



Department
for Culture
Media & Sport

Annual Report and Accounts

For the year ended 31 March 2017

Department for Culture, Media and Sport

Annual Report and Accounts

For the year ended 31 March 2017

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This is part of a series of departmental publications which, along with the Main Estimates 2017-18 and the document Public Expenditure: Statistical Analyses 2016, present the Government's outturn for 2016-17 and planned expenditure for 2017-18.



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The Performance Report

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Overview



Introduction

DCMS Annual Report and Accounts 2016-17

This report outlines the vision, responsibilities, and structure of the Department for Culture, Media and Sport (DCMS) during the 2016-17 financial year, as well as listing our plans for the future. It summarises our business planning and objectives, and details the structure of the department and its Arm's Length Bodies (ALBs). It also highlights our work in helping to advance cross-governmental priorities, provides a high-level breakdown of financial spending and contains a performance summary for 2016-17 with our key achievements.

On 3rd July 2017, the name of the department changed to the Department for Digital, Culture, Media and Sport to reflect its broader range of responsibilities. The short name remains DCMS. Throughout this report we have continued to use the name that was in use during the year under review.

Foreword by the Secretary of State

The Right Honourable Karen Bradley MP



DCMS has a bold vision and ambitious reach, and plays a critical role in driving growth, enriching lives and promoting Britain to the world. From world-beating culture to our award-winning media and elite athletes, to delivering the UK's digital agenda and preserving our national heritage, DCMS leads the way in showing the rest of the world what the UK has to offer. We are responsible for some of the country's most prized cultural assets, enterprising social organisations and life-changing charities.

I take great pleasure in being part of such an energetic and enthusiastic department and group of sectors. Technology, innovation and creativity are central to the UK's success as we leave the EU and continue to build a fairer society and a global Britain. We are a heavyweight when it comes to our creative and technological sectors, not only in an economic sense but in the powerful social impact they have on the UK as a whole. Establishing the UK as a great place to do business and ensuring that people have the skills and knowledge to equip them for the digital age is at the heart of the department's work.

DCMS has a vital role to play in creating a world-leading digital infrastructure and economy that works for everyone. The Digital Economy Act and our Digital Strategy will help make the UK the most digitally advanced country on earth.

But everything DCMS covers has a value that goes beyond the economic. They matter in and of themselves. They raise the human condition and cheer our spirits – and the aggregate effect of individual experiences is to create a healthier, smarter, more peaceable, more cohesive and happier society.

Our remit grew over the past year when the Office for Civil Society joined DCMS. We are a better department as a result, and we are driving change and creating opportunity for all in every area of our work.

Last year our Paralympians brought home a record-breaking 147 medals from Rio, the biggest number since National Lottery Funding began. Our Olympic athletes took home 67 medals, the best result in over a century.

In February we saw the Cultural Property (Armed Conflicts) Bill get Royal Assent. The new Act is a turning point for the UK in its attitude to safeguarding heritage at a time when so many treasures are being destroyed.

We concluded the BBC Charter Review and agreed some important objectives surrounding the BBC's future. The new arrangements will make for a stronger, better-regulated broadcaster. We have also launched a consultation to help us make Channel 4 stronger and better able to serve the whole of the United Kingdom.

We have been successful in cross-government and private sector collaborations. We worked with GCHQ and their industry partner Wayra UK to launch the GCHQ Cyber Accelerator - a new facility to help UK start-ups grow and take the lead in producing the next generation of cyber security technology.

We have an ambitious programme of broadband rollout and are continuously exploring new and better services. We are committed to providing the best in internet services and want Britain to be at the forefront of technological development in this field.

Last summer we published the Tourism Action Plan, setting out how we will deliver government priorities by boosting skills, driving continuous improvements in the visa service, making it easier for visitors to travel on our roads and rail, and launching a new £40 million Discover England Fund. We can boast of a vast countryside, rich heritage, and beautiful coastlines - and I am certain that this plan will enable greater numbers of domestic and international visitors to see it.

The National Citizen Service has continued to do great work bringing young people together and fostering community spirit and understanding across different backgrounds. The programme goes a long way to strengthening community bonds and is a great example of us working towards a shared society.

We launched a new, ambitious strategy for our libraries that will guide us through the next five years. As valuable educational institutions and focal points for communities, our libraries are national treasures and part of our social and cultural fabric.

So a huge amount has been achieved. We will continue to deliver against our government priorities and Single Departmental Plan objectives in the year ahead. DCMS is right at the heart of our economy and those things that make life worthwhile.

Permanent Secretary's Review

Sue Owen

The last year at the Department for Culture, Media and Sport has been one of big change and big success.



Over the course of the year we welcomed four new ministers, including a new Secretary of State; the Office for Civil Society joined the department; and we began important work to prepare for exiting the EU following the referendum decision in June 2016. DCMS responded with great agility to these changes, and we've held true to our vision to drive growth, enrich lives and promote Britain to the world.

Our sectors make up more than 13% of the UK economy and our efforts enrich the lives of people across the country through their involvement in social action, culture, the arts, and sport. From its earliest origins in the Department of National Heritage with responsibilities for heritage, arts and culture, DCMS has grown into the department it is today. The sectors for which we are responsible are hugely influential economically, diplomatically and culturally. They support a wide range of government priorities including education, health, skills, a cohesive and happy society, trade, infrastructure, and technological advancement.

DCMS is now the government's department for digital, and our goal is to make Britain the most connected, tech-friendly, innovation-driven, digitally-skilled and cyber-secure country in the world.

The department is now 25 years old. It has gone from strength to strength. In the past year we have published the government's Digital Strategy; our First World War Commemorations – such as those to mark the Battle of the Somme – have moved millions of people; our Olympic and Paralympic athletes outperformed all expectations in Rio – we were the first country to increase our medal count following a home Games; we brought in new legislation for the Digital Economy and to protect Cultural Property; launched a new BBC Charter; and the National Citizen Service Charter and published action plans for Tourism and Libraries.

We can only do this great work by being a confident, agile and networked department. I'm proud that our Civil Service People scores continue to show that we have one of the most engaged workforces in Whitehall, achieving an engagement score of 69% in 2016. Looking forward, I know that - together with the great people we work with in our Arm's Length Bodies and across the sectors we represent - we are very well equipped to make the most of the opportunities that lie ahead.

Our Purpose

The DCMS vision is to drive growth, enrich lives and promote Britain to the rest of the world. We are helping to create a world-leading economy; we promote the UK's cultural, sporting and artistic heritage; and we strengthen communities by investing in and promoting social action. We give the UK a unique advantage on the global stage, helping to build an economy that works for everyone.

Whether it is in making sure the country has the digital connectivity it needs, building a shared society, defending a free press, getting the nation active or leading in arts and culture, our wide-ranging responsibilities make us central to the government's agenda and an integral part of life in the UK.

In 2016-17 our work was driven by six strategic and two corporate objectives, as set out in our Single Departmental Plan. A seventh strategic objective was added when the Office for Civil Society joined the department in the summer of 2016.

Strategic objectives 2016-17:

- **Growing the Economy** - *Contribute fully to a thriving, productive and growing economy.*
- **Connecting the UK** - *Continually drive the UK's connectivity, telecommunications and digital sectors.*
- **Encouraging Participation** - *Increase wellbeing through access to and participation in arts, heritage and sport.*
- **Sustaining Excellence and Promoting Britain** - *Sustain excellence in UK sport, tourism and culture, promoting Britain around the world.*
- **Supporting our Media** - *Back a dynamic, accessible media and a free press.*
- **Ensuring Social Responsibility** - *Ensure our sectors are socially responsible and well-regulated.*
- **Building a Shared Society** – *Build a more engaged nation, in which we take greater responsibility for ourselves and for our neighbours.*



Growing the
Economy



Connecting
the UK



Encouraging
Participation



Sustaining
Excellence and
Promoting
Britain



Supporting our
Media



Ensuring Social
Responsibility



Building a
Shared Society

The work we do is also guided by two **corporate objectives**:

- **Efficiency** - *Contribute to deficit reduction and implement efficiencies within DCMS and its Arm's Length Bodies and support the government's wider cross-cutting priorities.*
- **Agility** - *Ensure DCMS is a confident, agile and networked department, supported by a skilled workforce.*

Our Single Departmental Plan is refreshed annually to help deliver our objectives and the government's manifesto.



Our structure and our Arm's Length Bodies

DCMS is a department of around 700 staff but we have built strong networks across the UK with our Arm's Length Bodies (ALBs) and other external bodies, to whom more than 90% of our funding is allocated. Our ALBs include a huge variety of organisations, from world-renowned museums and galleries to regulators and national funding bodies (See page 16 for a list of our ALBs).

The department has a proportionate relationship with each ALB depending on its purpose, remit and level of public funding. Our approach to working with ALBs is strategic and risk-based, which is necessary given the size of DCMS and the number of our ALBs, and is reflected in our internal governance structures.

Formal relationships with each ALB are set out in bespoke, published documents or 'Management Agreements' (MAs). The MAs include agreed priorities, funding levels and accountabilities. Of equal importance is the day-to-day, informal relationship the department has with ALBs. Effective communication and strong professional relationships are at the core of how DCMS delivers its business.

Many of the DCMS ALBs deliver policy in their roles as regulators, funders, researchers and as cultural ambassadors around the world. DCMS draws on the expertise within its ALBs to provide advice to government on significant cultural and heritage-related matters.

DCMS is working collaboratively with Cabinet Office, HM Treasury, other government departments, and ALBs to deliver transformational change in key areas. This includes consolidating and reducing our estates footprint; supporting ALBs in their efforts to realise major investment and deliver projects; establishing a 1% year-on-year efficiency target; and improving the delivery of DCMS transactional finance and HR services.

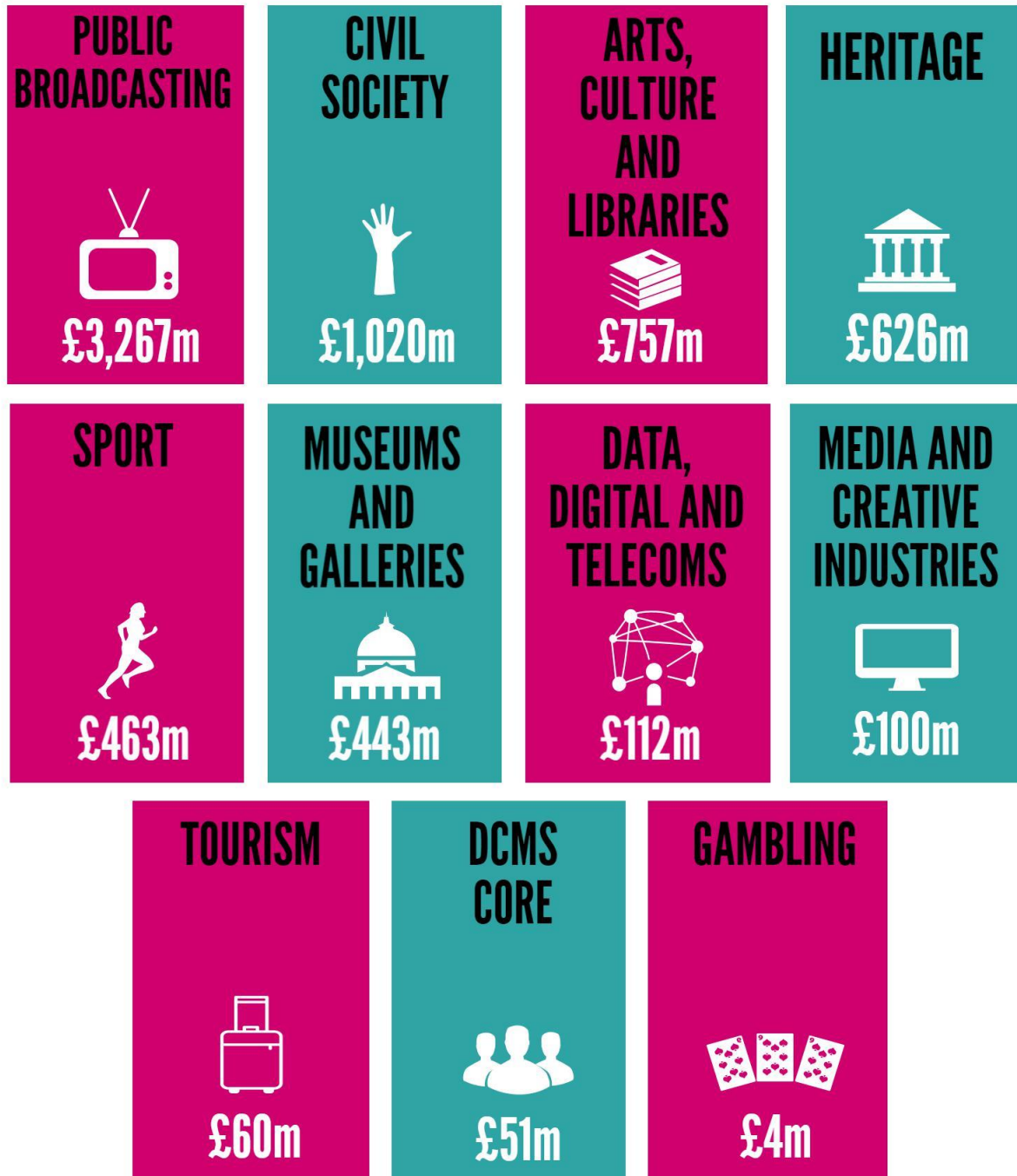
EU Exit

On 23 June 2016, the United Kingdom voted to leave the EU. DCMS has worked hard to inform the government's preparations to effect the people's decision to leave the EU and ensure free trade with European markets. A big part of this has been and remains engaging all of our stakeholders to ensure their voices are heard and their needs are met, including on skills, regulation and funding, as we prepare to leave the EU. Ministers have held roundtable discussions with large and small businesses, charities, consumers groups, business associations and the department's ALBs.

The government is also clear that, for EU exit to be a success, we must hear from all parts of the UK to ensure their diverse needs are met. Since the Prime Minister set out the government's priorities in her Lancaster House speech (17 January 2017), the pace of work has accelerated and our officials are working even more closely with the Department for Exiting the European Union, the Department for International Trade and other government departments to ensure that businesses and charities continue to function and prosper post-exit.

To meet this challenge, DCMS has established an Internet and International Directorate and begun a department-wide transformation programme to expand its capacity and capability in key EU exit and trade roles, so that it may fully seize the opportunities EU exit brings for the UK to forge bold and ambitious trade deals with countries outside of the EU.

DCMS Outturn by Business Area



The values above include both Voted and Non Voted expenditure and also both Departmental Expenditure Limit (DEL) and Annually Managed Expenditure (AME). Page 130 includes an explanation of these terms.

Key risks to delivering strategic objectives fall into three areas: policy development, delivery and corporate activities. Risk information is detailed in the Governance Statement from page 88.

Our Arm's Length Bodies

| | | |
|--------------------------------------|---|--|
| Public Broadcasting | British Broadcasting Corporation ¹ | S4C – Welsh Fourth Channel Authority |
| Civil Society | Big Lottery Fund | |
| Arts, Culture and Libraries | Arts Council England | British Library |
| Heritage | Churches Conservation Trust Historic England | National Heritage Memorial Fund The Royal Parks (TRP) ² |
| Sport | Sport England Sports Grounds Safety Authority | UK Anti-Doping UK Sport |
| Museums and Galleries | British Museum Geffrye Museum Horniman Public Museum and Public Park Trust Imperial War Museum National Gallery National Maritime Museum National Museums Liverpool | National Portrait Gallery Natural History Museum Royal Armouries Museum Science Museum Group Sir John Soane's Museum Tate Gallery Victoria and Albert Museum Wallace Collection |
| Data, Digital and Telecoms | Information Commissioner's Office Office of Communications (Ofcom) | Phone-paid Services Authority |
| Media and Creative Industries | British Film Institute (BFI) | |
| Tourism | British Tourist Authority ³ | |
| Gambling | Gambling Commission | Horserace Betting Levy Board |

This table lists those ALBs sponsored by the Department for Culture, Media and Sport (DCMS) and included in our consolidated accounts. Lottery funds managed by the Arts Council England, British Film Institute, Sport England and UK Sport and the Heritage Lottery Fund administered by the National Heritage Memorial Fund are consolidated in DCMS' accounts but not separately listed as DCMS Arm's Length Bodies.

The department sponsors two non-ministerial departments with a high degree of operational independence from government: The National Archives and the Charity Commission.

There are an additional small number of small advisory or expert committees appointed by the Secretary of State: the Advisory Council on National Records and Archives, the Reviewing Committee on the Export of Works of Art, the Theatres Trust and the Treasure Valuation Committee.

¹ The BBC is a public broadcasting authority. The BBC's Public Service Broadcasting Group falls within the DCMS accounting boundary, and this element of the BBC is consolidated into the DCMS accounts. See Note 1.3 to the Financial Statements for further details.

² The Royal Parks Agency's activities were taken on by an independent charity on 15 March 2017.

³ The British Tourist Authority is the overarching legal entity, operating as VisitBritain and VisitEngland. Visit Scotland is devolved and not funded through the department.

Key Achievements in 2016-17



DIGITAL ECONOMY ACT

Received Royal Assent in April 2017 and is now UK law. Source: parliament.uk



CULTURAL PROPERTY ACT

Received Royal Assent in February 2017 and is now UK law. Source: parliament.uk



Received over 192,000 responses to the consultation and concluded the Charter Review. Source: DCMS Internal Management Information.



National Citizen Service Act received Royal Assent in April 2017. Source: parliament.uk



Launched Digital Strategy in March 2017. Source: gov.uk



Secured £740 million funding to invest in fibre broadband and 5G



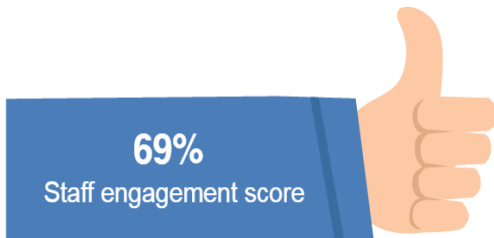
The report identified £1-2 billion potential funding for good causes. Source: gov.uk



Phase One of the Horserace Betting Levy will extend the levy to cover offshore betting websites and fix the rate at 10%. Source: gov.uk



Superfast broadband coverage in the UK Source: thinkbroadband.com



People Survey Results 2016, a 3% increase on last year. Source: Civil Service People Survey 2016. Online



Source: <https://www.paralympic.org/results/historical> <https://www.teamgb.com/games>



In partnership with GCHQ and Wayra UK. Source: wayra.co.uk



Inbound visits to the UK in 2016. Source: ons.gov.uk/peoplepopulationandcommunity/leisureandtourism/articles/raveltrends/2016

Performance Analysis



Growing the Economy

Contribute fully to a thriving, productive and growing economy

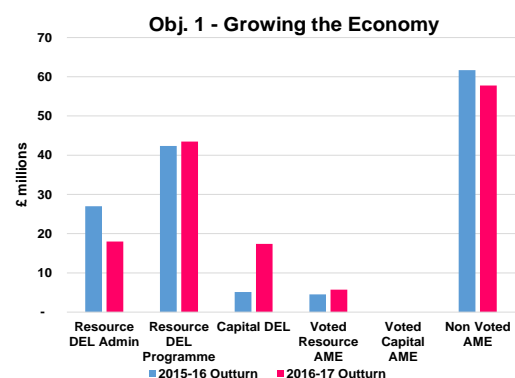


Key Achievements

- Published the UK Digital Strategy, setting out the government’s ambition to create a world-leading digital economy that works for everyone.
- Announced plans for £740 million of investment in fibre broadband and 5G mobile connectivity. This will be a massive boost to consumers, business and the national economy.
- Launched the Council for Digital Inclusion, enlisting private and charity sector partners to assist in increasing digital inclusion, so that everyone can enjoy the benefits of digital connectivity and access.
- Developed a £20 million Cyber Schools Programme which will deliver high quality extracurricular lessons to 14-18 year olds, helping to give this country the skills to succeed in the digital age.
- Invested £1.5 million in the UK Games Fund, helping young businesses conceive and develop new games.
- Secured a television co-production treaty with China, making the UK only the second country in the world to have both film and TV treaties with the Chinese.

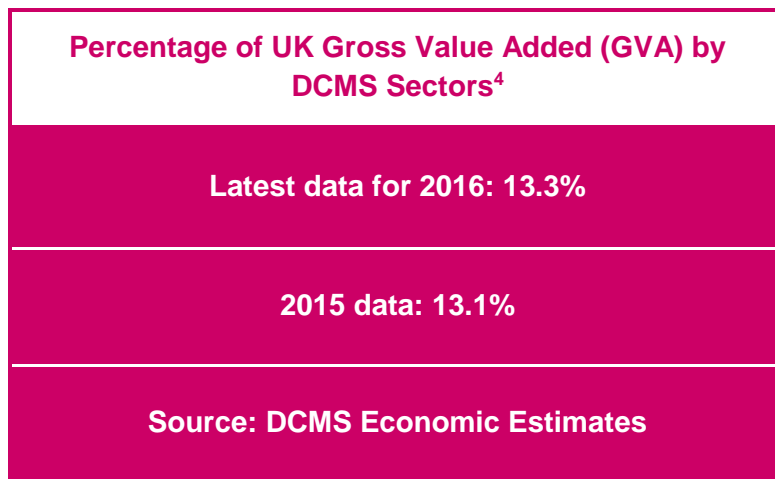
Participating ALBs:
*Arts Council England
 British Film Institute
 British Library
 UK Sport
 British Tourist Authority
 Ofcom*

The chart below represents the net group expenditure on Growing the Economy by budget type. These budget types are explained on page 130.

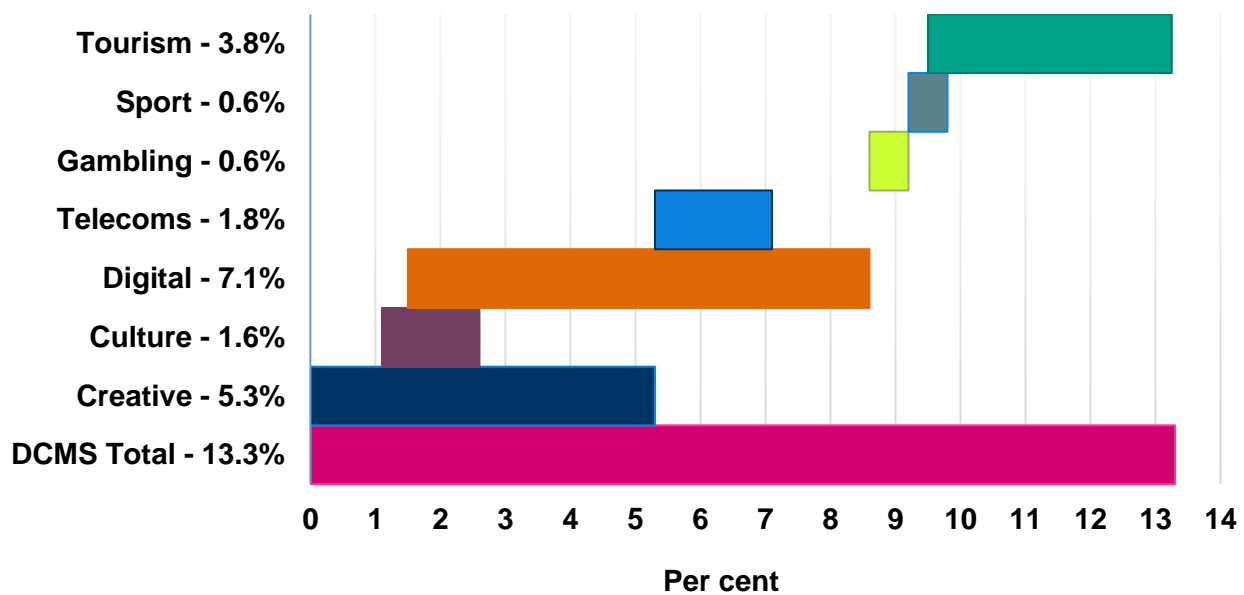


Resource DEL Admin includes Non Voted net expenditure.

Key Performance Indicator



Gross Value Added overlaps in DCMS sectors - Source: DCMS Economic Estimates



There is considerable overlap between the DCMS sectors for example 3.8 per cent of UK GVA is in both creative industries and the digital sector. The overlap between sectors is represented in the graph above, and means that the individual sectors cannot be summed to get an estimate of the GVA for all DCMS sectors combined⁵.

⁴ GVA measures the contribution to the economy of each individual producer, industry or sector in the UK.

⁵ Explanation of the methodology for arriving at the figure of 13.3% GVA is available on page 17 of:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/578932/DCMS_Sectors_Economic_Estimates_-_Methodology.pdf

GROWING THE ECONOMY: PROGRESS AGAINST OUR SINGLE DEPARTMENTAL PLAN AND GOVERNMENT PRIORITIES

Ensuring the UK's fastest growing and most creative sectors are open to all and continue to drive our strong economy

- Launched an independent review of the UK's creative industries led by Sir Peter Bazalgette. The review, which is a central part of the government's Industrial Strategy, will examine how these sectors can help underpin future prosperity through the development of new technology, nurturing talent and capitalising on intellectual property rights.
- Strengthened copyright laws in the Digital Economy Act.
- Creative industries continue to outperform most other sectors of the economy, contributing £87.4 billion to the UK in 2015 and achieving growth of 34% since 2010⁶. The industry accounted for 1.9 million jobs in 2015⁷ and exported £19.8 billion of services in 2014, 9.1% of all UK service exports⁸.
- Inward investment for film production reached a record £1.35 billion in the calendar year 2016, an 18% increase on 2015; inward investment in high-end TV production reached highest level ever at £478 million⁹.
- Invested £1.5 million in the UK Games Fund, helping young businesses develop games ideas and launching the Tranzfuser graduate talent programme.
- Engaged stakeholders drawn from our key sectors, including in ministerial round-table talks, to enable us collectively to take a leading role in driving future trade policy and further capitalise on the opportunities of global trade.
- Ensured the department has the right people, structures and internal governance in place to deliver on the government's objectives, set out in its white paper, including ensuring legal certainty and clarity as the UK prepares to exit from and forge a new partnership with the EU¹⁰.

Improving productivity through wider use of digital technology

- Published the Digital Strategy which sets out how we will develop a world-leading digital economy in the UK. Building on the Industrial Strategy it sets out plans to increase productivity and drive growth across the whole country by backing long-term investment, creating new training opportunities and harnessing the productivity benefits of digital innovation.
- Supported the launch of an independent review of how industry and government can create the conditions for the Artificial Intelligence industry to continue to thrive and grow in the UK.

The review will consider opportunities and challenges such as skills and talent, data, and access to finance and investment.

⁶https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/544103/DCMS_Sectors_Economic_Estimates_-_August_2016.pdf

⁷ <https://www.gov.uk/government/publications/creative-industries-2016-focus-on/key-findings>

⁸https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/544103/DCMS_Sectors_Economic_Estimates_-_August_2016.pdf

⁹ <http://www.britishfilmcommission.org.uk/international-film-and-tv-production-spend-in-the-uk-reaches-record-levels/>

¹⁰ <https://www.gov.uk/government/publications/the-united-kingdoms-exit-from-and-new-partnership-with-the-european-union-white-paper>

- Played a key role in delivering the UK National Cyber Security Strategy, which sets out a transformational five year, £1.9 billion investment to protect the UK in cyberspace.
- Launched the 'CityVerve' smart city demonstrator as part of the Internet of Things (IoT) UK research and innovation programme, jointly funded with the Department of Health. This Manchester-based project will demonstrate how IoT technologies can improve the quality and efficiency of public infrastructure and services.

Creating value from the release of radio spectrum

- Shared 92 MHz of spectrum in the 960-1164 MHz range for wireless microphones and other audio devices used by the Programme Making and Special Events (PMSE) sector, which contributes to the success of UK creative industries, and stimulated the development of Ofcom/Civil Aviation Authority rules for using it.
- Engaged with Ofcom and stakeholders on the design of the auction by which the 2.3 GHz and 3.4 GHz bands released by the Ministry of Defence will be assigned.

Supporting the growth opportunities of a free and open internet

- Contributed to the process of transitioning the functions of the Internet Assigned Numbers Authority (IANA) from the stewardship of the US government to the multi-stakeholder community, a historic step which took place in October 2016.
- Participated in a wide range of meetings at the International Telecommunication Union (ITU) to promote UK interests, including the World Telecommunications Standardisation Assembly.
- Played a leading role as representatives for the UK at the UN Commission on Science and Technology for Development in its discussions on global internet governance.

Strengthening our cultural and creative exports and inward investment

- Secured a television co-production treaty with China in December 2016, making the UK only the second country in the world to have both film and TV treaties with the Chinese.
- Contributed to a very successful year for investment in tech. The UK drew £6.8 billion of investment in 2016, more than that of any other European country, with a number of major investments in UK digital businesses and a number of substantial investments long-term commitments, generating thousands of jobs from leading international tech companies such as Apple, Google and Facebook¹¹.
- Agreed a loan to Britain of artefacts from China's famed Terracotta Army in 2018.
- Strengthened ties and promoted the UK across the globe through the Secretary of State's and ministers' visits to the US, South Korea, the United Arab Emirates, China, and many more.

¹¹ <http://technation.techcityuk.com/>

Tackling digital exclusion

- Announced plans in partnership with the Department for Education to ensure that adults who lack core digital skills can access specified digital skills training free of charge where it is made available by providers as part of the publicly funded adult education offer.
- Launched the 'Council for Digital Inclusion' bringing together government and private and charity sector partners to increase digital inclusion. This has led to an increase in industry efforts to increase the digital capabilities of small businesses and charities.
- Developed a new and improved digital inclusion evaluation toolkit, which will be available online, to better enable digital inclusion in the UK to be benchmarked and tracked.

Promoting digital skills

- Worked with industry to secure commitment to over four million free digital skills training opportunities, announced as part of the launch of the Digital Strategy.
- Announced plans to establish a new Digital Skills Partnership which will bring together government, businesses, charities and voluntary organisations to ensure that digital skills initiatives are better coordinated and targeted more effectively.
- Developed a £20 million Cyber Schools Programme, to be piloted in autumn 2017. This programme will deliver high quality extra-curricular lessons to 14-18 year olds with high aptitude for cyber security.
- Launched the Cyber Retraining Programme to retrain high-aptitude individuals looking to change careers.
- Worked with our partners across government and other stakeholders to implement the key recommendations from the 'Shadbolt Review of Computer Sciences Degree Accreditation and Graduate Employability' and assisted in developing the specification upon which the Higher Education Funding Council for England will run a competition for a £20 million prize to create the Institute of Coding.
- Supported Ada, the National College for Digital Skills to develop a learning platform which will pilot innovative techniques, gamified content and peer-to-peer elements to develop coding skills.

Promoting our world-class tourism sector

- Increased GREAT Programme funding from £46 million to £60 million per year, with £19 million of this fund used by VisitBritain to promote the UK abroad.
- Began implementation of the government's 'Tourism Action Plan'. We have strengthened coordination and collaboration with bodies across the tourism landscape and worked with other government departments to expand and improve our GREAT programme which promotes the UK across the globe.
- Provisional figures from VisitBritain show an increase of international visits by 3% on last year to 37.3 million in 2016 and visitor spend during this period was £22.2 billion, matching 2015's record spend¹².

¹² <https://www.visitbritain.org/new-figures-show-2016-record-breaker-inbound-tourism>

Case Study - Cyber Accelerator

In September 2016, DCMS worked with GCHQ and their industry partner Wayra UK to launch the GCHQ Cyber Accelerator, a new facility to help UK start-ups grow and take the lead in producing the next generation of cyber security technology. The first of its kind in the UK, the accelerator programme is part of two cyber innovation centres led by DCMS that will bring together government, academic and business expertise. Seven cyber security start-up companies entered the three month programme in January of this year in a dedicated accelerator space in Cheltenham. The companies have been working alongside GCHQ personnel to develop their products and cyber security solutions, and have benefited from a range of mentoring opportunities provided by our industry partners. They include CyberOwl, VeriMuchMe, CyberSmart, Elemendar, StatusToday, CounterCraft, and Spherical Defence.

Promoting the competitiveness of our creative and digital industries

- Launched a cyber accelerator programme in Cheltenham, in collaboration with GCHQ and Wayra UK, to support the growth of seven cyber security start-up companies and funded successful start-up accelerator programmes as part of the Internet of Things UK programme.
- Boosted the cyber sector through: launching an Academic Start-Up scheme with Innovate UK, helping academics commercialise their cyber security ideas; funding the HutZero early stage accelerator to foster a new generation of cyber entrepreneurs; and commissioning the Cyber 101 business advice 'bootcamps' to help early stage cyber firms prosper.
- Continued funding of and support to Tech City UK which delivered programmes such as Northern Stars (part of Tech North), Future 50, and Upscale which powered some of the UK's most promising digital companies to their next stages of growth.
- Tech City UK launched an industry-led Fintech (financial technology) delivery panel to implement initiatives to catalyse the UK's world-leading Fintech sector.
- Announced a financial inclusion competition, to be delivered by Tech City UK, to support digital innovation that helps people better manage their money.
- Undertook research into cyber security as part of the Cyber Essentials programme in order to improve uptake, maintain the high quality of the scheme and ensure the programme is easy for businesses to adopt and use.
- Announced plans to establish a network of UK Tech Hubs in five developing countries, working alongside the existing hub in Israel to boost the UK's impact in emerging digital economies. The successful UK-Israel hub has delivered more than 80 partnerships with a deal value of over £62 million¹³.

¹³ <http://www.ukisraelhub.com/2017/03/following-success-israel-uk-launch-global-network-tech-hubs/>

Connecting the UK

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



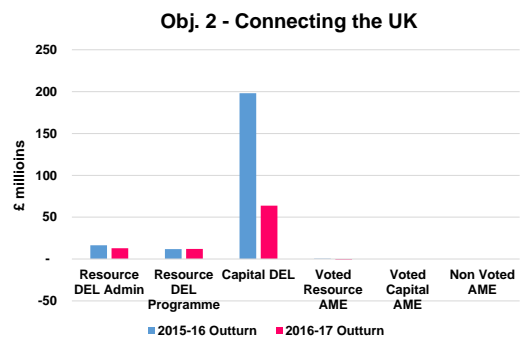
Key Achievements

- Published the 5G Strategy and plans for investment in next generation connectivity.
- Increased access to superfast broadband to 92.6% by March 2017¹⁴.
- Passed the Digital Economy Act, which provides legislative foundations for the future of the UK's digital economy. It contains enabling powers for a new broadband Universal Service Obligation, and other measures that promote competition, widen access to broadband and reduce costs.
- Indoor 4G coverage from all four mobile operators increased to 72% of premises (up from 29% in 2015) with 96% having indoor coverage from at least one Mobile Network Operator¹⁵.

Participating ALBs:

Ofcom

The chart below represents the net group expenditure on Connecting the UK by budget type. These budget types are explained on page 130.



Resource DEL Admin includes Non Voted net expenditure.

¹⁴ www.thinkbroadband.com

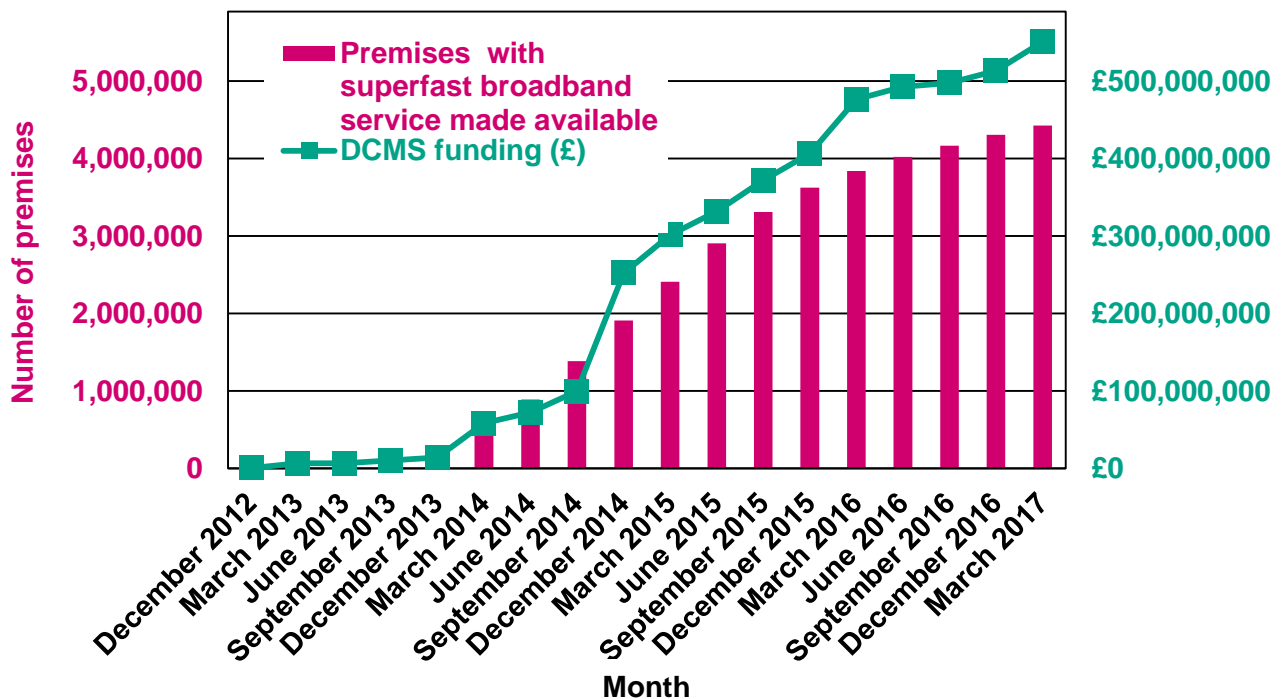
¹⁵ Ofcom Connected Nations 2016

https://www.ofcom.org.uk/__data/assets/pdf_file/0035/95876/CN-Report-2016.pdf

Key Performance Indicators

| | | | |
|---|---|--|---|
| <p>KPI: Percentage of UK population with access to superfast broadband (30 Mbps)</p> | <p>KPI: Percentage of UK population with access to superfast broadband (24 Mbps)</p> | <p>KPI: UK premises with voice and SMS coverage from at least one Mobile Network Operator</p> | <p>KPI: UK premises with 4G coverage from at least one Mobile Network Operator</p> |
| <p>Latest data (June 2016): 89%</p> | <p>Latest data (March 2017): 92.6%</p> | <p>Latest data (June 2016): 99.9%¹⁶</p> | <p>Latest data (May 2016): 97.8%</p> |
| <p>June 2015 data: 83%</p> | <p>March 2016 data: 89.8%</p> | <p>No comparable data¹⁷</p> | <p>No comparable data¹⁸</p> |
| <p>Source: Ofcom Connected Nations 2016</p> | <p>Source: Ofcom Thinkbroadband.com</p> | <p>Source: Ofcom Connected Nations 2016</p> | <p>Source: Ofcom Communication Market Report</p> |

Superfast broadband access funded by DCMS (cumulative)



Source: Broadband Performance Indicators

<https://www.gov.uk/government/collections/broadband-performance-indicators>

¹⁶ The Ofcom Connected Nations 2016 report states that 0.1% of premises in the UK lack coverage from at least one Mobile Network Operator.

¹⁷ The 2016 voice and text data is for voice and text delivered at 2G, 3G and 4G, while in 2015 the figure is only for 2G.

¹⁸ The 2016 data is for 4G services (voice and data), while the 2015 data is for 4G only.

CONNECTING THE UK: PROGRESS AGAINST OUR SINGLE DEPARTMENTAL PLAN AND GOVERNMENT PRIORITIES

Exploring the opportunities presented by new technologies like 5G

- Announced plans for £740 million of investment in next generation connectivity which will develop 5G and support faster and more reliable broadband.
- Published a 5G Strategy which outlined our ambition to become a global leader in 5G and detailed our plans for a programme of 5G testbeds and trials, including up to £16 million made available for leading UK research institutions to trial and demonstrate 5G technology.
- Announced a £200 million fund to support further deployment of full-fibre networks and test ways to accelerate market delivery.

Delivering cutting edge broadband and maintaining the UK's communications infrastructure

- Delivered superfast broadband access to over 4.4 million homes and businesses by March 2017 as a result of our Superfast Broadband Programme.
- Achieved huge take up of our subsidised rollout of superfast connections with over 1.5 million homes and businesses signing up. As a result of good contract management at least £440 million will be available to reinvest in superfast infrastructure to extend UK coverage.
- Conducted a joint Business Broadband Review with the Department for Business, Energy & Industrial Strategy (BEIS), to develop our understanding of business connectivity needs and the barriers to this. We intend to publish a summary of the findings of the review, including our next steps, later this year.
- Introduced a host of new measures which will widen broadband access and cut costs through the new Digital Economy Act. For example, the new broadband Universal Service Obligation for the UK will give all citizens, households and businesses the legal right to request a fast broadband connection of at least 10Mbps, regardless of location, up to a reasonable cost threshold; the Electronic Communications Code will simplify building and cut the cost of mobile and broadband infrastructure; and measures to empower consumers will stimulate competition in telecoms markets.
- We worked with the Department for Communities and Local Government (DCLG) to streamline planning regulations in November 2016 to make it easier to install digital infrastructure in England.

Promoting efficient markets with high levels of consumer confidence and protection

- Launched a consultation on a proposed measure to make company directors accountable for breaches of the Privacy and Electronic Communications Regulations. It would give the Information Commissioner power to impose Civil Monetary Penalties of up to £500,000 on those in positions of responsibility in all forms of corporate entity.
- Announced agreement from all of the UK's major mobile providers to waive their unlocking fees previously charged to consumers after completing their initial pay monthly contract period. This was a significant win for consumers, who had to pay as much as £20 to unlock their handsets.

- Made it a legal requirement for all direct marketing callers to provide Calling Line Identification. This will make it easier for people to identify direct marketing calls and choose whether to accept them. It will also make it easier for the Information Commissioner's Office to investigate and take action.
- Gave new powers to Ofcom to help consumers switch communications provider, giving consumers access to better information and entitling them to automatic compensation if things go wrong with their broadband provider.

Rural-proofing

- Supported the rural economy through our Superfast Broadband Programme, which is extending superfast broadband coverage to areas that will not be covered by the commercial sector alone.
- The broadband Universal Service Obligation measures, in the Digital Economy Act, will enable us to give households and businesses the right to request a broadband connection from a designated provider at a minimum speed of at least 10 Mbps regardless of location up to a reasonable cost. A substantial number of premises in scope are in rural areas.
- Reformed the Electronic Communications Code to make it cheaper to use land to site communications infrastructure which will improve coverage in rural areas and be an enabler of future infrastructure requirements including 5G.
- Worked with DCLG to streamline planning regulations in England which will support the roll out of mobile coverage in rural areas.

Case Study: Super Connected Cities Programme (SCCP) - Connection Voucher Scheme

The SCCP was a DCMS initiative to improve the digital infrastructure of the UK's cities by increasing the availability of fast broadband. Its connection voucher scheme proved extremely successful and was supplemented by the programme's commitment to provide free Wi-Fi in public buildings and other innovative projects to support cities' digital ambitions.

The Scheme

The connection voucher scheme subsidised the upfront capital costs of getting an improved broadband connection and placed grants directly in the hands of the small business, avoiding centralised procurements and enabling them to choose a solution that worked best for them. The scheme was so successful it was extended from 22 to 50 cities, connecting 42,500 small businesses to broadband at an average 18 times faster than their previous speed.

Impact on business

One in four firms employed an extra full-time member of staff and reported making an average of £1,300 more profit per annum as a result of the scheme, through being more efficient and effective in the work they carried out, resulting in a more reliable and faster delivery of goods and services. The UK economy benefitted at least £8 for every £1 spent on the scheme.

Group schemes

Group schemes offered by the programme enabled small firms to pool resources to aggregate their vouchers which proved particularly helpful for those firms situated in business parks and clusters. 6,000 firms pooled their voucher with others in one of 470 group schemes to get ultrafast connections at guaranteed speeds and at reduced ongoing costs, often in areas where such connections were previously prohibitively expensive.

Supplier growth

The scheme promoted competition and choice with over 700 suppliers receiving business from the scheme and 87% funding going to smaller suppliers. Smaller suppliers were able to grow their business and expand into different areas.

The SCCP exceeded its delivery targets, completed on time and was almost 25% under budget.

Source: DCMS internal initial impact study

Encouraging Participation

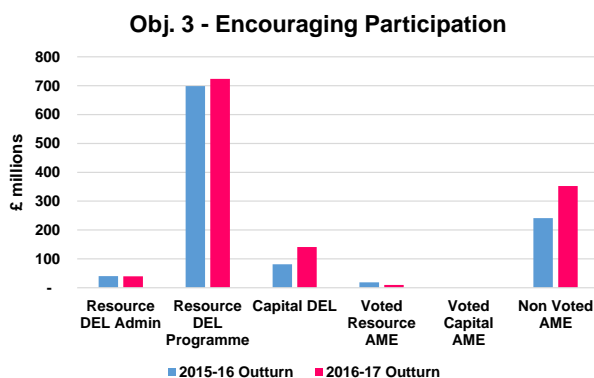
Increase wellbeing through access to and participation in arts, heritage and sport



Key Achievements

- Published the first ever strategy for public libraries in England. This will help to encourage innovative approaches to providing better library services.
- Published first annual report detailing progress against the 'Sporting Future' strategy.
- Launched the Great Place Scheme to fund pilot projects that will use arts, culture and heritage to create places where people will want to live, work and visit.

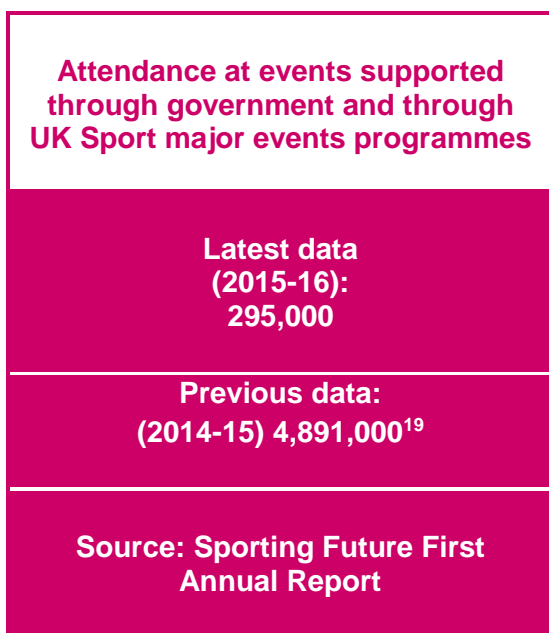
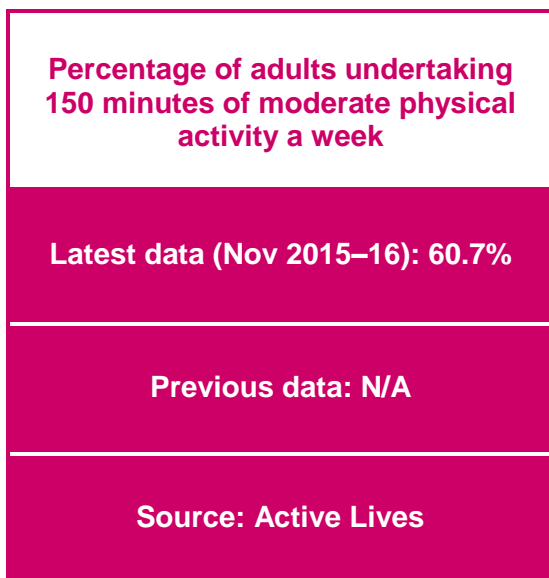
The chart below represents the net group expenditure on Encouraging Participation by budget type. These budget types are explained on page 130.



Participating ALBs:

- Arts Council England*
- British Film Institute*
- British Library*
- British Museum*
- Churches Conservation Trust*
- Geffrye Museum*
- Heritage Lottery Fund*
- Historic England*
- Horniman Public Museum and Public Park Trust*
- Imperial War Museum*
- National Gallery*
- National Heritage Memorial Fund*
- National Maritime Museum*
- National Museums Liverpool*
- National Portrait Gallery*
- Natural History Museum*
- Royal Armouries Museum*
- Science Museum Group*
- Sir John Soane's Museum*
- Sport England*
- Tate Gallery*
- The Royal Parks*
- Victoria and Albert Museum*
- Wallace Collection*

Key Performance Indicators

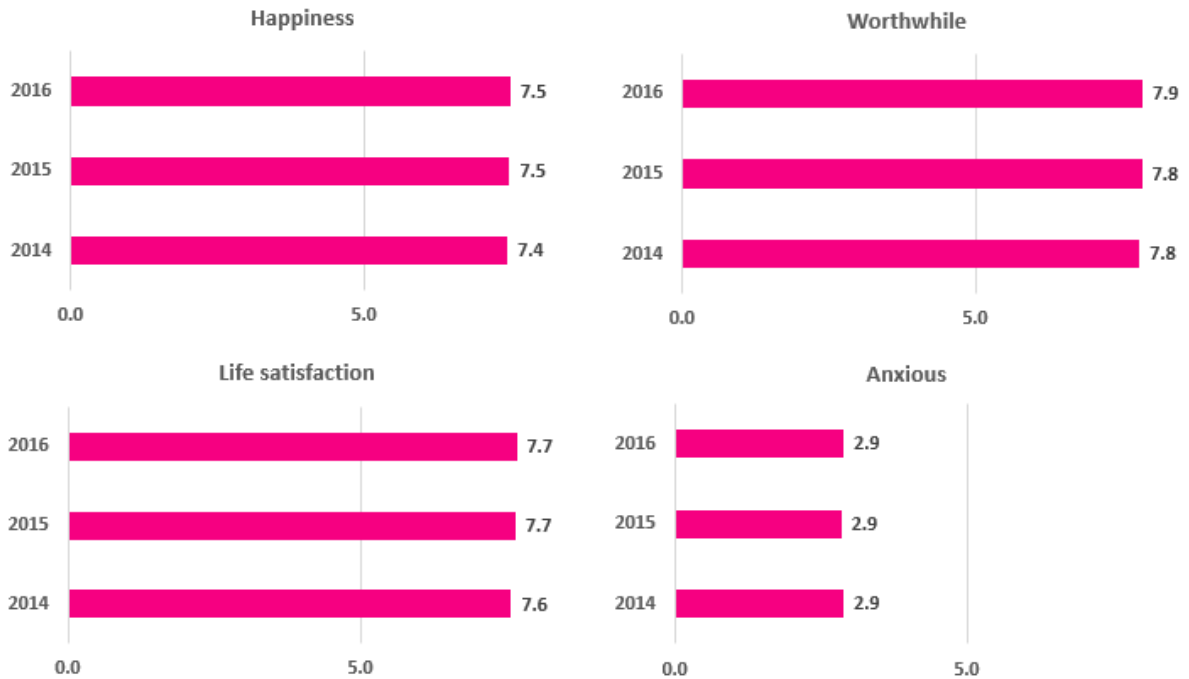


Please note: Key performance data relating to volunteering in sport will be available from autumn 2017.

