of outcomes payments to the 29 locally commissioned projects in the Life Chances Fund (LCF) in 2022-23. Each payment represents an outcome achieved by people in England facing multiple challenges. In 22/23 the LCF ensured that 1,112 people entered employment, 4,280 people have entered sustainable accommodation and 1,327 children have avoided care proceedings. (2022-2023)

### Gambling and Lotteries

- We formally awarded the Fourth National Lottery Licence to Allwyn in September 2022. We have been actively supporting the Gambling Commission to ensure a smooth transition and commencement of the next licence in 2024. (September 2022)
- We worked towards publishing the Gambling White Paper early in the financial year 2023-24. The White Paper, which follows our review into the Gambling Act 2005, outlines how the government will work with the Gambling Commission and others to reform the regulation and legislation governing the gambling sector. (April 2023)



**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.**

The achievements and work listed below under Outcome 3 now sit with DSIT, which will be responsible for carrying forward future plans.

**International Engagement and Trade**

- We introduced the Electronic Trade Documents Bill, under which digital trade documents will be put on the same legal footing as their paper-based equivalents to give UK business more choice and flexibility in how they trade. Removing the legal obstacle to electronic versions of trade documents will significantly lower administration costs and is expected to provide a £1.14bn boost to UK business over a ten-year period. (October 2022)

**Digital Markets**

- We published the government response to the consultation on a new pro-competition regime for digital markets. The regime will establish new and effective tools to address the unique barriers to competition in digital markets. It will allow the new Digital Markets Unit in the Competition and Markets Authority to proactively drive dynamic markets and ensure the largest tech firms treat consumers and business fairly. (May 2022)
- We will legislate in the third legislative session for the new pro-competition regime

as part of the Digital Markets, Competition and Consumers Bill (DMCC), as announced in November 2022. It will be a joint bill with the Department for Business and Trade. The DMCC Bill, which was introduced into Parliament early in the 2023-24 financial year, will drive innovation, grow the digital economy and deliver better outcomes for consumers. (November 2022)

**Data and Digital Technology**

- We launched the Digital Growth Grant, £12m grant competition to turbocharge UK tech growth and tackle challenges facing small tech firms and grow regional support networks to level up investment and innovations around the country. (April 2022)
- Following consultation, we set out our plans for how tech regulations will tackle dominance of major firms and on how small businesses will be protected from predatory practices and consumers will get more choice and control over their online experiences. (May 2022)
- We published our Digital Strategy, setting out our plan to deliver on the government’s vision for the UK to be the best place in the world to start and grow a technology business. (June 2022)
- We introduced The Data Protection and Digital Information (No.2) into the House of Commons in March 2023. The Bill seizes our post-Brexit opportunity to create a new UK data rights regime.
- We finalised a landmark data bridge decision with the Republic of Korea to help unlock

millions in economic growth which will see UK organisations able to share personal data securely with the Republic of Korea. This decision will help generate an estimated £14.8m in annual business savings and increased exports. The regulations also formalised the UK's first independent data bridge since the UK left the European Union. (December 2022)

### Online Safety

- We continued passage of the Online Safety Bill and strengthened provisions to protect children online, tackle illegal content, and ensure transparency, accountability, and freedom of expression. (December 2022)
- We published the Online Media Literacy Action Plan for 2022-23, setting out our plans to improve media literacy capabilities and deliver the Online Media Literacy Strategy. (April 2022)
- We launched two new media literacy grant schemes, awarding funding to 17 UK organisations to tackle the challenges from the Online Media Literacy Strategy. The projects funded will boost skills for people at risk of experiencing online abuse and being deceived into believing false information. (October 2022)
- Our Counter Disinformation Unit responded to acute information incidents, including ongoing Russian information operations, and provided assurance around key national events including the State Funeral of Her Majesty Queen Elizabeth II. (throughout 2022-23)

### Cyber Security and Digital Identity

- We are enabling the use of digital identity technologies by publishing the beta version of the UK digital identity and attributes trust framework (June 2022) and enabling digital Right to Work checks (January 2023). The new Data Protection and Digital Information Bill will clear the legal barriers to widespread adoption of digital identities in the UK. (March 2023)
- We have continued to improve cyber resilience across the economy by encouraging businesses to implement good cyber security controls through the Cyber Essentials scheme and the Cyber Aware campaign (March 2023). Over 30,000 Cyber Essentials certificates have been awarded in 2022-23, the highest ever.
- The UK Cyber Security Council, the new professional body for cyber security, is professionalising the cyber workforce and has launched three pilot pathways to becoming a Chartered Cyber Professional. (October 2022)

- Our Cyber Explorers programme is now in use in over 2,000 schools (March 2023), helping teachers engage students in the computing curriculum and in cyber career opportunities.
- We have invested in our Cyber Runway programme, which helped more than 60 cyber security companies develop and grow their businesses in 2022-23, contributing to a strong & growing UK cyber sector which is now worth £10.5bn.
- We are protecting consumers by requiring manufacturers to implement minimum security standards in consumer connected technology through the Product Security & Telecommunications Act 2022 (December 2022). We are also ensuring security is designed into apps, having published the world's first Code of Practice for App Store Operators and App Developers. (December 2022)

### Artificial Intelligence (AI)

- We published the National AI Strategy Action Plan, outlining the activities being taken by Government to deliver the National AI Strategy and further strengthen the UK's position as an AI leader. (July 2022)
- We launched the AI Standards Hub, a collaboration with the Alan Turing Institute, the British Standards Institution and the National Physical Laboratory, which aims to influence the development of global technical standards for AI and expand the UK's contribution and thought leadership in this field. As part of the AI Standards Hub, the UK will explore collaboration with like-minded international partners on AI standards. (October 2022)
- We published our AI Regulation White Paper setting out an approach to AI regulation that is pro-innovation, context-based, proportionate and adaptable. The proposed regulatory framework draws on the expertise of regulators, who are best placed to understand risks in their sectors and allows for adaptation as the technology develops. (March 2023)
- We announced significant funding at the launch of the Science and Technology Framework and Spring Budget in March including: £900m for exascale compute capacity and AI research resource; the launch of BridgeAI – a £100m programme to drive adoption of AI in low-AI-maturity sectors such as construction, agriculture and creative industries; £117m confirmed for new Centres for Doctoral Training; and the £1m annual Manchester prize. (March 2023)
- We announced plans to establish the Foundation Model Taskforce, to develop UK





capability in this important technology, and an initial £100m investment. (March 2023)

### Centre for Data Ethics and Innovation

- We delivered UK-US prize challenges to advance privacy-enhancing technologies to tackle the societal challenges of forecasting pandemic infection and detecting financial crime. (March 2023)
- We launched (jointly with Cabinet Office's Central Digital & Data Office) the Government's Algorithmic Transparency Recording Standard to help public sector organisations be transparent about their use of algorithmic tools. (January 2023)
- We published the AI Assurance Industry Temperature Check report to support industry engagement on tools for trustworthy AI across priority sectors of HR & recruitment, finance, and connected and automated vehicles. (December 2022)
- We launched the second wave of a Public Attitudes to Data and AI tracker survey. (November 2022)
- We co-designed a set of world-leading Ethical Principles for AI in Defence, published by the MOD as part of the Defence AI Strategy. (June 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

- We began delivery of the core components of the National Youth Guarantee. By the end of March 2023 we had allocated £6m to new youth social action opportunities via the #iwill Fund, matched by the National Lottery Community Fund and then further matched by other funders. The National Citizen Service delivered residential experiences for over 50,000 young people for the first time since the start of the COVID-19 pandemic. (March 2023)
- We launched the Uniformed Youth Fund in November 2022, a £16.9m investment to tackle existing waiting lists for uniformed youth organisations, by creating up to 24,000 places for young people aged 10-18; since October 2022, over 2,100 new places have been created in areas with no previous uniformed youth provision. We provided £4.2m to increase access to the Duke of Edinburgh's Award in schools and community settings, including giving every state secondary school the opportunity to offer the award. Since September 2021, DCMS, in collaboration with DfE, has funded over 11,500 participant places for the Duke of Edinburgh's Award. (November 2022)
- We provided bursaries for over 3,500 disadvantaged and vulnerable young people to participate in day trips and residentials to outdoor spaces in February 2023 and helped young people play a key role in supporting major events and ceremonial occasions, as volunteers for the Queen's Jubilee celebrations, the State Funeral of Queen Elizabeth II, and the Commonwealth Games.



(September 2022-February 2023)

- We continued to develop the youth workforce by funding bursaries for youth workers to become qualified through our delivery partner, the National Youth Agency. We have also funded the development of a National Youth Work Curriculum and a new Level 4 qualification in youth work to bridge the gap to degree level. (April 2022-March 2023)
- We held the first in-person UK Youth Parliament sitting since the pandemic and re-structured the UK Youth Parliament to engage a greater diversity of young people. (March 2023)

### Civil Society

- Through our Dormant Assets Scheme, we announced £76m tied up in forgotten accounts will be used in England to support people to get out of debt and assist social enterprises with innovative energy saving solutions. (March 2023)
- We launched the Know Your Neighbourhood Fund, an up to £30m package of funding designed to widen participation in volunteering and tackle loneliness in 27 disadvantaged areas across England. This includes up to £10m of funding delivered by The National Lottery Community Fund. (January 2023)
- We reached millions of people through our loneliness communications campaign activity, which aims to reduce the stigma associated with loneliness; this is embedded in the established Better Health: Every Mind Matters campaign. The 2023 campaign, which was

undertaken from January to March, was focussed at 16-34 year olds, reminding people that it is OK to feel lonely, and to encourage everyone to take action to help themselves and others. (January - March 2023)

- We have led work across government and society more widely to drive forward action to tackle loneliness. Following the publication of new research in 2022 on predictors of loneliness and its impact on mental health, we secured new commitments from 12 government departments for inclusion in the fourth annual report on our Tackling Loneliness Strategy. (March 2023)

### Major Events

- We successfully delivered on the central weekend of Her Majesty Queen Elizabeth II's Platinum Jubilee, enjoyed by many millions both in the UK and across the globe and worked closely with partners across and outside of Government to ensure the celebrations were delivered smoothly and safely. (May 2022)
- We played a leading role in the State Funeral of Her Majesty Queen Elizabeth II. Our responsibilities included 'Operation Lion' (the overarching plan covering the logistical operation for any Bridge) and 'Operation Feather' (the arrangements for operationally managing the queue for the Lying in State.).
- We have delivered the UNBOXED festival, concluding a year long celebration of creativity and innovation, having reached many millions both in person and online. (2022)



- We carried out our responsibilities as Lead Government Department and overall event lead for planning and delivery of The Coronation of Their Majesties The King and Queen. Working across Government and with the Royal Household, we announced and ensured delivery of the national programme of events for the Coronation celebrations in May 2023 that has given opportunities for millions of people across the country and the Commonwealth to celebrate this historic occasion. (September 2022 to May 2023)
- We allocated £10m of funding to support the delivery of the Eurovision Song Contest 2023 in Liverpool, which took place in May 2023. This funding supported Liverpool City Council and the BBC's partnerships with Ukrainian artists and performers, and provided almost 3000 tickets to displaced Ukrainians living in the UK. Our funding also supported security and policing, as well as Liverpool City Council's schools, community and volunteering programmes. (March 2023)

## Sport

- We enabled the delivery of the largest ever UEFA Women's EUROs. As part of the supporting legacy programme, the FA have created over 416,000 new opportunities for girls and women to play football. (July 2022)
- We enabled successful delivery of the 22nd Commonwealth Games in Birmingham in July and August 2022, backed by £778m of public investment. This was the largest multi-sport event to be held in the UK in 10 years, featuring thousands of world-class athletes and over 1.5 million spectators. DCMS played a direct delivery role, for example in establishing and sponsoring the Organising Committee as an Arms Length Body; delivering event-specific legislation, and evaluating event impact, as well as overseeing and assuring multiple elements of the programme including the capital builds for the sporting venues and a £24m Business and Tourism Programme. The Games was delivered on time and within budget, and the independent interim evaluation report by KPMG concluded the Games contributed at least an initial estimate of £870m (gross value added) to the UK economy. (July-August 2022)
- We enabled successful delivery of the Rugby League World Cup. The tournament was held at 21 venues across 18 cities. This was the biggest tournament in the history of Rugby League, and the first time the men's, women's and wheelchair tournaments have been played simultaneously - concluding with England winning the Wheelchair tournament. (October

- November 2022)

- We secured a pipeline of major sporting events to be hosted in the UK in the coming years, including: the World Indoor Athletics Championships 2024 in Glasgow, the women's Rugby World Cup 2025 in England, the European Athletics Championships 2026 in Birmingham, and both the women's and men's ICC T20 World Cups in 2026 and 2030 respectively. (throughout 2022-23)
- We initiated a Review of the Future of Women's Football with a focus on audience and growth, commercial and broadcasting and structures and governance underpinning the game. (September 2022)
- We have played a key role in the collective effort across the football associations and government partners to submit the UK and Ireland's bid to host the Men's UEFA European Championships in 2028. A decision on the hosts is expected in October 2023. (March 2023)

## Culture

- We announced Bradford as the UK City of Culture 2025, backed with initial seed funding of £275,000 to begin preparation for a year of groundbreaking cultural activities in 2025. (May 2022). We also announced that for the first time the runners up for UK City of Culture 2025 - County Durham, Wrexham Borough Council and Southampton - will receive £125,000 to take forward elements of their bid and build on their cultural strategies. (May 2022)
- We announced and allocated £4m of the DCMS/Wolfson Museums and Galleries Improvement Fund which is going to 33 museums to develop public spaces and accessibility; £21.4m to 36 museums through the second round of the Museum Estate and Development Fund (MEND), our estates maintenance fund for the museum sector (via Arts Council England). MEND forms part of the £60m Cultural Investment Fund also mentioned under Outcome 2 of this section. (March-August 2022)
- We announced a joint £3.1m Culture and Heritage Capital research call with the Arts and Humanities Research Council. The call will fund interdisciplinary teams of researchers to develop an approach to articulate the cultural, economic, and social value of the culture and heritage sectors. The research will play a major role in developing and realising the DCMS Culture and Heritage Capital Programme. (October 2022)



## Public bodies

Prior to the MoG changes announced in February 2023, the Department for Digital, Culture, Media and Sport had 47 Public Bodies in total, of which 39 were consolidated into DCMS accounts (see note 1.3). These 39 are included in the table below.

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	
Building Digital UK	Phone-paid Services Authority
Office of Communications (Ofcom)	

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

Strategic risks affecting delivery continue to be effectively monitored and managed at project and programme level, with strategic risks captured on the departmental Executive Risk Register, for monthly review at the Executive Board. DCMS has a specialist risk team which oversees risk management across the department, ensuring a continuous improvement culture is adopted. The risk team provides risk reports to the Departmental Board, Audit and Risk Committee, and the Executive Board and its sub committees and ensures each strategic risk is provided

the right senior visibility. Further information on how risk management is embedded within the Department is included in the Governance Statement.

The table below highlights the strategic risks faced by the department during 2022-23. Most of the risks are not new but we have continued to invest in appropriate mitigations to address them. During the year, the key changes have been: 1) closing our risk of fraud in relation to COVID-19 grants to reflect the end of these schemes and 2) raising the risk of inflation, recognising the potential for impacts across Departmental and Public Body projects, the wellbeing of our staff and the stability of our sectors, with mitigations targeted at these impacts. Looking forward to the next Spending Review, ensuring DCMS has a sustainable funding settlement will be key to mitigating risks to the delivery of our priorities.

Strategic Risk	Risk description	Mitigation	Trend ↑↔↓
<b>Inability to deliver environmental sustainability goals</b>	There is a risk we may lack the capability to meet statutory environmental principles by November 2023.	The Department is working up an action plan to map work the department needs to undertake and capability required to do so.	↔
<b>Recruitment and retention</b>	DCMS may not be able to attract and retain high-performing skilled staff, including in specialist skilled areas, due to competitive labour markets and financial constraints. This could impact existing staff wellbeing and the Department's ability to respond to short term surges in work, deliver its priority outcomes or prevent breaches of internal controls.	As the Department transitions through MoG changes a new workforce strategy will be developed. We continue to look at retention strategies such as; pay, career pathways strategy, learning and development, and employee value proposition projects.	↑
<b>Inflationary pressures</b>	DCMS may not be able to absorb the inflationary pressures and this may prevent the department delivering its priority outcomes to the original scope.	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.	<b>NEW</b>

Strategic Risk	Risk description	Mitigation	Trend ↑↔↓
<b>Labour market supply to DCMS sectors</b>	National supply chain issues continue to stabilise but labour market shortages continue to place pressure on our sectors who are still recovering from COVID-19.	The Department has a dedicated 'supply chain hub' which has been supporting research and monitoring labour market disruptions to DCMS, our sectors and our Public Bodies. We have raised potential supply issues at cross Government forums with other government departments such as the Department for Work and Pensions who sponsor Job Centres.	↓
<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 invested in cyber security resources to continue to protect our people, assets and data in this Spending Review (SR) period.	↔
<b>Data and systems risks</b>	Previous rapid expansion of DCMS without a strategic approach to systems and data led to several localised systems with a lack of interoperability between them, resulting in efficiencies and may result in a higher risk of error.	We have invested in our Digital, Data and Technology capacity which will allow us to develop and implement a new data strategy. Our finance and HR systems are due to be integrated as part of the cross-departmental Matrix shared services programme. All corporate systems will be reviewed to ensure we have modern platforms to enable the most efficient business processes to deliver organisational outcomes as we now reduce in size post MoG changes announced in February 2023.	↔
<b>Public Bodies Delivery and Public Appointments Risks</b>	Public Bodies may not be 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 may not be able to 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 a public body review programme, partnership meetings, chair appraisals, framework documents, and reviews of audit committee papers. The Department works closely with senior stakeholders, including Ministers to manage the appointments process and has dedicated resources focused on diversity and inclusion.	↔

# Performance analysis

This section sets out performance in 2022-23 against the four priority outcomes outlined in the 2021-22 Outcome Delivery Plan (ODP), which continued to apply in the financial year 2022-23, 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

The achievements and work listed below under Outcome 1 now sit with DSIT, which will be responsible for carrying forward future plans.

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. Our programmes aim to increase coverage of gigabit services, encourage the take-up of gigabit capable connectivity, stimulate competition in the telecoms market, giving consumers more choice and look to place the UK at the forefront of the work on future telecoms globally.

Over the last year, DCMS has delivered tangible benefits across the nation. We have continued to improve Gigabit coverage, and are on track to meet our target of 85% coverage by 2025. As of the end of March 2023, 74% of premises could access gigabit-capable networks, up from just 6% in January 2019.

In April 2022 we published the Open Radio Access Network (RAN) Principles, which set out the characteristics that open-interface solutions, such as Open RAN, should possess in order to support delivery of the UK's 5G Supply Chain Diversification Strategy. These Principles have

now been endorsed by the governments of Australia, Canada and the United States of America as part of the December 2022 UK-led joint Statement on Telecommunications Supplier Diversity. This represents a significant milestone in the UK government's efforts to grow international consensus on telecoms diversification.

We also announced that the world-class, £80m UK Telecommunications Laboratory (UKTL) will be opening in Solihull. The laboratory will provide a safe environment for security experts to test new and existing software and equipment, using groundbreaking technology. This will keep our public telecommunications networks secure, and support incumbent and new supplier entrants to the market. Importantly, in close collaboration with academia and industry, this national capability will drive the growth of skills in the key technical areas of telecoms and cyber security across Solihull and the country. The Digital Connectivity Infrastructure Accelerator (DCIA) programme helped the deployment of the rollout of advanced wireless connectivity by improving the ability to access and acquire sites and by building evidence to understand the benefits and feasibility of using public sector assets to host multiple technologies.

## Case Study - Open Networks Programme



DCMS' Open Networks Programme funded the BEACON-5G (Building REconfigurable, Agile, SeCure, and TrustwOrthy Systems for OpeNness in 5G) in Bristol. The project is developing an end-to-end 5G system, aligned with Open RAN framework and principles, with reconfigurability, security, trustworthiness, and service architecture agility.

BEACON-5G contributes towards the development of 5G Open RAN solutions for urban environments, creating a collaborative network for R&D involving international and incumbent suppliers, maximising the social value created by digital infrastructure.

BEACON-5G, led by Toshiba Europe Ltd and security experts Thales UK Limited, contributes to the 5G diversification strategy with a strong emphasis on building 5G networks via open interface solutions and prioritising cyber security.

The project has demonstrated interoperability end-to-end, with a multi-vendor system in multiple environments. They have improved the understanding of system integration challenges, and improved their capacity for service architecture agility and reconfigurability. Their system has advanced security features, including considerations when networks have failed in disaster situations.

At the end of March 2023 the project was two-thirds through its duration, and on schedule in terms of time, cost, benefits and scope. The project will benefit a number of sectors in the UK and has confirmed a growing number of users and businesses adopting the technology, particularly in areas such as smart cities, industrial automation, remote healthcare, and immersive entertainment.

### OUR PERFORMANCE METRICS

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

Date	UK	England	Northern Ireland	Scotland	Wales
Mar-21	38.8%	37.6%	70.3%	46.4%	27.0%
Mar-22	66.5%	67.7%	82.0%	60.6%	48.4%
Mar-23	74.4%	75.4%	90.5%	68.3%	59.5%

- **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 geographic coverage)**



Year	UK	England	Northern Ireland	Scotland	Wales
2020 (Sept)	91%	97%	97%	81%	90%
2021 (Sept)	92%	98%	97%	82%	90%
2022 (Sept)	92%	98%	97%	83%	90%

Coverage figures are rounded to the nearest 1%.

- **Source:** [Ofcom Connected Nations Annual Report 2022](#) (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**

Throughout 2022-23, DCMS sectors continued to be impacted by COVID-19, with schemes established to aid recovery and strengthen economic performance continuing to provide support. As the threat from COVID-19 receded over the course of 2022, a number of the schemes and programmes established were closed in line with other government COVID-19 interventions, including the Live Events Reinsurance Scheme, the Film & TV Production Restart Scheme, and the Culture Recovery Fund (CRF). In March 2023 we finalised the evaluation report for the CRF; it was published early in the 2023-24 financial year and demonstrates that the CRF met its overall objectives, was efficiently implemented, demonstrated value for money and strengthened the financial health of the cultural sector.

Tourism has been one of the sectors hit hardest by the pandemic and we published the Tourism Recovery Plan in 2021, 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. In March 2023, we published an update to the Tourism Recovery Plan. Government support has helped domestic visitor numbers to recover to - or close - to 2019 levels, although international visitor numbers and spend remain below 2019 levels. The Tourism Recovery Plan's original target of recovering inbound tourism by the end of 2023 has been updated to the end of 2024, which is more realistic than the initial target, but still ambitious - a year earlier than independent forecasts predict.

During 2022-23 we 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. Stimulus schemes such as the £10 million National Lottery 'Days Out' campaign, and marketing around large events in 2022 such as HM The Queen's Platinum Jubilee, UNBOXED: Creativity in the UK, the Birmingham Commonwealth Games (which included a £24m Business and Tourism programme aimed at boosting tourism numbers and spend in the West Midlands) also continued to aid domestic tourism recovery. Additionally, we published our response to the independent review of destination management organisations in England in July 2022 and subsequently announced plans for a new accreditation scheme and a pilot of a multi-year core funding model in the North East, to support tourist boards to attract more visitors and make it easier for visitors to plan trips across England.

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. At the beginning of the financial year in April 2022 we published the White Paper 'Up Next' which set out the Government's policy strategy to support the continued growth of the broadcasting sector, with a particular focus on the sustainability of our system of public service broadcasting. It proposed much needed reform to the 'compact', the balance of benefits and obligations conferred on our public service broadcasters, to ensure they can continue to deliver for audiences across the United Kingdom. At the end of the year in March 2023, following extensive policy, analytical and legal analysis, DCMS



published the Draft Media Bill which uses our new legislative freedoms to set out an updated regulatory framework in the best interests of the UK. Updated reforms include a new online prominence regime for Public Service Broadcasters, a new content code for Video-on-Demand providers, and reforms to guarantee access to UK radio on smart speakers. Building on achievements in 2022-23, DCMS has made continued progress on the BBC reform agenda in preparation for the next Charter review, including the publication in May 2022 of the Terms of Reference for Mid-Term Review of the BBC Charter.

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 are delivering £50m to support the UK's world-leading creative industries, including the £28.4m Create Growth Programme, £13.4m UK Games Fund and £21m UK Global Screen Fund. Over the 2022-23 financial year we have set up these programmes and they are now supporting small and medium enterprises to scale up and providing bespoke support for the UK's independent film and video game industries. In March 2023 DCMS and UK Research and Innovation also announced £2.6m (£1.2m from DCMS) to support demonstrator projects as part of the Creative Industries Clusters Programme to support creative businesses to undertake R&D, grow and attract investment.

In the 2023 Budget, the Chancellor identified the creative industries as one of his five priority sectors for future growth. During 2022-23 we

continued to develop a Creative Industries Sector Vision, in partnership with the Creative Industries Council, to set out how the Government and industry will drive growth across the UK, build the workforce of the future, and maximise the wider impact of the Sector across society. The Sector Vision was published in June 2023; it set out £310 million in government spending for the creative industries, with approximately £233m of existing public funding since the 2021 Spending Review and £77m in new government spending announced in June 2023.

In April 2022 we published the evaluation of the £750m COVID-19 support package for civil society which found "strong evidence" that the funding package achieved its aims. Throughout 2022-23 the civil society sector continued to face challenges as a result of the rising cost of living. In March 2023 we: secured £101.5m to provide critical support and energy efficiency support; launched the Social Enterprise Boost Fund to provide targeted support to social enterprises in Durham, Sandwell, South Tyneside, Sunderland, Thanet and Wolverhampton.

We have made good progress on our ambition to level up and improve access to sports facilities across all parts of the UK. In 2022-23, we invested nearly £70m to build or improve hundreds of multi-sport facilities across the UK, with over £8m more helping to renovate approximately 750 tennis courts in local parks in Scotland, England and Wales. We also secured £63m to support public swimming pools in 2023/24, responding to the impact of rising energy bills in the short term and improving sustainability in the longer term.



## Case Study - Youth Investment Fund



The Youth Investment Fund was established to build or refurbish up to 300 youth facilities by the end of March 2025. It is designed to increase the number of young people accessing youth services by 45,000 per year, support their wellbeing, give them opportunities to develop vital skills for life and work and empower them to be active members of their local community. It reflects young people's priorities and addresses the inconsistencies in national youth spending with a firm focus on levelling up.

Social Investment Business (SIB) was appointed as Intermediary Grant Maker to deliver the Fund on behalf of DCMS, working in partnership with Key Fund, National Youth Agency and Resonance. The Fund opened to bids in August 2022 and hundreds of applications have been assessed.

In March 2023 DCMS announced the first major tranche of the Fund, with over £90m allocated

to 43 projects in 2022/2023 from the Fund's overall total of over £300m. Facilities set to benefit include small community youth spaces, youth centres both large and small, and activity centres.

An example of a funded project is Brighton Youth Centre, set to receive £4.3m of funding to renovate, extend and upgrade the building. The new centre will be a state-of-the-art facility, with the central vision of creating a building that responds to the altering demands of its occupants. The centre will be environmentally sustainable and fully accessible for all young people across Brighton. It aims to reach 3000 young people every week - more than double the number currently accessing the youth centre.

The Fund runs to the end of March 2025, with virtually all funding expected to be committed in 2023. The first projects are on track for completion in the summer of 2023.

## OUR PERFORMANCE METRICS

### GVA of Creative Industries, Cultural Sector, Gambling, Sport and Tourism (adjusted for inflation) in £bn, 2018 to 2020 (£)

<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	2018 <sup>r</sup>	2019 <sup>r</sup>	2020 <sup>P</sup>
Creative Industries	104.3	105.8	100.6
Cultural Sector	31.7	32.6	26.8
Gambling	5.8	5.7	4.6
Sport	16.7	17.4	13.1
Tourism	73.8	75.2	26.7

Source: [DCMS Economic Estimates 2020: Gross Value Added](#) (further historical data is available)

#### Notes:

- The latest data available is for 2020, which will be affected by the coronavirus (COVID-19) pandemic.
- 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.
- 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 2020) are provisional and will be revised in the next release of DCMS Economic Estimates: Gross Value Added.
- 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.
- **Release schedule:** Annually.

## GVA for Civil Society as a proportion of the UK economy (in current prices), 2018 to 2020

<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	2018 <sup>r</sup>	2019 <sup>r</sup>	2020 <sup>p</sup>
Civil Society (Non-market charities)	0.8%	0.8%	0.9%

- **Source:** [DCMS Economic Estimates 2020: 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.
- GVA figures for the latest year (currently 2020) 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, which is why we have reported it as a proportion of the economy instead.
- Civil Society in this table represents non-market charities sitting in the Non-profit Institutions Serving Households 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 (and including Digital) (adjusted for inflation) in £

<sup>p</sup> = provisional

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

Region	2017 <sup>r</sup>	2018 <sup>r</sup>	2019 <sup>p</sup>
North East	4.2	4.0	4.2
North West	14.3	14.9	15.3
Yorkshire and The Humber	7.6	8.2	8.4
East Midlands	7.2	7.1	7.4
West Midlands	10.1	10.3	10.8
East	14.3	13.7	14.2
London	76.6	78.5	83.5
South East	34.8	35.9	36.9
South West	9.6	9.5	9.7
Wales	4.1	4.1	4.2
Scotland	9.9	10.0	10.5
Northern Ireland	2.4	2.6	2.8

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 were published prior to responsibility for the Digital Sector moving out of the department, and so includes Digital Sector GVA. They are the most recent available estimates. For context, DCMS total GVA including for the Digital Sector made up around 15% of the whole UK economy in 2019; when the Digital Sector is excluded, this changes to around 11%.
- 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 coronavirus (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 and spend

Domestic overnight tourism (England only):

	2018	2019	2021
<b>Spend (£m)</b>	19,347	19,448	22,223
<b>Visitor volume (m)</b>	97.397	99.071	100.2

- **Source:** [Great Britain Tourism Survey](#) (further historical data is available).
- Release schedule: Monthly (2020 data cannot be reported at a robust level. Data from 2021 covers April–December only).
- Data from 2021 cannot be compared to previous years due to changes in the methodology.

Domestic Day tourism and spend (England only):

	2018	2019	2021
<b>Spend (£m)</b>	53,036	56,500	21,189
<b>Visitor volume (m)</b>	1,431	1,390	574

- **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 2021 covers April–December only).
- Data from 2021 cannot be compared to previous years due to changes in the methodology.

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**

The achievements and work listed below under Outcome 3 now sit with DSIT, which will be responsible for carrying forward future plans.

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. Our achievements in the financial year 2022-23 reflect these aims.

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. We introduced the Online Safety Bill in March 2022 to establish a new regulatory framework to tackle harmful content online. This successfully cleared the House of Commons and was introduced into the House of Lords in January 2023. The second year Action Plan for the Online Media Literacy Strategy was published in April 2022. This built on the previous year's work by establishing two multi-year grant schemes to support organisations delivering media literacy initiatives, and commissioning a research programme to better understand challenges facing the sector.

We are progressing work to enable secure and trusted digital identities to be used across the UK economy. In the financial year 2022-23 we have published the beta version of the UK digital identity and attributes trust framework, implemented a digital identity certification scheme which enables digital Right to Work, Right to Rent and Disclosure and Barring Service checks, and have introduced underpinning legislation in the form of the Data Protection and Digital Information (No.2) Bill. (March 2023) As part of the £2.6bn National Cyber Strategy to protect and promote the UK online, DCMS has helped grow the UK cyber security sector and improve cyber resilience across the UK economy. We are improving standards and career

pathways across the cyber profession, and the UK Cyber Security Council has launched three pilot standards for becoming a chartered cyber professional.

We are improving the cyber resilience of our critical national infrastructure and worked with the National Cyber Security Centre to deliver the Cyber Aware campaign to help small businesses improve their cyber security. To ensure the devices and digital services UK customers use are secure we have published the world's first Code of Practice for App Store Operators and App Developers. We have introduced the world's first Internet of Things security law, the Product Security & Telecommunications Act, to introduce new security requirements for internet-connectable 'smart' devices used in the home. We are developing policy to improve the security and resilience of software, and are working across Government to ensure cyber security is embedded in emerging technologies such as AI.

Over the last year we have continued to pursue ambitious initiatives to maintain and strengthen the UK's status as a world leader in AI. In October 2022, we launched the AI Standards Hub to influence the development of global technical standards for AI and enhance the UK's leadership in this field, and in March 2023 we published our AI Regulation White Paper setting out an approach to AI regulation that is pro-innovation, context-based, proportionate and adaptable.

The Centre for Data Ethics and Innovation have delivered a number of initiatives to build public trust in AI, such as developing the Algorithmic Transparency Recording Standard in collaboration with the Cabinet Office's Central Data and Digital Office, and delivered the UK-US Privacy Enhancing Technologies Prize Challenge.

## Case Study - Developing the UK cyber security sector and boosting regional growth



As part of the £2.6bn National Cyber Strategy the government has been supporting the UK cyber ecosystem to ensure we have the skills, capabilities, products and services needed to protect the nation online.

We have invested in the Cyber Runway programme to help 162 startups and small cyber security companies develop and grow their businesses, including more than 60 in 2022-23. The programme has boosted regional growth and helped improve diversity in the sector, with 52% of the firms based outside of London and the south east, 50% female-led, and 43% led by an ethnic minority co-founder.

DCMS has also invested in UK Cyber Cluster Collaboration (UKC3) to help 'level up' the regions and ensure all parts of the UK have a strong and vibrant cyber sector. There are now 13 UKC3-recognised "cyber clusters" across the country delivering a range of projects to boost growth, improve cyber security skills and increase innovation and collaboration.

The UK cyber security sector is now worth £10.5bn (up 3% on last year) with nearly 2,000 businesses (up 7.7%). The sector generated an additional 5,300 jobs in 2022, with employment now at 58,000.

## OUR PERFORMANCE METRICS

### GVA of the Digital sector in the UK (adjusted for inflation) in £bn, 2018 to 2020

<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	2018 <sup>r</sup>	2019 <sup>r</sup>	2020 <sup>p</sup>
Digital Sector	131.0	139.9	140.4
.... of which Telecoms	29.2	34.0	35.5

Source: [DCMS Economic Estimates 2020: 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 2020) 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 2021 data is not available at the time of publication, however estimates using an alternative methodology are available [here](#).
- **Release schedule:** Annually (Experimental Official Statistics available monthly).

#### 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 coronavirus (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%

**Notes:** 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 <https://www.ncsc.gov.uk/collection/10-steps-to-cyber-security>.
- **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**

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 was a spectacular year of celebrations and other major events, and we ensured it was a year to remember. We delivered our late Queen’s Platinum Jubilee and the iconic Birmingham 2022 Commonwealth Games, as well as the ground-breaking UEFA Women’s EUROs and Rugby League World Cup. We also delivered the Unboxed festival, celebrating creativity across the UK, starting in March 2022 and ending in October 2022. We have continued to build on our world-leading reputation for hosting the best and biggest events - preparing to host the Coronation and Eurovision Song Contest in May 2023, securing a number of additional major sporting events for the years ahead, and submitting our unprecedented UK and Ireland bid to host the men’s UEFA European Championships in 2028, which would be the biggest sporting event our islands have ever jointly hosted.

The Birmingham 2022 Commonwealth Games demonstrated the value and power of events beyond the sporting arena. The initial, independent evaluation report by KPMG has shown at least £870m (gross GVA) was generated for the UK economy by just the two weeks of sport, with more expected as we continue to evaluate. Two thirds of people agreed events like these make them feel proud of the UK. The £778m of public funding provided transformational infrastructure investment including a brand new Sandwell Aquatics centre that will now be open to the public. This

investment also unlocked an additional £85m for specific legacy programmes including a £12m Cultural Festival, a Business and Tourism Programme (with £21.3m of government investment), £35m from Sport England for a physical activity legacy and programmes on jobs and skills, youth, sustainability, volunteering and ambitious sustainability targets to be the most sustainable games yet.

We published our Football Governance White Paper outlining a bold plan to protect the long-term future of English football. We understand that football is more than just a sport and we are committed to protecting the long-term success of our national game, and restoring fans' position at the heart of how football is run. We will bring in a new independent regulator for English football to make sure clubs are financially resilient and properly governed, with fans having a greater say in the running of their clubs.

We have made excellent progress towards achieving the National Youth Guarantee: Over 100,000 young people have taken part in National Citizen Service experiences and over 110 mainstream schools, Special Educational Needs and Disabilities schools, Alternative Provisions, or Pupil Referral Units have been supported to deliver the Duke of Edinburgh's Award. More than 2,100 new places were created in uniformed youth groups, in areas with no previous provision, with a further £16m awarded to tackle uniformed youth group waiting lists. We allocated over £90m from the Youth Investment Fund to 43 beneficiaries to build or reinvent youth facilities. In addition, we have continued to support 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. In addition, we secured an additional £11m to provide an extra one million hours of youth support in anti-social behaviour hotspots.

We recognise the importance of volunteering and have continued to support the sector, through the £30m Know Your Neighbourhood Fund, designed to widen participation in volunteering and tackle loneliness in 27 disadvantaged areas across England, and by funding the Voluntary and Community Sector Emergencies Partnership to deliver onward grants to frontline organisations supporting people with the rising cost of living. We unlocked £76m of dormant assets funding in England for cost of living initiatives, with projects including scaling up the UK's No Interest Loan Scheme and helping social enterprises to retrofit their premises with cleaner, greener energy solutions. We also ran a public consultation on the purposes of the English portion of dormant assets funding, enabling more than 3,300 individuals and organisations to have their say. In March, we announced that youth, financial inclusion, and social investment wholesalers will be joined by community wealth funds as causes.

## Case Study - The Platinum Jubilee of Queen Elizabeth II



DCMS was honoured and delighted to be the lead government department to support the Royal Household on the delivery of the Platinum Jubilee of Her Majesty Queen Elizabeth II. No British Monarch served as long, and this was the first Platinum Jubilee in our history.

Our role was to work with partners to ensure that the public had opportunities to engage in the celebrations, to ensure that major ceremonial events were well-coordinated and safe, and that the whole of the UK, and the Commonwealth, and other nations of the world, could participate in this historic moment.

The Jubilee weekend included an additional Bank Holiday on Thursday 2 June, and the moving of the late May Bank Holiday to Friday 3 June, which created a special four-day weekend for the whole nation to celebrate.

Many community events took place across the weekend. The Big Jubilee Lunch gave people an opportunity to come together and share friendship, food and fun. In 2022, £22m pounds was raised at Big Lunch and Big Jubilee Lunch events across the UK, and the majority of that was for local charities and causes. Over 3,500 Beacons were lit throughout the UK, Channel Islands, Isle of Man, UK Overseas Territories and in Commonwealth countries. Through the Queen's Green Canopy initiative, over three million trees have been planted across the United Kingdom. And over £22m was available from the National Lottery to help communities celebrate.

The special Platinum Jubilee weekend saw thousands of people line the streets of London,

and watch from big screens both in the capital and in other UK cities. The Royal Navy, British Army and Royal Air Force celebrated Her Majesty The Queen's Platinum Jubilee with Trooping the Colour and a spectacular flypast in London. Over 70 aircraft from the three Services began the weekend's Platinum Jubilee celebrations with a flypast over The Mall and Buckingham Palace whilst the Royal Family watched on from the famous balcony.

St Paul's Cathedral held an historic Service of Thanksgiving for The Queen's reign on Friday 3 June, which included bible readings, anthems, prayers and congregational hymns, as well as a new Anthem by Judith Weir, Master of The Queen's Music.

Saturday night saw a spectacular evening of entertainment. The BAFTA-winning Platinum Party at the Palace featured a glittering array of global stars and performers from the worlds of music and dance to celebrate 70 years of The Queen's reign. As darkness fell, stunning projections illuminated the palace during the performances.

And finally, the Platinum Jubilee celebrations reached their finale on Sunday with artists and communities from around the UK and Commonwealth, and more than 5,000 military personnel, performers, key workers and volunteers uniting to take centre-stage to tell the story of The Queen's 70-year reign in the Platinum Jubilee Pageant.

## OUR PERFORMANCE METRICS

Note: Due to the time period that the data covers, as with some of our other performance metrics, we would expect some of the following data to be affected by the coronavirus (COVID-19) pandemic.

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

Year	2019-20	2020-21	2021-22
Overall	41%	41%	34%
Aged 16-24	37%	48%	32%
Aged 25-34	44%	43%	36%
Aged 35-49	45%	45%	38%
Aged 50-64	42%	41%	35%
Aged 65-74	40%	37%	34%
Aged over 75	28%	26%	22%

- **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	May 19-20		Nov 19-20		May 20-21		Nov 20-21		Nov 21-22	
	Active	Fairly Active	Active	Fairly Active	Active	Fairly Active	Active	Fairly Active	Active	Fairly Active
North West	61.2	11.4	59.0	11.4	59.6	11.4	60.1	11.2	61.3	11.2
North East	60.1	11.0	60.0	11.1	59.7	11.5	58.7	11.4	60.9	9.7
Yorkshire	61.3	11.8	59.8	11.0	60.0	11.1	60.3	11.4	62.0	10.8
West Midlands	58.7	12.7	57.0	12.5	57.0	12.2	57.8	12.2	58.0	11.7
East Midlands	61.3	12.2	60.2	11.7	59.3	12.0	59.3	11.9	61.1	11.5
East of England	62.6	12.3	61.5	11.8	60.2	11.6	60.2	11.9	63.1	11.6
South West	67.3	11.0	65.7	11.0	64.9	11.0	65.3	11.0	67.1	10.8
London	63.9	11.3	62.3	11.3	61.5	11.8	62.4	11.2	64.2	10.8
South East	65.5	11.9	64.4	11.6	64.0	11.7	64.4	11.4	66.5	11.4
England	62.8	11.7	61.4	11.5	60.9	11.6	61.4	11.5	63.1	11.1

- **Source:** [Active Lives Survey](#) (by region), [Active Lives Survey](#) (England), Sport England. [Active Lives Data Tables](#).
- Active: At least 150 minutes of moderate physical activity each week.
- Fairly active: Between 30-149 minutes of moderate activity each week.
- **Release schedule:** Annually (previously twice yearly).

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%
Dec-22	91%

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

**Notes:**

Figures cover respondents interviewed in the previous quarterly period.

**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%
Dec-22	34%

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

**Notes:**

Figures cover respondents interviewed in the previous quarterly period.

**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%
Dec-22	24%

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

**Notes:**

Figures cover respondents interviewed in the previous quarterly period.



**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%
Dec-22	69%

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

**Notes:**

Figures cover respondents interviewed in the previous quarterly period.

**Breakdown of Resource by Business Area**

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 113. The non-voted AME is the total of resource and capital spend.

## Expenditure by Directorate 2022-23

	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	30,457	83,841	63,620	(1,721)	-	-	176,198
Digital Infrastructure	33,987	44,375	22,464	(2,746)	-	-	98,080
Centre for Data Ethics & Innovation	977	1,582	619	(55)	-	-	3,123
Security & Online Harms	4,072	6,590	2,579	(230)	-	-	13,011
Cyber Security and Digital Identity	8,144	13,180	5,159	(460)	-	-	26,022
Data Policy	12,233	6,590	6,597	(107)	-	-	25,313
Media and Creative Industries	9,556	22,812	9,042	3,785,684	270,322	110,636	4,208,052
Digital and Tech Policy	5,049	8,171	3,199	(285)	-	-	16,134
International	3,746	6,063	2,373	(212)	-	-	11,970
Civil Society and Youth	24,531	82,320	8,088	(718)	-	874,580	988,802
Arts, Heritage and Tourism	89,422	1,097,497	351,896	47,562	-	446,566	2,032,943
Sport, Gambling & Ceremonials	52,670	226,189	116,977	14,047	(8,257)	216,176	617,803
Commonwealth Games	3,583	252,216	829	(3,527)	-	-	253,101
Corporate (including Finance, HR and other support functions)	4,398	7,117	2,786	(248)	-	-	14,052
<b>Total</b>	<b>282,825</b>	<b>1,858,544</b>	<b>596,228</b>	<b>3,836,983</b>	<b>262,065</b>	<b>1,647,958</b>	<b>8,484,603</b>

## 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	-	-	102,868
Digital Infrastructure	23,623	33,889	50,509	(778)	-	-	107,242
Centre for Data Ethics & Innovation	637	1,246	1,412	5	-	-	3,301
Security & Online Harms	2,653	5,194	5,884	22	-	-	13,752
Cyber Security and Digital Identity	5,307	10,387	11,768	44	-	-	27,505
Data Policy	6,319	5,194	8,108	145	-	-	19,765
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	5,609	6,354	24	-	-	14,853
<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>

# Looking ahead



Following the MoG announcements in February 2023, April 2023 to March 2024 is the first financial year for the new Department for Culture, Media, and Sport. The Department's aims for this period therefore reflect its refocused portfolio.

DCMS harnesses the transformative power of culture, media, sport, tourism and the creative industries to grow the economy and enrich lives. With the wider DCMS family of arms length bodies, we reach into every community in the UK, creating jobs and sparking joy. Our investment in sports pitches, local theatres, libraries, charities, youth centres, cinemas, and more, will give everyone something to do, someone to talk to and a future where they feel optimism, hope, and pride.

Signed and approved

**Susannah Storey**

**Accounting Officer and Permanent Secretary**

23 November 2023



# 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

My second full year as lead Non-Executive Board Member of DCMS has been a positive one; I have endeavoured to support the department in its role of leading the Government in high-profile public events as the UK emerged from the pandemic years of 2020-22 and in an important legislative agenda. I have also had the privilege of working closely with DCMS' work on establishing an independent football regulator, and in helping to ensure DCMS's post-MoG transition has been as smooth and efficient as possible following the MoG announcements in February 2023.

The Report reflects DCMS' achievements in this period, both in the areas still part of the DCMS portfolio and those who have now transitioned to DSIT.

Throughout 2022-23, Hemant Patel has provided excellent support in his position as Audit and Risk Committee chair, and he has continued to consistently provide expert challenge and assurance in corporate areas ranging from risk management to shared services. Hemant kindly agreed to extend his role as chair beyond his initial term, for which I, and DCMS, are very grateful. Priya Lakhani stepped down early in 2023-24 as a Non-Executive and I would like to thank her for her contribution during her time on the Board.

While there have been significant changes to DCMS following February's MoG changes, the Non-Executive Team remains committed to providing external support, assurance and constructive challenge to DCMS officials and ministers. It is a privilege to work with a Department whose work touches all areas of our lives, and I am proud of the role that the Non-Executive Team carry out in support of the department.

# Departmental Board

## Ministers



**The Rt Hon  
Lucy Frazer MP**  
Secretary of State for Culture,  
Media and Sport



**Julia Lopez MP**  
Minister of State for Media, Tourism  
and Creative Industries and Minister  
of State (also Minister for Data and  
Digital Infrastructure at DSIT)



**Lord Parkinson of Whitley Bay**  
Parliamentary Under Secretary of  
State for Arts and Heritage and  
DCMS Lords Minister



**The Rt Hon Stuart Andrew MP**  
Parliamentary Under Secretary  
of State for Sport, Gambling  
and Civil Society [and  
Minister for Equalities and  
Parliamentary Under Secretary  
of State (Minister for Equalities),  
Government Equalities Office]

This was the DCMS Ministerial team as at 31 March 2023.

### Changes to team

- The Rt Michelle Donelan MP (Secretary of State for Digital, Culture, Media and Sport) from 6 September 2022 to 7 February 2023.
- The Rt Hon Nadine Dorries MP (Secretary of State for Digital, Culture, Media and Sport) from 15 September 2021 to 6 September 2022.
- Paul Scully MP (Parliamentary Under Secretary of State (Minister for Tech and the Digital Economy), and Minister for London from 27 October 2022 to 7 February 2023.
- Damian Collins MP (Parliamentary Under Secretary of State (Minister for Tech and the Digital Economy)) from 8 July 2022 to 27 October 2022.
- Chris Philp MP (Parliamentary Under Secretary of State (Minister for Tech and the Digital Economy)) from 16 September 2021 to 7 July 2022.
- Matt Warman MP (Minister of State for Media, Data and Digital Infrastructure) from 7 July 2022 to 7 September 2022.
- Julia Lopez MP (Minister of State for Media, Data and Digital Infrastructure) was appointed from 16 September 2021 to 6 July 2022, then again from 7 September 2022.
- Nigel Huddleston MP (Parliamentary Under Secretary of State (Minister for Sport, Tourism, Heritage and Civil Society)) from 13 February 2020 to 20 September 2022.
- Lord Parkinson of Whitley Bay (Parliamentary Under Secretary of State (Minister for Arts)) from 30 September 2021 to 20 September 2022.
- Lord Kamall (Parliamentary Under Secretary of State (Minister for Civil Society, Heritage, Tourism and Growth)) from 20 September 2022 to 29 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

The personnel listed here were the DCMS Non-Executive Board Members as at 31 March 2023.

## Changes to team

- No changes to non-executive Director team in financial year 2022-23.

# Executive Team



**Ruth Hannant and Polly Payne**  
Interim Permanent Secretaries  
(job share)



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



**Emma Squire and Nicola Hewer**  
Interim Directors General for  
Culture, Sport and Civil Society  
(job share)



**Jacinda Humphry**  
Finance Director



**Patrick Curry**  
Corporate Strategy Director



**Sarah Tebbutt**  
Director of People and  
Workplace

Not all Executive Board members sit on the Departmental Board.

The personnel listed here were the DCMS Executive Team as at 31 March 2023. Susannah Storey was announced as DCMS Permanent Secretary on 22 June 2023, and took up the post on 10 July 2023.

## Changes to team

Changes to team in 2022-23

- Sarah Healey, Permanent Secretary for the Department for Digital, Culture, Media, and Sport left DCMS following the MoG changes in February 2023.
- Susannah Storey, Director General for the Digital and Media Group left DCMS as part of the MoG changes on 7 February 2023.
- Ruth Hannant and Polly Payne, Directors General for Culture, Sport and Civil Society (job share), became interim Permanent Secretaries of DCMS on 7 February 2023.
- Alan Stewart, Deputy Director for Finance, provided cover for the Finance Director from 10 October 2022 to 9 January 2023.
- Emma Squire and Nicola Hewer became Interim Directors General for Culture, Sport and Civil Society (job share) in place of Ruth Hannant and Polly Payne on 7 February 2023.
- Patrick Curry became Corporate Director on 6 June 2022, replacing Nico Heslop.