¹⁹ The attendance figures for 2014-15 were boosted by a turnout of an estimated 4.8 million people to view the Tour de France as it passed through Yorkshire.

Headline Indicators

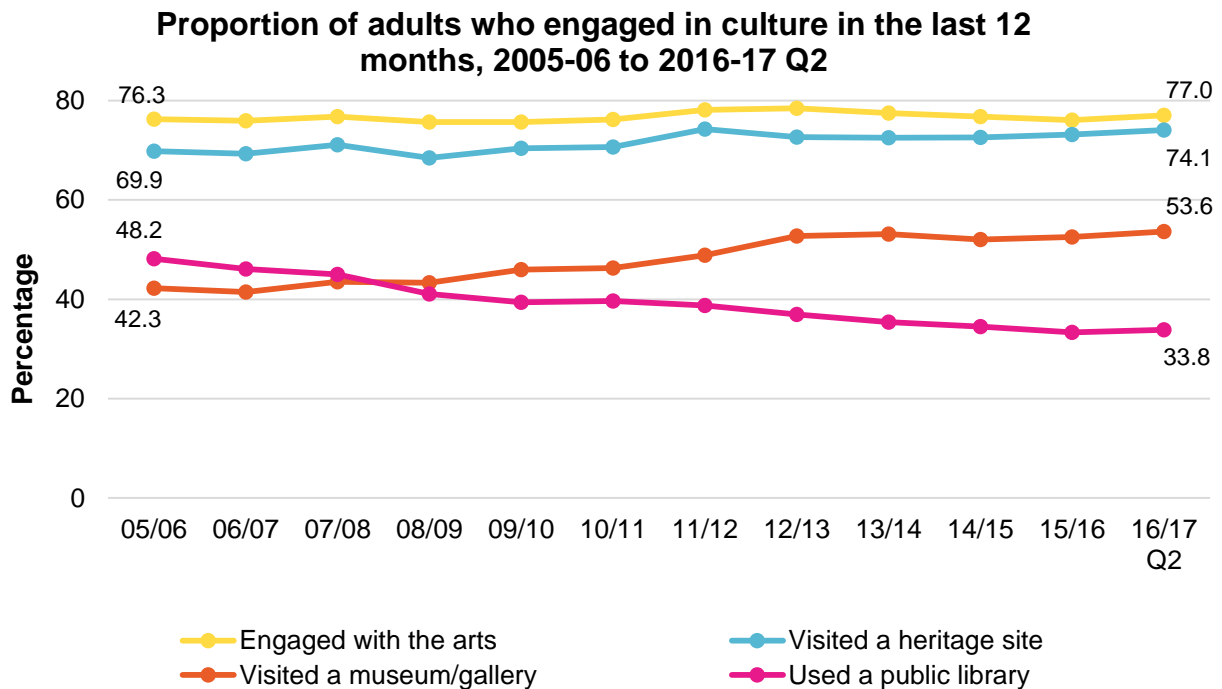
Subjective Wellbeing: Adults in England



Mean scores out of 10

Source: Office for National Statistics

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



Source: Taking Part Survey Q2 2015-16 Statistical Release

ENCOURAGING PARTICIPATION: PROGRESS AGAINST OUR SINGLE DEPARTMENTAL PLAN AND GOVERNMENT PRIORITIES

Promote understanding of, and access to, the historic environment so that people can appreciate and enjoy heritage assets

- Developed the Great Place Scheme in collaboration with the Heritage Lottery Fund and Arts Council England, which launched in April 2016. The £20 million pilot scheme will fund projects in areas where there is a commitment to embed arts, culture and heritage in local plans, strengthening communities and the local economy.
- Historic England launched a Heritage Action Zones programme, awarding special status to ten areas across England to unlock their rich but as yet uncelebrated heritage. The scheme will kick-start regeneration and tourism in these areas and foster economic growth.
- Designated 1,145 listed buildings - including 904 war memorials, 21 scheduled monuments and four restricted areas (around wreck sites).
- At the annual World Heritage Committee in July 2016, Gorham's Cave Complex in Gibraltar was the UK's 30th site to be inscribed on the UNESCO World Heritage List.
- Commissioned a review examining how church buildings and cathedrals in England can become more financially sustainable.
- In addition to grants of £31 million made for the Listed Places of Worship Grants scheme, completed the final phases of the £55 million Listed Places of Worship Roof Fund. Four-hundred-and-one places of worship benefited from grants of between £10,000 and £100,000 to address urgent roof repairs.
- Agreed to fund the £20 million extension to the First World War Centenary Cathedral Repairs Fund, funding given to 47 Church of England and Catholic cathedrals in England for urgent repair work, including keeping the building weather-tight, safe and open to the public.
- Committed £7.2 million of funding for the most urgent and essential repairs to Wentworth Woodhouse, a house of national importance currently on the Heritage at Risk Register. This funding will help secure the building's future, ensure public access and provide a boost to the local economy.



Paul Nash, *Nest of the Siren* (1930), oil on canvas. Lent to Tate Britain from the Government Art Collection. Image: © Crown Copyright, Government Art Collection, UK

Government Art Collection

- Held regular monthly public tours of the Government Art Collection, additional events for London Open House weekend and talks and tours at 10 Downing Street and Lancaster House.
- Provided specialist study tours for a number of academic partners such as the Warburg Institute, the Paul Mellon Centre for British Art, Sotheby's, Christie's and University of the Arts students.
- Ran a successful postgraduate curatorial project with Goldsmiths' students.

Support arts and culture; articulate the benefits of access and participation; and deliver solutions working in conjunction with OGDs and partners

- Supported the libraries sector to utilise modern digital technologies and worked closely with the book sector to improve access to e-book lending, which increased 38% from 2.3 million in 2015 to 3.2 million in 2016²⁰.
- Amended Public Lending Right legislation to ensure that authors of e-books receive payment from the government for remote e-lending by public libraries across the UK.
- Launched a new strategy in partnership with central and local government to help public library services in England prosper into the 21st century. The £3.9 million Library Innovation Fund will help disadvantaged communities and promote new projects in areas such as literacy, digital access, health and wellbeing.
- Launched the Cultural Citizens Programme in December, as part of our Arts and Culture Strategy and the Culture White Paper. Six hundred young people will be given privileged access to England's cultural institutions.
- Worked alongside Manchester Museum and the British Museum to develop a new South Asia Gallery, agreeing the loan of objects from the British Museum. £5 million of funding from DCMS will help to deliver an £11.5 million capital expansion which will improve public facilities, showcase the history and culture of the region and create a valuable new focal point for visitors of South Asian heritage to explore.



Goldsmiths MA student curators at the GAC. Left to right, Bar Yerushalmi, Tamar Clarke-Brown and Francesca Altamura

Policy for the Museums and Galleries sector

- Launched the Museums Review, for publication in the latter half of 2017, which will determine how the government can best assist in creating and maintaining a thriving and sustainable museum sector in England.

²⁰ <http://www.cipfastats.net/news/newsstory.asp?content=+19563>

To increase participation in, engagement with and access to sport

- Committed to doubling the Physical Education and Sport Premium from £160 million to £320 million, using revenue to be raised from the Soft Drinks Industry Levy. From September 2017 this funding will go towards improving and broadening PE and sport provision, increasing participation and tackling childhood obesity.
- Sport England published its new strategy, Towards an Active Nation, which committed to implementing the key actions and principles at the heart of our Sporting Future strategy.
- Sport England has committed to spending at least 25% of its budget over four years on tackling inactivity and is increasing its focus and investment to support participation of underrepresented groups, particularly people on low incomes.
- Sport England published its new Active Lives survey data, marking a significant step forward in better understanding the breadth of physical activity that people get involved in and the groups in need of targeted interventions to improve participation levels.
- Worked with the Department of Health and the Department for Education to agree and progress actions set out in the Childhood Obesity Plan, including improving the coordination of quality sport and physical activity programmes for schools.
- Sport England's This Girl Can campaign continued to encourage women and girls to get active, regardless of shape, size and ability. Sport England's latest evaluation showed that This Girl Can is already having an impact - with women and girls having been inspired to get active²¹.
- Sport England recently launched the second phase of the campaign and have extended the age range to women in their sixties.
- Sport England published their Coaching Plan and Volunteering Strategy and launched two new funds to promote volunteering opportunities for people in disadvantaged communities and young people between the ages of ten and twenty.

Cultural resilience and innovation, including philanthropy

- Launched a crowdfunding pilot for the arts and heritage sectors, fulfilling the commitment made in the Culture White Paper. The pilot will explore the opportunities for matched crowdfunding as an innovative way of funding projects in the arts and heritage sectors.
- Announced £4 million of grants for 39 English Museums and Galleries to be funded jointly by DCMS and the Wolfson Foundation. The funding is designed to increase access to the collections while improving the quality of the displays and the surrounding environment.
- Sport England has worked with Natural England to combine the findings of their Active Lives and Monitor of Engagement with the Natural Environment surveys to deepen our understanding of how activity levels in people can be increased.

²¹ <https://www.sportengland.org/news-and-features/news/2016/january/12/thisgirlcanbirthday/>

Rural-proofing

- Plans are in place for Sport England to undertake a series of ‘deep dive’ analyses of the results of the Active Lives survey. One of these sessions will look at the split between rural and urban participation levels. Sport England has worked with Natural England to combine the findings of their Active Lives and Monitor of Engagement with the Natural Environment surveys to deepen our understanding of how activity levels in people can be increased.

Case Study – Great Place Scheme

We launched the Great Place Scheme in 2016 to pilot new approaches that enable cultural and community groups to work more closely together and to place culture at the heart of communities. The £20 million scheme, which is jointly funded by the Heritage Lottery Fund and Arts Council England, provides money for projects in areas where there is a commitment to embed arts, culture and heritage in local plans and decision-making. The scheme aims to put arts, culture and heritage at the heart of place-making, creating places where people will want to live, work and visit.

Sixteen places were awarded funding in March 2017. These pilot projects are exploring new ways to: finance cultural organisations; make use of existing powers such as the power to list local landmarks as Assets of Community Value; or include arts, culture and heritage in local education or health services.

For example, the boroughs of Barnsley and Rotherham have been awarded £1,264,000 for their ‘Seamless: transforming communities through culture’ scheme. The towns plan to increase their attraction as visitor destinations, building on the potential of important local heritage including the newly transformed Cooper Gallery and Rotherham’s Clifton Park. Funding will allow a partnership led by Barnsley Metropolitan Borough Council to work with deprived communities who were hit hard by the decline in traditional industries, to reignite a sense of local pride and ambition.

Sustaining Excellence and Promoting Britain

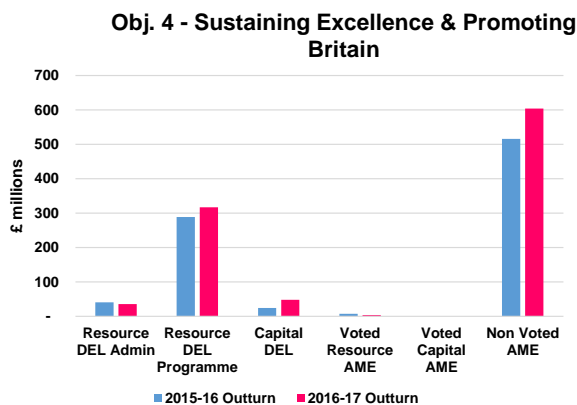
Sustain excellence in UK sport, tourism and culture, promoting Britain around the world



Key Achievements

- Launched a £40 million 'Discover England Fund' - 21 projects have been funded already, with second-round bids kicking off this year. It will encourage tourists to look beyond London and explore the whole country.
- Won 67 medals at the Rio 2016 Olympic Games, the best result in over a century.
- Won 147 medals at the Rio 2016 Paralympic Games, the most since National Lottery Funding began.
- Organised highly successful national events in Orkney on 31 May 2016 to mark the centenary of the Battle of Jutland, and on 30 June and 1 July events at Westminster Abbey, the Thiepval Memorial in France and in Manchester to mark the centenary of the Battle of the Somme.

The chart below represents the net group expenditure on Sustaining Excellence and Promoting Britain by budget type. These budget types are explained on page 130.

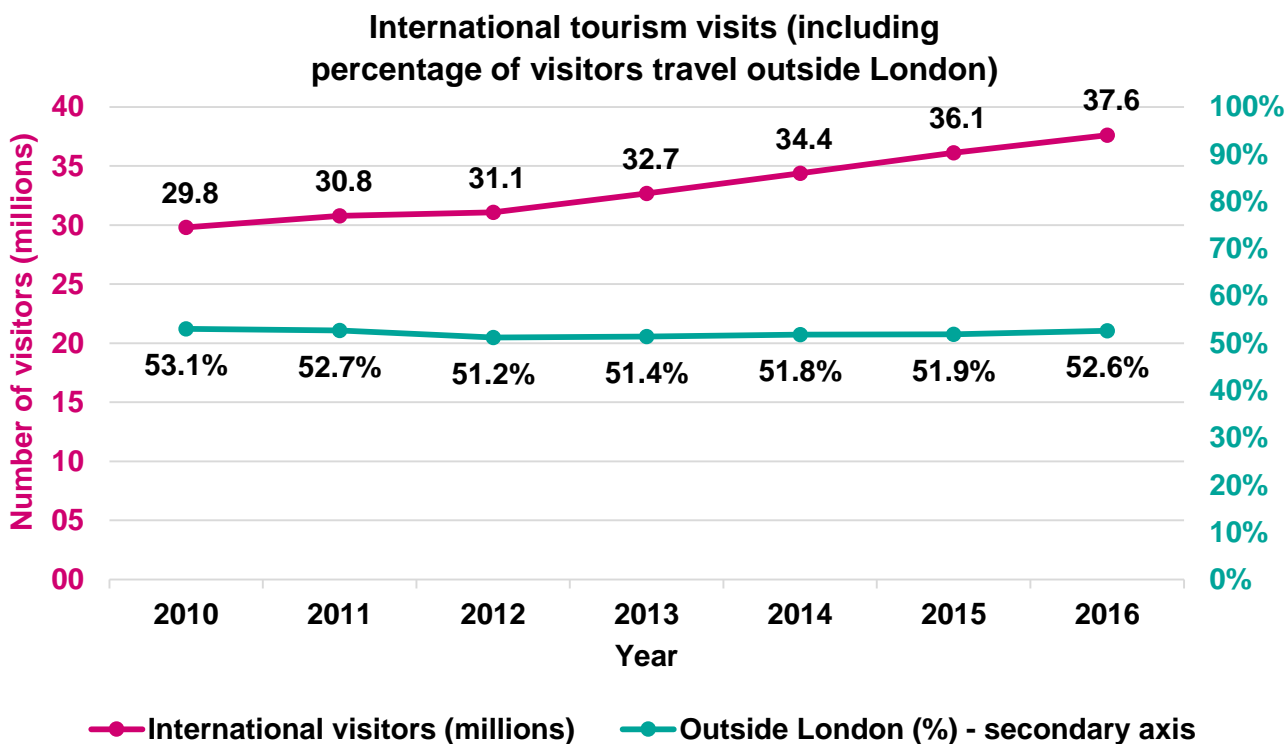


Participating ALBs:

- Arts Council England
- British Film Institute
- British Library
- British Museum
- British Tourist Authority
- Churches Conservation Trust
- Geffrye Museum
- Heritage Lottery Fund
- Historic England
- Horniman Public Museum and Public Park Trust
- Imperial War Museum
- National Gallery
- National Heritage Memorial Fund
- National Maritime Museum
- National Museums Liverpool
- National Portrait Gallery
- Natural History Museum
- Royal Armouries Museum
- Science Museum Group
- Sir John Soane's Museum
- Sport England
- Sports Grounds Safety Authority
- Tate Gallery
- The Royal Parks
- UK Anti-Doping
- UK Sport
- Victoria and Albert Museum
- Wallace Collection

Key Performance Indicators

| | |
|--|--|
| Percentage of adults supportive of the UK commemorating the First World War | Percentage of adults aware of activities and events commemorating the First World War |
| Latest data (October 2015 - September 2016) 75% | Latest data (October 2015 - September 2016) 52% |
| Previous data (October 14 - September 2015) 78% | Previous data (October 2014 - September 2015) 58% |
| Source: Taking Part Survey Q2 2016-2017 | Source: Taking Part Survey Q2 2016-2017 |



Key Performance Indicator: International tourism visits including percentage of visitors travelling outside of London. Source: ONS Travel Trends 2015

SUSTAINING EXCELLENCE AND PROMOTING BRITAIN: PROGRESS AGAINST OUR SINGLE DEPARTMENTAL PLAN AND GOVERNMENT PRIORITIES

Backing the tourism sector for domestic and international audiences

- Published the Tourism Action Plan, which includes a series of new initiatives and measures to help Britain out-compete other major tourism destinations, welcoming more international visitors than ever before and encouraging 'staycations' i.e. holidaying in the UK.
- Worked with the events industry to continue smooth implementation of the Business Visits and Events Strategy. This included setting up round-table talks with industry representatives and government ministers to discuss government support to the industry.
- Took a trade delegation from the cultural and sport sectors to the UK-China 'People to People' dialogue to promote UK excellence in creativity and win business opportunities for our sectors.

Leading on ceremonials and First World War Centenary commemorations

- Successfully delivered national commemorative events to mark the centenary of the Battle of Jutland and the Battle of the Somme. There were an estimated 100 million impressions on social media of #Jutland100 and the #Somme100 was the number one trending topic on Twitter worldwide for three hours. Nearly 10,000 descendants, members of the public and VIPs attended the events at Thiepval and over 35,000 people took part as participants, audiences and performers in Manchester commemorating the Somme²².
- Delivered the Remembrance Sunday Service at the Cenotaph.
- Demonstrated effective collaboration between government and key delivery partners including the Imperial War Museums, 14-18 NOW, Historic England, the Heritage Lottery Fund and the Commonwealth War Graves Commission in the successful delivery of the First World War centenary programme.
- Successfully delivered a ceremonial state visit from the President of Colombia.

Supporting the best of our arts and culture right across the country

- Launched a £30 million Cultural Protection Fund with the British Council to preserve and promote cultural heritage in areas affected by conflict. Funding will be directed not only to physical heritage sites but also to 'intangible' heritage.
- Announced £4 million in grants for English Museums and Galleries under the joint DCMS-Wolfson Museums and Galleries Improvement Fund.
- Launched a nationwide competition to find the 2023 European Capital of Culture. DCMS is responsible for the process of selecting a candidate city for the UK and will announce a winner by the end of 2018.
- Announced £20 million of funding for cathedrals across England to help secure their future.

²² Internal DCMS Records

- Received Royal Assent of the Cultural Property (Armed Conflicts) Act. The UK is the first permanent member of the UN Security Council to enact the legislation necessary to become a state party to the Convention and both Protocols. The Act enables the UK to meet the obligations of the 1954 Hague Convention for the Protection of Cultural Property in the Event of Armed Conflict and its two Protocols of 1954 and 1999, thereby allowing the UK to ratify the Convention and accede to the Protocols.

Boosting tourism in the regions, including areas affected by floods

- Launched £40 million Discover England Fund to promote tourism across the country and encourage tourists to visit areas outside of London.
- VisitBritain launched a £1 million Flood Recovery Campaign to increase tourism in the 2015 flood affected regions. The campaign drove up consumer awareness of newly reopened local businesses and motivated short-term bookings in the affected areas during the February half-term and the Easter Break.

Extending the reach of the Government Art Collection at home and abroad

- Displayed new works of art at British embassies and diplomatic posts across the globe, promoting British art and culture, including this year in Beijing, New York and Tbilisi.
- Continued to work with the leading philanthropic organisation 'Outset' to acquire new works of art.
- Migrated our collection management database in 2016 making the system accessible to GAC staff from anywhere in the world via the internet. New developments in digital image management, library cataloguing, updated collection management and registrarial work have led to higher standards of care and handling of the collection.



Edmund De Waal, *a short history of the China trade* (2016), wall-mounted vitrine with porcelain vessels. Government Art Collection. © Edmund de Waal. Image: © Mike Bruce, courtesy of Edmund de Waal



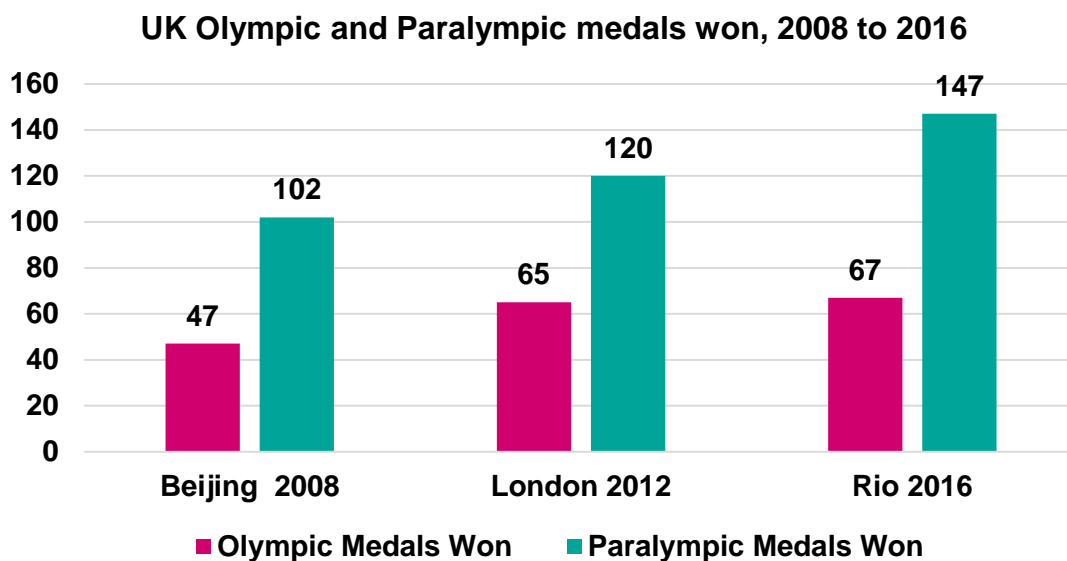
Isaac Julien, *No Moon Shining* (2010), digital photographic print. Government Art Collection. Courtesy of the artist and Victoria Miro
© Isaac Julien. Image: © Crown Copyright, Government Art Collection, UK

Host major sporting events to promote the UK on the international stage

- Secured the hosting rights to the Rugby League World Cup in 2021. We are investing up to £15 million into hosting the event and up to £10 million towards the event legacy by investing in infrastructure to grow the game.
- Won the bid to host the 2019 UCI Road World Cycling Championships. This joint bid with Welcome to Yorkshire, British Cycling and UK Sport included a £9 million commitment from government to host the event, alongside £3 million from UK Sport. Government will also invest £15 million towards developing cycling facilities across the UK, as part of the event's legacy.
- Through UK Sport investment, the UK also secured the rights to host a number of major sporting events, including the Boxing World Series, Men's Hockey Champions Trophy, Gymnastics World Cup, Track Cycling World Cup Series, World Triathlon Series, World Taekwondo Championships and the World Squash Championships, in addition to many others.
- Supported the delivery of the World Athletics Championships and Para Athletics Championships, which will take place in London this summer, by providing a financial guarantee for the World Athletics Championships.

Delivering elite sporting success internationally and domestically

- Published the fourth annual report on the legacy of the 2012 Games in collaboration with the Mayor of London, reinforcing our long-term aims and vision for their legacy.
- UK Sport set Team GB and Paralympics GB ambitious medal targets for Rio 2016. These targets were roundly exceeded and broke the records set in the London Games.
- Sport England and UK Sport published a new 'Code for Sports Governance.' All sports bodies and organisations in receipt of public funding will have to adhere to the new code, ensuring that the highest levels of transparency, ethical standards and leadership are present in sport across the country.



Source:

<https://www.teamgb.com/games>
<https://www.paralympic.org/results/historical>

Case study – Rio 2016

With record investment in the run-up, Rio 2016 saw our Olympic and Paralympic athletes make sporting history, securing second place in the medal tables for both Games. Nearly £350 million of funding was provided by the National Lottery and Exchequer.

Great Britain and Northern Ireland won 67 medals at the Rio 2016 Olympic Games (27 gold, 23 silver, 17 bronze), their best result in over a century, with Team GB coming second in the medal table. The Olympic medal total eclipsed the 65 won at London 2012, surpassing UK Sport's target of 48 medals. Medals were won across more sports in Rio than at London 2012 and Gold medals were won in more sports than by any other nation at Rio. Team GB's Olympic medal haul in Rio is an historic achievement, becoming the first team to win more medals at a Games following hosting.

ParalympicsGB won 147 medals at the Rio 2016 Paralympic Games (64 gold, 39 silver, 44 bronze) – the most since National Lottery funding began, finishing second in the medal table, ParalympicsGB also surpassed UK Sport's target of 121 medals. Medals were won across more sports in Rio than at London 2012 with ParalympicsGB athletes winning 12% of the gold medals available, setting 49 Paralympic and 27 world records in the process.

Rio 2016 built on the legacy of London 2012, surpassing the achievements of four years ago to show once again that our elite sport, backed by National Lottery and government funding, is world-class.

Supporting our Media

Back a dynamic, accessible media and a free press



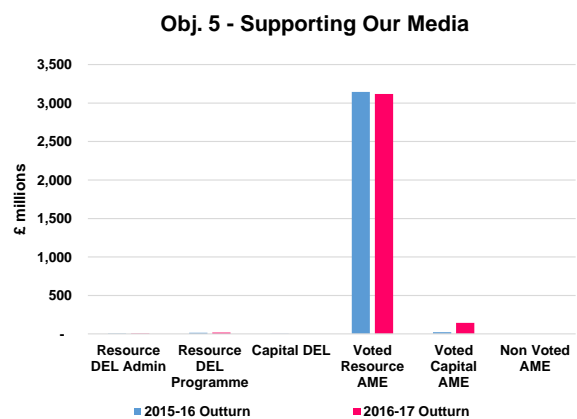
Key Achievements

- Concluded BBC Charter Review after receiving a near-record 192,000 consultation responses.
- Launched a new BBC Charter, securing the BBC’s finances, making it more transparent and accountable, and ensuring that it remains the finest broadcaster in the world.
- Launched a consultation on Channel 4, to consider how the public service broadcaster can best serve the whole country.
- Funded the expansion of local Digital Audio Broadcasting (DAB) coverage we are on track to deliver a 16% increase in coverage.

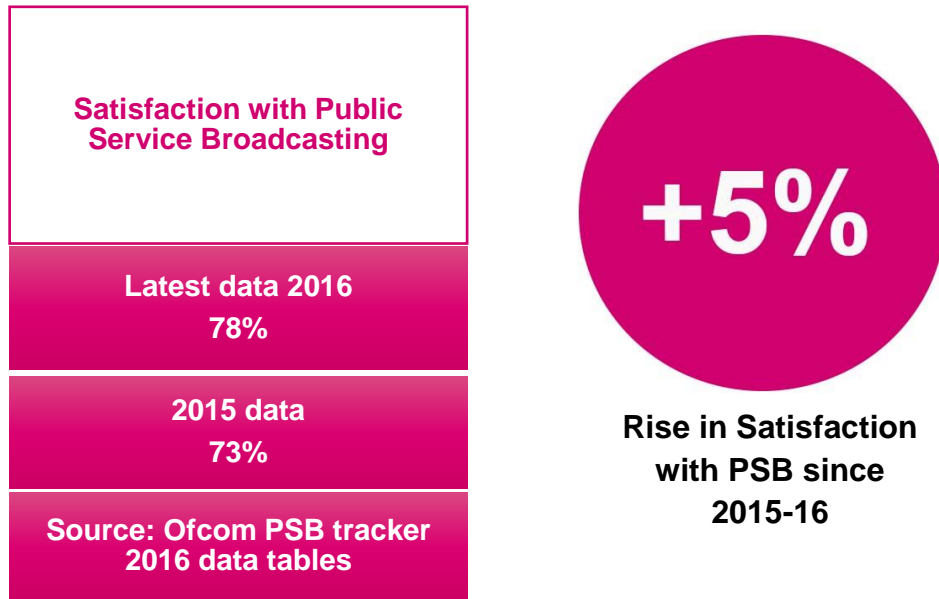
Participating ALBs:

- BBC
- S4C
- Ofcom

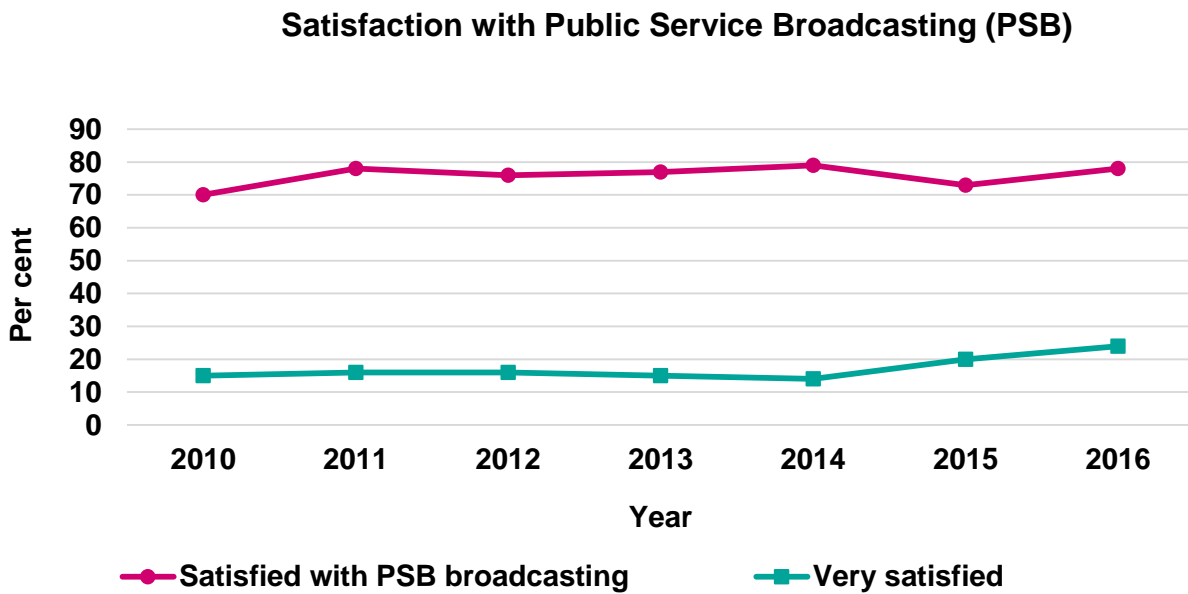
The chart below represents the net group expenditure on Supporting our Media by budget type. These budget types are explained on page 130.



Key Performance Indicator



Please note: a Key Performance Indicator on media plurality is currently in development.



Source: Ofcom PSB

SUPPORTING OUR MEDIA: PROGRESS AGAINST OUR SINGLE DEPARTMENTAL PLAN AND GOVERNMENT PRIORITIES

Promoting a healthy, sustainable and world-leading media market

- Funded expansion of local digital radio coverage with the BBC and commercial radio sector. The programme of work is on track for completion by summer 2017 and, when complete, we will expand local DAB digital radio network coverage to match local commercial FM coverage: over 90% of UK homes.
- Consulted on a pilot contestable fund²³ to support the provision and plurality of public service content.
- In developing the broadcasting measures for inclusion in the Counter Extremism Strategy, published in October 2015, DCMS and Ofcom reviewed the regulatory framework. As a result of that review, DCMS introduced measures into the now Digital Economy Act which allow Ofcom to quickly suspend infringing radio services and put beyond doubt the fact that Ofcom has the power to act to protect viewers if harmful content is carried on internet television platforms.

Creating a strong, independent and distinctive BBC and S4C

- Agreed the new BBC Charter following a wide-ranging public consultation and debates in Parliament. This was the culmination of a year-long process aimed at helping the BBC adapt to the changing digital world, making sure it continues to thrive, deliver for audiences and act as an engine of creativity and growth for the UK.
- Worked closely with the BBC and Ofcom to manage all elements of transition to the BBC's new governance and regulatory arrangements.
- Began preparations for an independent strategic review of S4C, which the government committed to undertake following completion of the BBC Charter Review. The review will look at a range of issues including S4C's funding arrangements, remit, accountability and governance.

²³ A contestable fund is a pot of money for which different broadcasters can bid, in this instance to provide public service content.

Case study – BBC Charter Review

DCMS finalised the Royal Charter for the continuation of the BBC on 8 December 2016.

We listened to the views of the public and industry (including 192,000 consultation responses), set out detailed policy proposals in the White Paper in May 2016, and worked closely and collaboratively with the BBC and Ofcom to negotiate a Charter and Framework Agreement. These reforms mean the BBC can continue to thrive, deliver for audiences and act as an engine of creativity and growth for the UK.

The new Charter and Agreement will:

- *Enhance the distinctiveness of BBC content – the BBC’s Mission and Public Purpose have been reformed to reflect this requirement.*
- *Reform the governance and regulation of the BBC – the new BBC Board will be responsible for governing the BBC, and Ofcom will take on the regulation of the BBC.*
- *Prioritise the independence of the BBC – the Charter explicitly recognises the need for the BBC to be independent and the BBC will appoint a majority of board members.*
- *Ensure the financial stability of the BBC – the licence fee remains as the key source of funding for the next period.*
- *Ensure that the BBC’s impact on the market is proportionate to the public benefits it delivers and, where possible, positive for both the public and commercial organisations – the BBC is also obliged to work closely with others, and share its knowledge, research and expertise for wider public benefit.*
- *Make the BBC as open and transparent as possible – the Charter sets out obligations for the BBC to be more open and transparent in its operations and the important information it shares.*
- *Ensure that the BBC serves all nations and regions and is more representative of the diverse nature of the United Kingdom – through a new operating licence regime, specific board representation and the continuation of production targets.*
- *Result in the National Audit Office (Comptroller and Auditor General) becoming the BBC’s auditors for the first time.*

Source: BBC Charter and Framework Agreement

Ensuring Social Responsibility

Ensure our sectors are socially responsible and well-regulated



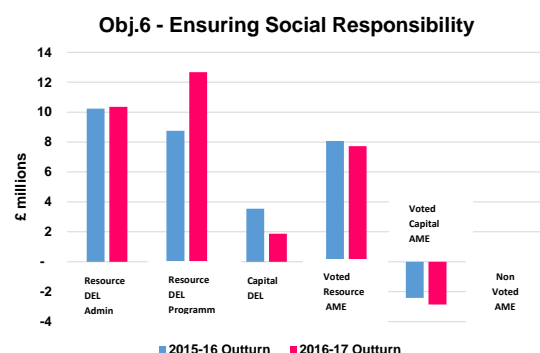
Key Achievements

- Created new protections in the Digital Economy Act to ensure legislation is as robust as possible to protect consumers from harmful content.
- Undertook a joint review and consultation with the Gambling Commission on operating licence fees.
- Completed first stage of reforms to the Horserace Betting Levy in April 2017. The changes, including the extension of the levy to bookmakers based offshore, will ensure a level playing field between all betting operators and provide a fair return to the racing industry.
- Transferred ownership of the Telephone Preference Service from Ofcom to the Information Commissioner’s Office (ICO) to ensure complaints are handled as efficiently and quickly as possible.

Participating ALBs:

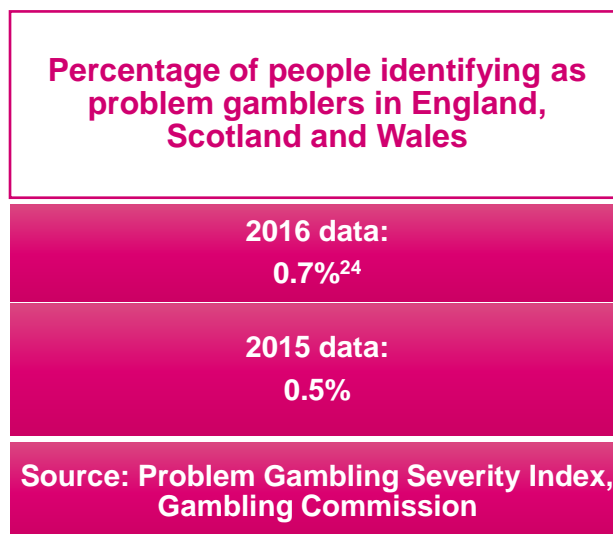
*Phone-paid Services Authority
Gambling Commission
Horserace Betting Levy Board
Information Commissioner’s Office
Ofcom*

The chart below represents the net group expenditure on Ensuring Social Responsibility by budget type. These budget types are explained on page 130.



The negative Voted Capital AME is a result of loan repayments being made to Horserace Betting Levy Board.

Key Performance Indicator



ENSURING SOCIAL RESPONSIBILITY: PROGRESS AGAINST OUR SINGLE DEPARTMENTAL PLAN AND GOVERNMENT PRIORITIES

An open, transparent and innovative internet where legitimate businesses can thrive and consumers and citizens can enjoy a high level of confidence and security

- Responded to the public consultation 'Child Online Safety: Age Verification for Pornography' by introducing legislation as part of the Digital Economy Act. The measures require commercial providers of online pornography to have age verification in place to prevent access by under-18s.
- Published an independent report into the consumer protection measures relating to online secondary ticketing facilities in partnership with BEIS.

Gambling and lotteries policy with social responsibility at heart

- Launched a review of gaming machines and social responsibility. Following a significant response from the public, local authorities, interest groups and industry we are now developing possible proposals for consultation.
- Reviewed and consulted on the Gambling Commission's operating licence fees and laid regulations to ensure that the Commission's costs continue to be recovered on a proportionate and equitable basis.

²⁴ <http://www.gamblingcommission.gov.uk/PDF/survey-data/Gambling-participation-in-2016-behaviour-awareness-and-attitudes.pdf>

Percentage changes in the observed rates of problem gambling should be treated with caution. The change reported is not statistically significant at the 95% confidence level.

- Ensured fair running of the National Lottery through the Gambling Commission's monetary penalties on Camelot, operator of the National Lottery, following the publication of inaccurate Lotto Millionaire Results on its website and identification of a suspected fraud dating back to 2009.
- Launched a consultation on possible action to prohibit third parties offering bets on EuroMillions outside the UK, in line with existing regulations related to betting on elements of the National Lottery in the UK.
- Reformed the Horserace Betting Levy, establishing a level-playing field for all betting firms accessing the market in Britain and securing a fair return to racing.

Ensuring an effective domestic data protection policy and bedding in the new European Union data protection rules

- Began work on the implementation of the General Data Protection Regulation (GDPR). The GDPR is a European regulation which will automatically become part of UK law in May 2018 and continue to apply while we remain an EU member state.
- Launched a project which will consider how best to proceed with sharing, receiving and protecting EU data with other EU member states as we prepare to exit the EU.

Delivering a healthy and relevant policy and regulatory framework for the media sector, data protection and nuisance calls

- Transferred responsibility for the Telephone Preference Service from Ofcom to the Information Commissioner's Office (ICO) making it the lead regulator for the Privacy and Electronic Communications Regulation. It now has direct control over complaints and direct access to the data, which will enable faster, more effective enforcement.
- Amended the Privacy and Electronic Communications Regulations 2003 to require all direct marketing callers to provide their Calling Line Identification, so that consumers can identify and report unwanted calls to the regulator.
- Introduced measures to protect consumers from harmful content, ensuring Ofcom can act to protect consumers accessing internet-streamed content via Freeview channels and allowing Ofcom to suspend more rapidly (pending an investigation on whether to revoke) the licences of UK radio stations which include incitements to crime or disorder.

Case Study – Nuisance calls

Many people feel harassed by nuisance calls. They can cause real distress and upset, particularly for the elderly and vulnerable. DCMS is working with regulators such as the Information Commissioner's Office (ICO), industry and consumer groups to take a coordinated approach towards the problem. In May 2016, DCMS introduced legislative changes which made it a direct requirement for all marketing calls to provide calling line identification. These challenges have increased consumer choice by making it easier for people to identify direct marketing calls and have also improved the ICO's ability to investigate such calls.

We joined forces with the National Trading Standards Scams Team to provide £0.5 million towards call-blocking devices for vulnerable people. The new scheme is being rolled out now and will allow the most vulnerable members of society to have nuisance call blocking devices free of charge. A similar scheme was piloted by Trading Standards last year, helping elderly and vulnerable members of society who were receiving up to 20 nuisance calls a day. As a result of the trial, 93% of participants felt safer in their own homes.

Further plans to tackle nuisance calls include:

- Strengthening the ICO's direct marketing guidance by placing it on a statutory footing.*
 - Extending the ICO's powers of compulsory audit to more of the organisations that generate nuisance calls, including data brokerage organisations and list generators.*
 - Strengthening the ICO's powers to hold to account those company directors who breach the rules.*
-

Building a Shared Society

Build a more engaged nation, in which we take greater responsibility for ourselves and for our neighbours

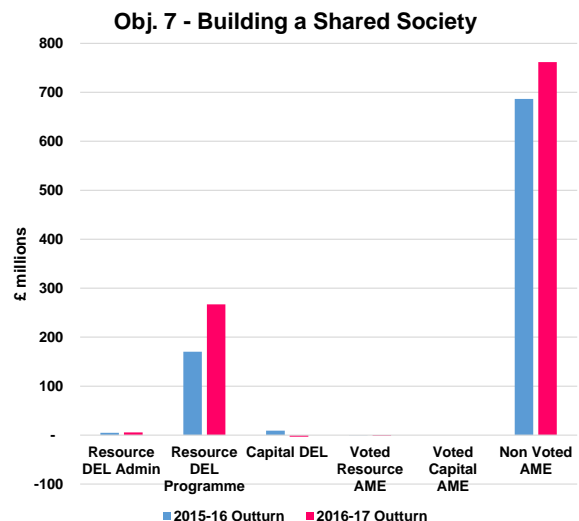


Key Achievements

- The Office for Civil Society joined DCMS from the Cabinet Office.
- Launched the £80 million Life Chances Fund with the objective of scaling up Social Impact Bonds to tackle some of the most entrenched social issues.
- Published the Mission-led Business Review to consider how business can make a greater positive social impact.
- Published the Dormant Assets Commission report which identified £1-2 billion of resources that could be made available for good causes.
- Launched key initiatives to increase volunteering by those aged over 50 and grow the Community Organisers movement to 10,000 by 2020.
- Introduced the National Citizen Service Bill, which is now an Act of Parliament.
- Launched the £40 million Youth Investment Fund to support positive activities for young people in disadvantaged communities.

PARTICIPATING ALBs: Big Lottery Fund

The chart below represents the net group expenditure on Building a Shared Society by budget type. These budget types are explained on page 130.



Key Performance Indicators

| Number of National Citizen Service places | Number of social impact bonds |
|---|--|
| 2016 data: 93,000 | 2016-17 data: 32 |
| 2015 data: 75,595 | 2015-16 data: 32 |
| Source: 2017 NAO Report | Source: Centre for Social Impact Bonds |

BUILDING A SHARED SOCIETY: PROGRESS AGAINST OUR SINGLE DEPARTMENTAL PLAN AND GOVERNMENT PRIORITIES

Help young people to be involved in their communities and promote social action

- Launched a new Youth Investment Fund in partnership with the Big Lottery Fund to support schemes in targeted disadvantaged communities across England. The fund gives a £40 million boost to England's youth sector to help give young people the best possible start in life.
- Launched a new independent youth social action fund known as the '#iwill Fund', which brings together £40 million of seed funding from government and the Big Lottery Fund. The fund aims to increase youth social action opportunities in support of the 'Step Up To Serve #iwill' campaign.
- Provided £250,000 in match funding to boost 'Grow Your Tenner' and support a '#GiveMe5' campaign which will run on Local Charities Day.
- Delivered approximately 93,000²⁵ National Citizen Service (NCS) places for young people, an increase of over 17,000 places on the previous year.
- Published an independent impact evaluation of the 2015 NCS programme that showed that 8 in 10²⁶ young people finished their NCS placement feeling more positive towards people from different backgrounds and at least two thirds of participants said they were more likely to help out in their local area. It also demonstrated the scheme's value for money, delivering up to £1.59 of societal benefits for every £1 spent on the summer programme.
- Worked with the British Youth Council on this year's Make Your Mark ballot which saw a record number of votes. A total of 978,216 young people from across the country decided which issues would be debated in the annual sitting of the UK Youth Parliament.
- Created approximately 27,000 places using £10 million of Libor funding for uniformed youth units in disadvantaged areas across the UK through Youth United.

²⁵ <https://www.nao.org.uk/wp-content/uploads/2017/01/National-Citizen-Service-Summary.pdf>

²⁶ <http://www.ncsyes.co.uk/sites/default/files/NCS%202015%20Evaluation%20Report%20FINAL.pdf>

- Supported the Children's Commissioner's National Takeover Challenge by organising the largest ever 'takeover' of Whitehall with around 60 young people primarily from care backgrounds shadowing ministers, permanent secretaries and senior civil servants.

Inclusive economy

- Launched an £80 million 'Life Chances Fund' with the objective of tackling entrenched social issues and helping those people in society who face the most significant barriers to lead happy and productive lives. The fund is structured around six key themes: drug and alcohol dependency; children's services; early years; young people; older people's services; and healthy lives. Already 25 new local Social Impact Bonds (SIBs) are in development, having passed the first application stage.
- Published the '*Mission-led Business Review*' which set out a number of steps for business and government to take to increase the positive social impact of business.
- Established the Government Outcomes Lab in partnership with the Blavatnik School of Government at Oxford University, to increase the evidence base for the use of SIBs and outcomes-based commissioning.
- Published a report by the Independent Dormant Accounts Commission in March 2017, setting out the options for an increased range of assets to be brought into the Dormant Accounts Scheme. This will increase the number of customers reunited with their assets, and the amount of funding available to good causes. The Commission has identified £1-2 billion of potential additional dormant assets.
- Secured an interim grant support package for Public Service Mutuals (PSMs) pending completion and implementation of the PSM strategy for 2017 onwards. This is helping eight organisations towards mutualisation.

Support social investment, innovation, and an independent and capable voluntary sector

- Held 12 regional events on employer-supported volunteering in partnership with the universities of Hull and Sheffield. Over 700 representatives from employers and charities came together to identify ways to grow high impact volunteering between sectors.
- Administered the distribution of the Tampon Tax Fund on behalf of the Treasury. Put in place and managed grant agreements totalling £9 million from the 2015-16 round of funding and ran competitive processes to award £15 million in the 2016-17 iteration of the fund. These grants will support over 100 projects across the UK that will improve the lives of disadvantaged women and girls.
- Awarded £11 million for match funding to four organisations: Pears Foundation, UK Community Foundations, Comic Relief and Sport England.
- Supported more than 260 small and medium sized organisations to become more resilient and future-facing through the Local Sustainability Fund.
- Supported the launch of a fundraising regulator to tackle problems with fundraising in the sector and restore public trust.

Case Study – John’s story, National Citizen Service

By his own admission, John wasn’t the most focused pupil at school. Reflecting on his educational experience, John admits to being “constantly in detentions” and “messing around”. In fact, he didn’t even think he would last to the end of his GCSEs. So the prospect of doing NCS wasn’t exactly top of John’s to-do list.

“Since NCS it’s been a massive change,” John says. “It’s changed the way I see things, the way I see people, the doors that are open to me and my whole future. NCS has brought all of those things together.”

With his newfound confidence, John had the belief to do whatever he set his mind to. So when offered the chance to work at a school, he grabbed the opportunity with both hands.

“A door opened, then another door opened, and another door,” John says, and credits NCS with the transformation. “Before, I would never have expected to be where I am now; more confident, new mates, a job at a school and an expanding CV.”

Sources: <https://www.youtube.com/watch?v=7or67LjpH88> and Liverpool Echo advertorial, Our Future campaign

Corporate Efficiency

Contribute to deficit reduction and implement efficiencies within DCMS and its Arm's Length Bodies and support the government's wider cross-cutting priorities



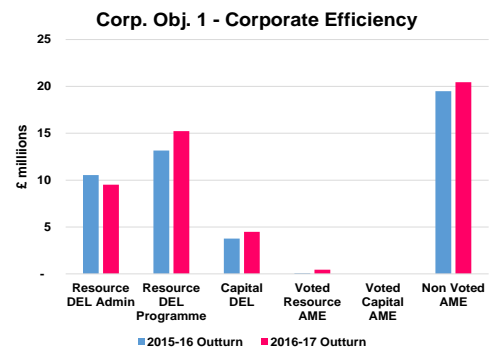
Key Achievements

- DCMS - funded cultural institutions generated fundraising of £439 million in 2015-16, a decrease of £81 million from £520 million in 2014-15²⁷. This is mainly due to a decrease in donated objects of £77m. Income from donated objects tends to be dependent on a small number of high value objects and can therefore vary substantially between years.
- This means for every £1 of grant-in-aid, DCMS cultural institutions generated 49.7 pence in fundraising and/or contributed income.
- Completed a competitive procurement exercise for a new IT system to manage our departmental correspondence including Parliamentary Questions and Freedom of Information Requests.
- Gainshare and efficiency savings from BDUK's superfast broadband programme will allow DCMS and local councils to reinvest at least £440 million to deliver superfast coverage to additional 600,000 homes and businesses by 2020.
- Successfully implemented the new ProMaster system across the department, providing an on-line expenses management system for all DCMS employees in addition to Core HR and Finance management systems.