## Performance in other areas

### PEOPLE AND CORPORATE

The data provided in this section was sourced prior to MoG changes in February 2023.

#### Employee engagement

Employee engagement is measured through the annual Civil Service People Survey. This year DCMS had a response rate of 94% across the department, the highest response rate of all major departments. Our 68% engagement score was the joint highest across the Civil Service's main departments. 77% of staff would recommend DCMS as a great place to work - 16% points above the average. Data from the survey is analysed and 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.

#### Our Values

The DCMS values were reviewed at the end of 21-22 and staff were engaged on developing new values which 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. We are the second highest scoring department for Inclusion and Fair Treatment in the annual Civil Service People Survey.

DCMS is in the third year of delivery against its Diversity and Inclusion Strategy which is aligned to the Civil Service inclusion strategy published

in February 2022. 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 and Gender pay gap analysis. The department made good progress to ensure all levels of the organisation reflect the ethnic diversity in the UK workforce - as of March 2023 17.6% of colleagues identify as from an ethnic minority background with at least 11.3% ethnic representation at SCS. The department maintains a high representation of women (54.8%) and 11.6% of staff identified as LGBO. Furthermore, DCMS improved its ranking in the Social Mobility Employer index in 2022 from a ranking of 55 to 37 in the top 75 employers for social mobility. [Social Mobility Employer Index](#)

As of March 2023, 9.6% 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 and taken steps to improve their experience of working at DCMS. In 2022 we launched a review of our workplace adjustment process, using both data and feedback from staff networks. A multi disciplinary working group was created to overhaul the process, resulting in an increased People Survey score for the question, 'I feel my manager supports me to ensure I have the adjustments required to reduce barriers'.

DCMS has 20 staff networks, each supported by a senior champion. Networks play a key role in the life of DCMS and are represented in the governance structures. Networks include:

- Ability Network (Beyond Disability)
- Ethnic Diversity Network
- Carers Network
- EU and International 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
- LGBT+ Network
- Mental Health and Wellbeing Network



- New Joiner Network
- North Network
- Parenting Network Group
- Social Mobility Network
- South West Network
- T-EAM (Technology)
- Volunteering Network

### **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 2022 People Survey 92% of staff felt respected by the people they work with, 89% of staff reported that they were treated fairly at work whilst 82% thought that DCMS respects individual differences.

DCMS policies and guidance related to bullying, harassment and discrimination (ABHD) are published on the DCMS intranet which are accessible to all staff. In March 2022 we conducted a full review of our ABHD Guidance and updated our policy suite; this has made the policy clearer, more accessible and has ensured the routes for formal, informal, internal and external support are clear. Our Fair Treatment Ambassadors also help to address any issues related to bullying, harassment and discrimination in the workplace, providing support and confidential advice. DCMS has 38 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 internal 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.

During 22/23 the Department undertook an analysis of the compliance of the Departments Public Bodies with this functional standard and did not find any significant areas of non-compliance.

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 Property Function, 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, Birmingham, Cardiff, Darlington, Leeds, 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.

During 2022-23 the team focused on returning workplaces to full occupancy in a safe manner post-COVID-19, working with delivery partners to update workplace risk assessments, ensuring that all reasonable measures were in place to provide a safe and healthy workplace. This has included a continual programme of employee engagement, continual development of hybrid working guidance, updating fire safety guidance and reviewing first aid arrangements. The team has also reviewed all proposed new sites for DCMS use ahead of sign-off for openings.

## Security

The DCMS Security team covers all aspects of security provision for the department: personnel, physical, cyber, investigations, and business continuity. It works closely with the Government Security Group, National Technical Authorities and many other organisations to provide and improve our security arrangements.

The team promotes good security behaviours throughout the department, adopting a holistic approach to security, raising awareness of everyone's responsibility to protect DCMS assets through security inductions, bespoke briefings and intranet content.

Cyber security has become an evermore important consideration, and we have worked hard over the last 12 months to enhance our capability and security posture within the department. We are also deepening relationships with our Arm's Length Bodies, to help develop cyber resilience.

We have also refined our business continuity and incident response capabilities, as part of our efforts to further professionalise the function and enhance our support to the department.

## Locations

DCMS has continued to relocate civil servants and fill more vacant roles outside London and the South East as part of our commitment to the Places for Growth programme and Levelling Up. During the past year the department has continued to increase the number of colleagues in our North West HQ and populated great places to work in Birmingham, Cardiff, Darlington, Edinburgh and Leeds having previously been located exclusively in central London. 17% of the DCMS workforce is now located outside London & the South East.

We are currently working with other MoG impacted departments to remodel our future plans taking account of the new departmental organisation designs. We are also working with the Government Property Agency to provide property solutions in Belfast, Bristol, Glasgow, Liverpool, Newcastle and Nottingham where DCMS have successfully recruited skilled colleagues, spreading opportunities more evenly and empowering 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 and enabling equality of opportunity for colleagues across the UK. 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 - detailed analysis

DCMS gender pay gap is published annually ([link to DCMS Gender pay gap report 2022](#)). DCMS is committed to reducing the gender pay gap. This is key to delivering on our Diversity and Inclusion strategy and meeting our ambition to be the most inclusive government department by 2025.

The latest available information details the position as at 31 March 2022.

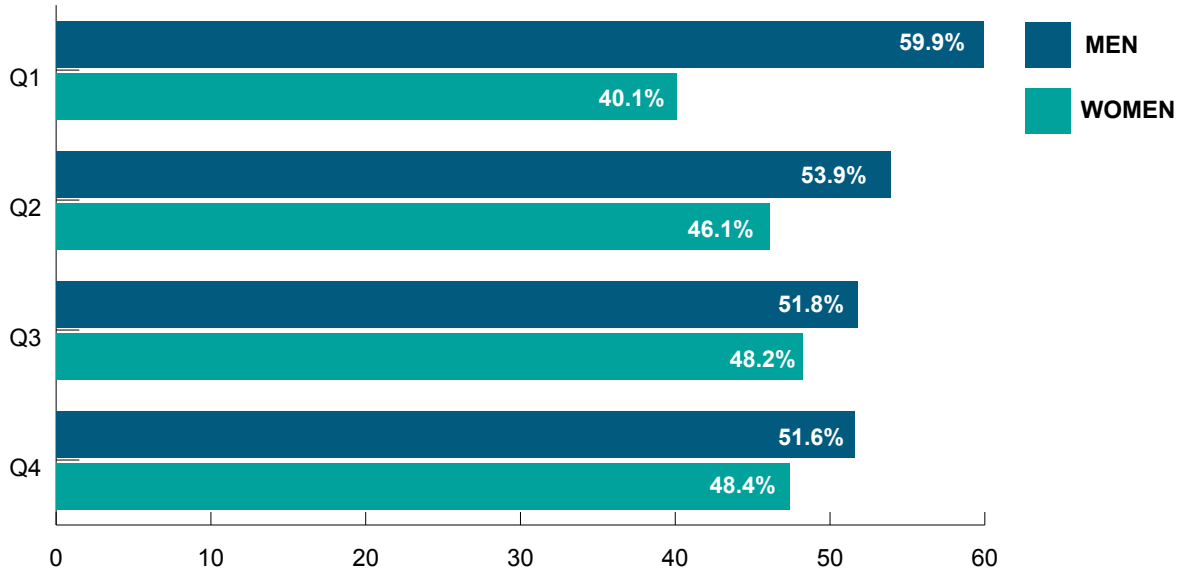
We are pleased that as published in November 2022 our mean gender pay gap has fallen from 5.1% to 3.3% and the disproportionate number of females in the lowest quartile reduced by 0.9pp since 2021.

DCMS' median gender pay gap has increased this year to 9.8% (up from 0% in 2021, one of two government departments to achieve this). Two main factors contribute to the increase:

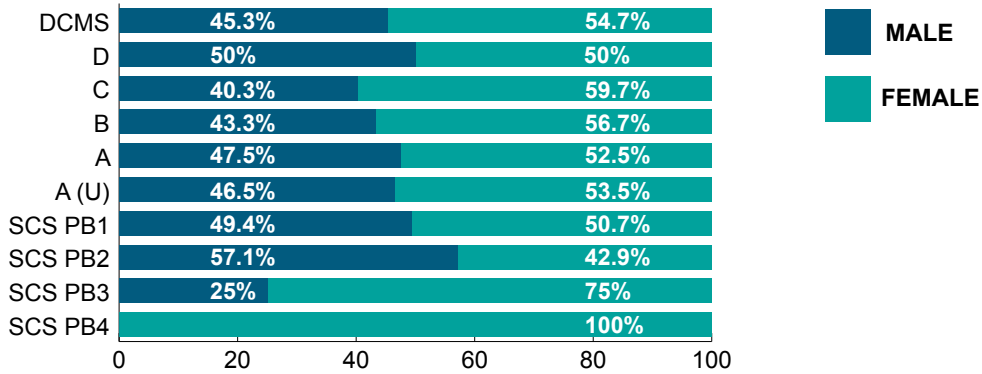
1. Growth in the department's workforce, with the largest increase observed in Grades C, B and A. There were more females than males recruited into Grade C and B roles whilst more males than females were recruited into Grade A roles.
2. An increase in the promotion of females to grade B and from A to AU means the middle female is now positioned in Band B, this is a change from the previous year where the middle earning female was in Band A.

The introduction of a new in-year rewards approach has helped to improve our bonus gap figures (-8.3%) with the lowest mean gender bonus pay gap observed since 2020 (down from -38.1%) and median gender bonus pay gap (-0.2%) since 2019 (down from 14.7%). The bonus pay gap is still skewed towards women but the gap is closing.

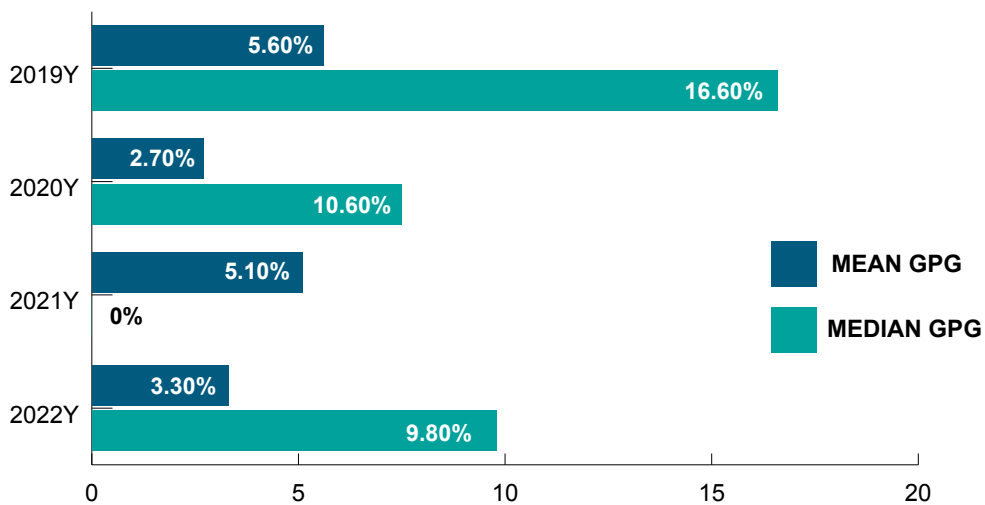
### Pay Quartiles



### Gender Balance at Each Grade



### DCMS gender pay gap trend



## Trade union facility time

DCMS regularly engages, negotiates and consults with national and staff trade union representatives for the Public and Commercial Services (PCS) and FDA unions, in areas of policy, in line with our partnership agreement and actively maintains good and effective industrial relations with them. The DCMS facility time agreement currently states that representatives should spend at least 70% of their time delivering their Civil Service role and any requests for paid facility time must be agreed with the representative's line manager.

The Department currently has two staff union representatives for PCS and three staff union representatives for FDA, one of whom was appointed as representative in August 2022, with the rest being appointed from November 2022.

The DCMS facility time agreement currently states that representatives should spend at least 70% of their time delivering their Civil Service role and any requests for paid facility time must be agreed with the representative's line manager. All Trade Unions duties are recorded by the representatives and shared with the Pay, Reward and Employee Relations Team.

## Percentage of working hours spent on facility time duties by Trade Union representatives

Percentage of time	Number of employees
0%*	3
1 - 50%	2
51 - 99%	0
100%	0

\*new trade union representatives were appointed in 2022-23, but had not taken up duties by the financial year end, hence 0%.

## Percentage of pay bill spent on facility time duties

Total cost of facility time	£1,042
Total 22/23 DCMS paybill	£131,564,196
% of 22/23 Paybill	0.0008%

The percentage of paybill spent on paid trade union activities is 0%.

## Complaints to the Parliamentary Ombudsman for the core department

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	1

Decided following detailed investigation	
Detailed investigations fully upheld	0
Detailed investigations partly upheld	0
Detailed investigations not upheld	1
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%



## 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 the financial year 2022-23, DCMS received 4,495 items of ministerial correspondence (letters where a response was required and provided by a minister), answering 61% on time. DCMS also received 4,199 items of official-level correspondence (an official replies), answering 89% on time.

Compared to the previous year, the department saw an improvement in our response rate for official-level correspondence of 9%. Whilst the department saw a decline of 8% for our ministerial correspondence response rate, it was an achievement to maintain this level of performance given the ministerial changes seen this year.

Additionally, following the MoG changes in February 2023, the department's correspondence team has also handled correspondence on behalf of policy teams that have transitioned to the DSIT; whilst they establish their own functions. This correspondence is included in the statistics provided above for the financial 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. We are working to address environmental impacts and increase opportunities for a more sustainable society through both our operations and policy making.

Our vision is that DCMS will be a department where consideration for the environment is embedded into all of our relevant decision making. We are committed to reducing the impact of departmental operations on the environment and to ensuring that environmental sustainability is a core consideration in everything that we do. More information on DCMS's performance on environmental sustainability is available in Annex B of this Report.

We are taking steps to improve our internal capability with regards to sustainability

and carbon literacy across all levels of the department. Sustainability is a topic that staff are committed to and our Green Network has continued to progress our corporate sustainability initiatives, whilst also supporting members collaboratively in DSIT.

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.

### Sustainable Development Goals

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 cultural heritage. We continue to participate in the Climate Change Integrated Review Adaptation Sub Group.

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, which will continue to be announced throughout 2023. In particular we will be working to embed the new Environmental Principles into departmental policy making and ensuring that staff have the skills and capability to carry out the necessary assessments.

### **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.

### **Sport Strategy**

DCMS published a revised version of its Sport Strategy in August 2023, which includes a focus on the Department's ambition to build a more financially and environmentally sustainable sport sector. By recognising the unique role which sport can play in catalysing positive change, the strategy underlines government's commitment to support the development of a more environmentally sustainable sector which protects future opportunities to participate in physical activity for all, while helping to deliver on the UK's commitment to reach net-zero by 2050.

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

BDUK is drafting an environmental resource guidance for those delivering government funded digital infrastructure via the Shared Rural Network programme and Project Gigabit programme in England. Having a single source that focuses on environmental considerations relevant to digital infrastructure installation supports broadband suppliers and mobile operators with emerging environmental requirements and the new bio-diversity improvements. It will help reduce delays, and include environmental protection/improvements into build plans, where applicable.

In addition, BDUK is examining environmental impacts of its activities through its portfolio of independent evaluations. The first report focuses on the Superfast Evaluation, due in autumn/summer 2023, and 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 behavioural changes such as travel and commuting, business and household energy usage, demographic and land use change, and the impact on congestion and traffic congestion caused by civil works installation. BDUK is publishing its own Annual Report for 2022-23.

## Rural Proofing

DCMS is investing in digital infrastructure networks in rural areas where there are no clear commercial build plans. This includes the £5bn committed to Project Gigabit to achieve nationwide coverage of gigabit-capable broadband and the Shared Rural Network, a joint £1bn programme between government and industry to improve geographic 4G mobile coverage.

The Project Gigabit programme is central to rural livelihoods and rural growth, now and in the future. This programme is delivering on the digital connectivity ambitions in the Levelling Up White Paper 2022. As at 31 March 2023, BDUK had signed eight network build contracts expecting to pass over 153,000 homes (subject to change) with gigabit-capable broadband, at a collective value of £247.9m, with a further 16 live procurements being progressed. In December 2022, BDUK increased the value of the Gigabit Broadband Voucher Scheme to £4,500 to encourage delivery in even more remote areas. More information on BDUK's delivery, including numbers of premises passed, can be found in their 2022-23 Performance Report and their quarterly updates. It is anticipated that this enabling digital infrastructure will also support rural areas in their transition to net zero.

The Shared Rural Network will help those who live and work in rural communities to achieve their full potential through improved mobile connectivity and increase 4G mobile coverage throughout the UK to 95% geographic coverage by the end of the programme.

The Shared Rural Network ensures that, by coming together and sharing resources, the mobile network operators (MNOs) minimise the carbon footprint of building, operating and maintaining mobile sites. That is to say, the need for additional masts and associated energy consumption is removed. Additionally, applications such as Google Maps use mobile coverage to improve users' ability to navigate the most efficient routes and modes of travel. They can identify a variety of public transport connections, compare travel times and cost, and provide routing advice that can take into account traffic jams. These innovations show how connectivity can impact travel in the context of better route making, congestion reduction and carbon emissions reduction, as well as positive sustainability outcomes from use of public transport.

## OTHER AREAS

### Regulatory Policy Committee

The Regulatory Policy Committee (RPC) provides an opinion on the quality of evidence in regulatory impact assessments (IAs). DCMS submitted 12 final-stage IAs to the RPC for review in the financial year 2022-23. 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 or delegated to another senior analyst where appropriate (such as for smaller measures).

### Machinery of government changes

On 7 February 2023, the Prime Minister announced MoG changes that included moving 'Digital' into a newly formed Department for Science, Innovation and Technology (DSIT), and refocusing DCMS into the Department for Culture, Media and Sport. Responsibility for exercising directorates covering telecoms, cyber, data, tech, AI and digital previously held by DCMS transferred to DSIT on 3 May 2023, when the Transfer of Functions Order came into force.

The responsibility for four Public Bodies has also been transferred to DSIT: Building Digital UK (BDUK), Information Commissioner's Office (ICO), Ofcom, and Phone-paid Services Authority.

### 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 2022-23, the annual average of undisputed invoices that were paid within 5 working days against the target set by the Cabinet Office of 90% is 69.7%. The average over the last 6 months in 22-23 is 72.5%. We have implemented changes to the end to end purchase to pay process that are aimed at achieving the 90% target.

## 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 122. The external audit cost of the departmental group was £4.5m comprising £0.6m notional and £3.9m 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'.

All Departments are required to publish the details of any outside employment, work or appointment (paid or otherwise remunerated) held by a member of the Senior Civil Servants (SCS). In DCMS, no members of the SCS held any outside employment, work or appointment during the financial year 22/23.

All Departments are required to publish the details of any outside employment, work or appointment (paid or otherwise remunerated) held by a member of the Senior Civil Servants (SCS). In DCMS, no members of the SCS held any outside employment, work or appointment during the financial year 22/23.

In line with the current Declaration of Interests policy for special advisers, all special advisers have declared any relevant interests or confirmed they do not consider they have any relevant interests. Accounting Officer has considered these returns and there are no relevant interests to be published.

## COVID-19 Inquiry

The Department continues to meet its obligations to the COVID-19 public inquiry, chaired by Baroness Heather Hallett.

## Statement of Accounting Officer's responsibilities

Under the Government Resources and Accounts Act 2000 (the GRAA), HM Treasury has directed the Department for Culture, Media and Sport to prepare, for each financial year, consolidated resource accounts. The document details the resources acquired, held or disposed of, and the use of resources, during the year by the department (inclusive of executive agencies and its sponsored non-departmental and other arm's length bodies public bodies designated by order made under the GRAA by Statutory Instrument 2022 No. 247, as amended by Statutory Instrument 2022 No.1319 together known as the 'departmental group', consisting of the department and sponsored bodies listed at note 28 to the accounts. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the department and the departmental group and of the income and expenditure, Statement of Financial Position and cash flows of the departmental group for the financial year.

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

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



Accounts and the judgements required for determining that it is fair, balanced and understandable.

HM Treasury has appointed the permanent head of the department as Accounting Officer of the Department for Culture, Media and Sport.

The Accounting Officer of the department has also appointed the chief executives or equivalents of its sponsored non-departmental and other arm's length public bodies as Accounting Officers of those bodies. The 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.

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 nondepartmental [or other arm's length] public body for which the Accounting Officer is responsible, are set out in *Managing Public Money* published by HM Treasury.

The MoG change on 7 February 2023 resulted in the creation of DSIT, with the digital activities transferring across from DCMS. As the MoG post-dated the 2022-23 Supplementary Estimates, The Treasury Officer of Accounts confirmed that DCMS' Accounting Officer should formally retain responsibility for the activities that fall within the remit of DSIT until the funding transfers were completed via the main supply estimates in 2023-24.

Accordingly, letters were exchanged (copied to Treasury Officer of Accounts, NAO & Permanent Secretary, Treasury) between the DCMS and DSIT Accounting Officers to confirm the DSIT Accounting Officer's acceptance of responsibility for the 2022-23 Supplementary Estimate period (7 February to 31 March) for ensuring regularity,

propriety, value for money and feasibility in respect of the resources used in support of those activities that transferred from the then Department for Digital, Culture, Media and Sport to the Department for Science, Innovation and Technology on 7 February 2023 as if the DSIT Accounting Officer had been formally appointed as accounting officer for those resources. The letters also confirmed that the DCMS's Accounting Officer would technically remain the Accounting Officer for this period and would be responsible for signing the Annual Reports and Accounts that would be prepared on a pre-MoG basis.

As the Accounting Officer, 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 for Culture, Media and Sport auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

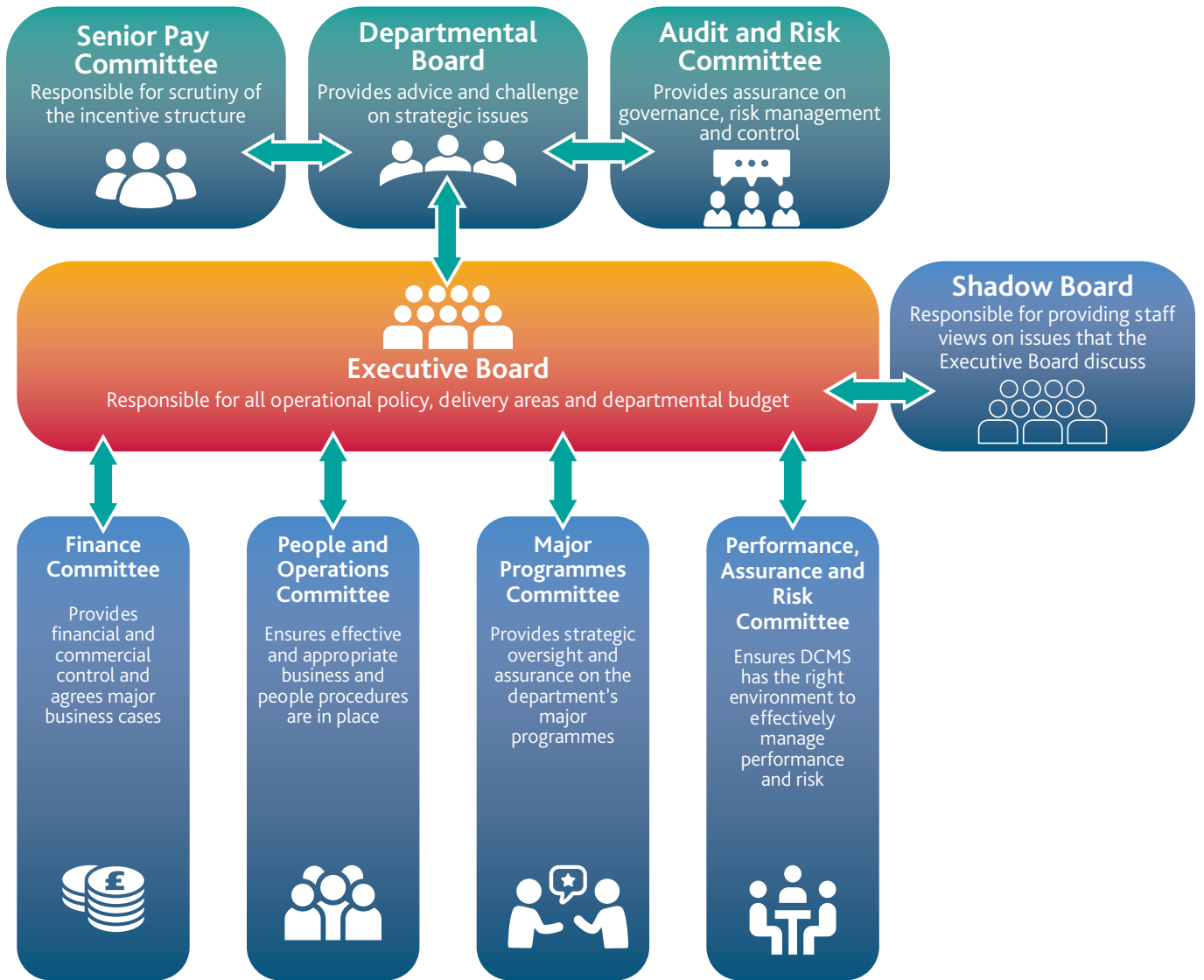
## **Governance statement**

This statement sets out the department's governance structure, risk management framework and internal control procedures. It also integrates information about the department's public bodies included in the department's consolidated accounts for 2022-23.

### **Structure**

The governance structure below applied to the core department, also referred to as 'the department' in this statement, up to the MoG announcements of 7 February. The Executive Board then took the decision to pause the People and Operations Committee, the Performance, Assurance and Risk Committee, and the Major Programmes Committee for a month while the Department put processes in place to manage the MoG change, and to consider governance structures for the post-MoG DCMS to commence in early 2023-24.

# 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, and the Executive Board.

## **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. As at the end of March 2023 it was chaired by Hemant Patel (Non-Executive Board Member); Hemant Patel has since stepped down as ARC Chair, with incoming Non-Executive Board Member Simon Ball taking on the role of ARC Chair in July 2023. 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 Strategy, People and Workplace and Finance. 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.

Up to February 2023, the Executive Board was 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, and other projects that are novel or contentious. It is chaired by the Director for Finance and Commercial. Membership includes Directors and Deputy Directors from all Director

General areas. It meets at least 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. Chaired by the Directors General for Culture Sport and Civil Society. Membership includes Directors from across Director General areas and DCMS network representatives.

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

Up to February 2023, PARCo ensured DCMS had the right environment to effectively manage performance and risk, with its work complemented by the Major Programmes Committee. It was chaired by the Director General for the Digital and Media Group. Membership included all Director Generals, Directors from all Director General areas and an external member, who provided additional challenge.

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

Up to February 2023, the MPC provided strategic oversight and assurance on the department's portfolio of major programmes/projects, closely aligned to PARCo. It was chaired by the Director Generals for Culture, Sport and Civil Society. Membership included all Director Generals, SROs for all major programmes, Directors from all Director General areas and independent members, who provided external advice and challenge.

PARCo and the MPC were dissolved in February 2023, to be replaced by a single new Delivery and Risk Committee (DRC), combining the remits of both previous committees and streamlining the Delivery and Risk reporting in the new DCMS, post MoG. The Committee will be chaired by the Director General for Strategy and Operations, and will provide oversight and assurance for all of DCMS policy and delivery activity, including public bodies performance and relevant international deliverables. The first DRC met in the 2023/24 financial year.

## **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. DCMS assessed the effectiveness and efficiency of its governance structures as part of the 2023 MoG changes, and consequently the Board structures were streamlined through the amalgamation of the PARCo and MPC portfolios into the new DRC. Additionally, work was undertaken throughout 22/23 to improve the effectiveness of the Finance Committee. In March 2023, the Departmental Board agreed it would meet quarterly, along with regular Non Executive/ Executive Board meetings to ensure Non Executives were able to regularly scrutinise and challenge delivery, policy and corporate change implementation.

## **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 2022-23

### Attendance for financial period 1 April 2022 to 31 March 2023 Department Board Audit and Risk Committee

	Departmental Board	Audit and Risk Committee	Senior Pay Committee	Executive Board
Number of meetings held	1	4	0**	24
<b>Ministers</b>				
The Rt Hon Michelle Donelan MP	0/0	-	-	-
The Rt Hon Lucy Frazer MP	1/1	-	-	-
The Rt Hon Nadine Dorries MP	0/0	-	-	-
Paul Scully MP	0/0	-	-	-
Matt Warman MP	0/0	-	-	-
Nigel Huddleston MP	0/0	-	-	-
Damian Collins MP	0/0	-	-	-
Julia Lopez MP	1/1	-	-	-
Chris Philp MP	0/0	-	-	-
Stuart Andrew MP	0/1	-	-	-
Lord Parkinson	1/1	-	-	-
Lord Kamall	0/0	-	-	-
<b>Non-Executive Board Members and Independent Members</b>				
Claudia Arney *	1/1	2/4	-	-
Hemant Patel *	1/1	4/4	-	-
Priya Lakhani OBE	0/1	-	-	-
William Priest *	-	3/4	-	-
Joanna Rowland *	-	4/4	-	-
Phill Wells*	-	0/2	-	-
Brian Poritt*	-	3/3	-	-
<b>Executive Board</b>				
Sarah Healey	0/0	2/3	-	11/16
Ruth Hannant / Polly Payne (Perm Sec Role)	1/1	1/1	-	8/8
Sam Lister	1/1	3/4	-	24/24
Susannah Storey	0/0	3/3	-	15/16
Ruth Hannant / Polly Payne (DG Role)	0/0	3/3	-	16/16
Emma Squire/Nicola Hewer	1/1	1/1	-	6/8
Nico Heslop	-	-	-	1/1
Patrick Curry	1/1	-/-	-	20/21
Jacinda Humphry	1/1	2/2	-	16/18
Sarah Tebbutt	0/1	2/2	-	24/24
Alan Stewart	0/0	2/2	-	5/6

'-' 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.

\*\* There was no Senior Pay Committee meeting held in 2022-23. Committee decisions were made via correspondence.

## NON-EXECUTIVE BOARD MEMBERS

Claudia Arney, Hemant Patel and Priya Lakhani have provided advice, guidance and challenge to DCMS officials and ministers throughout 2022-23. They have supported and challenged officials on the department's strategic direction and provide support in monitoring and reviewing progress.

## DECLARATION OF INTERESTS

Departmental Board, Audit and Risk Committee, and Executive Board Members, and Special Advisers have disclosed a range of interests. Further details can be found at the directorships and significant interests paragraph on page 59. Further details of Declarations of Interest can be requested via [enquiries@dcms.gov.uk](mailto:enquiries@dcms.gov.uk).

In line with the current Declaration of Interests policy for special advisers, all special advisers have declared any relevant interests or confirmed they do not consider they have any relevant interests. Accounting Officer has considered these returns and there are no relevant interests to be published.

## 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 2022-23 there were 56 cases that were reported internally as a data breach in DCMS and BDUK. One BDUK breach was referred to the Information Commissioner's Office (ICO) for further investigation.

24 of these breaches were due to lost or stolen devices. The remaining 32 data breaches were characterised as of low risk/impact.

In DCMS, These incidents included:

- 10 instances of emails being sent to the wrong recipient
- 4 instances where CC was incorrectly used instead of BCC
- 3 instances of files saved in the wrong folder allowing unauthorised access to other

members of staff

- 3 instances of contact email addresses of junior officials or stakeholders being made available
- 2 instances of hard copy data being left in unsecured cabinets within the building
- 1 instance of a device not being fully cleansed of its previous users' data after being reissued to another member of staff
- 1 instance of an incorrect form being used for feedback on a training course which requested unnecessary personal data from members of staff
- 1 instance of a member of staff accessing staff personal data without authorisation
- 1 instance of personal data being made available on an internal system
- 1 instance of a lost or stolen notebook belonging to a junior official and containing minimal personal data

BDUK is publishing its own Annual Report for the financial year 2022-23, but while BDUK is an Executive Agency of DCMS, it was not a legally separate entity during the period in question. One BDUK incident was reported to the Information Commissioner's Office in relation to a security vulnerability in the new Vouchers Funding Platform. This vulnerability was uncovered and quickly corrected, and did not lead to the loss of any personal data. The ICO confirmed that they were satisfied with BDUK's actions and decided no further action was required.

BDUK will continue to work to ensure it complies with the UK General Data Protection Regulation 2018 and the Data Protection Act 2018, such as developing and improving records of processing activities, enhanced Privacy by Design controls, and rolling out targeted data protection training for high risk areas. There are procedures in place to manage the risk of protected personal data-related incidents.

## 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 all transactions over £25k and details of all spending over £500 using an electronic purchasing card solution (ePCS). These

are made available to view on gov.uk on a monthly basis.

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 Department's approach to risk management follows the HM Government's Orange Book Principles:

### **An essential part of governance and leadership**

Risk management is the responsibility of the Executive Board supported by its sub-committees, ARC and an established Risk Management Team.

Operational risk registers are maintained at Directorate, and Programme and Project level, with key risks escalated into Director General, sub-committee, or Executive Board level registers, as necessary. Throughout 2022-23, the most significant risks to the Department were monitored through the Department's Executive Board Risk Register (EBRR). This EBRR was discussed at PARCo, Executive Board and the Audit and Risk Committee. Specific risks are tracked to ensure they are discussed individually at either Executive Board or one of the Board's sub-committees, either as part of an existing agenda item or a specific risk deep dive review.

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 meetings.

The Risk Management Team is responsible for implementation of the risk management framework agreed by the Executive Board. 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.

### **An integral part of all organisational activities**

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

## **Collaborative and informed**

The Risk Management Team works collaboratively across the Department, including working closely with colleagues in public bodies sponsor teams, governance, performance delivery, project delivery, finance and assurance to ensure risk knowledge is consistently shared and adopted across the Department.

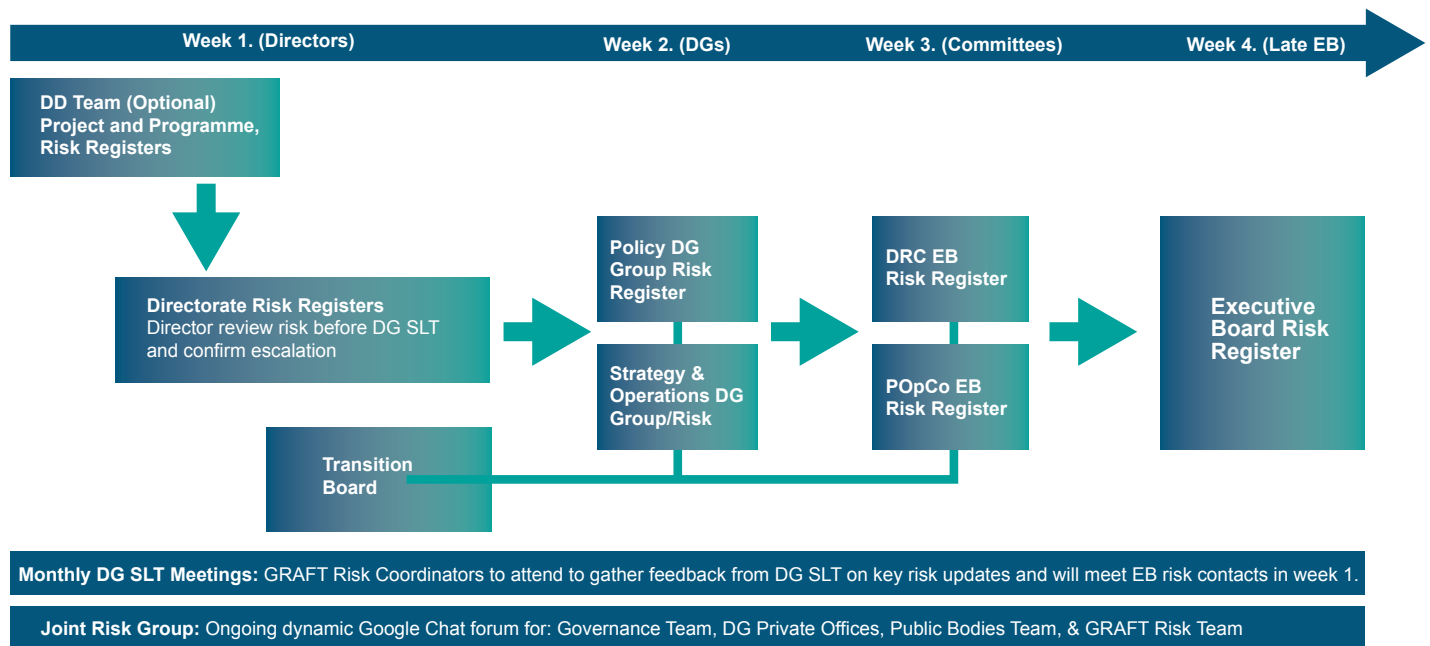
The Department collaborates with other Departmental Heads of Risk and Government Heads of Function to inform mitigation and reporting to the Civil Service Board in relation to common cross-departmental risks.

### **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 policy and guidance documents have been written and are 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. A new risk software tool is being rolled out across the department to improve risk processes.

The Risk Management Team has dedicated Risk Coordinators for each Director General (DG) group, who have responsibility for liaising with DGs to ensure risks are accurately recorded and escalated to relevant governance bodies as necessary. Executive Board risk deep dives continued to take place where risks require further attention from the Board.

## DCMS CORE RISK ESCALATION PROCESS



### Continually improved

We are always striving to improve risk management culture and processes. We are currently implementing a new software tool to improve our analysis of risk information and increase the efficiency of the processes. Risk management training has been offered to all staff.

The Risk Management Team works with the HMT Risk Centre of Excellence and Heads of Risk across government to share practice.

### CHANGES TO RISK MANAGEMENT

The Department's Corporate Risk team was established towards the end of 2021. Therefore 2022-23 is the first full year of its operation and a range of activities have been completed, including:

- Documenting a new Risk Policy and updating the Department's Risk Appetite Statement, with supporting guidance to support colleagues' understanding of effective risk management processes;
- Embedding a revised bottom up risk management framework which is complimented by top-down risk reviews by the Executive Board;
- Establishing a Public Bodies Risk Network, bringing together the Heads of Risk across DCMS's Public Bodies to share best practice and discuss common risks such as cyber and inflation;
- Procuring and configuring a new risk

management software tool which is now being implemented. This tool will support DCMS' risk maturity through improved risk management reporting processes, improved risk performance reporting and adherence to appetite, as well as presenting risk information in concise summaries through improved graphics and visualisation. It will improve the Risk Team's ability to analyse operational level risks by themes and improve the efficiency of risk reporting.

### ASSURANCE EXERCISES

In line with previous years, we have undertaken an annual assessment of our corporate services assurance arrangements. DCMS Directors were surveyed to seek assurance against existing risk management practices and controls, whilst also inviting proposals for improvement. The DCMS assurance team also reviewed other sources of second and third line assurance, and triangulated this with the responses from the questionnaire to reach the conclusions of the assurance review and identify areas for control improvements with all functional leads. Panel sessions were held with each Director General (DG) and their Director teams to review the outcomes of the review and agree areas for improvement, and then a final panel session was held with the Permanent Secretary and all three DGs. This was also attended by the Government Internal Audit Agency, and an independent Audit and Risk Committee member to provide additional challenge and insight.

The key message from this year's review is to acknowledge that progress continues to be



made, with the majority of areas having seen an improvement. In particular, there is assurance that the Integrated Approvals and Assurance Plans have resulted in interventions being taken to keep projects on-track; compliance with the DCMS grants guidance; and implementation of the DCMS IR35 policy for temporary staff.

The review highlighted that further improvements can still be made, and focused action plans to deliver on these cross-cutting improvements will be in place by the end of July 2023.

Alongside the Director's assurance exercise we have collated self-assessments from DCMS core functional leads on their progress in implementing functional standards. We are now fully compliant with the mandatory requirements of five standards with development plans in place to achieve compliance with all functional standards in a way that meets DCMS business needs.

During 2022, we formally adopted an Integrated Assurance Framework strategy to clearly document assurance sources across three pillars of: public bodies, project and programme management and DCMS core functions. This will continue to enable us to assess the adequacy of the various sources and how the outcomes of their assurances are reported into the Audit and Risk Committee.

Assurance is part of the Grants, Risk, Counter Fraud and Assurance (GRAFT) team, which brings together and increases the resources dedicated to driving effective risk management, assurance and counter-fraud. During 2022-23 our Head of Assurance has documented our integrated assurance framework 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 (up to February 2023), replaced by Delivery and Risk Committee from April 2023	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 separate from those responsible for delivery, but not independent of the organisation's management chain.

## 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. 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 Parliament's 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 2022-23, DCMS worked with 47 public bodies in total with a wide span of policy and operational responsibilities, of which 39 were consolidated into DCMS accounts (see note 1.3). Towards the end of 2022-23

four of DCMS' Public Bodies (Information Commissioner's Office, Ofcom, BDUK, and Phone-paid Services Authority) were transferred to the newly established Department for Science Innovation and Technology, and the Birmingham 2022 Organising Committee for the 2022 Commonwealth Games entered liquidation on 15 March 2023.

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 39 bodies consolidated into the department's accounts are all individually reviewed by DCMS as part of the process of preparing the group accounts.

In 2022-23 the department received assurance on risks and delivery within the 39 arm's length bodies through:

- policy colleagues via a sponsorship model, including quarterly meetings to review delivery, risk and performance (Partnership Meetings);
- arm's length bodies' governance statement, and confirmation letters from arms length bodies' assurance and risk chairs on the effectiveness of internal controls and compliance;
- 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 continuation of a Framework Document review with our Public Bodies, working in partnership with HMT Spending Team and Treasury Officers of Accounts and ensuring adherence to Managing Public Money.

To improve and enhance our Public Body governance, we 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 which were introduced in 2021-22 have been further embedded by teams over the course of 2022-23, with additional supporting guidance covering the format and minimum standards. This is 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 Cabinet Office and HMT guidance. 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.

DCMS reviewed the Sports Grounds Safety Authority (SGSA) and this was presented to Ministers. A response was published in June 2023. 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. DCMS completed the self assessment phase of the review into the British Tourist Authority and progressed to the full review. Evidence gathering is currently underway.

The DCMS started the self assessment phase of a review of Ofcom, but this was transferred as a result of MoG changes.

## **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 the department's public body Boards are regulated by the Commissioner for Public Appointments.

Between 1 April 2022 and 31 March 2023, the department made 137 regulated public appointments. Of these, 79 were new appointments and 58 were reappointments. 51% of new appointments and 44% of reappointments were to women. 14% of new appointments and 9% of reappointments were made to people from a minority ethnic background. 4% of new appointments and 7% of reappointments were made to candidates declaring disabilities. 41% of the new appointments and reappointments were made from outside London and the South East region.

As noted above, to improve and enhance our Public Body governance, we 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.

## **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 2022-23 PARCo oversaw the management of both DCMS core departmental and Public Body risk. In February 2023, PARCo was dissolved, to be replaced by a new DRC which met for the first time early in 2023-24. A sub-committee of PARCo and subsequently the DRC, 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 escalated 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 subsequently the DRC and the Executive Board. This shows the top 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 Public Bodies 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.

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 DCMS ARC Chair leads a bi-annual forum with ARC Chairs to cascade knowledge around areas of risk and assurance.

## **GOVERNANCE ARRANGEMENTS OF ALBS SIGNIFICANT TO DCMS ACCOUNTS**

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 on 31 January 2024. In September 2022, the GC formally awarded the 4th National Lottery Licence to Allwyn Entertainment Ltd. The new licence will start on 1 February 2024. As steward of the National Lottery Distribution Fund (see below) the Department is concerned 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 arms 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 Majesty the Queen Elizabeth II 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 has been frozen for the first two years of the settlement, 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 BBC 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 is considering 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 Charter specifies that the review must take place between 2022 and 2024, and we will publish our findings and conclusions in due course.

The BBC Board has responsibility for the content of the 2022-23 BBC Annual Report and Statement of Accounts.

### **Other**

The department also sponsors a number of advisory bodies and committees, 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 2022-23 DCMS Group Accounts is post recess. This is primarily due to delays experienced on the audit assurances for the Local Government Pension Scheme (LGPS) persisting into 2022-23 and the number of 2021-22 ALB accounts (and 2021-22 DCMS accounts) being delivered post-recess last year, which has meant that it was not possible to return to a pre-recess timeline for 2022-23. Due to these continuing factors, we also expect

to lay post recess in 2023-24.

## **BRITISH MUSEUM**

The Department has been liaising with the British Museum, one of DCMS' Arms-Length Bodies, following the identification of losses from its collection.

The British Museum is conducting an independent review into the incident and their response, alongside the on-going police investigation into the alleged thefts.

Appropriate disclosures will be made, in-line with established guidelines, as and when these investigations are concluded.

## **FRAUD AND ERROR**

The Department's risk appetite for fraud is minimal. The Department accepted a higher tolerance for risk in delivering urgent relief schemes during the COVID-19 pandemic, with an emphasis of Post Event Assurance. However with the shift back towards delivering more business as usual funding, the Department's focus has reverted back to ensuring that appropriate fraud risk assessments are carried out pre delivery and use of controls during delivery to manage risks more effectively.

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 and error are appropriate. All suspected frauds against the Department or its Public Bodies, or affecting Exchequer funding, are recorded and reported to Audit and Risk Committees, and relevant authorities, including law enforcement agencies, as appropriate.

The Department's Counter Fraud Strategy and Policy sets out in detail the Department's approach to tackling fraud and error, whilst the Counter Fraud Action Plan sets out the arrangements for reporting and responding to fraud. The Policy and Plan have been reviewed in line with Cabinet Office guidelines.

During 2022-23 the Department conducted an assurance exercise testing the Department's Public Bodies levels of compliance with the Counter Fraud Functional Standard (GovS 013). This exercise focussed primarily on the key grant making Public Bodies and did not identify any areas of significant non compliance. The results of this exercise were shared with the relevant organisations in order to drive adoption of best

practice and continuous improvement.

During 2022-23, the Public Sector Fraud Authority (PSFA) was established with the aim of understanding and reducing the impact of fraud. The Department is working with the PSFA on a number of new initiatives to mature its approach to counter fraud.

## 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 2022 People Survey DCMS obtained a score of 85% for inclusion and fair treatment. In addition 93% of staff reported that they understand the Civil Service Code and what it means for their conduct, 62% knew how to raise a concern under the code, and 75% 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 118. During 2022-23, no 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 2022-23 there were no instances of a ministerial direction.

## CONFLICTS OF INTEREST POLICY AND PROCEDURE

All members of Departmental Board, Audit and Risk Committee, and Executive Board 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.

## 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 his Annual Report and Opinion, the GCIA provided an overall Moderate assurance on the overall adequacy and effectiveness of the DCMS framework of governance, risk management, and internal control. His opinion is based on internal audit activity conducted during the period, as well as being informed by meetings with senior management, observations at governance fora, and his wider understanding of the control environment. He has also considered embedded real-time assurance activity and work undertaken by second line assurance to strengthen the

framework of governance, risk management and control in forming the opinion.

Areas for improvement have been highlighted through individual reviews, including areas such as governance, arm's length body oversight, and change management. His opinion has also considered improvements across a range of activities and functions. He noted that the department has continued to strengthen its second line assurance provision, which internal audit has worked closely with to ensure effective and targeted coverage. Likewise, he noted a general positive trend in terms of internal audit engagement, with a better understanding of assurance benefits and its role in continuous improvement.

Looking forward, he noted that continuing the Transition Programme for the MoG will be a key focus for the department, as the department reassesses its risk landscape, its governance, and wider policy focus. With a significant change to the workforce size, he has highlighted the risk that this might create additional pressures on the control environment, as priorities shift and personnel change. He also expects there to be a change in how the department engages with its arm's length bodies (ALBs) given the wider changes to the department's remit, with increased focus on ALB risk and policy.

## **NATIONAL AUDIT OFFICE REPORTS**

The department's work was the subject of the following NAO reports in 2022-23, summarised below:

### **Investigation into the UNBOXED festival**

This report sets out the facts about:

- The set-up, funding and delivery of the festival;
- DCMS's management and oversight of the festival;
- The outturns achieved against what DCMS expected

The investigation found that audience engagement was lower than originally modelled, although the project was delivered on time and was on budget. DCMS explained the aim of reaching 66 million people was never a formal target for the festival, but instead a "stretch target" to encourage ambitious and innovative thinking from those interested in delivering one of the ten events.

### **A Digital BBC**

This report assessed whether the BBC is on track to deliver value to its users from its digital

transformation. It examined:

- whether the BBC strategy is evidence-based and supported by a practical, achievable delivery plan; and
- whether the BBC can demonstrate that it has sufficient and appropriate resources to deliver that plan.

The report also examined the BBC's progress in implementing its digital plans to date and considered the challenges it faces.

The report concluded that overall, the BBC's key digital products, and most notably iPlayer, had performed well. The report concluded that levels of performance are impressive given available funding was considerably lower than other media organisations with which the BBC competes for audiences, many of which are digital-only. The BBC now aims for its products to be within at least the top three in their fields within the UK and has signalled its intention to move to an internet future with greater urgency. The report found that in order to maintain its successes and to achieve its targets for market share, the BBC will need to fully develop its digital-first plans and consider whether it has the resources it needs for future challenges. In planning for this next challenge, the report states that BBC already has some solid foundations to build on. It has set out a clear vision for how it intends to use digital technology to improve the services it offers to its users. It has also, through its strategic technology review, established an operating model that includes a product group that is organised in line with industry best practice.

Nevertheless, there are areas which the BBC must address if it is to keep up in a dynamic global media market. In particular, its digital leadership structures need to evolve. This should in turn help bring greater pace to tackling challenges such as the development of a personalisation strategy, including managing potential data risks.

### **Grassroots Participation in Sport and Physical Activity**

This report examines how far the Department and Sport England have achieved value for money in their spending on grassroots sport and physical activity amongst those aged 16 and over, and have supported value for money in the system-wide spending across government. The Report examines how DCMS has performed in relation to these strategic objectives set out in 2015:

- more people from every background regularly

and meaningfully taking part in sport and physical activity, in volunteering and experiencing live sport;

- maximising international and domestic sporting success and the impact of major events; and
- a more productive, sustainable and responsible sport sector.

The report concluded that Department has made mixed progress towards its objectives of increasing participation, tackling inactivity and reducing inequalities in activity levels since it changed its strategy in 2015. While highly disruptive for sport and physical activity, the pandemic has also prompted positive change, increasing the Department's collaboration with the sector and focusing the government's attention on the health benefits of exercise. This, together with the launch of the Department's and Sport England's new strategies, which are building on past lessons learned, presents an opportunity for renewed progress. However, the report stated that as at June 2022 there was not yet a robust plan for monitoring and evaluating the effectiveness of their approaches for the future, and a lack of effective leadership and collaboration across government. The report stated that the Department must address these issues to capitalise on the present opportunities and promote long-term value for money gains across Government.

### **BBC Television Licence Fee Trust Statement 2021-22**

The Comptroller and Auditor General of the National Audit Office reported on the BBC's Licence Fee Trust Statement for 2021-22. His report focuses on the BBC's performance:

- against its objective of collecting licence fee revenue;
- levels of licence fee evasion during the year; and
- key developments in 2021-22.

The report found that the BBC had framed adequate regulations and procedures to secure an effective check on the assessment, collection and proper allocation of licence fee revenue, and that these regulations and procedures are being duly carried out.

It also noted that the BBC is facing several challenges in maintaining its licence fee income in future, in particular the freezing of the cost of a TV licence for two years, 2022-23 and 2023-24, and the increasing rate of licence fee

evasion. The existence of these challenges made it important that the collection of licence fee income is as efficient and effective as possible, and that evasion is minimised. It was therefore recommended that the BBC completed its analysis of evasion data to identify causes and target actions to best reduce evasion.

### **Funding of Coventry City of Culture Trust**

In December 2017, following a competition run by the DCMS, Coventry was selected to be the UK City of Culture for 2021. Coventry's year as UK City of Culture began in May 2021 – four and a half months later than planned, owing to the COVID-19 pandemic. Following financial difficulties that started in 2021, the Trust entered administration on 28 February 2023.

The NAO prepared a report on this, published in July 2023, setting out the funding provided by DCMS and its ALBs to the Trust and Coventry City Council, and how those bodies oversaw the Trust's use of those funds.

The report found that DCMS and ACE monitored the Trust's situation, including ACE attending all meetings of the Board of Trustees as an observer. They considered options including bringing forward more grants, providing new funding, and the transfer of the Trust's assets and associated grants to Coventry City Council. In January 2023, DCMS decided against providing new funding to the Trust, but decided to bring forward agreed future funding subject to conditions. The Trust could not meet the conditions DCMS set for bringing forward money. The Trust entered administration on 28 February 2023. Coventry City Council and its partners are considering how best to preserve planned legacy programmes.

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

### **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 679) issued by Civil Service Pensions (MyCSP) on 23 February 2023. 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>	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
The Rt Hon Lucy Frazer, MP, Secretary of State for Culture, Media and Sport from 7 February 2023 <sup>3 4</sup>	8,014 <sup>5</sup>	-	-	-	3,000	-	11,000	-
The Rt Hon Stuart Andrew, MP, Parliamentary Under Secretary of State from 20 September 2022 <sup>6</sup>	11,866 <sup>7</sup>	-	-	-	3,000	-	15,000	-
Julia Lopez MP, Minister of State for Media, Data, and Digital Infrastructure from 16 September 2021 to 6 July 2022 and 7 September 2022 to Present	34,343 <sup>8 9</sup>	16,263 <sup>8</sup>	-	-	7,000	4,000	41,000	20,000
Lord Parkinson, Parliamentary Under Secretary of State and Lords Minister from 30 September 2021 to 20 September 2022 and from 30 October 2022 to Present <sup>10</sup>	30,097 <sup>11</sup>	- <sup>12</sup>	-	-	7,000	-	37,000	-
The Rt Hon Michelle Donelan, MP, Secretary of State for Digital, Culture, Media and Sport from 6 September 2022 to 7 February 2023 <sup>13</sup>	32,985 <sup>14</sup>	-	-	-	10,000	-	43,000	-
Paul Scully, MP, Parliamentary Under Secretary of State (Minister for Tech and the Digital Economy) from 27 October 2022 to 7 February 2023 <sup>15</sup>	9,323 <sup>16</sup>	-	-	-	2,000	-	12,000	-
The Rt Hon Nadine Dorries MP, Secretary of State for Digital, Culture, Media and Sport from 15 September 2021 to 6 September 2022	45,770 <sup>13 17</sup>	35,381 <sup>13</sup>	-	-	7,000	10,000	53,000	46,000
The Rt Hon Oliver Dowden CBE MP, Secretary of State for Digital, Culture, Media and Sport from 13 February 2020 to 15 September 2021	-	30,684 <sup>13</sup>	-	-	-	7,000	-	38,000
Nigel Huddleston MP, Parliamentary Under Secretary of State (Minister for Sport, Tourism, Heritage and Civil Society) from 17 September 2021 to 20 September 2022	10,509 <sup>15</sup>	11,356 <sup>18</sup>	-	-	3,000	3,000	14,000	14,000
Damian Collins, MP, Parliamentary Under-Secretary of State for Tech and the Digital Economy from 8 July 2022 to 27 October 2022	12,341 <sup>15 19</sup>	-	-	-	2,000	-	14,000	-

- 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 Department for Digital, Culture, Media and Sport became the Department for Culture, Media and Sport on 7 February 2023.
- 4 The Rt Hon Lucy Frazer, MP, moved to Department for Culture, Media and Sport from Department for Levelling Up, Housing and Communities on 7 February 2023. She was remunerated by DCMS from 1 March 2023.
- 5 The full-year equivalent salary is £67,505.
- 6 The Rt Hon Stuart Andrew was appointed as Parliamentary Under Secretary of State (Minister for Sport, Tourism and Civil Society, and Minister for Equalities) between 20 September 2022 and 27 October 2022 and was appointed as Parliamentary Under Secretary of State for Sport, Gambling and Civil Society, and Minister for Equalities from 27 October 2022.
- 7 The full-year equivalent salary is £22,375.
- 8 The full-year equivalent salary is £31,680.
- 9 Julia Lopez received a severance payment of £7,920.
- 10 Lord Parkinson was appointed as Minister for Arts from 30 September 2021 and 20 September 2022 and was appointed as Minister for Arts and Heritage and Lord Minister for Department for Digital, Culture, Media and Sport between 30 October 2022 and 7 February 2023. He was appointed as Minister for Arts and Heritage and Lord Minister for Department for Culture, Media and Sport on 7 February 2023.
- 11 The full-year equivalent salary is £71,551.
- 12 Lord Parkinson undertook his role as an unpaid Minister.
- 13 The Rt Hon Michelle Donelan, MP, became the Secretary of State for Science, Innovation and Technology but remained on DCMS payroll and therefore remuneration figures include the period from 7 February 2023 to 31 March 2023.
- 14 The full-year equivalent is £67,505.
- 15 Paul Scully was appointed Parliamentary Under Secretary of State (Minister for Tech and the Digital Economy) at the Department for Science, Innovation and Technology on 7 February 2023 and remains on DCMS payroll temporarily his remuneration figures include the period from the 7 February 2023 to 31 March 2023.
- 16 The full-year equivalent salary is £22,375.
- 17 Nadine Dorries received a severance payment of £16,876.
- 18 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 (although he was remunerated by DCMS from 17 September 2021). The full-year equivalent salary is £22,375.
- 19 Damian Collins received a severance payment of £5,593.

Ministers	Salary (£)		Benefits in kind (to nearest £100)		Pension benefits (to nearest £1000) <sup>1</sup>		Total (to nearest £1000) <sup>2</sup>	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Lord Kamall, Parliamentary Under Secretary of State for Heritage, Tourism and Growth from 20 September 2022 to 29 October 2022	23,093 <sup>20 21</sup>	-	-	-	1,000	-	24,000	-
Chris Philp MP Parliamentary Under Secretary of State (Minister for Tech and the Digital Economy) from 16 September 2021 to 7 July 2022	11,631 <sup>15 22</sup>	11,187 <sup>15</sup>	-	-	1,000	3,000	13,000	14,000
Caroline Dinenage MP, Minister of State for Digital and Culture to 16 September 2021	-	22,320 <sup>23</sup>	-	-	-	3,000	-	25,000
The Rt Hon John Whittingdale OBE MP, Minister of State for Media and Data to 16 September 2021	-	22,320 <sup>23</sup>	-	-	-	3,000	-	25,000
Baroness Barran MBE, Parliamentary Under Secretary of State (Minister for Civil Society) from 26 July 2019 to 17 September 2021	-	- <sup>24</sup>	-	-	-	-	-	-
Matthew Warman MP, Minister of State from 7 July 2022 to 7 September 2022 and Parliamentary Under Secretary of State (Minister for Digital Infrastructure) from 26 July 2019 to 16 September 2021	13,177 <sup>25</sup>	15,848 <sup>26</sup>	-	-	1,000	2,000	14,000	18,000

<sup>20</sup> The full-year equivalent salary is £70,969.

<sup>21</sup> Lord Kamall received a severance payment of £17,742.

<sup>22</sup> Chris Philp received a severance payment of £5,593.

<sup>23</sup> The full-year equivalent salary is £31,680.

<sup>24</sup> Baroness Barran undertook her role as an unpaid Minister.

<sup>25</sup> The full-year equivalent salary is £31,680.

<sup>26</sup> Matthew Warman received an exit payment of £7,920. The full-year equivalent salary is £31,680.

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>27</sup>		Total (£'000) <sup>2</sup>	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Ruth Hannant, Director General for Culture, Sport and Civil Society to 7 February 2023, Interim Permanent Secretary from 7 February 2023	95-100 <sup>28</sup>	90-95 <sup>29</sup>	5-10	-	-	-	5,000	18,000	105-110	110-115
Polly Payne, Director General for Culture, Sport and Civil Society to 7 February 2023, Interim Permanent Secretary from 7 February 2023	95-100 <sup>26</sup>	90-95 <sup>30</sup>	-	-	-	-	10,000	22,000	105-110	115-120
Emma Squire, Interim Director General for Culture, Sport and Civil Society from 7 February 2023 <sup>31</sup>	10-15	-	-	-	-	-	_ <sup>32</sup>	-	10-15	-
Nicola Hewer, Interim Director General for Culture, Sport and Civil Society from 7 February 2023 <sup>33</sup>	10-15	-	-	-	-	-	13,000	-	25-30	-
Sam Lister, Director General for Strategy and Operations	135-140	135-140	5-10	5-10	-	-	55,000	52,000	200-205	190-195
Susannah Storey, Director General for Digital and Media to 7 February 2023 <sup>34</sup>	125-130 <sup>35</sup>	120-125	5-10	10-15	-	-	49,000	52,000	180-185	185-190
Patrick Curry, Director Corporate Strategy from 6 June 2022	75-80 <sup>36</sup>	-	-	-	-	-	34,000	-	110-115	-
Jacinda Humphry, Finance and Commercial Director	110-115	105-110	5-10	0-5	-	-	(2,000) <sup>37</sup>	21,000	115-120	130-135
Sarah Tebbutt, Director, People and Workplace	120-125	120-125	-	0-5	-	-	-	_ <sup>38</sup>	120-125	120-125
Sarah Healey CB, Permanent Secretary and Accounting Officer to 7 February 2023 <sup>39</sup>	155-160 <sup>40</sup>	165-170	-	15-20	-	-	29,000	46,000	185-190	230-235
Nico Heslop, Director Corporate Strategy to 1 May 2022	5-10 <sup>41</sup>	95-100	-	10-15	-	-	3,000	37,000	10-15	140-145
Alan Stewart, Temporary Director of Finance and Commercial from 10 October 2022 to 9 January 2023	30-35 <sup>42</sup>	-	-	-	-	-	24,000	-	60-65	-

27 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.

28 Acting joint interim Permanent Secretary from 7 February 2023 (0.7 FTE), FTE salary is £145-150k, prior to 7 February FTE was £135-140k.

29 Ruth Hannant works in a job share part time (0.7 FTE). The full-time equivalent salary is £135-140k.

30 Polly Payne works in a job share part time (0.7 FTE). The full-time equivalent salary is £135-140k.

31 FTE is equal to £85-90k.

32 The single total figure of remuneration for both schemes for this individual is zero to the nearest thousand and therefore appear as -.

33 FTE is equal to £85-90k.

34 Susannah Storey, moved to the Department for Science, Innovation and Technology (DSIT) but remained on DCMS payroll and therefore remuneration figures include the period from 7 February to 31 March 2023.

35 Susannah Storey works part-time (0.9 FTE). The full-time equivalent salary is £140-145k.

36 The full-time equivalent salary is £95-100k.

37 Final salary member (classic/classic plus/premium) who has transitioned to alpha. The final salary pension of a person in employment is calculated by reference to their pay and length of service. The pension will increase from one year to the next by virtue of any pay rise during the year. Where there is no or a small pay rise, the increase in pension due to extra service may not be sufficient to offset the inflation increase – that is, in real terms, the pension value can reduce, hence the negative values.

38 Sarah Tebbutt opted out of the pension scheme on 31 August 2021, information has therefore not been provided.

39 Sarah Healey joined the Department for Levelling Up, Housing and Communities (DLUHC), she was paid on DCMS payroll up until the 28th February 2023.

40 The full-year equivalent salary is £170-175k.

41 The full-time equivalent salary is £95-100k.

42 Temporarily filled this position between 6 October 2022 to 31 January 2023, the full-time equivalent salary is £95-100k.



## 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 (£84,144 from 1 April 2022) 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 2022-23 figures in the above table relate to awards made in respect of the 2021-22 performance year but paid in the financial year 2022-23. Similarly, the comparable bonuses reported for 2021-22 relate to performance in 2020-21.

### 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 2022-23 was £150,000-£155,000 (2021-22: £180,000-£185,000). This was 2.9 times (2021-22: 4.0) the median remuneration of the workforce, which was £53,079 (2021-22: £45,311).

In 2022-23, zero (2021-22: zero) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £21,216 to £155,000 (2021-22: £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.

Percentile pay ratio	2022-23	2021-22
Band of highest paid Directors total remuneration (£'000)	150-155	180-185
25th percentile pay ratio	4.2	5.3
50th percentile pay ratio (Median)	2.9	4.0
75th percentile pay ratio	2.6	3.2

2022-23 Amounts (£'000)	25th percentile	50th percentile	75th percentile
Total pay and benefits	35-40	50-55	55-60
Salary and allowance component of total pay and benefits	35-40	50-55	55-60

The 1.1 decrease in the median ratio from 2021-22 to 2022-23 can be explained by the increase in the median remuneration of the workforce compared to the most highly paid director.

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 table below shows the percentage change from previous year in total salary and allowances and performance pay and bonuses for the highest paid director and for staff average (excluding the highest paid director).

	2022-23	2021-22
<b>Highest Paid Director</b>		
Salary and Allowances	-10.4%	0%
Performance Pay and Bonuses payable	-100%	0%
<b>Staff average</b>		
Salary and Allowances	6.55%	-5.03%
Performance Pay and Bonuses payable	-31.68%	23.29% <sup>43</sup>

Salary and allowances cost in 2022-23 have increased by 6.55% due to pay uplifts and grade mix changes.

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

Non-Executive board member	Remuneration and full year equivalent (£'000)	
	2022-23	2021-22
Claudia Arney, Lead Non-Executive Board Member from 15 April 2021	20-25	15-20 <sup>44</sup>
Hemant Patel, Non-Executive Board Member and Audit and Risk Committee Chair	20-25	20-25
Priya Lakhani, Non-Executive Board Member from 15 April 2021	10-15	10-15 <sup>40</sup>
Charles Alexander, Lead Non-Executive Board Member to 17 April 2021	-	0-5 <sup>39</sup>
Baroness Laura Wylde, Non-Executive Board Member to 17 December 2021	-	10-15 <sup>40</sup>
Sherry Couto, Non-Executive Board Member to 10 March 2022	-	10-15 <sup>45</sup>

<sup>43</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>44</sup> The full year equivalent is £20-25k.

<sup>45</sup> The full year equivalent is £15-20k.

## Pension benefits – ministers (subject to audit)

Ministers	Accrued pension at age 65 as at 31 March 2023 (£'000)	Real increase in pension at age 65 (£'000)	CETV at 31 March 2023 (£'000)	CETV at 31 March 2022 (£'000)	Real increase in CETV (£'000)
The Rt Hon Lucy Frazer, MP, Secretary of State for Culture, Media and Sport from 7 February 2023	4	-	45	42	1
The Rt Hon Stuart Andrew, MP, Parliamentary Under Secretary of State from 20 September 2022	3	-	35	30	1
Julia Lopez MP, Minister of State for Media, Data, and Digital Infrastructure 16 September 2021 to 6 July 2022 and 7 September 2022 to Present	2	-	15	11	1
Lord Parkinson, Parliamentary Under Secretary of State and Lords Minister from 30 September 2021 to 20 September 2022 and from 30 October to Present <sup>46</sup>	4	1	42	35	2
The Rt Hon Michelle Donelan, MP, Secretary of State for Digital, Culture, Media and Sport from 6 September 2022 to 7 February 2023 <sup>47</sup>	3	1	27	19	3
Paul Scully, MP, Parliamentary Under Secretary of State (Minister for Tech and the Digital Economy) from 27 October 2022 to 7 February 2023 <sup>48</sup>	1	-	20	17	1
The Rt Hon Nadine Dorries MP, Secretary of State for Digital, Culture, Media and Sport from 15 September 2021 to 6 September 2022	5	1	94	81	7
Damian Collins, MP, Parliamentary Under-Secretary of State for Tech and the Digital Economy from 8 July 2022 to 27 October 2022	-	-	2	-	1
Lord Kamall, Parliamentary Under Secretary of State for Heritage, Tourism and Growth from 20 September 2022 to 29 October 2022	1	-	21	19	1
Nigel Huddleston MP, Parliamentary Under Secretary of State (Minister for Sport, Tourism, Heritage and Civil Society) from 17 September 2021 to 20 September 2022	1	-	15	12	2
Chris Philp MP Parliamentary Under Secretary of State (Minister for Tech and the Digital Economy) from 16 September 2021 to 7 July 2022	1	-	14	12	1
Matthew Warman MP, Minister of State from 7 July 2022 to 7 September 2022 and Parliamentary Under Secretary of State (Minister for Digital Infrastructure) from 26 July 2019 to 16 September 2021	1	-	10	9	-

<sup>46</sup> Lord Parkinson undertakes his role as an unpaid Minister.

<sup>47</sup> The Rt Hon Michelle Donelan, MP, has now become the Secretary of State for Science, Innovation and Technology but remains on DCMS's payroll and therefore the figure for her remuneration figures include the period from the 7 February 2023 to 31 March 2023.

<sup>48</sup> Paul Scully was appointed Parliamentary Under Secretary of State (Minister for Tech and the Digital Economy) at the Department for Science, Innovation and Technology on 7 February 2023 and remains on DCMS payroll temporarily his remuneration figures include the period from the 7 February to 31 March 2023.

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

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

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

### The cash equivalent transfer value (CETV)

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

CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2023.

HM Treasury published updated guidance on 27 April 2023; this guidance will be used in the calculation of 2023-24 CETV figures.

### 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 2023 and related lump sum (£'000)	Real increase in pension and related lump sum as at pension age (£'000)	CETV at 31 March 2023 (£'000)	CETV at 31 March 2022 (£'000)	Real increase in CETV (£'000) <sup>49</sup>
Ruth Hannant, Director General for Culture, Sport and Civil Society to 7 February 2023, Interim Permanent Secretary from the 7 February 2023	40 - 45 plus a lump sum of 80 - 85	0 - 2.5 plus a lump sum of 0	676	609	(7)
Polly Payne, Director General for Culture, Sport and Civil Society to 7 February 2023, Interim Permanent Secretary from the 7 February 2023	35 - 40 plus a lump sum of 60 - 65	0 - 2.5 plus a lump sum of 0	642	577	(4)
Emma Squire, Interim Director General for Culture, Sport and Civil Society from 7 February 2023	35 - 40	0 - 2.5	442	439	(2)
Nicola Hewer, Interim Director General for Culture, Sport and Civil Society from 7 February 2023	30 - 35 plus a lump sum of 50 - 55	0 - 2.5 plus a lump sum of 0 - 2.5	503	474	9
Sam Lister, Director General for Strategy and Operations	35 - 40	2.5 - 5	415	360	26
Susannah Storey, Director General for Digital and Media to 7 February 2023	35 - 40	2.5 - 5	476	417 <sup>50</sup>	25
Patrick Curry, Director Corporate Strategy from 6 June 2022	20 - 25	0 - 2.5	198	174	12
Jacinda Humphry, Finance and Commercial Director	50 - 55 plus a lump sum of 85 - 90	0 - 2.5 plus a lump sum of 0	952	869	(17)
Sarah Tebbutt, Director, People and Workplace	<sup>51</sup>	-	-	-	-
Sarah Healey CB, Permanent Secretary and Accounting Officer to 7 February 2023	50 - 55 plus a lump sum of 75 - 80	0 - 2.5 plus a lump sum of 0	792	707	2
Nico Heslop, Director Corporate Strategy to 1 May 2022	20 - 25	0 - 2.5	198	192	1
Alan Stewart, Temporary Director of Finance and Commercial from 10 October 2022 to 9 January 2023	25 - 30	0 - 2.5	313	275	6

49 Final salary member (classic/classic plus/premium) who have transitioned to alpha. The final salary pension of a person in employment is calculated by reference to their pay and length of service. The pension will increase from one year to the next by virtue of any pay rise during the year. Where there is no or a small pay rise, the increase in pension due to extra service may not be sufficient to offset the inflation increase – that is, in real terms, the pension value can reduce, hence the negative values.

50 Pensionable allowance open from previous employment created a mismatch in the opening balance for CETV 2022. This allowance has now been closed and the figure for 2022 updated to reflect the corrected value.

51 Sarah Tebbutt opted out of the pension scheme on 31 August 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 2022-23 (2021-22: none).

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

6 Ministers left in 2022-23.

Damian Collins left under severance terms on 27 October 2022 and received a compensation payment of £5,593. Nadine Dorries left under severance terms on 6 September 2022 and received a compensation payment of £16,876. Syed Kamall left under severance terms on 28 October 2022 and received a compensation payment of £17,742. Julia Lopez left under severance terms on 6 July 2022 and received a compensation payment of £7,920. Chris Philp left under severance terms on 7 July 2022 and received a compensation payment of £5,593. Matthew Warman left under severance terms on 7 September 2022 and received a compensation payment of £7,920.

Lord Parkinson of Whitley Bay repaid severance to the government in the sum of £8,834, the equivalent to seven weeks of his claimed annual ministerial salary representing the period after which, they were reappointed to government. This was paid back to DCMS, though the initial severance payment was made from HMT.

### **Special advisers**

6 special advisers left in 2022-23.

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 2023	Number of Staff (SCS) Headcount 31 March 2022
£70,000-£74,999	27	50
£75,000-£79,999	35	29
£80,000-£84,999	11	7
£85,000-£89,999	1	4
£90,000-£94,999	7	8
£95,000-£99,999	12	11
£100,000-£104,999	4	2
£105,000-£109,999	0	2
£110,000-£114,999	4	1
£115,000-£119,999	0	1
£120,000-£124,999	1	2
£125,000-£129,999	3	0
£130,000-£134,999	2	3
£135,000-£139,999	1	2
£140,000-£144,999	1	0
£145,000-£149,999	0	0
£150,000-£154,999	2	0
£155,000-£159,999	0	0
£160,000-£164,999	0	0
£165,000-£169,999	0	1
<b>TOTAL</b>	<b>111</b>	<b>123</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 2023	FTE payroll staff at 31 March 2022
Permanent Secretary	1.4	1.0
Senior Civil Service pay band 3	3.3	3.3
Senior Civil Service pay band 2	21.4	24.4
Senior Civil Service pay band 1	78.3	89.0
Grade A (Upper) (Grade 6)	202.7	230.9
Grade A (Grade 7)	593.9	668.4
Grade B (HEO/SEO)	619.8	769.4
Grade C (EO)	142.6	183.0
Grade D (AO/AA)	5.4	9.4
<b>Total</b>	<b>1,668.8<sup>52</sup></b>	<b>1,978.8</b>

<sup>52</sup> In 2021-22, BDUK was a directorate within DCMS. The majority of the reduction in FTE in 2022-23 is due to BDUK becoming an Executive Agency on 1 April 2022.



## Staff loans

The department utilised a total of 173 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	0	0	0
Senior Civil Service Pay Band 2	0	0	0	0
Senior Civil Service Pay Band 1	0	5	0	3
Grade A (Upper) (Grade 6)	0	29	0	4
Grade A (Grade 7)	2	70	0	10
Grade B (HEO/SEO)	6	49	0	20
Grade C (EO)	1	11	0	5
<b>Total</b>	<b>9</b>	<b>164</b>	<b>0</b>	<b>42</b>

4 staff were loaned in on less than a six month duration at a cost of £79k, 158 staff were loaned in for a greater than six months duration at a cost of £8,530k. 11 staff were loaned in (5 at six months or less duration, 6 over six months duration) and were paid by their home department.

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

Staff costs comprise:					2022-23	2021-22
	Permanently employed staff	Others	Contract and agency staff	Ministers	Total	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Wages & salaries	1,605,736	13,521	38,964	243	1,658,464	1,571,686
Social security costs	194,396	842	-	20	195,258	179,053
Pension costs	393,181	109	-	-	393,290	570,603
<b>Total costs</b>	<b>2,193,313</b>	<b>14,472</b>	<b>38,964</b>	<b>263</b>	<b>2,247,012</b>	<b>2,321,342</b>
Less: Recoveries in respect of outward secondments	(1,847)	-	-	-	(1,847)	(892)
<b>Total net costs</b>	<b>2,191,466</b>	<b>14,472</b>	<b>38,964</b>	<b>263</b>	<b>2,245,165</b>	<b>2,320,450</b>
Of which:						
Core department	120,003	1,271	6,818	263	128,355	137,271
Agency	13,028	3,687	3,914	-	20,629	-
Arm's length bodies	2,058,435	9,514	28,232	-	2,096,181	2,183,179
<b>Total net costs</b>	<b>2,191,466</b>	<b>14,472</b>	<b>38,964</b>	<b>263</b>	<b>2,245,165</b>	<b>2,320,450</b>

Included in total staff costs above are notional costs of £244k (2021-22: £256k) in respect of the salary, social security and pension costs of the Information Commissioner which are paid directly from the Consolidated Fund.

The defined benefit 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 defined benefit scheme and therefore inflate the group's staff costs.

In addition to staff costs above £10,449k (2021-22: £7,460k) 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 2022-23, employers' contributions of £22,905k for the core department were payable to the PCSPS (2021-22: £23,699k) at one of four rates in the range 26.6% to 30.3% (2021-22: 26.6% to 30.3%) of pensionable earnings, based on salary bands. Group employers' contributions of £101,811k (2021-22: £96,892k) were payable to the PCSPS at rates in the range of 26.6% to 30.3% (2021-22: 26.6% to 30.3%). The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions by the core department were £130k (2021-22: £153k) and by the group were £2,450k (2021-22: £1,863k). These contributions were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age-related and ranged from 8% to 14.8% 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 £5k (2021-22: £7k) for the core department, £160k (2021-22: £153k) 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 £20k (2021-22: £12k) for the core department. Contributions prepaid at that date were £nil (2021-22: £nil) for the core department.

For the core department, nil (2021-22: nil), individuals retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £nil (2021-22: £nil) for the core department. For the group nil, (2021-22: nil) individuals retired early on ill-health grounds.

### Other pension schemes

Employer contributions to other pension schemes by the group in the year amounted to £248,180k (2021-22: £180,012k) (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:

	2022-23					2021-22	
	Permanently employed staff	Others	Contract and agency staff	Ministers	Special advisers	Total	Total
Staff employed	34,748	217	713	5	3	35,686	35,105
Staff engaged on capital projects	193	-	5	-	-	198	165
<b>Total</b>	<b>34,941</b>	<b>217</b>	<b>718</b>	<b>5</b>	<b>3</b>	<b>35,884</b>	<b>35,270</b>
Of which:							
Core department	1,727	15	68	5	3	1,818	1,946
Agency	210	1	36	-	-	247	-
Arm's length bodies*	33,004	201	614	-	-	33,819	33,324
<b>Total</b>	<b>34,941</b>	<b>217</b>	<b>718</b>	<b>5</b>	<b>3</b>	<b>35,884</b>	<b>35,270</b>

\*The total number of staff employed at the BBC PSB Group is 17,688 (2021-22: 17,890).

The BBC PSB Group is included above within ALBs.

### Staff receivables

As at 31 March 2023, 155 employees (31 March 2022: 1,651 employees) of the group were in receipt of advances of travel, housing or other loans which are repayable to the employer of £135k (31 March 2022: £2,605k).

## Sickness absence data

Average working days lost = **6.5**

The average working days lost for sickness absence increased from 3.6 in 2021-22. This remains below the latest available Civil Service average of 7.9 (as at 31 March 2022<sup>53</sup>).

## Expenditure on consultancy

For expenditure on consultancy, refer to note 4.3 on page 165.

## 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 2023:

Grade	Headcount			FTE		
	Female	Male	Total	Female	Male	Total
Exec Team	5	1	6	4.3	1.0	5.3
Other SCS	55	50	105	49.8	49.3	99.1
Grade A (Upper) (Grade 6)	114	94	208	109.4	93.3	202.7
Grade A (Grade 7)	320	284	604	310.4	283.5	593.9
Grade B (HEO/SEO)	362	265	627	356.0	263.8	619.8
Grade C (EO)	87	58	145	84.5	58.1	142.6
Grade D (AO/AA)	3	3	6	3.0	2.4	5.4
<b>Total</b>	<b>946</b>	<b>755</b>	<b>1701</b>	<b>917.4</b>	<b>751.4</b>	<b>1668.8</b>
<b>Percentage of staff</b>				<b>55%</b>	<b>45%</b>	<b>100%</b>

## Staff turnover percentage<sup>54</sup> (per Cabinet Office guidance)

The average turnover for 2022-23 was **22.5%** (18.4% in 2021-22).

The average departmental turnover for 2022-23 was **25.35%** (21.0% in 2021-22).

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

Exit package cost band	2022-23					
	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	-	4	4	18	95	113
£10,000 - £25,000	-	3	3	9	76	85
£25,000 - £50,000	-	-	-	5	74	79
£50,000 - £100,000	-	-	-	3	97	100
£100,000 - £150,000	-	-	-	-	102	102
£150,000 - £200,000	-	-	-	-	-	-
<b>Total number of exit packages</b>	-	<b>7</b>	<b>7</b>	<b>35</b>	<b>444</b>	<b>479</b>
<b>Total cost (£'000)</b>	-	<b>78</b>	<b>78</b>	<b>605</b>	<b>24,866</b>	<b>25,471</b>
<b>Total exit costs paid in year - cash basis</b>	-	-	-	-	-	<b>25,504</b>

\*including special severance payments and Ministers exit packages.

Included above are 336 other departures with a cost of £22,179k relating to the BBC PSB Group.

<sup>53</sup> Latest available figures from Cabinet Office at time of writing.

<sup>54</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.

	2021-22					
	Core Department			Departmental Group		
Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
Less than £10,000	-	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>4</b>	<b>4</b>	<b>51</b>	<b>829</b>	<b>880</b>
<b>Total cost (£'000)</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>54,529</b>

Included above are 668 other departures with a cost of £48,531k 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 2022-23 is 1 (2021-22: 1). The total amount paid out is £16,507.04 (2021-22: £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 73.

### Application of Business Appointments Rules (BARs)

Ministers and civil servants leaving office are subject to rules regarding appointment in other sectors. These rules, known as the Business Appointment Rules, exist to prevent former civil servants and ministers being able to profit from their knowledge of and contacts within Whitehall, and to prevent any perception of wrongdoing. The rules are administered by the Advisory Committee on Business Appointments (ACoBA).

The leavers process for all line managers includes compliance with the BARs, and where applicable leavers need to fill in the Business Appointments Application Form. Information on this process is available on the intranet. No breaches of the process have been identified within the year.

The following section provides details on the BARs applications within the year 2022-23:

### Number of exits from the Civil Service (SCS)

Grade	Number of exits from the Civil Service (SCS)
Senior Civil Service pay band 2	1
Senior Civil Service pay band 1	2

### Number of BARs applications assessed by the department over the year (by grade)

Grade	Number of BARs applications assessed by the department
Senior Civil Service pay band 2	1
Senior Civil Service pay band 1	6
Grade A (Upper) (Grade 6)	5
Grade A (Grade 7)	12
Grade B (HEO/SEO)	3
Grade C (EO)	1
<b>Total</b>	<b>28</b>

### Number of BARs applications where conditions were set (by grade)

Of the 28 assessed, 14 had conditions set:

Grade	Number of BARs applications assessed by the department
Senior Civil Service pay band 1	1
Grade A (Upper) (Grade 6)	3
Grade A (Grade 7)	8
Grade B (HEO/SEO)	1
Grade C (EO)	1
<b>Total</b>	<b>14</b>

Of the 28 assessed, none were found to be unsuitable for the applicant to take up the external post. There were no breaches of the Rules in the preceding year.



# 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 scheme ended 30 September 2022. The participating bodies paid £nil (2021-22: £nil) 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 scheme ended 30 September 2022.

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 ALBs (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 2022-23**

Type of spend	SOPS Note	2022-23			2022-23			2022-23		2021-22
		Outturn			Estimate			Outturn vs Estimate, saving/ (excess)		Outturn
		Voted	Non-voted	Total	Voted	Non-voted	Total	Voted	Total	Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Departmental Expenditure Limit (DEL)</b>										
Resource	SOPS 1.1	2,141,369	-	2,141,369	2,299,761	-	2,299,761	158,392	158,392	1,993,322
Capital	SOPS 1.2	596,228	-	596,228	669,596	-	669,596	73,368	73,368	654,375
<b>Total DEL Budget</b>		<b>2,737,597</b>	<b>-</b>	<b>2,737,597</b>	<b>2,969,357</b>	<b>-</b>	<b>2,969,357</b>	<b>231,760</b>	<b>231,760</b>	<b>2,647,697</b>
<b>Annually Managed Expenditure (AME)</b>										
Resource	SOPS 1.1	3,836,983	1,426,605	5,263,588	4,323,418	1,467,727	5,791,145	486,435	527,557	5,261,171
Capital	SOPS 1.2	262,065	221,353	483,418	954,638	272,552	1,227,190	692,573	743,772	257,758
<b>Total AME Budget</b>		<b>4,099,048</b>	<b>1,647,958</b>	<b>5,747,006</b>	<b>5,278,056</b>	<b>1,740,279</b>	<b>7,018,335</b>	<b>1,179,008</b>	<b>1,271,329</b>	<b>5,518,929</b>
<b>Total Budget</b>										
Resource	SOPS 1.1	5,978,352	1,426,605	7,404,957	6,623,179	1,467,727	8,090,906	644,827	685,949	7,254,493
Capital	SOPS 1.2	858,293	221,353	1,079,646	1,624,234	272,552	1,896,786	765,941	817,140	912,133
<b>Total Budget Expenditure</b>		<b>6,836,645</b>	<b>1,647,958</b>	<b>8,484,603</b>	<b>8,247,413</b>	<b>1,740,279</b>	<b>9,987,692</b>	<b>1,410,768</b>	<b>1,503,089</b>	<b>8,166,626</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>Total Budget and Non-Budget</b>		<b>6,836,645</b>	<b>1,647,958</b>	<b>8,484,603</b>	<b>8,247,413</b>	<b>1,740,279</b>	<b>9,987,692</b>	<b>1,410,768</b>	<b>1,503,089</b>	<b>8,166,626</b>
Total Resource	SOPS 1.1	5,978,352	1,426,605	7,404,957	6,623,179	1,467,727	8,090,906	644,827	685,949	7,254,493
Total Capital	SOPS 1.2	858,293	221,353	1,079,646	1,624,234	272,552	1,896,786	765,941	817,140	912,133
<b>Total</b>		<b>6,836,645</b>	<b>1,647,958</b>	<b>8,484,603</b>	<b>8,247,413</b>	<b>1,740,279</b>	<b>9,987,692</b>	<b>1,410,768</b>	<b>1,503,089</b>	<b>8,166,626</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 2022-23**

Item	SOPS Note	2022-23		2022-23		2021-22	
		Outturn		Estimate		Outturn	
		£'000		£'000		£'000	
Net Cash Requirement	SOPS 3	6,303,252	6,629,394	326,142		6,692,387	

**Administration Costs 2022-23**

Type of spend	SOPS Note	2022-23		2022-23		2021-22	
		Outturn		Estimate		Outturn	
		£'000		£'000		£'000	
Administration costs	SOPS 1.1	282,825	318,877	36,052		224,953	

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 105-112.

## SOPS 1. Net Outturn

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

Type of spend (Resource)	2022-23							2022-23			2022-23	2021-22
	Resource outturn							Estimate			Outturn vs Estimate, saving/ (excess)	Outturn
	Administration			Programme			Total	Total	Virements	Total inc. virements		Total
	Gross	Income	Net	Gross	Income	Net						
£'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	-	-	-	21,407	-	21,407	21,407	-	28,918	7,511	20,079
B	Museums and Galleries sponsored ALBs (net)	-	-	-	420,273	-	420,273	420,273	1,909	471,040	50,767	389,798
C	Libraries sponsored ALBs (net)	7,490	-	7,490	116,166	-	116,166	123,656	(1,900)	128,864	5,208	104,898
D	Support for the Arts sector	816	(1,581)	(765)	29,058	(94,815)	(65,757)	(66,522)	(39,759)	(43,630)	22,892	(51,512)
E	Arts and culture ALBs (net)	23,273	-	23,273	458,713	-	458,713	481,986	8,306	483,169	1,183	610,447
F	Support for the Sports sector	-	-	-	52,624	(28,107)	24,517	24,517	42,030	24,546	29	54,985
G	Sport sponsored ALBs (net)	18,058	-	18,058	149,905	-	149,905	167,963	6,028	169,671	1,708	151,001
H	Ceremonial and support for the Heritage sector	1,087	(35)	1,052	155,472	(49,967)	105,505	106,557	750	111,715	5,158	41,726
I	Heritage sponsored ALBs (net)	20,095	-	20,095	59,672	-	59,672	79,767	1,189	82,039	2,272	109,247
J	Tourism sponsored ALBs (net)	28,401	-	28,401	23,882	-	23,882	52,283	761	53,157	874	49,078
K	Support for the Digital, Broadcasting and Media sector	6,723	(40)	6,683	94,075	(1,805)	92,270	98,953	(6,040)	102,701	3,748	113,936
L	Broadcasting and Media sponsored ALBs (net)	15,547	-	15,547	8,883	-	8,883	24,430	(14,400)	27,211	2,781	59,407
M	Administration and Research	154,653	(3,489)	151,164	5,050	-	5,050	156,214	(34,729)	191,497	35,283	93,277
N	Support for Horseracing and the Gambling sector	-	-	-	-	(21,817)	(21,817)	(21,817)	10,918	(21,794)	23	(26,790)



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

Type of spend (Resource)		2022-23							2022-23			2022-23	2021-22
		Resource outturn							Estimate			Outturn vs Estimate, saving/ (excess)	Outturn
		Administration			Programme			Total	Total	Virements	Total inc. virements		
		Gross	Income	Net	Gross	Income	Net					Total	
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
O	Gambling Commission (net)	-	-	-	14,867	-	14,867	14,867	33,834	(10,018)	23,816	8,949	24,569
	Olympics - legacy programmes	-	-	-	-	-	-	-	-	-	-	-	(14)
P	Civil Society and Youth	-	-	-	48,439	(466)	47,973	47,973	50,986	-	50,986	3,013	31,862
Q	National Citizen Service	11,827	-	11,827	61,760	-	61,760	73,587	72,185	2,000	74,185	598	71,086
R	Birmingham 2022 and Festival 2022 (net)	-	-	-	304,319	-	304,319	304,319	271,376	32,955	304,331	12	146,242
S	Building Digital UK	-	-	-	30,956	-	30,956	30,956	37,339	-	37,339	6,383	-
<b>Total voted DEL</b>		<b>287,970</b>	<b>(5,145)</b>	<b>282,825</b>	<b>2,055,521</b>	<b>(196,977)</b>	<b>1,858,544</b>	<b>2,141,369</b>	<b>2,299,761</b>	<b>-</b>	<b>2,299,761</b>	<b>158,392</b>	<b>1,993,322</b>
<b>Total spending in DEL</b>		<b>287,970</b>	<b>(5,145)</b>	<b>282,825</b>	<b>2,055,521</b>	<b>(196,977)</b>	<b>1,858,544</b>	<b>2,141,369</b>	<b>2,299,761</b>	<b>-</b>	<b>2,299,761</b>	<b>158,392</b>	<b>1,993,322</b>
<b>Spending in Annually Managed Expenditure (AME)</b>													
<b>Voted expenditure</b>													
T	British Broadcasting Corporation (net)	-	-	-	3,690,084	-	3,690,084	3,690,084	4,200,925	(73,750)	4,127,175	437,091	3,626,012
U	Channel Four Television	-	-	-	-	-	-	-	-	-	-	-	-
V	Provisions, Impairments and other AME spend	-	-	-	57,675	-	57,675	57,675	115,926	-	115,926	58,251	5,732
W	Levy bodies (net)	-	-	-	498	-	498	498	2	-	2	(496)	11,094
X	S4C (net)	-	-	-	88,726	-	88,726	88,726	6,565	73,750	80,315	(8,411)	-
<b>Total voted AME</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>3,836,983</b>	<b>-</b>	<b>3,836,983</b>	<b>3,836,983</b>	<b>4,323,418</b>	<b>-</b>	<b>4,323,418</b>	<b>486,435</b>	<b>3,642,838</b>
<b>Non-voted expenditure</b>													
Y	Lottery grants	-	-	-	1,426,605	-	1,426,605	1,426,605	1,467,727	-	1,467,727	41,122	1,618,333
<b>Total spending in AME</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>5,263,588</b>	<b>-</b>	<b>5,263,588</b>	<b>5,263,588</b>	<b>5,791,145</b>	<b>-</b>	<b>5,791,145</b>	<b>527,557</b>	<b>5,261,171</b>
<b>Total resource</b>		<b>287,970</b>	<b>(5,145)</b>	<b>282,825</b>	<b>7,319,109</b>	<b>(196,977)</b>	<b>7,122,132</b>	<b>7,404,957</b>	<b>8,090,906</b>	<b>-</b>	<b>8,090,906</b>	<b>685,949</b>	<b>7,254,493</b>

Explanations of the variances between the Outturn and Estimate are included in the SOPS commentary on pages 105-112.

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

Type of spend (Capital)		2022-23			2022-23			2022-23	2021-22
		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	304	-	304	1,110	-	1,110	806	2
B	Museums and Galleries sponsored ALBs (net)	211,370	-	211,370	249,116	-	249,116	37,746	115,948
C	Libraries sponsored ALBs (net)	12,485	-	12,485	13,508	-	13,508	1,023	7,144
D	Support for the Arts sector	(1,334)	(10)	(1,344)	330	-	330	1,674	3,445
E	Arts and culture ALBs (net)	60,586	-	60,586	50,707	10,000	60,707	121	70,689
F	Support for the Sports sector	9,167	-	9,167	64,200	(53,847)	10,353	1,186	105,551
G	Sport sponsored ALBs (net)	92,620	-	92,620	47,585	46,147	93,732	1,112	57,282
H	Ceremonial and support for the Heritage sector	10,506	(22)	10,484	8,500	2,000	10,500	16	5,460
I	Heritage sponsored ALBs (net)	58,504	-	58,504	65,567	-	65,567	7,063	147,113
J	Tourism sponsored ALBs (net)	2,244	-	2,244	2,475	-	2,475	231	1,343
K	Support for the Digital, Broadcasting and Media sector	71,374	-	71,374	74,437	-	74,437	3,063	152,577
L	Broadcasting and Media sponsored ALBs (net)	12,618	-	12,618	14,514	(4,330)	10,184	(2,434)	17,640
M	Administration and Research	4,621	14	4,635	9,206	-	9,206	4,571	(10,878)
O	Gambling Commission (net)	317	-	317	521	-	521	204	265
	Olympics - legacy programmes	-	-	-	-	-	-	-	(27,350)
P	Civil Society and Youth	8,558	-	8,558	14,000	-	14,000	5,442	6,543
Q	National Citizen Service	40	-	40	10	30	40	-	-
R	Birmingham 2022 and Festival 2022 (net)	(2,060)	-	(2,060)	-	-	-	2,060	1,601
S	Building Digital UK	44,326	-	44,326	53,810	-	53,810	9,484	-
<b>Total spending in DEL</b>		<b>596,246</b>	<b>(18)</b>	<b>596,228</b>	<b>669,596</b>	<b>-</b>	<b>669,596</b>	<b>73,368</b>	<b>654,375</b>
<b>Spending in Annually Managed Expenditure (AME)</b>									
<b>Voted expenditure</b>									
T	British Broadcasting Corporation (net)	271,074	-	271,074	754,638	(150)	754,488	483,414	167,193
U	Channel Four Television	(864)	-	(864)	200,000	-	200,000	200,864	(76,296)
W	Levy bodies (net)	(8,257)	-	(8,257)	-	-	-	8,257	(21,878)
X	S4C (net)	112	-	112	-	150	150	38	-
<b>Total voted AME</b>		<b>262,065</b>	<b>-</b>	<b>262,065</b>	<b>954,638</b>	<b>-</b>	<b>954,638</b>	<b>692,573</b>	<b>69,019</b>
<b>Non-voted expenditure</b>									
Y	Lottery grants	221,353	-	221,353	272,552	-	272,552	51,199	188,739
<b>Total spending in AME</b>		<b>483,418</b>	<b>-</b>	<b>483,418</b>	<b>1,227,190</b>	<b>-</b>	<b>1,227,190</b>	<b>743,772</b>	<b>257,758</b>
<b>Total capital</b>		<b>1,079,664</b>	<b>(18)</b>	<b>1,079,646</b>	<b>1,896,786</b>	<b>-</b>	<b>1,896,786</b>	<b>817,140</b>	<b>912,133</b>

Explanations of the variances between the Outturn and Estimate are included in the SOPS Commentary on pages 105-112.

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	2022-23 Outturn Total	2021-22 Outturn Total
		£'000	£'000
<b>Total resource outturn</b>	<b>SOPS 1.1</b>	<b>7,404,957</b>	<b>7,254,493</b>
<b>Add:</b>			
Capital grants expenditure	4.2	502,301	598,875
Live events reinsurance scheme (capital)	4.6	(17)	200
Research & development (capital)		67,966	38,172
<b>Total:</b>		<b>570,250</b>	<b>637,247</b>
<b>Less:</b>			
Income from National Lottery Distribution Fund (NLDF)	5.2	(1,688,593)	(1,694,812)
Charity income (asset donations or cash donations for asset additions)		(67,929)	(89,078)
Capital grants income	5.2	(20,655)	(31,047)
Research & development income (capital)		(10,721)	(7,938)
Property sales - East Village (capital)	5.2	14	(27,350)
(Gains)/losses on net asset transfers (non-budget)	4.6	-	3,000
<b>Total:</b>		<b>(1,787,884)</b>	<b>(1,847,225)</b>
<b>Other:</b>			
Impact of intra-group transactions crossing budget categories		6,209	10,316
<b>Total:</b>		<b>6,209</b>	<b>10,316</b>
<b>Net expenditure in Consolidated Statement of Comprehensive Net Expenditure</b>	<b>SoCNE</b>	<b>6,193,532</b>	<b>6,054,831</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>7,404,957</b>	<b>8,090,906</b>	<b>685,949</b>
<b>Capital outturn</b>	<b>SOPS 1.2</b>	<b>1,079,646</b>	<b>1,896,786</b>	<b>817,140</b>
<i>Adjustments for ALBs:</i>				
Remove voted resource and capital		(6,240,897)	(7,262,023)	(1,021,126)
Cash grant-in-aid	4.1.1	5,786,246	5,940,440	154,194
Less: Agency funding (BDUK)	4.1.1	(118,817)	-	118,817
<i>Adjustments to remove non-cash items:</i>				
Depreciation, amortisation and expected credit loss adjustments		(62,522)	(33,662)	28,860
New provisions and adjustments to previous provisions	4.5	3,823	(53,700)	(57,523)
Other non-cash items		71,983	(197,645)	(269,628)
Museum loans		1,049		(1,049)
Eliminations between Core and Agency with budget impact		3,593	-	(3,593)
<i>Adjustments to reflect movements in working balances:</i>				
Increase/(decrease) in receivables		(14,545)	-	14,545
(Increase)/decrease in payables		22,059	(11,429)	(33,488)
(Increase)/decrease in lease liabilities		14,635	-	(14,635)
<b>Total:</b>		<b>(533,393)</b>	<b>(1,618,019)</b>	<b>(1,084,626)</b>
<i>Removal of non-voted budget items:</i>				
Other adjustments - lottery grants		(1,647,958)	(1,740,279)	(92,321)
<b>Total:</b>		<b>(1,647,958)</b>	<b>(1,740,279)</b>	<b>(92,321)</b>
<b>Net cash requirement</b>		<b>6,303,252</b>	<b>6,629,394</b>	<b>326,142</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.

The variances from the estimate can be explained as follows:

- ALB Resource and Capital variances are explained within the SOPs commentary on pages 105 - 112.
- The variance on ALB grant-in-aid is explained on note 4.1.1. The agency funding element is BDUK's funding.
- The variances in the depreciation, amortisation and expected credit losses and provisions have been included with the SOPs commentary on pages 105 - 112.
- Other non-cash items include estimates for revaluations that are not performed until year end and fluctuate from year to year and therefore are hard to predict with accuracy.
- The variances in the receivables and lease liabilities have not been estimated, the payables value fluctuates based on timings of large payments.
- The variance in relation to lottery grants is mostly driven by timings of grant payments across financial years.

## 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 receipt of monies owed to the department from Keeping Kids Company. During 2022-23, £nil (2021-22, £883k) was received and paid over to the Consolidated Fund from the Official Receiver and liquidator for monies owed following the wind-up of the charity. This was included as income in the SoCNE.

The department acted as principal for funds payable to the Consolidated Fund, for return of funds associated with Birmingham 2022 and the Commonwealth Games. Birmingham 2022 entered liquidation on 15 March 2023 – £30,078k was received in relation to unspent Grant-in-Aid. A further £13,055k was received from West Midlands Police and Birmingham City Council for underspends on grants paid in relation to the Games. These amounts were included in the SoCNE.