Participating ALBs:

- British Museum*
- British Tourist Authority*
- Heritage Lottery Fund*
- Historic England*
- National Heritage Memorial Fund*
- Science Museum Group*
- The Royal Parks*
- Victoria and Albert Museum*

The chart below represents the net group expenditure on Corporate Efficiency by budget type. These budget types are explained on page 130.



²⁷ <https://www.gov.uk/government/publications/charitable-giving-indicators-201516/charitable-giving-indicators-201516>

Key Performance Indicator

| Staff to space ratio |
|--|
| 2016-17 data 8.6 m ² / FTE |
| 2015-16 data 9.4 m ² / FTE |
| Source: DCMS internal records |

CORPORATE EFFICIENCY: PROGRESS AGAINST OUR SINGLE DEPARTMENTAL PLAN AND GOVERNMENT PRIORITIES

Consolidating and reducing our estates footprint

- Continued to encourage flexible working to accommodate an increased body of staff, improving utilisation of the fixed space at Parliament Street and reducing the accommodation cost per person.
- Continued to work on providing a more cost-effective space for the Government Art Collection.

Supporting ALBs to realise major invest-to-save projects

- Began a programme to move national museum collections currently stored at Blythe House to new storage facilities and agreed a disposal strategy informed by expert commercial advice.
- Completed a strategic review of the Heritage Lottery Fund and launched strategic reviews of Arts Council England (ACE) and UK Anti-Doping (UKAD). These reviews will challenge and provide assurance on the functions delivered by both bodies.
- Concluded a transformation project for The Royal Parks, creating a new charitable Public Corporation, with a trading arm to manage The Royal Parks more efficiently and make them less reliant on government funding.

Establishing a 1% ALB year-on-year efficiency target

- Established a 1% year on year efficiency target. We are working with our Arm's Length Bodies on their plans to cut costs and reinvest the savings made.

- Continued to work closely with our Arm's Length Bodies to make efficiency savings. Several museums and galleries have developed ideas to attract additional income to reduce their cost to government.
- Fundraising by DCMS-funded cultural institutions through grant-in-aid decreased in 2015-16 by 15.6%. However, the fundraising to grant-in-aid percentage of 49.7% in 2015-16 was consistent with the prior year (2014-15: 49.8%)²⁸.

Achieving administrative savings

- Entered into a new partnership with Historic England for the delivery of transactional finance and HR services for DCMS.
- Adopted a phased approach to implementation, which began in December 2016 with the successful migration from legacy arrangements for finance, core HR and expenses.

Sustainable Development

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

Climate Change Adaptation

- Continued to use sustainable practices in our business operations. Monitored our ALBs' long-term reduction of carbon emissions and encouraged the adoption of energy efficient measures.

Case Study – the Royal Parks

DCMS has worked with The Royal Parks Agency, The Royal Parks Foundation and the Greater London Authority to create a completely new and independent charity – The Royal Parks - to run and maintain the parks on behalf of the Secretary of State, who undertakes this role on behalf of the Monarch. The new charitable body took over this role in March 2017 from The Royal Parks Agency, which last year spent £36.6 million – of which 35% came from DCMS - to maintain the 5,000 acre estate, and which attracted more than 77 million visitors. The new charity is expected to be classified as a public corporation. Operating outside of government, the charity will have the flexibility to manage long-term capital projects and be able to present a more compelling case for support to corporate sponsors and charitable trusts and for gifts from individuals. This flexibility should help reduce the amount of funding provided by government whilst enabling the charity to provide better, cost-effective services and maintain excellent visitor satisfaction ratings.

Source: *The Royal Parks*

²⁸ <https://www.gov.uk/government/publications/charitable-giving-indicators-201516/charitable-giving-indicators-201516>

Corporate Agility

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



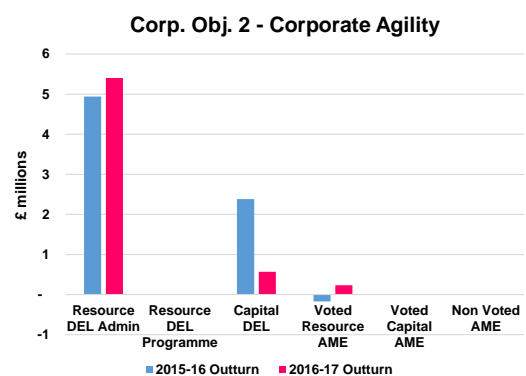
Key Achievements

- Achieved engagement score of 69% in the Civil Service People Survey, an increase of 3% on the previous year. This is 10% higher than the Civil Service median and is the 4th highest in Whitehall.
- Achieved the highest score in Whitehall for 'Inclusion & Fair Treatment', scoring 83%, reflecting our commitment as an inclusive employer²⁹.
- Carried out a strategic review of resources in tandem with an update of the Single Departmental Plan to determine our priorities over the coming years in line with new risks and demands.

Participating ALBs:

None

The chart below represents the net group expenditure on Corporate Agility by budget type. These budget types are explained on page 130.



²⁹ Source: Civil Service People Survey 2016 Results

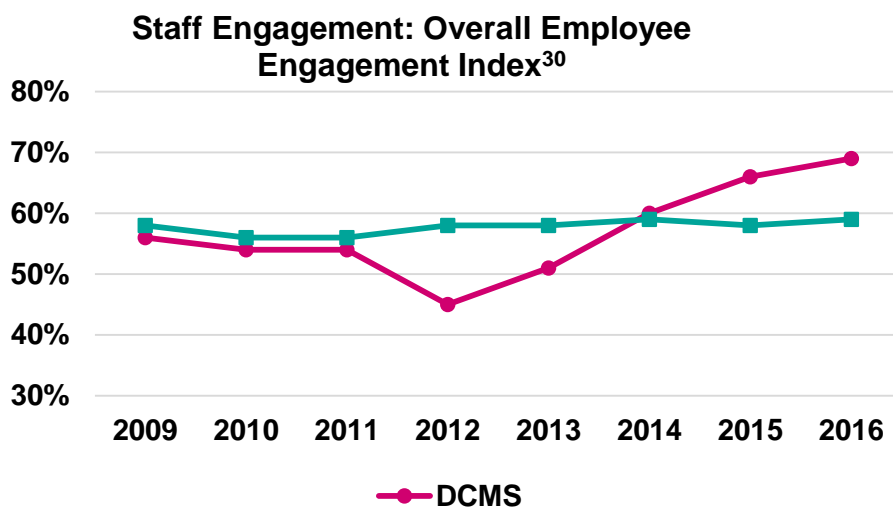
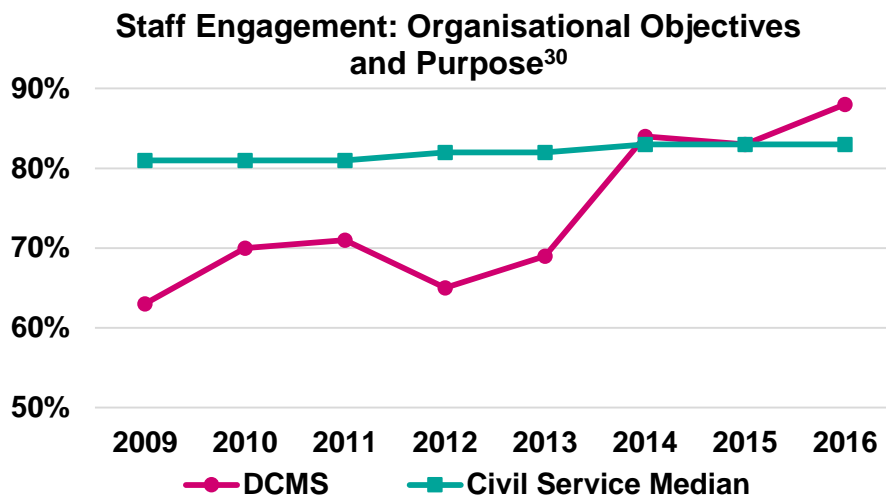
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/569554/DCMS0000_Department_for_Culture_Media_and_Sport.pdf

Key Performance Indicators

| |
|--|
| Statistical publications produced and published on pre-announced date |
| 2016-17 data: 33 |
| 2015-16 data: 31 |
| Source: DCMS internal records |



Difference in the DCMS engagement score compared with the Civil Service median³⁰



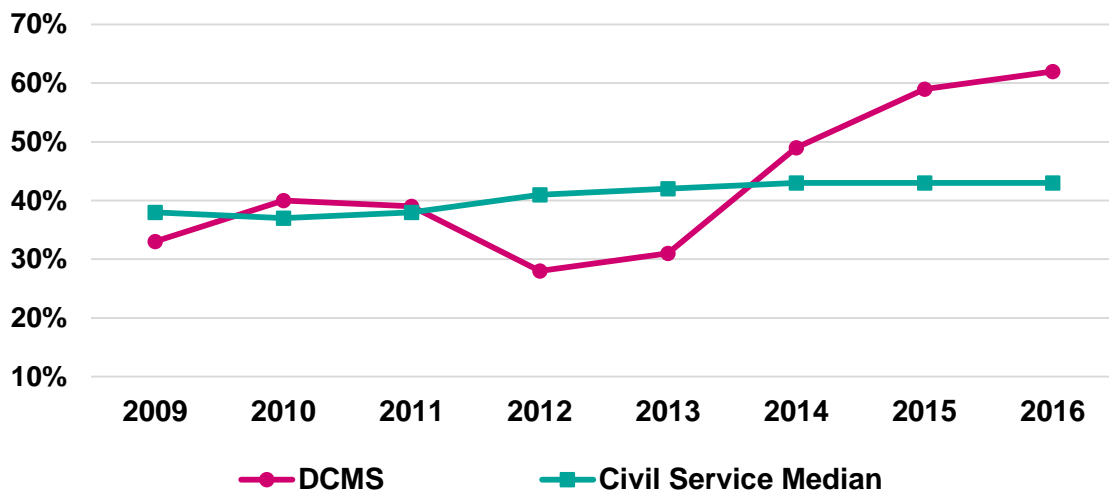
³⁰ Civil Service People Survey 2016 Results
 Figures are proportion of staff agreeing or strongly agreeing with positive statements about their department.
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/569554/DCMS0000_Department_for_Culture__Media_and_Sport.pdf

CORPORATE AGILITY: PROGRESS AGAINST OUR SINGLE DEPARTMENTAL PLAN AND GOVERNMENT PRIORITIES

Strengthening our corporate core

- Undertook a review of Board effectiveness to assess the governance and efficacy of the Departmental Board.
- Digitised our performance management system to ensure data is fully accessible and recorded safely. Standardised the department’s reporting mechanisms to ensure each delivery project is rated across a ‘Red Amber Green’ spectrum of risk.
- Developed a risk management strategy and risk appetite statement, and recruited a dedicated departmental Risk Manager in response to an internal audit by the Government Internal Audit Agency’s report on DCMS risk management.
- A Government Internal Audit Agency (GIAA) audit of our business planning and objective setting rated our processes ‘green’.
- Published all statistical publications on the pre-announced date. Approximately 140 statistical publications were produced by our Arm’s Length Bodies.
- Won the Government Communication Service’s ‘Campaign of the Month’ for our no-cost communications campaign on the Great Exhibition of the North. The exhibition will showcase the creative, cultural and design sectors across the North in the summer.
- Increased our social media following from 150,000 to 183,000 with 23,000 retweets and 17.6 million impressions of @DCMS content.
- Continued to deliver and report regularly against our HR work plan, underpinning this with longer term strategic initiatives such as the five year departmental Strategic Workforce Plan.

Staff Engagement: Leadership and Managing Change³¹



³¹ Civil Service People Survey 2016 Results

Figures are proportion of staff agreeing or strongly agreeing with positive statements about their department.

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/569554/DCMS0000_Department_for_Culture__Media_and_Sport.pdf

Promoting our learning and development

- Increased the number of apprentices within the department by implementing a blended approach of offering current employees an apprentice qualification, and recruiting departmental apprentices and Fast Track apprentices.
- Undertook a comprehensive skills audit to capture current and emerging priorities for learning and development across the department and supplement our Strategic Workforce Plan.
- Undertook talent reviews to identify and develop existing talent. Gathered insight on roles to inform discussions and succession planning.
- Continued the 'DCMS Academy' to facilitate learning and development. A line manager strand was added to the Academy to support line managers in locating and accessing learning opportunities to develop management skills.
- Strengthened professional skills across the department by investing in professional development and qualifications, including the Prince2 certificate.

Sustainable Development

- Continued to promote a flexible working policy, which encourages remote working including working from home, leading to a reduction in employees' carbon footprint.

Case Study - SDP staff engagement on #ownedobjectives

We have sought to make it easier for individuals to align their performance objectives at an individual level with their unit and directorate objectives outlined in the Single Departmental Plan to ensure focus on delivery of the department's strategic priorities.

HR redesigned the performance appraisal form and delivered SMART Objective Setting workshops for employees at the beginning of the reporting year. The workshops demonstrated the clear link between each individual's objectives and how their work fits in with and furthers the department's strategic aims and links to the objectives in the Single Departmental Plan (SDP). HR Business Partners delivered tailored sessions to their business areas.

Signed and approved

Sue Owen
Accounting Officer and Permanent Secretary
12 July 2017

Accountability Report

The Directors’ Reportpage 64

Departmental Board.....page 66

Performance in other areas.....page 70

Statement of Accounting Officer Responsibility.....page 79

Governance Statement.....page 81

Remuneration Report..... page 98

Staff Report.....page 112

Parliamentary Accountability and Audit Report.....page 119



The Accountability report provides details on how the department has demonstrated that it is an effective, efficient and well-managed organisation. This includes reports on corporate governance, remuneration and staff, parliamentary accountability and auditing.

The Directors' Report

Lead Non-Executive Board Member's Report

Charles Alexander

As the new Lead Non-Executive Board Member at DCMS, I have been greatly impressed by the agility of the department in responding to new challenges as it continues driving growth, enriching lives and promoting Britain to the world. 2016-17 has been another year of change at DCMS, with significant changes to the ministerial, non-executive and executive teams.



Responsibilities have also expanded with the transfer of the Office for Civil Society to the department. Substantial work has been required to prepare for withdrawal from the European Union and resources have needed to be reprioritised.

Against this backdrop of change, DCMS has nonetheless achieved a great deal on all fronts.

Tourism has flourished with a bumper year of 37.3 million inbound visits to the UK, a 3% increase on last year. Our sportsmen and women secured a record number of medals at the Rio 2016 Olympic and Paralympic Games. Significant progress has been made in driving our connectivity and digital sectors with the Digital Economy Bill being introduced into Parliament, the launch of the Digital Strategy and £740 million of funding secured to invest in broadband and 5G. 2016 was also the anniversary of the Battles of the Somme and Jutland, and the department organised the poignant centenary events.

Encouraging participation remains a priority and the department has continued to support our world leading arts, culture and heritage, publishing the first ever strategy for public libraries in England. The department has also directly helped the broader effort of building a shared society. The joint efforts by the heritage, culture, arts, charities and sport directorates and the Office for Civil Society to grow participation from all citizens made a promising start and will grow at pace.

We have also seen the launch of the £80 million Life Chances Fund, the National Citizen Service Bill and Royal Charter (the Bill is now an Act), and the Dormant Assets Report, which identified £1-2 billion of potential funding for good causes.

There have been some changes to the Non-Executive Board Membership. DCMS is grateful to Ajay Chowdhury and Sir David Verey, former Lead Non-Executive, for their valuable contribution to the department. They both stepped down in 2016 and were replaced by Matthew Campbell-Hill and myself. We are also grateful to Chris Walton, Independent Board Member of the Audit and Risk Committee, who left in March after providing many years of sound insight and advice. We welcome Brian Porritt and Phill Wells who step into that role.

In addition to providing advice and effective challenge within the usual governance structures, Non-Executives have acted as an effective sounding board for the department's new Single Departmental Plan and its annual Strategic Review of Resources, and have supported robust prioritisation and risk assessment so that DCMS is properly resourced to deliver EU exit and trade work.

Non-Executives have also chaired Challenge Panels for the strategic reviews of Arm's Length Bodies, including Arts Council England, UK Anti-Doping (UKAD) and the Heritage Lottery Fund, and served as lead reviewer for the Museums Review. Sir David Verey made a significant contribution in chairing the Blythe House Steering Committee and Government Art Collection Advisory Committee. Fields Wicker-Miurin, chair of our Audit and Risk Committee, has also established a new forum, bringing together Audit and Risk Committee chairs from across DCMS ALBs to discuss risks, issues and share best practice.

I would like to thank the Non-Executives for their hard work and commitment over the year. Their support for the department is very much appreciated.

Departmental Board 2016-17

The Departmental Board consists of ministers, Non-Executive Board Members and the Executive Team

Ministers



Karen Bradley MP

Secretary of State for Culture, Media and Sport since 14 July 2016



Matt Hancock MP

Minister of State since 15 July 2016



Tracey Crouch MP

Parliamentary Under Secretary of State since 12 July 2015



Lord Ashton of Hyde

Parliamentary Under Secretary of State from 17 July 2016



Rob Wilson MP

Parliamentary Under Secretary of State from 17 July 2016 to 13 June 2017

Non-Executive Board Members 2016-17



Charles Alexander

Non-Executive Board Member from 18 April 2016 and appointed Lead Non-Executive on 10 December 2016



Fields Wicker-Miurin OBE

Non-Executive Board Member



Matthew Campbell-Hill

Non-Executive Board Member from 18 July 2016



Neil Mendoza

Non-Executive Board Member

Executive Team 2016-17



Sue Owen

Permanent Secretary



Matthew Gould

Director General from 19 July 2016



David Rossington

Acting Director General 5 July 2016 to 31 March 2017



Tim Sparrow

Acting Finance Director 5 July 2016 to 31 March 2017



Chris Townsend

Chief Executive, BDUK to 5 May 2017

Changes to the Departmental Board

Over the course of the year there were a number of changes to our ministerial team and to our non-executive and executive members of the Departmental Board. These changes are set out below.

Changes to Ministers

- John Glen MP, Parliamentary Under Secretary of State from 14 June 2017
- The Rt Hon John Whittingdale OBE MP, Secretary of State for Culture, Media and Sport until 14 July 2016
- Baroness Shields OBE, Minister Parliamentary Under Secretary of State for Internet Safety and Security for DCMS until 15 December 2016
- The Rt Hon Ed Vaizey MP, Minister of State for Culture and the Digital Economy until 17 July 2016
- Baroness Neville-Rolfe DBE CMG, Parliamentary Under Secretary of State and Minister for Intellectual Property until 17 July 2016
- David Evennett MP, Parliamentary Under Secretary of State for Sport, Tourism and Heritage (maternity cover for Tracey Crouch) until 3 July 2016

Changes to Non-Executive Board Members

- Ajay Chowdhury, Non-Executive Board Member until 20 September 2016
- Sir David Verey CBE, Lead Non-Executive Board Member until 9 December 2016

Changes to Executive Members of the Board

- Helen Judge, Director General from 1 April 2017
- David Rossington, Finance Director until 4 July 2016 and from 1 April 2017
- Tim Sparrow, Acting Finance Director from 5 July 2016 to 31 March 2017
- Sarah Healey, Director General until 4 July 2016

Performance in other areas

Arm's Length Bodies and Appointments

- Under our Tailored Review Programme we have continued our efforts to increase the efficiency of our Arm's Length Bodies. During 2016-17, we completed our strategic review of Arts Council England, published in April 2017, and started the reviews of the Heritage Lottery Fund and UK Anti-Doping. We have worked closely with each organisation to ensure that the savings and efficiencies we identify can be smoothly and quickly implemented.
- We began a review of museums in England in an effort to establish how best to ensure the museums sector is effective and sustainable, while continuing to thrive. The review is due to be published over the summer.
- The National Audit Office (NAO) published a comparative study on the 'Department's Oversight of Arm's Length Bodies' in July 2016. The Public Accounts Committee (PAC) produced a report which expanded on the NAO's recommendations for strengthening oversight of ALBs. Sue Owen was asked to give evidence to the PAC inquiry which provided the opportunity to set out the DCMS proportionate, risk-based approach to ALB relationships.
- In February 2017, the Cabinet Office published 'Partnerships between departments and arm's-length bodies: Code of Good Practice' which lays out a principles based partnership framework against which DCMS will self-assess its current approach to ensure compliance. DCMS, alongside two of our ALBs, the Gambling Commission and Historic England, participated in the production of this Code.
- DCMS ministers appoint or make recommendations to the Prime Minister to appoint the chairs and trustees of almost all our ALBs. DCMS appointments to the 41 ALB boards are regulated by the Commissioner for Public Appointments (OCPA).
- We made 120 appointments in total between 1 April 2016 and 31 March 2017. 58 of these were new appointments and 61 were reappointments and extensions. There was one appointment made by exception.
- 50% of these appointments were women and 12% were BAME candidates.

Equality and Diversity

- As a public sector employer, DCMS is bound by the Equality Act 2010. The Act's public sector equality duty came into force in 2011 and requires all bodies exercising public functions to:
 - eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
 - foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- The Act's Specific Duties Regulations 2011 came into force on 10 September 2011. These duties require public bodies to publish relevant, proportionate information demonstrating compliance with the Equality Duty, and to set equality objectives.

- The department is an equal opportunities employer and operates under the Guaranteed Interview Scheme. We do not discriminate against staff or eligible applicants for posts on the grounds of gender, marital status, race, colour, nationality, ethnic origin, religion, disability, age or sexual orientation.
- DCMS employees are treated equally and fairly. Employment applications are considered on a name-blind basis, and all recruitment selection, training, promotion and career management decisions are based solely on objective and job-related criteria.
- DCMS encourages flexible working such as job shares and working from home, and is committed to creating a positive culture where individual differences are valued and respected. The department does not tolerate any form of discrimination, bullying, harassment or victimisation.
- The department encourages its employees to access a range of cross-government learning modules, available via Civil Service Learning, which reinforce and embed these behaviours. These activities include, but are not limited to, training in the following areas:
 - Disability awareness
 - Mental Health awareness
 - LGB&T awareness
 - Race awareness
 - Unconscious bias
- DCMS has a number of networks which promote equality and diversity, including:
 - Ability network
 - Black and minority ethnic
 - LGBTi+
 - Women's network
 - Mental Health and Wellbeing
 - EU Nationals

| Core DCMS Data (as at 31 March 2017) | | |
|---|------------------------|----------------------------------|
| Characteristic | % declared DCMS | % declared ALBs (average) |
| Ethnicity | 66% | 75% |
| Orientation | 64% | 47% |
| Disability | 67% | 53% |
| Religion | 63% | 55% |

| Proportion of Workforce by Protected Characteristic (as at 31 March 2017) | | |
|--|---------------|-------------------------|
| | % DCMS | % ALBs (average) |
| Female staff | 54% | 59% |
| Female Executive Board | 50% | 40% |
| BME staff | 11% | 14% |
| Disabled staff | 5% | 4% |
| LGB&T staff | 5% | 5% |

- A series of events and activities on issues such as diversity and equal opportunities were held as part of National Inclusion week in the autumn of 2016.
- The department ran events during Invisible Disabilities Week including sessions on hearing impairments, brain injuries, epilepsy, neuro-diversity and Ehlers-Danlos Syndrome.
- We operate under the Two Ticks scheme, a recognition given to employers based in Great Britain who have agreed to take action to meet five commitments regarding the employment, retention, training and career development of disabled employees.

| Age (as at 31 March 2017) | | |
|---------------------------|-------|----------------|
| | DCMS | ALBs (average) |
| 16-24 | 7.1% | 4.5% |
| 25-34 | 34.8% | 30.2% |
| 35-44 | 28.2% | 27.2% |
| 45-54 | 20.8% | 21.5% |
| 55-64 | 8.9% | 14.2% |
| 65+ | 0.2% | 2.4% |

Gender Pay Gap

- Equal pay deals with the pay differences between men and women who carry out the same jobs, similar jobs or work of equal value. It is unlawful to pay people unequally because they are a man or a woman.
- The overall gender pay gap for DCMS has increased between 2016 and 2017. The measures for the gender pay gap changed between 2016 and 2017, which explains some of the differences in figures. For example, from 2017 we have been required to exclude the value of salary sacrifice deductions from gross pay (this can be for child care vouchers and other such schemes such as cycle to work). As typically more women will use salary sacrifice schemes this impacts on the gender pay gap calculations. At DCMS 68 people use the childcare voucher scheme, 56% of whom are women.

| Gender Pay Gap (as at 31 March 2017) | | |
|--------------------------------------|------|----------------|
| | DCMS | ALBs (average) |
| Gender pay gap (mean) | 8% | 12% |
| Gender pay gap (median) | 10% | 9% |

Nationally the average gender pay gap is 18.1%, higher than in DCMS.

- Currently 54% of our staff are women, with 50:50 gender representation at executive board level. We know from the People Survey 2016 scores that overall women in the department are more positive in their responses to pay and benefits than men and that of the top 10% of earners in DCMS, 52% are women. However, the increase in the gender pay gap is an indication that there is more we can do within our pay strategy to ensure that the gap reduces in the future.

- We will continue to engage staff and leaders to ensure recruitment and pay decisions are fair and consistent across the department. Where we have an increasing number of specialist roles in the department we will look to align our pay with other government departments and ensure we do not disadvantage individuals with protected characteristics as a result. We are continuing to support talent opportunities for women and to ensure there is gender diversity amongst candidates supported for development opportunities.
- We will develop our pay strategy and monitor the people survey pay satisfaction results, staff turnover and retention rates to identify where our actions are making progress and what more can be improved.

Employee Engagement

- Employee engagement is a workplace approach designed to ensure that employees are committed and motivated to contribute to organisational success and able to enhance their own wellbeing. Research suggests that increased engagement and wellbeing positively affects factors relevant to organisational performance as well as having positive effects on the people involved.
- Employee engagement in DCMS is measured through the Civil Service-wide People Survey, which has been in place since 2009. All Civil Servants are invited to complete this survey, resulting in data for a large number of employees. The data is published on the gov.uk website each year. In 2016, 98% of DCMS responded to the engagement survey, an increase of 2% from 2015, meaning that our results are representative of our workforce.
- Since 2013, DCMS has seen a marked increase in engagement scores, rising from 51% to 69%, becoming one of the top four most engaged departments in Whitehall. DCMS engagement scores are 10% higher than the Civil Service Benchmark (59%) and identifies DCMS as a Civil Service high-performing organisation.
- We continue to seek to improve departmental engagement and our engagement scores.

Health and Safety

- Mandatory online training modules and a self-assessment package ensure the health and safety of staff in a hot-desking environment, enabling reasonable adjustments to be made when necessary.
- Across the department, there is a network of first-aiders, fire wardens and health and safety champions who undertake regular training to promote best practice. Health and safety is included in the DCMS Welcome Pack for new staff, giving full details on issues such as fire safety, posture and first aid.

Better Regulation

- DCMS has continued to play an important role in reducing the regulatory burden on business and civil society and delivering better regulation within its sectors. We remain committed to supporting the government's overall aim of a £10 billion reduction in the cost of regulation.

- Regulation is only pursued where it has been demonstrated that satisfactory outcomes cannot be achieved by alternative self-regulatory or non-regulatory approaches.

Regulatory Policy Committee

- The Regulatory Policy Committee (RPC) provides an opinion on the quality of the evidence put forward in the impact assessments (IAs) that support policy proposals which are within the scope of the better regulation framework.
- Our performance across the year reflects the government-wide average, with around 30% of submissions receiving not fit for purpose ratings at first submission, resulting in Initial Review Notices (IRNs). One case received a red-rated opinion following an IRN. The increase in impact assessments submitted was due to the policy proposals in the Digital Economy Bill³².
- We are committed to evidence-based policymaking and have a clear governance structure for policy development. Our policy officials engage with evidence specialists early in the policy development process to identify where government should intervene, consider scope for alternatives to regulation, and assess impacts on business. All IAs are subject to an internal analytical peer review process and are signed off by the Chief Economist before submission to the RPC.

| Departmental Performance | | | | | | |
|---|------|------|------|------|------|------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| Number of Impact Assessments | 34 | 17 | 15 | 18 | 9 | 18 |
| Fit for-purpose at first attempt (%) | 76 | 82 | 67 | 78 | 67 | 67 |

Complaints to the Parliamentary Ombudsman

- There were 10 complaints made to the Parliamentary Ombudsman. Two were accepted for investigation, one of which was not upheld. At the time of writing, the other complaint is still under investigation.

Correspondence Performance

- In 2016-17, DCMS received around 5,000 items of ministerial correspondence (letters from parliamentarians and others that require a response from ministers). Our target is to reply to correspondence within 20 working days and in 2016-17 we succeeded in meeting this target for 94% of our ministerial correspondence. This was a 25% improvement on the last financial year.

³² https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/593213/RPC_Report_-_Review_of_Government_impact_assessment_capability_-_February_2017.pdf

- In 2016-17, DCMS received around 6,000 items of official-level correspondence (letters requiring a response from officials). Our target is to reply to correspondence within 20 working days and in 2016-17 we succeeded in meeting this target for 99% of our official correspondence, a 49% improvement on the last financial year.
- DCMS accords correspondence a high priority and have made great progress in improving this year's performance, with ministerial and public correspondence being dealt with in a timely and effective manner.

Payment of Suppliers

- The department paid 83.4% (2015-16: 77.9%) of valid invoices within five days of receipt against a target of 80% and 99.7% within 30 days (2015-16: 99.4%) against a target of 100%.
- Implementation of a new Purchase to Pay (P2P) system has begun enabling automated invoice matching and increasing performance against the five-day target, with full integration set to be completed in 2017-18.
- In the interim, the department will continue to work with its outsourced payment provider and authorising officers to monitor and action payments in hand to improve performance.

Public Accounts Committee

- BBC Critical Projects Inquiry:³³
The PAC recommended that when considering proposals for the new unitary BBC board, DCMS should ensure that the number and mix of the skills and availability of non-executives are appropriate to fulfil their commitments which include seeking to ensure the BBC delivers value for money for licence fee payers.
- Arm's Length Body Oversight Inquiry:³⁴
In October 2016, the PAC published a report with several recommendations for departments on how to deal with ALBs. These included: clearly outlining relationships and responsibilities; outlining how departments will draw on the experience of ALBs when developing policy; robust but proportionate ALB performance measures; and working with the Cabinet Office to set out a principles-based framework for overseeing ALBs.
- National Audit Office report on the National Citizen Service³⁵
The National Audit Office published a report on the National Citizen Service in January 2017 and the Public Accounts Committee (PAC) followed up with a report in March 2017. The PAC made a series of recommendations including: improvements to the cost and commissioning model; continuing the department's work with other government departments to support NCS; and evaluating the long-term effects of the NCS programme on young people.

³³<https://www.parliament.uk/business/committees/committees-a-z/commons-select/public-accounts-committee/inquiries/parliament-2015/bbc-critical-projects-15-16/>

³⁴<https://www.parliament.uk/business/committees/committees-a-z/commons-select/public-accounts-committee/inquiries/parliament-2015/arms-lengths-bodies-16-17/>

³⁵<https://www.nao.org.uk/wp-content/uploads/2017/02/National-Citizen-Service.pdf>

- **BBC Licence Fee Inquiry:**³⁶
In April 2017, the PAC published their report urging the BBC, in conjunction with Capita, to urgently establish fresh plans to make their systems fit for the future, in order to address licence fee evasion which is not decreasing as planned. It is estimated that the BBC is losing income of at least £250 million a year through evasion. The Committee also urged the BBC to ensure that Capita improves its performance on enforcement visits.
- **BBC World Service Inquiry:**³⁷
In September 2016, the PAC published a report with several recommendations for the World Service, including; the need to ensure that targets set for the Service are suitably stretching and subject to regular review; that the Service should report on a wider range of performance information; that the Service must give effective accountability for how it uses government funding; that the Service needs to clarify its plans for maximising its commercial income, while maintaining editorial integrity; and that the Service must put in place a robust framework for deciding priorities when adapting its services to a changing environment.

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 141. The external audit cost of the departmental group was £2,863k comprising £434k notional and £2,429k cash. Further information is provided in Note 4.3 to the accounts.

Machinery of Government Changes

- As a result of machinery of government changes the Office for Civil Society was transferred to DCMS from the Cabinet Office alongside policy for the Big Lottery Fund. The change was announced by the Prime Minister on 21 July 2016, for the purpose of this Report and Accounts this has an effective date of 1 April 2016.

Directorships and Significant Interests

- Details of directorships and other significant interests held by ministers are set out in The Register of Lords' Interests³⁸ and The Register of Members' Financial Interests³⁹. In accordance with Cabinet Office guidance, DCMS maintains a register

³⁶<https://www.parliament.uk/business/committees/committees-a-z/commons-select/public-accounts-committee/inquiries/parliament-2015/bbc-licence-fee/>

³⁷<https://www.parliament.uk/business/committees/committees-a-z/commons-select/public-accounts-committee/inquiries/parliament-2015/bbc-world-service-16-17/>

³⁸ <https://www.parliament.uk/mps-lords-and-offices/standards-and-financial-interests/house-of-lords-commissioner-for-standards-/register-of-lords-interests/>

³⁹ <https://www.publications.parliament.uk/pa/cm/cmregmem/contents1617.htm>

of interests which records details of directorships and other significant interests held by senior managers in the department.

- Details of Related Party Transactions, including those arising as a result of the interests of DCMS Board members, are listed at Note 24 'Related Party Transactions'.

Sustainable Development Report

Governance

- The department considers sustainable development, climate change adaptation and rural-proofing when new policies are created or when operational decisions are made. Impact assessments (IAs) capture the potential effect of a policy on each of these three areas and are subject to a programme of review.

People

- Our Communications team popularises events about sustainability and climate change on our intranet and encourage staff to attend. Our sustainability policies have recently been a topic for discussion in our monthly 'Executive Board Channel,' where staff can pose questions to senior management. The transcript of the discussions are made available to all DCMS staff.
- DCMS is committed to ensuring wellbeing, cohesion and inclusion amongst staff: a key tenet of sustainable development. Strong and numerous staff networks and equality and diversity champions among our Senior Civil Servants support this.

Sustainable Development

- The department considers sustainability in the context of both policy development and operational delivery. Central to this is the responsibility placed on policy teams to consider the potential long-term impacts of policies in the following spheres: economic, environmental, financial and social. Teams are also expected to assess the potential impact of policies on communities and businesses and this is subsequently reviewed when appropriate.

Procurement

- We are committed to sustainable procurement by using Crown Commercial Service (CCS) frameworks. The centralisation of our low value procurement activity through the CCS managed service enables us to take advantage of the CCS commitment to sustainable procurement and our standard terms and conditions include a requirement for suppliers to comply with our environmental policy. The DCMS Procurement Policy supports the Government Buying Standards and also promotes the use of the government's sustainable procurement tools where appropriate⁴⁰.

⁴⁰ <https://www.gov.uk/guidance/sustainable-procurement-tools>

- The department does not procure timber products but should we in the future, we would ensure compliance with the Timber Procurement Policy.

Adapting to Climate Change

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

Rural-proofing

- DCMS recognises the importance of rural-proofing to ensure rural areas get a fair deal from all government policy. When deciding policy objectives, consideration is given, when applicable, to the impact of policies on rural communities prior to any decisions being made.
 - The Superfast Broadband Programme supported the rural economy and ensured equitable rollout by extending superfast broadband coverage to areas that will not be covered by the commercial sector alone.
 - The broadband Universal Service Obligation measure in the Digital Economy Act will enable us to give households and businesses the right to request a broadband connection from a designated provider at a minimum speed - regardless of location. A substantial number of the premises in scope are in rural areas.

Official Development Assistance

- DCMS provides assistance, through the Cultural Protection Fund, focused on protecting and rebuilding opportunities for economic and social development by building capacity to foster, safeguard and promote cultural heritage in countries affected by conflict. Most notably this has been achieved through the British Museum's Emergency Heritage Management Training Scheme in Iraq. The scheme aims to supplement the skills of a team of Iraqi national heritage sector workers who will assess and record the condition of heritage sites and carry out 'rescue archaeology', as a preliminary to reconstruction at sites damaged by ISIL, once control has been wrested from them.

Statement of Accounting Officer's Responsibilities

Under the Government Resources and Accounts Act 2000 (the GRAA), HM Treasury has directed the Department for Culture, Media and Sport to prepare, for each financial year, consolidated resource accounts detailing the resources acquired, held or disposed of, and the use of resources, during the year by the department (inclusive of its executive agencies) and its sponsored non-departmental and other Arm's Length Public Bodies designated by order made under the GRAA by Statutory Instrument 2016 no 323 as amended by Statutory Instrument 2016 no 1243 (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 net resource outturn, application of resources, changes in taxpayers' equity, and cash flows of the departmental group for the financial year.

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

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

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

The Accounting Officer of the Department has also appointed the Chief Executives or equivalents of its sponsored non-departmental and other arm's length public bodies as Accounting Officers of those bodies. The Accounting Officer of the Department is responsible for ensuring that appropriate systems and controls are in place to ensure that any grants that the department makes to its sponsored bodies are applied for the purposes intended and that such expenditure and the other income and expenditure of the sponsored bodies are properly accounted for, for the purposes of consolidation within the resource accounts. Under their terms of appointment, the Accounting Officers of the sponsored bodies are accountable for the use, including the regularity and propriety, of the grants received and the other income and expenditure of the sponsored bodies.

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

As Accounting Officer, I confirm that, as far as I am aware, there is no relevant audit information of which the department's auditors are unaware, and I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the department's auditors are aware of that information.

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

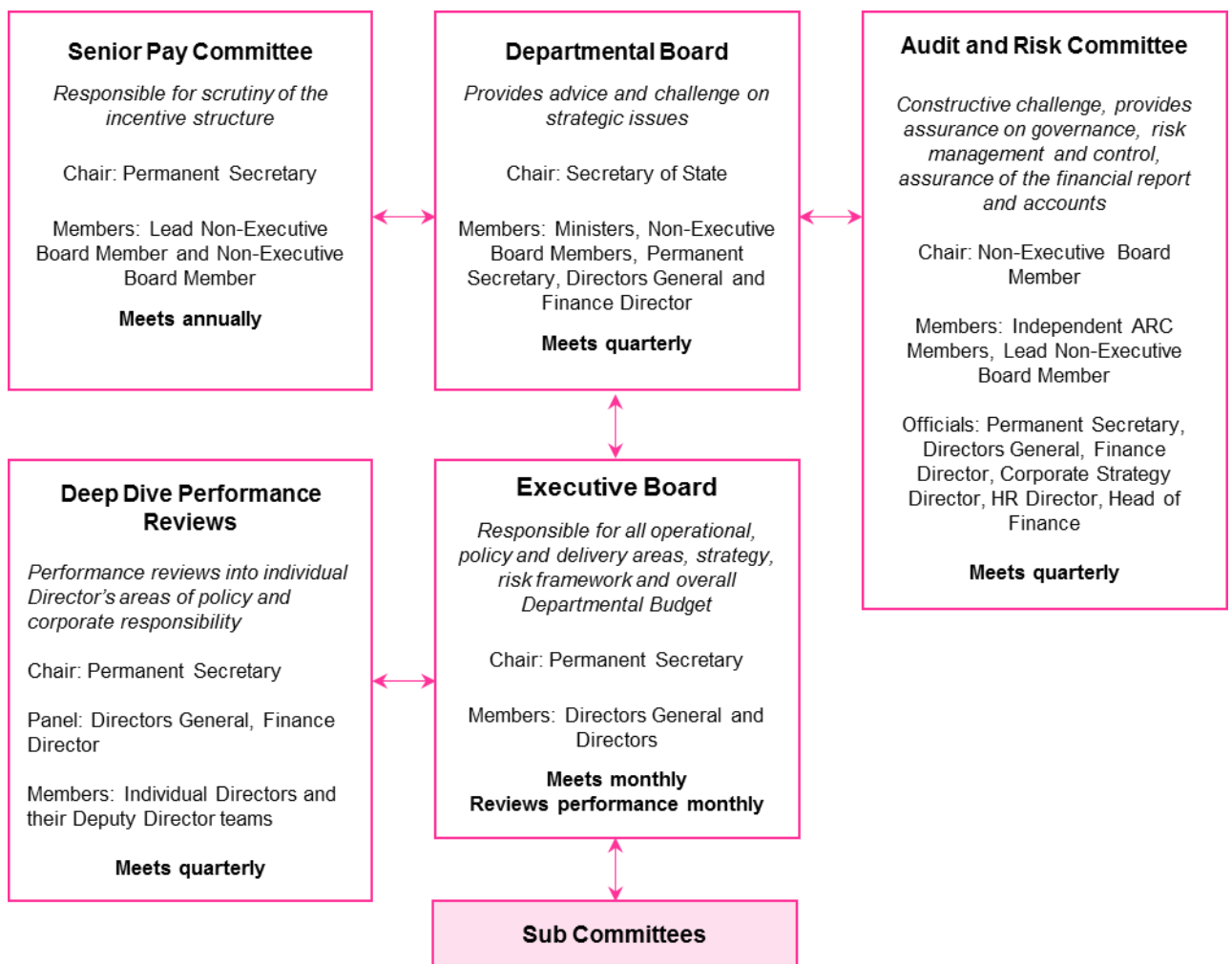
Governance Statement

This Statement sets out the governance structures, risk management and internal control procedures that have operated within DCMS during the financial year 2016-17 and accords with HM Treasury guidance. It also integrates information about the department’s Arm’s Length Bodies (ALBs) included in the department’s consolidated accounts for 2016-17.

The department has a wide ranging remit incorporating a number of complex projects and programmes. DCMS’s formal governance systems, structures and processes enable clarity and accountability facilitating the effective delivery of departmental objectives and priorities. There are terms of reference for each board and committee to enable board and committee members to make effective decisions, monitor performance and manage resources and risk.

Governance Structure 2016-17

The governance structure shown in the diagram below applies to the core department, also referred to as DCMS in this Statement.



During 2016-17, DCMS has sought and implemented feedback from Departmental Board members in order to enhance the board and make better use of its non-executives to provide scrutiny and challenge. It has also integrated the Office for Civil Society into its board and committee structure as part of a Machinery of Government change, and continued to improve its performance and risk management in line with the DCMS Single Departmental Plan.

Departmental Board

The Departmental Board, chaired by the Secretary of State, is scheduled to meet on a quarterly basis and is comprised of ministers, senior executives and non-executives. Due to the change in government, the Departmental Board only met twice in 2016-17. However there were four meetings of the Executive Team and non-executives without ministers, both as the Sub-Board (two occasions) and as exceptional meetings (two sessions): see Departmental Sub-Board below for more details. The Departmental Board focused on strategic decision making, performance, risk, finance, resource, the Single Departmental Plan, balancing priorities for EU Exit work and managing change within the department.

Biographies of all Departmental Board members can be found on the DCMS homepage: <https://www.gov.uk/government/organisations/department-for-culture-media-sport>

Departmental Sub-Board

The Departmental Sub-Board supported the Departmental Board until it was disbanded in October 2016. It was attended by senior members of the Executive Board and non-executives with meetings held in July and October 2016. The Sub-Board discussed broader operational and policy issues such as the Single Departmental Plan, state aid, the BBC Charter Review and the best use of non-executives outside of board meetings, as well as performance, risk, finance and EU Exit work priorities. Following the arrival of the new ministerial team, the time allocated to Departmental Board meetings was extended and the Departmental Sub-Board discontinued. In place of the Sub-Board, there is now a more flexible arrangement whereby non-executives and senior DCMS executives meet when key strategic issues require scrutiny and challenge. Two meetings were held in 2016-17, the first to review the Strategic Review of Resources – which examined our deployment of staff across our objectives and recommended changes in line with new priorities – and the second to discuss the Single Departmental Plan, resourcing issues related to EU exit work and an expanding digital agenda.

Audit and Risk Committee

The Audit and Risk Committee (ARC) reports to and advises the Departmental Board on governance, risk management and internal control. In 2016-17, the Committee met on five occasions. The Committee is chaired by a Non-Executive Board Member, Fields Wicker-Miurin OBE. Other members are the Lead Non-Executive Board Member and two independent members. It is attended by the DCMS Permanent Secretary and other senior staff. The ARC appointed two new independent members on 1 February 2017, Phill Wells and Brian Porritt, who replace Chris Walton (departed role on 8 March 2017) and Michael Higgin (departing role on 1 August 2017). In discharging her responsibilities, the ARC chair meets regularly with the Accounting Officer, Directors General, Finance Director, members

of the Executive Board, Internal Audit and the NAO to discuss issues and assess the performance of the ARC to ensure that it is fulfilling its objectives and remit. In 2016-17, the ARC provided substantial advice and challenge to the department in the preparation of the DCMS consolidated Annual Report & Accounts and the National Lottery Distribution Fund (NLDF) Annual Report and Accounts and on risk, business continuity, cyber security, the Blythe House major project, shared services and whistleblowing. The Committee also reviewed and approved external and internal audit plans and reports. Fields Wicker-Miurin, chair of the DCMS Audit and Risk Committee has also established a new forum bringing together Audit and Risk Committee chairs from across DCMS ALBs to discuss risks, issues and share best practice across the DCMS Group.

Executive Board

The Executive Board provides corporate leadership to the department and ensures the effective delivery of departmental priorities and ministerial objectives. The Executive Board meets monthly to review departmental performance, finance and strategic risk; and take policy and delivery decisions. In 2016-17, improvements continued to be made to performance and risk reporting across the department. Items discussed at the Executive Board are published on the intranet and an observer programme open to all DCMS staff, assists visibility and transparency of decision making across the department.

Executive Board Sub-Committees

The Executive Board Sub Committees have clear remits and accountability focussing on the following areas:

- The Arm's Length Bodies Risk and Governance Board provides assurance on the department's relationship with its Arm's Length Bodies including risk management.
- The Delivery and Policy Committee is responsible for improving how policy is made and delivered in DCMS.
- The Finance Committee monitors the department's financial risks and capital spend. The newly formed Investment Sub-Committee reports into the Finance Committee and is responsible for approving business cases for projects with a total whole life cost of £15m or below and light-touch acquisitions cases.
- The Knowledge and Information Management Committee delivers and implements the department's Knowledge and Information Management policies.
- The People Committee is responsible for the strategic management of people issues within DCMS.
- The DCMS/Broadband Delivery UK (BDUK) Management Board ensures alignment between the work of BDUK and the government's wider telecoms strategy, formally agrees any changes to the strategic objectives, and discusses and escalates risks.

Sub-committees provide governance reports after each meeting to the Executive Board, to ensure there is oversight of agendas, key issues, risks to be escalated and other notable items. Deep Dive Performance Reviews are undertaken with each directorate on a quarterly basis. These are attended by DCMS' Permanent Secretary, Directors General, Finance Director and key senior managers who scrutinise performance, risk, finance and staffing information.

International Oversight Board

The International Oversight Board was established in October 2016 with the aim of monitoring and discussing progress on DCMS EU, trade and international work. The board incorporates monthly 'deep dives' into DCMS areas, to understand the effect of EU Exit on DCMS sectors. The deputy director level International Board reports into the International Oversight Board on a monthly basis.

Non-Executive Board Members

In 2016-17, the department welcomed Charles Alexander and Matthew Campbell-Hill as Non-Executive Board Members following a process of fair and open competition in line with the Office of the Commissioner for Public Affairs (OCPA) guidelines. All non-executive positions were advertised openly and centrally through the Cabinet Office Public Appointments website.

To ensure the independence of non-executives is maintained, appointments are made for a three year fixed period, which can be extended by a maximum of three further years. Charles Alexander was appointed by the Secretary of State as the Lead Non-Executive Board Member for DCMS following Sir David Verey's departure in December 2016. Ajay Chowdhury also stood down in September 2016.

Outside of the board, non-executives provided expertise and valued contributions across a range of departmental priorities and work programmes such as the Single Departmental Plan, the Strategic Review of Resources, ALB Governance, Blythe House project, as well as audit and risk management. Non-executives have also chaired Challenge Panels for the reviews of the Heritage Lottery Fund, Arts Council England and UK Anti-Doping, and served as lead reviewer for the Museums Review.

Board and Committee Attendance for financial period 1 April 2016 to 31 March 2017

| | Committee/Board Members | Departmental Board | Sub Board | Audit & Risk Committee | Executive Board | Pay Committee |
|--|------------------------------|--------------------|-----------|------------------------|-----------------|---------------|
| Ministers | Karen Bradley MP | 1/1 | | | | |
| | Matt Hancock MP | 1/1 | | | | |
| | Tracey Crouch MP | 0/1 | | | | |
| | Rob Wilson MP | 1/1 | | | | |
| | Lord Ashcroft of Hyde | 0/1 | | | | |
| | John Whittingdale MP | 1/1 | | | | |
| | Ed Vaizey MP | 1/1 | | | | |
| | David Evennett MP | 1/1 | | | | |
| | Baroness Neville-Rolfe | 0/1 | | | | |
| | Baroness Shields | 1/1 | | | | |
| Non-Executive Board Members/Independent Members | Sir David Verey | 2/2 | 2/2 | | | 1/1 |
| | Charles Alexander | 2/2 | 2/2 | 5/5 | | |
| | Matthew Campbell-Hill | 1/1 | 1/1 | | | |
| | Ajay Chowdhury | 1/1 | 1/1 | | | |
| | Neil Mendoza | 2/2 | 2/2 | | | |
| | Fields Wicker-Miurin | 2/2 | 2/2 | 5/5 | | 1/1 |
| | Michael Higgin | | | 5/5 | | |
| | Brian Porritt | | | 1/1 | | |
| | Chris Walton | | | 5/5 | | |
| | Phill Wells | | | 1/1 | | |
| Executive Board | Sue Owen | 2/2 | 2/2 | 4/5 | 11/11 | 1/1 |
| | Matthew Gould | 1/1 | 1/1 | 3/3 | 7/8 | |
| | Sarah Healey | 1/1 | 1/1 | 1/1 | 3/3 | |
| | David Rossington | 2/2 | 2/2 | 5/5 | 11/11 | |
| | Tim Sparrow | 1/1 | 1/1 | 3/4 | 8/8 | |
| | Mark Fisher | | | | 5/8 | |
| | Hugh Harris | | 1/1 | | 8/9 | |
| | Kate Joseph/Claudia Kenyatta | | 1/1 | | 11/11 | |
| | Clare Pillman | | 1/1 | | 10/11 | |
| | Rosemary Pratt | | 1/1 | | 7/9 | |
| | Chris Townsend | 2/2 | 1/2 | 3/4 | 9/11 | |
| | Andrea Young | | | | 1/2 | |

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

Declaration of Interests

The Non-Executive Board Members and Independent Members have disclosed a range of interests, further details of which can be found in the Directors' Report at page 76.