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

Item	Outturn 2022-23		Outturn 2021-22	
	Accruals	Cash basis	Accruals	Cash basis
	£'000	£'000	£'000	£'000
Amounts to be collected on behalf of the Consolidated Fund				
- 2021-22 income	-	-	883	883
- 2022-23 income	43,133	43,133	-	-
<b>Total amount payable to the Consolidated Fund</b>	<b>43,133</b>	<b>43,133</b>	<b>883</b>	<b>883</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:

	2022-23	2021-22
	£'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	968,390	320,704
Information Commissioner data protection fees	16	92
Sports Grounds Safety Authority licences	9	9
<b>Sub-total: Taxes and licence fees</b>	<b>968,415</b>	<b>1,700,205</b>
<b>Fines and penalties</b>		
Gambling Commission penalties issued	20,668	33,349
Information Commissioner civil monetary penalties issued	11,240	1,430
Information Commissioner fines issued	-	-
<b>Sub-total: Fines and penalties</b>	<b>31,908</b>	<b>34,779</b>
<i>Less:</i>		
Impairment of debts - Information Commissioner penalties	(7,621)	(533)
<b>Other</b>		
BDO Superfast Broadband Programme - take-up claw-back	34,746	34,772
National Lottery Communities Fund - repayment of COVID-19 grants	-	1,281
Gambling Commission - Economic Crime Levy	1,594	-
<b>Amount payable to the Consolidated Fund</b>	<b>1,029,042</b>	<b>1,770,504</b>



	2022-23	2021-22
	£'000	£'000
Balance held at start of year	70,119	78,733
Payments into the Consolidated Fund	(1,087,904)	(1,779,118)
<b>Balance held on trust at end of year</b>	<b>11,257</b>	<b>70,119</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 2022-23 was £111,239k (2021-22: £81,649k). Within the 'payments into the consolidated fund' figure is £23,000k that was paid to the Consolidated Fund in error, that should have been retained as a payable relating to the Crown Dependencies (see the balance held on trust section below). There has been a significant increase in spectrum management fees income compared to the prior year – additional income was received in 2022-23 for alignment of licence terms for the 3.4 - 3.8 GHz band.
- **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.
- **Sports Grounds Safety Authority (SGSA)** - annual licence fees for the certification of football ground.

### 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 2022-23 (2021-22: 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.
- **Gambling Commission – Economic Crime Levy** – from 1 April 2023, the Gambling Commission is one of three public bodies (the others being the Financial Conduct Authority and HMRC) who will collect the Economic Crime Levy (ECL) from licenced Casino Operators. This is an annual charge on entities who are supervised under Money Laundering Regulations (MLR) and whose UK revenue

exceeds £10.2m per year. Income has been recognised at the time the enforcement notice is raised and derecognised if the Levy is appealed successfully. The amounts will be payable by 30 September following the end of each financial year.

The balance held on trust of £11.3m at the end of 31 March 2023 comprises:

- (£9.8m) (owed back to DCMS) for WTA and other Spectrum Management fees; the reason this is a credit is due to amounts paid to HM Treasury in error that belong to the Crown Dependencies (which should have been retained to pass onto them); these funds have been received back from the Consolidated Fund in May 2023;
- £6.5m in respect of ICO Civil Monetary Penalties and interest, all of which is receivable;
- £13.0m in respect of Gambling Commission penalties issued, all of which is receivable;
- £1.6m in respect of Gambling Commission's collection of the Economic Crime Levy, all of which is receivable;
- £41k in respect of ICO fines, all of which is receivable.

# Statement of Outturn against Parliamentary Supply Commentary 2022-23

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>				
A	Support for the Museums and Galleries sector	21,407	28,918	7,511
B	Museums and Galleries sponsored ALBs (net)	420,273	469,131	48,858
C	Libraries sponsored ALBs (net)	123,656	130,764	7,108
D	Support for the Arts sector	(66,522)	(3,871)	62,651
E	Arts and culture ALBs (net)	481,986	474,863	(7,123)
F	Support for the Sports sector	24,517	(17,484)	(42,001)
G	Sport sponsored ALBs (net)	167,963	163,643	(4,320)
H	Ceremonial and support for the Heritage sector	106,557	110,965	4,408
K	Support for the Digital, Broadcasting and Media sector	98,953	108,741	9,788
L	Broadcasting and Media sponsored ALBs (net)	24,430	41,611	17,181
M	Administration and Research	156,214	226,226	70,012
N	Support for Horseracing and the Gambling sector	(21,817)	(32,712)	10,895
O	Gambling Commission (net)	14,867	33,834	18,967
P	Civil Society and Youth	47,973	50,986	3,013
R	Birmingham 2022 and Festival 2022 (net)	304,319	271,376	(32,943)
S	Building Digital UK	30,956	37,339	6,383
<b>Administration DEL - Voted expenditure</b>				
E	Arts and culture ALBs (net)	23,273	21,091	(2,182)
I	Heritage sponsored ALBs (net)	20,095	22,322	2,227
K	Support for the Digital, Broadcasting and Media sector	6,683	10,339	3,656
M	Administration and Research	151,164	182,723	31,559

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)	3,690,084	4,200,925	510,841
V	Provisions, Impairments and other AME spend	57,675	115,926	58,251
X	S4C (net)	88,726	6,565	(82,161)
<b>Resource AME - Non-Voted expenditure</b>				
Y	Lottery grants	1,426,605	1,467,727	41,122
<b>Capital DEL - Voted expenditure</b>				
B	Museums and Galleries sponsored ALBs (net)	211,370	249,116	37,746
E	Arts and culture ALBs (net)	60,586	50,707	(9,879)
F	Support for the Sports sector	9,167	64,200	55,033
G	Sport sponsored ALBs (net)	92,620	47,585	(45,035)
H	Ceremonial and support for the Heritage sector	10,484	8,500	(1,984)
I	Heritage sponsored ALBs (net)	58,504	65,567	7,063
K	Support for the Digital, Broadcasting and Media sector	71,374	74,437	3,063
M	Administration and Research	4,635	9,206	4,571
P	Civil Society and Youth	8,558	14,000	5,442
R	Birmingham 2022 and Festival 2022 (net)	(2,060)	-	2,060
S	Building Digital UK	44,326	53,810	9,484
<b>Capital AME - Voted expenditure</b>				
T	British Broadcasting Corporation (net)	271,074	754,638	483,564
U	Channel Four Television	(864)	200,000	200,864
W	Levy bodies (net)	(8,257)	-	8,257
<b>Capital AME - Non-Voted expenditure</b>				
Y	Lottery grants	221,353	272,552	51,199

## Resource DEL

The voted resource DEL outturn position as reported in these Accounts is £2,141.4m which is £158.4m, or 6.9% lower than provided in the Estimate (2021-22: £491.6m or 19.8% lower, outturn: £1,993.3m).

Support for the Museums and Galleries sector (line A) shows an underspend of £7.5m which is mostly attributable to the Cultural Protection Fund and is caused by the scheme being put on hold for part of the year which restricted the delivery window.

Museums and Galleries sponsored ALBs (net) (Line B) shows an underspend of £48.9m. Underspends within this heading are partly driven by additional non-cash budget cover provided through the Supplementary Estimates for Museums and Galleries to spend historical cash reserves under the 'Freedoms' arrangements agreed with HM Treasury. Underspends under this heading include:

- £26.4m is due to higher income than anticipated driven by improved visitor numbers towards the end of the year above forecasts for Science Museum Group, Imperial War Museums and the Natural History Museum;
- £11.7m is attributed to the British Museum due to a range of programme delays or deferrals;
- £11.7m is attributed to the Victoria and Albert Museum due to underspends against staff costs, touring exhibitions, curatorial department, learning costs and other delays to operational expenditure on estates;
- £11.2m is due to reductions in depreciation, amortisation, and impairments relative to forecast, mostly driven by a £9.5m underspend by the Science Museum Group due to a rephasing of capital projects;
- £4.2m is due to a prior year adjustment for National Museums Liverpool.

This is offset by overspends including:

- A net £12.8m overspend by the Tate Gallery due to reclassification of capital to resource expenditure, assets disposals and revaluation of Property, Plant and Equipment, additional spending and timing differences on exhibition & operating costs and higher utilities costs;
- £3.2m is due to additional support including for energy costs inflation provided to Museums following completion of the 2022-23 Supplementary Estimates.

Libraries sponsored ALBs (net) (Line C) shows an underspend of £7.1m driven by major project delays, higher than expected commercial income and donations and other operational underspends.

Support for the Arts sector (Line D) shows an underspend of £62.7m. This is mostly driven by a £51.2m intra-group transaction against line R relating to Festival 2022. The remaining variance is driven by £8.2m of budget reallocations to other estimate lines after completion the 2022-23 Supplementary Estimate of which £6.2m was allocated to ACE (Line E) and £2m to Museums and Galleries (Line B). A further £3.5m underspend is due to the Cultural Recovery Fund following a review of assumptions within the Expected Credit Loss model.

Arts and culture ALBs (net) (Line E) shows an overspend of £7.1m. Outturn under this heading is £10.6m higher than budget due to additional funding provided to Arts Council England by DCMS after completion of the 2022-23 Supplementary Estimate including for DCMS Core projects. The remaining £3.5m underspend is due to grant de-commitments which were budgeted for as resource but relate to capital grants (£3.1m) and a further £0.4m underspend on depreciation.

Support for the Sports Sector (line F) shows an overspend of £42.0m. Outturn under this heading is £43.8m higher than budget due to reallocations from other estimate lines after completion the 2022-23 Supplementary Estimate (of which £26.6m transferred from line R relating to the Commonwealth Games and £17.2m from line M). The remaining £1.8m underspend is driven by:

- Underspends of £1.2m on the Commonwealth Games, £0.9m on Euro 2028 and £6.3m relating to an intra-group transactions against line R (Commonwealth Games Organising Committee);
- This is offset by a £7.6m overspend on the Sport Survival Package resulting from revised assumptions within the Expected Credit Loss model.

Sport sponsored ALBs (net) (Line G) shows an overspend of £4.3m. Outturn under this heading is £4.7m higher than budget due to additional funding for Euro 2028 provided to Sports ALBs after completion of the 2022-23 Supplementary Estimate. The remaining £0.4m underspend is driven by:

- £2.2m underspend by Sport England and UK Sport due to general underspends, reallocation of admin funding towards capital costs and IFRS 16 related adjustments;
- £0.7m underspend on depreciation due to delayed capital spend and IFRS 16 related adjustments and a £0.3m non depreciation underspend due to IFRS 16 related adjustments and retained funding for dilapidations which did not materialise in 2022-23;
- This is offset by a £3.3m overspend attributable to an intra-group transaction across estimate lines relating to a loan management recharge from the Core department (Line M) to Sport England.

Ceremonials and support for the Heritage Sector (line H) shows an underspend of £4.4m of which:

- £4.0m relates to Listed Places of Worship with fewer claims received than anticipated resulting in lower grant payments;
- £1.1m relates to costs for Her Late Majesty Queen Elizabeth II's funeral;
- £0.7m relates to intra-group transactions between Estimates lines;
- This is offset by £1.4m budget transferred from line M after the 2022-23 Supplementary Estimate.



Support for the Digital, Broadcasting and Media sector (line K) shows an underspend of £9.8m. Outturn under this heading is £1.9m lower than budget due to transfers to the Information Commissioner's Office (Line L) after the 2022-23 Supplementary Estimate. The remaining £7.9m underspend is driven by:

- £12.2m underspend on the Production Restart Scheme due to lower uptake of the scheme meaning final approved claim values were lower than anticipated;
- £2.5m underspend on Media and Creative Industries driven by additional budget brought forward for Eurovision;
- £3.5m underspend on other non ring-fenced activities of which £1.3m relates to the Media Literacy grant and £1.7m relates to professional services;
- £1.0m underspend due to delivery delays on the National Cyber Security Programme;
- This is offset by a £1.6m overspend on Diversification due to irrecoverable VAT on the UK Telecoms Lab lease, a further £3.6m relates to intra-group transactions with BDUK (Line S) and £6.4m is due to budget transferred from line P after the 2022-23 Supplementary Estimate.

Broadcasting and Media sponsored ALBs (net) (Line L) shows an underspend of £17.2m of which:

- £12.5m is due to the British Film Institute, of which £8.4m is restricted trust fund income that is declared in year of receipt due to Charity SORP accounting standards, underspends of £2.8m relating to prior years restricted funding and £1.3m of improved performance of self generated income.
- £3.4m is due to the Information Commissioner's Office due to delays to research, other vacancies and lower holiday pay accruals than expected;
- £2.0m is due to Ofcom resulting from incurring an annual operating surplus;
- £1.2m is due to reductions in depreciation, amortisation, and impairments relative to forecast.
- This is offset by £1.9m additional funding allocated to the British Film Institute to mitigate the ongoing impact of commercial sector pressures.

Administration and Research (line M) shows an underspend of £70.0m. Outturn under this heading is £42m lower than budget due to reallocations to other estimate lines after completion the 2022-23 Supplementary Estimate (£13.7m to line B, £4.4m to line E, £17.2m to line F, £4.7m to line G, and £1.4m to line H and £0.6m to line I). The remaining £28m underspend is driven by:

- £16.4m underspend on non ring-fenced activities largely made up of depreciation;
- £6.1m due to an underspend on a Broadcasting and Media project which did not go ahead;
- £4.7m relates to intra-group transactions across estimates lines;
- £0.8m due to delivery delays in the National Cyber Security Programme;

Support for Horseracing and the Gambling sector (line N) shows an overspend of £10.9m due to a budget transfer from line O after the 2022-23 Supplementary Estimate.

Gambling Commission (net) (Line O) shows an underspend of £19m. Outturn under this heading is £10m lower than budget due to reallocations to Line N after completion of the 2022-23 Supplementary Estimate. A further £8.9m underspend is due to surplus income due to delayed investment activity which will take place in 2023-24 and other staff and professional fees underspends.

Civil Society and Youth (line P) shows an underspend of £3.0m. Outturn under this heading is £6.4m lower than budget due to reallocations to line K after the 2022-23 Supplementary Estimate. A further £0.7m underspend is due to lower than forecast spend on the Tampon Tax Fund. This is offset by a £4.1m overspend relating to Future Builders following a review of assumptions within the Expected Credit Loss model.

Birmingham 2022 and Festival 2022 (net) (Line R) shows an overspend of £32.9m of which:

- £51.2m is due to an intra-group transaction against line D relating to Festival 2022;
- £6.3m is due to an intra-group transaction across estimate lines relating to a VAT liability incurred by Birmingham 2022 resulting from liquidation of the organisation;
- This is offset by a £26.6m underspend arising from a transfer of Commonwealth Games funding to the Core Department after completion of the 2022-23 Supplementary Estimate.

Building Digital UK (Line S) shows an underspend of £6.4m. Outturn under this heading is £3.6m lower than budget due to intra-group transactions against line K relating to inter company transactions between BDUK and the Core Department. The remaining £2.8m relates to:

- £2.3m underspend due to recruitment delays, consultancy proposals not materialising at year end, and contingency forecast for bad debt write-offs which was not required;
- £0.5m excess depreciation budget which was moved to the Core Department after completion of the 2022-23 Supplementary Estimate.

### **Administration expenditure**

The voted administration expenditure outturn as reported in these accounts is £282.8m. There was a total underspend of £36.1m, 11.3% lower than provided in the Estimate (2021-22: £87.2m or 27.9% lower, outturn: £225.0m). The main reasons for the variance are:

Arts and culture ALBs (net) (Line E) shows an overspend of £2.2m. Outturn under this heading is £1.4m higher than budget due to intra-group transactions across estimate lines relating to the Cultural Recovery Fund loan book management fee between Arts Council England and the Core Department. The remaining overspend is driven by higher than forecast Arts Council England pension payments, offset by underspends on IFRS 16 related adjustments and depreciation.

Heritage sponsored ALBs (net) (Line I) shows an underspend of £2.2m of which:

- £1.5m is driven by higher dividends and investment income received by the National Heritage Memorial Fund;
- £0.8m is due to reductions in depreciation relative to forecast for Historic England.

Support for the Digital, Broadcasting and Media sector (line K) shows an underspend of £3.7m. Outturn under this heading is £3.3m lower than budget due to budget movements after the 2022-23 Supplementary Estimate of which £1.9m was transferred to the Information Commissioner's Office (Line L). A further £0.4m is due to National Cyber Security Programme delivery delays.

Administration and Research (line M) shows an underspend of £31.6m. Outturn under this heading is £8.3m lower than budget due to various budget reallocations to other Estimates lines after the 2022-23 Supplementary Estimate. The remaining £23.3m underspend is driven by:

- £11.7m underspend on non ring-fenced activities, made up of £6.2m depreciation, £2.3m staff costs, £1.8m HR costs and £1.4m on general office costs;
- £6.1m underspend due to a Broadcasting and Media project which did not go ahead;
- £4.7m underspend relating to intragroup transactions across estimates lines of which £1.4m is against line E and £3.3m against line G;
- £0.8m underspend due to delivery delays in the National Cyber Security Programme.

## Capital DEL

The voted capital DEL outturn as reported in these Accounts is £596.2m which is £73.4m, or 11.0% lower than provided in the Estimate (2021-22: £147.7m or 18.4% lower, outturn: £654.4m).

For Museums and Galleries to spend historical cash reserves under the 'Freedoms' Museums and Galleries sponsored ALBs (net) (Line B) shows an underspend of £37.7m. Underspends within this heading are partly driven by additional non-cash budget cover provided through the Supplementary Estimates arrangements agreed with HM Treasury. Specific underspends under this heading include:

- £16.3m is due to Tate Galleries, predominantly for asset disposals and revaluation of PPE plus additional income for works of art and extra endowment fund income;
- £14.4m is attributed to the Natural History Museum due to delays to capital programmes that will not commence until 2023-24;
- £9.0m is due to capital grant income received late in the year by Science Museum Group;
- £5.5m is attributed to the National Portrait Gallery due to unutilised reserves cover provided through the 2022-23 Supplementary Estimates less the impact of asset donations which was not forecast;
- £4.2m is attributed to the British Museum due to delays to capital projects and lower than expected lease capitalisation costs. This underspend is partially offset by higher than forecast investment additions;
- £3.7m is attributed to the National Gallery due to income for capital purchases being unspent;
- £3.5m is attributed to the the Imperial War Museum due to pledges and other capital income higher than forecast;
- £1.0m is attributed to Royal Museums Greenwich due to an underspend against projects funded by the Public Bodies Infrastructure Fund (PBIF) funding relative to forecast.

This is offset by:

- £12.7m overspend by the Victoria and Albert Museum primarily due to higher than forecast investment purchases ahead of the year-end partially offset by underspends across their capital projects;
- A further £6.3m overspend relating to Public Bodies Infrastructure Fund allocations made after the 2022-23 Supplementary Estimate and a £2.5m overspend attributable to National Museums Liverpool due to higher right-of-use assets purchased than forecast.

Arts and culture ALBs (net) (Line E) shows an overspend of £9.9m. Outturn under this heading is £6m higher than budget due to additional funding provided to Arts Council England after completion of the 2022-23 Supplementary Estimates including for the Museum Estate and Development (MEND) Fund and the Cultural Development Fund. The remaining £3.9m overspend is driven by:

- £3.0m is due to a grant de-commitments which were budgeted for as resource but relate to capital grants;
- £1.0m is due to IFRS 16 related accounting adjustments.

Support for the Sports Sector (line F) shows an underspend of £55.0m. Outturn under this heading is £53.8m lower than budget due to budget transfers after the Supplementary Estimate of which £46.1m was transferred to Sport England (line G) for the refurbishment of football pitches in line with the Football Foundation Partnership Agreement and £7.7m was transferred to line M. A further £1.2m underspend on the Sports Survival Package is due to higher than expected loan repayments.

Heritage sponsored ALBs (net) (Line I) shows an underspend of £7.1m which is mostly driven by lower than expected IFRS 16 lease capitalisation costs.

Sport sponsored ALBs (net) (Line G) shows an overspend of £45.0m which is mostly attributable to additional funding provided to Sport England after completion of the 2022-23 Supplementary Estimates for the Football Foundation Partnership Agreement.

Ceremonials and support for the Heritage sector (line H) shows an overspend of £2.0m of which £1.7m

relates to irrecoverable VAT on costs for Her Late Majesty Queen Elizabeth II's funeral.

Support for the Digital, Broadcasting and Media sector (line K) shows an underspend of £3.1m. Outturn under this heading is £0.7m lower than budget due to budget transferred to the Information Commissioner's Office (Line L) after the 2022-23 Supplementary Estimate. The remaining £2.3m underspend is driven by:

- £1.1m underspend across 5G and Open Networks Programme due to delivery delays;
- £1m underspend on the Shared Outcome Fund due to project descopeing;
- £0.2m underspend is due to delivery delays on the National Cyber Security Programme.

Administration and Research (line M) shows an underspend of £4.6m. Outturn under this heading is £1.3m lower than budget due to budget transfers after the 2022-23 Supplementary Estimate with £7.7m budget received from line F, offset by £9.0m budget transferred to ALBs of which £3m was to the Science Museum (Line B) and £6m Arts Council England (Line E). The remaining £3.3m underspend is driven by:

- £2m underspend held to offset the overspend on line H;
- £1.3m underspend on IFRS 16 lease capitalisation costs of which £0.8m is due to delays opening new office locations as a result of the impact of Machinery of Government Change.

Civil Society and Youth (line P) shows an underspend of £5.4m of which:

- £2.6m relates to Future Builders with higher than expected receipts from historic loan repayments;
- £2.9m relates to the Youth Investment Fund due to slower than expected drawdowns of funding by grantees against their build projects, despite the fund being heavily subscribed overall.

Birmingham 2022 and Festival 2022 (net) (Line R) shows an underspend of £2.1m which relates to capital grant income being higher than forecast.

Building Digital UK (Line S) shows an underspend of £9.5m of which:

- £4.8m is due to delays in mobilisation in delivery of the Gigabit Infrastructure Subsidy programme,
- £2.9m due to delays on Superfast contracts and commercial descopes;
- £1.8m is due to other BDUK capital underspends across the interventions.

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

The voted Resource AME outturn as reported in these Accounts is £3,837.0m, which is £486.4m or 11.3% lower than provided in the Estimate (2021-22 £533.5m or 14.6% lower, outturn: £3,642.8m).

British Broadcasting Corporation (net) (Line T) shows an underspend of £510.8m, of which £85.5m is due to intra-group transactions between the BBC and S4C (Line X) relating to Charter payments. The underlying underspend excluding this intra-group accounting adjustment was £425.4m (2021-22: £434.4m underspend). This is mostly driven by £124.7m of net additions/disposal movements, coupled with movements in the valuation of financial instruments as well as reduced expenditure plans and higher than expected income.

Provisions, Impairments and other AME spend (Line V) shows an underspend of £58.3m which is primarily due to excess provision cover to manage the IFRS 16 lease impairment risk.

S4C (net) (Line X) shows an overspend versus budget variance of £82.2m which is mostly attributable to intra-group transactions between S4C and the BBC (Line T) relating to Charter payments (as set out above).

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 AME (Voted)

The voted capital AME outturn as reported in these Accounts is £262.1m, which is £692.6m, or 72.5% lower than provided in the Estimate (2021-22: £272.1m or 79.8% lower, outturn: £69.0m).

British Broadcasting Corporation (net) (Line T) shows a non-cash related underspend of £483.6m. Of this, £417.7m relates to an unused headroom on commercial borrowing limits. The budget cover request was based on the prudent estimate using the full headroom available. The remaining £70.9m relates to the net movement of capital additions and disposals.

Channel Four Television (Line U) shows a non-cash related underspend of £200.9m. This is mainly due to unutilised cover for external borrowing. The budget cover request was based on the prudent estimate of Channel Four using the full headroom available.

Levy bodies (net) (Line W) shows an underspend of £8.3m which is due to the Horserace Betting Levy Board due to unbudgeted asset 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 £1,426.6m and £221.4m respectively.

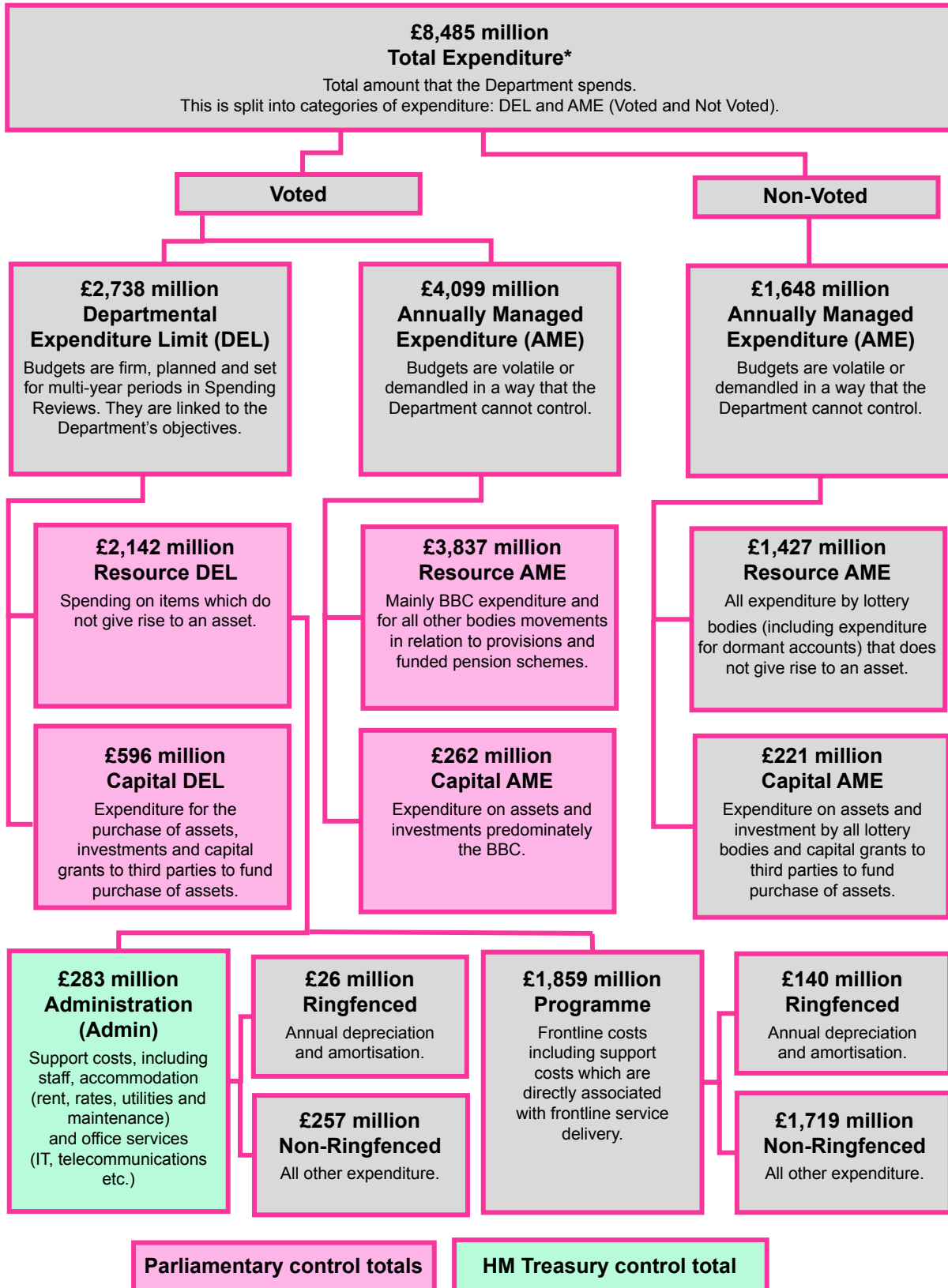
Non-voted resource outturn on Lottery grants was £41.1m lower (2021-22: £81.2 lower) than estimated; and capital outturn was £51.2m lower (2021-22: £107.4m higher) than estimated.

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.

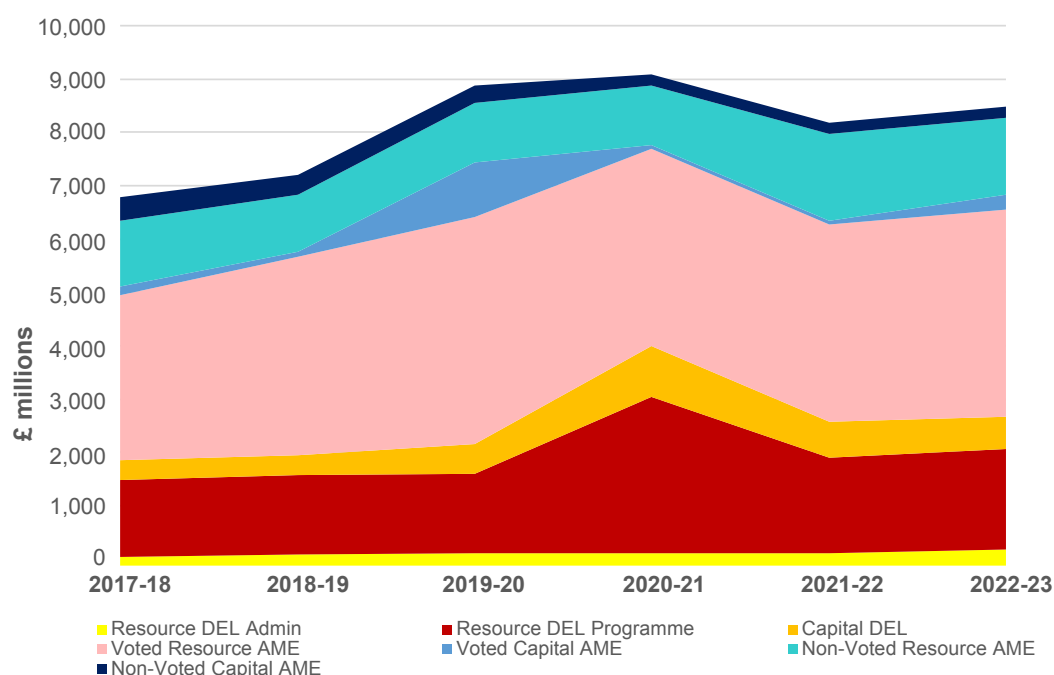
## Trends in Total Expenditure over the last six years

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

Type of spend	2017-18 outturn £m	2018-19 outturn £m	2019-20 outturn £m	2020-21 outturn £m	2021-22 outturn £m	2022-23 outturn £m*
<b>Voted DEL</b>						
Resource DEL Admin	190	206	215	220	225	283
Resource DEL Programme	1,427	1,453	1,475	2,892 <sup>55</sup>	1,769 <sup>55</sup>	1,859
Capital DEL	351	366	551	936 <sup>55</sup>	654 <sup>55</sup>	596
<b>Total Voted DEL</b>	<b>1,968</b>	<b>2,025</b>	<b>2,241</b>	<b>4,048</b>	<b>2,648</b>	<b>2,738</b>
Non-Voted Resource DEL Admin	(33)	-	-	-	-	-
<b>Total Voted and Non-Voted DEL</b>	<b>1,935</b>	<b>2,025</b>	<b>2,241</b>	<b>4,048</b>	<b>2,648</b>	<b>2,738</b>
<b>Voted AME</b>						
Resource AME	3,051	3,666 <sup>56</sup>	4,184 <sup>57</sup>	3,655	3,643	3,837
Capital AME	156	94	1,017 <sup>57</sup>	57	69	262
<b>Total Voted AME</b>	<b>3,207</b>	<b>3,760</b>	<b>5,201</b>	<b>3,712</b>	<b>3,712</b>	<b>4,099</b>
<b>Non-Voted AME</b>						
Resource AME	1,214	1,072	1,111	1,098	1,618 <sup>58</sup>	1,427
Capital AME	449	359	309	220	189	221
<b>Total Non-Voted AME</b>	<b>1,663</b>	<b>1,431</b>	<b>1,420</b>	<b>1,318</b>	<b>1,807</b>	<b>1,648</b>
<b>Total Voted and Non-Voted AME</b>	<b>4,870</b>	<b>5,191</b>	<b>6,621</b>	<b>5,030</b>	<b>5,519</b>	<b>5,747</b>
<b>Total Expenditure<sup>59</sup></b>	<b>6,805</b>	<b>7,216</b>	<b>8,862</b>	<b>9,078</b>	<b>8,167</b>	<b>8,485</b>

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

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



<sup>55</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>56</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>57</sup> The increase in Resource and Capital AME is largely attributable to the implementation of IFRS 16 (BBC being a major component).

<sup>58</sup> The nature of Lottery grant making is demand led resulting in fluctuations in Resource AME.

<sup>59</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 23-24 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	31 March 2021 £'000	31 March 2022 £'000	31 March 2023 £'000	2020-21 % of assets	2021-22 % of assets	2022-23 % of assets
<b>Assets</b>						
Property, plant and equipment	6,370,402	6,510,884	6,756,241	36%	37%	38%
Right of use assets	1,217,328	1,133,649	1,285,561	7%	7%	7%
Heritage assets	1,565,142	1,631,795	1,621,263	9%	9%	9%
Non-current and current receivables	1,460,858	1,304,703	1,250,865	8%	7%	7%
Intangible Assets	84,860	101,994	96,022	0%	1%	1%
Inventories	218,612	265,585	245,062	1%	2%	1%
Cash and cash equivalents	3,679,643	3,128,835	2,974,686	21%	18%	17%
Other assets	3,057,697	3,369,609	3,752,621	18%*	19%	20%*
<b>Total assets</b>	<b>17,654,542</b>	<b>17,447,054</b>	<b>17,982,321</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 £245m since the prior year. Buildings account for 55% (31 March 2022: 53%) of the departments PPE asset base and is the main driver behind this increase. The buildings balance has increased by £280m in the year, primarily due to revaluations totalling £218m, of which the British Museum accounts for £60m following the completion of a new storage facility in the year. The Natural History Museum and the Victoria and Albert Museum account for a further £35m and £30m upward revaluation in the year respectively.

Of the total PPE, the museums and galleries hold £4,955m (31 March 2022: £4,749m), whilst the British Library's holding is £941m (31 March 2022: £919m) and the BBC's holding is £480m (31 March 2022: £451m).

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

The net book value of this balance has increased by £152m during the year. Additions in the year were £109m relating mainly to £87m by the BBC. Revaluations carried out on right of use buildings during the year increased their book value at 31 March by £165m, of which BBC accounted for £159m of this increase. This was offset by depreciation of £104m and net disposals of £18m.

Of the total ROU assets, the BBC's holding is £928m (31 March 2022: £771m) whilst the museums and galleries hold £210m (31 March 2022: £205m).

### 3. Heritage assets – note 8

The net book value of heritage assets has decreased by £11m over the previous year. The decrease is attributable to impairments of £41m and downward revaluations of £3m offset by additions of £17m and donations of £17m.

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 £1,463m (31 March 2022: £1,435m), 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 £54m over the previous year. This is primarily due to a reduction in prepayments for the Birmingham Organising Committee for 2022 Commonwealth Games of £24.5m and various other movements across the ALBs. £900m (31 March 2022: £906m) of the total trade and other receivables balance relates to the BBC.

### 5. Intangible assets – note 9

The intangible asset balance decreased by £6m over the previous year. The decrease is due to additions and transfers of £24m, offset by depreciation of £29m. 46% 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 £225m (31 March 2022: £240m). This relates to programmes that either were in production or had not been aired at 31 March 2023.

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

£1,779m of the group's cash balance (31 March 2022: £1,506m) 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, £445m relates to the BBC, £220m to the museum and galleries and £143m relates to the DCMS core department.

The decrease in year is mainly due to a lower cash balance in the BBC, as they held a £100m on long term deposit at the year end. The remainder of their decrease is due to timing of payments and receipts.

### 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 £1,938m which increased by £167m during the year, partly due to the recovery seen from COVID-19 impacts. The derivative balance of £380m (31 March 2022: £419m), primarily relates to the refinancing of London Broadcasting House. There are also other loans held by the BBC to its subsidiaries; 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. The outstanding loan amount as at 31 March 2023 was £302m (31 March 2022: £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	31 March 2021 £'000	31 March 2022 £'000	31 March 2023 £'000	2020-21 % of liabilities	2021-22 % of liabilities	2022-23 % of liabilities
<b>Liabilities</b>						
Non-current and current payables	(5,392,000)	(4,307,692)	(4,338,661)	64%	72%	69%
Provisions	(208,161)	(142,152)	(258,359)	2%	2%	4%
Lease Liabilities	(2,108,712)	(1,979,636)	(1,940,947)	25%	33%	31%
Pensions	(88,504)	1,035,725	720,999	1%	(17%)	(11%)
Other liabilities	(618,227)	(605,313)	(494,632)	8%*	10%	7%*
<b>Total liabilities</b>	<b>(8,415,604)</b>	<b>(5,999,068)</b>	<b>(6,311,600)</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 increased by £31m in the year across a number of ALBs.

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 grant payables, £1,261m (31 March 2022: £1,142m) relates to the Lottery Distributing Bodies (LDBs), whilst these same bodies' share of non-current grant payables is £1,251m (31 March 2022: £1,209m). Current payables of LDBs are generally covered by their cash holdings (see point 7 above).

### 10. Provisions – note 19

The provisions balance is primarily made up of the BBC provisions. At 31 March 2023, the BBC held provisions for restructuring, decommissioning and dilapidations of £135m (31 March 2022: £76m) and held further provisions for taxation, litigation and insurance totalling £42m (31 March 2022: £23m).

### 11. Lease liabilities – note 20

The main components of this balance are the BBC (£1,607m), DCMS core department (£67m) and the Victoria and Albert Museum (£119m). Most of the £39m decrease is due to the expiry of existing leases, rental payments on existing leases and fewer new leases taken out in the year.

### 12. Pensions – note 22

The net pension asset has decreased by £315m to £721m at 31 March 2023. The most significant component of this balance is the BBC funded pension scheme which has an accounting surplus of £702m (31 March 2022: £1,249m).

The other notable schemes include UK Sport (£6m) and Sport England (£14m).

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

The balance relates almost entirely to the BBC (£484m). The decrease of £110m primarily relates to a £101m downward revaluation of the BBC's derivatives, which consist of swaps taken out to fix BBC's cashflow obligations on London Broadcasting House.



## PARLIAMENTARY ACCOUNTABILITY DISCLOSURES

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

### Losses

	Core department & agency		Departmental group	
	Cases	Amount	Cases	Amount
	No.	£'000	No.	£'000
2022-23	26	504	162	1,490
2021-22	13	14,487	563	16,634

There were no individual losses incurred in excess of £300,000 in 2022-23.

### Special Payments

	Core department & agency		Departmental group	
	Cases	Amount	Cases	Amount
	No.	£'000	No.	£'000
2022-23	-	-	22	283
2021-22	-	-	30	145

There were no individual special payments in excess of £300,000 for 2022-23 (2021-22: none).

### Gifts

There were no gifts made by the group that were in excess of £300,000 for 2022-23 or 2021-22.

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 ten-year period in annual installments of £50,000. This is to be used to fund the Robson Orr TenTen Award which is a collaboration between the GAC and Outset Contemporary Art Fund through which a British artist is 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. 2022-23 marked the fifth year of this partnership project.

The British Film Institute received donated goods and services of £2.0m for the London Film Festival 2022, including £603,000 of Media Partnership value from 'Ocean Outdoor' who provide the cylindrical wrap advertisements for the BFI IMAX.

## 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 2022	Increase/ (Decrease) in year	Liabilities crystallised in year	Obligation expired in year	31 March 2023	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	9,162.3	1,229.9	-	-	10,392.2	10,392.2
Artworks on loan from the Royal Collection	317.0	(63.2)	-	-	253.8	253.8
Artworks on loan to the Government Art Collection	1.8	0.2	-	-	2.0	-
<b>Totals</b>	<b>9,485.1</b>	<b>1,166.9</b>	<b>-</b>	<b>-</b>	<b>10,652.0</b>	<b>10,650.0</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 £10.4bn (2022: £9.2bn).

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 £1.2bn is mainly attributable to a net increase in loans to the Tate of £2.6bn as well as a decrease of loans to non-national museums of £1.1bn.

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.

A liability of £85k crystallised in March 2023 relating to the conservation of an indemnified object on loan at Tate Gallery.

There are also non-statutory liabilities for indemnities granted in respect of works of art on loan from the Royal Collection totalling £253.8m (31 March 2022: £317.0m). The main decreases relate to the National Gallery (£72.2m) and Victoria and Albert Museum (£37.3m) which are offset by the increase in loans to the National Maritime Museum of (£47.8m) and other smaller movements.

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 £2.0m for items on loan to the Government Art Collection (31 March 2022: £1.8m).

### *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.

### *British Library*

The Library has a maximum remote contingent liability of £2.5m to cover items on loan from other organisations for inclusion in exhibitions. £2.5m is the full value of all the items so the worst case if there was damage to all items.

### *Gambling Commission*

There are remote contingent liabilities of £0.3m as at 31 March 2023 (31 March 2022: £0.4m) which relate to legal costs.

## **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.

### *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.

### *Telecommunication (Security) Act*

DCMS may be liable for legal costs and / or damages relating to the Secretary of State's use of powers under the Telecommunications (Security) Act to issue directions, in the interests of national security, to public communications providers, placing controls on their use of goods, services or facilities supplied, provided or made available by a designated vendor specified in the direction.

### *Arts Council*

As at 31 March 2023 four employment tribunal cases had been lodged against Arts Council England, which are yet to go to a full hearing. At this stage Arts Council England believe that all cases will be defended successfully and therefore no provision has been made in the accounts.

### **Fees and Charges**

In 2022-23, the department collected £2.9m (2021-22: £23.8m) of fee income from applications to the Production Restart Scheme and £2.1m (2021-22: £3.4m) 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**

**Susannah Storey**  
**Accounting Officer and Permanent Secretary**  
23 November 2023

# 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 of Digital, Culture, Media and Sport (the Department) and of its Departmental Group for the year ended 31 March 2023 under the Government Resources and Accounts Act 2000. The Department comprises the core Department and its agencies. The Departmental Group consists of the Department and the bodies designated for inclusion under the Government Resources and Accounts Act 2000 (Estimates and Accounts) (Amendment) Order 2022. The financial statements comprise the Department's and the Departmental Group's:

- Statement of Financial Position as at 31 March 2023;
- 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 2023 and their 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 2023 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 and Regularity of Public Sector Bodies in the United Kingdom (2022)*. 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 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.



The framework of authorities described in the table below has been considered in the context of my opinion on regularity.

<b>Framework of authorities</b>	
Authorising legislation	Government Resources and Accounts Act 2000
Parliamentary authorities	Supply and Appropriations Act
HM Treasury and related authorities	Managing Public Money

## 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 or 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 Financial Reporting Manual, which requires 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.

## Overview of my audit approach

### Key audit matters

Key audit matters are those matters that, in my professional judgment, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditor, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of the audit of the financial statements as a whole, and in forming my opinion thereon. I do not provide a separate opinion on these matters.

This is not a complete list of all risks identified through the course of my audit but only those areas that had the greatest effect on my overall audit strategy, allocation of resources and direction of effort. I have not, for example, included information relating to the work I have performed around management override of controls and fraud in revenue recognition, two areas where my work has not identified any matters to report.

The key audit matters were discussed with the Audit and Risk Committee.

## Key audit matter - Consolidation process [Departmental Group]

### Description of risk

The Departmental Group financial statements consist of financial information from the core Department and 44 Arm's Length Bodies (ALBs). Approximately half of the ALBs in the Departmental Group do not prepare their own accounts on the same basis as the Department, using HM Treasury's Government Financial Reporting Manual. Some ALBs prepare their accounts under UK adopted international accounting standards, without adaptation by the Government Financial Reporting Manual (such as the BBC), and the Museums and Galleries prepare their own accounts using the Charities Statement of Recommended Practice (Charities SORP).

There is substantial risk of material misstatement in aligning the Departmental Group financial statements with the Government Financial Reporting Manual. The process for alignment and consolidation requires substantial manual input by the ALBs and the Department, and many areas where management judgement is required or where there is estimation uncertainty. The consolidation is a multi-stage process with a high volume and value of intra-group transactions between ALBs and also with the Department, adding to the risk of material misstatement.

### How the scope of my audit responded to the risk

I obtained assurances from component auditors regarding the completeness and accuracy of the components' consolidation packs (which contain alignment adjustments) used to prepare the Departmental Group financial statements.

I reperformed the consolidation, using a bespoke application, to ensure it was complete and accurate based on the underlying consolidation packs I tested the intragroup eliminations, alignment adjustments and other group level journals to ensure they were appropriate, complete and accurate.

I also ensured the disclosures in the Departmental Group financial statements are complete, accurate and understandable.

### Key observations

In the course of completing this work, I did not identify any material misstatements from the consolidation of component financial information into the Departmental Group financial statements.

## Key audit matter - Valuation of Property [Departmental Group]

### Description of risk

The valuation of the Departmental Group's owned and leasehold land and buildings as at 31 March 2023 is £6,481 million (£6,165 million 31 March 2022).

Under the HM Treasury's Government Financial Reporting Manual, the Departmental Group financial statements should include owned and leasehold property at its current value. Property used as part of the Departmental Group's operations should be valued at current value in existing use at each reporting date. The Departmental Group's accounting policy is to complete full valuations on a quinquennial basis, supplemented by indexation or other forms of desktop valuation in intervening years.

The Departmental Group has several ALBs such as the Tate Gallery, British Museum and Historic England with a large range of buildings used, for example, as museums, galleries, libraries, storing and managing access to heritage assets, as well as sports centres. The majority of buildings are specialised for which there is no readily ascertainable market value for their existing use. For specialised assets, under the Government Financial Reporting Manual, current value in existing use is interpreted as the cost of replacing that asset with its modern equivalent less some deductions (including for physical deterioration).

Additionally, the BBC group accounts at 31 March 2023 have £1,475 million leasehold land and buildings, as well as £140m of owned property, held at historic cost. Adjustments are required to include these BBC properties at current value in the Departmental Group financial statements. The BBC's property is valued for group purposes using either a market value (comparable/capitalised rental) approach or depreciated replacement cost for specialised property.

Market value and depreciated replacement cost measurements are judgmental and requires the Department and its ALBs to source specialist valuation expertise. The large range and value of owned and leased land and buildings within the Departmental Group financial statements increases the risk of material misstatement due to:

- potentially inappropriate assumptions used in management's property valuations, for example the estimated life of the building or future rental potential;
- possible inaccurate data used in the calculation of property valuations, for example internal floor areas;
- potential errors in the model used to calculate the value of property; and
- the disclosure of estimation uncertainty within property valuations not being sufficient or accurate.

### **How the scope of my audit responded to the risk**

I assessed the Department's review of the basis for property valuations across the Departmental Group.

I reviewed and challenged component auditors' to:

- review ALBs' use of experts to prepare property valuations, including the competence and reliability of the valuer;
- confirm the validity and appropriateness of the ALBs experts' assumptions and the data inputs used, for example internal floor areas where relevant to the valuation; and
- use auditor experts, where relevant, to test and confirm the ALBs' valuations.

I have also engaged auditor experts to review and challenge the valuation of BBC property for inclusion in the Departmental Group accounts.

I have reviewed the ALB consolidation packs to confirm that the ALB property valuations have been completely and accurately included in the Departmental Group accounts. This included a review of the workings for the alignment adjustments for the BBC properties.

### **Key observations**

In the course of completing this work, I did not identify any material misstatements in the valuation of property.

## Key audit matter - Valuation of lease liabilities [Departmental Group]

### Description of risk

The valuation of the Departmental Group's lease liabilities as at 31 March 2023 is £1,941 million (£1,980 million 31 March 2022).

I identified risks around the method, model, data and assumptions used in calculating the value of the lease liabilities in respect of more complex leases in the Departmental Group, in particular those held by the BBC. The BBC's property portfolio includes several complex leasing arrangements which requires judgements over purchase options, lease terms and discount rates in the calculation of lease liabilities. Inappropriate assumptions or judgements could lead to material misstatement in the values of lease liabilities as well as assets.

International accounting standards require the remeasurement of the value of lease liabilities where lease contracts are subject to certain modifications, such as changes to the underlying assets within the scope of a lease, the lease term or payments. In addition, the Department and its ALBs need to reassess the valuation of lease liabilities where there has been a change to material judgements underpinning the valuation. For example, whether a purchase option will be exercised by the entity or when there are changes in the value of lease payments based on clauses included in the original contract. There is a risk that not all ALBs, particularly those who do not use international accounting standards as a basis for their own accounts, revalue their lease liabilities where relevant.

### How the scope of my audit responded to the risk

Where leasing arrangements are material to the Departmental Group, I assessed the design and implementation of controls over lease accounting within ALBs.

I reviewed management's assessment of significant judgements and underlying assumptions underpinning the valuation of lease liabilities and corroborated them to key contractual information and other evidence to confirm whether these were appropriate.

I reviewed and challenged component auditors' work over lease liabilities and asset balances to assess: compliance with accounting standards, accounting models, assumptions, and agreed data inputs to lease agreements.

I confirmed the impact of lease modifications made in year on existing lease asset and liability valuations. I also confirmed the completeness of ALBs' assessment of lease modifications and new leases entered into in 2022-23.

I also reviewed the disclosures made in the Departmental Group financial statements to confirm these were in accordance with the Government Financial Reporting Manual and provided sufficient transparency and understanding of lease arrangements.

### Key observations

In the course of completing this work, I did not identify any material misstatements in the valuation of lease liabilities.

## Key audit matter - Valuation and disclosure of defined benefit pension scheme assets and liabilities [Departmental Group]

### Description of risk

At 31 March 2023, the net value of the pension asset on the Departmental Group balance sheet was £721 million (£1,036m 31 March 2022). This is made up of £14,779 million total liabilities and £15,500 million total assets. Most of the pension assets and liabilities relate to the BBC (assets of £14,675 million and liabilities of £13,974 million), although various ALBs' total share of the Local Government Pension Scheme (LGPS) is also material to the Departmental Group accounts. The valuation of both pension assets and liabilities requires a significant level of judgement and specialist expertise, e.g. actuarial expertise for the liabilities.

For pension assets, this presents a risk that the fund assets have been valued inappropriately, in particular harder to value assets including directly held investments and pooled investment assets.

For pension liabilities, I identified risks around the method, model, data and assumptions used in estimating the value of these liabilities, as well as the sufficiency and accuracy of the related disclosures.

I have considered this a key audit matter as the valuation of the pension assets and liabilities is highly sensitive to small changes in assumptions such as the discount rate or mortality assumptions, which if unreasonable would lead to material misstatement in the Departmental Group accounts.

### How the scope of my audit responded to the risk

I documented our understanding of the BBC's pension scheme and LGPS arrangements and assessed the processes and controls used by management to account for them.

Using auditor experts, I have reviewed the work performed by ALBs' actuarial experts to assess the reasonableness of key assumptions in determining the schemes liabilities, benchmarking them against other schemes. I assessed the nature and appropriateness of BBC and LGPS context specific assumptions and the expertise and independence of the BBC's and LGPS' actuaries.

I obtained assurance from the work of the BBC Pension Scheme and LGPS auditors in relation to the valuation of scheme assets.

I tested data inputs used in determining the valuations, including employer contributions, pension benefits paid and schemes' membership data.

I also tested the accounting entries recognised in the relevant ALBs' consolidation packs to the underlying work performed by the BBC's and LGPS' actuaries.

I have confirmed that the disclosures in the Departmental Group financial statements are materially accurate and complete, including the uncertainties in the schemes' valuations, as well as being consistent with the ALB consolidation packs.

### Key observations

In the course of completing this work, I did not identify any material misstatements in the valuation of pension assets or liabilities.



## Key audit matter - BBC financial statement audit risks [Departmental Group]

### Description of risk

The BBC's Public Service Broadcasting element, BBC Commercial Limited and its direct subsidiary holding companies, is a significant component of the Departmental Group. Many areas of the Departmental Group accounts are dominated by the BBC's results. As group auditor, I therefore review the financial statement audit risks identified by the BBC auditors to determine whether they also represented significant risk for the Departmental Group audit.

In addition to the presumed risks of fraud in revenue recognition and management override of controls, I consider the following BBC audit risks to be significant risks of material misstatement for the Departmental Group:

- the BBC's portfolio of complex derivative financial instruments. I have identified risks around the method, model, data and assumptions used in estimating the fair value of the derivative assets and liabilities as well as the sufficiency and accuracy of the related disclosures;
- accounting for programme related assets. There are two categories of programme assets:
  - Acquired rights, including sports rights, are subject to judgements around classification and amortisation; and
  - Internally generated programmes are subject to judgements around classification between expenditure and inventory based on the production and broadcast status, and judgements on potential impairment.
- the valuation of BBC property lease liabilities and assets; and
- the valuation of the BBC defined pension scheme asset and liability.

### How the scope of my audit responded to the risk

I reviewed the work completed by the Department to quality assure the BBC consolidation pack, including its completeness and the adjustments made within it. I reviewed my BBC component audit team's judgements in respect of complex derivative financial instruments and the valuation of pension assets and liabilities. This included considering any advice the BBC and the component auditors received from specialist experts, the validity of assumptions used, the appropriateness of indices applied and reviewing the accuracy of calculations.

I confirmed my BBC component audit team's review of the programme asset valuation policy as a key accounting judgement and that substantive testing of a sample of programme assets provides sufficient, appropriate assurance for the Departmental Group accounts. I also confirmed that my BBC component audit team has completed appropriate walkthroughs of the process for valuing programme assets and have evaluated the BBC's approach to managing production costs and identifying indicators of impairment.

I reviewed my BBC component auditor's substantive testing of costs held as inventory and those released to expenditure. I also confirmed that the BBC and the BBC component auditors have considered whether there are potential indicators of impairment of programme assets.

I reviewed my BBC component audit team's judgements over the BBC's valuation of its leasehold property assets and liabilities, as well as its defined pension scheme assets and liabilities. This included reviewing the work of the BBC's experts used in the valuation process as well as my BBC component audit team's use of auditor experts to assist the audit of these valuations.

### Key observations

In the course of completing this work, I did not identify any material misstatements relating to the BBC financial statement risks.

# Key audit matter - Valuation of BBC Commercial Subsidiaries [Departmental Group]

## Description of risk

BBC Commercial Limited and its direct subsidiary holding companies are classified as Central Government by the Office for National Statistics (ONS) and are therefore consolidated on a line-by-line basis in the Departmental Group accounts. BBC Commercial Limited's direct subsidiaries have been classified by the ONS as public corporations and in accordance with the government Financial Reporting Manual are accounted for as a financial asset at fair value in the Departmental Group accounts. The valuation of the 'Investment in BBC public corporations' financial asset in the Departmental Group financial statements is £1,938 million as at 31 March 2023 (£1,771 million 31 March 2022).

The same subsidiaries are reported differently in the BBC group accounts (which reports under UK adopted international accounting standards), where each subsidiary's financial statements are consolidated on a line-by-line basis into the Departmental Group. There are several significant adjustments required to present a fair valuation of the 'Investment in BBC public corporations' financial asset in the Departmental Group financial statements. The fair value estimate placed on the subsidiaries classified as public corporations is based on discounted future revenue cashflow forecasts. Where an estimate is provided, but there is material uncertainty around it, this would need to be adequately disclosed in the financial statements.

The fair value of the 'Investment in BBC public corporations' financial asset is much greater than my Departmental Group financial statements materiality. Therefore, there is a significant risk of material misstatement if the methodology used for the fair value calculations, the associated assumptions, or the underlying data, which needs to be updated for current business and economic developments, are unreasonable.

The Departmental Group financial statements are certified after the BBC group accounts, so the Department need to assess relevant events after the reporting period date for their potential impact on the 'Investment in BBC public corporations' valuation and/or related disclosures in the Departmental Group financial statements.

## How the scope of my audit responded to the risk

I reviewed the work completed by the Department to quality assure the BBC Commercial Limited subsidiaries valuation model, assumptions and inputs.

I reviewed the valuation as at 31st March 2023 and assessed:

- whether the accounting treatment is in accordance with International Financial Reporting Standard 9;
- the skills and experience of the internal experts at the BBC who prepare the model;
- whether the assumptions used in the valuation and the updated cash flow projections underlying the valuation model are reasonable;
- the integrity of the model and underlying source data; and
- post balance sheet events (including economic conditions and the BBC's interim 2023-24 results) that may impact the BBC's cashflow forecasts underpinning the valuation and/or the disclosures in the Departmental Group accounts.

## Key observations

In the course of completing this work, I did not identify any material misstatements in the valuation of the 'Investment in BBC public corporations'.

## Key audit matter - Regularity of grant expenditure [Departmental Group]

### Description of risk

The Departmental Group incurred £2,685 million of grant expenditure in 2022-23 (£3,110 million 2021-22). The value of grant expenditure awarded by ALBs such as the National Lottery Community Fund, Arts Council England, Sport England and Historic England is material to the Departmental Group financial statements.

There is a material risk of irregular expenditure where grants may not be spent by grant recipients in accordance with grant terms and conditions and, therefore, expenditure not applied to the purposes intended by Parliament. There is also potential for:

- fraud by grant recipients; and
- ALBs not demonstrating effective oversight and monitoring of grant programmes.

This risk is recognised as significant on most grant-giving bodies audits within the Departmental Group and, therefore, has been recognised as a key audit matter for my audit of the Departmental Group financial statements, due to the value of the grants awarded.

### How the scope of my audit responded to the risk

I confirmed the assurances the Department has obtained from ALBs that grants have been used in line with Parliament's intentions, including the level of fraud present in grant expenditure.

I reviewed and challenged the work of component auditors where they placed reliance on ALB's controls over grant transactions and balances, to obtain assurance in respect of regularity. Component auditor work included testing a sample of awards, variations and payments across the full financial year to confirm whether the grant making procedures had been followed.

I reviewed and challenged the other assurances from component auditors over the regularity of grant expenditure, including the use of funding and the oversight and monitoring of grant programmes by the ALBs.

### Key observations

In the course of completing this work, I did not identify any material irregularities in grant expenditure.

## Application of materiality

### Materiality

I applied the concept of materiality in both planning and performing my audit, and in evaluating the effect of misstatements on my audit and on the financial statements. This approach recognises that financial statements are rarely absolutely correct, and that an audit is designed to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement or irregularity. A matter is material if its omission or misstatement would, in the judgement of the auditor, reasonably influence the decisions of users of the financial statements.

- Based on my professional judgement, I determined overall materiality for the Department and its group's financial statements as a whole as follows:

	<b>Departmental Group</b>	<b>Department</b>
<b>Materiality</b>	£97.5 million	£64.7 million
<b>Basis for determining materiality</b>	1% of gross expenditure of £9,758 million (£9,277 million 2021-22).	1% of gross expenditure of £6,475 million (£6,806 million 2021-22).
<b>Rationale for the benchmark applied</b>	<p>I have identified gross expenditure as the appropriate benchmark. As well as the BBC's broadcasting and media operations, the Departmental Group's main activities include the preservation of culture and heritage of the nation and encouraging participation in arts and sports through grant expenditure. Expenditure on performing these functions across its sectors is of relatively high interest to the users of the accounts and it is voted on by Parliament through the supply process.</p> <p>I also considered whether gross assets should be used as a materiality basis, particularly given the Departmental Group's focus on preserving heritage, including the land and buildings and other heritage assets included in the Departmental Group financial statements. However, many Departmental Group assets are heritage assets valued either at historic cost or nil value (by agreed accounting convention). Therefore, the asset valuations included in the Departmental Group financial statements are unlikely to reflect all of the intrinsic value users place on such assets (such as accessibility to the public) and the government's strategy for managing these assets is not primarily informed by the valuations included in the Departmental Group financial statement.</p>	<p>I have identified gross expenditure as the appropriate benchmark. As well as determining policy across its sectors, the main function of the core Department is to govern and oversee the delivery and outcomes of 44 ALBs within the Departmental Group. The Department issued £5,786 million Grant-in-aid (GIA) in 2022-23 (£6,150 million in 2021-22) to ALBs and its agency Building Digital UK which drives the activities of the rest of the Departmental Group. GIA is 89% of the core Department's expenditure. Expenditure on performing these functions is of most interest to the users of the accounts.</p> <p>We also considered gross assets as a materiality basis for the Department but, as for the Departmental group, I concluded that asset valuations included in the Department's financial statements are unlikely to reflect the full intrinsic value of the assets to the users of the accounts.</p>

## Performance Materiality

I set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality of the financial statements as a whole. Group performance materiality was set at 9% of Group materiality for the 2022-23 audit. In determining performance materiality, I have considered the uncorrected misstatements identified in the previous period. There were several misstatements in the prior year, including in property and pensions valuations across the group.

## Other Materiality Considerations

Apart from matters that are material by value (quantitative materiality), there are certain matters that are material by their very nature and would influence the decisions of users if not corrected. Such an example is any errors reported in the Related Parties note in the financial statements. Assessment of such matters needs to have regard to the nature of the misstatement and the applicable legal and reporting framework, as well as the size of the misstatement.

I applied the same concept of materiality to my audit of regularity. In planning and performing my audit work to support my opinion on regularity and in evaluating the impact of any irregular transactions, I considered both quantitative and qualitative aspects that would reasonably influence the decisions of users of the financial statements.

## Error Reporting Threshold

I agreed with the Audit and Risk Committee that I would report to it all uncorrected misstatements identified through my audit in excess of £0.3 million, as well as differences below this threshold that in my view warranted reporting on qualitative grounds. I also report to the Audit and Risk Committee on disclosure matters that I identified when assessing the overall presentation of the financial statements.

Total unadjusted audit differences reported to the Audit and Risk Committee increase net expenditure by £15.3 million.

## Audit scope

The scope of my Group audit was determined by obtaining an understanding of the Department and its Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level.

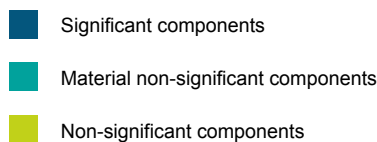
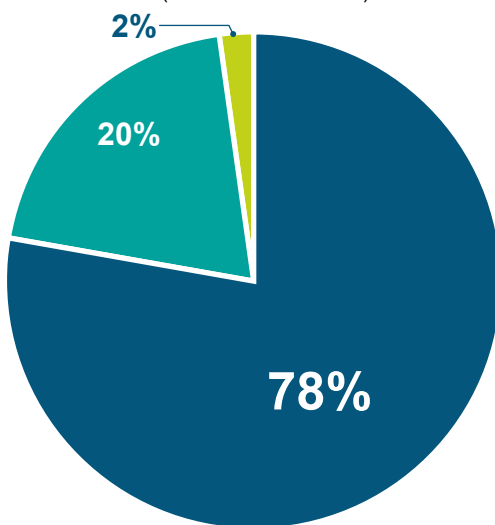
The Departmental group consists of the Core Department and 44 components. The BBC and the Tate Gallery are significant components to the Departmental Group financial statements on account of their size. A further nine components have also been classed as significant on account of their contributions to various key audit matters recognised above, predominantly the valuation of property and the regularity of grant expenditure.

To increase my coverage over Group assets as well as expenditure, I have also recognised a further 17 components as material. The remaining Group components are all immaterial by size and activity.

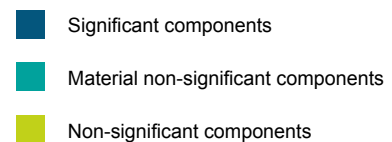
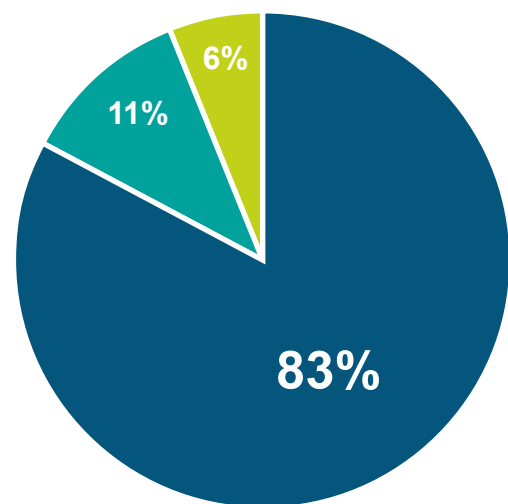


Significant components	Material components	Non-significant components
Arts Council England Exchequer	Arts Council England Lottery	Birmingham Organising Committee
British Broadcasting Corporation	British Film Institute Exchequer	British Film Institute Lottery
National Lottery Community Fund	British Tourist Authority	Building Digital UK
British Library	Sport England Exchequer	Churches Conservation Trust
British Museum	Gambling Commission	Festival 2022
DCMS Core	Historic England	Geffyre Museum
Natural History Museum	Horserace Betting Levy Board	Horniman Museum
Science Museum	Imperial War Museum	Information Commissioner's Office
Tate Gallery	National Heritage Memorial Fund	National Citizen Service Trust
Victoria and Albert Museum	National Gallery	Phone-paid Services Authority
Sport England Lottery	National Lottery Heritage Fund	Royal Armouries Museum
	National Maritime Museum	S4C
	National Museums Liverpool	Sir John Soane's Museum
	National Portrait Gallery	Sports Grounds Safety Authority
	Office of Communications	UK Anti-Doping
	UK Sport Exchequer	Wallace Collection
	UK Sport Lottery	

Gross assets of components of the DCMS group  
(As at 31 March 2023)



Gross expenditure of components of the DCMS group  
(As at 31 March 2023)



As part of the Group audit, the Group audit team were involved in the key planning, continuous risk assessment and completion meetings for the significant components. They also obtained access to all workpapers relating to the significant risks that were relevant at a Group level, including all regularity work.

The Group audit team were also involved in continuous risk assessment meetings of all material components and similarly obtained access to all workpapers relating to the significant risks that were relevant at a Group level, including all regularity work.

For both significant and material components, specific assurances were sought and received from component auditors over the completeness and accuracy of the consolidation packs used by the Department to prepare the Departmental Group accounts. For non-significant components, we requested that component auditors performed analytical procedures over the consolidation packs to provide my Group audit team with the required assurance.

The Statement of Outturn against Parliamentary Supply (SOPS) was audited through reconciliation of all disclosures back to underlying records that were audited. I also assessed the likelihood of management override through procedures seeking to identify any amendments which would avoid a breach of parliamentary control totals.

This work covered substantially all of the Group's assets and expenditure, and together with the procedures performed at Group level, gave me the evidence I needed for my opinion on the Group financial statements as a whole.

## **Other Information**

The other information comprises the information included in the Annual Report, but does not include the financial statements and my auditor's certificate and report thereon. 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.

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 and its Group and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Reports.

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

- Adequate accounting records have not been kept by the Department and its Group or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; 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;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Department and its Group from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- ensuring that the financial statements give a true and fair view and are prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;
- ensuring that the annual report, which includes the Remuneration and Staff Report, is prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; 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, I:

- considered the nature of the sector, control environment and operational performance including the design of the Department and its Group's accounting policies and key performance indicators.
- inquired 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 on:
  - o identifying, evaluating and complying with laws and regulations;
  - o detecting and responding to the risks of fraud; and
  - o 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 2022.
- inquired of management, the Department's head of internal audit and those charged with governance whether:
  - o they were aware of any instances of non-compliance with laws and regulations; and
  - o they had knowledge of any actual, suspected, or alleged fraud,
- discussed with the engagement team including significant component audit teams and relevant internal and external specialists including property, pensions and financial instruments, 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 regularity of grant expenditure. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Department and Group's framework of authority and other legal and regulatory frameworks in which the Department and Group operates. I focused 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 2022, employment law and tax legislation.

## **Audit response to identified risk**

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having a direct effect on the financial statements;
- I enquired of management, the Audit and Risk Committee and in-house legal counsel concerning actual and potential litigation and claims;
- I reviewed 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, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business;
- in addressing the risk of fraud in revenue recognition, I assessed the appropriateness of any rebuttals of the risk made at component level by component auditors over material sources of revenue to the group; instructed component auditors to perform testing to confirm whether there is material fraud in revenue recognition in the group accounts; and instructed component auditors to test adjustments to revenue in the consolidation packs used to prepare the Departmental Group financial statements; and
- confirmed that the Department and Departmental Group has reasonable assurance that grant expenditure has, in all material respects, been used for the purposes intended by Parliament.

I also communicated relevant identified laws and regulations and potential risks of fraud 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 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 I identify during my audit.



## Report

I have no observations to make on these financial statements.

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

**Date:** 27 November 2023

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 2023

	Note	2022-23		2021-22	
		Core department & agency	Departmental group	Core department & agency	Departmental group
		£'000	£'000	£'000	£'000
Staff costs	3	148,984	2,245,165	137,271	2,320,450
Grants and subsidies to sponsored bodies	4.1	5,667,429	1,233	6,150,150	9,636
Other grants	4.2	294,218	2,681,390	351,233	3,168,228
Purchase of goods and services	4.3	107,923	833,423	89,604	565,475
Depreciation, amortisation, impairment charges and expected credit loss adjustments	4.4	57,171	412,983	34,038	435,963
Provisions expense	4.5	(3,823)	153,239	3,823	17,236
Finance cost	4.6	1,084	57,326	433	58,937
Other operating expenditure	4.6	182,394	3,373,286	39,547	2,700,881
<b>Total operating expenditure</b>		<b>6,455,380</b>	<b>9,758,045</b>	<b>6,806,099</b>	<b>9,276,806</b>
Income from contracts with customers	5.1	(54,706)	(749,378)	(44,566)	(558,657)
Current grant income	5.1	(104,033)	(215,985)	(91,122)	(209,886)
Other operating income	5.2	(42,743)	(2,599,150)	(81,713)	(2,453,432)
<b>Total operating income</b>		<b>(201,482)</b>	<b>(3,564,513)</b>	<b>(217,401)</b>	<b>(3,221,975)</b>
<b>Net expenditure for the year</b>		<b>6,253,898</b>	<b>6,193,532</b>	<b>6,588,698</b>	<b>6,054,831</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		-	(432,588)	(14,980)	(196,872)
- pension remeasurements	22.1	-	398,651	-	(1,188,149)
Items which may be reclassified to net operating expenditure:					
Net (gain)/loss on:					
- impairments		-	40,562	-	(306)
- other revaluations including financial assets through OCI		-	(159,964)	-	(185,900)
<b>Total other comprehensive net expenditure</b>		<b>-</b>	<b>(153,339)</b>	<b>(14,980)</b>	<b>(1,571,227)</b>
<b>Total comprehensive expenditure for the period</b>		<b>6,253,898</b>	<b>6,040,193</b>	<b>6,573,718</b>	<b>4,483,604</b>

All operations relate to continuing activities.

The notes on pages 146 to 229 form part of these accounts.

## Consolidated Statement of Financial Position as at 31 March 2023

	Note	31 March 2023		31 March 2022	
		Core department & agency	Departmental group	Core department & agency	Departmental group
		£'000	£'000	£'000	£'000
<b>Non-current assets</b>					
Property, plant & equipment	6	41,667	6,756,241	28,103	6,510,884
Right of use assets	7	52,134	1,285,561	58,391	1,133,649
Heritage assets	8	17,534	1,621,263	17,149	1,631,795
Intangible assets	9	22,924	96,022	27,624	101,994
Investment properties	10	-	31,968	-	28,126
Trade and other receivables	16	-	240,046	-	227,484
Investments in associates and joint ventures	12	-	32,814	-	33,283
Other financial assets	13	338,594	3,133,297	371,828	2,965,654
<b>Total non-current assets</b>		<b>472,853</b>	<b>13,197,212</b>	<b>503,095</b>	<b>12,632,869</b>
<b>Current assets</b>					
Assets classified as held for sale		-	3,600	-	3,600
Contract assets		-	499	-	18,775
Inventories	15	-	245,062	-	265,585
Trade and other receivables	16	57,087	1,010,819	88,881	1,077,219
Other financial assets	13	23,276	550,443	12,095	320,171
Cash and cash equivalents	17	166,689	2,974,686	195,598	3,128,835
<b>Total current assets</b>		<b>247,052</b>	<b>4,785,109</b>	<b>296,574</b>	<b>4,814,185</b>
<b>Total assets</b>		<b>719,905</b>	<b>17,982,321</b>	<b>799,669</b>	<b>17,447,054</b>
<b>Current liabilities</b>					
Trade and other payables	18	(345,564)	(2,869,324)	(413,736)	(2,881,251)
Contract liabilities		-	(3,262)	-	(20,222)
Provisions	19	-	(115,071)	(3,823)	(74,513)
Lease liabilities	20	(5,549)	(133,381)	(13,131)	(130,934)
Other financial liabilities	21	-	(7,546)	-	(2,206)
<b>Total current liabilities</b>		<b>(351,113)</b>	<b>(3,128,584)</b>	<b>(430,690)</b>	<b>(3,109,126)</b>
<b>Non-current assets plus/(less) net current assets/liabilities</b>		<b>368,792</b>	<b>14,853,737</b>	<b>368,979</b>	<b>14,337,928</b>

## Consolidated Statement of Financial Position (continued)

	Note	31 March 2023		31 March 2022	
		Core department & agency	Departmental group	Core department & agency	Departmental group
		£'000	£'000	£'000	£'000
<b>Non-current liabilities</b>					
Trade and other payables	18	-	(1,469,337)	-	(1,426,441)
Provisions	19	-	(143,288)	-	(67,639)
Lease liabilities	20	(61,070)	(1,807,566)	(68,123)	(1,848,702)
Other financial liabilities	21	-	(483,824)	-	(582,885)
Retirement benefit obligations	22	-	720,999	-	1,035,725
<b>Total non-current liabilities</b>		<b>(61,070)</b>	<b>(3,183,016)</b>	<b>(68,123)</b>	<b>(2,889,942)</b>
<b>Total assets less liabilities</b>		<b>307,722</b>	<b>11,670,721</b>	<b>300,856</b>	<b>11,447,986</b>
<b>Taxpayers' equity and other reserves</b>					
<b>Taxpayers' funds</b>					
General fund	SoCTE	263,081	4,059,429	256,215	4,665,027
Revaluation reserve	SoCTE	44,641	2,191,278	44,641	1,798,735
<b>Total taxpayers' equity</b>		<b>307,722</b>	<b>6,250,707</b>	<b>300,856</b>	<b>6,463,762</b>
Lottery funds	SoCTE	-	(790,675)	-	(904,141)
Charity funds	SoCTE	-	6,210,689	-	5,888,365
<b>Total reserves</b>	SoCTE	<b>307,722</b>	<b>11,670,721</b>	<b>300,856</b>	<b>11,447,986</b>

The notes on pages 146 to 229 form part of these accounts.

**Susannah Storey (Accounting Officer)**

23 November 2023

## Consolidated Statement of Cash Flows for the year ended 31 March 2023

	Note	2022-23		2021-22	
		Core department & agency	Departmental group	Core department & agency	Departmental group
		£'000	£'000	£'000	£'000
<b>Cash flows from operating activities</b>					
Net expenditure	SoCNE	(6,253,898)	(6,193,532)	(6,588,698)	(6,054,831)
Adjustments for non-cash expenditure - purchase of goods and services	4.3	645	645	535	535
Adjustments for non-cash expenditure - depreciation, amortisation, impairment charges and expected credit loss adjustments	4.4	57,171	412,983	34,038	435,963
Adjustments for non-cash expenditure - provisions expense	4.5	(3,823)	153,239	3,823	17,236
Adjustments for non-cash expenditure - other operating expenditure	4.6	-	38,048	(23,169)	(32,543)
Adjustments for non-cash salary costs		-	244	-	256
Adjustments for non-cash expenditure - other grants	4.2	(5,652)	(3,548)	61,185	58,177
Adjustments for non-cash other operating income	5.2	(20,162)	(102,184)	(17,797)	(121,342)
Adjustments for non-cash pension costs		-	(62,214)	-	54,471
Reserves released to net expenditure		-	1,683	-	(270)
Adjustment for items shown in other sections of cash flow		337	(168,972)	(212)	(110,106)
(Increase)/decrease in inventories	15	-	20,523	-	(46,973)
(Increase)/decrease in trade and other receivables	16	31,750	49,612	(5,202)	155,243
Movements in receivables not passing through the SoCNE		(21,900)	4,055	8,725	(2,767)
Movements in bad debt provision		-	518	(2,715)	(2,900)
(Increase)/decrease in contract assets		-	18,276	-	3,089
Increase/(decrease) in trade payables	18	(68,172)	30,969	(1,128,119)	(1,084,308)
Increase/(decrease) in contract liabilities		-	(16,960)	-	(2,863)
Increase/(decrease) in lease liabilities	20	(14,635)	(38,689)	(44,121)	(129,076)
Movements in payables not passing through the SoCNE		65,895	219,683	1,086,679	1,235,891
Utilisation of provisions	19	-	(37,032)	(2,586)	(83,245)
Interest on lease liabilities	20	(1,058)	(54,620)	(425)	(56,451)
Payments for unfunded pensions	22	-	(292)	-	(249)
<b>Net cash outflow from operating activities</b>		<b>(6,233,502)</b>	<b>(5,727,565)</b>	<b>(6,618,059)</b>	<b>(5,767,063)</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant & equipment		(36,933)	(301,514)	13,890	(191,078)
Purchase of right of use assets		(35)	(109,423)	(22,052)	(89,726)
Purchase of investment property		-	(149)	-	-
Purchase of intangible assets		(3,696)	(20,215)	(19,353)	(34,444)
Purchase of financial assets		(3,606)	(378,823)	(118,838)	(225,781)
Proceeds from disposal of property, plant & equipment		73	17,038	39,239	46,374
Proceeds from disposal of right of use assets		937	17,938	17,833	35,054
Proceeds from disposal of investment property		-	-	-	281
Proceeds from disposal of intangible assets		-	(196)	645	657
Proceeds from disposal of assets held for sale		-	-	-	(2)
Repayments and disposals of financial assets		11,226	61,882	18,795	67,049
Interest and dividend income	5.2	721	223,592	637	166,557
<b>Net cash inflow/(outflow) from investing activities</b>		<b>(31,313)</b>	<b>(489,870)</b>	<b>(69,204)</b>	<b>(225,059)</b>



## Consolidated Statement of Cash Flows (continued)

	Note	2022-23		2021-22	
		Core department & agency	Departmental group	Core department & agency	Departmental group
		£'000	£'000	£'000	£'000
<b>Cash flows from financing activities</b>					
From the Consolidated Fund (supply) - current year	SoCTE	6,306,160	6,306,160	5,597,497	5,597,497
Contingencies Fund - advance/receipts		-	-	14,000	14,000
Contingencies Fund - repayments		-	-	(14,000)	(14,000)
Payment of lease liabilities		-	(154,575)	-	(149,453)
<b>Increase in financial liabilities</b>		-	<b>7,980</b>	-	-
<b>Net cash inflow from financing activities</b>		<b>6,306,160</b>	<b>6,159,565</b>	<b>5,597,497</b>	<b>5,448,044</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>41,345</b>	<b>(57,870)</b>	<b>(1,089,766)</b>	<b>(544,078)</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		1,050,942	1,024,917	1,761,779	1,773,271
Payments of amounts to the Consolidated Fund		(1,121,196)	(1,121,196)	(1,780,001)	(1,780,001)
<b>Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund</b>		<b>(28,909)</b>	<b>(154,149)</b>	<b>(1,107,988)</b>	<b>(550,808)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	17	<b>195,598</b>	<b>3,128,835</b>	<b>1,303,586</b>	<b>3,679,643</b>
<b>Cash and cash equivalents at the end of the period</b>	17	<b>166,689</b>	<b>2,974,686</b>	<b>195,598</b>	<b>3,128,835</b>

The following payments were received from the Contingencies Fund:

- £14.0m 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 or 31 March 2023.

The notes on pages 146 to 229 form part of these accounts.

## Statement of Changes in Taxpayers' Equity (core department and agency) for the year ended 31 March 2023

	Note	Core department & agency		
		General fund	Revaluation reserve	Total reserves
		£'000	£'000	£'000
<b>Balance at 1 April 2021</b>		<b>(152,874)</b>	<b>(29,661)</b>	<b>(182,535)</b>
Net parliamentary funding - drawn down		(5,597,497)	-	<b>(5,597,497)</b>
Net parliamentary funding - deemed supply		(1,270,635)	-	<b>(1,270,635)</b>
Supply payable/(receivable) adjustment	18	175,745	-	<b>175,745</b>
CFERs payable to the Consolidated Fund	SOPS 4.1	883	-	<b>883</b>
Net expenditure for the year	SoCNE	6,588,698	-	<b>6,588,698</b>
<b>Non-cash adjustments:</b>				
Auditors' remuneration	4.3	(535)	-	<b>(535)</b>
<b>Movements in reserves:</b>				
Other comprehensive net expenditure	SoCNE	-	(14,980)	<b>(14,980)</b>
<b>Balance at 31 March 2022</b>		<b>(256,215)</b>	<b>(44,641)</b>	<b>(300,856)</b>
Net parliamentary funding - drawn down		(6,306,160)	-	<b>(6,306,160)</b>
Net parliamentary funding - deemed supply		(175,745)	-	<b>(175,745)</b>
Supply payable/(receivable) adjustment	18	178,653	-	<b>178,653</b>
CFERs payable to the Consolidated Fund	SOPS 4.1	43,133	-	<b>43,133</b>
Net expenditure for the year	SoCNE	6,253,898	-	<b>6,253,898</b>
<b>Non-cash adjustments:</b>				
Auditors' remuneration	4.3	(645)	-	<b>(645)</b>
<b>Balance at 31 March 2023</b>		<b>(263,081)</b>	<b>(44,641)</b>	<b>(307,722)</b>

The notes on pages 146 to 229 form part of these accounts.

## Consolidated Statement of Changes in Taxpayers' Equity departmental group for the year ended 31 March 2023

	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 1 April 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)	-	(5,597,497)	-	-	(5,597,497)
<b>Net parliamentary funding - deemed supply</b>		<b>(1,270,635)</b>	<b>-</b>	<b>(1,270,635)</b>	<b>-</b>	<b>-</b>	<b>(1,270,635)</b>
Supply payable/(receivable) adjustment	18	175,745	-	175,745	-	-	175,745
CFERs payable to the Consolidated Fund	SOPS 4.1	883	-	883	-	-	883
Net expenditure for the year	SoCNE	6,391,780	-	6,391,780	95,837	(432,786)	6,054,831
<b>Non-cash adjustments:</b>							
Auditors' remuneration	4.3	(535)	-	(535)	-	-	(535)
<b>Movements in reserves:</b>							
Other comprehensive net expenditure	SoCNE	(1,150,195)	(207,085)	(1,357,280)	(3,715)	(210,232)	(1,571,227)
Transfers between reserves		(1,163)	1,163	-	-	-	-
Transfer to SoCNE		(50)	-	(50)	-	320	270
Other movements		(464)	-	(464)	(287)	(132)	(883)
<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>
Net parliamentary funding - drawn down		(6,306,160)	-	(6,306,160)	-	-	(6,306,160)
Net parliamentary funding - deemed supply		(175,745)	-	(175,745)	-	-	(175,745)
Supply payable/(receivable) adjustment	18	178,653	-	178,653	-	-	178,653
CFERs payable to the Consolidated Fund	SOPS 4.1	43,133	-	43,133	-	-	43,133
Net expenditure for the year	SoCNE	6,334,931	-	6,334,931	(54,592)	(86,807)	6,193,532
<b>Non-cash adjustments:</b>							
Auditors' remuneration	4.3	(645)	-	(645)	-	-	(645)
<b>Movements in reserves:</b>							
Other comprehensive net expenditure	SoCNE	534,136	(393,881)	140,255	(59,009)	(234,585)	(153,339)
Transfers (in)/out of boundary		-	-	-	-	-	-
Transfers between reserves		(1,338)	1,338	-	-	-	-
Transfer to SoCNE		-	-	-	-	(1,683)	(1,683)
Other movements		(1,367)	-	(1,367)	135	751	(481)
<b>Balance at 31 March 2023</b>		<b>(4,059,429)</b>	<b>(2,191,278)</b>	<b>(6,250,707)</b>	<b>790,675</b>	<b>(6,210,689)</b>	<b>(11,670,721)</b>

The notes on pages 146 to 229 form part of these accounts.

## NOTES

### 1. Statement of accounting policies

#### 1.1 Basis of Preparation

These accounts have been prepared in accordance with the 2022-23 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 ALBs within the departmental boundary, and included in the group results (along with the department), is included in note 28.

#### *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 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 1.22) 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 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 2022-23 accounts.

### **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 1.20.

#### *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 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.

## 1.15 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.

### **1.16 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.

### **1.17 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.

#### **1.17.1 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 cost assets. This model requires the use of expected credit loss provision for all financial assets held at amortised cost. These provisions are based on an assessment of risk of default on material financial assets or groups of financial assets at the Statement of Financial Position (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 1.14). 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.

### **1.17.2 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.

### **1.18 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.

### **1.19 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.

### **1.20 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. For the BBC we use other discount rates that more accurately represent the BBC's incremental borrowing as allowed by IFRS 16 application guidance.

When measuring lease liabilities, the group discounted lease payments using rates within the range 0.03% to 17.67%.

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.

## **1.21 Retirement benefit obligations**

### **1.21.1 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.

### **1.21.2 Unfunded pension schemes**

A number of 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. For schemes that we cannot identify their share of liabilities or assets we account for these as a defined contribution scheme. 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.

### **1.21.3 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.

### **1.21.4 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.

## 1.22 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 2022-23 accounts are: short-term rate (between 0 and up to and including 5 years): 3.27% per annum; medium-term rate (after 5 and up to and including 10 years): 3.20% per annum; long-term rate (exceeding 10 years and up to and including 40 years): 3.51% per annum and very long-term rate (exceeding 40 years): 3.0% 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.

## 1.23 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.

## 1.24 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.

### **1.25 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

### **1.26 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.

### **1.27 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.

### **1.28 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.

### **1.29 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 1.14.

#### *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 2022-23 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 *Government grants*, 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 that 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.

### **1.30 Changes in the group boundary**

There have been no changes to the Group Designation Order for 2022-23. 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 28.

### **1.31 Machinery of Government (MoG) Changes**

DCMS had one MoG change which will affect its accounts and estimates for the year ended 31 March 2024. 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. Merger accounting applies for a transfer of function between departments in central government, where income and expenditure is controlled directly by the parliamentary Supply processes (departmental group accounts). Although the following transfer was effective from 7 February 2023, in line with the FReM, this transfer will take effect in the 2023-24 DCMS accounts and estimates:

- Creation of the Department for Science, Innovation and Technology (DSIT) from 7 February 2023, and transfer of responsibility of the following functions from the Department for Digital, Culture, Media and Sport (DCMS) to DSIT:
  - Housing and Regeneration Act 2008 in connection with statutory undertakers
  - Crossrail Act 2008 – protection of electronic communications code networks
  - Digital Economy Act 2017 - digital functions
  - High Speed Rail (London – West Midlands) Act 2017 – protective provisions: electronic communications code networks
  - High Speed Rail (West Midlands – Crewe) Act 2021 – protective provisions: electronic communications code networks
- DCMS to be renamed as 'Department for Culture, Media and Sport'.

See Note 26 Events after the reporting period, for further details.

### **1.32 Key changes to accounting policies and impacts for 2022-23 annual report and accounts**

There have been no key accounting policy changes in the 2022-23 annual report and accounts.

### **1.33 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 2025, following IASB's decision to defer the effective date. 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	2022-23										2021-22	
		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	128,355	1,243,779	87,519	785,468	44	2,245,165	137,271	1,394,600	80,811	707,410	358	2,320,450
Grant and subsidies to sponsored bodies	4.1	5,786,246	-	-	1,233	(5,786,246)	1,233	6,150,150	-	-	9,636	(6,150,150)	9,636
Other grants	4.2	252,985	-	1,545,618	948,139	(65,352)	2,681,390	351,233	-	1,716,551	1,155,173	(54,729)	3,168,228
Purchase of goods and services	4.3	98,581	1,166	38,937	712,232	(17,493)	833,423	89,604	1,009	35,467	454,548	(15,153)	565,475
Depreciation, amortisation, impairment charges and expected credit loss adjustments	4.4	56,601	171,873	3,421	181,088	-	412,983	34,038	231,191	4,928	165,806	-	435,963
Provisions expense	4.5	(3,823)	115,003	38,809	3,250	-	153,239	3,823	11,699	(1,044)	2,758	-	17,236
Finance cost	4.6	1,081	48,830	5	7,410	-	57,326	433	49,954	183	8,367	-	58,937
Other operating expenditure	4.6	158,584	2,834,972	26,981	488,197	(135,448)	3,373,286	39,547	2,496,624	21,428	249,691	(106,409)	2,700,881
<b>Total expenditure</b>	<b>SoCNE</b>	<b>6,478,610</b>	<b>4,415,623</b>	<b>1,741,290</b>	<b>3,127,017</b>	<b>(6,004,495)</b>	<b>9,758,045</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>
Income from contracts with customers	5.1	(54,628)	(223,018)	-	(472,560)	828	(749,378)	(44,566)	(187,460)	-	(327,096)	465	(558,657)
Current grant income	5.1	(104,033)	(94,613)	(48)	(172,156)	154,865	(215,985)	(91,122)	(95,053)	(39)	(144,124)	120,452	(209,886)
Other operating income	5.2	(45,870)	(305,065)	(1,795,834)	(514,937)	62,556	(2,599,150)	(81,713)	(264,331)	(1,762,448)	(399,956)	55,016	(2,453,432)
<b>Total income</b>	<b>SoCNE</b>	<b>(204,531)</b>	<b>(622,696)</b>	<b>(1,795,882)</b>	<b>(1,159,653)</b>	<b>218,249</b>	<b>(3,564,513)</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>Net expenditure for the year ended 31 March</b>	<b>SoCNE</b>	<b>6,274,079</b>	<b>3,792,927</b>	<b>(54,592)</b>	<b>1,967,364</b>	<b>(5,786,246)</b>	<b>6,193,532</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>

\*these figures exclude the BDUK agency which are included within Other ALBs

## 2.2 Statement of Financial Position by Operating Segment

	Note	2022-23										2021-22	
		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	467,237	4,003,515	13,728	8,756,748	(44,016)	13,197,212	503,095	3,686,338	19,723	8,464,666	(40,953)	12,632,869
Current assets	SoFP	222,045	1,796,284	1,831,086	985,889	(50,195)	4,785,109	296,574	1,874,900	1,568,051	1,159,309	(84,649)	4,814,185
<b>Total assets</b>	<b>SoFP</b>	<b>689,282</b>	<b>5,799,799</b>	<b>1,844,814</b>	<b>9,742,637</b>	<b>(94,211)</b>	<b>17,982,321</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>
Current liabilities	SoFP	(340,756)	(712,205)	(1,312,271)	(814,405)	51,053	(3,128,584)	(430,690)	(681,889)	(1,187,061)	(894,132)	84,646	(3,109,126)
Non-current liabilities	SoFP	(61,070)	(1,668,599)	(1,304,398)	(192,107)	43,158	(3,183,016)	(68,123)	(1,158,494)	(1,286,033)	(418,248)	40,956	(2,889,942)
<b>Total liabilities</b>	<b>SoFP</b>	<b>(401,826)</b>	<b>(2,380,804)</b>	<b>(2,616,669)</b>	<b>(1,006,512)</b>	<b>94,211</b>	<b>(6,311,600)</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>Total assets less liabilities</b>	<b>SoFP</b>	<b>287,456</b>	<b>3,418,995</b>	<b>(771,855)</b>	<b>8,736,125</b>	<b>-</b>	<b>11,670,721</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>

\*these figures exclude the BDUK agency which are included within Other ALBs

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 ALBs'. Each reportable segment represents a business or corporate unit. The operating segments included above are those used for reporting to the department's board.

Intra-group eliminations occur between group entities during the normal course of business. This is disclosed in the column 'Amounts eliminated on consolidation'.

The BBC is governed by Royal Charter and an associated agreement with government. The Charter and agreement set out the BBC's accountability to Parliament for use of the public money it receives whilst at the same time preserving the BBC's independence on editorial policy and programming.

### 3. Staff costs

	Permanently employed staff	Others	Contract and agency staff	Ministers	Special advisors	Total
	£'000	£'000	£'000	£'000	£'000	£'000
2022-23	2,191,466	14,472	38,964	263	-	2,245,165
2021-22	2,270,816	16,555	32,899	180	-	2,320,450

Details of staff numbers and related costs (and relevant disclosures) are in the Staff Report in the Accountability section of the Annual Report (page 87). Total staff costs have reduced from 2021-22 by £75.3m, driven by a £189.4m reduction in pension costs for the BBC partly offset by increased expenditure for wages and salaries across a number of ALBs.

### 4. Expenditure

#### 4.1 Grants and subsidies to sponsored bodies

	2022-23		2021-22	
	Core department & agency	Departmental group	Core department & agency	Departmental group
	£'000	£'000	£'000	£'000
Grant-in-aid to ALBs	5,667,429	-	6,150,150	-
Grants and subsidies to public sector	-	1,233	-	9,636
<b>Total: Grants and subsidies to sponsored bodies</b>	<b>5,667,429</b>	<b>1,233</b>	<b>6,150,150</b>	<b>9,636</b>



## 4.1.1 Grant-in-Aid to ALBs

	2022-23	2022-23	2021-22
	Estimate	Outturn	Outturn
	£'000	£'000	£'000
Arts Council England	623,961	524,307	867,695
Birmingham 2022	291,093	271,922	84,500
BBC PSB Group	3,744,620	3,751,200	3,849,900
British Film Institute	33,914	34,515	74,310
British Library (includes Public Lending Right)	111,214	116,542	110,412
British Museum	63,457	67,767	66,621
Churches Conservation Trust	2,858	2,903	2,924
Gambling Commission	32,712	21,817	26,889
(for regulation of the National Lottery)			
Gambling Commission (other)	740	740	79
Geffrye Museum Trust Limited (Museum of the Home)	2,137	2,908	2,106
Historic England	110,583	111,227	162,850
Horniman Public Museum and Public Park Trust	5,177	7,686	4,619
Imperial War Museum	28,246	33,204	40,061
Information Commissioner's Office	9,319	10,297	7,578
National Citizen Service Trust	72,125	68,995	63,036
National Gallery	26,958	30,714	30,755
National Heritage Memorial Fund	24,301	-	120,015
Royal Museums Greenwich	18,306	19,955	21,744
National Museums Liverpool	24,878	26,277	27,206
National Portrait Gallery	15,082	18,623	15,645
Natural History Museum	64,704	65,888	60,667
Office of Communications (Ofcom)	(205)	-	6,239
Royal Armouries Museum	8,320	8,684	9,733
S4C	-	-	5,822
Science Museum Group	67,577	80,293	70,780
Sir John Soane's Museum	1,439	1,538	1,635
Sport England	149,376	113,571	163,761
Sports Grounds Safety Authority	1,664	1,664	1,627
Tate Gallery	51,059	54,158	57,531
UK Anti-Doping	9,460	9,563	8,823
UK Sport	88,283	90,382	56,534
Victoria and Albert Museum	61,130	67,452	78,268
Visit Britain	62,995	48,145	45,392
Wallace Collection	4,012	4,492	4,393
Savings not allocated at time of Estimate	38,809	-	-
<b>Sub-total Grant-in-Aid</b>	<b>5,850,304</b>	<b>5,667,429</b>	<b>6,150,150</b>
Building Digital UK (BDUK) (which is eliminated)	90,136	118,817	-
<b>Sub-total Funding</b>	<b>90,136</b>	<b>118,817</b>	<b>-</b>
<b>Sub-total Grant-in-Aid and Funding</b>	<b>5,940,440</b>	<b>5,786,246</b>	<b>6,150,150</b>

Grant-in-Aid (GIA) funding paid to ALBs within the group is eliminated upon consolidation.

The £554.8m decrease in GIA to Arts Council England, British Film Institute (BFI), Historic England and National Heritage Memorial Fund is because these ALBs received additional GIA in 2021-22 to cover grants paid out and the administration costs of the Cultural Recovery Fund (CRF). This year there was a reduction in the GIA for these ALBs primarily due to a lower level of CRF grant payments. In addition, National Heritage Memorial Fund did not need cash in order to pay grant awards so there was not a need for GIA in 2022-23.

The £98.7m decrease 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 in 2020-21).

Birmingham 2022 received additional GIA driven by expenditure for the delivery of the Commonwealth Games in summer 2022.

The £50.2m 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. The £33.8m increase in funding to UK Sport are due to specific programmes in relation to Olympic funding and mega events across the UK.

The £10.8m reduction in funding to the V&A is due to reductions in Blythe House funding and COVID support.

Ofcom activities are now either funded by fees or retention of the Wireless Telegraphy Act (WTA) receipts, no GIA is paid for these activities.

Eight public bodies – classified by Office for National Statistics or HMT to central government and sponsored by DCMS – have been consolidated into the 2022-23 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 GIA.

## 4.2 Other grants

	2022-23		2021-22	
	Core department & agency	Departmental group	Core department & agency	Departmental group
	£'000	£'000	£'000	£'000
Capital grants	106,862	502,301	149,706	598,875
Current grants	193,008	2,182,637	140,342	2,511,176
<b>Sub-total: cash items</b>	<b>299,870</b>	<b>2,684,938</b>	<b>290,048</b>	<b>3,110,051</b>
<b>Non-cash items</b>				
Current grants (non-cash) - COVID-19 loans fair value adjustment	(5,652)	(3,548)	61,185	58,177
<b>Sub-total: non-cash items</b>	<b>(5,652)</b>	<b>(3,548)</b>	<b>61,185</b>	<b>58,177</b>
<b>Total: Other grants</b>	<b>294,218</b>	<b>2,681,390</b>	<b>351,233</b>	<b>3,168,228</b>

Group capital grants have decreased by £96.6m, this is due to a £56.1m decrease at the National Heritage Memorial Fund due to reduced levels of grant awards, a £45.7m decrease at Historic England largely due to prior year including grant expenditure for the Culture Recovery Fund (CRF) Grants Programme and Heritage Stimulus Fund which both closed in 2021-22 and a £42.8m decrease in DCMS core and agency spend due to the Superfast programme finishing last year. These reductions are offset by increases at National Lottery Heritage Fund of £37.5m relating to increased grant awards in the current year and Sport England Exchequer of £27.5m, which is largely due to increased funding in football facilities and the women’s rugby league world cup.

Group current grants have decreased by £328.5m. Sport England Lottery grants decreased by £438.8m from prior year as a result of large expenditure in 2021-22 on investment into System Partners that were not replicated this year and a £126.3m decrease at Arts Council England Exchequer largely due to prior year including large expenditure on the CRF Grants Programme which closed in 2021-22. These reductions are partly offset by increases of £180.9m for Arts Council England Lottery driven by the recognition of a new three-year investment round for national portfolio organisations, of £60.4m arising from National Lottery Community Fund and of £52.7m due to increased grant funding to Festival 2022 from the core department.

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 *Government grants*, 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.

### 4.3 Purchase of goods and services

	2022-23		2021-22	
	Core department & agency	Departmental group	Core department & agency	Departmental group
	£'000	£'000	£'000	£'000
Professional services	72,840	347,989	71,052	253,025
Human resources	4,918	44,488	2,061	23,681
Marketing and media	394	36,048	3,409	32,734
Premises expenses	8,540	193,663	2,632	115,427
Business rates	1,439	16,215	637	9,048
Utilities	16	32,948	37	23,128
Rentals under operating leases	-	1,106	-	1,044
PFI service charges	-	682	-	632
IT maintenance and support	13,034	107,964	6,822	79,468
Travel and subsistence	3,247	39,894	933	9,184
Audit fees (statutory accounts) - cash	-	3,864	-	3,306
Expenses relating to short term liabilities	-	1,234	-	1,860
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	2,850	6,503	1,486	12,190
Variable lease payments not included in measurement of lease liabilities	-	180	-	213
<b>Sub-total: cash items</b>	<b>107,278</b>	<b>832,778</b>	<b>89,069</b>	<b>564,940</b>
<b>Non-cash items</b>				
Auditors' remuneration	645	645	535	535
<b>Sub-total: non-cash items</b>	<b>645</b>	<b>645</b>	<b>535</b>	<b>535</b>
<b>Total: Purchase of goods and services</b>	<b>107,923</b>	<b>833,423</b>	<b>89,604</b>	<b>565,475</b>

### Purchase of goods and services - Birmingham Organising Committee for the 2022 Commonwealth Games

Included within purchase of goods and services is £252.2m (2021-22: £68.2m) directly attributed to the Birmingham Organising Committee for the 2022 Commonwealth Games. The significant increase in spending is due to the lead up and commencement of the Commonwealth Games. The costs relate to the host broadcaster, business and tourism provider, ticketing commission, venue hire and other goods and services.