Information Management

The Departmental Board and its sub-committees are provided with a range of management information in order to review the department's performance and capability including performance reports, risk registers and corporate service data. The board secretariat oversees this information and ensures the quality of data complies with the departmental guidance on writing board papers in order to facilitate informed discussion and decision making. During the board effectiveness review, board members indicated they were satisfied with the information they received.

OSCAR

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

Governance of DCMS Arm's Length Bodies (ALBs)

The department's ALBs are governed by their own independent boards and each has separate governance and internal assurance structures, whose details can be found in their individual Annual Report and Accounts (these are reviewed by DCMS as part of the process of preparing the group accounts). The ALB risks are reviewed at each quarterly meeting of the ALB Governance Board and escalated to the Executive Board as necessary. In 2016 the department, in collaboration with its ALBs, decided to introduce a Board Performance Framework, which ALBs are all being encouraged to adopt. The requirement to undertake an annual board performance assessment is now included in the Management Agreements. During 2017, the department will undertake an assessment of the impact of implementing the Board Performance Framework. During this reporting period the department also introduced induction sessions for all newly appointed ALB trustees. The departmental induction complements the programmes run by ALBs for new trustees by focusing on their role as ministerially appointed board members.

Additionally, the department holds a biannual meeting of the ALB chairs and chief executives at which a number of strategic issues are discussed and matters common to many ALBs debated, with the intention of spreading good practice. Topics discussed at recent events have included 'How to manage large capital projects' and Brexit.

Appointments to Boards

Appointments to the boards of ALBs are made by ministers, in accordance with the Commissioner for Public Appointments' Code of Practice for Ministerial Appointments to Public Bodies. From 1 January 2017, the Commissioner's code has been replaced by the Cabinet Office Governance Code on Public Appointments. Over the course of the year, significant improvements have been made to DCMS public appointments including an overhaul of processes and procedures, staffing changes, more senior level oversight and a closer working relationship with OCPA to ensure compliance with the code. There were 119 appointments between 1 April 2016 and 31 March 2017. 58 were new appointments and 61

were reappointments and extensions to terms. There was one appointment made by exception.

Board Performance and Effectiveness

Charles Alexander, the DCMS Lead Non-Executive Board Member, conducted a review of the Departmental Board in spring 2017. The board membership had undergone substantial change in 2016-17, with the new board only having met once by the time of the review. Therefore the review was a forward looking exercise that considered existing terms of reference, roles and responsibilities, frequency, type of information provided to the board and how the board can be better supported. The review recommendations focused on how to improve board effectiveness in the future and will be implemented in 2017-18.

In March 2017, the Government Internal Audit Agency launched a review of the Executive Board and how it can work more effectively. The report gave a 'moderate' assessment and the recommendations of the report will be considered as we continue to improve our governance processes in 2017-18.

General Oversight

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

National Lottery:

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

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

The BBC:

The BBC is established by Royal Charter. The Charter granted in 2006 ceased to have effect on 3 April 2017 when a new Charter came into operation.

Under the 2006 Charter, ministers appointed the chair and other members of the BBC Trust. The new 2016 Charter dissolved the BBC Trust and created a new unitary BBC Board with Ofcom becoming the BBC's regulator. The BBC Board has 14 members, with the government appointing the chair and a non-executive member for each of the four nations. The BBC appoints five non-executives and four executive members to the board. Neither

ministers nor the department have direct responsibility or accountability for the BBC's day-to-day expenditure, nor operational, managerial or editorial decision-making, as these roles are vested in the Board (formerly the BBC Trust and executive).

The BBC has responsibility for the collection of the licence fee, and the Trust ensured that the collection of the licence fee is efficient, appropriate and proportionate (as set out in the Charter). This responsibility has now been transferred to the BBC Board. The BBC is funded through the TV licence fee (which the government froze at £145.50 until the end of March 2017) and its commercial operations.

Under the new 2016 Charter and the transitional arrangements schedule, the new BBC Board will have responsibility for the content of the 2016-17 BBC Annual Report and Statements of Accounts.

The Royal Parks:

During the year, responsibility for the management and upkeep of the eight Royal Parks was transferred from The Royal Parks Agency, an executive agency of the department, to a newly established charity. The charity is contracted with the department to manage the parks on behalf of the Secretary of State. The charity's board is chaired by Loyd Grossman and includes representatives from the relevant London Boroughs. Operating as a charity will enable better long term planning for the Royal Parks and help attract alternative funding sources.

Other:

The department is also responsible for some advisory NDPBs; public corporations and public broadcasting bodies, which have greater levels of independence; and other ALBs which receive DCMS grant funding.

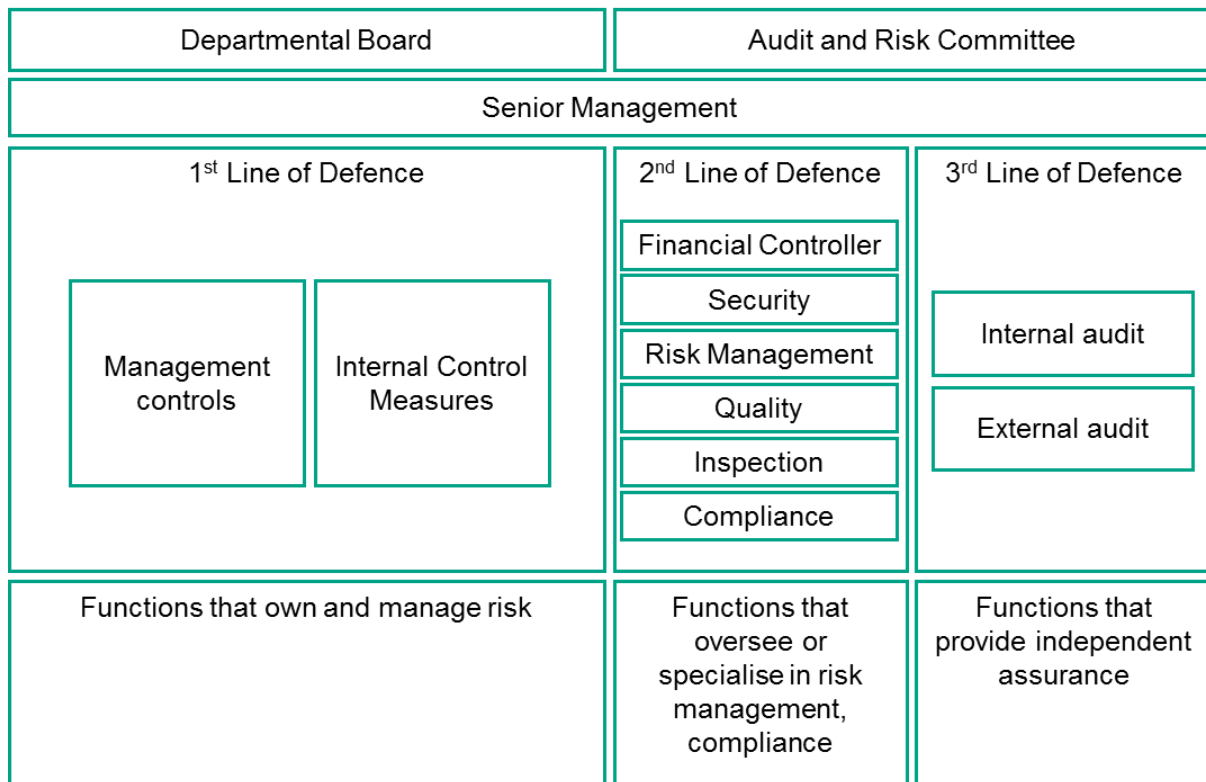
Tailored Reviews:

In 2016 the Tailored Review replaced the Triennial Review as a more proportionate means for assessing the continued relevance of and need for ALBs. Each Tailored Review examines whether the ALB remains fit for purpose, and if so, will look for greater efficiencies and ensure a robust governance structure. In 2016-17 the department undertook Tailored Reviews of the Arts Council England and started reviews of the Heritage Lottery Fund and UK Anti-Doping. The results of the reviews will be published in 2017-18. The review programme will deliver increased accountability, greater transparency and increased value for money.

Approach to Risk Management

The DCMS Accounting Officer is responsible for maintaining high standards of corporate governance, including effective management of risk throughout the department. The department's risk framework identifies risk management as a key role of the Departmental Board, the Executive Board and its sub-committees. A Risk Appetite Statement has been introduced, and outlines the tolerances around controls. Policy and guidance is available to staff on the intranet.

Core Risk Framework



The department's risk framework is best characterised as three lines of defence:

- The 1st line of defence is operational management which has ownership, responsibility and accountability for directly assessing, controlling and mitigating risks.
- The 2nd line of defence consists of control activities and embedded functions (compliance, risk management, quality, and IT) that support internal governance. This line of defence monitors and facilitates the implementation of effective risk management through operational management, and further assists risk owners in reporting risk related information up and down the organisation.
- The 3rd line of defence uses internal audit (GIAA) and external audit (NAO). An independent audit function will, through a risk-based approach, provide assurance to the organisation's board of directors and senior management. This assurance will cover how effectively the organisation assesses and manages its risks and will include assurance on the effectiveness of the first and second lines of defence. It encompasses all elements of risk management (from risk identification, risk assessment and response, to communication of risk related information) and all categories of organisational objectives: strategic, ethical, operational, reporting and compliance.

Risks are managed and categorised at all levels within, across and throughout the department. Escalation of risks consists of three management levels where risks are managed:

- Local/Project: Most risk is dealt with at the local/project level. Risk is managed by policy and operational teams across the department, who when appropriate escalate risk. Depending on complexity and level of risk, local teams may manage risk registers, however all major projects have risk registers.
- Committee: Committees of the Executive Board such as the People Board or Finance Committee have their own risk registers, which are reviewed at meetings and decide whether the risk should continue to be monitored at Committee level or escalated to the Executive Board.
- Board level: Through the Executive Board and Departmental Board. The Executive Board has an overview of strategic risk across the department and reviews risks in the monthly performance management reports and the Strategic Risk Register. The DCMS Executive Board and Audit and Risk Committee (ARC) provides advice and challenge on the departmental risk process and reviews risks at monthly and/or quarterly meetings. The DCMS Board reviews any critical risks which have been escalated from the DCMS Executive Board.

Managing Risk in Arm's Length Bodies (ALBs)

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

Building on the Internal Audit review recommendations of 2016, the ALB risk management framework was reviewed and strengthened and the ALB Risk and Governance Board refreshed. The presence of DCMS Non-Executive Fields Wicker-Miurin and Cabinet Office director level representation on the ALB Governance and Risk Board has provided external challenge to the department's approach to ALB risk and relationships.

In line with the scope of Accounting Officer responsibility, the department has agreements with all directly funded ALBs setting out the department's expectations in return for the public funds supplied, and associated financial arrangements or accountability lines. Lottery distributors and regulators have similar arrangements relating to their own circumstances. There is a contract for services in place between the new Royal Parks charity and the department.

Accounting Officers of all ALBs are made aware of the continual importance of managing risks proportionately, maintaining a sound internal control system and ensuring propriety, regularity and value for money in all aspects of governance, decision making and financial management.

Before the department's accounts are signed, they are required to notify the department of significant internal control weaknesses or issues arising. They must incorporate a Governance Statement in their Accounts. The department takes prompt follow up action as necessary on any matters identified from these Governance Statements or notifications.

In addition, the ALBs have their own Audit Committees and the department's Finance Director has written to the chairs of such forums requesting disclosure of any matters warranting inclusion in this report. Fields Wicker-Miurin, chair of the DCMS Audit and Risk Committee has also established a new forum bringing together the Audit and Risk Committee chairs from the ALBs.

Managing Risk in the Core Department

Assurance reporting exercises supplement the department's risk management process. Senior managers and directors are requested to report on their compliance with internal control procedures and must identify any significant exceptions. Those responsible for key internal control systems must indicate what main risks exist and their responses to them.

The assurance exercises did not identify any significant exceptions that needed to be drawn to the attention of the Audit and Risk Committee and Permanent Secretary in respect of the 2016-17 financial year.

A review of the department's assurance processes was carried out by Internal Audit in 2016-17. As a result of the recommendations in the report, the process was improved to give a higher standard of assurance that there had been no significant exceptions to key controls.

Significant Risks in 2016-17 & Mitigating Factors

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

| Principal risk | Key mitigating actions |
|--|--|
| Delivery | |
| <ul style="list-style-type: none"> ● Key programmes fail to deliver objectives ● Delivery programmes include: <ul style="list-style-type: none"> ○ EU exit and trade ○ Broadband delivery and connectivity ○ Spectrum release ○ Blythe House museum storage project ○ First World War remembrance programme | <ul style="list-style-type: none"> ● Strong programme management embedded across all programmes <ul style="list-style-type: none"> ● Advice from the Infrastructure and Projects Authority, e.g. use of products such as Gateway Reviews ● Established robust governance arrangements and strengthened reporting between programme teams and senior management ● Built and maintained relationships with other key stakeholders for the remembrance programme ● Public consultation exercise to inform views on broadband delivery |
| Policy development | |
| <ul style="list-style-type: none"> ● Policy development fails to meet ministers', cross-government or other key stakeholders' objectives ● Policy initiatives include: <ul style="list-style-type: none"> ○ BBC Charter Review ○ Digital Strategy ○ Sport Strategy ○ Culture White Paper ○ Five Point Plan for Tourism | <ul style="list-style-type: none"> ● Detailed planning and strong relationships with key stakeholders ● Lessons learnt and process reviews to share understanding and solutions, ensuring future best practice |

| Principal risk | Key mitigating actions |
|---|---|
| Corporate | |
| <ul style="list-style-type: none"> • Department at risk of being under-resourced to deliver all its objectives including EU exit-related objectives • Resources are not used efficiently and effectively • As a small department DCMS needs to be agile in the way it works and the way it employs its people so expertise is focused on the right tasks at the right time | <ul style="list-style-type: none"> • Undertaking a Strategic Review of Resources to ensure the right balance of people, focused on the right priorities across the department • Agreeing an increase in resource for 2017-2018 • Transforming HR and financial activities through a Shared Service project • Developing new business models with a number of DCMS ALBs. This includes opportunities for greater flexibility at The Royal Parks and supporting sporting and cultural organisations to explore new model options to increase resilience and promote sustainability • Work with key stakeholders including distributors, the Gambling Commission and Camelot to maximise lottery income for good causes |

Fraud and Error

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

The main emphasis of the Fraud Policy is keeping staff alert to risks. To facilitate this process DCMS has a Counter Fraud Champion, a role held by the Head of Strategic Finance, who disseminates good practice across the core department and its ALBs, including lessons arising from fraud investigations, and information received from the National Fraud Intelligence Bureau of frauds.

The core department continues to work with its ALBs and the Cabinet Office to identify and counter fraudulent activities, and the DCMS lottery bodies operate a Fraud Operations Group where they share fraud information and best practice. Alongside this Sport England have participated in the Random Sampling Audit this year with the report due in the summer. Findings from this will be shared and implemented over the next year. Through continued working with the Cabinet Office Counter Fraud Network and supporting ALBs, the core department will strengthen processes and controls to reduce the risk of fraud. In addition

over the coming year we will offer training and awareness activities across the department and ALBs, drawing on expert knowledge from the Cabinet Office.

In the core department there were two minor instances of fraud in 2016-17, in response to which action was taken in line with policy guidelines. These involved the Government Procurement Card and staff vouchers which resulted in a small financial loss for the department. The member of staff concerned was dismissed and received a police caution. A review of controls and procedures were conducted and measures have been taken to address all issues identified.

In addition the Broadband Delivery UK's Connection Voucher Scheme discovered that two suppliers had claimed for non-compliant installations. The department is supporting the local authorities concerned with their investigations in partnership with Action Fraud and the police.

Across our many Arm's Length Bodies there were a small number of suspected fraud activities in 2016-17 that will impact both Exchequer and lottery funding, and in early 2017-18 one of our ALBs was unfortunately successfully targeted. They continue to work with their Counter Fraud Specialists, other lottery bodies and the police on any ongoing investigations and will report their outcomes both to their Audit and Risk Committees and the department as they occur. DCMS's Internal Audit Service has also supported the ALB in reviewing its controls and procedures.

Core Department and Shared Services

The department agreed a business case in April 2016 to partner with Historic England (HE) for HR and accounting services and commenced work on migration. The core department is taking a phased approach to migrating to further HE systems and services, prioritising the areas in most urgent need of stabilisation. In December 2016, the core department began receiving finance and expenses services from HE; the next phases, which involve HE systems processing simple HR transactions, have commenced from April 2017.

Group write-offs

During the year, a ring from the British Museum's heritage asset collection valued at £750k was declared lost under the British Museum's Procedure for the Reporting of Unlocated and Lost Objects.

The nature of the Lottery Distribution Body's grant giving activities is such that losses do arise. During 2016-17 the only loss that exceeded £300k was at the BIG Lottery Fund, which incurred a loss of £372k as a result of the liquidation (in 2012) of the Barge Inn Community Project.

Compliance with the Corporate Governance Code

DCMS fully complies with the corporate governance code for central government departments with the following variations:

- The Pay Committee, which comprises the Permanent Secretary, Lead Non-Executive Board Member and a second Non-Executive Board Member, fulfils the role of the Nominations and Governance Committee, focusing primarily on scrutinising the incentive structure, and is supported by the Senior People Development Committee.
- The Head of Internal Audit attends the Audit and Risk Committee rather than the Departmental Board. The chair of the Audit and Risk Committee reports key issues and the work of the Committee to the Departmental Board.

Tax Policy for Off-Payroll Appointees

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

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

<https://www.gov.uk/government/publications/dcms-tax-reporting-data-for-off-payroll-workers-april-2016-to-march-2017>

Ministerial Directions

A ministerial direction is defined as the occasion where the DCMS Accounting Officer has presented a formal objection (based on grounds of regularity, propriety, value for money or feasibility grounds) 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.

There were no instances of a ministerial direction at DCMS over the period 2016-17.

Machinery of Government Changes

The Office for Civil Society (OCS) was transferred over from the Cabinet Office to DCMS with effect from July 2016 in a Machinery of Government (MoG) change. As a result DCMS takes a responsibility for building an inclusive economy, supporting civil society organisations, social action and youth policy. Performance and risk information was incorporated into monthly Executive Board and all OCS work programmes and manifesto commitments have been incorporated into a revised DCMS Single Departmental Plan. Sponsorship of and policy responsibility for Big Lottery Fund transferred to DCMS as part of this MoG change.

Conflict of Interest Policy and Procedure

Non-executives, along with all other board members, 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. These are recorded in a register of interests. Where a board member declares a potential conflict at meetings, it is recorded in the minutes and the board member takes no part in the meeting for the duration of that item of discussion.

Personal Data Incidents

During evaluation of the National Citizen Service (NCS) programme in late 2016, a batch of 24 completed questionnaires were reported missing when an NCS provider failed to follow procedures for secure transfer of data to the independent evaluator. DCMS notified the Information Commissioner's Office (ICO) of this breach in early 2017, investigated the causes and provided to the ICO its findings and the steps taken to prevent similar occurrences in future. The ICO, on consideration of the information provided, concluded that DCMS takes its data protection responsibilities seriously, and that the incident was likely to have been an isolated occurrence and the new measures put into place should enhance the existing data protection policy and procedures. The ICO decided against taking any formal enforcement action.

Whistleblowing Policy and Procedure

In 2016-17 DCMS reported two whistleblowing cases, both cases are now closed. All cases are investigated in accordance with whistleblowing policies.

DCMS adopts and implements the latest Civil Service model policy on whistleblowing. The DCMS whistleblowing policy guidance, procedures and FAQs are published on the department's intranet.

DCMS has updated information on the internal intranet for employees to use as guidance in the event of raising concerns about perceived wrongdoings or actions that contradict the Civil Service Code. This information is also incorporated into the DCMS Anti-Bullying policy.

DCMS has two independent nominated officers that staff can approach to anonymously report any perceived wrongdoings. These officers attended formal training in 2016. Although not directly responsible for the whistleblowing policy across its ALBs, the DCMS HR team use ALB HR Directors as a channel for sharing best practice and have shared the core department's policy and guidance with ALBs.

In the 2016 People Survey, DCMS obtained the highest score for inclusion and fair treatment at 83% across the Civil Service. This was broken down to 94% staff being aware of the Civil Service Code, 67% know how to raise concern under the Code and 79% confirmed they were confident that a concern raised under the Civil Service Code would be properly investigated.

Accounting Officer System Statement

In 2016 the Public Accounts Committee recommended, as part of its wider work on accountability to Parliament for taxpayers' money, that all departments should prepare accountability statements. This statement is now known as the Accounting Officer System Statement (AOSS) and should cover all of the accountability relationships (including those with Arm's Length Bodies and third party delivery partners), systems and processes within a department, making clear who is accountable for what at all levels of the system from the Accounting Officer down. The DCMS AOSS is available at:

<https://www.gov.uk/government/publications/dcms-accounting-officer-system-statement>

Accounting Officer's Conclusion

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

Internal Audit Annual Report

The Government Internal Audit Agency (GIAA) complies with the Public Sector Internal Audit Standards. GIAA plans its programme of assurance work with the department to focus most efficiently on key departmental risks. GIAA submits audit reports, which build towards the Group Chief Internal Auditor's independent opinion regarding the adequacy and effectiveness of arrangements for risk management, control and governance.

GIAA have provided moderate assurance regarding the adequacy and effectiveness of the department's system of internal control over the course of 2016-17. GIAA note that the department's approach to internal control continues to evolve (and that there are opportunities to improve it further). In the auditor's view, the organisation's changing circumstances, including an increasingly complex operating environment, have resulted in growing inherent risk which outweighs the department's current capacity for improving its control environment. The impact of this imbalance has not been significant enough to justify a year on year reduction in the auditor's annual opinion.

Remuneration Report

Core Department only

This annual remuneration report is prepared with reference to guidance contained in the annual Employer Pension Notice (EPN 492) issued by Civil Service Pensions (MyCSP) on 1 March 2017.

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

Remuneration Policy

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

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

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

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

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

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

Service Contracts

The Constitutional Reform and Governance Act 2010 require Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

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

Further information about the work of the Civil Service Commission can be found at www.civilservicecommission.org.uk

Remuneration (including salary) and Pension Entitlements

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

Remuneration (salary, benefits in kind and pensions – subject to audit)**Single total figure of remuneration**

| Ministers | Salary (£) | | Benefits in kind (to nearest £100) | | Pension benefits (to nearest £1000) ⁴¹ | | Total (to nearest £1000) | |
|---|----------------------|----------------------|---------------------------------------|-------------|---|-------------|-----------------------------|-------------|
| | 2016- 17 | 2015- 16 | 2016- 17 | 2015- 16 | 2016- 17 | 2015- 16 | 2016- 17 | 2015- 16 |
| The Rt Hon Karen Bradley MP, Secretary of State for Culture, Media and Sport from 14 July 2016 | 47,187 ⁴² | - | - | - | 12,000 | - | 60,000 | - |
| The Rt Hon Matt Hancock MP, Minister of State for Digital and Culture from 15 July 2016 | 21,120 ⁴³ | - | - | - | 6,000 | - | 27,000 | - |
| Tracey Crouch MP, Parliamentary Under Secretary of State from 12 May 2015 ⁴⁴ | 22,375 | 19,849 ⁴⁵ | - | - | 6,000 | 5,000 | 28,000 | 25,000 |
| Rob Wilson MP, Parliamentary Under Secretary of State for Civil Society from 17 July 2016 ⁴⁶ | 22,375 | 22,375 | - | - | 4,000 | 7,000 | 26,000 | 29,000 |
| Lord Ashton of Hyde, Parliamentary Under Secretary of State from 17 July 2016 ⁴⁷ | - | - | - | - | - | - | - | - |
| Baroness Shields, Lords Minister to 16 December 2016 ⁴⁷ | - | - | - | - | - | - | - | - |
| Baroness Neville-Rolfe DBE CMB, Lords Minister to 17 July 2016 ⁴⁷ | - | - | - | - | - | - | - | - |
| The Rt Hon John Whittingdale MP, Secretary of State to 14 July 2016 | 36,112 ⁴⁸ | 59,884 | - | - | 12,000 | 15,000 | 48,000 | 75,000 |
| Ed Vaizey MP, Minister of State to 17 July 2016 | 17,032 ⁴⁹ | 31,680 | - | - | 2,000 | 15,000 | 19,000 | 47,000 |
| David Evennett MP, Parliamentary Under Secretary of State from 24 January 2016 to 3 July 2016 ⁵⁰ | - | - | - | - | - | - | - | - |
| The Rt Hon Sajid Javid MP, Secretary of State to 11 May 2015 ⁵¹ | - | 7,621 ⁵² | - | - | - | 29,000 | - | 40,000 |
| Helen Grant MP, Parliamentary Under Secretary of State to 11 May 2015 | - | 8,120 ⁵³ | - | - | - | 1,000 | - | 9,000 |

⁴¹ 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.

⁴² The full-year equivalent salary is £67,505.

⁴³ The full-year equivalent salary is £31,680.

⁴⁴ Tracey Crouch went on paid maternity leave on 24 January 2016 and returned 3 July 2016. David Evennett covered Tracey Crouch's portfolio during her maternity leave.

⁴⁵ The full-year equivalent salary was £22,375.

⁴⁶ Joined DCMS on 17 July 2016 following a Machinery of Government which transferred the Office for Civil Society to DCMS from Cabinet Office. Costs have been incurred from 1 April 2016.

⁴⁷ Most members of the Lords do not receive a salary for their parliamentary duties but are eligible to receive allowances and, within certain limits, the travel expenses they incur in fulfilling their parliamentary duties. See the [Parliament website](#) for more information.

⁴⁸ The full-year equivalent salary is £67,505. John Whittingdale left under severance terms on 14 July 2016. He received a compensation payment of £16,877.

⁴⁹ The full-year equivalent salary is £31,680. Ed Vaizey left under severance terms on 17 July 2016. He received a compensation payment of £7,920.

⁵⁰ David Evennett MP was an unpaid Minister temporarily covering the portfolio of Tracey Crouch MP during her maternity leave.

⁵¹ Sajid Javid was appointed Secretary of State of BIS effective 12 May 2015 and his last day in DCMS was 11 May 2015. The Rt Hon John Whittingdale was appointed as Secretary of State on 12 May 2015.

⁵² The full-year equivalent salary was £67,505. DCMS continued to pay Sajid Javid until 31 May 2015 incurring total salary costs of £11,250 for the period.

⁵³ The full-year equivalent salary is £22,375. The salary includes an ex-gratia payment of £5,594.

Single total figure of remuneration

| Officials | Salary (£'000) | | Bonus payments (£'000) | | Benefits in kind (to nearest £100) | | Pension benefits (to nearest £1000) ⁵⁴ | | Total (£'000) ⁵⁵ | |
|---|---------------------|---------|------------------------|---------|------------------------------------|---------|---|---------|-----------------------------|---------|
| | 2016-17 | 2015-16 | 2016-17 | 2015-16 | 2016-17 | 2015-16 | 2016-17 | 2015-16 | 2016-17 | 2015-16 |
| Sue Owen, Permanent Secretary & Accounting Officer* | 155-160 | 155-160 | 15-20 | - | - | - | 33,000 | 48,000 | 205-210 | 200-205 |
| Matthew Gould*, Director General for Digital and Media from 19 July 2016 | 80-85 ⁵⁶ | - | - | - | - | - | 78,000 | - | 155-160 | - |
| David Rossington, Finance Director* from 1 April 2015 and acting Director General from 5 July 2016 to 31 March 2017 ⁵⁷ | 125-130 | 115-120 | 10-15 | - | - | - | 23,000 | 55,000 | 155-160 | 165-170 |
| Mark Fisher, Director of the Office for Civil Society and Innovation* from 1 April 2016 | 125-130 | - | 10-15 | - | - | - | 27,000 | - | 160-165 | - |
| Hugh Harris, Director, Media, International & Gambling ⁵⁸ | 90-95 | 90-95 | - | - | - | - | 33,000 | 68,000 | 120-125 | 155-160 |
| Kate Joseph, Deputy Director, Consumer Policy and Telecoms Market*, temporary promotion to Director of Digital Economy from 1 April 2016 to 30 March 2017 ⁵⁹ | 60-65 | - | - | - | - | - | 54,000 | - | 110-115 | - |
| Claudia Kenyatta, Deputy Director, Digital Economy*, temporary promotion to Director of Digital Economy from 1 April 2016 to 30 March 2017 ⁶⁰ | 50-55 | - | - | - | - | - | 129,000 | - | 180-185 | - |

* Names of Senior Officials who are or were members of the Departmental Board in 2016-17.

⁵⁴ 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.

⁵⁵ 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.

⁵⁶ The full-year equivalent salary is £120-125k.

⁵⁷ On temporary promotion to Director General from 5 July 2016 to 31 March 2017, which explains the increase in salary. Substantive salary is £115-120k.

⁵⁸ Started shared parental leave on 20 February 2017.

⁵⁹ Job share with Claudia Kenyatta, worked part time at 0.68 FTE. The full time equivalent salary is £85-90k. On temporary promotion to Director of Digital Economy from 1 April 2016 to 30 March 2017.

⁶⁰ Job share with Kate Joseph, worked part time (0.58 FTE). The full time equivalent salary is £85-90k. On temporary promotion to Director of Digital Economy from 1 April 2016 to 30 March 2017.

| Officials (continued) | Salary (£'000) | | Bonus payments (£'000) | | Benefits in kind (to nearest £100) | | Pension benefits (to nearest £1000) ⁶¹ | | Total (£'000) ⁶² | |
|--|---------------------|------------------------------------|------------------------|---------|------------------------------------|---------|---|----------------------|-----------------------------|---------|
| | 2016-17 | 2015-16 | 2016-17 | 2015-16 | 2016-17 | 2015-16 | 2016-17 | 2015-16 | 2016-17 | 2015-16 |
| Clare Pillman, Director, Sport & Culture* | 90-95 | 90-95 | 5-10 | 0-5 | - | - | 33,000 | 20,000 | 130-135 | 110-115 |
| Rosemary Pratt, Director, Europe, Digital and Data Security* | 75-80 ⁶³ | 15-20 ⁶⁴ (FYE 55-60) | - | - | - | - | 29,000 | 9,000 ⁶⁵ | 105-110 | 25-30 |
| Tim Sparrow, Head of Finance*, temporary promotion to Finance Director from 5 July 2016 to 31 March 2017 ⁶⁶ | 65-70 | - | - | - | - | - | 25,000 | - | 90-95 | - |
| Chris Townsend OBE, CEO BDUK* ⁶⁷ | 170-175 | 170-175 | 30-35 | 20-25 | - | - | 65,000 | 65,000 | 265-270 | 255-260 |
| Andrea Young, Director, Broadcasting, Media and Creative Industries* | 70-75 ⁶⁸ | 70-75 ⁶⁹ | - | - | - | - | 20,000 | 64,000 ⁷⁰ | 90-95 | 135-140 |
| Sarah Healey, Director General* until 4 July 2016 | 35-40 ⁷¹ | 110-115 | 10-15 | - | - | - | 15,000 | 75,000 | 60-65 | 185-190 |
| Samantha Foley, Finance Director to 1 May 2015 ⁷² | - | 5-10 ⁷³ | - | - | - | - | - | 2,000 | - | 5-10 |
| Rita French, Director, Media to 20 January 2016 ⁷⁴ | - | 45-50 ⁷⁵ | - | - | - | - | - | 21,000 | - | 65-70 |

* Names of Senior Officials who are or were members of the Departmental Board in 2016-17.

⁶¹ 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.

⁶² 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.

⁶³ The full time equivalent salary is £85-90k. Rosemary worked part time (0.88FTE).

⁶⁴ The full time equivalent salary was £85-90k. Rosemary worked part time (0.65FTE).

⁶⁵ Pension record has been updated due to previous errors which has resulted in changes to the 2015-16 pensionable benefits and total for 2015-16.

⁶⁶ Temporary promotion to Finance Director between 5 July 2016 to 31 March 2017 to cover temporary promotion of David Rossington to Acting Director General. Salary is prorated for duration individual was on the board.

⁶⁷ Chris Townsend OBE was appointed as CEO BDUK effective 1 April 2014 for a fixed employment term of 3 years. This was extended to 31 March 2018 on 21 November 2016.

⁶⁸ The full time equivalent salary was £95-100k.

⁶⁹ The full time equivalent salary was £95-100k.

⁷⁰ Pension record has been updated due to a previous error which has resulted in changes to the 2015-16 pensionable benefits and total for 2015-16.

⁷¹ The full time equivalent salary was £110-115k.

⁷² Samantha Foley left DCMS on 30 April 2015.

⁷³ The full time equivalent salary was £90-95k.

⁷⁴ Rita French was on maternity leave from 21 January 2015 to 19 January 2016. She moved from paid to unpaid maternity on 21 Oct 2015 resulting in a lower salary received for this period.

⁷⁵ The full time equivalent salary was £90-95k.

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 (£74,000 from 8 May 2015, £74,962 from 1 April 2016) and various allowances to which they are entitled are borne centrally. However, the arrangement for Ministers in the House of Lords is different in that they do not receive a salary but rather an additional remuneration, which cannot be quantified separately from their Ministerial salaries. This total remuneration, as well as the allowances to which they are entitled, is paid by the department and is therefore shown in full in the figures above.

Non-Consolidated Performance Related Pay Awards

The performance management and reward policy for members of the Senior Civil Service (SCS), including Board members, is managed within a central framework set by the Cabinet Office. The framework allows for non-consolidated performance related awards to be paid to a maximum of 25% of members of the SCS. The SCS performance management and reward principles include explanations of how non-consolidated performance awards are determined⁷⁶.

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 2016-17 figures in the above table relate to awards made in respect of the 2015-16 performance year but paid in the financial year 2016-17. Similarly, the comparable bonuses reported for 2015-16 relate to performance in 2014-15.

Benefits in Kind

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

Pay Multiples (subject to audit)

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

⁷⁶ <https://www.gov.uk/government/collections/senior-civil-service-performance-management-and-reward>

The banded remuneration of the highest-paid director in DCMS in the financial year 2016-17 was £200-205,000 (2015-16: £190-195,000). This was 5.17 times (2015-16: 5.07) the median remuneration of the workforce, which was £39,177 (2015-16: £37,955).

In 2016-17, 0 (2015-16: 0) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £20,028 to £205,000 (2015-16: £16,000 to £195,000).

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.

| | 2016-17 | 2015-16 |
|--|---------|---------|
| Band of highest paid Director's total remuneration (£'000) | 200-205 | 190-195 |
| Median total actual remuneration (FTE) (£) | 39,177 | 37,955 |
| Ratio | 5.17 | 5.07 |

The increase in the median actual remuneration ratio from 2015-16 to 2016-17 can be explained by the increase in the highest paid Director's annual remuneration. If the highest paid Director's annual remuneration had remained the same, this would have resulted in a decrease of 0.16 on last year's figure.

Non-Executive Board Members

| Remuneration and Full Year Equivalent (£'000) | | |
|--|---------------------|---------------------|
| Non-Executive Board Member | 2016-17 | 2015-16 |
| Charles Alexander (current Chair) from 18 April 2016 ⁷⁷ | 10-15 | - |
| Neil Mendoza from 11 January 2016 | 15-20 | 0-5 ⁷⁸ |
| Fields Wicker-Miurin OBE from 11 January 2016 | 15-20 | 0-5 ⁷⁹ |
| Matthew Campbell-Hill from 18 July 2016 | 10-15 | - |
| Ajay Chowdhury to 20 September 2016 | 5-10 ⁸⁰ | 15-20 |
| Dr. Tracy Long to 20 January 2016 | - | 10-15 ⁸¹ |
| Ruby McGregor-Smith CBE to 30 November 2015 | - | 10-15 |
| Sir David Verey CBE to 9 December 2016 | 10-15 ⁸² | 20-25 |

⁷⁷ Charles Alexander assumed the position of chair from Sir David Verey in December 2016. His full time equivalent salary was £20-25k.

⁷⁸ The full year equivalent salary was £15-20k.

⁷⁹ The full year equivalent salary was £15-20k.

⁸⁰ The full year equivalent salary was £15-20k.

⁸¹ The full year equivalent salary was £15-20k.

⁸² The full year equivalent salary was £20-25k.

Pension Benefits – Ministers (subject to audit)

| Minister | Accrued pension at age 65 as at 31 March 2017 (£'000) | Real increase in pension at age 65 (£'000) | CETV at 31 March 2017 (£'000) | CETV at 31 March 2016 (£'000) | Real increase in CETV (£'000) |
|---|---|--|-------------------------------|-------------------------------|-------------------------------|
| The Rt Hon Karen Bradley MP, Secretary of State from 14 July 2016 | 3 | 0.9 | 36 | 25 | 4 |
| The Rt Hon Matt Hancock MP, Minister of State for Digital and Culture from 15 July 2016 | 1 | 0.4 | 9 | 5 | 1 |
| Tracey Crouch MP, Parliamentary Under Secretary of State from 12 May 2015 | 0.8 | 0.4 | 7 | 3 | 1 |
| Rob Wilson MP, Parliamentary Under Secretary of State for Civil Society from 17 July 2016 | 1 | 0.3 | 15 | 12 | 1.5 |
| Lord Ashton of Hyde, Parliamentary Under Secretary of State from 17 July 2016 ⁸³ | - | - | - | - | - |
| Baroness Shields, Lords Minister to 16 December 2016 ⁸³ | - | - | - | - | - |
| Baroness Neville-Rolfe DBE CMB, Lords Minister to 17 July 2016 ⁸³ | - | - | - | - | - |
| Ed Vaizey MP, Minister of State to 17 July 2016 | 4.4 | 0.2 | 57 | 53 | 0.99 |
| The Rt Hon John Whittingdale MP, Secretary of State to 14 July 2016 | 4.6 | 0.7 | 75 | 64 | 8.7 |
| David Evennett MP, Parliamentary Under Secretary of State to 3 July 2016 ⁸⁴ | - | - | - | - | - |
| The Rt Hon Sajid Javid MP, Secretary of State to 11 May 2015 | - | - | - | 51 | - |
| Helen Grant MP, Parliamentary Under Secretary of State to 11 May 2015 | - | - | - | 15 | - |

⁸³ Most members of the Lords do not receive a salary for their parliamentary duties but are eligible to receive allowances and, within certain limits, the travel expenses they incur in fulfilling their parliamentary duties. See the [Parliament website](#) for more information.

⁸⁴ David Evennett MP was an unpaid Minister temporarily covering the portfolio of Tracey Crouch MP during her maternity leave.

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.

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 or 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.

Pension Benefits – Officials (subject to audit)

| Officials | Accrued pension at pension age as at 31 March 2017 and related lump sum (£'000) | Real increase in pension and related lump sum as at pension age (£'000) | CETV at 31 March 2017 (£'000) | CETV at 31 March 2016 (£'000) | Real increase in CETV (£'000) | Employer contribution to partnership pension account (nearest £100) |
|--|---|---|-------------------------------|-------------------------------|-------------------------------|---|
| Sue Owen, Permanent Secretary & Accounting Officer* | 65-70 plus a lump sum of 205-210 | 0-2.5 plus a lump sum of 5-7.5 | 1,561 | 1,528 | 32 | - |
| Matthew Gould, Director General for Digital and Media from 19 July 2016 | 40-45 | 2.5-5 | 594 | 526 | 44 | - |
| David Rossington Finance Director* from 1 April 2015 and acting Director General from 5 July 2016 to 31 March 2017 | 65-70 plus a lump sum of 100-105 | 0-2.5 | 1,473 | 1,388 | 22 | - |
| Mark Fisher, Director of the Office for Civil Society and Innovation, from September 2016* | 50-55 plus a lump sum of 160-165 | 0-2.5 plus a lump sum of 2.5-5 | 1,152 | 1,078 | 25 | - |
| Hugh Harris, Director, Media, International & Gambling* | 10-15 | 0-2.5 | 142 | 120 | 11 | - |
| Kate Joseph, Deputy Director, Consumer Policy and Telecoms Market, temporary promotion to Director of Digital Economy from 1 April 2016 to 30 March 2017 | 10-15 | 2.5-5 | 181 | 142 | 29 | - |
| Claudia Kenyatta, Deputy Director, Digital Economy, temporary promotion to Director of Digital Economy from 1 April 2016 to 30 March 2017 | 25-30 | 5-7.5 | 341 | 250 | 76 | - |
| Clare Pillman, Director, Sport & Culture* | 30-35 plus a lump sum of 85-90 | 0-2.5 plus a lump sum of 0-2.5 | 584 | 540 | 18 | - |

* Names of Senior Officials who are or were members of the Departmental Board in 2016-17.

| Officials | Accrued pension at pension age as at 31 March 2017 and related lump sum (£'000) | Real increase in pension and related lump sum as at pension age (£'000) | CETV at 31 March 2017 (£'000) | CETV at 31 March 2016 (£'000) | Real increase in CETV (£'000) | Employer contribution to partnership pension account (nearest £100) |
|---|---|---|-------------------------------|-------------------------------|-------------------------------|---|
| Rosemary Pratt, Director, Europe, Digital and Data Security * | 30-35 | 0-2.5 | 494 | 457 ⁸⁵ | 13 | - |
| Tim Sparrow, Head of Finance, Temporary promotion Finance Director 5 July 2016 to 31 March 2017 | 10-15 | 0-2.5 | 149 | 130 | 10 | - |
| Chris Townsend OBE, CEO BDUK* | 10-15 | 2.5-5 | 184 | 121 | 46 | - |
| Andrea Young, Director, Broadcasting, Media and Creative Industries* | 25-30 plus a lump sum of 75-80 | 0-2.5 plus a lump sum of 2.5-5 | 496 | 458 ⁸⁵ | 16 | - |
| Sarah Healey, Director General* until 4 July 2016 | 20-25 | 0-2.5 | 261 | 246 | 5 | - |
| Samantha Foley, Finance Director to 1 May 2015 | - | - | - | 537 | - | - |
| Rita French, Director, Media to 20 January 2016 | - | - | - | 240 | - | - |

* Names of Senior Officials who are or were members of the Departmental Board in 2016-17.

⁸⁵ These CETV figures have been recalculated by MyCSP from those published in the 2015-16 Annual Report and Accounts.

Civil Service Pensions

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

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

Employee contributions are salary-related and range between 3.8% and 8.05% of pensionable earnings for members of **classic** (and members of **alpha** who were members of **classic** immediately before joining **alpha**) and between 4.6% and 8.05% for members of **premium**, **classic plus**, **nuvos** and all other members of **alpha**. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in **alpha** build up in a similar way to **nuvos**, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The **partnership** pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% up to 30 September 2015 and 8% and 14.75% from 1 October 2015 (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to

a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary up to 30 September 2015 and 0.5% of pensionable salary from 1 October 2015 to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

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

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

The Cash Equivalent Transfer Value (CETV)

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

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

The real increase in the value of the CETV

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

Compensation for Loss of Office

No Departmental Board members left under agreed terms or were paid compensation for loss of office in 2016-17.

Ministers

John Whittingdale left under severance terms on 14 July 2016. He received a compensation payment of £16,877.

Ed Vaizey left under severance terms on 17 July 2016. He received a compensation payment of £7,920.

Special advisors

Aline Nassif left under severance terms on 14 July 2016. She received a compensation payment of £13,613.

Caroline Symonds left under severance terms on 14 July 2016. She received a compensation payment of £15,671.

Staff Report

The number of core department senior civil servants by £5,000 paybands at 31 March 2017:

| Payband | Number of Staff (SCS) Headcount |
|-------------------|------------------------------------|
| £60,000-£64,999 | 3 |
| £65,000-£69,999 | 16 |
| £70,000-£74,999 | 7 |
| £75,000-£79,999 | 4 |
| £80,000-£84,999 | 4 |
| £85,000-£89,999 | 5 |
| £90,000-£94,999 | 4 |
| £95,000-£99,999 | 2 |
| £100,000-£104,999 | 0 |
| £105,000-£109,999 | 0 |
| £110,000-£114,999 | 0 |
| £115,000-£119,999 | 0 |
| £120,000-£124,999 | 1 |
| £125,000-£129,999 | 2 |
| £130,000-£134,999 | 0 |
| £135,000-£139,999 | 0 |
| £140,000-£144,999 | 2 |
| £145,000-£149,999 | 0 |
| £150,000-£154,999 | 0 |
| £155,000-£159,999 | 1 |
| £160,000-£164,999 | 0 |
| £165,000-£169,999 | 0 |
| £170,000-£174,999 | 1 |
| TOTAL | 52 |

Number of core department civil service staff (or equivalent) by band

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

| Grade | FTE payroll staff at 31 March 2017 | Restated FTE payroll staff at 31 March 2016 |
|---------------------------------|---|--|
| Permanent Secretary | 1.0 | 1.0 |
| Senior Civil Service pay band 3 | 2.0 | 1.0 |
| Senior Civil Service pay band 2 | 10.2 | 7.9 |
| Senior Civil Service pay band 1 | 37.3 | 39.9 |
| Grade A (Upper) (Grade 6) | 43.6 | 47.3 |
| Grade A (Grade 7) | 191.0 | 181.2 |
| Grade B (HEOD fast stream) | 3.0 | 9.0 |
| Grade B (HEO/SEO) | 225.6 | 173.4 |
| Grade C (EO) | 116.8 | 110.4 |
| Grade D (AO/AA) | 11.0 | 25.0 |
| Total | 641.5 | 596.1 |

DCMS group staff numbers and related costs

The following section is subject to audit.

| Staff costs comprise: | 2016-17 | | | | | | Restated 2015-16 |
|--|-------------------------------------|-----------------|------------------------------------|--------------------|---------------------------|------------------|------------------|
| | Permanently employed staff £'000 | Others £'000 | Contract and Agency Staff £'000 | Ministers £'000 | Special Advisors £'000 | Total £'000 | Total £'000 |
| Wages & salaries | 1,376,177 | 4,394 | 32,135 | 143 | 92 | 1,412,941 | 1,387,260 |
| Social security costs | 141,958 | 579 | - | 14 | 15 | 142,566 | 128,281 |
| Pension costs | 320,224 | 171 | - | - | 20 | 320,415 | 285,616 |
| Total costs | 1,838,359 | 5,144 | 32,135 | 157 | 127 | 1,875,922 | 1,801,157 |
| Less: Recoveries in respect of outward secondments | (1,146) | - | - | - | - | (1,146) | (1,189) |
| Total net costs | 1,837,213 | 5,144 | 32,135 | 157 | 127 | 1,874,776 | 1,799,968 |
| Of which: | | | | | | | |
| Core Department | 35,462 | 1,082 | 6,050 | 157 | 127 | 42,878 | 40,334 |
| Agency | 4,957 | 409 | 914 | - | - | 6,280 | 5,993 |
| Arm's Length Bodies | 1,796,794 | 3,653 | 25,171 | - | - | 1,825,618 | 1,753,641 |
| Total Net Costs | 1,837,213 | 5,144 | 32,135 | 157 | 127 | 1,874,776 | 1,799,968 |

Included in wages and salaries above are notional costs of £190k (2015-16: £190k) in respect of salary costs of the Information Commissioner which are paid directly from the Consolidated Fund.

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

In addition to staff costs above £4,924k (2015-16: £4,047k) was charged to capital.

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

Principal Civil Service Pension Scheme (PCSPS)

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

For 2016-17, employers' contributions of £5,086k (2015-16: £4,527k) for the department and £755k (2015-16: £737k) for the agency were payable to the PCSPS at one of four rates in the range 20.0% to 24.5% (2015-16: 20.0% to 24.5%) of pensionable pay, based on salary bands. group employers' contributions of £57,005k (2015-16: £53,980k) were payable to the PCSPS at rates in the range of 20.0% to 24.5% (2015-16: 20.0% to 24.5%). The Scheme Actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2016-17 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employer's contributions by the department were £17k (2015-16: £17k), and by the agency were £24k (2015-16: £22k) and by the group were £1,269k (2015-16: £2,239k). These contributions were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 8.0% to 14.75% of pensionable earnings (2015-16: 3.0% to 12.5% up to 30 September 2015 and from 8% to 14.75% from 1 October 2015). Employers also match employee contributions up to 3% of pensionable pay.

In addition, employer contributions of £Nil (2015-16: £Nil) for the department, £Nil (2015-16: £1k) for the agency and £130k (2015-16: £132k) for the group, representing 0.5% of pensionable pay (2015-16: 0.8% up to 30 September 2015 and 0.5% from 1 October 2015), were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirements of these employees.

For the department, Nil (2015-16: Nil), the agency, Nil (2015-16: Nil) individuals retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £Nil (2015-16: £Nil) for both the department and the agency. For the group, 6 (2015-16: 1) individual retired early on ill-health grounds.

Other Pension Schemes

Employer contributions to other pension schemes by the group in the year amounted to £346,953k (2015-16 restated: £231,525k) (Note 21). A list of these bodies is provided in Note 28.

Average number of persons employed

The following section is subject to audit.

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

| | 2016-17 | | | | | | Restated 2015-16 |
|-----------------------------------|----------------------------------|------------|------------------------------------|-----------|---------------------|---------------|---------------------|
| | Permanently employed staff | Others | Contract and Agency Staff | Ministers | Special Advisors | Total | Total |
| Staff employed | 32,572 | 267 | 876 | 5 | 2 | 33,722 | 32,859 |
| Staff engaged on capital projects | 111 | - | 3 | - | - | 114 | 108 |
| Total | 32,683 | 267 | 879 | 5 | 2 | 33,836 | 32,967 |
| Of which: | | | | | | | |
| Core Department | 615 | 14 | 48 | 5 | 2 | 684 | 641 |
| Agency | 100 | 8 | 16 | - | - | 124 | 120 |
| Arm's Length Bodies* | 31,968 | 245 | 815 | - | - | 33,028 | 32,206 |
| Total | 32,683 | 267 | 879 | 5 | 2 | 33,836 | 32,967 |

*The total number of staff employed at the BBC PSB Group is 19,357 (2015-16: 18,920). The BBC PSB Group is included above within ALBs.

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

Staff Receivables

As at 31 March 2017, 1,869 employees (31 March 2016: 1,951 employees) of the group were in receipt of advances of travel, housing or other loans which are repayable to the employer of £2,266k (31 March 2016: £2,199k).

Staff Composition

The number of staff (expressed as both headcount and full time equivalent) of the core department split between male and female as at 31 March 2017:

| Grade | Headcount | | | FTE | | |
|----------------------------|------------|------------|------------|--------------|--------------|--------------|
| | Female | Male | Total | Female | Male | Total |
| Exec Team | 6 | 6 | 12 | 5.2 | 6.0 | 11.2 |
| Other SCS | 23 | 17 | 40 | 22.4 | 16.9 | 39.3 |
| Grade A (Upper) (Grade 6) | 23 | 21 | 44 | 22.6 | 21.0 | 43.6 |
| Grade A (Grade 7) | 102 | 95 | 197 | 96.6 | 94.4 | 191.0 |
| Grade B (HEO/SEO) | 127 | 103 | 230 | 123.0 | 102.6 | 225.6 |
| Grade B (HEOD Fast Stream) | 2 | 1 | 3 | 2.0 | 1.0 | 3.0 |
| Grade C (EO) | 64 | 55 | 119 | 62.2 | 54.6 | 116.8 |
| Grade D (AO/AA) | 7 | 4 | 11 | 7.0 | 4.0 | 11.0 |
| Total | 354 | 302 | 656 | 341.0 | 300.5 | 641.5 |
| Percentage of staff | | | | 53% | 47% | 100% |

Sickness Absence Data

Average Working Days Lost = **3.7**

The average working days lost for sickness absence increased from 2.4 in 2015-16 to 3.7 in 2016-17. This remains significantly below the Civil Service average for average working days lost (7.3). The increase in working days lost is as a result of increased reporting of absence following work to upskill managers in attendance management.

Expenditure on Consultancy

For expenditure on consultancy, refer to Note 4.3 on page 169.

Reporting of Civil Service and other compensation schemes – exit packages

The following section is subject to audit.

| Exit package cost band | 2016-17 | | | | | |
|--------------------------------------|-----------------------------------|--|--|-----------------------------------|--|--|
| | Core Department & Agency | | | Departmental Group | | |
| | Number of compulsory redundancies | Number of non-compulsory departures agreed | Total number of exit packages by cost band | Number of compulsory redundancies | Number of non-compulsory departures agreed | Total number of exit packages by cost band |
| Less than £10,000 | 1 | - | 1 | 57 | 96 | 153 |
| £10,000 - £25,000 | 4 | - | 4 | 68 | 128 | 196 |
| £25,000 - £50,000 | - | - | - | 39 | 215 | 254 |
| £50,000 - £100,000 | - | 1 ⁸⁶ | 1 | 13 | 163 | 176 |
| £100,000 - £150,000 | - | - | - | - | 125 | 125 |
| £150,000 - £200,000 | - | - | - | 1 | 1 | 2 |
| More than £200,000 | - | - | - | - | 1 | 1 |
| Total number of exit packages | 5 | 1 | 6 | 178 | 729 | 907 |
| Total cost (£'000) | 70 | 95 | 165 | 3,933 | 40,013 | 43,946 |

Included above are 539 other departures with a cost of £33,089k relating to the BBC PSB Group.

⁸⁶ This is 1 voluntary exit payment which was paid in full by DCMS. The individual applied to the voluntary exit scheme whilst in Cabinet Office and then moved to DCMS through a Machinery of Government change during their voluntary exit application.

| Exit package cost band | 2015-16 | | | | | |
|--------------------------------------|-----------------------------------|--|--|-----------------------------------|--|--|
| | Core Department & Agency | | | Departmental Group | | |
| | Number of compulsory redundancies | Number of non-compulsory departures agreed | Total number of exit packages by cost band | Number of compulsory redundancies | Number of non-compulsory departures agreed | Total number of exit packages by cost band |
| Less than £10,000 | - | - | - | 15 | 79 | 94 |
| £10,000 - £25,000 | - | - | - | 25 | 120 | 145 |
| £25,000 - £50,000 | - | - | - | 21 | 174 | 195 |
| £50,000 - £100,000 | - | - | - | 17 | 183 | 200 |
| £100,000 - £150,000 | - | - | - | 4 | 76 | 80 |
| £150,000 - £200,000 | - | - | - | 2 | 1 | 3 |
| More than £200,000 | - | - | - | 3 | - | 3 |
| Total number of exit packages | - | - | - | 87 | 633 | 720 |
| Total cost (£'000) | - | - | - | 4,063 | 32,276 | 36,339 |

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

Civil Service Compensation Scheme

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

Other Schemes

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

Parliamentary Accountability and Audit Report

Statement of Parliamentary Supply

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

Summary of Resource and Capital Outturn 2016-17

| | Note | 2016-17 | | | | | | Voted outturn compared with Estimate: saving/(excess) £'000 | Restated 2015-16 | |
|---|----------|------------------|------------------|------------------|------------------|------------------|------------------|---|------------------|---------|
| | | Estimate | | | Outturn | | | | | Outturn |
| | | Voted £'000 | Non-Voted £'000 | Total £'000 | Voted £'000 | Non-Voted £'000 | Total £'000 | | | |
| Departmental Expenditure Limit (DEL) | | | | | | | | | | |
| Resource | SoPS 1.1 | 1,695,006 | (61,800) | 1,633,206 | 1,599,447 | (49,645) | 1,549,802 | 95,559 | 1,403,783 | |
| Capital | SoPS 1.2 | 353,822 | - | 353,822 | 274,947 | - | 274,947 | 78,875 | 334,424 | |
| Total DEL budget | | 2,048,828 | (61,800) | 1,987,028 | 1,874,394 | (49,645) | 1,824,749 | 174,434 | 1,738,207 | |
| Annually Managed Expenditure (AME) | | | | | | | | | | |
| Resource | SoPS 1.1 | 3,478,176 | 1,442,776 | 4,920,952 | 3,138,891 | 1,294,717 | 4,433,608 | 339,285 | 4,270,935 | |
| Capital | SoPS 1.2 | 141,462 | 469,631 | 611,093 | 140,954 | 503,897 | 644,851 | 508 | 473,786 | |
| Total AME budget | | 3,619,638 | 1,912,407 | 5,532,045 | 3,279,845 | 1,798,614 | 5,078,459 | 339,793 | 4,744,721 | |
| Total budget | | 5,668,466 | 1,850,607 | 7,519,073 | 5,154,239 | 1,748,969 | 6,903,208 | 514,227 | 6,482,928 | |
| Non-budget | | | | | | | | | | |
| Resource | SoPS 1.1 | - | - | - | (11,963) | - | (11,963) | 11,963 | - | |
| Capital | SoPS 1.2 | - | - | - | (5,955) | - | (5,955) | 5,955 | - | |
| Total non-budget | | - | - | - | (17,918) | - | (17,918) | 17,918 | - | |
| Total | | 5,668,466 | 1,850,607 | 7,519,073 | 5,136,321 | 1,748,969 | 6,885,290 | 532,145 | 6,482,928 | |
| Total Resource | SoPS 1.1 | 5,173,182 | 1,380,976 | 6,554,158 | 4,726,375 | 1,245,072 | 5,971,447 | 446,807 | 5,674,718 | |
| Total Capital | SoPS 1.2 | 495,284 | 469,631 | 964,915 | 409,946 | 503,897 | 913,843 | 85,338 | 808,210 | |
| Total | | 5,668,466 | 1,850,607 | 7,519,073 | 5,136,321 | 1,748,969 | 6,885,290 | 532,145 | 6,482,928 | |

Net Cash Requirement 2016-17

| | Note | 2016-17 | | | 2015-16 |
|----------------------|--------|-------------------|------------------|---|---------------------------|
| | | Estimate £'000 | Outturn £'000 | Outturn compared with Estimate: saving/(excess) £'000 | Restated Outturn £'000 |
| Net Cash Requirement | SoPS 3 | 5,059,577 | 4,918,573 | 141,004 | 4,825,782 |

Administration Costs 2016-17

| | Note | 2016-17 | | | | | | 2015-16 | |
|----------------------|----------|----------------|--------------------|----------------|----------------|--------------------|----------------|---|---------|
| | | Estimate | | | Outturn | | | Voted outturn compared with Estimate: saving/(excess) £'000 | Outturn |
| | | Voted £'000 | Non-Voted £'000 | Total £'000 | Voted £'000 | Non-Voted £'000 | Total £'000 | Total £'000 | |
| Administration costs | SoPS 1.1 | 223,431 | (61,800) | 161,631 | 192,361 | (49,645) | 142,716 | 31,070 | 159,227 |

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

Prior Period Adjustment

The department has Prior Period Adjustments (PPAs) resulting from a change in calculation methodology for BBC finance leases, and the recognition of Futurebuilders loans on-balance sheet. It is proper for the department to seek Parliamentary authority for the provision that should have been sought previously. In 2016-17, the following such PPAs have been made, which have been included within voted Supply in the Estimate.

| | Resource/ Capital | Estimate £'000 | Outturn £'000 |
|-------------------------|----------------------|-------------------|------------------|
| Prior period adjustment | Resource | - | (11,963) |
| Prior period adjustment | Capital | - | (5,955) |

The prior year outturn figures have been restated following a Machinery of Government (MoG) change (for which PPA budgetary cover is not required). Additional information is included in Note 27.

By agreement with HM Treasury the SoPS for the prior year (2015-16) have been restated for this MoG transfer. The adjusted lines are shown below:

| Statement of Parliamentary Supply £000 | Published 2015-16: Departmental Group £000 | Machinery of Government Changes £000 | Restated 2015-16: Departmental Group £000 |
|---|--|--|---|
| Departmental Expenditure Limit: | | | |
| Resource | 1,241,201 | 162,582 | 1,403,783 |
| Capital | 328,288 | 6,136 | 334,424 |
| Total DEL Budget | 1,569,489 | 168,718 | 1,738,207 |
| Annually Managed Expenditure: | | | |
| Resource | 4,271,201 | (266) | 4,270,935 |
| Capital | 473,786 | - | 473,786 |
| Total AME Budget | 4,744,987 | (266) | 4,744,721 |
| Total Budget | 6,314,476 | 168,452 | 6,482,928 |
| Total Resource | 5,512,402 | 162,316 | 5,674,718 |
| Total Capital | 802,074 | 6,136 | 808,210 |
| Total | 6,314,476 | 168,452 | 6,482,928 |
| | | | |
| Net Cash Requirement | 4,658,322 | 167,460 | 4,825,782 |

An analysis of variances between the Estimate and the Outturn is given in SoPS Note 1 and explanations are provided in the Statement of Parliamentary Supply Commentary on pages 127-129.

SOPS 1. Net Outturn
SOPS 1.1 Analysis of net resource outturn by section

| | | 2016-17 | | | | | | | | | | Restated 2015-16 | | |
|---|---|----------------|-----------------|--------------|----------------|-----------------|--------------|----------------|--------------------|--|---|---------------------|--|---------|
| | | Administration | | | | | | Programme | | | Outturn | Estimate | | Outturn |
| | | Gross £'000 | Income £'000 | Net £'000 | Gross £'000 | Income £'000 | Net £'000 | Total £'000 | Net Total £'000 | Net total compared to Estimate £'000 | Net total compared to Estimate, adjusted for virements £'000 | Total £'000 | | |
| | | | | | | | | | | | | | | |
| Spending in Departmental Expenditure Limit (DEL) | | | | | | | | | | | | | | |
| Voted expenditure | | | | | | | | | | | | | | |
| A | Support for the museums and galleries sector | - | - | - | 16,198 | - | 16,198 | 16,198 | 21,237 | 5,039 | 5,039 | 20,314 | | |
| B | Museums and Galleries sponsored ALBs (net) | - | - | - | 362,966 | - | 362,966 | 362,966 | 392,026 | 29,060 | 29,060 | 343,428 | | |
| C | Libraries sponsored ALBs (net) | 6,754 | - | 6,754 | 108,418 | - | 108,418 | 115,172 | 121,645 | 6,473 | 5,666 | 113,571 | | |
| D | Support for the arts sector | - | (680) | (680) | 1,859 | (78,158) | (76,299) | (76,979) | (75,345) | 1,634 | 1,634 | (79,113) | | |
| E | Arts and culture ALBs (net) | 15,634 | - | 15,634 | 426,597 | - | 426,597 | 442,231 | 443,692 | 1,461 | 1,507 | 439,548 | | |
| F | Support for the sports sector | - | - | - | 14,585 | (7,000) | 7,585 | 7,585 | 7,832 | 247 | 247 | 11,159 | | |
| G | Sport sponsored ALBs (net) | 11,134 | - | 11,134 | 117,549 | - | 117,549 | 128,683 | 129,057 | 374 | 3,431 | 108,312 | | |
| H | Ceremonial and support for the heritage sector | 516 | - | 516 | 49,805 | (1,870) | 47,935 | 48,451 | 39,648 | (8,803) | 1,649 | 53,141 | | |
| I | Heritage sponsored ALBs (net) | 16,037 | - | 16,037 | 83,777 | - | 83,777 | 99,814 | 102,454 | 2,640 | 2,640 | 91,640 | | |
| J | The Royal Parks | 5,094 | (1,505) | 3,589 | 27,795 | (25,362) | 2,433 | 6,022 | 15,596 | 9,574 | 2,660 | 12,320 | | |
| K | Tourism sponsored ALBs (net) | 29,375 | - | 29,375 | 27,720 | - | 27,720 | 57,095 | 57,572 | 477 | 539 | 66,374 | | |
| L | Support for the broadcasting and media sector | 158 | (40) | 118 | 29,461 | (1,233) | 28,228 | 28,346 | 35,770 | 7,424 | 1,192 | 19,498 | | |
| M | Broadcasting and Media sponsored ALBs (net) | 54,389 | - | 54,389 | 27,815 | - | 27,815 | 82,204 | 106,109 | 23,905 | 23,905 | 95,600 | | |
| N | Administration and research | 56,480 | (985) | 55,495 | 2,403 | - | 2,403 | 57,898 | 59,669 | 1,771 | 1,976 | 55,251 | | |
| O | Support for Horseracing and the Gambling sector | - | - | - | - | (2,539) | (2,539) | (2,539) | (2,670) | (131) | - | (2,858) | | |

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

| | | 2016-17 | | | | | | | | | | Restated 2015-16 | | |
|---|---|----------------|-----------------|----------------|------------------|------------------|------------------|------------------|--------------------|---|---|---------------------|--|---------|
| | | Administration | | | | | | Programme | | | Outturn | Estimate | | Outturn |
| | | Gross £'000 | Income £'000 | Net £'000 | Gross £'000 | Income £'000 | Net £'000 | Total £'000 | Net Total £'000 | Net total compared to Estimate £'000 | Net total compared to Estimate, adjusted for virements £'000 | Total £'000 | | |
| | | | | | | | | | | | | | | |
| P | Gambling Commission (net) | - | - | - | 1,197 | - | 1,197 | 1,197 | 3,162 | 1,965 | 1,965 | 365 | | |
| Q | Olympics - legacy programmes | - | - | - | (1,798) | (28,610) | (30,408) | (30,408) | (21,915) | 8,493 | 8,493 | (55,210) | | |
| R | Office for Civil Society | - | - | - | 257,803 | (2,292) | 255,511 | 255,511 | 259,467 | 3,956 | 3,956 | 162,582 | | |
| | <i>Total voted</i> | 195,571 | (3,210) | 192,361 | 1,554,150 | (147,064) | 1,407,086 | 1,599,447 | 1,695,006 | 95,559 | 95,559 | 1,455,922 | | |
| Non-voted expenditure | | | | | | | | | | | | | | |
| S | Spectrum management receipts | (49,645) | - | (49,645) | - | - | - | (49,645) | (61,800) | (12,155) | (12,155) | (52,139) | | |
| Total spending in DEL | | 145,926 | (3,210) | 142,716 | 1,554,150 | (147,064) | 1,407,086 | 1,549,802 | 1,633,206 | 83,404 | 83,404 | 1,403,783 | | |
| Spending in Annually Managed Expenditure (AME) | | | | | | | | | | | | | | |
| Voted expenditure | | | | | | | | | | | | | | |
| T | British Broadcasting Corporation | - | - | - | 3,117,377 | - | 3,117,377 | 3,117,377 | 3,418,095 | 300,718 | 300,718 | 3,161,327 | | |
| U | Provisions, Impairments and other AME spend | - | - | - | 14,024 | - | 14,024 | 14,024 | 45,381 | 31,357 | 31,357 | 31,004 | | |
| V | Levy bodies | - | - | - | 7,490 | - | 7,490 | 7,490 | 14,700 | 7,210 | 7,210 | 8,139 | | |
| | <i>Total voted</i> | - | - | - | 3,138,891 | - | 3,138,891 | 3,138,891 | 3,478,176 | 339,285 | 339,285 | 3,200,470 | | |
| Non-voted expenditure | | | | | | | | | | | | | | |
| W | Lottery grants | - | - | - | 1,294,717 | - | 1,294,717 | 1,294,717 | 1,442,776 | 148,059 | 148,059 | 1,070,465 | | |
| Total spending in AME | | - | - | - | 4,433,608 | - | 4,433,608 | 4,433,608 | 4,920,952 | 487,344 | 487,344 | 4,270,935 | | |
| Non-budget | | | | | | | | | | | | | | |
| AA | Prior period adjustments | - | - | - | (11,963) | - | (11,963) | (11,963) | - | 11,963 | 11,963 | - | | |
| Total | | 145,926 | (3,210) | 142,716 | 5,975,795 | (147,064) | 5,828,731 | 5,971,447 | 6,554,158 | 582,711 | 582,711 | 5,674,718 | | |

Explanations of the variances between the Outturn and Estimate are included in the Statement of Parliamentary Supply Commentary on pages 127-129.

SOPS 1.2 Analysis of net capital outturn by section

| | | 2016-17 | | | | | | Restated 2015-16 |
|---|---|----------------|-----------------|----------------|--------------------|--|---|---------------------|
| | | Outturn | | | Estimate | | | Outturn |
| | | Gross £'000 | Income £'000 | Net £'000 | Net Total £'000 | Net Total Compared with Estimate £'000 | Net total compared to Estimate, adjusted for virements £'000 | Total £'000 |
| Spending in Departmental Expenditure Limit (DEL) | | | | | | | | |
| Voted expenditure | | | | | | | | |
| A | Support for the museums and galleries sector | 3,118 | - | 3,118 | 5,105 | 1,987 | 1,987 | 1,170 |
| B | Museums and Galleries sponsored ALBs (net) | 65,867 | - | 65,867 | 92,763 | 26,896 | 26,896 | 26,131 |
| C | Libraries sponsored ALBs (net) | 8,050 | - | 8,050 | 7,992 | (58) | - | 3,408 |
| D | Support for the arts sector | 349 | (35) | 314 | 300 | (14) | - | 723 |
| E | Arts and culture ALBs (net) | 49,316 | - | 49,316 | 49,384 | 68 | 68 | 21,413 |
| F | Support for the sports sector | - | - | - | - | - | - | 154 |
| G | Sport sponsored ALBs (net) | 37,131 | - | 37,131 | 37,757 | 626 | 626 | 36,716 |
| H | Ceremonial and support for the heritage sector | 5,056 | - | 5,056 | 4,550 | (506) | - | 5,491 |
| I | Heritage sponsored ALBs (net) | 25,401 | - | 25,401 | 23,350 | (2,051) | - | 10,131 |
| J | The Royal Parks | 6,765 | (1,564) | 5,201 | 5,371 | 170 | 170 | 3,577 |
| K | Tourism sponsored ALBs (net) | 1,184 | - | 1,184 | 1,100 | (84) | - | 253 |
| L | Support for the broadcasting and media sector | 51,779 | - | 51,779 | 83,061 | 31,282 | 31,282 | 213,138 |
| M | Broadcasting and Media sponsored ALBs (net) | 30,522 | - | 30,522 | 37,685 | 7,163 | 7,163 | 4,720 |
| N | Administration and research | 1,424 | - | 1,424 | 5,370 | 3,946 | 509 | 630 |
| O | Support for Horseracing and the Gambling sector | - | - | - | (40) | (40) | - | - |
| P | Gambling Commission (net) | 724 | - | 724 | 40 | (684) | - | 633 |
| Q | Olympics - legacy programmes | - | (6,435) | (6,435) | - | 6,435 | 6,435 | - |
| R | Office for Civil Society | (3,705) | - | (3,705) | 34 | 3,739 | 3,739 | 6,136 |
| Total spending in DEL | | 282,981 | (8,034) | 274,947 | 353,822 | 78,875 | 78,875 | 334,424 |
| Spending in Annually Managed Expenditure (AME) | | | | | | | | |
| Voted expenditure | | | | | | | | |
| T | British Broadcasting Corporation | 143,691 | - | 143,691 | 143,962 | 271 | 271 | 22,148 |
| V | Levy bodies | (2,737) | - | (2,737) | (2,500) | 237 | 237 | (2,079) |
| | <i>Total voted</i> | <i>140,954</i> | <i>-</i> | <i>140,954</i> | <i>141,462</i> | <i>508</i> | <i>508</i> | <i>20,069</i> |
| Non-voted expenditure | | | | | | | | |
| W | Lottery grants | 503,897 | - | 503,897 | 469,631 | (34,266) | (34,266) | 453,717 |
| Total spending in AME | | 644,851 | - | 644,851 | 611,093 | (33,758) | (33,758) | 473,786 |
| Non-budget | | | | | | | | |
| AA | Prior period adjustments | (5,955) | - | (5,955) | - | 5,955 | 5,955 | - |
| Total | | 921,877 | (8,034) | 913,843 | 964,915 | 51,072 | 51,072 | 808,210 |

Explanations of the variances between the Outturn and Estimate are included in the Statement of Parliamentary Supply Commentary on pages 127-129.

SOPS 2. Reconciliation of Outturn to Net Operating Expenditure

| | Note | 2016-17 Outturn £'000 | Restated 2015-16 Outturn £'000 |
|---|----------|-----------------------------|--------------------------------------|
| Total resource outturn in Statement of Parliamentary Supply | | | |
| Budget - DEL resource | SoPS 1.1 | 1,549,802 | 1,403,783 |
| Budget - AME resource | SoPS 1.1 | 4,433,608 | 4,270,935 |
| Non-budget - resource | SoPS 1.1 | (11,963) | - |
| Add: | | | |
| Capital grants expenditure | 4.2 | 635,911 | 702,371 |
| Research & Development (capital) | 4.6 | 28,521 | - |
| Ofcom spectrum management receipts | SoPS 1.1 | 49,645 | 52,139 |
| Less: | | | |
| Income from National Lottery Distribution Fund (NLDF) | 5.2 | (1,530,928) | (1,807,974) |
| BBC broadband income | | (150,000) | (150,000) |
| Charity income (asset donations or cash donations for asset additions) | | (154,539) | (118,504) |
| Capital grants income | 5.2 | (21,957) | (5,659) |
| Property sales - East Village (capital) | 5.1 | (6,435) | - |
| (Gains)/losses on net asset transfers (non-budget) | 4.6 | (860) | (16,137) |
| Other: | | | |
| Impact of intra-group transactions crossing budget categories | | 5,284 | 5,645 |
| Prior year adjustment for Futurebuilders loan recognition (resource) | 27 | (2,481) | 2,481 |
| Prior year adjustment for BBC finance lease (resource) | 27 | 14,444 | (14,444) |
| Net expenditure in Consolidated Statement of Comprehensive Net Expenditure | | 4,838,052 | 4,324,636 |

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

| | Note | Estimate £'000 | Outturn £'000 | Net total outturn compared with Estimate: saving/(excess) £'000 |
|---|----------|-------------------|------------------|---|
| Resource outturn | SoPS 1.1 | 6,554,158 | 5,971,447 | 582,711 |
| Capital outturn | SoPS 1.2 | 964,915 | 913,843 | 51,072 |
| | | 7,519,073 | 6,885,290 | 633,783 |
| Accruals to cash adjustments: | | | | |
| <i>Adjustments to remove non-cash items</i> | | | | |
| Depreciation and amortisation | 4.4 | (4,476) | (3,833) | (643) |
| New provisions and adjustments to previous provisions | 4.5 | (150) | 920 | (1,070) |
| Prior Period Adjustments | SoPS 1.1 | - | 11,963 | (11,963) |
| Other non-cash items | | (154) | 1,393 | (1,547) |
| Museum Loans | | - | 6,004 | (6,004) |
| <i>Adjustments for ALBs</i> | | | | |
| Remove voted resource and capital | | (5,213,122) | (4,734,588) | (478,534) |
| Cash grant-in-aid | 4.1.1 | 4,525,213 | 4,525,128 | 85 |
| Less: Agency funding (The Royal Parks) | 4.1.1 | - | (13,085) | 13,085 |
| <i>Adjustments to reflect movements in working balances</i> | | | | |
| Increase/(decrease) in receivables | | - | (1,086) | 1,086 |
| Movement on bad debts provision | | - | (52) | 52 |
| (Increase)/decrease in payables | | 83,800 | 39,042 | 44,758 |
| Utilisation of provisions | 19 | - | 91 | (91) |
| Removal of non-voted budget items | | | | |
| Other adjustments - lottery grants | | (1,850,607) | (1,798,614) | (51,993) |
| Net Cash Requirement | | 5,059,577 | 4,918,573 | 141,004 |

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

Statement of Parliamentary Supply Commentary

DCMS 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 accurate forecasting particularly challenging.

The voted outturn was lower than the Estimate in all categories. The commentary that follows relates to the key features of the outturn position as reported in the Statement of Parliamentary Supply and the supporting analysis in SoPS Notes 1.1 and 1.2.

Resource DEL

The voted resource DEL outturn position as reported in these Accounts is £1,599m, which is £96m (2015-16: £119m) or 5.6% lower than provided in the Estimate. The main reasons for this variance are:

Support for Museums and Galleries sector (Line A) shows a £5m underspend. £2.9m relates to the Cultural Protection Fund which started later in the year than anticipated but is now on track to deliver over the remaining period. In addition there were underspends of £1.5m in respect of the Department's PFI expenditure on Libraries.

Museums and Galleries sponsored ALBs (Line B) shows a £29m underspend, of which £8.6m relates to depreciation identified as excess to requirements across a number of ALBs. The remaining £20m arose from additional income raised from a variety of sources including improved trading, fund raising, donations and legacies. A contributing factor was the need to secure prudent levels of cover to accommodate the budgetary freedoms in operation. These budgetary freedoms, in operation for some ALBs entitled museums to utilise their own reserves by drawing down Estimates cover as required, with £11m of such cover being provided this year.

Libraries sponsored ALBs (Line C) shows a £6.5m underspend, of which £2m is due to reduced depreciation resulting from the revaluation costs of a major site crystallising only at the end of the year. The remainder arose from administration cost savings, slippage on programmes, savings on acquisitions, unforeseen income and cost reductions.

Ceremonial and support for the heritage sector (Line H) shows an overspend of £8.8m which was fully offset by the underspend on Line J. This relates to the fees for services made by the Royal Parks Charity for maintaining the parks on behalf of the Secretary of State.

The Royal Parks (Line J) shows an underspend of £9.6m; due to a combination of lower than forecast depreciation and the cash fee (offset by Line H above), which forms part of the consideration for services that the Royal Parks Charity became entitled to from the date of the transfer agreement.

Support for the Broadcasting and Media sector (Line L) shows a £7.4m underspend, of which £7m relates to the Digital Economy Unit, mostly in respect of work on the Internet of Things and the National Cyber Security Programme both of which started later in the year than expected.

Broadcasting and Media sponsored ALBs (Line M) shows a £23.9m underspend, of which £17m relates to the administration of Ofcom as noted below. The remainder was due to demand-led programme underspends and a reduction in depreciation costs.

Olympics Legacy programmes (Line Q) shows an underspend of £8.5m reflecting savings that have been made against prior year accruals for legacy costs and lower than expected defect costs for the Olympic Village.

Administration expenditure

The voted administration expenditure outturn as reported in these accounts is £192m. There was a total underspend of £31m (2015-16: £27m) 13.9% lower than provided in the Estimate. The main reasons for this variance are:

Ofcom recorded a saving of £17m of which £3m relates to ringfenced depreciation allocated for spectrum management that was not required. Ofcom are subject to two funding caps, an overall cap and a lower Spectrum Management Cap set at the Spending Review with budgets expected to be set below the caps. Ofcom's spectrum management budget was set and operated £14m lower than their Spectrum Management cap resulting in an underspend of £14m; this is partially offset by the corresponding spectrum management receipts which are classified as non-voted and shown in Line S.

Resource AME

The voted Resource AME outturn as reported in these Accounts is £3,139m. The Resource AME budget showed a saving of £339m (2015-16: £154m) 9.75% lower than provided in the Estimate.

BBC (Line T) shows a £301m underspend due to a combination of timing differences and accounting adjustments with £151m of expenditure being deferred to the next year (late project approvals, slippages etc), £87m dividend income not being included in the budget allocation, £48m underspends on the re-financing of new Broadcasting House (which took place after the supplementary estimates) and £14m changes to accounting on finance leases and other categories of spend.

The underspend in provisions, impairments and other AME spend (Line U) of £31.4m was largely due to a prudent budget, late revaluations of investment properties and donated assets.

The Levy bodies underspend (Line V) of £7m was due to the Horserace Betting Levy Board (HBLB) ending the year with a lower than expected deficit (the AME budget was allocated based on a forecast deficit of £14m) - as a result of levy and authorised betting partner income levels exceeding estimates.

Non-voted resource and capital expenditure (AME)

The non-voted resource AME expenditure and the non-voted capital AME expenditure as reported in these Accounts is £1,295m and £504m respectively.

Non-voted expenditure resource outturn on Lottery grants was £148m lower (2015-16: £165m lower) than estimated and capital outturn was £34m higher (2015-16: £23m lower) than estimated. The nature of Lottery grant-making is variable and makes forecasting challenging, which is recognised by its classification within the AME budget.

Non-budget expenditure

Non-budget outturn as reported in these Accounts is £(11.9)m resource and £(6)m capital. This reflects two prior period adjustments which relate to a change in the calculation method for BBC finance leases and the recognition of Futurebuilders loans on-balance sheet. Additional information is included in Note 27.

Capital DEL

The voted capital DEL outturn as reported in these Accounts is £275m, which is £79m (2015-16: £40m) 22.3% lower than provided in the Estimate.

Museums and Galleries sponsored ALBs (Line B) shows an underspend of £26.9m with the largest part of this arising from the National Maritime Museum where a £10m underspend arose due to capital expenditure timing differences, increased fundraising, late donations and recognition of grant income. The Imperial War Museum underspend of £7.4m, arose from late donations and the reclassification of capital maintenance costs to Resource. The Natural History Museum also underspent by £5m, as a result of slippage on major projects and some research expenditure being reclassified to Resource to reflect the definition of research used in the National Accounts. The remainder was due to the a prudent estimate of the required budget at the Supplementary Estimate, which was not required in full due to a reduction in capital requirements across a number of Museums.

Support for the broadcasting and media sector (Line L) shows an underspend of £31m, of which £25m is attributable to the Superfast Broadband Programme. This was a result of changes in project delivery and efficiency savings that resulted in reductions in expenditure in the current year. The Super Connected Cities Programme closed in 2015-16, the closing accrual has proven to be prudent since some vouchers lapsed and will not be redeemed, resulting in a saving of £4m.

Broadcasting and Media sponsored ALBs (Line M) shows a £7.2m underspend due to the successful management of the 700MHz Spectrum Clearance programme with cost savings arising across a number of contracts.

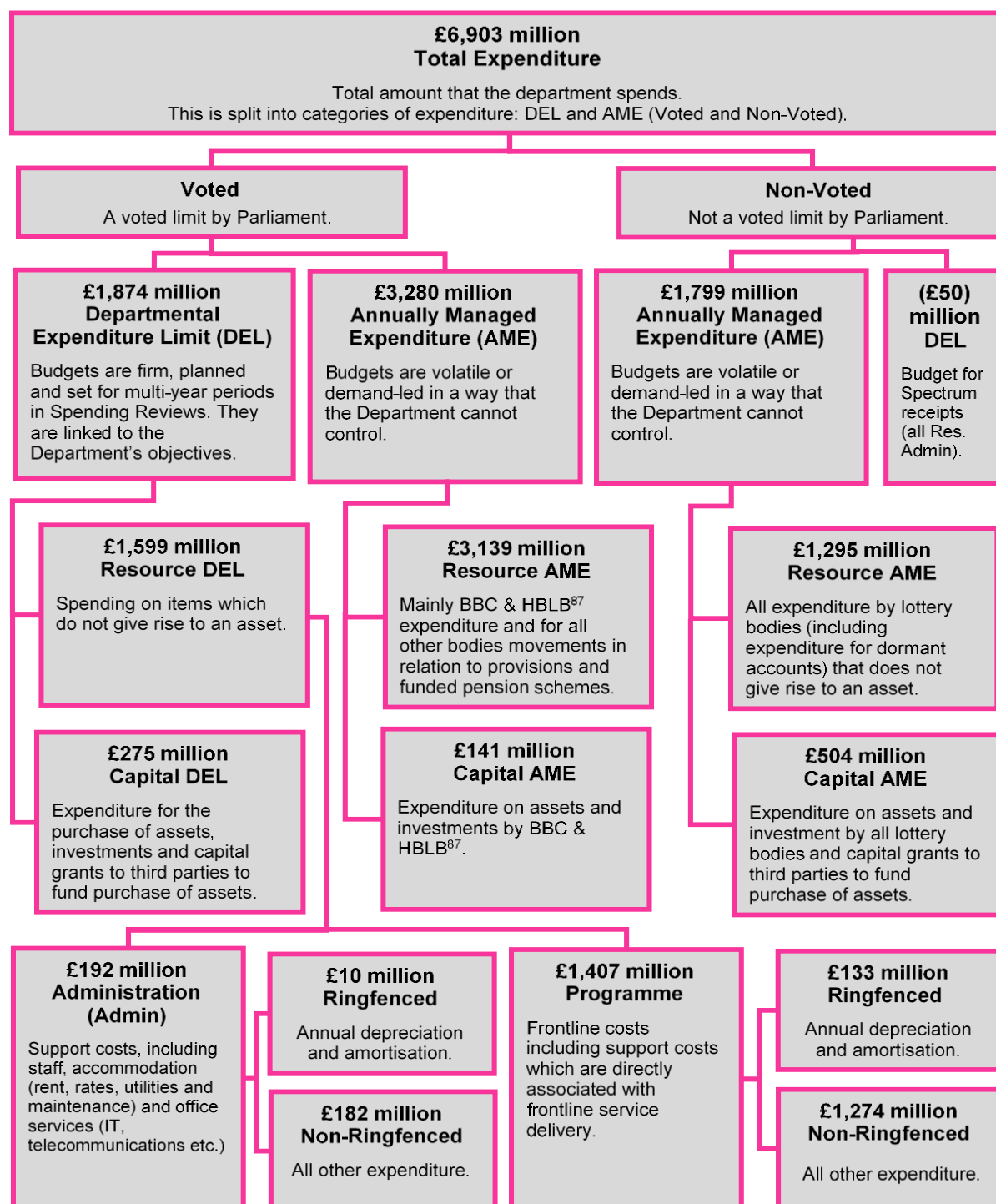
Olympics Legacy Programmes (Line Q) shows income of £6.4m against a zero budget. This relates to receipts from Stratford Village Development and is the first overage payment on the sale of properties in the Olympic Village. It was not possible to predict the timing of these receipts at the time of the last budget update.

Capital AME

The voted capital AME outturn as reported in these accounts is £141m. The voted Capital AME budget showed an underspend of £0.5m (2015-16: £7m).

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 and their purpose:



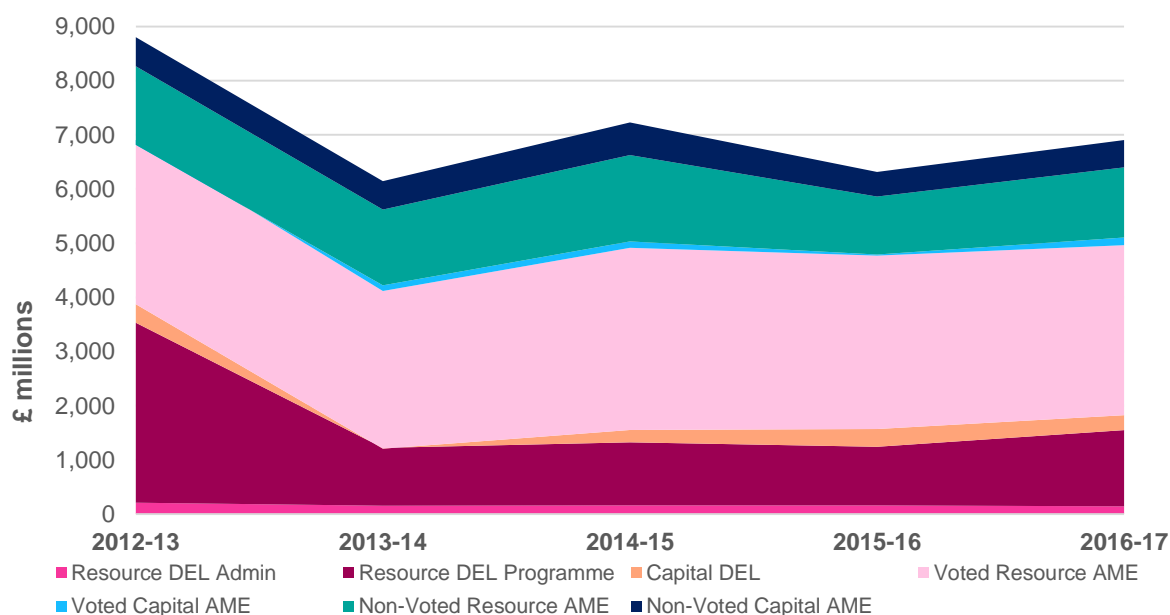
⁸⁷ Horserace Betting Levy Board

Trends in Total Expenditure over the last five years⁸⁸

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

| Type of spend | 2012-13 outturn £m | 2013-14 outturn £m | 2014-15 outturn £m | 2015-16 outturn £m | 2016-17 outturn £m |
|--------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Voted DEL | | | | | |
| Resource DEL Admin | 269 | 208 | 213 | 211 | 192 |
| Resource DEL Programme | 3,322 ⁸⁹ | 1,069 | 1,163 | 1,082 | 1,407 ⁹⁰ |
| Capital DEL | 342 | (16) ⁹¹ | 228 | 328 | 275 |
| Total Voted DEL | 3,933 | 1,261 | 1,604 | 1,621 | 1,874 |
| Non-Voted Resource DEL Admin | (60) | (55) | (53) | (52) | (50) |
| Total Voted and Non-Voted DEL | 3,873 | 1,206 | 1,551 | 1,569 | 1,824 |
| Voted AME | | | | | |
| Resource AME | 3,031 | 2,911 | 3,363 ⁹² | 3,201 | 3,139 |
| Capital AME | (89) | 104 | 118 | 20 | 141 |
| Total Voted AME | 2,942 | 3,015 | 3,481 | 3,221 | 3,280 |
| Non-Voted AME | | | | | |
| Resource AME | 1,450 | 1,399 | 1,594 | 1,070 | 1,295 |
| Capital AME | 537 | 524 | 602 | 454 | 504 |
| Total Non-Voted AME | 1,987 | 1,923 | 2,196 | 1,524 | 1,799 |
| Total Voted and Non-Voted AME | 4,929 | 4,938 | 5,677 | 4,745 | 5,079 |
| Total Expenditure | 8,802 | 6,144 | 7,228 | 6,314 | 6,903 |

Total Voted and Non-Voted Expenditure by budget type:



⁸⁸ All figures are presented as reported in the Statement of Parliamentary Supply in those years' accounts. They have not been adjusted for any restatements arising from Machinery of Government changes or errors.

⁸⁹ Includes £1,575m for London 2012 Olympics (including depreciation) and £502m for Olympic Legacy Programmes.

⁹⁰ Includes £256m for Office for Civil Society not included in prior years (see Accounts Note 27).

⁹¹ Includes net capital income of £184m relating to Olympic disposals.

⁹² Increase to prior year predominately relates to an increase in BBC expenditure.

Statement of Financial Position Commentary

DCMS Group Statement of Financial Position: Assets

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

| Statement of Financial Position | 2016-17 £'000 | Restated 2015-16 £'000 | Restated 2014-15 £'000 | 2016-17 % of assets | 2015-16 % of assets | 2014-15 % of assets |
|-----------------------------------|-------------------|------------------------------|------------------------------|---------------------------|---------------------------|---------------------------|
| Assets | | | | | | |
| Property, Plant & Equipment | 7,542,330 | 7,039,746 | 6,675,014 | 54% | 54% | 54% |
| Heritage Assets | 1,432,361 | 1,291,277 | 1,218,485 | 10% | 10% | 10% |
| Non-current & Current receivables | 1,525,009 | 1,389,041 | 1,308,334 | 11% | 11% | 11% |
| Investment properties | 208,970 | 169,905 | 60,691 | 1% | 1% | 0% |
| Inventories | 262,169 | 307,290 | 323,582 | 2% | 2% | 3% |
| Cash and cash equivalents | 2,057,353 | 2,375,458 | 2,211,521 | 15% | 18% | 18% |
| Other Assets | 988,001 | 497,870 | 565,642 | 7% | 4% | 4% |
| Total Assets | 14,016,193 | 13,070,587 | 12,363,269 | 100% | 100% | 100% |

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

1. Property, Plant and Equipment:

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

- Buildings - upward revaluations of £438m in 2016-17 (2015-16: £443m) this largely reflects the increase in building costs or rental income that underpins the valuations and indices. British Library increased by £173m following a desktop valuation exercise.
- Land - upward revaluations of £44m in 2016-17 (2015-16: £69m) mainly attributable to British Library increase of £30m.
- Plant and machinery - upward revaluation of £153m in 2016-17 (2015-16: £52m) of which £85m related to British Library.

- Additions of £205m to assets under construction in 2016-17 (2015-16: £206m). In the year £342m was reclassified to other asset groups, including £250m to plant and machinery, following a major project completion at Tate Modern, and £82m to buildings.

Additions in the year were £274m, of which BBC was £124m (2015-16: £265m) which were more than offset by a depreciation charge in year of £326m, of which BBC was £157m (2015-16 £296m).

Of the total PPE £4.4 billion (2015-16: £4.2 billion) is held by the Museums and Galleries whilst the BBC holding is £1.4 billion (2015-16: £1.3 billion) and the British Library holding is £1.5 billion (2015-16: £1.2 billion).

2. Heritage Assets:

The DCMS Group are tasked with preserving the Nation's Heritage and are therefore custodians of a large number of Heritage Assets, which are held for their contribution to knowledge and culture. Many of the Heritage Assets (notably those held before April 2001) have not been valued, since the costs of doing so are not commensurate with the benefits. The year on year increase in the value of Heritage Assets is attributable to additions (often funded by cash donations to fund acquisition), donations and upward revaluations. The majority of Heritage Assets are not depreciated as the length of their expected useful economic life is considered close to infinite. As a result the expectation is that the value of DCMS' holding of Heritage Assets will continue to increase year on year. There was a higher increase in 2016-17 due to a £74m donation of assets to the National Maritime Museum from MOD. In addition to the museums and galleries holding of £1.1 billion, Heritage Assets are also held by ACE, the British Library and Historic England.

3. Non-current and current receivables:

This is mainly attributable to the BBC and relates to licence fee receivables of £396m, prepayments for programme acquisitions of £227m and sports rights of £82m. The balance also includes a BBC pension prepayment of £220m (2015-16: £100m), which relates to a pension deficit payment.

4. Investment Properties:

The BBC holds £184m of the group's Investment Property (2015-16: £168m). In 2016-17 the BBC reclassified £Nil (2015-16: £117m) from Land and Buildings to Investment Property.

5. Inventories:

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

6. Cash:

Of the group's cash balance, £1.458 billion (2015-16: £1.648 billion) was held by Lottery Distributing Bodies and as such only available to fund lottery grants (see payables below).

7. Other Assets:

This includes an increase of £464m in 2016-17, which is due to financial derivatives used by the BBC for the re-financing of New Broadcasting House.

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 | 2016-17 £'000 | Restated 2015-16 £'000 | Restated 2014-15 £'000 | 2016-17 % of liabilities | 2015-16 % of liabilities | 2014-15 % of liabilities |
|---------------------------------|--------------------|------------------------------|------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Liabilities | | | | | | |
| Non-current payables | (2,308,553) | (2,315,635) | (2,520,130) | 34% | 37% | 39% |
| Current payables | (2,548,737) | (2,599,093) | (2,616,039) | 37% | 42% | 41% |
| Provisions | (126,563) | (126,274) | (116,379) | 2% | 2% | 2% |
| Pensions | (1,363,318) | (1,174,672) | (1,123,847) | 20% | 19% | 18% |
| Other Liabilities | (525,987) | (3,768) | (12,683) | 7% | 0% | 0% |
| Total Liabilities | (6,873,158) | (6,219,442) | (6,389,078) | 100% | 100% | 100% |

8. Non-current and current Payables

Of the total current payables, £1.3 billion (2015-16: £1.3 billion) relates to the Lottery Distributing Bodies, whilst these same bodies' share of non-current payables is £1.6 billion (2015-16: £1.6 billion). Current payables are generally covered by cash holdings (see above). Non-current payables reflect the fact that many of the Lottery Distributing Bodies grants payable are used to fund projects that take several years to complete.

9. Pensions

The most significant element of the pension liability relates to the BBC, further details are set out in Note 21 of the accounts.

10. Other Liabilities

The balance relates almost entirely to the BBC. The increase of £522m in 2016-17 is due to the increase in financial derivatives used for the re-financing of New Broadcasting House.

Parliamentary Accountability Disclosures

Losses and special payments

The following sections are subject to audit.

Losses Statements

| 2016-17 | | | | |
|--------------|--------------------------|-----------------|--------------------|-----------------|
| | Core Department & Agency | | Departmental Group | |
| | Cases | Amount £'000 | Cases | Amount £'000 |
| Total | 6 | 411 | 365 | 4,476 |

Details of losses over £300k for 2016-17:

- Big Lottery Fund incurred a loss of £372k, being the write off cost incurred as a result of the liquidation of the Barge Inn Community Project.
- During the year, a ring from the British Museum's heritage asset collection valued at £750k was declared lost under the British Museum's Procedure for the Reporting of Unlocated and Lost Objects.

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

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

- As a result of the core department's decision to terminate the agreement with Arvato for the provision of shared services, a constructive loss of £331k arose, further details were included in the 2015-16 Governance Statement.
- The Tate Gallery incurred a loss of £2,278k, being the write off cost incurred on the National Art Collection Centre, further details were included in the 2015-16 Governance Statement.

Special Payments

| | 2016-17 | | | |
|--------------|--------------------------|-----------------|--------------------|-----------------|
| | Core Department & Agency | | Departmental Group | |
| | Cases | Amount £'000 | Cases | Amount £'000 |
| Total | 2 | 4,370 | 30 | 4,545 |

Details of special payments over £300k for 2016-17:

- HM Treasury has approved an ex-gratia payment up to £4.2m for the loss of a painting during a fire in April 2015. The painting was understood to be covered by the Government Indemnity Scheme (GIS) but during 2016-17 the claim was found to be invalid. The financial impact of this loss was recognised in the 2015-16 accounts.

| | 2015-16 | | | |
|--------------|--------------------------|-----------------|--------------------|-----------------|
| | Core Department & Agency | | Departmental Group | |
| | Cases | Amount £'000 | Cases | Amount £'000 |
| Total | 2 | 32 | 46 | 249 |

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

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

Gifts

There were no gifts made by the group that were in excess of £300k for 2016-17 or 2015-16.

Remote Contingent Liabilities

This section is subject to audit.

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

Details of contingent liabilities as defined by IAS 37 are included in the financial accounts (see Note 23).

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

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

| | Restated at 1 April 2016 | Increase/ (Decrease) in year | Liabilities crystallised in year | Obligation expired in year | 31 March 2017 | Amount reported to Parliament by Departmental Minute |
|---|-----------------------------|------------------------------------|--|----------------------------------|------------------|---|
| | £m | £m | £m | £m | £m | £m |
| Guarantees | | | | | | |
| Borrowing facility for Historic Royal Palaces | 4.0 | - | - | - | 4.0 | 4.0 |
| Indemnities | | | | | | |
| Government Indemnity Scheme | 6,521.2 | (267.7) | - | - | 6,253.5 | 6,253.5 |
| Artworks on loan from the Royal Collection | 263.1 | 14.7 | - | - | 277.8 | 277.8 |
| Artworks on loan to the Government Art Collection | 3.2 | 0.4 | - | - | 3.6 | - |
| Totals | 6,791.5 | (252.6) | - | - | 6,538.9 | 6,535.3 |

Guarantees

The 'Borrowing facility for Historic Royal Palaces' of £4m is included as a contingent liability. The guarantee has been extended for five years until September 2021, following HM Treasury approval on 15 September 2016.

Indemnities

The Government Indemnity Scheme (GIS) indemnifies lenders to museums, galleries and other institutions in the UK when mounting exhibitions or taking long-term loans for either study or display. It is a statutory liability totalling £6.3bn (31 March 2016: £6.5bn). The change in contingent liabilities arising from these indemnity schemes is driven by the number and value of the works of art on loan and those on long term loan, which changes from year to year.

During 2015-16 the department recognised £4.2m in respect of GIS, due to the loss of a painting which was destroyed in a fire. During 2016-17, a claim was received but was found to be invalid under the terms of the GIS. HM Treasury approved the department's request to make an ex-gratia payment to the legal owner in respect of the loss. The financial impact of this loss was recognised in the 2015-16 accounts.

There are also non-statutory liabilities for indemnities granted in respect of works of art on loan from the Royal Collection totalling £277.8m (31 March 2016 restated: £263.1m). In the event of loss or damage occurring to the Royal Collection, the Government has given a specific undertaking to Her Majesty that it would seek Parliamentary authority for compensation.