#### Professional services

Included within professional services is £120.1m of consultancy costs (2021-22: £72.0m) comprising core department £9.1m (2021-22: £17.5m) and in respect of the ALBs, £110.9m (2021-22: £54.5m) of which £89.2m relates to the Birmingham Organising Committee for the 2022 Commonwealth Games (2021-22: £31.2m).

Professional services also include £172.5m (2021-22: £131.2m) of operational costs comprising of National Citizen Service Trust £57.6m (2021-22: £53.5m), Birmingham Organising Committee for the 2022 Commonwealth Games £47.8m (2021-22: £15.0m) and core department £41.3m (2021-22: £34.8m).

#### Premises expenses

Premises expenses includes £54.0m (2021-22: £2.4m) directly attributed to the Birmingham Organising Committee for the 2022 Commonwealth Games. The increased costs relate to venue hire, catering, cleaning, security and other premises expenses in the lead up and commencement of the Commonwealth Games.

Premises expenses includes £21.2m (2021-22 £19.5m) attributed to the Tate.

## Utilities

The UK energy price rises has caused general increases in utilities costs for the majority of the department's ALBs.

## Auditors' remuneration

Audit fees (cash) of £3.9m (2021-22: £3.3m) relates to the statutory audit of the ALBs. Of the cash fees £3.8m (2021-22: £3.2m) was payable to the National Audit Office (NAO) on behalf of the Comptroller and Auditor General (C&AG) and £44k (2021-22: £118k) payable to other auditors.

Notional non-cash auditors' remuneration for the cost of the audit of the group's accounts was £645k mainly £560k for DCMS core (2022-23: £535k).

In 2022-23 the core department did not purchase any non-audit services from its auditor, the C&AG (2021-22: £nil). The ALBs did not purchase non-audit services from other auditors nor the NAO in the year (2021-22: £nil). Further details can be obtained from the accounts of the ALBs.

## 4.4 Depreciation, amortisation, impairment charge and expected credit loss

	2022-23		2021-22	
	Core department & agency	Departmental group	Core department & agency	Departmental group
	£'000	£'000	£'000	£'000
Depreciation	3,129	225,340	2,053	227,636
Depreciation on right of use assets	5,355	103,718	3,224	102,006
Amortisation	8,396	28,800	2,628	20,988
Impairments/(write backs)	(5,351)	5,301	(364)	(4,738)
Impairment on right of use assets	-	-	-	62,662
Expected credit loss	45,642	49,824	26,497	27,409
<b>Depreciation, amortisation and impairment charges - non-cash total</b>	<b>57,171</b>	<b>412,983</b>	<b>34,038</b>	<b>435,963</b>

The amortisation charge in the year of £28.8m (2021-22: £21.0m) has largely increased as a result of the significant additions to intangible assets within DCMS core in the 2021-22 year, this has resulted in a full year of amortisation for the current year.

The impairment on the right of use assets in 2021-22 of £62.7m primarily related to the BBC. The right of use assets increased in value for the BBC in 2022-23 and no impairment was therefore required.

The Expected Credit Loss (ECL) charge of £45.6m for DCMS core (2021-22: £26.5m) comprises of DCMS loans distributed during the COVID-19 pandemic. During 2022-23 there has been a significant increase in credit risk for a number of the DCMS COVID-19 loans due to declining macroeconomic conditions, as such a lifetime expected credit loss has been applied (stage 2) to an increased number of loans compared with 2021-22 (note 1.29).

## 4.5 Provisions expense

	2022-23		2021-22	
	Core department & agency	Departmental group	Core department & agency	Departmental group
	£'000	£'000	£'000	£'000
Provisions:				
Unwinding of discount	-	(25)	-	5
Provided for/(released)	(3,823)	153,264	3,823	17,231
<b>Provisions expense - non-cash total</b>	<b>(3,823)</b>	<b>153,239</b>	<b>3,823</b>	<b>17,236</b>

The BBC has provided for £115.0m (2021-22: £11.7m) primarily relating to restructuring and dilapidations provisions.

The British Film Institute has provided for £38.6m (2021-22: released £0.2m) for non-film right awards, that had not yet been fully contracted for at year end.

## 4.6 Other operating expenditure

	2022-23		2021-22	
	Core department & agency	Departmental group	Core department & agency	Departmental group
	£'000	£'000	£'000	£'000
Broadcasting and media	-	2,756,184	-	2,455,439
Sport	-	53,526	-	31,303
Tourism	-	35,096	-	27,450
Ceremonial and cultural events	79,346	129,567	4,987	39,702
Historical and heritage	59,691	68,875	27,163	38,048
Museums, galleries, art & exhibits	414	59,943	405	53,610
Libraries	-	6,165	-	6,041
Interest payable	-	9,661	-	2,213
Early departure costs	-	63,376	-	16,974
Live events reinsurance claims	(17)	(17)	200	200
Research & development (capital)	21,718	32,461	4,902	11,697
Other expenditure	21,242	120,401	25,059	50,747
<b>Sub-total: cash items (excluding finance costs)</b>	<b>182,394</b>	<b>3,335,238</b>	<b>62,716</b>	<b>2,733,424</b>
<b>Non-cash items</b>				
Interest on pension liabilities	-	(20,523)	-	10,434
(Profit)/loss on disposal of property, plant & equipment	-	14,924	(37,649)	(36,027)
(Profit)/loss on disposal of intangibles	-	262	-	-
Losses on disposal of other assets:				
Assets held for sale	-	-	-	1
Financial assets	-	-	11,765	11,765
Revaluations	-	43,204	-	(24,604)
Share of (profits)/losses on joint ventures and associates	-	469	-	-
(Gains)/losses on net asset transfers	-	-	-	3,000
Write offs/(write backs)	-	(518)	2,715	2,900
Unrealised foreign exchange rate (gains)/losses	-	219	-	(38)
Other non-cash charges	-	11	-	26
<b>Sub-total: Non-cash items</b>	<b>-</b>	<b>38,048</b>	<b>(23,169)</b>	<b>(32,543)</b>
<b>Total: Other operating expenditure</b>	<b>182,394</b>	<b>3,373,286</b>	<b>39,547</b>	<b>2,700,881</b>
Finance costs	1,084	57,326	433	58,937
<b>Total: Other expenditure</b>	<b>183,478</b>	<b>3,430,612</b>	<b>39,980</b>	<b>2,759,818</b>

The increase in broadcasting and media spend of £300.7m is primarily due to the BBC 2022-23: £2,676.3m (2021-22: £2,381.2m). The BBC's increased spend is partly because the prior year was impacted by COVID-19, coupled with additional spend on radio and one-off events such as Her late Majesty the Queen's Platinum Jubilee and Her late Majesty the Queen's Funeral and Laying-in-State.



The increase in sport spend of £22.2m was mainly driven by an increase of £20.1m in expenditure incurred by Birmingham 2022 relating to the Birmingham 2022 Commonwealth Games.

The increase in ceremonial and cultural spend of £89.9m is primarily due to DCMS core expenditure increasing by £74.4m largely as a result of the two large ceremonial events in 2022-23, namely Her late Majesty the Queen's Platinum Jubilee and Her late Majesty the Queen's Funeral and Laying-in-State.

The increase in historical and heritage spend of £30.8m is primarily due to DCMS core expenditure increasing by £32.5m largely as a result of increased sponsorship costs of the Royal Parks Limited for the provision of maintenance and management of the Royal Parks. This is partially offset with some reductions in other ALBs.

Early departure costs have increased by £46.4m, primarily due to the BBC with expenditure increasing by £48.7m relating to the restructuring costs associated with savings plans. This is partially offset with some reductions in other ALBs.

Research and development costs have increased by £20.8m primarily due to DCMS core spend increasing by £16.1m, mainly associated with costs on the UK Telecommunications Lab.

The other expenditure line in the core department includes:

- live events reinsurance scheme claims of £2.1m (2021-22: £3.4m). 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 £11.0m (2021-22: £23.6m). This relates to claims in year and has grown as the scheme developed.

The other expenditure in the departmental Group includes £83.6m (2021-22: £15.0m) of Birmingham Organising Committee expenditure for logistical items related to the Birmingham 2022 Commonwealth Games including equipment hire.

Interest on pension liabilities has fluctuated from last year by £31.0m. The prior year expense has moved to a current year income mainly in relation to the BBC of £31.4m, whose interest on pension liabilities were positively impacted by changes in the interest rates.

There were no new rental agreements signed during 2022-23.

The departmental group's increase in revaluations of £67.8m is mainly due to an overall upward revaluation of the Tate Gallery's property, plant and equipment of £62.0m.

## 5. Income

### 5.1 Revenue from contracts with customers and current grant income

	2022-23		2021-22	
	Core department & agency	Departmental group	Core department & agency	Departmental group
	£'000	£'000	£'000	£'000
Goods and services	326	250,671	339	142,877
Rental income	40	30,136	123	15,807
Fees, charges and duties	54,340	209,380	44,104	178,705
Levies	-	100,743	-	97,582
Royalties	-	82,633	-	71,390
Charity Income - sponsorship and trading	-	75,815	-	52,296
<b>Total: Income from contracts with customers</b>	<b>54,706</b>	<b>749,378</b>	<b>44,566</b>	<b>558,657</b>
Current grant income	104,033	215,985	91,122	209,886
<b>Total income from contracts with customers and current grants</b>	<b>158,739</b>	<b>965,363</b>	<b>135,688</b>	<b>768,543</b>

Income from contracts with customers for the group totalled £749.4m in the year (2021-22: £558.7m). Of the total, the BBC comprises £223.0m (2021-22: £187.5m) of which £116.0m (2021-22: £105.1m)

relates to broadcasting services, production income and subscription fees captured within goods and services. The remainder is royalties of £81.0m (2021-22: £70.0m) and rental income of £26.0m (2021-22: £12.4m).

The Birmingham 2022 Commonwealth Games comprises income of £94.6m (2021-22: £6.2m) which relates to the goods and services line. They have now been liquidated and therefore there is no future performance obligations to consider.

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. Fees include data protection fees at Information Commissioner's Office of £65.7m (2021-22: £61.8m), fees in respect of the core department £54.3m (2021-22: £44.1m) largely as a result of the barter arrangement with the Royal Parks, administration, application and regulatory fees at Ofcom of £45.6m (2021-22: £43.7m) and operator annual licence fees at Gambling Commission of £26.1m (2021-22: £20.2m).

Total Levy income for the year received by the Horserace Betting Levy Board was £100.7m (2021-22: £97.6m). HBLB is deemed to have a performance obligation to the bookmakers and betting exchange providers of collecting the statutory Levy and applying the funds for the purposes set out in the underlying legislation. This one performance obligation applies to all bookmakers and betting exchange providers who are required to make statutory Levy contributions and is settled over the course of the Levy year in a straight-line manner as HBLB performs this role. Levy income is therefore recognised on a straight-line basis evenly throughout the year based on estimates provided by the bookmakers and betting exchange providers. The transaction price is confirmed at the end of the Levy year when bookmakers and betting exchange providers submit their annual Forms of Declaration (FOD) which confirm the amount of Levy due for the year. Any under or over collection during the course of the year results in either a top up payment being made by the bookmaker or betting exchange provider or a refund owing by HBLB to the bookmaker or betting exchange provider.

Charity income also increased across all museums and galleries due to increased visitor activity after the lifting of COVID-19 restrictions.

During the 2022-23 financial year, the group received £216.0m (2021-22: £209.9m) of current grant income mainly attributable to DCMS core £104.0m (2021-22: £91.1m) and BBC £94.6m (2021-22: £95.1m).

### 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:

	2023-24	2024-25	2025-26	2026-27	2027-28	2028 onwards
Revenue expected to be received	£'000	£'000	£'000	£'000	£'000	£'000
Broadcasting services	33,367	30,567	30,498	109,167	-	-

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

	2022-23		2021-22	
	Core department & agency	Departmental group	Core department & agency	Departmental group
	£'000	£'000	£'000	£'000
Lottery income	-	1,688,593	-	1,694,812
Capital grant income	-	20,655	7,934	31,047
Recoveries	10	101,037	983	77,156
Property Sales proceeds/overages	(14)	(14)	27,350	27,350
Fees for licences and broadcast licences	21,817	33,727	26,790	41,129
Charity income - donations	32	163,136	195	137,964
Interest	721	39,656	637	28,343
Dividends	-	183,936	-	138,214
Charity income - other	-	43,167	-	24,070
Other operating income	15	211,904	27	118,567
Income of sub-leasing right-of-use assets	-	11,169	-	13,438
<b>Sub-total: cash items</b>	<b>22,581</b>	<b>2,496,966</b>	<b>63,916</b>	<b>2,332,090</b>
<b>Non-cash items</b>				
Profit/(loss) on disposal of assets:				
Assets held for sale	-	-	-	(1)
Financial assets	-	1,968	-	3,793
Inventories	-	4	-	-
Share of profit on joint ventures and associates	-	-	-	(2,045)
Revaluation of financial assets/liabilities	20,162	83,314	17,797	88,067
Charity income - asset donations	-	16,968	-	31,528
Other non-cash income	-	(70)	-	-
<b>Sub-total: Non-cash items</b>	<b>20,162</b>	<b>102,184</b>	<b>17,797</b>	<b>121,342</b>
<b>Total: Other operating income</b>	<b>42,743</b>	<b>2,599,150</b>	<b>81,713</b>	<b>2,453,432</b>

### Significant movements in income

Recoveries – Ofcom had £111.2m (2021-22: £82.4m) of recoveries in the year which has increased as they have received funding for additional duties, namely relating to the Online Safety Bill.

Property sales proceeds – reduced as in the previous year DCMS received £27.4m as a one-off property sales proceeds relating to the Olympic Village.

Fees for licences – DCMS received £21.8m (2021-22: £26.8m) from the recharge to the National Lottery Distribution Fund.

Dividends – the BBC received declared dividends from its subsidiaries in the current year amounting to £182.2m (2021-22: £138.0m) of which £30m had not been paid at 31 March 2023.

Other Operating income – The National Lottery Community Fund received £92.0m (2021-22: £54.0m) from Reclaim Fund Ltd which related to transfers for dormant accounts.

Other Operating income – Birmingham Organising Committee for the 2022 Commonwealth Games had £49.0m (2021-22: £4.9m) an increase of £44.1m as a result of the Commonwealth Games taking place during 2022-23 which generated additional income.

Revaluations of financial assets/liabilities – the BBC had £63.0m (2021-22: £71.1m) of derivatives revaluations. DCMS had £20.2m (2021-22: £17.8m) of upwards revaluations due to unwinding of discount on COVID-19 loans.

## 6. Property, plant and equipment

	2022-23									
	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 2022	1,633,431	3,735,929	3,567	105,874	2,018,581	467,922	865	215,307	8,181,476	
Additions	858	20,655	-	10,336	22,119	10,009	-	201,263	265,240	
Donations	30	-	-	-	-	-	-	-	30	
Disposals	(3,600)	(27,349)	(10)	(8,547)	(80,543)	(21,634)	-	(1,811)	(143,494)	
Revaluations	(104,880)	217,858	245	276	12,038	5,633	-	(250)	130,920	
Impairments	5	(539)	-	12	140	(18)	-	-	(400)	
Reclassifications	-	51,412	-	278	64,856	1,103	-	(117,649)	-	
Transfers (to)/from assets held for sale/intangibles/investment properties/ heritage assets/right of use assets	(1,862)	19,567	-	3,078	9,901	5,046	-	(46,463)	(10,733)	
<b>At 31 March 2023</b>	<b>1,523,982</b>	<b>4,017,533</b>	<b>3,802</b>	<b>111,307</b>	<b>2,047,092</b>	<b>468,061</b>	<b>865</b>	<b>250,397</b>	<b>8,423,039</b>	
<b>Depreciation</b>										
At 1 April 2022	-	307,745	532	83,493	928,583	350,239	-	-	1,670,592	
Charged in year	-	90,131	148	8,378	105,293	21,390	-	-	225,340	
Disposals	-	(14,543)	(10)	(8,518)	(68,965)	(19,990)	-	-	(112,026)	
Revaluations	-	(73,555)	54	248	(46,065)	3,086	-	-	(116,232)	
Impairments	-	25	-	56	9	(13)	-	-	77	
Reclassifications	-	35	(37)	-	-	2	-	-	-	
Transfers (to)/from assets held for sale/intangibles/investment properties/ heritage assets/right of use assets	-	-	-	(710)	7	(250)	-	-	(953)	
<b>At 31 March 2023</b>	<b>-</b>	<b>309,838</b>	<b>687</b>	<b>82,947</b>	<b>918,862</b>	<b>354,464</b>	<b>-</b>	<b>-</b>	<b>1,666,798</b>	
<b>Carrying amount:</b>										
<b>31 March 2023</b>	<b>1,523,982</b>	<b>3,707,695</b>	<b>3,115</b>	<b>28,360</b>	<b>1,128,230</b>	<b>113,597</b>	<b>865</b>	<b>250,397</b>	<b>6,756,241</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>117,663</b>	<b>865</b>	<b>215,307</b>	<b>6,510,884</b>	
<b>Asset financing:</b>										
Owned	1,523,982	3,707,695	3,115	28,360	1,128,230	113,597	865	250,397	6,756,241	
Finance leased	-	-	-	-	-	-	-	-	-	
<b>Carrying amount at 31 March 2023</b>	<b>1,523,982</b>	<b>3,707,695</b>	<b>3,115</b>	<b>28,360</b>	<b>1,128,230</b>	<b>113,597</b>	<b>865</b>	<b>250,397</b>	<b>6,756,241</b>	
<b>Of which:</b>										
Core department	7,374	15,761	-	7,612	10,799	121	-	-	41,667	
Agency	-	-	-	-	-	-	-	-	-	
Arm's length bodies	1,516,608	3,691,934	3,115	20,748	1,117,431	113,476	865	250,397	6,714,574	
<b>Carrying amount at 31 March 2023</b>	<b>1,523,982</b>	<b>3,707,695</b>	<b>3,115</b>	<b>28,360</b>	<b>1,128,230</b>	<b>113,597</b>	<b>865</b>	<b>250,397</b>	<b>6,756,241</b>	

## 6. Property, plant and equipment (continued)

	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	
Agency	-	-	-	-	-	-	-	-	-	
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>	

## Land & buildings valuation

The professional valuations of land and buildings undertaken within the group were prepared in accordance with the 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, the vast majority 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, approximately 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 £444.3m (31 March 2022: £480.7m); the British Library of £203.7m (31 March 2022: £216.7m); the British Museum of £194.0m (31 March 2022: £204.5m); the Natural History Museum of £193.0m (31 March 2022: £204.1m); the Victoria and Albert Museum of £121.6m (31 March 2022: £128.1m); the National Gallery of £114.7m (31 March 2022: £135.5m); the Science Museum Group of £99.4m (31 March 2022: £102.1m); the National Portrait Gallery of £37.1m (31 March 2022: £35.2m); the National Maritime Museum of £26.2m (31 March 2022: £33.7m); the Imperial War Museum of £20.4m (31 March 2022: £24.4m) and Sport England Exchequer of £20.2m (31 March 2022: £20.6m).

### Buildings

Buildings includes the British Museum of £541.3m (31 March 2022: £448.3m); the British Library with a carrying value of £476.2m (31 March 2022: £458.2m); the Tate Gallery of £453.0m (31 March 2022: £449.9m); the Victoria and Albert Museum of £382.5m (31 March 2022: £329.2m); the Natural History Museum of £352.8m (31 March 2022: £324.4m); the Science Museum Group of £245.6m (31 March 2022: £245.5m); the National Museums Liverpool of £194.1m (31 March 2022: £171.2m); the BBC of £192.4m (31 March 2022: £170.9m); the National Maritime Museum of £174.4m (31 March 2022: £160.5m); the Imperial War Museum of £155.8m (31 March 2022: £154.2m); the National Gallery of £129.3m (31 March 2022: £117.0m); Sport England Exchequer of £98.1m (31 March 2022: £90.7m); the British Film Institute of £89.9m (31 March 2022: £86.2m); Historic England of £82.0m (31 March 2022: £67.0m); the Royal Armouries Museum of £46.6m (31 March 2022: £46.6m); the Horniman Public Museum and Public Park Trust of £29.5m (31 March 2022: £29.5m); the Wallace Collection of £27.5m (31 March 2022: £27.5m) and the National Portrait Gallery of £10.6m (31 March 2022: £25.5m).



## **Plant & machinery**

Plant & machinery includes the British Library with a carrying value of £236.8m (31 March 2022: £225.9m); the BBC of £219.5m (31 March 2022: £216.0m); the Tate Gallery of £198.1m (31 March 2022: £211.1m); the British Museum of £156.3m (31 March 2022: £127.4m); the Science Museum Group of £89.7m (31 March 2022: £86.8m); the Natural History Museum of £85.5m (31 March 2022: £82.3m); the National Gallery of £66.9m (31 March 2022: £68.3m) and the Imperial War Museum of £39.3m (31 March 2022: £40.6m).

## **Furniture and Fittings**

Furniture and fittings includes the British Museum with a carrying value of £30.0m (31 March 2022: £27.6m) and the Science Museum Group of £20.5m (31 March 2022: £18.2m).

## **Assets under construction**

Assets under construction includes a large number of projects at the BBC with a carrying value of £56.6m (31 March 2022: £47.6m); the National Portrait Gallery of £41.2m (31 March 2022: £20.4m); the Science Museum Group of £37.5m (31 March 2022: £23.5m); the British Museum of £24.2m (31 March 2022: £61.5m); the British Library of £22.3m (31 March 2022: £17.4m) and the Natural History Museum of £20.8m (31 March 2022: £7.2m).

## 7. Right of use Assets

	2022-23									
	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 2022	53,671	1,305,492	1,157	11,443	4,359	23,153	756	1,400,031		
Additions	-	101,046	835	1,356	-	6,027	159	109,423		
Disposals	(522)	(29,602)	(470)	(4,334)	(115)	-	(298)	(35,341)		
Revaluations	880	87,100	-	-	(961)	-	-	87,019		
Impairments	-	(110)	-	-	-	-	-	(110)		
Reclassifications	8,991	(8,991)	-	-	-	-	-	-		
Transfers (to)/from assets held for sale/intangibles/ investment properties/heritage assets/property, plant and equipment	-	(1)	-	(49)	-	-	-	(50)		
<b>At 31 March 2023</b>	<b>63,020</b>	<b>1,454,934</b>	<b>1,522</b>	<b>8,416</b>	<b>3,283</b>	<b>29,180</b>	<b>617</b>	<b>1,560,972</b>		
<b>Depreciation</b>										
At 1 April 2022	158	255,576	709	8,469	941	-	529	266,382		
Charged in year	56	101,583	273	1,666	25	-	115	103,718		
Disposals	-	(12,170)	(493)	(4,256)	(115)	-	(369)	(17,403)		
Revaluations	-	(76,497)	-	-	(1,032)	-	-	(77,529)		
Reclassifications	692	(692)	-	-	-	-	-	-		
Transfers (to)/from assets held for sale/intangibles/ investment properties/heritage assets/property, plant and equipment	-	-	-	(7)	250	-	-	243		
<b>At 31 March 2023</b>	<b>906</b>	<b>267,800</b>	<b>489</b>	<b>5,872</b>	<b>69</b>	<b>-</b>	<b>275</b>	<b>275,411</b>		
<b>Carrying amount:</b>										
31 March 2023	62,114	1,187,134	1,033	2,544	3,214	29,180	342	1,285,561		
31 March 2022	53,513	1,049,916	448	2,974	3,418	23,153	227	1,133,649		
<b>Asset financing:</b>										
Owned	-	-	-	-	-	-	-	-		
Finance leased	62,114	1,187,134	1,033	2,544	3,214	29,180	342	1,285,561		
<b>Carrying amount at 31 March 2023</b>	<b>62,114</b>	<b>1,187,134</b>	<b>1,033</b>	<b>2,544</b>	<b>3,214</b>	<b>29,180</b>	<b>342</b>	<b>1,285,561</b>		
<b>Of which:</b>										
Core department	-	52,134	-	-	-	-	-	52,134		
Agency	-	-	-	-	-	-	-	-		
Arm's length bodies	62,114	1,135,000	1,033	2,544	3,214	29,180	342	1,233,427		
<b>Carrying amount at 31 March 2023</b>	<b>62,114</b>	<b>1,187,134</b>	<b>1,033</b>	<b>2,544</b>	<b>3,214</b>	<b>29,180</b>	<b>342</b>	<b>1,285,561</b>		

## 7. Right of use Assets (continued)

	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>										
<b>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>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>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		
Agency	-	-	-	-	-	-	-	-		
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>		

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, approximately 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 includes various Royal Armouries leases with a carrying value of £22.1m (2021-22: £22.1m).

## **Buildings**

Buildings includes the BBC with a carrying value of £896.3m (2021-22: £746.1m); Victoria and Albert Museum - £53.8m (2021-22: £53.8m); Core department - £52.1m (2021-22: £58.4m); National Museums Liverpool - £39.6m (2021-22: £32.2m); Ofcom - £35.2m (2021-22: £39.1m); Historic England - £33.1m (2021-22: £28.1m) and Science Museum - £21.7m (2021-22: £24.6m).

## **Assets under construction**

Assets under construction is comprised entirely of the BBC with a carrying value of £29.2m (2021-22: £23.2m).

The cost model is used as a proxy for current value in existing use or fair value in all classes of assets as allowed under the IFRS 16 application guidance. Cost is not used as a good proxy in the following circumstances:

- A longer-term lease has no terms that require lease payments to be updated for market conditions (such as rent reviews), 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.

Those assets where cost is not a proxy are revalued with revaluations movements on these assets included within our accounts.

## 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.

	2022-23			
	Land	Buildings	Other	Total
	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>				
At 1 April 2022	2,400	108,744	1,521,397	1,632,541
Additions	-	103	16,743	16,846
Donations	1,200	-	15,738	16,938
Disposals	-	(484)	(10)	(494)
Revaluations	-	(5,732)	2,661	(3,071)
Impairments	-	(40,751)	-	(40,751)
<b>At 31 March 2023</b>	<b>3,600</b>	<b>61,880</b>	<b>1,556,529</b>	<b>1,622,009</b>
<b>Depreciation</b>				
At 1 April 2022	-	660	86	746
<b>At 31 March 2023</b>	<b>-</b>	<b>660</b>	<b>86</b>	<b>746</b>
<b>Carrying amount:</b>				
<b>31 March 2023</b>	<b>3,600</b>	<b>61,220</b>	<b>1,556,443</b>	<b>1,621,263</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>Asset financing:</b>				
Owned	3,600	61,220	1,556,443	1,621,263
<b>Carrying amount at 31 March 2023</b>	<b>3,600</b>	<b>61,220</b>	<b>1,556,443</b>	<b>1,621,263</b>
<b>Of which:</b>				
Core department	-	-	17,534	17,534
Agency	-	-	-	-
Arm's length bodies	3,600	61,220	1,538,909	1,603,729
<b>Carrying amount at 31 March 2023</b>	<b>3,600</b>	<b>61,220</b>	<b>1,556,443</b>	<b>1,621,263</b>

## 8. Heritage Assets (continued)

	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
Agency	-	-	-	-
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>



## 8.1 Heritage assets

	2022-23				
	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 2022	457,072	1,053,547	43,655	78,267	1,632,541
Additions	15,364	233	1,249	-	16,846
Donations	341	16,597	-	-	16,938
Disposals	-	(10)	(484)	-	(494)
Impairments	-	-	-	(40,751)	(40,751)
Revaluations	-	(3,071)	-	-	(3,071)
Transfers in/(out) of group	(181)	181	-	-	-
<b>Balance at 31 March 2023</b>	<b>472,596</b>	<b>1,067,477</b>	<b>44,420</b>	<b>37,516</b>	<b>1,622,009</b>
<b>Depreciation</b>					
Balance at 1 April 2022	-	-	746	-	746
<b>Balance at 31 March 2023</b>	<b>-</b>	<b>-</b>	<b>746</b>	<b>-</b>	<b>746</b>
<b>Net book value at 31 March 2023</b>	<b>472,596</b>	<b>1,067,477</b>	<b>43,674</b>	<b>37,516</b>	<b>1,621,263</b>

	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>

Summary of heritage asset transactions	2022-23	2021-22	2020-21	2019-20	2018-19
	£'000	£'000	£'000	£'000	£'000
Purchased assets	16,846	13,897	22,133	39,762	23,044
Donated assets	16,938	31,672	27,113	35,725	25,385
Disposals	(494)	-	(12)	(71)	(32)
Impairments	(40,751)	104	(465)	58	31

### Classification

Heritage assets are classified under the FReM as either:

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

Non-operational and operational heritage assets within the 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 28.

### 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 28), the following illustrate the scope of these.

The Tate Gallery held non-operational heritage assets at cost of £176.0m as at 31 March 2023 (31 March 2022: £173.6m) and at valuation of £381.7m as at 31 March 2023 (31 March 2022: £375.8m). 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 76,657 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 £90.0m as at 31 March 2023 (31 March 2022: £81.6m) and at valuation of £295.8m as at 31 March 2023 (31 March 2022: £294.5m). 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 2023 (31 March 2022: £37.5m) and at valuation of £104.6m as at 31 March 2023 (31 March 2022: £102.1m). The Victoria and Albert Museum is the leading international museum of art and design, with approximately 1.7 million objects and works of art, 1.1 million library items and 1,200 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 £37.1m as at 31 March 2023 (31 March 2022: £36.7m) and at valuation of £73.9m as at 31 March 2023 (31 March 2022: £73.1m). 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 £23.0m as at 31 March 2023 (31 March 2022: £22.9m) and at valuation of £80.3m as at 31 March 2023 (31 March 2022: £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 £48.3m as at 31 March 2023 (31 March 2022: £46.2m) and at valuation of £35.3m as at 31 March 2023 (31 March 2022: £30.6m). 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. For purchased items heritage assets are recorded at the acquisition value. If the item has been donated by the Assets in Lieu of tax scheme the valuation is either provided or internal expertise is used to place a value on the item if there is no readily available market.

The National Portrait Gallery held non-operational heritage assets at cost of £25.7m as at 31 March 2023 (31 March 2022: £24.2m) and at valuation of £11.6m as at 31 March 2023 (31 March 2022: £9.7m). The National Portrait Gallery holds three collections; a primary collection mainly consisting of paintings, sculptures, miniatures, photographs and silhouettes, a reference collection containing more than 335,000 images and a photographs collection consisting of more than 250,000 original photographic images. Where works of art are included at valuation, external valuations are used where available; more usually assets are valued internally by the National Portrait Gallery staff. In reaching these valuations curators compare portraits donated to the Collection with the values of comparable items on the open market, taking account of differences in condition, size, status and market desirability.

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.

#### *Arm's length bodies*

Historic England held operational heritage assets of £33.8m at valuation as at 31 March 2023 (31 March 2022: £74.6m), 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. Within the year the amounts included as expenditure on the new model grant have been derecognised from the heritage assets with a value of £40.8m.

The Geffrye Museum (Museum of the Home) held operational heritage assets of £25.0m at cost as at 31 March 2023 (31 March 2022: £25.3m) relating to Almshouses that the museum resides in.

### 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 28).

### 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 Donations of heritage assets

Donated assets of £17.0m were received in 2022-23 (2021-22: £31.5m).

## 9. Intangible assets

	2022-23			
	Licences	Websites	Development expenditure	Total
	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>				
At 1 April 2022	257,207	11,223	29,653	298,083
Additions	12,175	145	7,895	20,215
Disposals	(20,492)	(814)	(1,504)	(22,810)
Revaluations	51	-	(274)	(223)
Impairments	-	-	10	10
Reclassifications	(220)	1,456	(1,236)	-
Transfers (to)/from property, plant & equipment/right of use assets	929	524	2,159	3,612
<b>At 31 March 2023</b>	<b>249,650</b>	<b>12,534</b>	<b>36,703</b>	<b>298,887</b>
<b>Amortisation</b>				
At 1 April 2022	175,707	7,568	12,814	196,089
Charged in year	23,672	1,136	3,992	28,800
Disposals	(20,426)	(814)	(1,504)	(22,744)
Revaluations	50	-	(40)	10
Reclassifications	(86)	-	86	-
Transfers (to)/from property, plant & equipment/right of use assets	-	-	710	710
<b>At 31 March 2023</b>	<b>178,917</b>	<b>7,890</b>	<b>16,058</b>	<b>202,865</b>
<b>Carrying amount:</b>				
<b>31 March 2023</b>	<b>70,733</b>	<b>4,644</b>	<b>20,645</b>	<b>96,022</b>
<b>31 March 2022</b>	<b>81,500</b>	<b>3,655</b>	<b>16,839</b>	<b>101,994</b>
<b>Asset financing:</b>				
Owned	70,733	4,644	20,645	96,022
<b>Carrying amount at 31 March 2023</b>	<b>70,733</b>	<b>4,644</b>	<b>20,645</b>	<b>96,022</b>
<b>Of which:</b>				
Core department	17,113	195	-	17,308
Agency	3	1,189	4,424	5,616
Arm's length bodies	53,617	3,260	16,221	73,098
<b>Carrying amount at 31 March 2023</b>	<b>70,733</b>	<b>4,644</b>	<b>20,645</b>	<b>96,022</b>



## 9. Intangible assets (continued)

	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
Agency	-	-	-	-
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>

The BBC held £44.2m of intangible software licences as at 31 March 2023 (31 March 2022: £49.7m).

## 10. Investment properties

	Core department & agency	Departmental group
	£'000	£'000
<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>
Additions	-	149
Revaluations	-	(3,478)
Transfers	-	7,171
<b>Balance at 31 March 2023</b>	-	<b>31,968</b>

The British Museum holds investment properties valued at £29.5m as at 31 March 2023 (31 March 2022: £25.4m). The valuation of the investment properties at open market value as at 31 March 2023 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 2023		31 March 2022	
		Core department & agency	Departmental group	Core department & agency	Departmental group
		£'000	£'000	£'000	£'000
<b>Financial assets</b>					
<b>Amortised cost</b>					
Cash and cash equivalents	17	166,689	2,974,686	195,598	3,128,835
Trade and other receivables	16	4,428	497,486	4,518	464,479
Contract assets		-	499	-	18,775
Loans	13, 16	362,031	661,435	383,953	593,844
Deposits	13	-	125,694	-	10,552
		<b>533,148</b>	<b>4,259,800</b>	<b>584,069</b>	<b>4,216,485</b>
<b>Fair value through other comprehensive income</b>					
Equity investments excluding investment in subsidiaries	13	-	418,930	-	326,258
Investment in subsidiaries	13	-	2,087,910	-	1,923,489
		-	<b>2,506,840</b>	-	<b>2,249,747</b>
<b>Fair value through profit or loss</b>					
Derivative financial instrument assets	13	-	380,344	-	418,620
Other financial assets (FI non derivative through profit or loss)	13	-	11,541	-	13,471
		-	<b>391,885</b>	-	<b>432,091</b>
<b>Financial liabilities</b>					
<b>Fair value through profit or loss</b>					
Derivative financial instrument liabilities	21	-	(483,819)	-	(585,091)
<b>Financial liabilities at amortised cost</b>					
Payables including contract liabilities	18	(38,051)	(3,630,248)	(30,943)	(3,464,073)
Lease liabilities	20	(66,619)	(1,940,947)	(81,254)	(1,979,636)
Other financial liabilities		-	(7,551)	-	-
<b>Total financial liabilities</b>		<b>(104,670)</b>	<b>(6,062,565)</b>	<b>(112,197)</b>	<b>(6,028,800)</b>
<b>Total net financial assets/(liabilities)</b>		<b>428,478</b>	<b>1,095,960</b>	<b>471,872</b>	<b>869,523</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 £380.3m (31 March 2022: £418.6m) held by the BBC are designated as financial assets through profit and loss. Derivative financial instrument liabilities held by the BBC of £483.8m (31 March 2022: £585.1m) are designated as financial liabilities through profit and loss. Both asset and liability derivatives are predominantly cash flow swaps for the refinancing of London 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 £11.5m (31 March 2022: £13.5m) 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 were 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 2022-23 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 1.29). 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.

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 2023.

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 2023				31 March 2022			
	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	418,774	156	-	418,930	326,258	-	-	326,258
Investment in subsidiaries	-	-	2,087,910	2,087,910	-	-	1,923,489	1,923,489
<b>Total fair value through OCI financial assets</b>	<b>418,774</b>	<b>156</b>	<b>2,087,910</b>	<b>2,506,840</b>	<b>326,258</b>	<b>-</b>	<b>1,923,489</b>	<b>2,249,747</b>
<i>Fair value through profit or loss</i>								
Derivative financial instrument assets	4,016	376,328	-	380,344	5,962	412,658	-	418,620
Other financial assets (FI non derivative through profit or loss)	-	-	11,541	11,541	-	-	13,471	13,471
<b>Total financial assets: fair value through profit or loss</b>	<b>4,016</b>	<b>376,328</b>	<b>11,541</b>	<b>391,885</b>	<b>5,962</b>	<b>412,658</b>	<b>13,471</b>	<b>432,091</b>
<b>Total financial assets measured at fair value</b>	<b>422,790</b>	<b>376,484</b>	<b>2,099,451</b>	<b>2,898,725</b>	<b>332,220</b>	<b>412,658</b>	<b>1,936,960</b>	<b>2,681,838</b>
<b>Of which:</b>								
Core department	-	-	-	-	-	-	-	-
Agency	-	-	-	-	-	-	-	-
Arm's length bodies	422,790	376,484	2,099,451	2,898,725	332,220	412,658	1,936,960	2,681,838
<b>Total financial assets measured at fair value</b>	<b>422,790</b>	<b>376,484</b>	<b>2,099,451</b>	<b>2,898,725</b>	<b>332,220</b>	<b>412,658</b>	<b>1,936,960</b>	<b>2,681,838</b>
<b>Financial liabilities</b>								
<i>Fair value through profit or loss</i>								
Derivative financial instrument liabilities	(3,134)	(480,685)	-	(483,819)	(5,127)	(579,964)	-	(585,091)
<b>Total financial liabilities measured at fair value</b>	<b>(3,134)</b>	<b>(480,685)</b>	<b>-</b>	<b>(483,819)</b>	<b>(5,127)</b>	<b>(579,964)</b>	<b>-</b>	<b>(585,091)</b>
<b>Of which:</b>								
Core department	-	-	-	-	-	-	-	-
Agency	-	-	-	-	-	-	-	-
Arm's length bodies	(3,134)	(480,685)	-	(483,819)	(5,127)	(579,964)	-	(585,091)
<b>Total financial liabilities measured at fair value</b>	<b>(3,134)</b>	<b>(480,685)</b>	<b>-</b>	<b>(483,819)</b>	<b>(5,127)</b>	<b>(579,964)</b>	<b>-</b>	<b>(585,091)</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 and forward contracts classified as Level 2 instruments representing derivative financial assets of £380.3m (2021-22: £412.7m) and derivative financial liabilities of £483.8m (2021-22: £580.0m) relating to the refinancing of London 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 244 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 258 basis points had been used to reflect a reasonably possible change based on market movements during the year, then this would result in a decrease in the net liability of £6m.

During the prior year an adjustment of 233 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 248 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 £9.2m.

The following table presents the changes in level 3 instruments for the year ended 31 March 2023:

	Investment in subsidiaries	Other financial assets (FI non derivative through profit or loss)	Total financial assets
	£'000	£'000	£'000
<b>Balance at 1 April 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>
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>
Additions	5,186	17,947	<b>23,133</b>
Repayments/disposals	-	(4,306)	<b>(4,306)</b>
Gains and losses recognised in the CSoCNE	159,235	(15,571)	<b>143,664</b>
<b>Balance at 31 March 2023</b>	<b>2,087,910</b>	<b>11,541</b>	<b>2,099,451</b>
<b>Of which:</b>			
Core department	-	-	-
Agency	-	-	-
Arm's length bodies	2,087,910	11,541	<b>2,099,451</b>
<b>Balance at 31 March 2023</b>	<b>2,087,910</b>	<b>11,541</b>	<b>2,099,451</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 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.

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 FRM 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 2023 £m	31 March 2022 £m	Valuation technique	Unobservable inputs
BBC's public corporations	1,938	1,771	Discounted cash flow model	Long term growth rate: 2022-23: 1.00% 2021-22: 1.50%
				Discount rate
				Cash flows

Below is a table showing the fair values for a selection of key input changes.

As at 31 March 2023		
Change in input	Impact on fair value £m	Adjusted total value £m
Growth rate increase by 100 bps	200	2,138
Growth rate decrease by 100 bps	(157)	1,781
Discount rate increase by 100 bps	(210)	1,728
Discount rate decrease by 100 bps	267	2,205
Increase in cash flows by 5%	104	2,042
Decrease in cash flows by 5%	(103)	1,835

As at 31 March 2022		
Change in input	Impact on fair value £m	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

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.

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 1.0% (2021-22: 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 £167.0m 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 2022-23, 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

	2022-23		2021-22	
	Core department & agency	Departmental group	Core department & agency	Departmental group
	£'000	£'000	£'000	£'000
Balance at 1 April	-	33,283	-	35,328
Share of profit or loss	-	(469)	-	(2,045)
Balance at 31 March	-	32,814	-	33,283

Of the total investments in associates and joint ventures, £19.3m (2021-22: £19.7m) relates to the Victoria and Albert Museum (V&A) and £13.6m (2021-22: £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 £'000	Derivatives £'000	Equity Investments excluding investment in subsidiaries	Investment in subsidiaries (other than BBC public corporations)	Investment in BBC public corporations	Museum loans £'000	Other loans £'000	Other financial assets (FI non derivative through profit or loss) £'000	Total £'000
<b>Balance at 1 April 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 as 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>
Additions	125,252	-	136,491	(429)	5,000	-	94,109	17,947	378,370
Disposals	(10,110)	-	(34,037)	-	-	-	-	(4,336)	(48,483)
Revaluations	-	(38,276)	(9,796)	(2,150)	171,900	-	-	(15,541)	106,137
Impairments	-	-	14	-	(9,900)	-	5,351	-	(4,535)
Repayments	-	-	-	-	-	-	(10,378)	-	(10,378)
Discounting	-	-	-	-	-	-	23,454	-	23,454
Expected credit loss	-	-	-	-	-	-	(46,650)	-	(46,650)
<b>Balance at 31 March 2023</b>	<b>125,694</b>	<b>380,344</b>	<b>418,930</b>	<b>149,910</b>	<b>1,938,000</b>	-	<b>659,321</b>	<b>11,541</b>	<b>3,683,740</b>
<b>Of which:</b>									
Core department	-	-	-	-	-	25,250	336,620	-	361,870
Agency	-	-	-	-	-	-	-	-	-
Arm's length bodies	125,694	380,344	418,930	149,910	1,938,000	(25,250)	322,701	11,541	3,321,870
<b>Carrying amount at 31 March 2023</b>	<b>125,694</b>	<b>380,344</b>	<b>418,930</b>	<b>149,910</b>	<b>1,938,000</b>	-	<b>659,321</b>	<b>11,541</b>	<b>3,683,740</b>
Within 12 months	125,628	3,859	54,044	-	-	-	364,111	2,801	550,443
Over 12 months	66	376,485	364,886	149,910	1,938,000	-	295,210	8,740	3,133,297
<b>Carrying amount at 31 March 2023</b>	<b>125,694</b>	<b>380,344</b>	<b>418,930</b>	<b>149,910</b>	<b>1,938,000</b>	-	<b>659,321</b>	<b>11,541</b>	<b>3,683,740</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>

## Deposits

The BBC held cash on deposit for greater than 3 months of £100m (31 March 2022: £nil).

The Horserace Betting Levy Board held deposits of £25.2m (31 March 2022: £nil).

## Derivatives

The derivative balance relates to the BBC, in particular to swaps taken out to fix the cashflow obligations on London Broadcasting House.

## Equity Investments excluding investment in subsidiaries

The British Museum held investment funds with a fair value of £150.1m (31 March 2022: £71.2m). These investments consist of investment funds and listed and unlisted equities.

The Victoria and Albert Museum held investment funds with a fair value of £76.9m (31 March 2022: £60.7m) 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 £46.3m (31 March 2022: £53.0m). 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 £32.9m (31 March 2022: £31.0m) which consist of corporate bonds, cash, and equity type investments.

The National Portrait Gallery held investment funds with a fair value of £24.3m (31 March 2022: £26.1m) 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 £23.8m (31 March 2022: £25.1m) which are shares and equity type investments held with Baillie Gifford and Ninety One plc.

The National Gallery held investment funds with a fair value of £22.9m (31 March 2022: £19.8m) which mainly consist of corporate bonds and equity type investments.

The Tate Gallery held investment funds with a fair value of £22.1m (31 March 2022: £18.8m), the majority of which are equities.

## 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 £64.7m (31 March 2022: £76.2m).
- The British Museum holds four subsidiaries with a fair value of £40.8m (31 March 2022: £30.4m).
- S4C holds four subsidiaries with a fair value of £19.1m (31 March 2022: £20.1m).

## 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 2023 of £343.5m (31 March 2022: £249.8m). 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 interest rates of 0.2-7%.

There were £nil loans issued during 2022-23 (2021-22: £114.6m). Repayments of £6.4m were made during the year (2021-22: £10.6m). The outstanding loan balance as at 31 March 2023 was £302.4m (31 March 2022: £346.4m).

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 2023 was £10.8m (31 March 2022: £12.5m).

## Other financial assets

The balance is made up of £11.5m (31 March 2022: £13.5m) relating to the recoverable amount from the Lottery film right awards for the British Film Institute Lottery.

### 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 2023	31 March 2022
	Museum loan	Museum loan
	£'000	£'000
Science Museum Group	3,905	3,473
Imperial War Museum	3,007	4,008
National Maritime Museum	4,709	4,957
Geffrye Museum	1,249	1,249
National Portrait Gallery	11,169	9,049
Royal Armouries Museum	1,211	1,210
<b>Total museum loans issued</b>	<b>25,250</b>	<b>23,946</b>

These loans are eliminated upon consolidation and therefore no assets or liabilities are reported for the group.

## 14. Impairments

	Note	31 March 2023		31 March 2022	
		Core department & agency	Departmental group	Core department & agency	Departmental group
		£'000	£'000	£'000	£'000
Property, plant & equipment	6	-	(477)	-	3,646
Right of use assets	7	-	(110)	-	(61,803)
Heritage assets	8	-	(40,751)	-	104
Intangible assets	9	-	10	-	(17)
Other financial assets	13	5,351	(4,535)	364	452
<b>Total impairments</b>		<b>5,351</b>	<b>(45,863)</b>	<b>364</b>	<b>(57,618)</b>

### Heritage assets

£40.6m (2021-22: impairment reversal of £0.3m) of the impairment relates to assets held by Historic England.

## 15. Inventories

	2022-23		2021-22	
	Core department & agency	Departmental group	Core department & agency	Departmental group
	£'000	£'000	£'000	£'000
<b>Balance at 1 April</b>	-	<b>265,585</b>	-	<b>218,612</b>
Additions	-	2,470,632	-	2,451,075
Disposals	-	(2,491,155)	-	(2,404,102)
<b>Carrying amount at 31 March</b>	-	<b>245,062</b>	-	<b>265,585</b>
Work in intermediate stages of completion	-	46,136	-	45,913
Raw materials and consumables	-	150	-	152
Goods for resale and finished inventories	-	198,776	-	219,520
<b>Total inventories and work in progress</b>	-	<b>245,062</b>	-	<b>265,585</b>

As at 31 March 2023 the BBC held £225.5m (31 March 2022: £240.5m) and S4C held £13.9m (31 March 2022: £14.7m) in inventories in respect of programmes which were either in the course of production or ready for broadcast but not yet aired.

Additions for these two entities primarily relate to programmes which have been completed, whilst disposals relate to those broadcast during the year.

## 16. Trade and other receivables

	31 March 2023		31 March 2022	
	Core department & agency	Departmental group	Core department & agency	Departmental group
	£'000	£'000	£'000	£'000
<b>Amounts falling due within one year:</b>				
Trade receivables	6,631	54,518	3,281	71,410
VAT receivables	11,427	104,171	7,017	89,809
Other receivables	(2,159)	229,100	1,237	187,333
Prepayments	4,941	493,161	2,010	610,865
Accrued income	1,649	111,014	18,925	98,915
Interest receivable	-	307	-	-
Staff loans and advances	161	2,114	30	409
Taxation and duties due	-	9,919	-	11,862
Consolidated Fund receivables	34,481	14,822	56,381	10,697
	<b>57,131</b>	<b>1,019,126</b>	<b>88,881</b>	<b>1,081,300</b>
<b>Amounts falling due after more than one year:</b>				
Other receivables	-	221,868	-	209,817
Prepayments	-	2,486	-	-
Accrued income	-	15,692	-	17,667
	-	<b>240,046</b>	-	<b>227,484</b>
<b>Total before expected credit loss</b>	<b>57,131</b>	<b>1,259,172</b>	<b>88,881</b>	<b>1,308,784</b>
Expected credit loss	(44)	(8,307)	-	(4,081)
<b>Total</b>	<b>57,087</b>	<b>1,250,865</b>	<b>88,881</b>	<b>1,304,703</b>

Included in VAT receivables at 31 March 2023 is a balance due to the BBC of £69.0m (31 March 2022: £56.5m).

Included in other receivables due within one year at 31 March 2023 is a balance due to the BBC of £113.5m (31 March 2022: £63.8m).

The BBC had prepayments due within one year of £451.9m at 31 March 2023 (31 March 2022: £541.3m). The decrease is primarily due to the cyclical nature of major sporting events driving reduction in the current year.

Other receivables due after more than one year at 31 March 2023 is primarily a balance due to the BBC of £221.6m (31 March 2022: £209.8m).