There is also an indemnity scheme amounting to £3.6m for items on loan to the Government Art Collection (31 March 2016: £3.2m). The change in contingent liabilities arising from these indemnity schemes is driven by the number and value of the works of art on loan, which changes from year to year.

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

Letters of Comfort

The department does not have any quantifiable letters of comfort.

Unquantifiable

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

Exiting the European Union

On 29 March 2017, the UK Government submitted its notification to leave the EU in accordance with Article 50. The triggering of Article 50 starts a two-year negotiation process between the UK and the EU.

Any subsequent changes in legislation, regulation and funding arrangements are subject to the outcome of the negotiations. As a result, an unquantifiable remote contingent liability is disclosed. In accordance with accounting standards, no contingent assets can be recognised.

During this two year period, which includes the full duration of the next accounting period, the UK remains a full member of the EU with all the rights and obligations arising from membership. There are no significant impacts on the financial statements in the short term from making the formal notification.

Department

Jubilee Gardens

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

BT pension scheme

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 2014 valued the deficit at £7bn.

The BTPS Trustee has advised that the 2017 valuation is expected to show a considerable increase in the deficit. DCMS is modifying the legislation on the guarantee to accommodate the legal separation of Openreach as a wholly owned subsidiary of BT group. Without legislation, the guarantee would not cover pension liabilities for BTPS members who move to Openreach Ltd. It is not expected that this change will of itself increase the size of the contingent liability, nor the likelihood of it being triggered.

World Athletics Championship

In order to provide confidence to the International Association of Athletics Federations (IAAF), the Greater London Authority and UK Athletics in signing the contracts to stage the Championships, the department has committed to underwrite the costs of the World Athletics Championship in 2017 to the extent that the costs exceed budget or where there is a shortfall in revenue. The main risk to a call on the department underwriting would stem from any difficulties in the commercial sponsorship or ticketing environment leading up to the event. However, following very successful ticket sales, income levels from tickets are higher than predicted, therefore the likelihood of the underwritten costs being drawn upon is very low.

Olympic Delivery Authority

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

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

4G mobile signal rollout

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

Group

Guarantees to and on behalf of Tate Foundation

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

British Library Newspaper Digitisation project

The British Library has undertaken the digitisation of millions of pages from the archive using a commercial partner to take on the costs of digitisation in return for being able to exploit the digitisations commercially. The supplier has warranted in the contract with the Library, that use of the digitisations will not infringe copyright, or give rise to any possible action for defamation and has undertaken to cover any liability falling on the Library as a result of any such claims (in addition to the cost of defending the action) up to £5.0m. The department has agreed to permit the British Library to underwrite any liability which arises beyond that, for the duration that such claims might arise. It is considered that a claim in excess of £5.0m would be extremely unlikely.

Fees and Charges

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

Signed and approved

Sue Owen

Accounting Officer and Permanent Secretary

12 July 2017

Certificate and Report of the Comptroller and Auditor General

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSE OF COMMONS

I certify that I have audited the financial statements of the Department for Culture, Media and Sport and of its Departmental Group for the year ended 31 March 2017 under the Government Resources and Accounts Act 2000. The Department consists of the core Department and its agency. The Departmental Group consists of the Department and the bodies designated for inclusion under the Government Resources and Accounts Act 2000 (Estimates and Accounts) (Amendment) Order 2016. The financial statements comprise: the Department's and Departmental Group's Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the Statement of Parliamentary Supply and the related notes, and the information in the Remuneration and Staff Report and the Parliamentary Accountability Disclosures that is described in those reports and disclosures as having been audited.

Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Department's and the Departmental Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accounting Officer; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

Opinion on regularity

In my opinion, in all material respects:

- the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2017 and shows that those totals have not been exceeded; and

Certificate and Report of the Comptroller and Auditor General cont.

- the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Department's and the Departmental Group's affairs as at 31 March 2017 and of the Department's net expenditure and Departmental Group's net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on other matters

In my opinion:

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

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse
Comptroller and Auditor General

14 July 2017

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

Financial Statements

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Primary Statements

Consolidated Statement of Comprehensive Net Expenditure for the year ended 31 March 2017

| | Note | 2016-17 | | Restated 2015-16 | |
|---|------|--------------------------------|--------------------------|--------------------------------|--------------------------|
| | | Core Department & Agency £'000 | Departmental Group £'000 | Core Department & Agency £'000 | Departmental Group £'000 |
| Staff costs | 3 | 49,158 | 1,874,776 | 46,327 | 1,799,968 |
| Grants and subsidies to sponsored bodies | 4.1 | 4,541,382 | 43,704 | 4,426,331 | 48,579 |
| Other grants | 4.2 | 367,243 | 2,792,713 | 465,752 | 2,469,126 |
| Purchase of goods and services | 4.3 | 50,016 | 492,682 | 53,859 | 492,795 |
| Depreciation, amortisation and impairment charges | 4.4 | 1,986 | 365,883 | 1,459 | 341,086 |
| Provisions expense | 4.5 | (920) | 44,783 | 61 | 46,670 |
| Other operating expenditure | 4.6 | 18,148 | 2,658,018 | 10,751 | 2,666,395 |
| Total operating expenditure | | 5,027,013 | 8,272,559 | 5,004,540 | 7,864,619 |
| Income from sale of goods and services | 5.1 | (7,886) | (94,007) | (1,322) | (79,856) |
| Other operating income | 5.2 | (298,822) | (3,340,500) | (333,844) | (3,460,127) |
| Total operating income | | (306,708) | (3,434,507) | (335,166) | (3,539,983) |
| Net expenditure for the year | | 4,720,305 | 4,838,052 | 4,669,374 | 4,324,636 |
| Other comprehensive net expenditure | | | | | |
| Items which will not be reclassified to net operating expenditure: | | | | | |
| Net (gain)/loss on: | | | | | |
| - revaluation of property, plant & equipment, intangible assets and heritage assets | | (76) | (671,092) | (6,052) | (597,267) |
| - pension remeasurements | | - | 292,078 | - | 73,045 |
| Items which may be reclassified to net operating expenditure: | | | | | |
| Net (gain)/loss on: | | | | | |
| - impairments | | - | - | - | 68 |
| - revaluation of available for sale financial instruments | | - | (17,672) | - | 11,313 |
| Total other comprehensive net expenditure | | (76) | (396,686) | (6,052) | (512,841) |
| Total comprehensive expenditure for the period | | 4,720,229 | 4,441,366 | 4,663,322 | 3,811,795 |

All operations relate to continuing activities.
The Notes on pages 151 to 230 form part of these Accounts.

Consolidated Statement of Financial Position as at 31 March 2017

| | Note | 31 March 2017 | | Restated 31 March 2016 | | Restated 1 April 2015 | |
|--|------|--------------------------------|--------------------------|--------------------------------|--------------------------|--------------------------------|--------------------------|
| | | Core Department & Agency £'000 | Departmental Group £'000 | Core Department & Agency £'000 | Departmental Group £'000 | Core Department & Agency £'000 | Departmental Group £'000 |
| Non-current assets | | | | | | | |
| Property, plant & equipment | 6 | 3,924 | 7,542,330 | 33,662 | 7,039,746 | 30,016 | 6,675,014 |
| Heritage assets | 7 | 14,506 | 1,432,361 | 36,699 | 1,291,277 | 32,679 | 1,218,485 |
| Intangible assets | 8 | 182 | 68,014 | 166 | 67,631 | 185 | 72,930 |
| Investment properties | 9 | - | 208,970 | - | 169,905 | - | 60,691 |
| Trade and other receivables | 16 | - | 24,634 | - | 37,336 | 5,176 | 28,095 |
| Investments in associates and joint ventures | 11 | - | 13,549 | - | 54 | - | 54 |
| Other financial assets | 12 | 49,344 | 844,416 | 43,726 | 357,486 | 39,920 | 344,979 |
| Total non-current assets | | 67,956 | 10,134,274 | 114,253 | 8,963,435 | 107,976 | 8,400,248 |
| Current assets | | | | | | | |
| Assets classified as held for sale | 14 | - | 2,884 | - | 299 | - | 87,495 |
| Inventories | 15 | - | 262,169 | - | 307,290 | - | 323,582 |
| Trade and other receivables | 16 | 23,580 | 1,500,375 | 15,750 | 1,351,705 | 16,643 | 1,280,239 |
| Other financial assets | 12 | 3,808 | 59,138 | 5,184 | 72,400 | 5,955 | 60,184 |
| Cash and cash equivalents | 17 | 104,823 | 2,057,353 | 174,006 | 2,375,458 | 110,098 | 2,211,521 |
| Total current assets | | 132,211 | 3,881,919 | 194,940 | 4,107,152 | 132,696 | 3,963,021 |
| Total assets | | 200,167 | 14,016,193 | 309,193 | 13,070,587 | 240,672 | 12,363,269 |
| Current liabilities | | | | | | | |
| Trade and other payables | 18 | (177,624) | (2,548,737) | (276,975) | (2,599,093) | (220,841) | (2,616,039) |
| Provisions | 19 | (66) | (62,326) | (1,031) | (69,007) | (548) | (47,191) |
| Other financial liabilities | 20 | - | (230) | - | (725) | - | (3,000) |
| Total current liabilities | | (177,690) | (2,611,293) | (278,006) | (2,668,825) | (221,389) | (2,666,230) |
| Non-current assets plus/(less) net current assets/liabilities | | 22,477 | 11,404,900 | 31,187 | 10,401,762 | 19,283 | 9,697,039 |

Consolidated Statement of Financial Position (continued)

| | Note | 31 March 2017 | | Restated 31 March 2016 | | Restated 1 April 2015 | |
|---|--------------|--------------------------------|--------------------------|--------------------------------|--------------------------|--------------------------------|--------------------------|
| | | Core Department & Agency £'000 | Departmental Group £'000 | Core Department & Agency £'000 | Departmental Group £'000 | Core Department & Agency £'000 | Departmental Group £'000 |
| Non-current liabilities | | | | | | | |
| Provisions | 19 | (26) | (64,237) | (72) | (57,267) | (1,054) | (69,188) |
| Trade and other payables | 18 | (43) | (2,308,553) | - | (2,315,635) | - | (2,520,130) |
| Other financial liabilities | 20 | - | (525,757) | - | (3,043) | - | (9,683) |
| Pension liabilities | 21 | - | (1,363,318) | - | (1,174,672) | - | (1,123,847) |
| Total non-current liabilities | | (69) | (4,261,865) | (72) | (3,550,617) | (1,054) | (3,722,848) |
| Total assets less liabilities | | 22,408 | 7,143,035 | 31,115 | 6,851,145 | 18,229 | 5,974,191 |
| Taxpayers' equity and other reserves | | | | | | | |
| Taxpayers' funds | | | | | | | |
| General fund | SoCTE | 20,080 | 2,601,104 | 8,667 | 2,823,298 | 1,148 | 2,828,968 |
| Revaluation reserve | SoCTE | 2,328 | 529,830 | 22,448 | 426,758 | 17,081 | 372,026 |
| Total taxpayers' equity | | 22,408 | 3,130,934 | 31,115 | 3,250,056 | 18,229 | 3,200,994 |
| Lottery funds | SoCTE | - | (1,453,387) | - | (1,212,418) | - | (1,526,911) |
| Charity funds | SoCTE | - | 5,465,488 | - | 4,813,507 | - | 4,300,108 |
| Total reserves | SoCTE | 22,408 | 7,143,035 | 31,115 | 6,851,145 | 18,229 | 5,974,191 |

Sue Owen (Accounting Officer)

12 July 2017

The Notes on pages 151 to 230 form part of these Accounts

Consolidated Statement of Cash Flows for the year ended 31 March 2017

| | Note | 2016-17 | | Restated 2015-16 | |
|--|-------|--------------------------------|--------------------------|--------------------------------|--------------------------|
| | | Core Department & Agency £'000 | Departmental Group £'000 | Core Department & Agency £'000 | Departmental Group £'000 |
| Cash flows from operating activities | | | | | |
| Net expenditure | SoCNE | (4,720,305) | (4,838,052) | (4,669,374) | (4,324,636) |
| Adjustments for non-cash expenditure - purchase of goods and services | 4.3 | 434 | 434 | 426 | 426 |
| Adjustments for non-cash expenditure - depreciation, amortisation and impairment charges | 4.4 | 1,986 | 365,883 | 1,459 | 341,086 |
| Adjustments for non-cash expenditure - provisions expense | 4.5 | (920) | 44,783 | 61 | 46,670 |
| Adjustments for non-cash expenditure - other operating expenditure | 4.6 | (840) | 33,811 | (245) | 37,515 |
| Adjustments for non-cash salary costs | | - | 191 | - | 190 |
| Adjustments for non-cash other operating income | 5.2 | - | (85,305) | - | (5,260) |
| Adjustments for non-cash pension costs | | - | (151,369) | - | (66,512) |
| Reserves released to net expenditure | | - | - | - | 41 |
| Adjustment for items shown in other sections of cash flow | | (2,293) | (65,162) | (1,991) | (49,318) |
| (Increase)/decrease in inventories | 15 | - | 45,121 | - | 16,292 |
| Movements in inventories adjustment | 15 | - | (58) | - | (127) |
| (Increase)/decrease in trade and other receivables | 16 | (7,830) | (135,968) | 6,069 | (80,707) |
| Movements in receivables not passing through the SoCNE | | 3,390 | 4,078 | 1,370 | 69,298 |
| Movements in bad debt provision | | 52 | (127) | - | 402 |
| Increase/(decrease) in trade payables | 18 | (99,308) | (57,438) | 56,134 | (221,441) |
| Movements in payables not passing through the SoCNE | | 60,266 | 142,939 | (63,199) | 41,363 |
| Utilisation of provisions | 19 | (91) | (44,494) | (560) | (36,775) |
| Payments for unfunded pensions | 21 | - | (286) | - | (281) |
| Net cash outflow from operating activities | | (4,765,459) | (4,741,019) | (4,669,850) | (4,231,774) |
| Cash flows from investing activities | | | | | |
| Purchase of property, plant & equipment | | (8,262) | (301,204) | (4,458) | (289,058) |
| Purchase of investment property | | - | (156) | - | - |
| Purchase of intangible assets | | (276) | (5,919) | (13) | (6,058) |
| Investment in joint ventures and associates | 11 | - | (13,495) | - | - |
| Investments in financial assets | | (7,881) | (102,905) | (8,217) | (138,645) |
| Proceeds from disposal of property, plant & equipment | | - | 47,536 | 1 | 1,353 |
| Proceeds from disposal of intangible assets | | - | 3,930 | - | 154 |
| Proceeds from disposal of assets held for sale | | - | 258 | - | 45,937 |
| Proceeds from disposal of joint ventures and associates | | - | - | - | - |
| Repayments and disposals of financial assets | | 5,486 | 99,775 | 6,843 | 85,128 |
| Interest and dividend income | 5.2 | 2,293 | 115,205 | 1,991 | 103,217 |
| Net cash inflow/(outflow) from investing activities | | (8,640) | (156,975) | (3,853) | (197,972) |

Consolidated Statement of Cash Flows (continued)

| | Note | 2016-17 | | Restated 2015-16 | |
|--|-------|--------------------------------|--------------------------|--------------------------------|--------------------------|
| | | Core Department & Agency £'000 | Departmental Group £'000 | Core Department & Agency £'000 | Departmental Group £'000 |
| Cash flows from financing activities | | | | | |
| From the Consolidated Fund (supply) - current year | SoCTE | 4,855,474 | 4,855,474 | 4,887,649 | 4,887,649 |
| Capital element of payments in respect of finance leases | | - | (74,296) | - | (92,307) |
| Interest on finance leases | | - | (50,043) | - | (53,899) |
| Net cash inflow from financing activities | | 4,855,474 | 4,731,135 | 4,887,649 | 4,741,443 |
| Cash transferred in/(out) of the Group | | (1) | (1) | - | 625 |
| Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund | | 81,374 | (166,860) | 213,946 | 312,322 |
| Cash flow from non-financing activities | | | | | |
| Receipts due to the Consolidated Fund which are outside the scope of the Department's activities | | 360,464 | 359,776 | 261,921 | 263,574 |
| Payments of amounts to the Consolidated Fund | | (511,021) | (511,021) | (411,959) | (411,959) |
| Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund | | (69,183) | (318,105) | 63,908 | 163,937 |
| Cash and cash equivalents at the beginning of the period | 17 | 174,006 | 2,375,458 | 110,098 | 2,211,521 |
| Cash and cash equivalents at the end of the period | 17 | 104,823 | 2,057,353 | 174,006 | 2,375,458 |

The Notes on pages 151 to 230 form part of these Accounts.

**Statement of Changes in Taxpayers' Equity (Core Department and Agency)
for the year ended 31 March 2017**

| | Note | Core Department & Agency | | |
|--|-------|--------------------------|---------------------------------|-------------------------|
| | | General Fund £'000 | Revaluation Reserve £'000 | Total Reserves £'000 |
| Balance at 1 April 2014 before PPAs | | 66,782 | (17,081) | 49,701 |
| Prior period adjustments | | (67,930) | - | (67,930) |
| Restated balance at 1 April 2015 | | (1,148) | (17,081) | (18,229) |
| Net parliamentary funding - drawn down | | (4,887,649) | - | (4,887,649) |
| Net parliamentary funding - deemed supply | | (77,229) | - | (77,229) |
| Supply payable/(receivable) adjustment | 18 | 139,096 | - | 139,096 |
| CFERs payable to the Consolidated Fund | | 150,000 | - | 150,000 |
| Net expenditure for the year | SoCNE | 4,669,374 | - | 4,669,374 |
| Non-cash adjustments: | | | | |
| Auditors' remuneration | 4.3 | (426) | - | (426) |
| Movements in reserves: | | | | |
| Other comprehensive net expenditure | SoCNE | - | (6,052) | (6,052) |
| Transfers between reserves | | (685) | 685 | - |
| Restated balance at 31 March 2016 | | (8,667) | (22,448) | (31,115) |
| Net parliamentary funding - drawn down | | (4,855,474) | - | (4,855,474) |
| Net parliamentary funding - deemed supply | | (139,096) | - | (139,096) |
| Supply payable/(receivable) adjustment | 18 | 75,997 | - | 75,997 |
| CFERs payable to the Consolidated Fund | | 150,000 | - | 150,000 |
| Net expenditure for the year | SoCNE | 4,720,305 | - | 4,720,305 |
| Non-cash adjustments: | | | | |
| Auditors' remuneration | 4.3 | (434) | - | (434) |
| Movements in reserves: | | | | |
| Other comprehensive net expenditure | SoCNE | - | (76) | (76) |
| Transfers (in)/out of boundary | | 38,006 | 19,479 | 57,485 |
| Transfers between reserves | | (717) | 717 | - |
| Other movements | | - | - | - |
| Balance at 31 March 2017 | | (20,080) | (2,328) | (22,408) |

The Notes on pages 151 to 230 form part of these Accounts.

Consolidated Statement of Changes in Taxpayers' Equity (Departmental Group) for the year ended 31 March 2017

| | Note | Departmental Group | | | | | |
|--|-------|-----------------------|------------------------------|----------------------------------|------------------------|------------------------|-------------------------|
| | | General Fund £'000 | Revaluation Reserve £'000 | Total Taxpayers' Equity £'000 | Lottery Funds £'000 | Charity Funds £'000 | Total Reserves £'000 |
| Balance at 1 April 2015 before PPAs | | (2,659,870) | (340,915) | (3,000,785) | 1,526,911 | (4,300,108) | (5,773,982) |
| Prior period adjustments | | (169,098) | (31,111) | (200,209) | - | - | (200,209) |
| Restated balance at 1 April 2015 | | (2,828,968) | (372,026) | (3,200,994) | 1,526,911 | (4,300,108) | (5,974,191) |
| Net parliamentary funding - drawn down | | (4,887,649) | - | (4,887,649) | - | - | (4,887,649) |
| Net parliamentary funding - deemed supply | | (77,229) | - | (77,229) | - | - | (77,229) |
| Supply payable/(receivable) adjustment | 18 | 139,096 | - | 139,096 | - | - | 139,096 |
| CFERs payable to the Consolidated Fund | | 150,000 | - | 150,000 | - | - | 150,000 |
| Net expenditure for the year | SoCNE | 4,694,229 | - | 4,694,229 | (308,160) | (61,433) | 4,324,636 |
| Non-cash adjustments: | | | | | | | |
| Auditors' remuneration | 4.3 | (426) | - | (426) | - | - | (426) |
| Movements in reserves: | | | | | | | |
| Other comprehensive net expenditure | SoCNE | 89,669 | (143,423) | (53,754) | (7,162) | (451,925) | (512,841) |
| Transfers between reserves | | (88,691) | 88,691 | - | - | - | - |
| Transfer to SoCNE | | - | - | - | - | (41) | (41) |
| Other movements | | (13,329) | - | (13,329) | 829 | - | (12,500) |
| Restated balance at 31 March 2016 | | (2,823,298) | (426,758) | (3,250,056) | 1,212,418 | (4,813,507) | (6,851,145) |
| Net parliamentary funding - drawn down | | (4,855,474) | - | (4,855,474) | - | - | (4,855,474) |
| Net parliamentary funding - deemed supply | | (139,096) | - | (139,096) | - | - | (139,096) |
| Supply payable/(receivable) adjustment | 18 | 75,997 | - | 75,997 | - | - | 75,997 |
| CFERs payable to the Consolidated Fund | | 150,000 | - | 150,000 | - | - | 150,000 |
| Net expenditure for the year | SoCNE | 4,699,373 | - | 4,699,373 | 243,029 | (104,350) | 4,838,052 |
| Non-cash adjustments: | | | | | | | |
| Auditors' remuneration | 4.3 | (434) | - | (434) | - | - | (434) |
| Movements in reserves: | | | | | | | |
| Other comprehensive net expenditure | SoCNE | 269,412 | (124,476) | 144,936 | 5,992 | (547,614) | (396,686) |
| Transfers (in)/out of boundary | | 38,006 | 19,479 | 57,485 | - | (17) | 57,468 |
| Transfers between reserves | | (1,925) | 1,925 | - | - | - | - |
| Transfer to SoCNE | | - | - | - | - | - | - |
| Other movements | | (13,665) | - | (13,665) | (8,052) | - | (21,717) |
| Balance at 31 March 2017 | | (2,601,104) | (529,830) | (3,130,934) | 1,453,387 | (5,465,488) | (7,143,035) |

The Notes on pages 151 to 230 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 2016-17 Government Financial Reporting Manual (FReM) and Accounts Direction issued by HM Treasury under section 6(4) of the Government Resources and Accounts Act 2000. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

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

1.2 Accounting Convention

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

1.3 Basis of Consolidation

The group Accounts comprise a consolidation of the core department, its supply financed agency, The Royal Parks (The Agency) and the Arm's Length Bodies (ALBs) and their various subsidiaries which fall within the departmental boundary.

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

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

The BBC PSB Group results consolidated within these Accounts are based on that part of the wider BBC funded by the Exchequer through the grant-in-aid mechanism (where the amount is based on TV Licence Fees collected). For the purposes of these Accounts the Exchequer funded part of the BBC is taken to be the BBC PSB Group which is responsible for all the services provided by the BBC for the purpose of promoting its public purposes, and excludes the commercial services. From 2014-15 the BBC PSB Group also includes BBC World Service and BBC Monitoring.

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

A list of all the Arm's Length Bodies within the departmental boundary, and included in the group results (along with the department and its agency), is given at Note 28. Details of changes to the boundary are included at Notes 1.32 and 1.33.

1.4 Going Concern

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

1.5 Grants

Grant-in-aid

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

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

Grants

Grants payable or receivable by the ALBs are accounted for on an accruals basis. Grants receivable include funding from lottery funds. Grants payable include multi-year grants and performance related grants which are classified as either current or non-current provisions (Note 1.24) 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 Recognition

Operating income is income which relates to the operating activities of the group and includes both budgetary and non-budgetary income and is recognised in accordance with the FReM and IAS 18 on revenue recognition. Non-budgetary income is outside the ambit of the group budget and is due to the Consolidated Fund as Consolidated Fund Extra Receipts (CFERs). More details are included in SoPS Note 4 in Annex C to the Annual Report and Accounts.

Revenue is measured at the fair value of consideration received or receivable and comprises primarily fees and charges for services rendered on a full cost basis. Operating income is stated net of VAT. The major categories of operating income include lottery income, fees for licences and broadcast licences, fees and charges (e.g. admission fees and membership income), trading income (e.g. retail and catering income), donations (in the form of cash or assets), gifts in kind, sponsorship income and non-governmental grants (both revenue and capital).

Grants received by entities within the Group

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

1.8 Property, Plant and Equipment

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

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

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

Assets under Construction

Assets under Construction are held at cost until they are physically complete. On completion they are revalued and measured at fair value. Any impairment arising on revaluation will be charged to the Consolidated Statement of Comprehensive Net Expenditure, whilst any uplift in value will be credited to the Revaluation Reserve.

The policy on heritage assets is disclosed at Note 1.10.

Capitalisation thresholds

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

1.9 Depreciation and Amortisation

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

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

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

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

1.10 Heritage Assets

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

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

Non-operational heritage assets are assets held primarily in pursuit of the group's overall objectives in relation to the maintenance of heritage. Non-operational heritage assets are included at cost or at valuation depending on the availability of information. The assets being reported at cost and those being reported at valuation are presented separately in Note 7.1. Valuation changes in heritage assets reported at valuation are recognised in the Other Comprehensive Expenditure section of the Consolidated Statement of Comprehensive Net Expenditure except for impairment losses.

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

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

1.11 Donated Assets

Donated assets are capitalised at fair value on receipt, and this value is credited to the Consolidated Statement of Comprehensive Net Expenditure. Donated assets are revalued, depreciated and subject to impairment as appropriate in the same manner as heritage assets or other non-current assets. Donated services or facilities, including gifts in kind, are included in the Consolidated Statement of Comprehensive Net Expenditure at the value to the group where this can be quantified.

1.12 Intangible Non-current Assets

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

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

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

1.13 Revaluation and Impairment of Non-current Assets

Assets are revalued to current value in existing use and increases in value are credited to the Revaluation Reserve, unless it is a reversal of a previous impairment. Reversals are credited to the Consolidated Statement of Comprehensive Net Expenditure to the extent of the previous impairment and any excess is credited to the Revaluation Reserve, in accordance with IAS 36 *Impairment of Assets*.

Impairments of revalued assets that do not result from a clear consumption of economic benefits are debited to the Revaluation Reserve up to the level of depreciated historical cost. Any excess devaluation is charged to the Consolidated Statement of Comprehensive Net Expenditure. Each year, the realised element of the reserve (i.e. an amount equal to the excess of the actual depreciation over depreciation based on historical cost) is transferred from the reserve to the General Fund.

Impairment losses that result from a clear consumption of economic benefit are taken directly to the Consolidated Statement of Comprehensive Net Expenditure. Where the impairment relates to a revalued asset, the balance on the Revaluation Reserve to which the impairment would have been charged is transferred to the General Fund to ensure consistency with IAS 36.

On disposal of a revalued asset, the balance on the Revaluation Reserve in respect of that asset becomes fully realised and is transferred to the General Fund. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Net Expenditure.

All non-current assets are reviewed for impairment if circumstances indicate that the carrying amount may not be recoverable. In addition, intangible assets with an indefinite useful life are not subject to amortisation and are instead tested annually for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

1.14 Investment Properties

The group holds a number of properties which have been classified as investment properties and are not depreciated in accordance with IAS 40 *Investment Property*, but may be impaired or revalued to provide a carrying value at their estimated fair value. Fair value is based on active market prices subject to the nature, location or condition of the specific asset. Full valuations are undertaken every five years with desk top reviews carried out in intervening periods. Gains or losses arising in fair value of investment property are recognised in the Consolidated Statement of Comprehensive Net Expenditure.

If an investment property is leased out under an operating lease, the leased asset remains within investment property in the Consolidated Statement of Financial Position. The lease revenue is recognised over the term of the lease on a straight-line basis in the Consolidated Statement of Comprehensive Net Expenditure.

1.15 Investments in Subsidiaries

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

1.16 Research and Development

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

- It is technically feasible to complete the software product so that it will be available for use;
- The group intends to complete the software product and use it;
- There is an ability to use the software product;
- It can be demonstrated how the software product will generate future service potential;

- Adequate technical, financial and other resources to complete the development and to use the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

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

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

1.17 Assets Held for Sale

In accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* where an asset is actively being marketed for sale, the carrying amount of an asset is to be recovered by sale rather than continuing use and a sale is expected to be completed within one year of the reporting date, the asset is reclassified as an asset held for sale. Such assets are disclosed separately in the Consolidated Statement of Financial Position and are measured at the lower of carrying amount and fair value less costs to sell. Once classified as assets held for sale, depreciation is no longer applied.

1.18 Inventories

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

Inventories across the group consist of raw materials, work in progress, finished goods and consumable stores.

The Public Broadcasting Authorities' inventories will include amounts for public service programmes that are in production, completed programmes that are ready for broadcast, but not yet aired, and rights secured to broadcast programmes produced by independent companies. Originated programmes are stated at the lower of cost and net realisable value, and the full value is written off on first transmission. The costs of acquired programmes and films are also written off on first transmission, except to the extent that the numbers of further showings are contractually agreed when it is written off according to its expected transmission profile.

Direct costs incurred in the commissioning or purchase of public service programmes as yet untransmitted are carried forward as inventory, after providing for expenditure on material which is unlikely to be transmitted. For a series of programmes, the allocation of inventory between programmes completed but not yet transmitted and programmes in the course of production is based on total costs to date and the contractual cost per completed episode.

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

1.19 Cash and Cash Equivalents

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

1.20 Financial Instruments

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

The department and group hold various derivative and non-derivative financial instruments (including assets such as trade investments and liabilities such as borrowings). The accounting policy for major categories of financial instruments is set out below.

Impairment of financial assets

An assessment of whether there is objective evidence of impairment is carried out for material financial assets or groups of financial assets at the Statement of Financial Position date. Objective evidence includes significant financial difficulty of the issuer or debtor, disappearance of an active market for the financial asset because of financial difficulties, or data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the official recognition.

Where objective evidence exists that a financial instrument is impaired, or for example, through a significant or prolonged decline in fair value of the asset below its cost, its loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted where material. The impairment loss is recognised in the Consolidated Statement of Comprehensive Net Expenditure.

Available for sale financial assets

These include all investment funds and equities unless they are classed as assets 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 balance sheet date.

They are stated at their fair value, with gains and losses recognised in Other Comprehensive Net Expenditure, except for impairment losses, which are recognised in the Consolidated Statement of Comprehensive Net Expenditure. On disposal, the cumulative gain or loss previously recognised in Other Comprehensive Net Expenditure is reclassified from equity to the Consolidated Statement of Comprehensive Net Expenditure.

Loans and receivables

Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost. An allowance for estimated impairment is based on objective evidence that the group will not be able to recover all amounts due. Changes in the carrying amount of the allowance are recognised in the Consolidated Statement of Comprehensive Net Expenditure.

Trade and other payables

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

1.21 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.

1.22 Leases

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

Finance leases

Where the group substantially retains all the risks and rewards incidental to ownership of an asset, leases are classified as finance leases. At inception of the lease term, the finance lease assets and liabilities are capitalised at the lower of the fair value of the leased asset and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges with the corresponding rental obligations, net of finance charges included in either current or non-current payables depending on the dates the group is contractually obliged to make rental payments. The interest element of the finance cost is charged to the Consolidated Statement of Comprehensive Net Expenditure over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The assets acquired under finance leases are classed as property, plant and equipment and depreciated over the shorter of the useful economic life of the asset and the lease term.

Operating leases

Leases other than finance leases are classified as operating leases. Rental payments made under operating leases are charged to the Consolidated Statement of Comprehensive Net Expenditure over the period of the lease. Benefits received or receivable as an incentive to enter into an operating lease are also spread over the lease term.

1.23 Pensions

1.23.1 *Funded pension schemes*

A number of ALBs participate in defined benefit pension schemes as described in Note 21. A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The net obligation in respect of these defined benefit pensions plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value, and the fair values of plan assets are deducted. Actuarial gains and losses that arise are recognised in the period they occur through Other Comprehensive Net Expenditure. The most significant funded defined benefit scheme in the group is operated by the BBC.

BBC Pension Scheme

The BBC operates a number of defined benefit plans for employees (closed to new employees from 1 January 2012), which provides benefits based on pensionable pay. The assets of the BBC's pension scheme are held in a separate fund, and on retirement, members of the BBC's main pension scheme are paid their pensions from this fund. The BBC makes cash contributions to that fund in advance of members' retirement.

1.23.2 *Unfunded pension schemes*

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

The PCSPS defined benefit schemes are unfunded. The participating bodies within the group recognise the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution elements of the Schemes, the group recognises the contributions payable for one year. Contributions to the defined benefit pension scheme are charged to the Consolidated Statement of Comprehensive Net Expenditure in accordance with actuarial recommendations so as to spread the cost of the pensions over the employees' expected working lives.

1.23.3 Other unfunded defined benefit pension schemes

The employees of some ALBs are members of other unfunded defined benefit pension schemes. Employer contributions to the defined benefit schemes are charged to the Consolidated Statement of Comprehensive Net Expenditure in the period to which they relate.

1.23.4 Early departure costs

For past early departure schemes, the group meets the additional costs of benefits beyond the normal PCSPS benefits, in respect of employees who retire early, by paying the required amounts annually to the PCSPS over the period between early departure and normal retirement date. The total cost is provided for in full when the early departure programme has been announced and is binding on the group.

1.24 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 2016-17 accounts are: short-term rate: between 0 and up to and including 5 years, -2.70% per annum; medium-term rate: after 5 and up to and including 10 years, -1.95% per annum; and long-term rate: exceeding 10 years, -0.80% per annum.

Each year the financing charges in the Consolidated Statement of Comprehensive Net Expenditure include the adjustments to unwind one year's discount so that liabilities are shown at current price level.

1.25 Taxation

Value Added Tax (VAT)

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

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

Corporation Tax

Corporation tax is liable on the taxable activities of the group that fall within the scope of corporation tax. The tax charge represents the sum of currently payable and deferred tax which is recognised in the Consolidated Statement of Comprehensive Net Expenditure except where they relate to items recognised directly in taxpayers' equity, in which case they are recognised in the Consolidated Statement of Taxpayers' Equity.

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

1.26 Reserves

The Consolidated Statement of Taxpayers' Equity comprises the reserves for the department, department and agency, and the group.

These reserves include:

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

1.27 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 at Note 2 presents the financial information based on the structure reported to the Board. The segments reflect the operational structure within the department.

1.28 Third Party Assets

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

Any third party monies held at the Government Banking Service (GBS) at the end of the reporting period are recognised as cash and cash equivalents (Note 17) and trade payables and other current liabilities (Note 18), and therefore have no net impact on the Consolidated Statement of Financial Position.

1.29 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 DCMS 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.

1.30 Contingent Assets

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

1.31 Accounting Estimates and Judgements

Critical accounting estimates and judgements

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

Valuation of non-current assets

The value of the group's property, plant and equipment and intangibles are estimated based on the period over which the assets are expected to be available for use. Such estimation is based on experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence or legal or other limits on the use of an asset.

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

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

Pension costs

The present value of the net pension liability detailed in Note 21 depends on a number of actuarially derived assumptions about inflation, salary and pension trends, discount factors, mortality rates, and long term rate of return on the assets (equities, bonds and property) underlying the relevant pension funds. The estimated liability is subject to fluctuation and uncertainty due to changes in these assumptions over time and differences between assumptions and actual events. A small change in assumptions can have a significant impact on the valuation of the liabilities. Further analysis on the sensitivity of the BBC pension assumptions is given in Note 21.2.1.

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. Where the likelihood of a liability crystallising is deemed probable and where it is possible to quantify the effect with reasonable certainty, a provision is recognised. Where the likelihood of potential liabilities crystallising is judged to be possible, a contingent liability is disclosed.

1.32 Machinery of Government Changes

During the year, the Office for Civil Society (OCS) moved from the Cabinet Office to the core department. Prior periods have been restated (see Note 27) in accordance with the FReM.

1.33 Changes in the Group Boundary

The Royal Parks (the agency)

With effect from 15 March 2017 The Royal Parks Limited (a new independent body) took on the activities of the agency. The new body is a Company Limited by Guarantee with charitable status. The new body is expected to be classified as a public corporation by the Office for National Statistics and given the core department has no financial interest in it, the new body will not be included in the DCMS Group accounts. As such only activities up to the date above have been included for the agency in the group accounts. As a result of an agreement between The Royal Parks Limited and DCMS, the agency's assets, liabilities and equity were allocated between DCMS and The Royal Parks Limited as follows:

| | Provisional balance held by The Agency prior to transfers ⁹³ £'000 | Retained by DCMS £'000 | Transferred to The Royal Parks Limited £'000 |
|---|---|---------------------------|---|
| Assets | | | |
| Property, plant and equipment | 34,767 | - | 34,767 |
| Operational heritage assets | 21,685 | - | 21,685 |
| Non-operational heritage assets ⁹⁴ | 6,018 | 6,018 | - |
| Intangible assets | 172 | - | 172 |
| Trade and other receivables | 3,428 | 3,428 | - |
| Cash and cash equivalents | 1 | - | 1 |
| Total assets | 66,071 | 9,446 | 56,625 |
| Liabilities | | | |
| Trade and other payables | (8,538) | (8,538) | - |
| Total assets less liabilities | 57,533 | 908 | 56,625 |
| Taxpayers' equity | | | |
| Reserves | (57,533) | (908) | (56,625) |
| Total reserves | (57,533) | (908) | (56,625) |

⁹³ The provisional balances reported here are subject to audit clearance.

⁹⁴ A number of non-operational heritage assets were transferred at nil net book value (see Note 7.1.1 Non-Operational Heritage Assets).

1.34 Changes to Accounting Standards Not Yet Effective

The department has assessed the following standards, amendments and interpretations that have been issued but are not yet effective and determined not to adopt them before the effective date when adoption would be required. The potential impact of these standards is currently being assessed.

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

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

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

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

2. Statement of Operating Expenditure by Operating Segment

2.1 Statement of Comprehensive Net Expenditure by Operating Segment

| | Note | 2016-17 | | | | | | Restated 2015-16 | | | | | |
|--|--------------|--------------------------|------------------------|--------------------------------------|------------------|--|-----------------------------------|--------------------------|------------------------|--------------------------------------|------------------|--|-----------------------------------|
| | | Core Department £'000 | BBC PSB Group £'000 | Lottery Distributing Bodies £'000 | Other £'000 | Amounts eliminated on consolidation £'000 | Total as per Group SoCNE £'000 | Core Department £'000 | BBC PSB Group £'000 | Lottery Distributing Bodies £'000 | Other £'000 | Amounts eliminated on consolidation £'000 | Total as per Group SoCNE £'000 |
| Grant and subsidies to sponsored bodies | 4.1 | 4,554,467 | - | - | 14,365 | (4,525,128) | 43,704 | 4,439,461 | - | - | 15,755 | (4,406,637) | 48,579 |
| Other grants | 4.2 | 367,243 | - | 1,703,046 | 757,790 | (35,366) | 2,792,713 | 465,752 | - | 1,340,873 | 690,079 | (27,578) | 2,469,126 |
| Broadcasting and media expenditure | 4.6 | - | 2,353,908 | 4 | 70,381 | (233,862) | 2,190,431 | - | 2,465,639 | 33 | 72,283 | (230,546) | 2,307,409 |
| Depreciation and amortisation | 4.4 | 1,120 | 173,432 | 3,088 | 172,883 | - | 350,523 | 974 | 160,813 | 3,312 | 151,097 | - | 316,196 |
| Impairments | 4.4 | (1,847) | - | 16,540 | 667 | - | 15,360 | (1,661) | - | 25,962 | 589 | - | 24,890 |
| Interest expense | | - | 115,155 | - | 1,133 | (156) | 116,132 | - | 50,994 | - | 3,495 | (105) | 54,384 |
| Income tax expense | | - | 8,297 | 14 | 169 | - | 8,480 | - | (4,713) | 22 | 2,567 | - | (2,124) |
| Research & Development (capital) | 4.6 | - | 14,000 | - | 14,521 | - | 28,521 | - | - | - | - | - | - |
| Other expenditure | 3, 4.3, 4.6 | 87,301 | 1,439,844 | 162,645 | 1,041,896 | (4,991) | 2,726,695 | 78,968 | 1,364,097 | 182,336 | 1,027,148 | (6,390) | 2,646,159 |
| Profit or loss of associates and joint ventures | | - | - | - | - | - | - | - | - | - | - | - | - |
| Total expenditure | SoCNE | 5,008,284 | 4,104,636 | 1,885,337 | 2,073,805 | (4,799,503) | 8,272,559 | 4,983,494 | 4,036,830 | 1,552,538 | 1,963,013 | (4,671,256) | 7,864,619 |
| Grant income (excluding grant-in-aid) | 5.2 | (116,323) | (4,722) | (827) | (137,353) | 103,677 | (155,548) | (149,173) | (4,020) | (675) | (112,859) | 97,631 | (169,096) |
| Broadcast licence | | (150,000) | (629,438) | - | (3) | 150,000 | (629,441) | (150,000) | (624,419) | - | - | 150,000 | (624,419) |
| Property sale - East Village | 5.1 | (6,435) | - | - | - | - | (6,435) | - | - | - | - | - | - |
| Interest revenue | 5.2 | (2,293) | (23,569) | (140) | (859) | 156 | (26,705) | (1,991) | (5,041) | (190) | (1,921) | 105 | (9,038) |
| Other income | | (4,184) | (315,530) | (1,641,341) | (675,865) | 20,542 | (2,616,378) | (11,527) | (256,467) | (1,859,833) | (626,486) | 16,883 | (2,737,430) |
| Total income | SoCNE | (279,235) | (973,259) | (1,642,308) | (814,080) | 274,375 | (3,434,507) | (312,691) | (889,947) | (1,860,698) | (741,266) | 264,619 | (3,539,983) |
| Net expenditure for the year ended 31 March | | 4,729,049 | 3,131,377 | 243,029 | 1,259,725 | (4,525,128) | 4,838,052 | 4,670,803 | 3,146,883 | (308,160) | 1,221,747 | (4,406,637) | 4,324,636 |

2.2 Statement of Financial Position by Operating Segment

| | Note | 2016-17 | | | | | | Restated 2015-16 | | | | | |
|---|-------------|--------------------------|------------------------|--------------------------------------|------------------|--|----------------------------------|--------------------------|------------------------|--------------------------------------|------------------|--|----------------------------------|
| | | Core Department £'000 | BBC PSB Group £'000 | Lottery Distributing Bodies £'000 | Other £'000 | Amounts eliminated on consolidation £'000 | Total as per Group SoFP £'000 | Core Department £'000 | BBC PSB Group £'000 | Lottery Distributing Bodies £'000 | Other £'000 | Amounts eliminated on consolidation £'000 | Total as per Group SoFP £'000 |
| Current assets | | 132,274 | 1,730,055 | 1,500,582 | 538,573 | (19,565) | 3,881,919 | 192,461 | 1,745,164 | 1,677,293 | 519,693 | (27,459) | 4,107,152 |
| Investment in associates and joint ventures | | - | 13,549 | - | - | - | 13,549 | - | 54 | - | - | - | 54 |
| Other non-current assets | | 67,956 | 2,087,642 | 12,435 | 7,972,507 | (19,815) | 10,120,725 | 55,154 | 1,567,816 | 14,113 | 7,336,528 | (10,230) | 8,963,381 |
| Total assets | SoFP | 200,230 | 3,831,246 | 1,513,017 | 8,511,080 | (39,380) | 14,016,193 | 247,615 | 3,313,034 | 1,691,406 | 7,856,221 | (37,689) | 13,070,587 |
| Current liabilities | | (177,753) | (755,462) | (1,329,450) | (373,651) | 25,023 | (2,611,293) | (268,204) | (788,039) | (1,291,717) | (348,324) | 27,459 | (2,668,825) |
| Non-current liabilities | | (69) | (2,419,652) | (1,636,954) | (219,547) | 14,357 | (4,261,865) | (72) | (1,769,271) | (1,612,107) | (179,397) | 10,230 | (3,550,617) |
| Total liabilities | SoFP | (177,822) | (3,175,114) | (2,966,404) | (593,198) | 39,380 | (6,873,158) | (268,276) | (2,557,310) | (2,903,824) | (527,721) | 37,689 | (6,219,442) |
| Total assets less liabilities | SoFP | 22,408 | 656,132 | (1,453,387) | 7,917,882 | - | 7,143,035 | (20,661) | 755,724 | (1,212,418) | 7,328,500 | - | 6,851,145 |

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

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

3. Staff costs

| Staff costs comprise: | 2016-17 | | | | | | Restated 2015-16 |
|------------------------|-------------------------------------|-----------------|------------------------------------|--------------------|---------------------------|----------------|------------------|
| | Permanently employed staff £'000 | Others £'000 | Contract and Agency Staff £'000 | Ministers £'000 | Special Advisors £'000 | Total £'000 | Total £'000 |
| Total Net Costs | 1,837,213 | 5,144 | 32,135 | 157 | 127 | 1,874,776 | 1,799,968 |

| Staff costs comprise: | Restated 2015-16 | | | | | | 2014-15 |
|------------------------|-------------------------------------|-----------------|------------------------------------|--------------------|---------------------------|----------------|----------------|
| | Permanently employed staff £'000 | Others £'000 | Contract and Agency Staff £'000 | Ministers £'000 | Special Advisors £'000 | Total £'000 | Total £'000 |
| Total Net Costs | 1,759,407 | 6,761 | 33,544 | 142 | 114 | 1,799,968 | 1,774,505 |

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

4. Expenditure

4.1 Grants and Subsidies to sponsored bodies

| | 2016-17 | | 2015-16 | |
|--|-----------------------------------|-----------------------------|-----------------------------------|-----------------------------|
| | Core Department & Agency £'000 | Departmental Group £'000 | Core Department & Agency £'000 | Departmental Group £'000 |
| Grant-in-aid to ALBs | 4,512,043 | - | 4,393,507 | - |
| Grants and subsidies to public sector | 29,339 | 43,704 | 32,824 | 48,579 |
| Total: Grants and subsidies to sponsored bodies | 4,541,382 | 43,704 | 4,426,331 | 48,579 |

Subsidies include an operating subsidy of £14.4m (2015-16: £15.7m) from Historic England to the English Heritage Trust under the new model for management of the National Collection of buildings, monuments and sites.

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

Grant-in-aid and Funding

| | 2016-17 Estimate £'000 | 2016-17 Outturn £'000 | 2015-16 Outturn £'000 |
|--|------------------------------|-----------------------------|-----------------------------|
| Arts Council England | 491,265 | 460,526 | 468,991 |
| BBC PSB Group | 3,114,000 | 3,156,700 | 3,115,800 |
| British Film Institute | 23,965 | 23,965 | 22,225 |
| British Library (Includes Public Lending Right) | 93,911 | 93,911 | 93,043 |
| British Museum | 53,420 | 53,569 | 41,768 |
| Churches Conservation Trust | 2,749 | 2,749 | 3,208 |
| Historic England | 88,006 | 87,806 | 90,191 |
| Gambling Commission (for regulation of the National Lottery) | 2,710 | 2,539 | 2,858 |
| Geffrye Museum Trust Limited | 1,846 | 1,696 | 1,523 |
| Horniman Public Museum and Public Park Trust | 4,549 | 4,549 | 3,881 |
| Imperial War Museum | 29,386 | 32,136 | 23,870 |
| Information Commissioner's Office | 3,990 | 3,790 | 3,731 |
| National Gallery | 24,092 | 24,092 | 24,092 |
| National Heritage Memorial Fund | 29,000 | 35,250 | 21,541 |
| National Maritime Museum | 21,220 | 16,020 | 15,520 |
| National Museums Liverpool | 20,050 | 20,050 | 19,761 |
| National Portrait Gallery | 6,887 | 6,637 | 6,634 |
| Natural History Museum | 51,450 | 49,115 | 42,065 |
| Office of Communications (Ofcom) | 97,600 | 72,295 | 60,078 |
| Royal Armouries Museum | 7,088 | 7,088 | 7,103 |
| S4C | 7,177 | 6,762 | 6,762 |
| Science Museum Group | 43,253 | 43,343 | 40,378 |
| Sports Grounds Safety Authority (see below) | 1,430 | - | - |
| Sir John Soane's Museum | 1,983 | 1,983 | 1,072 |
| Sport England | 102,626 | 105,649 | 93,885 |
| Tate Gallery | 40,251 | 40,251 | 32,691 |
| UK Anti-Doping | 5,696 | 6,096 | 5,518 |
| UK Sport | 52,422 | 53,536 | 38,583 |
| Victoria and Albert Museum | 40,257 | 40,257 | 37,176 |
| British Tourist Authority (Visit Britain) | 58,172 | 56,972 | 66,768 |
| Wallace Collection | 2,711 | 2,711 | 2,791 |
| Not allocated at the time of the Estimate | 2,051 | - | - |
| Sub-total Grant-in-Aid | 4,525,213 | 4,512,043 | 4,393,507 |
| The Royal Parks (TRP) (which is eliminated) | - | 13,085 | 13,130 |
| Sub-total Funding | - | 13,085 | 13,130 |
| Sub-total Grant-in-Aid and Funding | 4,525,213 | 4,525,128 | 4,406,637 |

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

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

Sports Grounds Safety Authority (SGSA) received £1.37m in Grant-in-Aid from DCMS (2015-16: £1.0m) compared to an estimate of £1.43m. Since it is not material, SGSA has not been consolidated into the 2016-17 DCMS Group accounts and the Grant-in-Aid has been reported as a Current Grant (Note 4.2).

Grants and Subsidies

| | 2016-17 Estimate £'000 | 2016-17 Outturn £'000 | 2015-16 Outturn £'000 |
|---|------------------------------|-----------------------------|-----------------------------|
| Sub-total Grant in Aid and Funding (from previous table) | 4,525,213 | 4,525,128 | 4,406,637 |
| Royal Household | 451 | 451 | 501 |
| Department for Communities and Local Government (DCLG) | 30,700 | 28,888 | 28,888 |
| Other Bodies | - | - | 3,435 |
| Sub-total Grants | 31,151 | 29,339 | 32,824 |
| TOTAL | 4,556,364 | 4,554,467 | 4,439,461 |

Grants of £28.9m were paid to DCLG to subsidise Local Authorities' PFI contracts for Libraries and Sports and Leisure Centres. £0.5m was paid to the Royal Household for property management of Marlborough House, the home of the Commonwealth.