## 17. Cash and cash equivalents

	2022-23		2021-22	
	Core department & agency	Departmental group	Core department & agency	Departmental group
	£'000	£'000	£'000	£'000
<b>Balance at 1 April</b>	<b>195,598</b>	<b>3,128,835</b>	<b>1,303,586</b>	<b>3,679,643</b>
Net change in cash and cash equivalent balances	(28,909)	(154,149)	(1,107,988)	(550,808)
<b>Balance at 31 March</b>	<b>166,689</b>	<b>2,974,686</b>	<b>195,598</b>	<b>3,128,835</b>
<b>The following balances at 31 March were held with:</b>				
Government Banking Service	165,269	298,326	189,483	319,951
Commercial banks and cash in hand	-	1,063,562	-	1,395,549
Liquid deposits	1,420	86,781	6,115	116,054
<b>Sub-total</b>	<b>166,689</b>	<b>1,448,669</b>	<b>195,598</b>	<b>1,831,554</b>
Balance held by NLDF	-	1,526,017	-	1,297,281
<b>Balance at 31 March</b>	<b>166,689</b>	<b>2,974,686</b>	<b>195,598</b>	<b>3,128,835</b>

Balances held with the Government Banking Service include core department at £141.3m (31 March 2022: £189.5m), Arts Council Exchequer at £58.1m (31 March 2022: £78.3m), Gambling Commission at £20.1m (31 March 2022: £17.5m) and Building Digital UK at £24.0m (31 March 2022: £nil).

Balances with commercial banks and cash in hand of £1,063.6m (31 March 2022: £1,395.5m) includes:

	2022-23	2021-22
	£'000	£'000
<b>Commercial banks and cash in hand over £20m in 2022-23 or 2021-22 held by:</b>		
BBC	444,571	685,995
National Lottery Community Fund	237,626	163,313
National Heritage Memorial Fund	48,006	102,634
Horserace Betting Levy Board	44,730	60,817
British Library	35,788	24,900
Imperial War Museum	26,215	21,431
Science Museum Group	22,783	15,378
British Film Institute Exchequer	22,134	29,780
Victoria and Albert Museum	17,329	26,344
British Museum	15,132	23,668
Ofcom	13,396	20,920
Natural History Museum	10,887	24,064
Sports England Exchequer	6,565	26,997

There are some third-party assets not included within the above which have been detailed in note 27.

Liquid deposits include the British Library £32.0m (31 March 2022: £28.8m), the Tate Gallery £26.1m (31 March 2022: £25.2m), the Science Museum £20.5m (31 March 2022: £20.1m) and the British Museum £nil (31 March 2022: £32.0m).

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

## 18. Trade and other payables

	31 March 2023		31 March 2022	
	Core department & agency	Departmental group	Core department & agency	Departmental group
	£'000	£'000	£'000	£'000
<b>Amounts falling due within one year:</b>				
Taxation and social security	2,787	53,586	2,826	44,442
Trade payables	1,489	180,314	17,024	209,539
Other payables	36,562	265,876	13,919	135,875
Accruals & deferred income	104,975	439,320	134,103	549,781
Grants payable	-	1,578,269	-	1,448,717
Supply payable	178,653	178,653	175,745	175,745
Loans and borrowings: amounts payable within 1 year	-	152,208	-	247,033
Consolidated Fund payables	21,098	21,098	70,119	70,119
	<b>345,564</b>	<b>2,869,324</b>	<b>413,736</b>	<b>2,881,251</b>
<b>Amounts falling due after more than one year:</b>				
Trade payables	-	-	-	53
Other payables	-	29,474	-	23,194
Accruals & deferred income	-	19,018	-	23,754
Grants payable	-	1,250,845	-	1,209,440
Bank and other borrowings	-	170,000	-	170,000
	-	<b>1,469,337</b>	-	<b>1,426,441</b>
<b>Total</b>	<b>345,564</b>	<b>4,338,661</b>	<b>413,736</b>	<b>4,307,692</b>

Included in trade payables due within one year is £113.5m (31 March 2022: £109.1m) in respect of the BBC. The core department trade payables decreased from £17.0m to £1.5m, as the prior year balance included a grant agreed close to year end that was not paid until April 2022.

Other payables falling due within one year include £162.2m (31 March 2022: £35.3m) in respect of the BBC. This balance tends to vary depending on the level of intercompany activity between the BBC and its commercial entities. Other payables falling due after one year include £27.7m (31 March 2022: £19.2m) in respect of the BBC.

Other payables falling due within one year include £34.3m (31 March 2022: £33.3m) in respect of the Horserace Betting Levy Board.

The Birmingham Organising Committee for the 2022 Commonwealth Games ceased operations during the financial year resulting in nil accruals and deferred income (31 March 2022: £60.8m).

Accruals and deferred income falling due within one year have reduced for DCMS Core and Agency to £105.0m (31 March 2022: £134.1m) due to fewer activities completed over year end which required accruing.

As at 31 March 2023, £2,512.2m (31 March 2022: £2,351.2m) of current and non-current grants payable were attributable to lottery bodies.

The core department supply payable of £178.7m (31 March 2022: £175.7m) is Parliamentary funding drawn down which has not been spent within the year.

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 £152.2m (31 March 2022: £247.0m) comprises of mainly commercial intra-group borrowings which vary according to cash requirements.

The bank and other borrowings (greater than one year) of £170.0m (31 March 2022: £170.0m) 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 2022</b>	<b>23,473</b>	<b>1,777</b>	<b>267</b>	<b>116,635</b>	<b>142,152</b>
Provided in the year	69,412	1,524	106	127,985	199,027
Provisions utilised in year	-	(205)	(96)	(36,731)	(37,032)
Provisions not required written back	(30,801)	(239)	-	(14,723)	(45,763)
Unwinding of discounts	-	-	(25)	-	(25)
<b>Balance at 31 March 2023</b>	<b>62,084</b>	<b>2,857</b>	<b>252</b>	<b>193,166</b>	<b>258,359</b>
<b>Comprising:</b>					
<b>Current liabilities</b>					
Not later than one year	23,790	2,857	146	88,278	115,071
<b>Non-current liabilities</b>					
Later than one year and not later than five years	38,294	-	45	43,973	82,312
Later than five years	-	-	61	60,915	60,976
<b>Balance at 31 March 2023</b>	<b>62,084</b>	<b>2,857</b>	<b>252</b>	<b>193,166</b>	<b>258,359</b>
<b>Of the total:</b>					
Core department	-	-	-	-	-
Agency	-	-	-	-	-
Arm's length bodies	62,084	2,857	252	193,166	258,359
<b>Balance at 31 March 2023</b>	<b>62,084</b>	<b>2,857</b>	<b>252</b>	<b>193,166</b>	<b>258,359</b>

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 not required written back	(169)	-	(3)	(19,082)	(19,254)
Provisions utilised in year	(18,574)	-	(134)	(64,537)	(83,245)
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
Agency	-	-	-	-	-
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>



## 19. Provision for liabilities and charges (continued)

Total provisions	31 March 2023		31 March 2022	
	Core department & agency	Departmental group	Core department & agency	Departmental group
	£'000	£'000	£'000	£'000
<b>Balance at 1 April</b>	<b>3,823</b>	<b>142,152</b>	<b>2,586</b>	<b>208,161</b>
Provided in the year	-	199,027	3,823	36,485
Provisions utilised in year	-	(37,032)	(2,586)	(83,245)
Provisions not required written back	(3,823)	(45,763)	-	(19,254)
Unwinding of discounts	-	(25)	-	5
<b>Balance at reporting date</b>	<b>-</b>	<b>258,359</b>	<b>3,823</b>	<b>142,152</b>
<b>Comprising:</b>				
<b>Current liabilities</b>				
Not later than one year	-	115,071	3,823	74,513
<b>Non-current liabilities</b>				
Later than one year and not later than five years	-	82,312	-	24,226
Later than five years	-	60,976	-	43,413
<b>Subtotal: non-current liabilities</b>	<b>-</b>	<b>143,288</b>	<b>-</b>	<b>67,639</b>
<b>Balance at reporting date</b>	<b>-</b>	<b>258,359</b>	<b>3,823</b>	<b>142,152</b>

### 19.1 Grant commitments

British Film Institute Lottery has provisions of £62.1m (31 March 2022: £23.5m) for non-film rights awards which have been made, but at the reporting date, either contracts have not been signed and/or the conditions have not been met. As a result, these transactions are recognised as an award commitment and 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 2023 was £134.8m (31 March 2022: £76.0m).

#### *BBC taxation, litigation and insurance*

The BBC taxation, litigation and insurance provisions as at 31 March 2023 were £42.0m (31 March 2022: £23.1m).

## 20. Lease liabilities

Total future lease payments under leases are given in the table below:

Obligations for the following periods comprise:	31 March 2023		31 March 2022	
	Core department & agency	Departmental group	Core department & agency	Departmental group
	£'000	£'000	£'000	£'000
<b>Land</b>				
Not later than one year	-	3,655	-	2,763
Later than one year and not later than five years	-	11,080	-	10,732
Later than five years	-	724,891	-	732,487
<b>Subtotal: Land</b>	-	<b>739,626</b>	-	<b>745,982</b>
Less interest element	-	(675,719)	-	(680,228)
<b>Present value of obligations</b>	-	<b>63,907</b>	-	<b>65,754</b>
<b>Buildings</b>				
Not later than one year	6,392	179,963	13,894	177,765
Later than one year and not later than five years	24,517	679,763	25,240	652,490
Later than five years	42,554	1,511,622	48,190	1,611,574
<b>Subtotal: Buildings</b>	<b>73,463</b>	<b>2,371,348</b>	<b>87,324</b>	<b>2,441,829</b>
Less interest element	(6,844)	(501,255)	(6,070)	(536,418)
<b>Present value of obligations</b>	<b>66,619</b>	<b>1,870,093</b>	<b>81,254</b>	<b>1,905,411</b>
<b>Other</b>				
Not later than one year	-	1,740	-	2,057
Later than one year and not later than five years	-	3,568	-	4,021
Later than five years	-	1,710	-	2,203
<b>Subtotal: Other</b>	-	<b>7,018</b>	-	<b>8,281</b>
Less interest element	-	(71)	-	190
<b>Present value of obligations</b>	-	<b>6,947</b>	-	<b>8,471</b>
<b>Total present value of obligations</b>	<b>66,619</b>	<b>1,940,947</b>	<b>81,254</b>	<b>1,979,636</b>
<b>Comprising:</b>				
<b>Current</b>	<b>5,549</b>	<b>133,381</b>	<b>13,131</b>	<b>130,934</b>
<b>Non-current</b>	<b>61,070</b>	<b>1,807,566</b>	<b>68,123</b>	<b>1,848,702</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), HMT issues discount rates to be used. These cover calendar years and were 1.27% for 2020, 0.91% for 2021, 0.95% for 2022 and 3.51% for 2023.

The largest lease liabilities are held by the BBC of £1,606.8m (2021-22: £1,629.1m). This consists of lease liabilities (inclusive of the effect of discounting the interest element) of £108.9m (2021-22: £101.6m) due in one year, £441.9m (2021-22: £410.9m) due in more than one and not later than five years and £1,056.1m (2021-22: £1,116.6m) due in more than five years. The interest element of these lease liabilities is £415.2m (2021-22: £451.7m).

Amounts recognised in SoCNE	Note	31 March 2023		31 March 2022	
		Core department & agency	Departmental group	Core department & agency	Departmental group
		£'000	£'000	£'000	£'000
Interest on lease liabilities - Finance Cost*		1,058	54,620	425	56,451
Variable lease payments not included in measurement of lease liabilities	4.3	-	180	-	213
Income of sub-leasing right-of-use assets	5.2	-	(11,169)	-	(13,438)
Expenses relating to short term liabilities	4.3	-	1,234	-	1,860
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	4.3	2,850	6,503	1,486	12,190
<b>Total</b>		<b>3,908</b>	<b>51,368</b>	<b>1,911</b>	<b>57,276</b>

\*Interest on lease liabilities is included within the finance cost total in note 4.6.

## 21. Other financial liabilities

	Other financial liabilities	Derivatives	Total derivatives
	£'000	£'000	£'000
<b>Balance at 31 March 2021</b>	-	<b>595,142</b>	<b>595,142</b>
Revaluations	-	(10,051)	(10,051)
<b>Balance at 31 March 2022</b>	-	<b>585,091</b>	<b>585,091</b>
Additions	7,980	-	7,980
Revaluations	-	(101,272)	(101,272)
Discounting	(429)	-	(429)
<b>Balance at 31 March 2023</b>	<b>7,551</b>	<b>483,819</b>	<b>491,370</b>
<b>Of the total:</b>			
Core department	-	-	-
Agency	-	-	-
Arm's length bodies	7,551	483,819	491,370
<b>Balance at 31 March 2023</b>	<b>7,551</b>	<b>483,819</b>	<b>491,370</b>
Due within 12 months	5,660	1,886	7,546
Due after 12 months	1,891	481,933	483,824
<b>Balance at 31 March 2023</b>	<b>7,551</b>	<b>483,819</b>	<b>491,370</b>
Due within 12 months	-	2,206	2,206
Due after 12 months	-	582,885	582,885
<b>Balance at 31 March 2022</b>	-	<b>585,091</b>	<b>585,091</b>

The BBC held financial derivatives of £483.8m (31 March 2022: £585.1m). The largest element of these derivatives relates to the refinancing of London Broadcasting House of £481.0m (31 March 2022: £580.0m). The derivatives revaluation in 2022-23 of £101.3m is due to the impact of interest rate changes in the current year.

## 22. Retirement benefit obligations

	2022-23			2021-22		
	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>19,619,208</b>	<b>11,880</b>	<b>19,631,088</b>	<b>19,891,973</b>	<b>11,542</b>	<b>19,903,515</b>
Current service cost	185,394	-	185,394	233,888	-	233,888
Past service cost	127	-	127	595	-	595
Interest cost on pension scheme liabilities	515,902	32	515,934	391,669	26	391,695
Administration cost	9,600	-	9,600	8,928	-	8,928
Benefits paid	(597,051)	(292)	(597,343)	(579,425)	(249)	(579,674)
Contributions by members	3,792	-	3,792	2,375	155	2,530
Losses on settlements and curtailments	445	-	445	-	-	-
<b>Remeasurements:</b>						
Experience (gains)/losses on defined benefit obligation	1,138,016	(1,023)	1,136,993	531,814	311	532,125
Change in demographic assumptions	55,373	(379)	54,994	(17,920)	(444)	(18,364)
Change in financial assumptions	(6,161,339)	(234)	(6,161,573)	(840,822)	(21)	(840,843)
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>14,769,467</b>	<b>9,984</b>	<b>14,779,451</b>	<b>19,619,208</b>	<b>11,880</b>	<b>19,631,088</b>
<b>Analysis of movement in scheme assets</b>						
<b>Balance at 1 April</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>
Interest on assets	(547,363)	-	(547,363)	(391,520)	-	(391,520)
Administration cost	1,306	-	1,306	1,331	-	1,331
Benefits paid	598,406	-	598,406	580,819	-	580,819
Contributions by members	(6,043)	-	(6,043)	(3,842)	-	(3,842)
Contributions by employer	(248,180)	-	(248,180)	(180,012)	-	(180,012)
<b>Remeasurements:</b>						
Change in actuarial assumptions	47,190	-	47,190	(7,028)	-	(7,028)
Return on assets	5,321,047	-	5,321,047	(854,039)	-	(854,039)
Transfers to funded pension scheme reserve	-	-	-	2,489	-	2,489
<b>Pension assets at 31 March</b>	<b>(15,500,450)</b>	<b>-</b>	<b>(15,500,450)</b>	<b>(20,666,813)</b>	<b>-</b>	<b>(20,666,813)</b>
<b>Net pension liability/(asset) at 31 March</b>	<b>(730,983)</b>	<b>9,984</b>	<b>(720,999)</b>	<b>(1,047,605)</b>	<b>11,880</b>	<b>(1,035,725)</b>
<b>Of the total:</b>						
Core department	-	-	-	-	-	-
Agency	-	-	-	-	-	-
Arm's length bodies	(730,983)	9,984	(720,999)	(1,047,605)	11,880	(1,035,725)
<b>Balance at 31 March</b>	<b>(730,983)</b>	<b>9,984</b>	<b>(720,999)</b>	<b>(1,047,605)</b>	<b>11,880</b>	<b>(1,035,725)</b>
<b>Comprising:</b>						
BBC	(701,500)	6,700	(694,800)	(1,248,600)	7,700	(1,240,900)
BFI	(444)	1,677	1,233	71,870	2,216	74,086
Sport England	(13,839)	-	(13,839)	57,121	-	57,121
BTA	(2,701)	97	(2,604)	(629)	107	(522)
UK Sport	(6,681)	529	(6,152)	81,942	560	82,502
Ofcom	(11,458)	804	(10,654)	(19,688)	1,084	(18,604)
Other ALBs	5,640	177	5,817	10,379	213	10,592
<b>Total</b>	<b>(730,983)</b>	<b>9,984</b>	<b>(720,999)</b>	<b>(1,047,605)</b>	<b>11,880</b>	<b>(1,035,725)</b>

## 22.1 Analysis of total pension cost recognised in the Consolidated Statement of Comprehensive Net Expenditure

	2022-23 £'000	2021-22 £'000
<b>Pension cost recognised in Net Operating Cost</b>		
Current service cost	185,394	233,888
Past service cost	127	595
Losses on settlements and curtailments	445	-
Net interest cost on Pension Scheme	(31,429)	175
Administration cost	10,906	10,259
<b>Total</b>	<b>165,443</b>	<b>244,917</b>

	2022-23 £'000	2021-22 £'000
<b>Remeasurements recognised in Other Comprehensive Net Expenditure</b>		
<b>Pension liabilities:</b>		
Experience losses on defined benefit obligation	1,136,993	532,125
Change in demographic assumptions	54,994	(18,364)
Change in financial assumptions	(6,161,573)	(840,843)
<b>Pension assets:</b>		
Change in actuarial assumptions	47,190	(7,028)
Return on assets	5,321,047	(854,039)
<b>Total</b>	<b>398,651</b>	<b>(1,188,149)</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%/30%
BFI	15.4%
Sport England	6.4%
BTA	9% - 16%
UK Sport	9.1%
Ofcom (benefits accruals have ceased, see note 22.5)	£2,555k
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 1.29 (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. Accounting valuations of the scheme are performed by Price Waterhouse Coopers, consulting actuaries. Actuarial valuations are undertaken at least every three years by Willis Towers Watson. 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:			
	2023	2022	2021
	£m	£m	£m
Scheme assets	14,675.3	19,744.5	18,925.3
Scheme liabilities	(13,973.8)	(18,495.9)	(18,727.1)
Surplus	701.5	1,248.6	198.2
Percentage by which scheme assets cover liabilities	105%	107%	101%

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 2022 by Willis Towers Watson showed a funding shortfall of £841m. 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 is as at 1 April 2025.

	Projection 2024	2023	2022	2021
	%	%	%	%
Employer	42.3/30.0	42.3	42.3	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 *Employee Benefits* purposes, requires a number of financial and demographic assumptions to be made. The principal assumptions used by the actuaries, were:

Principal financial assumptions	2023	2022	2021
	%	%	%
Rate of increase in salaries	1.0	1.0	1.0
<b>Rate of increase in pension payments:</b>			
Old Benefits	3.5	3.9	3.5
New Benefits	3.4	3.7	3.3
Career Average Benefits (2006)	2.3	2.4	2.4
Career Average Benefits (2011)	2.9	3.5	2.9
Inflation assumption (RPI)	3.5	3.9	3.5
Inflation assumption (CPI)	3.2	3.6	3.0
Discount rate	4.7	2.7	2.0

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

Principal demographic assumptions	2023	2022	2021
	Number of years	Number of years	Number of years
<b>Retiring today:</b>			
Male	28.0	27.0	27.0
Female	30.0	29.0	29.0
<b>Retiring in 20 years:</b>			
Male	29.0	29.0	29.0
Female	31.0	31.0	31.0

The sensitivities of the scheme's liabilities to changes in the principal assumptions are set out below:

	Assumption used%	Movement	Impact on Scheme liabilities %	Impact on Scheme liabilities £m
Discount rate	4.7	Decrease/increase 0.1%	1.5/1.3	(204)/183
Retail price inflation rate	3.5	Decrease/increase 0.1%	1.0/1.5	146/(204)
Mortality rate	1.25*	Decrease/increase 1 year	4.0/3.9	557/(539)

\* 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 2023 Direct and Pooled property was valued at £1,516.2m and a 5% reduction would equate to £75.8m.

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 Pensions 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.

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 LPFA.

The BFI has accounted in full for pension benefits in the year ended 31 March 2023. Therefore, as at 31 March 2023, BFI's net asset share was £0.4m (31 March 2022 deficit: £71.9m). BFI's agreed schedule of contributions is 15.4% of member employees' salary per year plus a monetary amount of £413k (31 March 2022: £399k).

### **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 asset was £13.8m (31 March 2022 deficit: £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.

### 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 net pension scheme asset as at the year end is £1.6m (31 March 2022 liability: £30.0m).

#### *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 net pension scheme asset as at the year end is £5.0m (31 March 2022 liability: £51.9m).

### 22.3.4 Other participating members of LGPS

Other ALBs participating in the LGPS 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.

BTA's share of the surplus of the funded scheme as at 31 March 2023 is £2.7m (31 March 2022: £0.6m). These figures include the US pension scheme. For the UK pension scheme (BTBP), the surplus at 31 March 2023 is £2,319k (31 March 2022: £53k surplus).

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 2023 these schemes had a net pension surplus of £11.5m (31 March 2022: £19.7m).

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 £8.3m were made in the year ended 31 March 2023 (31 March 2022: £7.1m).

## 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 28).

## 23. Capital, other commitments and lessor arrangements

### 23.1 Capital commitments

Contracted capital commitments not otherwise included in these financial statements:	31 March 2023		31 March 2022	
	Core department & agency	Departmental group	Core department & agency	Departmental group
	£'000	£'000	£'000	£'000
Property, plant & equipment	-	113,027	-	73,193
Intangible assets	-	346	-	849
<b>Total</b>	-	<b>113,373</b>	-	<b>74,042</b>

The most significant elements of commitments as at 31 March 2023 was the Natural History Museum totalling £27.2m (31 March 2022: £1.8m) and BBC totalling £19.3m as at 31 March 23 (31 March 2022: £20.3m).

### 23.2 Operating leases as lessor

Future minimum lease payments under non-cancellable operating leases comprise:	31 March 2023		31 March 2022	
	Core department & agency	Departmental group	Core department & agency	Departmental group
	£'000	£'000	£'000	£'000
Not later than one year	-	6,972	-	6,899
Later than one year and not later than five years	-	28,687	-	26,865
Later than five years	-	19,621	-	24,579
<b>Total operating leases as a lessor</b>	-	<b>55,280</b>	-	<b>58,343</b>

The significant component of the group lessor balance at 31 March 2023 is the BBC holding of £52.5m (31 March 2022: £56.7m). 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 2023, 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 2023		31 March 2022	
	Core department & agency	Departmental group	Core department & agency	Departmental group
	£'000	£'000	£'000	£'000
Not later than one year	-	699	-	648
Later than one year and not later than five years	-	1,827	-	2,401
Later than five years	-	-	-	-
<b>Total</b>	-	<b>2,526</b>	-	<b>3,049</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 31 March 2023, analysed by the period during which the commitments expire, are as follows:

	31 March 2023		31 March 2022	
	Core department & agency	Departmental group	Core department & agency	Departmental group
	£'000	£'000	£'000	£'000
Not later than one year	-	1,082,309	-	1,039,607
Later than one year and not later than five years	-	1,989,686	-	2,258,161
Later than five years	-	433,199	-	446,000
<b>Total</b>	-	<b>3,505,194</b>	-	<b>3,743,768</b>

The BBC as at 31 March 2023 had commitments of £3,388.0m (31 March 2022: £3,624.0m) 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 2023 had commitments of £54.9m (31 March 2022: £54.7m) relating to grant commitments which are subject to an annual review process.

National Citizen Service as at 31 March 2023 had commitments of £19.6m (31 March 2022: £35.9m) relating to contracts for programme delivery partners.

## 24. Contingent assets and liabilities

### 24.1 Contingent liabilities disclosed under IAS 37

#### 24.1.1 Quantifiable

##### Core Department

##### Group

##### *Lottery Distribution Bodies (LDBs)*

At 31 March 2023, the LDBs had contingent liabilities relating to future grant payments. The estimated value is £523m (31 March 2022: £424m). 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 2023 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	2022-23 £m	2021-22 £m
Sport England	3	9
UK Sport	181	192
National Lottery Heritage Fund	330	201
National Lottery Community Fund	7	19
British Film Institute	2	3
<b>Total</b>	<b>523</b>	<b>424</b>

##### *Guarantee of British Horseracing Authority (BHA) Pension Scheme*

On 30 July 2007 the Board entered into an agreement with the 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:

- Meet the entire annual deficit contributions £0.6m per annum for the period ending 30 September 2024;
- 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.

##### *Great British Bonus Scheme*

The Great British Bonus Scheme (GBB) is a prizemoney scheme designed to support the UK breeding



and racing industries through enhanced prizemoney to qualifying UK bred horses. It is a whole industry scheme that is administered by the Thoroughbred Breeders' Association (TBA) as agent for the scheme. They administer registrations to the scheme and market and support the scheme operationally. The TBA sit on the GBB Management Group, along with members of the British Horseracing Authority (BHA) and the Racehorse Owners Association (ROA). Members of the Horserace Betting Levy Board (HBLB) and Weatherbys also sit on the Group as observers. The vast majority of funding for GBB prizemoney comes from HBLB. The GBB Management Group propose any changes to the structure and rules of the scheme, but ultimately the Board of HBLB have control over the funding of the scheme. On 14 September 2021 the Board agreed to the principle of a contingent liability for the unlikely event of GBB scheme closure, resulting in repayment of unused registrations, until the scheme has built up sufficient reserves to cover the closure liability itself. The value of paid registrations that had not had an opportunity to utilise the scheme at 31 March 2023 amounted to £1,038k (31 March 2022: £1,425k). At this date GBB had reserves of £504k (31 March 2022: £839k). Therefore, the Board recognises a contingent liability of £534k (31 March 2022: £586k).

### *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.

### *Investment Management System development costs*

The qualifying development costs for the Investment Management System (IMS), Sport England's new grant management system have been capitalised and as at 31 March 2023 are disclosed as an intangible asset of £1,890k. This project is currently paused, while other software solutions are considered and a tender process is scheduled for June 2023. The outcome of the tender process may result in a permanent cessation of the development of IMS and a new software solution being developed. £1,517k as being directly related to the IMS software solution and depending on the new software solution some of this may need to be written-off.

### *Gambling Commission*

There are contingent liabilities of £0.1m as at 31 March 2023 (31 March 2022: £0.1m) relating to legal costs. The contingent liabilities figure has been calculated under the guidance of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, based on events existing at the Statement of Financial Position date.

### *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 2023 is £2.6m (31 March 2022: £3.1m).

### *European Regional Development Fund (ERDF) Superfast liability*

This contingent liability is 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 Agency 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.

#### *Shared Rural Network*

This contingent liability results from a legally binding agreement to indemnify mobile network operators (MNO), via their subsidiary, Digital Mobile Spectrum Limited in respect of costs up to £15.2m that may arise if there is a change in the operator of the Emergency Services Network (ESN). The probability of crystallisation occurring from 2024 is low, due to a possible extension of the existing ESN contract and ongoing merger discussions between MNOs. The liability will cease to exist in 2041 which marks the end of the Programme.

#### *National Lottery Community Fund*

Within dormant accounts, NLCF has recognised a contingent liability of £5.5m at 31 March 2023 in respect of possible obligations to pay up to £500k per annum to The Big Society Trust (BST) for their administration costs. This possible obligation is as per a deed of agreement between BST and NLCF made on 10 December 2019, which is valid for 15 years from that date. Therefore, the contingent liability is for the remaining 11 years. Additionally, a contingent liability of £20m is recognised which is in respect of (unsigned) contractual amounts owed to designated distributors.

### **24.1.2 Unquantifiable**

#### **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 British Library is aware of a personal injury claim which has been investigated. The Library does not believe it has any liability and nothing has been heard from the claimant for over a year so no provision has been made in the accounts.

A complaint has been made against the Library relating to copyright due on material licensed to 3rd parties. The Library has taken legal advice which confirms that no contract exists and no backdated royalties are due so no provision has been made in the accounts.

The Library is dealing with two employment tribunal cases. It is not yet possible to say with certainty what any liability and related costs might be so no provision has been made in the accounts.

A complaint has been made by a member of the public against the Library under the Equality Act 2010, alleging that the reader registration process is discriminatory because registration requires attendance onsite. This is currently under investigation. It is not yet possible to say with certainty what any liability and related costs might be so no provision has been made in the accounts. Whilst the costs of these disputes cannot be determined with sufficient certainty to make a provision, it is considered unlikely that the worst case outcomes would result in material costs to the Library.

##### *Boston Spa Renewed project*

There is a potential claim relating to pre-construction works at the British Library's Boston Spa site. It is considered prejudicial to the outcome of a final settlement to disclose the sums involved.

#### *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*

BTA continue to work on an on-going challenge in relation to their India operations. There is uncertainty over whether there may be non-compliance with local rules and whether any fines could arise as a consequence. BTA are reviewing a way forward for operations in India and decisions are expected in the first half of 2023-24. The conclusion as to whether there are non-compliance issues is likely to take a significant amount of research and BTA continue to work with its advisers in India to resolve.

#### *BBC*

From 14 – 16 February 2023 the Indian Income Tax Department conducted a tax survey on the BBC's Indian operations in Mumbai and Delhi. This involved tax surveys carried out at the offices of BBC World Service India Private Limited and BBC Studios India Private Limited. The BBC has co-operated in full, and will continue to do so, with all requests made to it including document and information requests, supported by its external legal and tax advisers. As matters are ongoing and have not yet concluded, it is not possible at this stage to identify if in any or all instances a liability exists and/or to quantify any such liability with reasonable certainty.

## **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 £55.2m (31 March 2022: £47.4m) are forecast to be received between 2016 and 2048, of which £8.5m had been received by 31 March 2023, £171k has been received during the year. Additional income of £2m has been accrued as at 31 March 2023.

#### *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 expect that the GLA will communicate directly with the Lottery Distributing Bodies on forecast of land receipts due to the National Lottery and the timing on when such payments will be made.

#### *British Museum Legacies*

Thirteen legacies were bequeathed to the British Museum group (31 March 2022: 6). The amount and timing of these payments are uncertain, as the museum's interest is in the residuary estates, but are estimated at around £2.9m (31 March 2022: £1.5m).

#### *Dormant Assets*

Under the provisions of the Dormant Bank and Building Society Accounts Act 2008, amended by the

Dormant Assets Act 2022, 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 £83m-£93m at 31 March 2023 (31 March 2022: £75m-£90m).

#### *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 latter half of 2023-24.

#### *Birmingham 2022 Organising Committee for the 2022 Commonwealth Games*

There is a potential for additional commercial revenues (c£300k) post liquidation which are yet to be received by Commonwealth Games Federation Partnerships (CGFP). The amount is not yet known as it has not been collected yet by CGFP and an invoice therefore cannot be raised.

#### *Gambling Commission*

The Commission is due to be reimbursed for costs incurred in defending the claim brought against it by Camelot. Some of these costs have already been received, but the majority are yet to be recovered. The Commission considers this to be a contingent asset in accordance with IAS 37.

The Court (by para 3 of the Court Order of Mrs Justice O'Farrell dated 14 February 2023) has ordered Camelot to pay the Commission these costs. However, such costs are payable on an indemnity basis, meaning there is an exercise to be done by Camelot in scrutinising all the alleged costs put forward by the Commission for recovery. The Commission has taken legal advice which estimates that the final amount receivable will be in the region of £2.0m, subject to negotiations and expected to be paid within the upcoming financial year.

## **25. Related party transactions**

### **Core department**

At 31 March 2023, DCMS was the sponsor of the ALBs listed in Note 28. 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:

The National Lottery Distribution Fund is maintained under the control and management of the Secretary of State for Culture, Media and Sport. 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*

Lucy Frazer KC MP, Secretary of State for Culture, Media and Sport, is married to the Chief Executive of Alexander Mann Solutions Ltd (AMS). She was Secretary of State in this year for the period from 7 February 2023 onwards and has never held responsibility for digital policy and delivery which has been the responsibility of the Department for Science, Innovation, and Technology since that date. In 2022-23 AMS received £6,815k from the core department (£289k payable at year end), £2,035k from Building Digital UK and £317k from Arts Council England Exchequer (£128k payable at year end) in relation to the supply of temporary staff over the entire year. The majority of this cost relates to payments to agency staff but an element covers the services provided by AMS to source these temporary workers. The Minister had no role in the decisions relating to this expenditure.

### *Audit and Risk Committee Members*

William Priest (Independent Audit and Risk Committee Member) is a Non-Executive Director at Digital Catapult which received £7,379k from the core department (£2,308k payable at the year end). Digital Catapult also paid £17k to the Office of Communications and at year end, £100k was payable by Arts Council England Exchequer.

William Priest is also Chairman of the Board of Directors at Connexin Ltd which received £55k from Building Digital UK and paid £10k to the Office of Communications in the year.

Phill Wells (Independent Audit and Risk Committee Member) partner, is the Director of Technology Services at Essex County Council. During the year they received £2,301k from Arts Council England Exchequer (£338k payable at the year end), £150k from Sports England Lottery (£5,756k payable at the year end) and £60k from the core department. As at the year end, £930k was payable to Essex County Council by the National Lottery Communities Fund.

### *Executive Board Members*

Susannah Storey as Permanent Secretary and Accounting Officer (previously Director General for Digital and Media) would like to make the following declaration of her interests for the financial year 23-24 following her appointment as Permanent Secretary in July 2023:

- The Permanent Secretary's husband is a Managing Partner and Shareholder in CVC Capital Partners. As part of his role at CVC, he is a Director of Six Nations Rugby, Premiership Rugby, the United Rugby Championship, and Director of Away Resorts (a domestic tourism company). In the year 2022-23, Premiership Rugby Limited received £46k from Sport England Lottery and Pro Rugby Championship DAC which received £4,200k from S4C Welsh Fourth Channel. The department actively manages these conflicts via recusals on all policy and Accounting Officer matters relating to rugby, and via a recusal on all policy and Accounting Officer matters relating to holiday parks.
- The Permanent Secretary's mother has ownership of Ash Hole Cavern in Devon which is a scheduled monument designated by Historic England (a DCMS Arms Length Body). Its scheduling in 1966 precedes Susannah's position as Permanent Secretary and prior appointment as Director General. Any and all grant funding decisions made by Historic England regarding scheduled monuments are made at an arm's length from government, and the Permanent Secretary has no role in those decisions.
- The Permanent Secretary was a Trustee of The Charities Aid Foundation (CAF) from 2017 to February 2023. In the year 2022-23, CAF paid £37k to Sir John Soane's Museum and £37k to the British Library. The Permanent Secretary stepped down from this position in February 2023 and was not remunerated for this role.

The Remuneration Report (page 76) 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 2023:

Julia Lopez MP (Minister of State for Media, Data and Digital Infrastructure) was replaced by Matthew Warman MP on 7 July 2022, then rejoined on 7 September 2022 with this ministerial portfolio. Her portfolio subsequently changed to Minister of State for Media, Tourism and Creative Industries. On 9 May 2023, she was appointed as Minister on Leave (Minister of State) whilst on maternity leave, and Sir John Whittingdale was appointed Minister of State for Media, Tourism and Creative Industries as maternity cover.

### Changes to the Executive Team

Susannah Storey was appointed as Permanent Secretary of DCMS on 11 July 2023. Ruth Hannant and Polly Payne (interim Permanent Secretaries from 7 February 2023), reverted to their role as Directors General for Culture, Sport and Civil Society (job share), replacing Emma Squire and Nicola Hewer as Interim Directors General (job share).

Partick Curry (Corporate Strategy Director) left DCMS on 14 July 2023, and was replaced by Georgia Hutchinson on an interim basis from July 2023. Laura Jackson and Louise Smith have been appointed as Corporate Strategy Directors from 6 November 2023.

### Changes to Non-Executive Board Members

Hemant Patel (Non-Executive Board Member and Audit and Risk Committee Chair) left DCMS on 16 July 2023, and was replaced by Simon Ball on 17 July 2023.

Priya Lakhani (Non-Executive Board Member) left DCMS on 24 April 2023.

Dame Patricia Hodgson, Larissa Joy, and Ralph Rimmer were appointed as Non-Executive Directors on 6 July 2023.

### British Museum

We have discussed the British Museum's events after the reporting period within the Points of Interest section of the Governance Statement. See page 72 for more information.

### Machinery of Government (MoG) Change

The MoG change to transfer functions outlined in Note 1.31 will take effect in accounting and budgeting terms from 1 April 2023. The 2023-24 DCMS accounts will be restated to remove the elements that will transfer to the Department for Science, Innovation and Technology (DSIT). The directorates covering telecoms, cyber, data, tech, AI and digital will transfer from the DCMS core department, as well as the following ALBs: BDUK, Information Commissioner's Office (ICO), Ofcom and Phone-paid Services Authority. The estimated impact of this transfer has been included in the tables below.

The columns for BDUK, Ofcom, ICO and Phone-paid Services Authority include intra-group eliminations and group level adjustments, so will not agree to the ALBs' own published accounts. Within the DCMS core department impact columns, the "departmental group" column in this section includes the core side any of elimination adjustments with the group.



Consolidated Statement of Comprehensive Net Expenditure as at 31 March 2023	Published 2022-23				Transferred to DSIT 2022-23						Restated 2022-23	
	Core department & agency £'000	Departmental group £'000	DCMS Core department		BDUK Core department & agency £'000	Ofcom Departmental group £'000	ICO Departmental group £'000	Phone-paid Services Authority Departmental group £'000	Core department & agency £'000	Departmental group £'000	Departmental group	
			Core department & agency £'000	Departmental group £'000							Core department & agency £'000	Departmental group £'000
Staff costs	148,984	2,245,165	(58,474)	(58,424)	(19,220)	(111,223)	(56,844)	(2,687)	71,290	1,996,767		
Grants and subsidies to sponsored bodies	5,667,429	1,233	(10,297)	-	-	-	-	-	5,657,132	1,233		
Other grants	294,218	2,681,390	(51,795)	(51,795)	(41,233)	-	(106)	-	201,190	2,588,256		
Purchase of goods and services	107,923	833,423	(55,556)	(55,486)	(10,329)	(51,384)	(15,240)	146	42,038	701,130		
Depreciation, amortisation, impairment charges and expected credit loss adjustments	57,171	412,983	(9,283)	(9,283)	(570)	(7,386)	(6,404)	(177)	47,318	389,163		
Provisions expense	(3,823)	153,239	-	-	-	25	(123)	-	(3,823)	153,141		
Finance cost	1,084	57,326	(853)	(853)	(3)	(952)	(518)	-	228	55,000		
Other operating expenditure	182,394	3,373,286	(115,680)	(126,047)	91,458	5,513	13,839	(3,183)	158,172	3,354,866		
<b>Total operating expenditure</b>	<b>6,455,380</b>	<b>9,758,045</b>	<b>(301,938)</b>	<b>(301,888)</b>	<b>20,103</b>	<b>(165,407)</b>	<b>(65,396)</b>	<b>(5,901)</b>	<b>6,173,545</b>	<b>9,239,556</b>		
Income from contracts with customers	(54,706)	(749,378)	155	155	78	45,681	65,692	-	(54,473)	(637,772)		
Current grant income	(104,033)	(215,985)	-	-	-	136	30	-	(104,033)	(215,819)		
Other operating income	(42,743)	(2,599,150)	(1,982)	(1,982)	-	123,573	1,687	5,905	(44,725)	(2,469,967)		
<b>Total operating income</b>	<b>(201,482)</b>	<b>(3,564,513)</b>	<b>(1,827)</b>	<b>(1,827)</b>	<b>78</b>	<b>169,390</b>	<b>67,409</b>	<b>5,905</b>	<b>(203,231)</b>	<b>(3,323,558)</b>		
<b>Net expenditure for the year</b>	<b>6,253,898</b>	<b>6,193,532</b>	<b>(303,765)</b>	<b>(303,715)</b>	<b>20,181</b>	<b>3,983</b>	<b>2,013</b>	<b>4</b>	<b>5,970,314</b>	<b>5,915,998</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	-	(432,588)	-	-	-	-	-	-	-	(432,588)		
- pension remeasurements	-	398,651	-	-	-	(9,284)	-	-	-	389,367		
Items which may be reclassified to net operating expenditure:												
Net (gain)/loss on:												
- impairments		40,562	-	-	-	-	-	-	-	40,562		
- other revaluations including financial assets through OCI		(159,964)	-	-	-	-	-	-	-	(159,964)		
<b>Total other comprehensive net expenditure</b>	<b>-</b>	<b>(153,339)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9,284)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(162,623)</b>		
<b>Total comprehensive expenditure for the period</b>	<b>6,253,898</b>	<b>6,040,193</b>	<b>(303,765)</b>	<b>(303,715)</b>	<b>20,181</b>	<b>(5,301)</b>	<b>2,013</b>	<b>4</b>	<b>5,970,314</b>	<b>5,753,375</b>		

Consolidated Statement of Financial Position as at 31 March 2023	Published 2022-23						Transferred to DSIT 2022-23						Restated 2022-23					
	Core department & agency		Departmental group		DCMS Core department		BDUK		Ofcom		ICO		Phone-paid Services Authority		Core department & agency		Departmental group	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Non-current assets</b>																		
Property, plant & equipment	41,667	6,756,241	(3,313)	(3,313)	-	(15,186)	-	(870)	(419)						38,354		6,736,453	
Right of use assets	52,134	1,285,561	(14,498)	(14,498)	-	(35,663)	-	(4,587)	-						37,636		1,230,813	
Heritage assets	17,534	1,621,263	-	-	-	-	-	-	-						17,534		1,621,263	
Intangible assets	22,924	96,022	(17,220)	(17,220)	(5,616)	(154)		(1,463)	-						88		71,569	
Contract assets	-	-	-	-	-	-	-	-	-						-		-	
Investment properties	-	31,968	-	-	-	-	-	-	-						-		31,968	
Trade and other receivables	-	240,046	-	-	-	(2,023)	-	(197)	-						-		237,826	
Investments in associates and joint ventures	-	32,814	-	-	-	-	-	-	-						-		32,814	
Other financial assets	338,594	3,133,297	-	-	-	-	-	-	-						338,594		3,133,297	
<b>Total non-current assets</b>	<b>472,853</b>	<b>13,197,212</b>	<b>(35,031)</b>	<b>(35,031)</b>	<b>(5,616)</b>	<b>(53,026)</b>		<b>(7,117)</b>	<b>(419)</b>						<b>432,206</b>		<b>13,096,003</b>	
<b>Current assets</b>																		
Assets classified as held for sale	-	3,600	-	-	-	-	-	-	-						-		3,600	
Contract assets	-	499	-	-	-	-	-	-	-						-		499	
Inventories	-	245,062	-	-	-	-	-	-	-						-		245,062	
Trade and other receivables	57,087	1,010,819	(20,462)	(13,996)	(778)	(14,461)		(6,847)	(1,845)						35,847		972,892	
Other financial assets	23,276	550,443	-	-	-	-	-	-	-						23,276		550,443	
Cash and cash equivalents	166,689	2,974,686	-	-	(23,974)	(13,396)		(17,820)	(6,439)						142,715		2,913,057	
<b>Total current assets</b>	<b>247,052</b>	<b>4,785,109</b>	<b>(20,462)</b>	<b>(13,996)</b>	<b>(24,752)</b>	<b>(27,857)</b>		<b>(24,667)</b>	<b>(8,284)</b>						<b>201,838</b>		<b>4,685,553</b>	
<b>Total assets</b>	<b>719,905</b>	<b>17,982,321</b>	<b>(55,493)</b>	<b>(49,027)</b>	<b>(30,368)</b>	<b>(80,883)</b>		<b>(31,784)</b>	<b>(8,703)</b>						<b>634,044</b>		<b>17,781,556</b>	
<b>Current liabilities</b>																		
Trade and other payables	(345,564)	(2,869,324)	70,661	64,196	10,102	25,687		12,401	6,143						(264,801)		(2,750,795)	
Contract liabilities	-	(3,262)	-	-	-	-	-	-	-						-		(3,262)	
Provisions	-	(115,071)	-	-	-	12		34	-						-		(115,025)	
Lease liabilities	(5,549)	(133,381)	228	228	-	4,892		1,455	-						(5,321)		(126,806)	
Other financial liabilities	-	(7,546)	-	-	-	-	-	-	-						-		(7,546)	
<b>Total current liabilities</b>	<b>(351,113)</b>	<b>(3,128,584)</b>	<b>70,889</b>	<b>64,424</b>	<b>10,102</b>	<b>30,591</b>		<b>13,890</b>	<b>6,143</b>						<b>(270,122)</b>		<b>(3,003,434)</b>	
<b>Non-current assets plus/(less) net current assets/liabilities</b>	<b>368,792</b>	<b>14,853,737</b>	<b>15,396</b>	<b>15,397</b>	<b>(20,266)</b>	<b>(50,292)</b>		<b>(17,894)</b>	<b>(2,560)</b>						<b>363,922</b>		<b>14,778,122</b>	

Consolidated Statement of Comprehensive Net Expenditure as at 31 March 2023	Published 2022-23				Transferred to DSIT 2022-23				Restated 2022-23	
	Core department & agency	Departmental group	DCMS Core department & agency	Departmental group	BDUK	Ofcom	ICO	Phone-paid Services Authority	Core department & agency	Departmental group
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Non-current liabilities</b>										
Trade and other payables	-	(1,469,337)	-	-	-	237	-	-	-	(1,469,100)
Contract liabilities	-	-	-	-	-	-	-	-	-	-
Provisions	-	(143,288)	-	-	-	106	1,085	185	-	(141,912)
Lease liabilities	(61,070)	(1,807,566)	7,824	7,824	-	34,163	3,345	-	(53,246)	(1,762,234)
Other financial liabilities	-	(483,824)	-	-	-	-	-	-	-	(483,824)
Retirement benefit obligations	-	720,999	-	-	-	(10,654)	-	-	-	710,345
<b>Total non-current liabilities</b>	<b>(61,070)</b>	<b>(3,183,016)</b>	<b>7,824</b>	<b>7,824</b>	<b>-</b>	<b>23,852</b>	<b>4,430</b>	<b>185</b>	<b>(53,246)</b>	<b>(3,146,725)</b>
<b>Total assets less liabilities</b>	<b>307,722</b>	<b>11,670,721</b>	<b>23,220</b>	<b>23,221</b>	<b>(20,266)</b>	<b>(26,440)</b>	<b>(13,464)</b>	<b>(2,375)</b>	<b>310,676</b>	<b>11,631,397</b>
<b>Taxpayers' equity and other reserves</b>										
<b>Taxpayers' funds</b>										
General fund	263,081	4,059,429	23,220	23,221	(20,266)	(26,440)	(13,464)	(2,375)	266,035	4,020,105
Revaluation reserve	44,641	2,191,278	-	-	-	-	-	-	44,641	2,191,278
<b>Total taxpayers' equity</b>	<b>307,722</b>	<b>6,250,707</b>	<b>23,220</b>	<b>23,221</b>	<b>(20,266)</b>	<b>(26,440)</b>	<b>(13,464)</b>	<b>(2,375)</b>	<b>310,676</b>	<b>6,211,383</b>
Lottery funds	-	(790,675)	-	-	-	-	-	-	-	(790,675)
Charity funds	-	6,210,689	-	-	-	-	-	-	-	6,210,689
<b>Total reserves</b>	<b>307,722</b>	<b>11,670,721</b>	<b>23,220</b>	<b>23,221</b>	<b>(20,266)</b>	<b>(26,440)</b>	<b>(13,464)</b>	<b>(2,375)</b>	<b>310,676</b>	<b>11,631,397</b>

Consolidated Statement of Financial Position as at 31 March 2022	Published 2021-22						Transferred to DSIT 2021-22						Restated 2021-22					
	Core department & agency		Departmental group		DCMS Core department		BDUK		Ofcom		ICO		Phone-paid Services Authority		Core department & agency		Departmental group	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Non-current assets</b>																		
Property, plant & equipment	28,103	6,510,884	-	-	-	-	-	-	(12,186)	(985)	(419)	28,103	6,497,294					
Right of use assets	58,391	1,133,649	(17,046)	(17,046)	-	-	-	(39,623)	(3,458)	(177)	41,345	1,073,345						
Heritage assets	17,149	1,631,795	-	-	-	-	-	-	-	-	-	17,149	1,631,795					
Intangible assets	27,624	101,994	(27,117)	(27,117)	-	-	-	(35)	(797)	-	507	74,045						
Contract assets	-	-	-	-	-	-	-	-	-	-	-	-	-					
Investment properties	-	28,126	-	-	-	-	-	-	-	-	-	-	28,126					
Trade and other receivables	-	227,484	-	-	-	-	-	(542)	-	-	-	-	226,942					
Investments in associates and joint ventures	-	33,283	-	-	-	-	-	-	-	-	-	-	33,283					
Other financial assets	371,828	2,965,654	-	-	-	-	-	-	-	-	-	371,828	2,965,654					
<b>Total non-current assets</b>	<b>503,095</b>	<b>12,632,869</b>	<b>(44,163)</b>	<b>(44,163)</b>	-	-	-	<b>(52,386)</b>	<b>(5,240)</b>	<b>(596)</b>	<b>458,932</b>	<b>12,530,484</b>						
<b>Current assets</b>																		
Assets classified as held for sale	-	3,600	-	-	-	-	-	-	-	-	-	-	3,600					
Contract assets	-	18,775	-	-	-	-	-	-	-	-	-	-	18,775					
Inventories	-	265,585	-	-	-	-	-	-	-	-	-	-	265,585					
Trade and other receivables	88,881	1,077,219	(36,942)	(36,942)	-	-	-	(19,834)	(20,150)	(1,845)	51,939	1,021,808						
Other financial assets	12,095	320,171	-	-	-	-	-	-	-	-	12,095	320,171						
Cash and cash equivalents	195,598	3,128,835	-	-	-	-	-	(20,920)	(20,721)	(6,439)	195,598	3,080,755						
<b>Total current assets</b>	<b>296,574</b>	<b>4,814,185</b>	<b>(36,942)</b>	<b>(36,942)</b>	<b>(13,582)</b>	<b>(13,582)</b>	<b>(40,754)</b>	<b>(93,140)</b>	<b>(40,871)</b>	<b>(8,284)</b>	<b>259,632</b>	<b>4,710,694</b>						
<b>Total assets</b>	<b>799,669</b>	<b>17,447,054</b>	<b>(81,105)</b>	<b>(81,105)</b>	<b>(57,745)</b>	<b>(57,745)</b>	<b>(93,140)</b>	<b>(93,140)</b>	<b>(46,111)</b>	<b>(8,880)</b>	<b>718,564</b>	<b>17,241,178</b>						
<b>Current liabilities</b>																		
Trade and other payables	(413,736)	(2,881,251)	129,972	106,612	-	-	33,526	30,314	6,143	(283,764)	(2,704,656)							
Contract liabilities	-	(20,222)	-	-	-	-	-	-	-	-	(20,222)							
Provisions	(3,823)	(74,513)	-	-	-	-	12	(3,823)	(74,499)									
Lease liabilities	(13,131)	(130,934)	16,956	16,956	-	-	4,766	(700)	3,825	(108,915)								
Other financial liabilities	-	(2,206)	-	-	-	-	-	-	-	-	(2,206)							
<b>Total current liabilities</b>	<b>(430,690)</b>	<b>(3,109,126)</b>	<b>146,928</b>	<b>123,568</b>	<b>-</b>	<b>-</b>	<b>38,304</b>	<b>31,313</b>	<b>(283,762)</b>	<b>5,443</b>	<b>(2,910,498)</b>							
<b>Non-current assets plus/(less) net current assets/liabilities</b>	<b>368,979</b>	<b>14,337,928</b>	<b>65,823</b>	<b>65,823</b>	<b>-</b>	<b>-</b>	<b>(54,836)</b>	<b>(14,798)</b>	<b>(3,437)</b>	<b>434,802</b>	<b>14,330,680</b>							

Consolidated Statement of Financial Position as at 31 March 2022	Published 2021-22						Transferred to DSIT 2021-22						Restated 2021-22						
	Core department & agency		Departmental group		DCMS Core department		BDUK		Ofcom		ICO		Phone-paid Services Authority		Core department & agency		Departmental group		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
<b>Non-current liabilities</b>																			
Trade and other payables	-	(1,426,441)	-	-	-	-	-	5,547	-	-	-	-	-	-	-	-	-	(1,420,894)	
Contract liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Provisions	-	(67,639)	-	-	-	-	-	143	-	994	185	-	-	-	-	-	-	(66,317)	
Lease liabilities	(68,123)	(1,848,702)	-	-	-	-	-	36,009	-	2,597	881	-	-	-	-	-	-	(1,809,215)	
Other financial liabilities	-	(582,885)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(582,885)	
Retirement benefit obligations	-	1,035,725	-	-	-	-	-	(18,604)	-	-	-	-	-	-	-	-	-	1,017,121	
<b>Total non-current liabilities</b>	<b>(68,123)</b>	<b>(2,889,942)</b>	-	-	-	-	-	<b>23,095</b>	-	<b>3,591</b>	<b>1,066</b>	-	-	-	-	-	-	<b>(2,862,190)</b>	
<b>Total assets less liabilities</b>	<b>300,856</b>	<b>11,447,986</b>	<b>65,823</b>	<b>65,823</b>	<b>65,823</b>	<b>65,823</b>	-	<b>(31,741)</b>	<b>(31,741)</b>	<b>(11,207)</b>	<b>(2,371)</b>	<b>366,679</b>	<b>366,679</b>	<b>366,679</b>	<b>366,679</b>	<b>366,679</b>	<b>366,679</b>	<b>11,468,490</b>	
<b>Taxpayers' equity and other reserves</b>																			
<b>Taxpayers' funds</b>																			
General fund	256,215	4,665,027	65,823	65,823	65,823	65,823	-	(31,741)	-	(11,207)	(2,371)	322,038	322,038	322,038	322,038	322,038	322,038	4,665,531	
Revaluation reserve	44,641	1,798,735	-	-	-	-	-	-	-	-	-	44,641	44,641	44,641	44,641	44,641	44,641	1,798,735	
<b>Total taxpayers' equity</b>	<b>300,856</b>	<b>6,463,762</b>	<b>65,823</b>	<b>65,823</b>	<b>65,823</b>	<b>65,823</b>	-	<b>(31,741)</b>	<b>(31,741)</b>	<b>(11,207)</b>	<b>(2,371)</b>	<b>366,679</b>	<b>366,679</b>	<b>366,679</b>	<b>366,679</b>	<b>366,679</b>	<b>366,679</b>	<b>6,484,266</b>	
Lottery funds	-	(904,141)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(904,141)
Charity funds	-	5,888,365	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,888,365
<b>Total reserves</b>	<b>300,856</b>	<b>11,447,986</b>	<b>65,823</b>	<b>65,823</b>	<b>65,823</b>	<b>65,823</b>	-	<b>(31,741)</b>	<b>(31,741)</b>	<b>(11,207)</b>	<b>(2,371)</b>	<b>366,679</b>	<b>366,679</b>	<b>366,679</b>	<b>366,679</b>	<b>366,679</b>	<b>366,679</b>	<b>11,468,490</b>	

## 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 2023 the National Lottery Community Fund (NLCF) held assets of £9.3m (31 March 2022: £9.5m). 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. List of bodies within the group

The entities within the group during 2022-23 listed below, comprised the core department, and those bodies included in the Government Resources and Accounts Act 2000 (Estimates and Accounts) (Amendment) Order 2022.

There were changes to the Group Designation Order for 2022-23. The changes have been explained below:

- BBC Commercial Holdings Limited (part of the British Broadcasting Corporation (BBC)) has changed its name to BBC Commercial Limited. This was amended on the Designation Order 2022-23.
- The Royal Armouries Development Trust (part of the Royal Armouries Museum) was dissolved at the Charity Commission on 7 July 2021. Hence it was removed in the Designation Order 2022-23.
- Yorkshire 2019 Limited (part of UK Sport) was dissolved on 28 September 2021. Hence it was removed from the Designation Order 2022-23.

In addition, the following developments have been noted:

- Building Digital UK (BDUK) was set up as an Executive Agency of DCMS on 1 April 2022. This was not included on the Designation Order 2022-23 because Executive Agencies are not designated.
- Festival 2022 Limited is a subsidiary of Birmingham Organising Committee for the 2022 Commonwealth Games Ltd (BOCCG). BOCCG (and Festival 2022) entered liquidation on 15 March 2023. Once dissolution has been confirmed, both entities will need to be removed from the 2023-24 Designation Order. This will be confirmed in the 2023-24 Amendment Order process.

Due to a machinery of government (MoG) change, there will be a number of changes to the Designation Order that will affect the DCMS group within 2023-24. The details of the MoG changes are included on note 1.31.



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>60</sup> *s	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>61</sup>	Royal Charter Body	<a href="http://www.bbc.co.uk">www.bbc.co.uk</a>
S4C (Sianel Pedwar Cymru) <sup>62</sup>	Statutory Body	<a href="http://www.s4c.cymru">www.s4c.cymru</a>
British Film Institute *s	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>63</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>64</sup>	Limited Company	<a href="http://www.birmingham2022.com">www.birmingham2022.com</a>
The English Sports Council (Sport England) *s	Royal Charter Body	<a href="http://www.sportengland.org">www.sportengland.org</a>
The United Kingdom Sports Council (UK Sport) *s	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>
<b>Arts and Libraries</b>		
Arts Council England *s	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>

60 NHMF carries out its lottery distribution activities as the National Lottery Heritage Fund.

61 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).

62 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.

63 United Kingdom Anti-Doping Limited and Birmingham 2022 are companies limited by guarantee of which the Secretary of State for Culture, Media and Sport is the sole member.

64 Festival 2022 Limited is a 100% owned subsidiary of Birmingham 2022; figures are consolidated in these accounts. Both Birmingham 2022 and Festival 2022 entered liquidation on 15 March 2023.

Body name	Legal status	Website
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>		
Building Digital UK	Executive Agency	<a href="https://www.gov.uk/government/organisations/building-digital-uk">https://www.gov.uk/government/organisations/building-digital-uk</a>
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 2022-23 or 2021-22 DCMS group accounts on a line-by-line basis on the grounds of materiality.

## 28.1 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.

### 28.1.1 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-2022-to-2023>.
- 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-2022-to-2023>.

### 28.1.2 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.

### 28.1.3 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 2018-19 to 2022-23 and planned expenditure for the years 2023-24 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)	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
	Outturn	Outturn	Outturn	Outturn	Outturn	Plans	Plans
Support for the Museums and Galleries sector	28,678	25,719	24,342	20,079	21,407	28,512	32,755
Museums and Galleries sponsored ALBs (net)	362,569	369,006	429,655	389,798	420,273	440,157	372,589
Libraries sponsored ALBs (net)	106,827	117,105	111,097	104,898	123,656	120,970	104,606
Support for the Arts sector	(77,197)	(79,289)	(31,072)	(51,512)	(66,522)	(75,200)	2,283
Arts and culture ALBs (net) <sup>65</sup>	452,905	465,976	1,180,937	610,447	481,986	476,571	376,260
Support for the Sports sector	7,087	5,061	16,090	54,985	24,517	49,972	18,991
Sport sponsored ALBs (net)	140,174	142,204	303,568	151,001	167,963	154,642	129,149
Ceremonial and support for the Heritage sector <sup>66</sup>	55,178	50,936	43,260	41,726	106,557	32,164	26,676
Heritage sponsored ALBs (net)	75,789	72,039	203,061	109,247	79,767	77,906	63,572
Tourism sponsored ALBs (net)	68,320	51,654	37,725	49,078	52,283	37,712	33,445
Support for the Digital, Broadcasting and Media sector	61,628	75,560	83,691	113,936	98,953	(97)	59,961
Broadcasting and Media sponsored ALBs (net)	30,064	66,244	99,158	59,407	24,430	23,007	18,655
Administration and Research <sup>67</sup>	86,438	100,733	114,206	93,277	156,214	131,572	43,457
Support for Horseracing and the Gambling sector <sup>68</sup>	(6,721)	(16,161)	(17,851)	(26,790)	(21,817)	(51,205)	(20,305)
Gambling Commission (net)	8,490	17,598	19,280	24,569	14,867	49,163	21,214
Olympics - legacy programmes	-	-	-	(14)	-	-	-
Civil Society and Youth <sup>69</sup>	176,310	58,472	385,990	31,862	47,973	140,524	42,005
National Citizen Service <sup>70</sup>	64,771	151,723	72,258	71,086	73,587	49,200	57,942
Birmingham 2022 and Festival 2022 (net) <sup>71</sup>	17,183	15,434	36,407	146,242	304,319	-	222,972
Building Digital UK <sup>72</sup>	-	-	-	-	30,956		
<b>Total Resource DEL</b>	<b>1,658,493</b>	<b>1,690,014</b>	<b>3,111,802</b>	<b>1,993,322</b>	<b>2,141,369</b>	<b>1,685,570</b>	<b>1,606,227</b>

65 The expenditure in this area for 2022-23 has returned to pre-COVID levels.

66 The ceremonial spend increased in the year due to the Queen's Funeral and the Platinum Jubilee.

67 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.

68 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.

69 Civil Society and Youth - The spend in this area is forecast to increase in 2023-24.

70 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.

71 Spend in this area increased in the current year as the two events both occurred within the year.

72 Building Digital UK 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)	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
	Outturn	Outturn	Outturn	Outturn	Outturn	Plans	Plans
<b>Total Resource DEL</b> (brought forward from previous page)	<b>1,658,493</b>	<b>1,690,014</b>	<b>3,111,802</b>	<b>1,993,322</b>	<b>2,141,369</b>	<b>1,685,570</b>	<b>1,606,227</b>
<b>Of which:</b>							
Staff costs <sup>73</sup>	650,729	718,014	778,852	814,545	868,871	0	594,904
Purchase of goods and services <sup>74</sup>	736,859	802,264	588,088	835,485	1,248,695	1,658,521	503,983
Income from sales of goods and services <sup>75</sup>	(64,368)	(67,518)	(43,493)	(37,840)	(134,732)	(137,777)	(103,507)
Current grants to local government (net)	17,237	65,150	197,455	82,311	79,175	-	7,454
Current grants to persons and non-profit (net) <sup>76</sup>	782,659	640,431	1,912,362	739,105	617,414	-	572,577
Current grants abroad (net)	(22)	(1,092)	(932)	444	274	-	427
Subsidies to public corporations	13,568	13,296	21,178	10,146	4,292	-	978
Net public service pensions	8,970	6,658	9,286	6,846	7,152	3,431	3,478
Rentals	26,225	4,076	1,505	9,149	2,221	-	759
Depreciation <sup>77</sup>	134,988	155,075	212,611	206,844	160,173	161,395	162,503
Take up of provisions	1	-	19	9,828	29,557	-	-
Change in pension scheme liabilities <sup>78</sup>	-	-	-	-	-	-	-
Unwinding of discount rate on pension scheme liabilities <sup>78</sup>	915	1,445	1,144	1,225	1,172	-	-
Other resource	(649,268)	(647,785)	(566,273)	(684,766)	(742,895)	-	(137,329)

73 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.

74 The movements in outturn expenditure are included within the expenditure notes to the accounts.

75 The movements in outturn income are included within the income notes to the accounts.

76 The movements in grant expenditure are included within the grant expenditure notes to the accounts.

77 Depreciation includes impairments.

78 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)	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
	Outturn	Outturn	Outturn	Outturn	Outturn	Plans	Plans
British Broadcasting Corporation (net) <sup>79</sup>	3,348,171	3,987,714	3,589,746	3,626,012	3,690,084	4,252,399	4,193,882
Channel Four Television	-	-	-	-	-	-	-
Provisions, Impairments and other AME spend	314,679	211,575	51,329	5,732	57,675	50,695	48,587
Levy bodies <sup>80</sup>	3,518	(14,901)	14,165	11,094	498	1	-
S4C (net) <sup>81</sup>	-	-	-	-	88,726	3,606	-
Provisions, Impairments and other AME spend (ALB) (net)	-	-	-	-	-	67,342	63,051
Lottery Grants <sup>82</sup>	1,072,400	1,110,895	1,097,707	1,618,333	1,426,605	1,269,068	1,354,396
<b>Total Resource AME</b>	<b>4,738,768</b>	<b>5,295,283</b>	<b>4,752,947</b>	<b>5,261,171</b>	<b>5,263,588</b>	<b>5,643,111</b>	<b>5,659,916</b>
<b>Of which:</b>							
Staff costs <sup>83</sup>	1,117,884	1,190,180	1,405,618	1,261,796	1,218,378	-	1,598,761
Purchase of goods and services <sup>84</sup>	2,617,994	2,498,997	1,879,611	2,511,256	2,816,900	5,592,416	2,264,493
Income from sales of goods and services <sup>85</sup>	(152,656)	(137,000)	(106,000)	(105,053)	(116,000)	-	(123,784)
Current grants to local government (net)	48,097	27,310	53,437	71,141	33,003	-	28,776
Current grants to persons and non-profit (net) <sup>86</sup>	904,161	984,298	1,258,883	1,578,371	1,391,196	-	1,509,881
Subsidies to public corporations	2,477	6,150	5,799	2,342	12,578	-	8,553
Net public service pensions	(8,970)	-	(9,286)	(6,846)	(7,152)	-	-
Rentals	8,517	(60,040)	(72,475)	(93,877)	(116,647)	-	(84,059)
Depreciation	244,112	913,712	391,296	168,002	184,604	-	432,147
Take up of provisions <sup>87</sup>	418,464	136,034	138,745	17,046	152,497	50,695	203,645
Release of provision	-	(2,961)	-	-	-	-	-
Change in pension scheme liabilities <sup>88</sup>	241,473	244,200	204,610	234,483	185,966	-	241,328
Unwinding of discount rate on pension scheme liabilities <sup>88</sup>	22,636	22,286	4,513	9,209	(21,695)	-	5,129
Release of provisions covering pension benefits <sup>88</sup>	-	(6,658)	-	-	-	-	-
Other resource <sup>89</sup>	(725,421)	(521,225)	(401,804)	(386,699)	(470,040)	-	(424,954)
<b>Total Resource Budget<sup>90</sup></b>	<b>6,397,261</b>	<b>6,985,297</b>	<b>7,864,749</b>	<b>7,254,493</b>	<b>7,404,957</b>	<b>7,328,681</b>	<b>7,266,143</b>
<b>Of which:</b>							
Depreciation <sup>91</sup>	379,100	1,068,787	603,907	374,846	344,777	161,395	594,650

79 BBC Commercial Limited and its holding companies have been consolidated in these accounts, reflected in the outturn from 2017-18.

80 Levy Expenditure is only recorded at year end via the annual accounts, hence no forward plans data.

81 This is the first year of separation of this entity in the core tables.

82 The group accounts exclude the Devolved Administrations.

83 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.

84 The movements in outturn expenditure are included within the expenditure notes to the accounts.

85 The movements in outturn income are included within the income notes to the accounts.

86 The movements in grant expenditure are included within the grant expenditure notes to the accounts.

87 The increase this year relates to BBC increased provisions.

88 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.

89 The movements in outturn income are included within the income notes to the accounts.

90 Total Resource Budget is the sum of the Resource DEL budget and the Resource AME budget, including depreciation.

91 Depreciation includes impairments.



Capital DEL (£'000s) <sup>92</sup>	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
	Outturn	Outturn	Outturn	Outturn	Outturn	Plans	Plans
Support for the Museums and Galleries sector	4,477	1,800	(3)	2	304	4,174	16,958
Museums and Galleries sponsored ALBs (net)	47,297	230,985	73,039	115,948	211,370	176,139	89,444
Libraries sponsored ALBs (net)	4,900	3,281	6,815	7,144	12,485	40,421	77,452
Support for the Arts sector	3,657	4,498	255,658	3,445	(1,344)	50,830	518
Arts and culture ALBs (net)	34,398	26,625	68,098	70,689	60,586	13,140	79,076
Support for the Sports sector	1,600	(13)	117,955	105,551	9,167	126,760	100,761
Sport sponsored ALBs (net)	46,747	46,034	40,385	57,282	92,620	42,035	68,190
Ceremonial and support for the Heritage sector <sup>93</sup>	510	2,055	1,637	5,460	10,484	-	-
Heritage sponsored ALBs (net)	23,361	38,801	177,027	147,113	58,504	72,116	82,872
Tourism sponsored ALBs (net)	693	365	2,179	1,343	2,244	2,504	3,884
Support for the Digital, Broadcasting and Media sector	114,107	121,006	158,060	152,577	71,374	-	127,993
Broadcasting and Media sponsored ALBs (net)	82,317	75,890	29,567	17,640	12,618	1,048	1,612
Administration and Research	5,080	901	8,460	(10,878)	4,635	11,640	(188,486)
Gambling Commission (net)	423	783	258	265	317	578	818
Olympics - legacy programmes <sup>94</sup>	-	-	-	(27,350)	8,558	-	-
Civil Society and Youth <sup>95</sup>	(3,470)	1,487	(3,263)	6,543	40	121,000	209,102
National Citizen Service <sup>96</sup>	23	9	(12)	-	(2,060)	-	16
Birmingham 2022 and Festival 2022 (net) <sup>97</sup>	45	(3,812)	43	1,601	44,326	-	-
Building Digital UK <sup>98</sup>	-	-	-	-	-	-	-
<b>Total Capital DEL</b>	<b>366,165</b>	<b>550,695</b>	<b>935,903</b>	<b>654,375</b>	<b>596,228</b>	<b>662,385</b>	<b>670,210</b>

92 Capital expenditures vary year on year and can lead to large fluctuations year on year dependent on additions and purchases, modifications of leases and movements and plans for commercial borrowings.

93 The ceremonial spend increased in the year due to the Queen's Funeral and the Platinum Jubilee.

94 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.

95 The spend in this area is forecast to increase in 2023-24.

96 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.

97 Spend in this area increased in the current year as the two events both occurred within the year.

98 Building Digital UK 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)	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
	Outturn	Outturn	Outturn	Outturn	Outturn	Plans	Plans
<b>Total Capital DEL</b> (brought forward from previous page)	<b>366,165</b>	<b>550,695</b>	<b>935,903</b>	<b>654,375</b>	<b>596,228</b>	<b>662,385</b>	<b>670,210</b>
<b>Of which:</b>							
Staff costs <sup>99</sup>	8,973	8,676	8,289	13,220	17,931	0	1,174
Purchase of goods and services <sup>100</sup>	6,280	5,400	5,451	9,471	28,874	2,440	11,436
Income from sales of goods and services <sup>101</sup>	(9,102)	(9,075)	(7,396)	(4,991)	(7,334)	(40)	-
Current grants to persons & non-profit (net)	7,290	7,336	6,439	8,187	7,424	-	-
Subsidies to public corporations	2,966	2,951	-	-	-	-	-
Subsidies to private sector companies	-	-	2,023	313	367	-	-
Capital support for local government (net)	78,233	77,678	161,673	99,753	39,483	-	(78)
Capital grants to persons & non-profit (net)	57,043	47,697	107,823	105,270	74,574	45,780	134,709
Capital grants to private sector companies (net)	63,123	65,415	40,062	92,224	94,924	-	369,273
Capital grants abroad (net)	-	-	(62)	-	-	-	-
Capital support for public corporations	-	2,909	17,684	21,310	(2,443)	-	-
Purchase of assets	153,731	337,159	266,314	264,791	274,141	557,609	129,115
Income from sales of assets	(6,088)	(5,327)	(29,440)	(30,582)	(21,045)	-	(22,783)
Net lending to the private sector and abroad	6,169	16,760	367,409	91,298	93,636	-	-
Take up of provision						56,556	58,520
Other capital	(2,453)	(6,884)	(10,366)	(15,889)	(4,304)		(11,156)

99 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.

100 The movements in outturn expenditure are included within the expenditure notes to the accounts.

101 The movements in outturn income are included within the income notes to the accounts.

Capital AME (£'000s)	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
	Outturn	Outturn	Outturn	Outturn	Outturn	Plans	Plans
British Broadcasting Corporation (net) <sup>102</sup>	95,496	941,101	48,633	167,193	271,074	1,009,267	704,522
Channel Four Television	-	76,734	8,751	(76,296)	(864)	200,000	-
Levy bodies <sup>103</sup>	(1,640)	(314)	317	(21,878)	(8,257)		
S4C (net)	-	-	-	-	112		
Lottery Grants <sup>104</sup>	358,918	308,721	220,060	188,739	221,353		
<b>Total Capital AME</b>	<b>452,774</b>	<b>1,326,242</b>	<b>277,761</b>	<b>257,758</b>	<b>483,418</b>	<b>1,209,267</b>	<b>704,522</b>
<b>Of which:</b>							
Staff costs <sup>105</sup>	13,065	13,338	13,561	12,942	17,207	-	327,945
Purchase of goods and services	4,129	3,535	2,259	2,226	3,587	-	54,629
Income from sales of goods and services <sup>106</sup>	(2,344)	(2,004)	(2,358)	(2,947)	(3,387)	-	(57,023)
Capital support for local government (net)	96,321	75,477	74,396	32,711	37,490	-	117,673
Capital grants to persons & non-profit (net)	222,998	181,414	109,988	123,173	151,818	-	173,268
Capital grants to private sector companies (net)	35	-	-	-	-	-	-
Capital support for public corporations	(50,717)	165,369	(42,267)	4,686	127,781	200,000	(1,480,391)
Purchase of assets	169,004	844,631	88,269	99,015	154,201	1,364,296	1,885,582
Release of provision	-	-	-	(21,520)	(7,980)	-	-
Income from sales of assets	(35,749)	(3,191)	(1,143)	(24,470)	(29,010)	-	(24,892)
Net lending to the private sector and abroad	18,775	18,234	18,068	15,510	13,644	-	21,290
Other capital	17,257	29,439	16,988	16,432	18,067	-	29,732
<b>Total Capital Budget<sup>107</sup></b>	<b>818,939</b>	<b>1,876,937</b>	<b>1,213,664</b>	<b>912,133</b>	<b>1,079,646</b>	<b>1,871,652</b>	<b>1,374,732</b>
<b>Total Departmental Spending<sup>108</sup></b>	<b>6,837,100</b>	<b>7,793,447</b>	<b>8,474,506</b>	<b>7,791,780</b>	<b>8,139,826</b>	<b>9,038,938</b>	<b>8,046,225</b>
<b>Of which:</b>							
Total DEL <sup>109</sup>	1,889,670	2,085,634	3,835,094	2,440,853	2,577,424	2,186,560	2,113,934
Total AME <sup>110</sup>	4,947,430	5,707,813	4,639,412	5,350,927	5,562,402	6,852,378	5,932,291

102 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.

103 Levy Expenditure is only recorded at year end via the annual accounts, so there is no forward plans data.

104 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.

105 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.

106 The movements in outturn income are included within the income notes to the accounts.

107 Total Capital Budget is the sum of the Capital DEL budget and the Capital AME budget.

108 Total Departmental Spending is the sum of the resource budget and the capital budget less depreciation.

109 Total DEL is the sum of the resource budget DEL and capital budget DEL less depreciation in DEL.

110 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)	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
	Outturn	Outturn	Outturn	Outturn	Outturn	Plans	Plans
Libraries sponsored ALBs (net)	8,818	8,341	7,998	7,936	7,490	8,970	7,759
Support for the Arts sector	82	90	88	(674)	(765)	(1,507)	(571)
Arts and culture ALBs (net)	17,789	17,849	19,876	24,311	23,273	18,418	16,124
Sport sponsored ALBs (net)	13,087	13,467	19,281	17,532	18,058	15,430	14,728
Ceremonial and support for the Heritage sector	694	597	601	617	1,052	223	190
Heritage sponsored ALBs (net)	13,954	15,021	4,717	23,464	20,095	23,600	21,256
Tourism sponsored ALBs (net)	33,917	30,819	26,371	27,374	28,401	27,559	23,766
Support for the Digital, Broadcasting and Media sector	6,588	5,917	7,082	10,301	6,683	-	-
Broadcasting and Media sponsored ALBs (net)	9,689	13,948	12,904	11,431	15,547	-	-
Administration and Research	84,471	97,598	111,771	92,628	151,164	117,120	106,157
National Citizen Service	16,254	11,605	9,354	10,033	11,827	5,412	10,551
<b>Total Administration Budget</b>	<b>205,343</b>	<b>215,252</b>	<b>220,043</b>	<b>224,953</b>	<b>282,825</b>	<b>215,225</b>	<b>199,960</b>
<b>Of which:</b>							
Staff costs <sup>111</sup>	141,814	164,962	189,699	223,363	233,079	0	163,488
Purchase of goods and services <sup>112</sup>	102,932	85,372	77,321	86,922	107,196	203,022	36,611
Income from sales of goods and services	(29,295)	(24,731)	(7,813)	(11,370)	(19,343)	(1,539)	(5,777)
Current grants to local government (net)	(68)	(91)	-	(115)	(98)	-	-
Current grants to persons and non-profit (net) <sup>113</sup>	512	311	577	2,713	875	-	311
Net public service pensions	2,975	799	3,095	510	1,217	443	425
Rentals	17,785	7,348	2,390	6,616	3,438	-	759
Depreciation	9,528	32,167	24,468	21,986	25,904	13,299	16,338
Unwinding of discount rate on pension scheme liabilities	72	570	337	248	347	-	-
Take up of provisions	-	-	-	1,102	4,066	-	-
Other resource	(40,912)	(51,455)	(70,031)	(107,022)	(73,856)	-	(12,195)

111 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.

112 The movements in outturn expenditure are included within the expenditure notes to the accounts.

113 The movements in grant expenditure are included within the grant expenditure notes to the accounts.

# Annex B – Sustainability

## Greening Government Commitments

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 – 2022-23 Performance against 2017-18 Baseline**

	2025 Government target	Position as at 31 March 2023
Greenhouse gas emissions	Reduce from Baseline	8% reduction
Waste	15% Reduction	8% reduction
Water	8% reduction	15% reduction
Paper	50% reduction	73% reduction
Government Fleet Commitment	25% categorised as ultra-low emission vehicle	10% 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 reduction target towards overall paper 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.

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.

The Department currently operates a hybrid approach between remote and office working. Since the introduction of this working model paper consumption has fallen, resulting in a reduction against the baseline of 2017-18. DCMS continues to monitor its finite resource usage and other key metrics with support from its staff networks.

## Sustainability Report - Group Performance

Data has only been included from ALBs that meet the required threshold for sustainability reporting. The de-minimis threshold is for arm's length bodies and executive agencies occupying less than a total of 500m<sup>2</sup> of floor area and with fewer than 50 FTE staff. This sustainability report is not based on the same Departmental accounting boundary as the 2022-23 accounts. The ALBs exempt for 2022-23 are:

Phone-paid Services Authority	Sports Grounds Safety Authority
Horserace Betting Levy Board	Wallace Collection*

\* The group figures do not include the Wallace Collection.

In the prior year Churches Conservation Trust, Sir John Soane's Museum, Geffrye Museum (Museum of the Home), UK Anti Doping and National Citizen Service Trust were also exempt from sustainability reporting and are not included in the comparative figures.



**Table 1 - Greenhouse gas emissions**

	2022-23		2021-22		2020-21		2019-20		
	Core department & agency	Group	Core department & agency	Group	Core department & agency	Group	Core department & agency	Group	
<b>Non-financial indicators</b> (1,000 tCO <sub>2</sub> e)	<b>Total gross emissions</b>	<b>0.7</b>	<b>125.5</b>	<b>114.3</b>	<b>0.3</b>	<b>111.8</b>	<b>0.9</b>	<b>140.5</b>	
	Gross emissions Scope 1 (direct) (gas, oil & fuel)	-	46.2	53.0	-	48.0	-	47.9	
	Gross emissions Scope 2 (indirect) (electricity)	0.3	59.6	0.1	59.5	0.3	62.7	0.5	81.3
	Gross emission Scope 3 (indirect) (Official domestic business travel) <sup>114</sup>	-	8.2	-	1.8	-	1.1	0.4	11.3
	Gross emission Scope 3 (indirect) (Official international business travel)	0.4	11.5						
	<b>Total energy consumption</b>	<b>2.0</b>	<b>521.8</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>Related energy consumption</b> (million kWh)	Electricity: non-renewable	1.2	115.1	0.1	87.5	0.9	85.1	1.6	125.6
	Electricity: renewable	-	182.0	-	231.6	-	218.3	-	216.4
	Gas	0.8	219.2	0.6	243.9	1.0	253.9	1.2	252.0
	LPG	-	0.2	-	0.5	-	0.4	-	0.2
	Other	-	5.3	-	4.5	-	1.4	-	0.8
	<b>Total expenditure</b>	<b>1.3</b>	<b>124.7</b>	<b>-</b>	<b>73.2</b>	<b>0.2</b>	<b>71.8</b>	<b>1.2</b>	<b>85.1</b>
<b>Financial indicators</b> (£m)	Expenditure on energy	-	89.6	-	49.4	0.2	47.3	0.2	45.8
	CRC licence expenditure (2010 onwards)	-	-	-	-	-	-	-	0.1
	Expenditure on official business travel	1.3	35.1	-	23.8	-	24.5	1.0	39.2

<sup>114</sup> In comparative years the domestic and international emissions were not disaggregated.

**Table 2 - Waste**

	2022-23		2021-22		2020-21		2019-20	
	Core department & agency	Group	Core department & agency	Group	Core department & agency	Group	Core department & agency	Group
<b>Total waste</b>	<b>20.0</b>	<b>10,095.0</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>
Hazardous waste <sup>115</sup>	-	1,084.0	-	14.0	-	69.2	-	15.5
Landfill	-	881.0	-	776.0	-	150.0	-	676.4
Reused/ recycled	13.0	4,428.0	15.0	2,466.0	4.5	1,485.7	41.0	5,659.7
ICT waste recycled, reused and recovered (externally)	-	140.0	-	181.0	-	-	-	-
Composted	-	477.0	-	208.0	0.5	131.4	-	591.1
Incinerated with energy recovery	7.0	2,876.0	4.0	2,725.0	4.1	1,651.7	32.0	3,721.8
Incinerated without energy recovery	-	209.0	1.5	133.0	-	-	-	-
<b>Total disposal cost<sup>116</sup></b>	<b>0.8</b>	<b>1,619.0</b>	<b>-</b>	<b>1,352.9</b>	<b>-</b>	<b>1,071.6</b>	<b>-</b>	<b>1,727.3</b>
Hazardous waste	-	11.8	-	14.2	-	43.5	-	28.0
Landfill	0.8	59.6	-	74.8	-	228.6	-	36.3
Reused/ recycled	-	692.5	-	509.3	-	361.1	-	385.3
ICT waste recycled, reused and recovered (externally)	-	11.4	-	17.6	-	-	-	-
Composted	-	98.8	-	38.9	-	30.1	-	49.1
Incinerated with energy recovery	-	707.9	-	678.6	-	408.3	-	337.2
Incinerated without energy recovery	-	37.0	-	19.5	-	-	-	33.0

**Non-financial indicators (tonnes)**

**Financial indicators (£'000)**

<sup>115</sup> The British Library accounts for the majority of the hazardous waste because they carried out major construction work with a view to renew their Boston Spa Site and outdated buildings demolished in the year contained asbestos materials.

<sup>116</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, this includes the costs for British Library's disposal of hazardous waste.

**Table 3 - Finite resource consumption**

	2022-23		2021-22		2020-21		2019-20		
	Core department & agency	Group	Core department & agency	Group	Core department & agency	Group	Core department & agency	Group	
<b>Non-financial indicators</b> ( <sup>117</sup> '000m <sup>3</sup> )	<b>Total water consumption</b>	2.8	992.0	3.5	803.4	3.2	669.9	5.5	1,152.1
	Water consumption (office estate)								
	Supplied	2.8	552.0 <sup>118</sup>	3.5	388.2	3.2	384.6	5.5	845.3
	Abstracted	-	26.3	-	7.9	-	13.6	-	45.7
	per FTE	0.001	0.015	0.001	0.009	0.002	0.011	0.004	0.023
	Water consumption (non-office estate)								
	Supplied		413.7	-	326.7	-	271.7	-	229.8
	Abstracted	-	-	-	80.6	-	-	-	31.3
	<b>Total water cost</b>	-	<b>2,559.3</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>Financial indicators</b> (£'000)	Water supply costs (office estate)	-	1,452.5	-	1,562.7	10.0	1,288.3	16.8
Water supply costs (non-office estate)		-	1,106.8	-	571.8	-	611.4	-	623.0

<sup>117</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.

<sup>118</sup> All of the BBC's water consumption relates to office estate because it cannot be accurately split between office and non-office space - many sites are a mixture of both.

**Table 4 - Air travel**

	2022-23		2021-22 <sup>119</sup>		2020-21		2019-20	
	Core department & agency	Group	Core department & agency	Group	Core department & agency	Group	Core department & agency	Group
Total distance travelled by international business flights	2,818.1	71,805.4						
Disaggregated by category								
Long-haul flights	2,264.6	54,240.7						
Short-haul flights	553.5	17,564.7						
Disaggregated by class								
Economy	2,061.3	63,698.2						
Premium Economy	318.6	3,953.1						
Business	401.5	4,115.1						
First	36.7	39.0						
Distance travelled by domestic business flights	182.5	5,251.2						
Number of domestic business flights	242	9,825						
<b>Non-financial Indicators ('000km distance)</b>								
<b>Non-financial Indicators (number of flights)</b>								

<sup>119</sup> In previous years we provided air travel to a less detailed level, we have not collected the above data from ALBs and as such comparative figures are not available to disclose.

# Annex C – Disaggregated information on Arm's Length Bodies (2022-23)

Arm's Length Body	Total operating income £'000	Total operating expenditure £'000	Net expenditure for the year (including financing) £'000	Permanently employed staff		Other staff	
				Number of employees	Staff costs £'000	Number of employees	Staff costs £'000
DCMS core department	(183,648)	6,477,010	6,274,079	1,727	120,184	91	8,242
Arts Council England <sup>§</sup>	(230,300)	441,622	211,437	630	35,060	10	495
Birmingham 2022 <sup>^</sup>	(148,778)	118,134	(30,617)	420	23,288	109	4,442
BBC PSB Group <sup>*</sup>	(336,319)	610,254	41,727	17,688	1,243,779	-	-
Big Lottery Fund	(823,527)	755,743	(67,899)	749	37,251	9	581
British Film Institute <sup>§</sup>	(88,029)	127,180	39,673	584	33,943	11	614
British Library	(28,870)	27,298	(1,354)	1,437	66,408	47	2,621
British Museum	(41,885)	19,025	(24,456)	812	36,275	53	1,766
Building Digital UK~	3,049	(23,233)	(20,181)	210	13,028	37	7,601
Channel Four Television Corporation	-	-	-	-	-	-	-
Churches Conservation Trust	(7,036)	7,039	3	72	3,308	3	138
Gambling Commission	(26,092)	20,346	(6,172)	290	19,001	29	108
Geffrye Museum Trust Limited (Museum of the Home)	(348)	281	(67)	43	1,944	-	-
Historic England	(13,147)	11,126	(725)	835	44,265	100	3,840
Horniman Public Museum and Park Trust	(3,587)	3,591	4	153	4,588	5	274
Horserace Betting Levy Board	(103,314)	105,354	502	13	1,271	-	-
Imperial War Museum	(32,102)	19,303	(12,478)	340	16,937	18	96
Information Commissioner's Office	(67,389)	64,878	(2,013)	956	55,309	42	1,535
National Citizen Service Trust <sup>#</sup>	(2,947)	7,504	4,592	170	10,808	-	-
National Gallery	(43,153)	21,363	(21,809)	228	16,798	63	399
National Heritage Memorial Fund <sup>§</sup>	(360,826)	244,743	(117,709)	313	16,882	10	1,007
Royal Museums Greenwich	(10,019)	12,213	2,292	434	13,786	16	135
National Museums Liverpool	(3,753)	3,273	(456)	415	15,115	-	-
National Portrait Gallery	(11,000)	(4,793)	(15,811)	153	6,392	11	1,022
Natural History Museum	(34,598)	22,420	(12,393)	911	42,804	41	1,596
Office of Communications (Ofcom)	(169,226)	164,455	(3,983)	1,256	107,289	39	3,934
Phone-paid Services Authority	(5,905)	5,901	(4)	35	2,581	1	106
Royal Armouries Museum	(2,578)	2,113	142	143	5,299	1	70
S4C	(986)	4,457	3,295	118	7,355	-	-
Science Museum Group	(35,877)	17,299	(18,872)	931	34,192	33	311
Sir John Soane's Museum	(2,334)	2,334	-	51	2,011	-	-
Sport England <sup>§</sup>	(226,740)	181,960	(45,088)	296	17,770	30	1,609
Sports Grounds Safety Authority	(366)	366	-	20	1,495	-	-
Tate Gallery	(63,700)	94,936	32,391	710	38,862	93	4,643
UK Anti-Doping	(3,532)	3,530	1	72	5,601	5	61
UK Sport <sup>§</sup>	(90,411)	93,012	2,582	556	41,767	2	212
Victoria and Albert Museum	(40,464)	18,934	(21,293)	822	33,600	11	392

Arm's Length Body	Total operating income £'000	Total operating expenditure £'000	Net expenditure for the year (including financing) £'000	Permanently employed staff		Other staff	
				Number of employees	Staff costs £'000	Number of employees	Staff costs £'000
Visit Britain	(12,169)	15,949	4,192	264	11,454	22	5,796
Wallace Collection	(3,799)	3,799	-	84	3,766	1	53
<b>Total</b>	<b>(3,255,705)</b>	<b>9,700,719</b>	<b>6,193,532</b>	<b>34,941</b>	<b>2,191,466</b>	<b>943</b>	<b>53,699</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.

~ Building Digital UK (BDUK) is an Executive Agency of DCMS and was set up on 1 April 2022. BDUK is included within DCMS core department and agency in the financial statements.

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 28.1. 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 above 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, the UK Exiting the EU Expenditure and other areas of significant 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 2022-23.

Areas of spending	DEL admin expenditure	DEL programme expenditure	AME expenditure	Capital DEL and Capital AME expenditure	2022-23 Total
	£'000	£'000	£'000	£'000	£'000
Capital and Current Grants	-	(7,767)	13,619	4,630	10,482
Loan additions	-	-	-	-	-
Loan impairments	-	27	-	-	27
Loan repayments	-	-	-	(4,725)	(4,725)
Professional Services	228	1,279	-	-	1,507
Other	1,262	30,057	1,987	-	33,306
<b>Total</b>	<b>1,490</b>	<b>23,596</b>	<b>15,606</b>	<b>(95)</b>	<b>40,597</b>
<i>Of which:</i>					
Self-funded					15,606
Funded by HM Treasury					24,991
<b>Total</b>					<b>40,597</b>

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>

## Capital and current grants

Capital and current grant expenditure on COVID-19 for the group was £10.5m in 2022-23 (2021-22: £357m). 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. The £7.8m grant income above relates to grant funding being returned to DCMS during 2022-23.

## Loan packages

During 2022-23 there was £4.7m<sup>120</sup> received in loan repayments. No additional loans were awarded in 2022-23.

## Professional services

Professional services include legal, consultancy and administrative costs associated with the COVID-19 grants, emergency funding programmes and other COVID-19 related risks.

There were various underspends relating to COVID-19 support packages. This is detailed in the SOPS commentary on pages 105 to 112.

## UK Exiting the EU – Areas of spending and budget category

The departmental group's funds spent £24k on EU Exit in 2022-23 on capital and current grants which was self funded and was AME expenditure.

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>121</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>

## Permanently employed staff

The most significant areas of spend in 2021-22 were 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 in 2021-22 mainly relate to legal and consultancy costs.

<sup>120</sup> The £4.7m relates to capital repayments only as the interest repayments are non-budget items. Total repayments for the year amounted to £6.4m.

<sup>121</sup> Included in 2021-22 permanently employed staff are £287k of estimated costs.

## Other areas of significant expenditure – Areas of spending and budget category

We have deemed these areas of significant expenditure to be the 2022 Commonwealth Games and Her Late Majesty the Queen’s Funeral and Laying-in-State.

The table below sets out how the departmental group’s funds were spent on the 2022 Commonwealth Games in 2022-23.

### Commonwealth Games spending

Areas of spending	DEL programme expenditure	AME expenditure	Capital expenditure	2022-23 <sup>122</sup> Total
	£'000	£'000	£'000	£'000
Goods and Services – note 4.3	252,200			252,000
Sport – note 4.6	27,247			27,247
Ceremonial and cultural events– note 4.6	7,588	-		7,588
Permanently employed staff– note 3	24,400	-		24,400
Other Expenditure – note 4.6	83,577			83,577
Income	(151,038)	(882)	(1,787)	(153,707)
<b>Total</b>	<b>243,974</b>	<b>(882)</b>	<b>(1,787)</b>	<b>241,305</b>
Of which:				
Funded by HM Treasury				241,305
<b>Total</b>				<b>241,305</b>

These figures include the Birmingham Organising Committee for the 2022 Commonwealth Games only, they do not include net impacts for DCMS core or BBC related expenditure associated with broadcasting the event. The BBC expenditure is considered normal broadcasting activity.

Her Late Majesty Queen Elizabeth II funeral costs have been made publicly available and included within a written update to parliament, these show total DCMS costs of £57.4m further information can be seen as follows: <https://questions-statements.parliament.uk/written-statements/detail/2023-05-18/hcws784>

<sup>122</sup> As this is a first-year reporting requirement there are no comparatives to report.

# Annex E – Reconciliation of contingent liabilities included in the supply estimate to the accounts

## Quantifiable Contingent Liabilities (non-IAS37 i.e. Remote Contingent Liabilities)

Description of Contingent Liability	Supply Estimate £'000	Amount disclosed in ARA £'000	Variance (Estimate – Amount disclosed in ARA, £'000)	Material variance
Government Indemnity Scheme – Indemnifying objects on loan to national and non-national institutions	20,438,293	10,645,996	9,792,297	The values are dependent on which items are at exhibitions at a point in time and this value fluctuates.
Artworks on loan to the Government Art Collection	2,005	2,000	5	
Guarantee for the 'Borrowing facility for Historic Royal Palaces'	4,000	4,000	-	
Government guarantee (Telecommunications Act 1984)	7,980,000	7,980,000	-	
Tate Gallery	1,500	-	1,500	The Supreme Court found that the Tate Gallery was liable and as such has been included as a provision.
The TV & Film Production Restart Scheme	226	-	226	
The British Library has a remote contingent liability to cover items on loan from other organisations for inclusion in exhibitions.	-	2,500	(2,500)	New remote liability not known at the supplementary estimates stage.
Gambling Commission legal costs	-	300	(300)	

## Quantifiable Contingent Liabilities (IAS 37 – included in note 24 Contingent Assets and Liabilities)

Description of Contingent Liability	Supply Estimate £'000	Amount disclosed in ARA £'000	Variance (Estimate – Amount disclosed in ARA, £'000)	Material variance
Potential payment by Sport England to the Football Association in the event of termination of the 500 Management Agreement for Lilleshall National Sports Centres.	500	500	-	
Lottery Distribution Bodies (LDBs) – Future grant payments	450,000	523,000	(73,000)	The variance mainly relates to increased grant awards that do not satisfy the criteria of being treated as a liability.
Building Digital (ERDF)	2,500	2,500	-	
Horse Race Betting Levy Board – Pension Scheme guarantee	30,300	30,300	-	
Gambling Commission	55	100	(45)	
BFI Lock Box	3,100	2,600	500	
Shared Rural Network	15,200	15,200	-	
Horse Race Betting Levy Board – Great British Bonus Scheme	-	534	(534)	New contingent liability not known at the supplementary estimates stage.
Sport England – McCloud and Sargeant	-	23	(23)	New contingent liability not known at the supplementary estimates stage.
Sport England - Investment Management System potential write off	-	1,517	(1,517)	New contingent liability not known at the supplementary estimates stage.
Information Commissioners Office – Appeal against a previous decision	-	500	(500)	New contingent liability not known at the supplementary estimates stage.
National Lottery Community Fund – Dormant assets	-	5,500	(5,500)	New contingent liability not known at the supplementary estimates stage.
National Lottery Community Fund - (Unsigned) contractual amounts owed to designated distributors	-	20,000	(20,000)	New contingent liability not known at the supplementary estimates stage.

## Unquantifiable Contingent Liabilities (non-IAS37 i.e. Remote Contingent Liabilities)

Description of CL as per supplementary estimate	Included in Supply Estimate (Yes/ No)	Disclosed in the ARA? (Yes/ No)	Explanation of difference
Indemnity given to the Arts Council England and the Southbank Centre Limited for certain unquantifiable liabilities owed by Shirayama Shokusan Company Limited for potential costs in replacing the proposed new Jubilee Gardens.	Yes	Yes	N/A
Upon dissolution of the Olympic Delivery Authority (ODA), the following contingent liabilities passed to DCMS: 1. Contingent liability of up to £10m for one third of the cost of constructing new railway sidings at Lea Interchange. 2. Indemnity to Lee Valley Regional Park Authority (LVRPA) against costs incurred for pollution / contamination from ODA's construction of the Lee Valley White Water Canoe Centre. 3. Potential reimbursement to LVRPA of certain claw back liabilities payable to funders of the Lee Valley Hockey and Tennis Centre at Eton Manor.	Yes	Yes	See the parliamentary accountability section for an update of this contingent liability.
The core department retains responsibility for the cost of historic liabilities of The Royal Parks above £100k. There is an unquantifiable contingent liability in respect of an incident in one of The Royal Parks which cannot yet be quantified.	Yes	Yes	N/A
The National Gallery is recognising an unquantifiable liability in respect of funds received from Ronald S Lauder. The deed between the National 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.	Yes	No	The National Gallery has updated its opinion and this is no longer considered to even be remote.
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.	Yes	Yes	N/A
Telecommunication (Security) Act - DCMS may be liable for legal costs and / or damages relating to the Secretary of State's use of powers under the Telecommunications (Security) Act to issue directions, in the interests of national security, to public communications providers, placing controls on their use of goods, services or facilities supplied, provided or made available by a designated vendor specified in the direction.	Yes	Yes	N/A
4 employment tribunal cases have been lodged against the Arts Council England which are yet to go to a full hearing. Arts Council England believes that all cases will be defended successfully.	No	Yes	

## Unquantifiable Contingent Liabilities (IAS 37 – included in note 24 Contingent Assets and Liabilities)

Description of CL as per supplementary estimate	Included in Supply Estimate (Yes/ No)	Disclosed in the ARA? (Yes/ No)	Explanation of difference
The BTA, trading as VisitEngland and VisitBritain, has operated a defined benefit pension scheme. The government has issued a guarantee to cover the shortfall between the scheme's assets and its liabilities should the BTA close down. The shortfall is currently estimated at £1m in today's prices.	Yes	No	No longer relevant.
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.	Yes	Yes	N/A
<p>The British Library is aware of a personal injury claim which has been investigated. The Library does not believe it has any liability and nothing has been heard from the claimant for over a year, so no provision has been made in the accounts.</p> <p>A complaint has been made against the Library relating to copyright on material licensed to 3rd parties. The Library has taken legal advice which confirms that no contract exists and no backdated royalties are due, so no provision has been made in the accounts.</p> <p>The Library is dealing with two employment tribunal cases. It is not yet possible to say with certainty what any liability and related costs might be so no provision has been made in the accounts.</p> <p>A complaint has been made by a member of the public against the Library under the Equality Act 2010, alleging that the reader registration process is discriminatory because registration requires attendance onsite. This is currently under investigation. It is not yet possible to say with certainty what any liability and related costs might be, so no provision has been made in the accounts. Whilst the costs of these disputes cannot be determined with sufficient certainty to make a provision, it is considered unlikely that the worst case outcomes would result in material costs to the Library.</p>	No	Yes	New various disclosures supplied by the British Library.
4NLC Legal Challenge - A legal challenge was raised following the launch of the Fourth National Lottery Licence Competition (Gambling Commission). The value is unquantifiable due to a recent change in the nature of the claim.	Yes	Yes	N/A
There is a potential claim relating to pre-construction works at the British Library's Boston Spa site. It is considered prejudicial to the outcome of a final settlement to disclose the sums involved.	No	Yes	New various disclosures supplied by British Library.
There is potential non-compliance in connection with Indian operations and an 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 advisors and it is currently anticipated that the position and the value of any liability will be known later in 2023.	No	Yes	New disclosure as per BTA.
From 14 – 16 February 2023 the Indian Income Tax Department conducted a tax survey on the BBC's Indian operations in Mumbai and Delhi. This involved tax surveys carried out at the offices of BBC World Service India Private Limited and BBC Studios India Private Limited. The BBC has co-operated in full, and will continue to do so, with all requests made to it including document and information requests, supported by its external legal and tax advisers. As matters are ongoing and have not yet concluded, it is not possible at this stage to identify if in any or all instances a liability exists and/or to quantify any such liability with reasonable certainty.	No	Yes	New disclosure as per the BBC.







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