4.2 Other grants

| | 2016-17 | | Restated 2015-16 | |
|----------------------------|---|--------------------------------|---|--------------------------------|
| | Core Department & Agency £'000 | Departmental Group £'000 | Core Department & Agency £'000 | Departmental Group £'000 |
| Capital grants | 60,013 | 635,911 | 227,512 | 702,371 |
| Current grants | 307,230 | 2,156,802 | 238,240 | 1,766,755 |
| Total: Other grants | 367,243 | 2,792,713 | 465,752 | 2,469,126 |

Group capital grants have decreased by £66.5m. Notably the core department decreased by £167.5m (£143.1m is the wind down of BDUK), this has been partly offset by increases in grants by Heritage Lottery Fund of £31.9m, Arts Council England Exchequer of £27.5m and Ofcom of £23.2m.

Group current grants have increased by £390.0m to £2,156.8m in the year. £181.6m of this increase relates to Big Lottery Fund, £85.0m to Sport England Lottery, £69.0m to the core department (mainly as a result of the planned escalation in annual payments to the National Citizen Service Trust and a further increase relating to other Office for Civil Society grant schemes), £57.5m to Arts Council England Lottery and £20.7m to the National Heritage Memorial Fund.

2015-16 includes grant payments of £7.3m to Kids Company (transferred to DCMS as part of a Machinery of Government change - see Note 27).

Current grants for the core department includes grant payments to National Citizen Service for £191.3m (£128.5m as at 31 March 2016).

4.3 Purchase of goods and services

| | 2016-17 | | Restated 2015-16 | |
|--|-----------------------------------|-----------------------------|-----------------------------------|-----------------------------|
| | Core Department & Agency £'000 | Departmental Group £'000 | Core Department & Agency £'000 | Departmental Group £'000 |
| Professional services | 16,944 | 84,014 | 17,402 | 88,604 |
| Human resources | 1,085 | 15,521 | 1,185 | 13,807 |
| Marketing and media | 514 | 28,359 | 397 | 25,264 |
| Premises expenses | 19,035 | 130,476 | 22,690 | 120,208 |
| Business rates | 1,150 | 12,822 | 1,190 | 12,729 |
| Utilities | 781 | 20,766 | 1,066 | 22,857 |
| Rentals under operating leases (non PFI) | 6,139 | 117,867 | 5,173 | 129,942 |
| PFI service charges | - | 543 | - | 1,576 |
| IT maintenance and support | 2,537 | 55,900 | 3,309 | 51,727 |
| Travel and subsistence | 1,397 | 23,551 | 1,021 | 23,157 |
| Audit fees (statutory accounts) - cash | - | 2,429 | - | 2,498 |
| Sub-total: cash items | 49,582 | 492,248 | 53,433 | 492,369 |
| Non-cash items | | | | |
| Auditors' remuneration | 434 | 434 | 426 | 426 |
| Sub-total: Non-cash items | 434 | 434 | 426 | 426 |
| Total: Purchase of goods and services | 50,016 | 492,682 | 53,859 | 492,795 |

Auditors' remuneration

Notional auditors' remuneration for the cost of the audit of the group's accounts was £434k (2015-16: £426k), consisting of the core department £393k (2015-16: £385k) and the agency £41k (2015-16: £41k).

The cash remuneration of £2,429k (2015-16: £2,498k) relates to the statutory audit of the ALBs. Of this amount, £1,523k was payable to the National Audit Office (NAO) on behalf of the C&AG and £906k was payable to other auditors.

In 2016-17 the core department and the agency did not purchase any non-audit services from its auditor, the Comptroller and Auditor General (C&AG) (2015-16: £Nil). The ALBs purchased non-audit services from auditors other than the NAO for £303k (2015-16: £314k). Further details can be obtained from the accounts of the ALBs.

Consultancy expenditure

Included within professional services is £22.9m of consultancy costs (2015-16 restated: £17.6m).

4.4 Depreciation, amortisation and impairment charges

| | 2016-17 | | Restated 2015-16 | |
|---|-----------------------------------|-----------------------------|-----------------------------------|-----------------------------|
| | Core Department & Agency £'000 | Departmental Group £'000 | Core Department & Agency £'000 | Departmental Group £'000 |
| Depreciation | 3,720 | 327,034 | 3,053 | 296,905 |
| Amortisation | 113 | 23,489 | 67 | 19,291 |
| Impairments/(write backs) | (1,847) | 15,360 | (1,661) | 24,890 |
| Depreciation, amortisation and impairment charges - non-cash total | 1,986 | 365,883 | 1,459 | 341,086 |

The year on year increase in depreciation and amortisation is largely a result of a number of capital projects completing (e.g. the Tate Modern development project) and upward revaluations of assets (e.g. BBC PSB Group).

4.5 Provisions expense

| | 2016-17 | | 2015-16 | |
|--|-----------------------------------|-----------------------------|-----------------------------------|-----------------------------|
| | Core Department & Agency £'000 | Departmental Group £'000 | Core Department & Agency £'000 | Departmental Group £'000 |
| Provisions: | | | | |
| Unwinding of discount | - | 5 | - | 5 |
| Provided for/(released) | (920) | 44,778 | 61 | 46,665 |
| Provisions expense - non-cash total | (920) | 44,783 | 61 | 46,670 |

The BBC PSB Group incurred £36.7m (2015-16: £35.3m) of provision expenses which largely relate to the restructuring programme (see Note 19).

British Film Institute Lottery incurred £13.2m (2015-16: £4.9m) of grant commitments. The increase is a result of new awards arising from the BFI2022 strategy.

4.6 Other operating expenditure

| | 2016-17 | | Restated 2015-16 | |
|--|--------------------------------|--------------------------|--------------------------------|--------------------------|
| | Core Department & Agency £'000 | Departmental Group £'000 | Core Department & Agency £'000 | Departmental Group £'000 |
| Broadcasting and media | - | 2,190,431 | - | 2,307,409 |
| Sport | 12 | 27,478 | 10 | 24,323 |
| Tourism | - | 62,499 | - | 64,868 |
| Ceremonial and cultural events | 6,593 | 8,856 | 4,013 | 6,423 |
| Historical and heritage | 10,288 | 12,730 | - | 2,963 |
| Museums, galleries, art & exhibits | 249 | 64,689 | 4,309 | 67,094 |
| Libraries | - | 6,162 | - | 6,489 |
| Interest payable | - | 116,132 | - | 54,384 |
| Finance costs | 85 | 896 | 96 | 1,717 |
| Early departure costs | 166 | 56,929 | 2 | 20,940 |
| Research & Development (capital) | - | 28,521 | - | - |
| Other expenditure | 1,595 | 48,884 | 2,566 | 72,270 |
| Sub-total: cash items | 18,988 | 2,624,207 | 10,996 | 2,628,880 |
| Non-cash items | | | | |
| Interest on pension liabilities | - | 48,695 | - | 44,948 |
| (Profit)/loss on disposal of property, plant & equipment | - | 1,959 | 14 | 12,060 |
| (Profit)/loss on disposal of intangibles | - | - | 2 | 2 |
| Revaluations | 72 | (16,112) | (261) | (2,956) |
| (Gains)/losses on net asset transfers | (860) | (860) | - | (16,137) |
| Write offs/(write backs) | (52) | 127 | - | (402) |
| Unrealised foreign exchange rate (gains)/losses | - | 2 | - | - |
| Other non-cash charges | - | - | - | - |
| Sub-total: Non-cash items | (840) | 33,811 | (245) | 37,515 |
| Total: Other operating expenditure | 18,148 | 2,658,018 | 10,751 | 2,666,395 |

Significant movements in expenditure

Interest payable increased by £61.7m to £116.1m in the year ended 31 March 2017. Of this increase, £64.2m relates to the BBC, mainly due to the new Broadcasting House refinancing deal.

Early departure costs increased by £36.0m to £56.9m in the year ended 31 March 2017. Of this increase, £32.6m relates to the BBC in respect of its efficiency programmes.

Other expenditure decreased by £23.4m to £48.9m in the year ended 31 March 2017. Of this decrease, £31.6m relates to Big Lottery Fund. In 2015-16, payments by Big Lottery Fund to Big Society Trust were included in other expenditure. In 2016-17, these payments are included in other grants (see Note 4.2).

5. Income

5.1 Income from sale of goods and services

| | 2016-17 | | 2015-16 | |
|--|--------------------------------|--------------------------|--------------------------------|--------------------------|
| | Core Department & Agency £'000 | Departmental Group £'000 | Core Department & Agency £'000 | Departmental Group £'000 |
| Goods and services | 16 | 57,557 | 9 | 55,231 |
| Property sales – East Village | 6,435 | 6,435 | - | - |
| Rental income | 1,435 | 30,015 | 1,313 | 24,625 |
| Total: Income from sale of goods and services | 7,886 | 94,007 | 1,322 | 79,856 |

The £6.4m of Property sales – East Village relates to income from Stratford Village Development and is the first overage payment on the sale of properties in the Olympic Village. When each of the development plots on the village is sold, DCMS has an entitlement to an overage from the owners, Qatari Diar Delancey, up to March 2024. Any sums payable to DCMS in respect of overage on the village development plots are subject to a 5% levy in favour of London Borough of Newham.

5.2 Other operating income

| | 2016-17 | | Restated 2015-16 | |
|---|-----------------------------------|-----------------------------|-----------------------------------|-----------------------------|
| | Core Department & Agency £'000 | Departmental Group £'000 | Core Department & Agency £'000 | Departmental Group £'000 |
| Lottery income | - | 1,530,928 | - | 1,807,974 |
| Current grant income | 115,776 | 133,591 | 149,312 | 163,437 |
| Capital grant income | 1,599 | 21,957 | 23 | 5,659 |
| Recoveries | 3,277 | 21,541 | 10,638 | 29,590 |
| Fees and charges | 19,223 | 102,149 | 16,379 | 92,639 |
| Levies | - | 49,896 | - | 54,685 |
| Fees for licences and broadcast licences | 153,881 | 646,698 | 152,642 | 640,218 |
| Royalties | - | 34,415 | - | 32,543 |
| Charity income - donations | - | 138,499 | - | 174,193 |
| Charity income - other | - | 113,302 | - | 119,791 |
| Interest | 2,293 | 26,705 | 1,991 | 9,038 |
| Dividends | - | 88,500 | - | 94,179 |
| Other operating income | 2,773 | 347,014 | 2,859 | 230,921 |
| Sub-total: cash items | 298,822 | 3,255,195 | 333,844 | 3,454,867 |
| Non-cash items | | | | |
| Profit/(loss) on disposal of assets: | | | | |
| Assets held for sale | - | - | - | (85) |
| Financial assets | - | 3,448 | - | 24 |
| Revaluation of financial assets/liabilities | - | - | - | 656 |
| Charity income - asset donations | - | 94,870 | - | 17,429 |
| Other non-cash income | - | (13,013) | - | (12,764) |
| Sub-total: Non-cash items | - | 85,305 | - | 5,260 |
| Total: Other operating income | 298,822 | 3,340,500 | 333,844 | 3,460,127 |

The core department collected £150.0m in fees from the BBC (2015-16: £150.0m) for contributions for Broadband as per the 2010 BBC Licence Fee Settlement. This was eliminated in the group accounts. This money was paid over to the Consolidated Fund, see SOPS Note 4.1 in Annex C to the Accounts.

Significant movements in income

Current grant income in the core department and agency reduced by £33.5m, largely a result of 2015-16 being the final year of receipts from the Greater London Authority (GLA) for the Olympics precept.

Lottery income reduced by £277m (15%), the result of lower ticket sales.

Charity income - asset donations, increased by £77.4m, primarily the result of National Maritime Museum receiving works of art from the Ministry of Defence valued at £73.5m.

Charity Income - cash donations, reduced by £35.7m, mainly due to a £30.5m reduction at Tate Gallery with the completion of the Tate Modern project and the reclassification of £12m of subscriptions as other income.

Other operating income increased by £116.1m - £60.0m relating to exceptional additional income at Big Lottery Fund from dormant accounts and £60.0m increase at the BBC from increased property sales (£26.0m) and from the Foreign & Commonwealth Office for the International World Project W2020 (£34m).

6. Property, Plant and Equipment

| | 2016-17 | | | | | | | | |
|--|------------------|--------------------|--------------------|------------------------------------|-------------------------------|----------------------------------|---|---------------------------------------|------------------|
| | Land £'000 | Buildings £'000 | Dwellings £'000 | Information Technology £'000 | Plant & Machinery £'000 | Furniture & Fittings £'000 | Antiques, Works of Art & Collections £'000 | Assets under Construction £'000 | Total £'000 |
| Cost or valuation | | | | | | | | | |
| At 1 April 2016 | 1,239,649 | 4,640,250 | 13,775 | 113,055 | 1,959,918 | 421,911 | 827 | 418,471 | 8,807,856 |
| Additions | 390 | 25,442 | 1,366 | 7,445 | 20,448 | 13,550 | - | 204,867 | 273,508 |
| Donations | - | - | - | - | - | - | - | - | - |
| Disposals | (16) | (9,087) | (443) | (23,205) | (36,104) | (15,045) | - | (87) | (83,987) |
| Revaluations | 44,340 | 350,208 | 130 | 827 | 64,417 | 431 | - | 31 | 460,384 |
| Impairments | (34) | 210 | - | - | (82) | - | - | - | 94 |
| Reclassifications | 205 | 81,739 | 449 | 857 | 249,898 | 8,705 | - | (341,853) | - |
| Transfers (to)/from assets held for sale/intangibles/investment properties/heritage assets | (8,418) | (4,098) | - | - | (679) | 2,934 | - | (30,543) | (40,804) |
| Transfers in/(out) of group | (23) | (47,992) | (3,702) | (567) | (5,935) | (5,001) | - | (4,476) | (67,696) |
| At 31 March 2017 | 1,276,093 | 5,036,672 | 11,575 | 98,412 | 2,251,881 | 427,485 | 827 | 246,410 | 9,349,355 |
| Depreciation | | | | | | | | | |
| At 1 April 2016 | - | 514,944 | 6,056 | 93,272 | 868,928 | 284,910 | - | - | 1,768,110 |
| Charged in year | 8 | 136,984 | 723 | 9,555 | 153,751 | 25,467 | - | - | 326,488 |
| Disposals | - | (8,688) | (5) | (23,071) | (31,937) | (14,398) | - | - | (78,099) |
| Revaluations | 178 | (87,929) | (8) | 291 | (89,033) | 248 | - | - | (176,253) |
| Impairments | - | - | - | - | - | - | - | - | - |
| Reclassifications | - | (341) | - | (2) | (11) | 354 | - | - | - |
| Transfers (to)/from assets held for sale/intangibles/investment properties/heritage assets | - | - | - | - | (275) | - | - | - | (275) |
| Transfers in/(out) of group | - | (25,866) | (1,571) | (229) | (1,471) | (3,809) | - | - | (32,946) |
| At 31 March 2017 | 186 | 529,104 | 5,195 | 79,816 | 899,952 | 292,772 | - | - | 1,807,025 |
| Carrying amount: | | | | | | | | | |
| 31 March 2017 | 1,275,907 | 4,507,568 | 6,380 | 18,596 | 1,351,929 | 134,713 | 827 | 246,410 | 7,542,330 |
| 31 March 2016 | 1,239,649 | 4,125,306 | 7,719 | 19,783 | 1,090,990 | 137,001 | 827 | 418,471 | 7,039,746 |
| Asset financing: | | | | | | | | | |
| Owned | 1,266,029 | 3,073,178 | 2,614 | 18,596 | 1,350,616 | 131,610 | 827 | 246,397 | 6,089,867 |
| Finance leased | 9,878 | 1,434,390 | 3,766 | - | 1,313 | 3,103 | - | 13 | 1,452,463 |
| Carrying amount at 31 March 2017 | 1,275,907 | 4,507,568 | 6,380 | 18,596 | 1,351,929 | 134,713 | 827 | 246,410 | 7,542,330 |
| Of which: | | | | | | | | | |
| Core Department | 1,140 | - | - | 2,417 | - | 367 | - | - | 3,924 |
| Agency | - | - | - | - | - | - | - | - | - |
| Arm's Length Bodies | 1,274,767 | 4,507,568 | 6,380 | 16,179 | 1,351,929 | 134,346 | 827 | 246,410 | 7,538,406 |
| Carrying amount at 31 March 2017 | 1,275,907 | 4,507,568 | 6,380 | 18,596 | 1,351,929 | 134,713 | 827 | 246,410 | 7,542,330 |

Property, Plant and Equipment (continued)

| | 2015-16 | | | | | | | | |
|--|------------------|--------------------|--------------------|------------------------------------|-------------------------------|----------------------------------|---|---------------------------------------|------------------|
| | Land £'000 | Buildings £'000 | Dwellings £'000 | Information Technology £'000 | Plant & Machinery £'000 | Furniture & Fittings £'000 | Antiques, Works of Art & Collections £'000 | Assets under Construction £'000 | Total £'000 |
| Cost or valuation | | | | | | | | | |
| At 1 April 2015 | 1,173,271 | 4,351,978 | 14,656 | 118,500 | 1,874,409 | 411,142 | 827 | 358,772 | 8,303,555 |
| Additions | 7,445 | 12,491 | 1,047 | 4,679 | 25,299 | 8,187 | - | 206,199 | 265,347 |
| Donations | - | - | - | - | - | 468 | - | - | 468 |
| Disposals | - | (3,553) | (1,082) | (9,575) | (53,057) | (18,631) | - | (2,449) | (88,347) |
| Revaluations | 69,455 | 407,724 | (129) | 170 | 49,516 | 552 | - | - | 527,288 |
| Impairments | 17 | 922 | - | - | (9) | - | - | - | 930 |
| Reclassifications | - | 32,397 | (717) | 2,312 | 67,734 | 18,272 | - | (119,998) | - |
| Transfers (to)/from assets held for sale/intangibles/investment properties/heritage assets | (10,539) | (171,067) | - | (2,505) | (947) | 2,256 | - | (24,053) | (206,855) |
| Transfers in/(out) of group | - | 9,358 | - | (526) | (3,027) | (335) | - | - | 5,470 |
| Restated at 31 March 2016 | 1,239,649 | 4,640,250 | 13,775 | 113,055 | 1,959,918 | 421,911 | 827 | 418,471 | 8,807,856 |
| Depreciation | | | | | | | | | |
| At 1 April 2015 | - | 471,177 | 7,866 | 93,581 | 783,103 | 272,814 | - | - | 1,628,541 |
| Charged in year | - | 120,321 | 496 | 10,980 | 137,849 | 26,837 | - | - | 296,483 |
| Disposals | - | (2,678) | (1,021) | (9,148) | (48,086) | (13,998) | - | - | (74,931) |
| Revaluations | - | (35,119) | (809) | 40 | (2,849) | 159 | - | - | (38,578) |
| Reclassifications | - | 425 | (476) | 173 | 357 | (479) | - | - | - |
| Transfers (to)/from assets held for sale/intangibles/investment properties/heritage assets | - | (39,149) | - | (1,990) | - | - | - | - | (41,139) |
| Transfers in/(out) of group | - | (33) | - | (364) | (1,446) | (423) | - | - | (2,266) |
| Restated at 31 March 2016 | - | 514,944 | 6,056 | 93,272 | 868,928 | 284,910 | - | - | 1,768,110 |
| Carrying amount: | | | | | | | | | |
| 31 March 2016 | 1,239,649 | 4,125,306 | 7,719 | 19,783 | 1,090,990 | 137,001 | 827 | 418,471 | 7,039,746 |
| 31 March 2015 | 1,173,271 | 3,880,801 | 6,790 | 24,919 | 1,091,306 | 138,328 | 827 | 358,772 | 6,675,014 |
| Asset financing: | | | | | | | | | |
| Owned | 1,230,804 | 2,842,043 | 4,841 | 19,783 | 1,087,663 | 133,681 | 827 | 418,368 | 5,738,010 |
| Finance leased | 8,845 | 1,283,263 | 2,878 | - | 3,327 | 3,320 | - | 103 | 1,301,736 |
| Carrying amount at 31 March 2016 | 1,239,649 | 4,125,306 | 7,719 | 19,783 | 1,090,990 | 137,001 | 827 | 418,471 | 7,039,746 |
| Of which: | | | | | | | | | |
| Core Department | 627 | - | - | 2,160 | - | 440 | - | - | 3,227 |
| Agency | 23 | 22,334 | 1,752 | 225 | 3,741 | 1,111 | - | 1,249 | 30,435 |
| Arm's Length Bodies | 1,238,999 | 4,102,972 | 5,967 | 17,398 | 1,087,249 | 135,450 | 827 | 417,222 | 7,006,084 |
| Carrying amount at 31 March 2016 | 1,239,649 | 4,125,306 | 7,719 | 19,783 | 1,090,990 | 137,001 | 827 | 418,471 | 7,039,746 |

Land & Buildings Valuation

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

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

Details of the valuation method applied by the BBC PSB are included in the accounting policies Note 1.8.

During 2016-17, due to the lack of relevant indices for the British Library's London based assets, a desktop valuation exercise was carried out which resulted in a significant increase in value.

Land

Land includes the British Library with a carrying value of £318.7m (31 March 2016: £288.4m); the Tate Gallery of £189.5m (31 March 2016: £187.4m); the Natural History Museum of £179.4m (31 March 2016: £178.7m); and the British Museum of £151.5m (31 March 2016: £158.8m). Of the £36.3m increase, £30.3m was due to the British Library revaluation noted above.

Buildings

Buildings includes the BBC PSB Group with a carrying value of £951.6m (31 March 2016: £897.1m); the British Library of £813.1m (31 March 2016: £649.2m); the Tate Gallery of £612.7m (31 March 2016: £448.8m); the British Museum of £369.3m (31 March 2016: £384.0m); and the Victoria and Albert Museum of £293.9m (31 March 2016: £305.6m).

The major components of the £382.3m increase are: £173.3m relating to the British Library revaluation noted above; £68.6m in respect of the completion of the Tate Modern development project; and £103.0m for the subsequent revaluation of the Tate Modern.

Plant & Machinery

Plant & Machinery includes the British Library with a carrying value of £355.1m (31 March 2016: £285.9m); the Tate Gallery of £328.9m (31 March 2016: £101.2m) and the BBC PSB Group of £263.8m (31 March 2016: £299.5m). Of the £260.9m increase, £200.8m is due to the completion of the Tate Modern development project.

Assets Under Construction

Assets Under Construction includes a large number of projects at both the BBC PSB Group with a carrying value of £128.7m (31 March 2016: £95.3m); and the Victoria and Albert Museum of £54.1m (31 March 2016: £33.5m).

The decrease of £172.1m is mainly due to the completion of the Tate Modern development project.

7. Heritage Assets

The heritage assets owned by the group are split between land, buildings and other (which includes antiques and works of art) as shown in the table below, and reconciles to the heritage assets table in Note 7.1.

| | 2016-17 | | | |
|--|---------------|--------------------|------------------|------------------|
| | Land £'000 | Buildings £'000 | Other £'000 | Total £'000 |
| Cost or valuation | | | | |
| At 1 April 2016 | 2,400 | 76,772 | 1,230,763 | 1,309,935 |
| Additions | - | 1,822 | 25,542 | 27,364 |
| Donations | - | - | 94,869 | 94,869 |
| Disposals | - | - | (605) | (605) |
| Revaluations | - | 16,535 | 29,653 | 46,188 |
| Impairments | - | - | (750) | (750) |
| Reclassifications | - | (160) | 160 | - |
| Transfers (to)/from property, plant & equipment/assets held for sale/intangibles | - | 510 | 12 | 522 |
| Transfers in/(out) of group | - | (41,010) | (3,606) | (44,616) |
| At 31 March 2017 | 2,400 | 54,469 | 1,376,038 | 1,432,907 |
| Depreciation | | | | |
| At 1 April 2016 | - | 17,039 | 1,619 | 18,658 |
| Charged in year | - | 275 | 271 | 546 |
| Revaluations | - | 1,700 | 2,573 | 4,273 |
| Transfers in/(out) of group | - | (18,493) | (4,438) | (22,931) |
| At 31 March 2017 | - | 521 | 25 | 546 |
| Carrying amount: | | | | |
| 31 March 2017 | 2,400 | 53,948 | 1,376,013 | 1,432,361 |
| 31 March 2016 | 2,400 | 59,733 | 1,229,144 | 1,291,277 |
| Asset financing: | | | | |
| Owned | 2,400 | 53,948 | 1,376,013 | 1,432,361 |
| Carrying amount at 31 March 2017 | 2,400 | 53,948 | 1,376,013 | 1,432,361 |
| Of which: | | | | |
| Core Department | - | 100 | 14,406 | 14,506 |
| Agency | - | - | - | - |
| Arm's Length Bodies | 2,400 | 53,848 | 1,361,607 | 1,417,855 |
| Carrying amount at 31 March 2017 | 2,400 | 53,948 | 1,376,013 | 1,432,361 |

7. Heritage Assets (continued)

| | 2015-16 | | | |
|--|---------------|--------------------|------------------|------------------|
| | Land £'000 | Buildings £'000 | Other £'000 | Total £'000 |
| Cost or valuation | | | | |
| At 1 April 2015 | 2,400 | 66,840 | 1,168,988 | 1,238,228 |
| Additions | - | 1,199 | 21,822 | 23,021 |
| Donations | - | - | 16,961 | 16,961 |
| Revaluations | - | 9,427 | 22,393 | 31,820 |
| Impairments | - | (412) | - | (412) |
| Reclassifications | - | 225 | (225) | - |
| Transfers (to)/from property, plant & equipment/assets held for sale/intangibles | - | (507) | 824 | 317 |
| At 31 March 2016 | 2,400 | 76,772 | 1,230,763 | 1,309,935 |
| Depreciation | | | | |
| At 1 April 2015 | - | 18,185 | 1,558 | 19,743 |
| Charged in year | - | 258 | 164 | 422 |
| Revaluations | - | (1,404) | (103) | (1,507) |
| At 31 March 2016 | - | 17,039 | 1,619 | 18,658 |
| Carrying amount: | | | | |
| 31 March 2016 | 2,400 | 59,733 | 1,229,144 | 1,291,277 |
| 31 March 2015 | 2,400 | 48,655 | 1,167,430 | 1,218,485 |
| Asset financing: | | | | |
| Owned | 2,400 | 59,733 | 1,229,144 | 1,291,277 |
| Carrying amount at 31 March 2016 | 2,400 | 59,733 | 1,229,144 | 1,291,277 |
| Of which: | | | | |
| Core Department | - | - | 8,139 | 8,139 |
| Agency | - | 22,206 | 6,354 | 28,560 |
| Arm's Length Bodies | 2,400 | 37,527 | 1,214,651 | 1,254,578 |
| Carrying amount at 31 March 2016 | 2,400 | 59,733 | 1,229,144 | 1,291,277 |

7.1 Heritage Assets

| | Non Operational | | Operational | | Total Heritage Assets £'000 |
|--|------------------|-----------------------|------------------|-----------------------|--------------------------------|
| | At Cost £'000 | At Valuation £'000 | At Cost £'000 | At Valuation £'000 | |
| Cost or valuation | | | | | |
| Balance at 1 April 2016 | 333,320 | 896,946 | 14,002 | 65,667 | 1,309,935 |
| Additions | 24,654 | 722 | 1,988 | - | 27,364 |
| Donations | 479 | 94,390 | - | - | 94,869 |
| Disposals | - | (605) | - | - | (605) |
| Impairments | - | (750) | - | - | (750) |
| Transfers (to)/from property, plant & equipment/assets held for sale/intangibles | - | - | 522 | - | 522 |
| Revaluations | - | 28,268 | 3,102 | 14,818 | 46,188 |
| Transfers in/(out) of group | - | (1,458) | (3,849) | (39,309) | (44,616) |
| Balance at 31 March 2017 | 358,453 | 1,017,513 | 15,765 | 41,176 | 1,432,907 |
| Depreciation | | | | | |
| Balance at 1 April 2016 | - | 1,558 | 433 | 16,667 | 18,658 |
| Depreciation charge for the year | - | - | 546 | - | 546 |
| Revaluations | - | - | 4,273 | - | 4,273 |
| Transfers in/(out) of group | - | (1,558) | (4,706) | (16,667) | (22,931) |
| Balance at 31 March 2017 | - | - | 546 | - | 546 |
| Net book value at 31 March 2017 | 358,453 | 1,017,513 | 15,219 | 41,176 | 1,432,361 |

| | Non Operational | | Operational | | Total Heritage Assets £'000 |
|--|------------------|-----------------------|------------------|-----------------------|--------------------------------|
| | At Cost £'000 | At Valuation £'000 | At Cost £'000 | At Valuation £'000 | |
| Cost or valuation | | | | | |
| Balance at 1 April 2015 | 311,909 | 857,079 | 13,225 | 56,015 | 1,238,228 |
| Additions | 20,473 | 682 | 777 | 1,089 | 23,021 |
| Donations | 114 | 16,847 | - | - | 16,961 |
| Impairments | - | - | - | (412) | (412) |
| Transfers (to)/from property, plant & equipment/assets held for sale/intangibles | 824 | - | - | (507) | 317 |
| Revaluations | - | 22,338 | - | 9,482 | 31,820 |
| Balance at 31 March 2016 | 333,320 | 896,946 | 14,002 | 65,667 | 1,309,935 |
| Depreciation | | | | | |
| Balance at 1 April 2015 | - | 1,558 | 370 | 17,815 | 19,743 |
| Depreciation charge for the year | - | - | 63 | 359 | 422 |
| Revaluations | - | - | - | (1,507) | (1,507) |
| Balance at 31 March 2016 | - | 1,558 | 433 | 16,667 | 18,658 |
| Net book value at 31 March 2016 | 333,320 | 895,388 | 13,569 | 49,000 | 1,291,277 |

| Summary of Heritage Asset Transactions | 2016-17 £000 | 2015-16 £000 | 2014-15 £000 | 2013-14 £000 | 2012-13 £000 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| Purchased Assets | 27,364 | 23,021 | 33,881 | 61,231 | 21,390 |
| Donated Assets | 94,869 | 16,961 | 90,435 | 12,009 | 50,497 |
| Disposals | (605) | - | (2,460) | (227) | - |
| Impairments | (750) | (412) | - | (449) | - |

7.1 Heritage Assets (continued)

Classification

Heritage assets are classified under the FReM as either:

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

Non-operational and operational heritage assets within the Consolidated Statement of Financial Position are split between heritage assets held at cost and held at valuation. For more detailed information on heritage assets please refer to the financial statements of the individual ALBs listed at Note 28.

7.1.1 Non-operational heritage assets

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

Department

The department's non-operational heritage assets include the Government Art Collection, other arts and antiques collections; and land, buildings and monuments.

The majority of non-operational heritage assets held are valued at nil, because valuation information cannot be obtained at a cost commensurate with the benefits to users of the Accounts; the market value would not be a true reflection of the value of the asset to the nation's heritage; the asset, if lost, could not be replaced or reconstructed.

During the year 114 heritage assets were transferred from the agency to the core department at cost of £2.9m and at valuation of £3.1m. These assets consist of monuments, statues, fountains, bridges, walls, band stands, historic gates and monuments such as the Albert Memorial in Kensington Gardens and the 7 July Memorial in Hyde Park.

Government Art Collection (GAC)

The GAC's major works include paintings by Van Dyck, L. S. Lowry, Edward Lear, William Hogarth, Thomas Gainsborough, Lucian Freud, W.R. Sickert and sculptures by Henry Moore, Jacob Epstein and Barbara Hepworth. Purchased additions to the GAC have been included at cost in the Consolidated Statement of Financial Position from 1 April 2000. Assets acquired prior to 1 April 2000 and donations to the GAC are valued at nil as the cost of obtaining valuations for these assets is not commensurate to the benefits.

Other Arts and Antiques Collections

The department's non-operational heritage assets include the Heveningham Hall chattels at valuation. The most important items among the chattels are a suite of furniture designed by James Wyatt originally for Heveningham Hall, Suffolk, a Grade I listed building.

Land, Buildings, and Monuments

The Secretary of State has responsibility for Royal Estate properties in England governed by the Crown Lands Act 1851 and subsequent legislation. This responsibility is discharged through a series of management agreements:

- The Secretary of State has entered into a contract with The Royal Parks Limited for the provision of maintenance and management of the Royal Parks from 11:59pm on 15 March 2017; prior to this the Royal Parks were managed by the agency, see Note 1.33.
- The Occupied Royal Palaces in England (Buckingham Palace, St James' Palace, Windsor Castle and some other smaller properties) are managed by the Royal Household to whom the Secretary of State paid grant-in-aid. From 1 April 2012, although the Secretary of State retains legal responsibility for these properties, this funding has been aggregated with the Civil List into the Sovereign Grant paid by HM Treasury under the Sovereign Grant Act 2011.
- Marlborough House, used as the home of the Commonwealth Secretariat, is maintained by the Royal Household under an ongoing grant agreement.
- The Historic Royal Palaces in England (Hampton Court Palace, Kew Palace, the Tower of London, the Whitehall Banqueting House and most of Kensington Palace) are managed by the Historic Royal Palaces Trust, which has a contract to manage the Palaces and provide education and visitor services in return for the rights to retain admission charges to these sites.

The Secretary of State is also the owner of land, buildings, monuments and sites of heritage interest acquired by the Office of Works and its successors using exchequer funding or as a result of specific statutes such as the Wellington Museum Act 1947 and other Crown Lands Acts.

Under Section 34 of the National Heritage Act 1983, management responsibility is vested in the Historic Buildings and Monuments Commission for England (Historic England). There are close to 100 such properties, plus some 250 properties under the Secretary of State's guardianship (for which the freehold remains with private owners). The department also owns freeholds adjacent to some sites under guardianship, used for purposes ancillary to public access such as car parks.

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

- Stonehenge
- Dover Castle
- Hadrian's Wall
- Osborne House
- Tintagel Castle
- Kenwood House
- Audley End House
- Whitby Abbey
- Carisbrooke Castle
- Kenilworth Castle

The Agency

The agency held non-operational heritage assets at cost of £Nil (31 March 2016: £2.9m) and at valuation of £Nil (31 March 2016: £3.1m). These transferred to the core department and are included at cost of £2.9m and at valuation of £3.1m as at 31 March 2017 (see narrative relating to the department within this note).

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.

Historic England has responsibility for the National Collection of buildings, monuments and sites. Since 1 April 2015 they are managed by Historic England's charitable subsidiary, The English Heritage Trust, using a mixture of grant-in-aid funding and self-generated income.

Tate Gallery held non-operational heritage assets at cost of £147.0m (31 March 2016: £140.6m) and at valuation of £297.6m (31 March 2016: £276.6m). Tate Gallery holds the National Collection of British Art from the 1500s and international modern and contemporary art from the 1900s. The collection embraces all forms from painting, drawing, sculpture and prints, to photography, video and film, installation and performance. The collection includes over 70,118 works of art. Tate Gallery also houses the National Archive of British Art from 1900. The Tate Gallery Archive contains manuscripts, notebooks, sketches, prints, documentation and supporting material.

The Arts Council England Exchequer held non-operational heritage assets at valuation of £163.4m (31 March 2016: £156.2m). The works of art collection has been built up since 1946 and consisted of 7,798 items at 31 March 2017. Works of exceptionally high value are valued once every five years; as are items that are on long term loan. All items are valued when loans are agreed as this provides the value for which the lender has to insure the item.

The British Library held non-operational heritage assets at cost of £39.2m (31 March 2016: £37.8m) and at valuation of £29.0m (31 March 2016: £28.1m). The British Library is the national library of the UK and one of the world's greatest research libraries. The British Library is one of the six legal deposit libraries of the UK and it receives copies of all publications produced in the UK and the Republic of Ireland. The assets held at valuation reflect valuations made as part of the acquisition process.

The Victoria and Albert Museum held non-operational heritage assets at cost of £35.3m (31 March 2016: £33.5m) and at valuation of £61.2m (31 March 2016: £57.1m). The Victoria and Albert Museum is the leading international museum of art and design, with 2.28 million objects, library items and archives in its collections.

The British Museum held non-operational heritage assets at cost of £32.0m (31 March 2016: £30.2m) and at valuation of £57.1m (31 March 2016: £50.3m). 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 National Gallery held non-operational heritage assets at a cost of £28.3m (31 March 2016: £28.1m) and at valuation of £268.2m (31 March 2016: £267.7m). The National Gallery houses one of the greatest collections of Western European paintings in the world. The collection contains over 2,300 works, including many iconic masterpieces and the work of some of the greatest painters.

The National Portrait Gallery held non-operational heritage assets at cost of £23.1m (31 March 2016: £21.2m) and at valuation of £8.4m (31 March 2016: £7.9m). The National Portrait Gallery holds two collections: a primary collection consisting mainly of paintings and sculpture and a reference collection containing more than 85,000 portraits.

7.1.2 Operational heritage assets

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

Department

The department holds the freehold to Somerset House, an operational heritage asset at nil value.

The Somerset House Trust, a private company limited by guarantee and a registered charity, was established in 1997 to conserve and develop Somerset House and the open spaces around it to the public. The department manages the Government's freehold interest in Somerset House and ensures the Somerset House Trust fulfils the terms of its lease, which it holds until 2125.

The department also holds the freehold to Blythe House, which is currently occupied by the British Museum, Science Museum and the Victoria and Albert Museum, and is included as Property, Plant and Equipment on the Statement of Financial Position of those museums and in these accounts.

The Agency

Operational heritage assets with a net book value of £21.7m held by the agency as at 15 March 2017 were transferred outside of the DCMS Group to The Royal Parks Limited (see Note 1.33). These assets comprised of buildings previously in use by the agency, tenants and concessionaires, which in addition to being held for heritage purposes, were also used for revenue generating or other non-heritage purposes. These were subject to revaluation under a rolling five year programme.

Arm's Length Bodies

Historic England held 80 operational heritage assets of £38.8m at valuation (31 March 2016: £24.0m).

7.1.3 Acquisition, preservation, management and disposal policies

Department

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

With the exceptions of Blythe House and Somerset House, Historic England (via its charitable subsidiary, The English Heritage Trust) manages all the sites on behalf of the department. Historic England is obliged by the National Heritage Act 1983 "to secure the preservation of ancient monuments and historic buildings in England (including UK territorial waters adjacent to England)". In addition, the department agrees with Historic England a strategy for the conservation and maintenance of the sites. Historic England has a published asset management plan, *Asset Management Plan for the Maintenance of the Historic Estate 2011-15*, which sets out the policy for maintaining the National Collection of Historic Properties in their care:

<https://www.english-heritage.org.uk/content/imported-docs/a-e/eh-amp-nov2011.pdf>

The Government Art Collection is part of the department which funds collection maintenance and management. Other departments provide additional funding for major site-specific commissions for new or refurbished buildings. Works of art are displayed in approximately 400 Government buildings in the UK and abroad. This includes 10 Downing Street, Lancaster House, main Whitehall departments, diplomatic posts abroad, Embassies, Residences, High Commissions and Consulates-General in most countries.

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

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

The Agency

During the year, the agency had detailed documented procedures in relation to acquisitions and disposal of on-balance sheet heritage assets.

For non-capitalised heritage assets the agency had no disposal policy as they are inalienable, nor did it dispose of any heritage assets since it was formed in 1993.

The agency had a programme of maintenance works undertaken which was informed by the Quadrennial Conservation report of all listed buildings and structures and condition surveys. In line with the core department it adopted the “Protocol for the Care of the Historic Estate”, appointed a Conservation Officer and used specialist consultants and contractors where appropriate. Priorities were assessed each year, and the cost expensed through the Statement of Comprehensive Net Expenditure. A schedule of backlog maintenance requirements was maintained and this was used to assess priorities. The work undertaken each year included repair and preventative maintenance. Operational heritage land and buildings, comprising buildings in use by the agency, tenants or concessionaires, were used for revenue generating or other non-heritage purposes. They were professionally valued and held on the Statement of Financial Position. The valuation method used depended upon the type of the building and its use.

Arm’s Length Bodies

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

7.1.4 Heritage assets: records maintained and access

Department

The Government Art Collection maintains a physical and online database of its collection. The Government Art Collection places works of art in major Government buildings in the UK and around the world to promote British art, culture and history, and as a result the public’s access is limited.

The Agency

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

Arm's Length Bodies

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

7.1.5 Nature and extent of significant donations of heritage assets

Donated assets of £94.9m were received in 2016-17 (2015-16: £17.0m), the most significant of these are shown below:

The National Maritime Museum received donations of heritage assets at a value of £73.5m (2015-16: £1.0m). The most significant were the Harrison Nautical Clocks valued at £53m; other assets include paintings, diaries and journals.

The Tate Gallery received donations of heritage assets at a value of £13.4m (2015-16: £6.4m).

The British Museum received donations of heritage assets at a value of £2.2m (2015-16: £1.8m). The most significant is a pair of Ottoman silk embroidered curtains valued at £0.9m.

The Science Museum Group received donations of heritage assets at a value of £2.2m (2015-16: £3.7m).

The Victoria & Albert Museum received donations of heritage assets at a value of £1.0m (2015-16: £2.8m).

8. Intangible Assets

| | 2016-17 | | | |
|---|-------------------|-------------------|-------------------------------------|----------------|
| | Licences £'000 | Websites £'000 | Development Expenditure £'000 | Total £'000 |
| Cost or valuation | | | | |
| At 1 April 2016 | 202,674 | 2,221 | 29,556 | 234,451 |
| Additions | 3,095 | 1,358 | 1,461 | 5,914 |
| Disposals | (15,620) | - | (46) | (15,666) |
| Revaluations | 68 | - | 545 | 613 |
| Impairments | - | - | (3,188) | (3,188) |
| Reclassifications | 524 | - | (524) | - |
| Transfers (to)/from property, plant & equipment | 21,845 | 409 | 13 | 22,267 |
| Transfers in/(out) of group | (111) | (30) | (522) | (663) |
| At 31 March 2017 | 212,475 | 3,958 | 27,295 | 243,728 |
| Amortisation | | | | |
| At 1 April 2016 | 147,171 | 1,083 | 18,566 | 166,820 |
| Charged in year | 20,105 | 701 | 2,683 | 23,489 |
| Disposals | (11,690) | - | (46) | (11,736) |
| Revaluations | 65 | - | 480 | 545 |
| Impairments | - | - | (3,188) | (3,188) |
| Reclassifications | - | - | - | - |
| Transfers (to)/from property, plant & equipment | 233 | 37 | 5 | 275 |
| Transfers in/(out) of group | (43) | (8) | (440) | (491) |
| At 31 March 2017 | 155,841 | 1,813 | 18,060 | 175,714 |
| Carrying amount: | | | | |
| 31 March 2017 | 56,634 | 2,145 | 9,235 | 68,014 |
| 31 March 2016 | 55,503 | 1,138 | 10,990 | 67,631 |
| Asset financing: | | | | |
| Owned | 56,634 | 2,145 | 9,235 | 68,014 |
| Carrying amount at 31 March 2017 | 56,634 | 2,145 | 9,235 | 68,014 |
| Of Which: | | | | |
| Core Department | 182 | - | - | 182 |
| Agency | - | - | - | - |
| Arm's Length Bodies | 56,452 | 2,145 | 9,235 | 67,832 |
| Carrying amount at 31 March 2017 | 56,634 | 2,145 | 9,235 | 68,014 |

8. Intangible Assets (continued)

| | 2015-16 | | | | |
|---|-------------------|-------------------|-------------------------------------|-------------------|----------------|
| | Licences £'000 | Websites £'000 | Development Expenditure £'000 | Goodwill £'000 | Total £'000 |
| Cost or valuation | | | | | |
| At 1 April 2015 | 197,256 | 1,311 | 42,995 | 78 | 241,640 |
| Additions | 4,126 | 967 | 965 | - | 6,058 |
| Disposals | (18,590) | - | (1,499) | (19) | (20,108) |
| Revaluations | 10 | - | 71 | - | 81 |
| Impairments | - | - | (9,452) | (59) | (9,511) |
| Reclassifications | 57 | (57) | - | - | - |
| Transfers (to)/from property, plant & equipment | 20,839 | - | (138) | - | 20,701 |
| Transfers in/(out) of group | (1,024) | - | (3,386) | - | (4,410) |
| At 31 March 2016 | 202,674 | 2,221 | 29,556 | - | 234,451 |
| Amortisation | | | | | |
| At 1 April 2015 | 148,422 | 718 | 19,570 | - | 168,710 |
| Charged in year | 15,684 | 422 | 3,185 | - | 19,291 |
| Disposals | (18,512) | - | (1,440) | - | (19,952) |
| Revaluations | 9 | - | 66 | - | 75 |
| Reclassifications | 57 | (57) | - | - | - |
| Transfers (to)/from property, plant & equipment | 1,990 | - | - | - | 1,990 |
| Transfers in/(out) of group | (479) | - | (2,815) | - | (3,294) |
| At 31 March 2016 | 147,171 | 1,083 | 18,566 | - | 166,820 |
| Carrying amount: | | | | | |
| 31 March 2016 | 55,503 | 1,138 | 10,990 | - | 67,631 |
| 31 March 2015 | 48,834 | 593 | 23,425 | 78 | 72,930 |
| Asset financing: | | | | | |
| Owned | 55,503 | 1,138 | 10,990 | - | 67,631 |
| Carrying amount at 31 March 2016 | 55,503 | 1,138 | 10,990 | - | 67,631 |
| Of which: | | | | | |
| Core Department | 62 | - | - | - | 62 |
| Agency | - | 22 | 82 | - | 104 |
| Arm's Length Bodies | 55,441 | 1,116 | 10,908 | - | 67,465 |
| Carrying amount at 31 March 2016 | 55,503 | 1,138 | 10,990 | - | 67,631 |

The BBC PSB Group held £48.1m of intangible software licences as at 31 March 2017 (31 March 2016: £46.5m). The Big Lottery Fund held intangible assets, notably Funding System Software, with a value of £5.7m as at 31 March 2017 (31 March 2016: £7.6m).

9. Investment Properties

| | Core Department & Agency £'000 | Departmental Group £'000 |
|---------------------------------|-----------------------------------|-----------------------------|
| Balance at 1 April 2015 | - | 60,691 |
| Revaluations | - | (7,648) |
| Transfers | - | 116,862 |
| Balance at 31 March 2016 | - | 169,905 |
| Additions | - | 156 |
| Revaluations | - | 23,738 |
| Transfers | - | 15,171 |
| Balance at 31 March 2017 | - | 208,970 |

The BBC PSB Group holds investment properties as at 31 March 2017 valued at £184.2m (31 March 2016: £167.8m). The valuation of these investment properties was carried out by Lambert Smith Hampton, independent valuers not connected with the group, in accordance with the RICS Valuations – Professional Standards January 2014 and International Valuation Standards. The year-end revaluation of these investment properties resulted in an increase of £16.4m (31 March 2016: decrease of £8.2m).

The property rental income earned by the BBC PSB Group from its investment properties, which are leased out under operating leases, amounted to £19.0m (2015-16: £14.4m). Direct operating expenses incurred on the investment properties, which generated rental income during the year, amounted to £3.1m (2015-16: £2.5m). Direct operating expenses incurred on the investment properties, which did not generate rental income during the year, amounted to £0.1m (2015-16: £0.3m).

The British Museum holds investment properties valued at £24.8m as at 31 March 2017 (31 March 2016: £2.1m). During the year, the British Museum refurbished a number of perimeter properties that had until recently been occupied by the Museum. As a result, £15.2m has been transferred to investment properties from property, plant and equipment; in the subsequent revaluation the values increased by £7.3m.

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

10. Financial Instruments

| | Note | 31 March 2017 | | Restated 31 March 2016 | |
|--|--------|-------------------------------------|-----------------------------|-------------------------------------|-----------------------------|
| | | Core Department and Agency £'000 | Departmental Group £'000 | Core Department and Agency £'000 | Departmental Group £'000 |
| Financial assets | | | | | |
| Loans and receivables | | | | | |
| Cash and cash equivalents | 17 | 104,823 | 2,057,353 | 174,006 | 2,375,458 |
| Receivables | 16 | 4,282 | 706,707 | 2,559 | 684,314 |
| Loans | 12, 16 | 53,369 | 46,137 | 49,043 | 51,361 |
| Deposits | 12 | - | 18,027 | - | 34,769 |
| | | 162,474 | 2,828,224 | 225,608 | 3,145,902 |
| Available for sale | | | | | |
| Shares & equity type investments (listed and unlisted) | 12 | - | 23,163 | - | 16,383 |
| Investment in subsidiaries | 12 | - | 102,309 | - | 108,295 |
| Investment funds | 12 | - | 235,940 | - | 207,386 |
| Other financial assets | 12 | - | 13,398 | - | 11,592 |
| | | - | 374,810 | - | 343,656 |
| Fair value through profit or loss | | | | | |
| Derivative financial instrument assets | 12 | - | 468,987 | - | 5,002 |
| | | | | | |
| Financial liabilities | | | | | |
| Fair value through profit or loss | | | | | |
| Derivative financial instrument liabilities | 20 | - | (525,987) | - | (3,768) |
| | | | | | |
| Financial liabilities at amortised cost | | | | | |
| Payables | 18 | (10,628) | (4,436,222) | (6,342) | (4,377,461) |
| Total | | 151,846 | (1,290,188) | 219,266 | (886,669) |

The prior year figures have been restated to exclude statutory balances which do not meet the definition of a financial instrument under IAS 32: *Financial Instruments – Presentation*.

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

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

Credit risk

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

The BBC PSB Group collects the licence fee revenue on behalf of the Consolidated Fund. The licence fee receivable of £396.0m as at 31 March 2017 (31 March 2016: £392.9m) is the most significant credit risk facing the group. The BBC PSB Group mitigates this risk through a third party contractor who collects the licence fee on BBC PSB Group's behalf. The risk is mitigated by actively monitoring receivables, chasing payment defaulters who risk having their licence revoked and potentially facing prosecution.

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

Market risk (currency and other price risks)

The department, its agency and the group are principally domestic organisations with the majority of transactions, assets and liabilities arising in the UK and being sterling based. However, the group undertake some transactions in currencies other than sterling. Due to movements in exchange rates over time, the amount the group expects to receive or pay when it enters into a transaction may differ from the amount that it actually receives or pays when it settles the transaction. The most significant currency exposure by total value of transactions is US dollars, mainly relating to the BBC PSB Group. However, due to the relative size of this exposure in comparison to the group's sterling dominated business, this is not considered to be significant for the group. The group does, however, generally enter into forward currency contracts to manage, or hedge, this currency risk, which allows the group to settle transactions at known exchange rates, reducing further any uncertainty. The overall income or expenditure to be recognised in relation to contracts denominated in foreign currency and the related hedges is therefore relatively fixed.

Interest rate risk

The group has minimal exposure to interest rate risk.

Liquidity risk

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

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

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

11. Investments in Associates and Joint Ventures

| | 2016-17 | | 2015-16 | |
|----------------------------|-----------------------------------|-----------------------------|-----------------------------------|-----------------------------|
| | Core Department & Agency £'000 | Departmental Group £'000 | Core Department & Agency £'000 | Departmental Group £'000 |
| Balance at 1 April | - | 54 | - | 54 |
| Acquisitions | - | 13,495 | - | - |
| Balance at 31 March | - | 13,549 | - | 54 |

The acquisition relates to the BBC PSB Group increasing its shareholdings in Daunus Limited as part of the refinancing of the new Broadcasting House.

12. Other Financial Assets

| | Deposits £'000 | Derivatives £'000 | Investment funds £'000 | Shares & equity type investments £'000 | Investment in Subsidiaries £'000 | Museum Loans £'000 | Other Loans £'000 | Other financial assets £'000 | Total £'000 |
|--|-------------------|----------------------|------------------------------|---|--|--------------------------|----------------------|---------------------------------------|----------------|
| Restated balance at 1 April 2015 | 14,842 | 5,540 | 201,452 | 1,155 | 121,092 | - | 53,521 | 7,561 | 405,163 |
| Additions | 34,769 | - | 57,876 | 14,629 | 230 | - | 7,546 | 23,595 | 138,645 |
| Disposals | (14,842) | - | (49,576) | (79) | - | - | - | - | (64,497) |
| Revaluations | - | (538) | (2,343) | 678 | (9,981) | - | - | 1,003 | (11,181) |
| Impairments | - | - | (23) | - | (1,018) | - | 1,661 | (16,510) | (15,890) |
| Repayments | - | - | - | - | - | - | (16,550) | (4,057) | (20,607) |
| Transfers in/(out) of group | - | - | - | - | (2,028) | - | - | - | (2,028) |
| Discounting | - | - | - | - | - | - | 281 | - | 281 |
| Restated balance at 31 March 2016 | 34,769 | 5,002 | 207,386 | 16,383 | 108,295 | - | 46,459 | 11,592 | 429,886 |
| Additions | 1,527 | 463,985 | 72,268 | 3,553 | - | - | 241 | 25,316 | 566,890 |
| Disposals | (18,269) | - | (63,553) | (192) | - | - | - | (2,333) | (84,347) |
| Revaluations | - | - | 19,791 | 3,419 | (5,986) | - | - | 548 | 17,772 |
| Impairments | - | - | 48 | - | - | - | 1,847 | (16,540) | (14,645) |
| Repayments | - | - | - | - | - | - | (6,864) | (5,185) | (12,049) |
| Transfers in/(out) of group | - | - | - | - | - | - | - | - | - |
| Discounting | - | - | - | - | - | - | 47 | - | 47 |
| Balance at 31 March 2017 | 18,027 | 468,987 | 235,940 | 23,163 | 102,309 | - | 41,730 | 13,398 | 903,554 |
| Of which: | | | | | | | | | |
| Core Department | - | - | - | - | - | 16,636 | 36,516 | - | 53,152 |
| Agency | - | - | - | - | - | - | - | - | - |
| Arm's Length Bodies | 18,027 | 468,987 | 235,940 | 23,163 | 102,309 | (16,636) | 5,214 | 13,398 | 850,402 |
| Carrying amount at 31 March 2017 | 18,027 | 468,987 | 235,940 | 23,163 | 102,309 | - | 41,730 | 13,398 | 903,554 |
| Within 12 Months | 18,027 | 6,076 | 18,326 | 1,524 | - | - | 2,558 | 12,627 | 59,138 |
| Over 12 Months | - | 462,911 | 217,614 | 21,639 | 102,309 | - | 39,172 | 771 | 844,416 |
| Carrying amount at 31 March 2017 | 18,027 | 468,987 | 235,940 | 23,163 | 102,309 | - | 41,730 | 13,398 | 903,554 |
| Within 12 Months | 34,769 | 2,787 | 16,858 | 662 | - | - | 6,354 | 10,970 | 72,400 |
| Over 12 Months | - | 2,215 | 190,528 | 15,721 | 108,295 | - | 40,105 | 622 | 357,486 |
| Carrying amount at 31 March 2016 | 34,769 | 5,002 | 207,386 | 16,383 | 108,295 | - | 46,459 | 11,592 | 429,886 |

Deposits

The British Library held deposits as at 31 March 2017 of £16.5m (31 March 2016: £27.0m) which have a maturity date of greater than three months.

Derivatives

The total derivative balance relates to the BBC PSB Group, in particular their refinancing of New Broadcasting House.

Investment Funds

The British Museum held investment funds as at 31 March 2017 with a fair value of £88.1m (31 March 2016: £79.1m). These investments consist of investment funds, fixed income and unlisted equities.

The National Heritage Memorial Fund held investment funds as at 31 March 2017 with a fair value of £43.9m (31 March 2016: £39.0m). The funds are invested in a wide variety of investment trusts, unit trusts, hedge funds and cash.

The Victoria and Albert Museum held investment funds at 31 March 2017 with a fair value of £28.9m (31 March 2016: £26.8m) which mainly consist of government stocks, corporate bonds and investment funds.

The British Library held investment funds as at 31 March 2017 with a fair value of £24.3m (31 March 2016: £19.7m) which are shares and equity type investments.

Investments in Subsidiaries

ALB's subsidiaries are included in the accounts at their fair value with the net assets used as a proxy for fair value. The significant investments in subsidiaries are as follows:

In 2014-15 Historic England created the English Heritage Trust, a 100% controlled subsidiary. Since 1 April 2015, the Trust has looked after the National Heritage Collection of more than 400 state-owned historic sites and monuments across England under licence from Historic England. As at 31 March 2017 the fair value of the Trust was £64.7m (31 March 2016: £71.7m). The decrease in the fair value of the Trust predominantly relates to expenditure on non-operational heritage assets that are not recognised on-balance sheet.

S4C holds four subsidiaries with a fair value as at 31 March 2017 of £22.3m (31 March 2016: £20.8m).

Museum Loans

The core department issues loans to museums within the group. As at 31 March 2017, the following Arm's Length Bodies held outstanding loan amounts:

| Arm's Length Body | 2016-17 Museum Loan £'000 | 2015-16 Museum Loan £'000 |
|----------------------------------|---------------------------------|---------------------------------|
| Science Museum Group | 4,733 | 4,908 |
| Imperial War Museum | 2,861 | 4,311 |
| National Maritime Museum | 6,155 | 901 |
| Natural History Museum | 2,736 | 306 |
| Geffrye Museum | 151 | 50 |
| Total Museum Loans issued | 16,636 | 10,476 |

These loans are eliminated upon the group consolidation and therefore no assets or liabilities are reported for the group.

Other Loans

The core department includes within Other Loans the loan book of Futurebuilders England Limited (FBE). FBE is a social investment business funded by DCMS to make loans to third sector organisations delivering public services. Applications for new loans are closed. The outstanding loan amount as at 31 March 2017 was £34.9m (£36.8m as at 31 March 2016). See Note 27 for more detail.

13. Impairments

| | Note | 31 March 2017 | | Restated 31 March 2016 | |
|------------------------------------|------|-----------------------------------|--------------------------------|-----------------------------------|--------------------------------|
| | | Core Department & Agency £'000 | Departmental Group £'000 | Core Department & Agency £'000 | Departmental Group £'000 |
| Property, plant & equipment | 6 | - | 94 | - | 930 |
| Heritage assets | 7 | - | (750) | - | (412) |
| Intangible assets | 8 | - | - | - | (9,511) |
| Other financial assets | 12 | 1,847 | (14,645) | 1,661 | (15,890) |
| Assets classified as held for sale | 14 | - | (1) | - | - |
| Inventories | 15 | - | (58) | - | (75) |
| Total impairments | | 1,847 | (15,360) | 1,661 | (24,958) |

The £15.4m impairment charge in 2016-17 primarily relates to a financial asset impairment of £16.5m relating to the British Film Institute Lottery film rights.

The £25.0m impairment charge in 2015-16 (restated) relates to a financial asset impairment of £16.5m relating to the British Film Institute Lottery film rights and a £9.5m intangible assets impairment relating to the Big Lottery Fund's funding management system.

14. Assets Classified as Held for Sale

| | 2016-17 | | 2015-16 | |
|--|--------------------------------|--------------------------|--------------------------------|--------------------------|
| | Core Department & Agency £'000 | Departmental Group £'000 | Core Department & Agency £'000 | Departmental Group £'000 |
| Balance at 1 April | - | 299 | - | 87,495 |
| Transfers from property, plant & equipment | - | 2,844 | - | 29,826 |
| Disposals | - | (258) | - | (117,022) |
| Impairments | - | (1) | - | - |
| Balance at 31 March | - | 2,884 | - | 299 |
| Of which: | | | | |
| Property, plant & equipment | - | 2,884 | - | 299 |
| Total assets held for sale | - | 2,884 | - | 299 |

The 2016-17 transfer from property, plant and equipment includes an amount of £2.6m relating to property held by the National Gallery, which has been approved for sale by the Secretary of State for Culture, Media and Sport to the National Portrait Gallery.

The 2015-16 transfer from property, plant and equipment includes an amount of £29.5m relating to a building owned by the Science Museum Group, which was subsequently sold in April 2015 for £30m.

In June 2015, the BBC PSB Group agreed to the sale of the West London Media Village site valued at £87m; there was no gain/loss made on disposal.

15. Inventories

| | 2016-17 | | 2015-16 | |
|---|--------------------------------|--------------------------|--------------------------------|--------------------------|
| | Core Department & Agency £'000 | Departmental Group £'000 | Core Department & Agency £'000 | Departmental Group £'000 |
| Balance at 1 April | - | 307,290 | - | 323,582 |
| Additions | - | 2,129,349 | - | 2,129,083 |
| Disposals | - | (2,174,412) | - | (2,145,248) |
| Impairments (Note 13) | - | (58) | - | (75) |
| Transfers in/(out) of group | - | - | - | (52) |
| Carrying amount at 31 March | - | 262,169 | - | 307,290 |
| Work in intermediate stages of completion | - | 138,958 | - | 180,243 |
| Raw materials and consumables | - | 159 | - | 167 |
| Goods for resale and finished inventories | - | 123,052 | - | 126,880 |
| Total inventories and work in progress | - | 262,169 | - | 307,290 |

As at 31 March 2017 the BBC PSB Group held £242.4m (31 March 2016: £287.6m) and S4C £10.6m (31 March 2016: £12.2m) in inventories in respect of programmes which were either in the course of production or ready for broadcast but not yet aired.

Additions relate to programmes which have been completed, whilst disposals relate to those broadcast during the year.

16. Trade and Other Receivables

| | 31 March 2017 | | Restated 31 March 2016 | |
|--|---|--------------------------------|---|--------------------------------|
| | Core Department & Agency £'000 | Departmental Group £'000 | Core Department & Agency £'000 | Departmental Group £'000 |
| Amounts falling due within one year: | | | | |
| Trade receivables | 3,994 | 48,380 | 1,728 | 52,284 |
| VAT receivables | 2,150 | 54,093 | 561 | 62,298 |
| Other receivables | 288 | 643,699 | 831 | 608,693 |
| Prepayments | 7,349 | 645,147 | 784 | 551,162 |
| Accrued income | 469 | 96,319 | 5,990 | 68,219 |
| Interest receivable | - | 8 | - | 108 |
| Staff loans and advances | 217 | 4,407 | 133 | 4,902 |
| Taxation and duties due | - | 283 | - | 278 |
| Government grants receivable | - | 205 | - | 5 |
| Consolidated Fund receivables | 9,113 | 7,834 | 5,723 | 3,756 |
| | 23,580 | 1,500,375 | 15,750 | 1,351,705 |
| Amounts falling due after more than one year: | | | | |
| Trade receivables | - | - | - | 43 |
| Other receivables | - | 14,415 | - | 23,181 |
| Prepayments | - | 3,144 | - | 4,070 |
| Accrued income | - | 7,075 | - | 10,042 |
| | - | 24,634 | - | 37,336 |
| Total | 23,580 | 1,525,009 | 15,750 | 1,389,041 |

Amounts falling due within one year:

Included in other receivables at 31 March 2017 is a balance held by the BBC PSB Group of £600.2m (31 March 2016: £580.7m), of which £396.0m (31 March 2016: £392.9m) relates to licence fee receivables.

The BBC PSB Group had prepayments of £601.5m at 31 March 2017 (31 March 2016 restated: £514.4m), the movement was largely due to an increase in a pension deficit prepayment, which increased from £100m in 2015-16 to £220m at the end of the current year. This increase has been partly offset by the reduction in a number of other prepayments.

Amounts falling due after more than one year:

The other receivables balance of £14.4m (31 March 2016: £23.2m) relates to the BBC PSB Group. The reduction of £8.8m is a result of deferred consideration relating to the sale of the Gateway site being received during 2016-17.

17. Cash and Cash Equivalents

| | 2016-17 | | Restated 2015-16 | |
|---|--------------------------------|--------------------------|--------------------------------|--------------------------|
| | Core Department & Agency £'000 | Departmental Group £'000 | Core Department & Agency £'000 | Departmental Group £'000 |
| Balance at 1 April | 174,006 | 2,375,458 | 110,098 | 2,211,521 |
| Net change in cash and cash equivalent balances | (69,183) | (318,105) | 63,908 | 163,937 |
| Balance at 31 March | 104,823 | 2,057,353 | 174,006 | 2,375,458 |
| The following balances at 31 March were held with: | | | | |
| Government Banking Service | 84,131 | 107,342 | 147,786 | 166,651 |
| Commercial banks and cash in hand | - | 494,625 | 1 | 548,138 |
| Liquid deposits | 20,692 | 48,880 | 26,219 | 75,491 |
| Sub-total | 104,823 | 650,847 | 174,006 | 790,280 |
| Balance held by NLDF | - | 1,406,506 | - | 1,585,178 |
| Balance at 31 March | 104,823 | 2,057,353 | 174,006 | 2,375,458 |

Of the £494.6m of balances held with Commercial banks and cash in hand, £192.2m relates to the BBC PSB Group (31 March 2016: £273.9m); £50.0m relates to Arts Council England Exchequer (31 March 2016: £43.2m); £40.5m relates to the Big Lottery Fund (31 March 2016: £47.2m); and £27.5m relates to the British Library (31 March 2016: £14.4m). Cash and cash equivalents also include £1.3m (31 March 2016 £4.3m) for funds held on behalf of third parties (see Note 26).

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

18. Trade and Other Payables

| | 31 March 2017 | | Restated 31 March 2016 | |
|---|-----------------------------------|-----------------------------|-----------------------------------|-----------------------------|
| | Core Department & Agency £'000 | Departmental Group £'000 | Core Department & Agency £'000 | Departmental Group £'000 |
| Amounts falling due within one year: | | | | |
| Taxation and social security | 366 | 30,469 | 824 | 42,237 |
| Trade payables | 1,559 | 164,095 | 890 | 263,774 |
| Other payables | 9,069 | 608,984 | 5,452 | 539,706 |
| Accruals & deferred income | 73,386 | 291,484 | 116,299 | 332,024 |
| Grants payable | - | 1,344,743 | - | 1,253,104 |
| Obligations under finance leases: amounts payable within 1 year | - | 15,714 | - | 14,738 |
| Supply payable | 75,997 | 75,997 | 139,096 | 139,096 |
| Loans and borrowings: amounts payable within 1 year | - | 4 | - | - |
| Consolidated Fund payables | 17,247 | 17,247 | 14,414 | 14,414 |
| | 177,624 | 2,548,737 | 276,975 | 2,599,093 |
| Amounts falling due after more than one year: | | | | |
| Other payables | - | 12,398 | - | 12,503 |
| Accruals & deferred income | 43 | 5,871 | - | 9,496 |
| Grants payable | - | 1,592,975 | - | 1,574,508 |
| Obligations under finance leases: amounts payable after more than 1 year | - | 697,309 | - | 719,128 |
| | 43 | 2,308,553 | - | 2,315,635 |
| | | | | |
| Total | 177,667 | 4,857,290 | 276,975 | 4,914,728 |

The core department and agency supply payable of £76.0m (31 March 2016: £139.1m) is a result of Parliamentary funding drawn down which has not been spent within the year.

As at 31 March 2017, trade payables for the BBC amount to £92.6m (31 March 2016: £198.2m).

Other payables at 31 March 2017 include £536.5m (31 March 2016: £457.7m) in respect of the BBC.

As at 31 March 2017 £1,269.1m (31 March 2016: £1,222.2m) of current grants and £1,592.9m (31 March 2016: £1,574.5m) of non-current grants payable are attributable to lottery bodies.

As at 31 March 2017 the BBC PSB Group held £675.4m (31 March 2016 restated: £697.0m) of finance lease obligations falling due after more than one year.

19. Provision for liabilities and charges

| | 31 March 2017 | | 31 March 2016 | |
|---|-----------------------------------|-----------------------------|-----------------------------------|-----------------------------|
| | Core Department & Agency £'000 | Departmental Group £'000 | Core Department & Agency £'000 | Departmental Group £'000 |
| Total Provisions | | | | |
| Balance at 1 April | (1,103) | (126,274) | (1,602) | (116,379) |
| Provided in the year | (19) | (75,200) | (61) | (70,155) |
| Provisions utilised in year | 91 | 44,494 | 560 | 36,775 |
| Provisions not required written back | 939 | 30,422 | - | 23,487 |
| Unwinding of discounts | - | (5) | - | (2) |
| Balance at reporting date | (92) | (126,563) | (1,103) | (126,274) |
| Comprising: | | | | |
| <u>Current liabilities:</u> | | | | |
| Not later than one year | (66) | (62,326) | (1,031) | (69,007) |
| <u>Non-current liabilities</u> | | | | |
| Later than one year and not later than five years | (26) | (21,175) | (72) | (17,921) |
| Later than five years | - | (43,062) | - | (39,346) |
| Balance at reporting date | (92) | (126,563) | (1,103) | (126,274) |

Provision for liabilities and charges (continued)

| Total Provisions by type | Grant Commitments £'000 | Legal claims £'000 | Early Departures and Redundancies £'000 | Other £'000 | Total £'000 |
|---|----------------------------|-----------------------|---|------------------|------------------|
| Balance at 1 April 2016 | (5,275) | (238) | (2,548) | (118,213) | (126,274) |
| Provided in the year | (13,202) | (10) | (383) | (61,605) | (75,200) |
| Provisions utilised in year | 5,275 | 29 | 1,435 | 37,755 | 44,494 |
| Provisions not required written back | - | 195 | 11 | 30,216 | 30,422 |
| Unwinding of discounts | - | - | (5) | - | (5) |
| Balance at 31 March 2017 | (13,202) | (24) | (1,490) | (111,847) | (126,563) |
| Comprising: | | | | | |
| <u>Current liabilities</u> | | | | | |
| Not later than one year | (13,202) | (24) | (939) | (48,161) | (62,326) |
| <u>Non-current liabilities</u> | | | | | |
| Later than one year and not later than five years | - | - | (429) | (20,746) | (21,175) |
| Later than five years | - | - | (122) | (42,940) | (43,062) |
| Balance at 31 March 2017 | (13,202) | (24) | (1,490) | (111,847) | (126,563) |
| Of the total: | | | | | |
| Core Department | - | - | (92) | - | (92) |
| Agency | - | - | - | - | - |
| Arm's Length Bodies | (13,202) | (24) | (1,398) | (111,847) | (126,471) |
| Balance at 31 March 2017 | (13,202) | (24) | (1,490) | (111,847) | (126,563) |

Provision for liabilities and charges (continued)

| Total Provisions by type | Grant Commitments £'000 | Legal claims £'000 | Early Departures and Redundancies £'000 | Other £'000 | Total £'000 |
|---|----------------------------|-----------------------|---|------------------|------------------|
| Balance at 1 April 2015 | (367) | (579) | (4,182) | (111,251) | (116,379) |
| Provided in the year | (14,999) | (105) | (1,000) | (54,051) | (70,155) |
| Provisions utilised in year | - | 300 | 2,487 | 33,988 | 36,775 |
| Provisions not required written back | 10,091 | 146 | 150 | 13,100 | 23,487 |
| Unwinding of discounts | - | - | (3) | 1 | (2) |
| Balance at 31 March 2016 | (5,275) | (238) | (2,548) | (118,213) | (126,274) |
| Comprising: | | | | | |
| <u>Current liabilities</u> | | | | | |
| Not later than one year | (5,275) | (238) | (1,753) | (61,741) | (69,007) |
| <u>Non-current liabilities</u> | | | | | |
| Later than one year and not later than five years | - | - | (680) | (17,241) | (17,921) |
| Later than five years | - | - | (115) | (39,231) | (39,346) |
| Balance at 31 March 2016 | (5,275) | (238) | (2,548) | (118,213) | (126,274) |
| Of the total: | | | | | |
| Core Department | - | - | (164) | (750) | (914) |
| Agency | - | (189) | - | - | (189) |
| Arm's Length Bodies | (5,275) | (49) | (2,384) | (117,463) | (125,171) |
| Balance at 31 March 2016 | (5,275) | (238) | (2,548) | (118,213) | (126,274) |

19.1 Grant Commitments

In 2016-17 British Film Institute Lottery has a provision of £13.2m (2015-16: £5.3m) for non-film rights awards which have been made, but where at the reporting date, either contracts have not been signed and/or the conditions precedent have not been met. Therefore these transactions are recognised as an award commitment and hence provided for rather than being included in awards payable.

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 PSB Group Restructuring Provision

This relates to various restructuring, decommissioning and dilapidation provisions within the BBC. The value of this provision as at 31 March 2017 was £88.8m (31 March 2016: £86.2m).

BBC PSB Group Litigation and Insurance

The BBC litigation and insurance provisions as at 31 March 2017 were £17.5m (31 March 2016: £18.0m).

20. Other financial liabilities

| | Total Derivatives £'000 |
|---------------------------------|-------------------------------|
| Balance at 1 April 2015 | 12,683 |
| Revaluations | (8,915) |
| Balance at 31 March 2016 | 3,768 |
| Additions | 506,987 |
| Disposals | (69) |
| Revaluations | 15,301 |
| Balance at 31 March 2017 | 525,987 |
| Of the total: | |
| Core Department | - |
| Agency | - |
| Arm's Length Bodies | 525,987 |
| Balance at 31 March 2017 | 525,987 |
| Due within 12 months | 230 |
| Due after 12 months | 525,757 |
| Balance at 31 March 2017 | 525,987 |
| Due within 12 months | 725 |
| Due after 12 months | 3,043 |
| Balance at 31 March 2016 | 3,768 |

The BBC PSB Group held financial derivatives of £526.0m (2015-16: £3.7m). The increase is a result of the re-financing of New Broadcasting House.

21. Retirement Benefit Obligations

| | 2016-17 | | | 2015-16 | | |
|---|---------------------|-------------------|---------------------|---------------------|-------------------|---------------------|
| | Funded £'000 | Unfunded £'000 | Total £'000 | Funded £'000 | Unfunded £'000 | Total £'000 |
| Analysis of movement in scheme liabilities | | | | | | |
| Balance at 1 April | (14,655,156) | (11,149) | (14,666,305) | (14,561,379) | (11,858) | (14,573,237) |
| Current service cost | (198,146) | (158) | (198,304) | (198,182) | - | (198,182) |
| Past service cost | 2,720 | - | 2,720 | 30,940 | - | 30,940 |
| Interest cost on pension scheme liabilities | (491,863) | (247) | (492,110) | (487,642) | (249) | (487,891) |
| Administration cost | (9,550) | - | (9,550) | (7,697) | - | (7,697) |
| Benefits paid | 490,219 | 286 | 490,505 | 443,921 | 281 | 444,202 |
| Contributions by members | (4,196) | - | (4,196) | (3,454) | - | (3,454) |
| Contributions by employer | - | 558 | 558 | - | 400 | 400 |
| Gains/(losses) on settlements and curtailments | - | - | - | 32,829 | - | 32,829 |
| Remeasurements | | | | | | |
| Experience gains/(losses) on defined benefit obligation | 150,437 | (1,300) | 149,137 | 185,936 | 3 | 185,939 |
| Change in demographic assumptions | 693,238 | (335) | 692,903 | 168 | 279 | 447 |
| Change in financial assumptions | (3,870,478) | (111) | (3,870,589) | (90,596) | (5) | (90,601) |
| Pension liabilities at 31 March | (17,892,775) | (12,456) | (17,905,231) | (14,655,156) | (11,149) | (14,666,305) |
| Analysis of movement in scheme assets | | | | | | |
| Balance at 1 April | 13,491,633 | - | 13,491,633 | 13,449,390 | - | 13,449,390 |
| Interest on assets | 454,116 | - | 454,116 | 452,131 | - | 452,131 |
| Administration cost | (1,151) | - | (1,151) | (1,491) | - | (1,491) |
| Pension payments made | (490,402) | - | (490,402) | (444,638) | - | (444,638) |
| Contributions by members | 4,293 | - | 4,293 | 4,146 | - | 4,146 |
| Contributions by employer | 346,953 | - | 346,953 | 231,525 | - | 231,525 |
| Settlements from scheme assets | - | - | - | (30,600) | - | (30,600) |
| Remeasurements | | | | | | |
| Change in actuarial assumptions | 5,440 | - | 5,440 | - | - | - |
| Return on assets | 2,731,031 | - | 2,731,031 | (168,830) | - | (168,830) |
| Pension assets at 31 March | 16,541,913 | - | 16,541,913 | 13,491,633 | - | 13,491,633 |
| Net Pension (liability)/asset at 31 March | (1,350,862) | (12,456) | (1,363,318) | (1,163,523) | (11,149) | (1,174,672) |
| Of the total: | | | | | | |
| Core Department | - | - | - | - | - | - |
| Agency | - | - | - | - | - | - |
| Arm's Length Bodies | (1,350,862) | (12,456) | (1,363,318) | (1,163,523) | (11,149) | (1,174,672) |
| Balance at 31 March | (1,350,862) | (12,456) | (1,363,318) | (1,163,523) | (11,149) | (1,174,672) |
| Comprising: | | | | | | |
| BBC | (1,140,700) | (8,400) | (1,149,100) | (1,003,400) | (7,300) | (1,010,700) |
| BFI | (68,376) | (2,456) | (70,832) | (53,447) | (2,288) | (55,735) |
| Sport England | (55,344) | - | (55,344) | (46,751) | - | (46,751) |
| BTA | (26,143) | (177) | (26,320) | (29,736) | (191) | (29,927) |
| UK Sport | (53,356) | 50 | (53,306) | (27,387) | 25 | (27,362) |
| Ofcom | 17,030 | (1,214) | 15,816 | 15,370 | (1,148) | 14,222 |
| Other ALBs | (23,973) | (259) | (24,232) | (18,172) | (247) | (18,419) |
| Total | (1,350,862) | (12,456) | (1,363,318) | (1,163,523) | (11,149) | (1,174,672) |

21.1 Analysis of total pension cost recognised in the Consolidated Statement of Comprehensive Net Expenditure

| | 2016-17 £'000 | 2015-16 £'000 |
|---|------------------|------------------|
| Pension cost recognised in Net Operating Cost | | |
| Current service costs | 198,304 | 198,182 |
| Past service costs | (2,720) | (30,940) |
| Enhancements and (gains)/losses on settlements and curtailments | - | (2,229) |
| Net interest cost on Pension Scheme | 37,994 | 35,760 |
| Administration Cost | 10,701 | 9,188 |
| Total | 244,279 | 209,961 |

| | 2016-17 £'000 | 2015-16 £'000 |
|---|------------------|------------------|
| Remeasurements recognised in Other Comprehensive Net Expenditure | | |
| Pension Liabilities: | | |
| Experience (gains)/losses on defined benefit obligation | (149,137) | (185,939) |
| Change in demographic assumptions | (692,903) | (447) |
| Change in financial assumptions | 3,870,589 | 90,601 |
| Pension Assets: | | |
| Change in actuarial assumptions | (5,440) | - |
| Return on assets | (2,731,031) | 168,830 |
| Total | 292,078 | 73,045 |

21.2 Funded Pension Schemes

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

21.2.1 BBC Pension Scheme

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

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

| BBC Pension Scheme financial position as at: | | | | | |
|---|------------|------------|------------|------------|------------|
| | 2017 | 2016 | 2015 | 2014 | 2013 |
| | £m | £m | £m | £m | £m |
| Scheme assets | 15,745.2 | 12,821.4 | 12,766.3 | 10,684.2 | 10,201.1 |
| Scheme liabilities | (16,885.9) | (13,824.8) | (13,707.0) | (12,192.7) | (11,809.8) |
| (Deficit)/Surplus | (1,140.7) | (1,003.4) | (940.7) | (1,508.5) | (1,608.7) |
| Percentage by which scheme assets cover liabilities | 93% | 93% | 93% | 88% | 86% |

Funding the Scheme

The most recent actuarial valuation of the pension scheme completed in 2016 by Towers Watson showed a funding shortfall of £1,769m. Consequently, a recovery plan was agreed between the BBC and the pension scheme Trustees which detailed the contribution amounts to be paid by the BBC over a 12.75 year period that commenced on the valuation date.

| | Projections 2018 | 2017 | 2016 | 2015 | 2014 |
|---|------------------|------|------|------|------|
| | % | % | % | % | % |
| Employer | 31.4 | 16.7 | 16.7 | 16.7 | 14.5 |
| Employee (Old and New Benefits) | 7.5 | 7.5 | 7.5 | 7.5 | 7.5 |
| Employee (Career Average Benefits 2006) | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 |
| Employee (Career Average Benefits 2011) | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 |

Principal actuarial assumptions

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

| Principal financial assumptions | 2017 | 2016 |
|--|------|------|
| | % | % |
| Rate of increase in salaries | 1.0 | 1.0 |
| Rate of increase in pension payments: | | |
| Old Benefits | 3.2 | 3.0 |
| New Benefits | 3.0 | 2.8 |
| Career Average Benefits (2006) | 2.4 | 2.4 |
| Career Average Benefits (2011) | 2.1 | 1.9 |
| Inflation assumption (RPI) | 3.2 | 3.0 |
| Inflation assumption (CPI) | 2.2 | 2.0 |
| Discount rate | 2.5 | 3.4 |

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

| Principal demographic assumptions | 2017 | 2016 |
|-----------------------------------|-----------------|-----------------|
| | Number of years | Number of years |
| Retiring today: | | |
| Male | 27.0 | 27.6 |
| Female | 29.3 | 30.0 |
| Retiring in 20 years: | | |
| Male | 28.5 | 29.5 |
| Female | 31.0 | 32.0 |

The sensitivities of the Scheme's liabilities to changes in the principal assumptions are set out below:

| | Assumption used % | Movement | Impact on Scheme liabilities % | Impact on Scheme liabilities £m |
|-----------------------------|-------------------|------------------------|--------------------------------|---------------------------------|
| Discount rate | 2.5 | Increase/decrease 0.1% | 2.5/1.8 | (416)/307 |
| Retail price inflation rate | 3.2 | Increase/decrease 0.1% | 2.0/2.0 | 331/(340) |
| Mortality rate | 1.3 ⁹⁵ | Increase/decrease 0.1% | 3.4/3.6 | 581/(602) |

⁹⁵ A long term trend of 1.3% for both males and females has been applied to the life expectancy reported above.

21.2.2 British Film Institute Pension Schemes

- BFI is a member of the Local Government Pension Scheme (LGPS), with over 250 member bodies, operated by the London Pension Fund Authority.
- The LGPS is a funded defined benefit scheme, benefits are based on final salary and the scheme remains open to existing members for ongoing accrual of benefits.
- BFI's share of the net pension deficit was £68.4m (31 March 2016: £53.4m). The deficit is being funded over 14 years under a deficit recovery plan of £850k per year increasing with CPI as agreed with the pension trustees.
- The scheme is subject to triennial valuations by the consulting actuaries to the LPFA and the latest valuation was at 31 March 2016, the results are reflected in the 2016-17 accounts.
- From 1 January 2014 the BFI also operates a defined contribution pension scheme which is available to all employees not already in the defined benefit scheme.

21.2.3 Sport England Pension Schemes

- Sport England is a member of the London Pension Fund Authority Superannuation Scheme and is one of a large number of employers whose staff participate in the scheme.
- It is a funded defined benefit scheme which was closed to new members on 30 September 2005. Benefits are based on final salary until 31 March 2014, and on a career average salary basis from 1 April 2014.
- The Exchequer share of the pension liability as at 31 March 2017 was £23.6m (31 March 2016: £19.9m). The lottery share of the pension liability as at 31 March 2017 was £31.7m (31 March 2016: £26.7m).
- The latest triennial valuation was at 31 March 2016, with the next formal valuation due at 31 March 2019.
- Additional employer contributions are paid into the scheme to reduce the scheme's deficit as advised by the scheme's actuaries based on triennial valuations. In addition, Sport England makes voluntary contributions that are dependent on available funds.
- Sport England also operates a Group Personal Pension Plan (GPPP) defined contribution scheme with Aviva which is available to employees who commenced service from 1 October 2005 onwards.

21.2.4 British Tourist Authority (BTA) Pension Schemes

- BTA is a member of the British Tourist Boards' Pension Scheme (BTBP). The BTBP Scheme is a multi-employer scheme which includes other Tourist Boards.
- It is a defined benefit final salary pension scheme for all its employees.
- In accordance with IAS 19, BTA's share of the deficit of the funded scheme as at 31 March 2017 is £26.1m (31 March 2016: £29.7m).
- Following the 2015 valuation of the scheme, the employers have agreed a deficit recovery plan with the trustees. The plan requires BTA to pay in proportion to its share of the deficit. Based on the funding shortfall and agreed contribution levels it is expected that the shortfall will be eliminated by 2033. Funding levels are set in accordance with the scheme's statement of funding principles as agreed with the employers.
- A full actuarial valuation was carried out by a qualified independent actuary as at 31 March 2015. The next actuarial valuation is due to be carried out with an effective date of 31 March 2018.
- BTA also operates defined contribution schemes in other parts of the world, outside of the USA.

21.2.5 UK Sport Pension Schemes

UK Sport operates the following pension schemes:

a) *UK Sport:*

- The majority of staff of UK Sport (Grant-in-Aid and Lottery) are members of the London Pension Fund Authority (LPFA) Superannuation Scheme. UK Sport is one of several employers whose staff are scheme participants.
- The Pension Scheme is a funded defined benefit scheme open to all staff. The scheme is based on average salary throughout membership.
- The Exchequer's share of the pension scheme liability as at the year-end is £16.5m (31 March 2016: £10.7m). The lottery share of the pension scheme liability as at the year-end is £4.7m (31 March 2016: £3.1m). As a result of the most recent triennial valuation (31 March 2016), it was agreed that in order to reduce the deficit on the scheme, UK Sport is to make secondary contributions into the LPFA fund covering the period to 31 March 2020. The payments to be made are as follows: 2017-18: £167k, 2018-19: £175k, 2019-20: £179k.
- The pension scheme was subject to a triennial valuation as at 31 March 2016, the results are reflected in the 2016-17 accounts.

b) *The English Institute of Sport:*

- The English Institute of Sport (EIS) is a subsidiary of UK Sport. The company participates in the London Pension Fund Authority (LPFA) Superannuation Scheme. It is one of several employers whose staff are scheme participants.
- The Pension Scheme is a funded defined benefit scheme which is open to all staff.
- The last formal valuation was at 31 March 2016, the results are reflected in the 2016-17 accounts.
- EIS's share of the pension scheme liability as at the year-end is: £32.2m (31 March 2016: £13.6m). The pension deficit has increased in the year to 31 March 2017 as a result of a change in actuarial assumptions (notably the discount rate) applied.

21.2.6 Ofcom Pension Schemes

Ofcom operates the following pension schemes:

Defined Benefit Schemes:

- a) The Ofcom Defined Benefit Pension Plan.
 - b) The Ofcom (Former ITC) Pension Plan which Ofcom jointly participates in with S4C, S4C Masnachol and the Advertising Standards Authority.
- Both of these plans are closed to new entrants and benefits accruals ceased on 31 May 2011. From this time all existing members were provided with access to the Ofcom stakeholder plan, which is a defined contribution scheme (see below).
 - As at 31 March 2017 these schemes had a net pension asset of £17.0m (31 March 2016: £15.4m). These schemes had an additional net pension asset of £8.8m (31 March 2016: £8.4m). IAS19 *Employee Benefits (revised)* only allows the pension asset to be recognised if an economic benefit is available to the body as a result of the surplus. Per the Ofcom (former ITC) Plan's Trust Deed and Rules a refund of any surplus is not available to Ofcom, and therefore a reduction of the pension asset is required.

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.

21.2.7 Local Government Pension Scheme

ALBs participating in the Local Government Pension Scheme are:

- Geffrye Museum
- Horniman Public Museum and Public Park Trust; and
- UK Anti-Doping.

The Local Government Pension Schemes are administered by the London Pension Fund Authority (LPFA). The scheme is a defined benefit scheme and is funded by employees and employers at actuarially determined rates. The scheme was last valued by the consulting actuaries of the LPFA as at 31 March 2016, the results of which are reflected in the 2016-17 accounts.

21.3 Unfunded Pension Schemes

The BBC PSB Group, British Film Institute, British Tourist Authority, UK Sport, Ofcom and Gambling Commission have unfunded pension schemes. For more details on these schemes refer to the published accounts of the individual ALBs (see Note 28).

22. Capital and other commitments

22.1 Capital commitments

| | 31 March 2017 | | 31 March 2016 | |
|--|-----------------------------------|-----------------------------|-----------------------------------|-----------------------------|
| | Core Department & Agency £'000 | Departmental Group £'000 | Core Department & Agency £'000 | Departmental Group £'000 |
| Contracted capital commitments at 31 March not otherwise included in these financial statements: | | | | |
| Property, plant & equipment | - | 75,067 | 925 | 52,419 |
| Intangible assets | - | 572 | - | 164 |
| Total | - | 75,639 | 925 | 52,583 |

The property, plant and equipment commitments as at 31 March 2017 include the following significant commitments:

BBC had commitments of £34.5m at 31 March 2017 (31 March 2016: £10.3m).

Tate Gallery had commitments of £7.3m (31 March 2016: £13.7m).

Commitments under leases**22.2.1 Operating leases**

| | 31 March 2017 | | 31 March 2016 | |
|---|-----------------------------------|-----------------------------|-----------------------------------|-----------------------------|
| | Core Department & Agency £'000 | Departmental Group £'000 | Core Department & Agency £'000 | Departmental Group £'000 |
| Land | | | | |
| Not later than one year | - | 400 | - | 122 |
| Later than one year and not later than five years | - | 2,328 | - | 39 |
| Later than five years | - | 332 | - | 336 |
| | - | 3,060 | - | 497 |
| Buildings | | | | |
| Not later than one year | 9,709 | 74,157 | 9,455 | 75,798 |
| Later than one year and not later than five years | 38,536 | 259,103 | 40,207 | 244,498 |
| Later than five years | 39,975 | 465,872 | 52,190 | 451,423 |
| | 88,220 | 799,132 | 101,852 | 771,719 |
| Other | | | | |
| Not later than one year | - | 40,403 | 96 | 55,283 |
| Later than one year and not later than five years | - | 98,090 | 177 | 136,639 |
| Later than five years | - | 89,710 | - | 111,657 |
| | - | 228,203 | 273 | 303,579 |
| | | | | |
| Total obligations under operating leases | 88,220 | 1,030,395 | 102,125 | 1,075,795 |

Total future minimum payments under operating leases are given in the table above. The most significant operating leases are as follows:

Buildings

The core department leases various buildings under non-cancellable operating lease agreements of £88.2m (31 March 2016: £101.9m), the most significant is the lease of accommodation at 100 Parliament Street, for which the department has a lease until 2028. These operating leases do not have purchase options, although some have escalation clauses and terms of renewal. Renewals are negotiated with the lessor in accordance with the provisions of the individual lease agreements.

The BBC PSB Group lease buildings of £518.1m (31 March 2016: £538.6m). The buildings are operated under non-cancellable lease agreements. Certain agreements include renewal options, periodic rent reviews, stepped rents or annual Retail Price Index uplifts.

Ofcom lease buildings of £81.0m (31 March 2016: £22.8m), the most notable being the lease for their main premises at Riverside House. In May 2016 this lease was extended, the lease end date is now September 2030.

Other

The BBC PSB Group leases IT equipment of £223.2m (31 March 2016: £295.9m). Certain agreements include renewal options, periodic rent reviews, stepped rents or annual Retail Price Index uplifts.

22.2.2 Finance leases

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

| Obligations under finance leases for the following periods comprise: | 31 March 2017 | | Restated 31 March 2016 | |
|--|--------------------------------|--------------------------|--------------------------------|--------------------------|
| | Core Department & Agency £'000 | Departmental Group £'000 | Core Department & Agency £'000 | Departmental Group £'000 |
| Land | | | | |
| Not later than one year | - | 5,707 | - | 5,667 |
| Later than one year and not later than five years | - | 25,463 | - | 25,380 |
| Later than five years | - | 742,292 | - | 748,763 |
| | - | 773,462 | - | 779,810 |
| Less interest element | - | (705,886) | - | (710,661) |
| Present value of obligations | - | 67,576 | - | 69,149 |
| Buildings | | | | |
| Not later than one year | - | 56,514 | - | 56,084 |
| Later than one year and not later than five years | - | 251,594 | - | 250,227 |
| Later than five years | - | 804,844 | - | 868,215 |
| | - | 1,112,952 | - | 1,174,526 |
| Less interest element | - | (474,103) | - | (518,684) |
| Present value of obligations | - | 638,849 | - | 655,842 |
| Other | | | | |
| Not later than one year | - | 1,083 | - | 2,075 |
| Later than one year and not later than five years | - | 3,158 | - | 4,438 |
| Later than five years | - | 5,255 | - | 5,809 |
| | - | 9,496 | - | 12,322 |
| Less interest element | - | (2,898) | - | (3,447) |
| Present value of obligations | - | 6,598 | - | 8,875 |
| | | | | |
| Total present value of obligations | - | 713,023 | - | 733,866 |

The Royal Armouries Museum holds a finance lease obligation of £673.4m (31 March 2016: £674.0m). The interest element for this finance lease is £663.2m (31 March 2016: £663.8m).

22.2.2 Finance leases (continued)

| Present Value of obligations under finance lease comprise: | 31 March 2017 | | Restated 31 March 2016 | |
|--|--------------------------------|--------------------------|--------------------------------|--------------------------|
| | Core Department & Agency £'000 | Departmental Group £'000 | Core Department & Agency £'000 | Departmental Group £'000 |
| Land | | | | |
| Not later than one year | - | 1,630 | - | 1,474 |
| Later than one year and not later than five years | - | 10,265 | - | 9,873 |
| Later than five years | - | 55,681 | - | 57,802 |
| Present value of obligations | - | 67,576 | - | 69,149 |
| Buildings | | | | |
| Not later than one year | - | 13,356 | - | 11,727 |
| Later than one year and not later than five years | - | 92,696 | - | 85,433 |
| Later than five years | - | 532,797 | - | 558,682 |
| Present value of obligations | - | 638,849 | - | 655,842 |
| Other | | | | |
| Not later than one year | - | 686 | - | 1,536 |
| Later than one year and not later than five years | - | 1,934 | - | 3,073 |
| Later than five years | - | 3,978 | - | 4,266 |
| Present value of obligations | - | 6,598 | - | 8,875 |
| Total present value of obligations | - | 713,023 | - | 733,866 |

Finance lease commitments as at 31 March 2017 are held by the BBC PSB Group of £689.9m (31 March 2016 restated: £710.5m). This consists of £57.4m of land (31 March 2016 restated: £58.9m), £631.1m of buildings (31 March 2016 restated: £648.1m) and other finance leases of £1.4m (31 March 2016 restated: £3.5m).

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

The BBC PSB Group leases with a contingent element included within their contract have a total carrying value of £688.5m (31 March 2016 restated: £706.7m) resulting in contingent rents of £27.4m (31 March 2016 restated: £26.3m) being reflected in operating costs.

22.3 Commitments under PFI contracts and other service concession arrangements Off-balance sheet (Consolidated Statement of Financial Position)

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

| Obligations for off-balance sheet (SoFP) PFI and other service concession arrangements for the following periods comprise: | 31 March 2017 | | 31 March 2016 | |
|--|--------------------------------|--------------------------|--------------------------------|--------------------------|
| | Core Department & Agency £'000 | Departmental Group £'000 | Core Department & Agency £'000 | Departmental Group £'000 |
| Not later than one year | - | 557 | - | 1,589 |
| Later than one year and not later than five years | - | 2,371 | - | 6,497 |
| Later than five years | - | 3,312 | - | 6,270 |
| Total | - | 6,240 | - | 14,356 |

The National Museums Liverpool (NML) has entered into a 17 year standard form of PFI contractual arrangement for the provision of energy services and 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.

22.4 Other financial commitments

The group entered into non-cancellable contracts which are not leases, PFI contracts or other service concession arrangements. The payments to which the group are committed during 2016-17, analysed by the period during which the commitments expire, are as follows:

| | 31 March 2017 | | 31 March 2016 | |
|---|--------------------------------|--------------------------|--------------------------------|--------------------------|
| | Core Department & Agency £'000 | Departmental Group £'000 | Core Department & Agency £'000 | Departmental Group £'000 |
| Not later than one year | - | 726,309 | - | 773,334 |
| Later than one year and not later than five years | - | 1,658,356 | - | 1,518,412 |
| Later than five years | - | 1,117,382 | - | 116,098 |
| Total | - | 3,502,047 | - | 2,407,844 |

The BBC PSB Group as at 31 March 2017 had commitments of £3,402m (31 March 2016: £2,356m) relating to long term outsourcing contracts of IT support, content distribution and transmission, facilities management and elements of finance support.

The UK Sport Exchequer as at 31 March 2017 had commitments of £58.3m (31 March 2016: £23.0m) relating to grant commitments which are subject to an annual review process.

23. Contingent assets and liabilities

23.1 Contingent liabilities disclosed under IAS 37

23.1.1 Quantifiable

Department

Broadband Delivery UK (BDUK)

There is a contingent liability in respect of a claim for £3.2m made against the department relating to BDUK's Mobile Infrastructure Project. The department is contesting the claim.

Sale of Olympic Village

A contingent liability remains in connection with the East Village sale to Qatari Diar Delancey (QDD) for any communal areas service charge shortfall, capped at £3m. The initial arrangement expired on 31 March 2016 but has not yet been settled. This contingent liability passed to the core department following the dissolution of the Olympic Delivery Authority (ODA) on 2 December 2014 and the initial 2 year period ended in August 2016.

Broadband Delivery UK (BDUK)

There is a contingent liability for a potential clawback in relation to European Regional Development Fund (ERDF) funding for two broadband projects which were procured through change requests to existing contracts with BT. The contracts were agreed under the 2012 State Aid National Broadband Scheme (NBS) which expired in June 2015. However, the England ERDF Operational Programme for the 2014-2020 period was not agreed until later in 2015 and therefore the funding was added to the contracts in 2016.

The department believes the funding meets the ERDF criteria given that the contracts had state aid clearance and provision for the extra ERDF funding was included. However, it is possible that the ERDF auditors decide that the additional funding was not in compliance with ERDF criteria as it was added to the contracts after the expiration of the NBS. Advice from the Department for Communities and Local Government (DCLG) is that the maximum level of possible fines or penalties would be £2.5m. The outcome will not be known until the relevant audits have taken place which is likely to be in 2019.

Underwrite of UK Sport

The department has agreed to underwrite UK Sport up to £25m each year for the next 3 years in the event there is a shortfall in lottery income. This will cover the years 2017-18, 2018-19 and 2019-20 in the lead up to the 2020 Tokyo Olympics. This constitutes a contingent liability for the core department only as the agreement is with another department body, resulting in an intra-group arrangement and therefore no contingent liability for the group.

Group

Guarantee of British Horseracing Authority (BHA) Scheme

On 30 July 2007, the Horserace Betting Levy Board (HBLB) agreed with the British Horseracing Authority, the Jockey Club, and Trustees of the Jockey Club Pension Fund and Life Assurance Scheme, now known as the BHA Scheme (the 'Scheme'), to guarantee the payments by the BHA of certain contributions to this scheme. The most recent triennial valuation of the Scheme as at 31 December 2014 showed a total deficit of £10.6m.

Accordingly, the HBLB has a contingent liability in the event of the BHA becoming unable to meet its obligations and has agreed if such circumstances arise to:

- a) Meet the entire annual deficit contributions of £1.2m during the period ending 31 December 2019, and £0.6m per annum for the period from 1 January 2020 and ending on 30 September 2024.
- b) Guarantee until the earlier of (i) 31 December 2024 and (ii) the date a future actuarial valuation of the BHA Scheme discloses that there is no longer a past deficit on the basis of the December 2006 actuarial assumptions. The guarantee applies to the full Scheme wind-up liabilities; up to a maximum of £30.3m in total, payable in five equal annual instalments, only in the event that the Scheme is wound up by its trustees as a result of the BHA becoming unable to maintain contributions, or terminates its participation in the scheme, without substituting an alternative Principal Employer (Rule 66 of the Scheme). This guarantee does not apply if the Scheme is wound up for any other reason. The Board no longer has a contingent liability in respect of the BHA's future service contributions to the Scheme.

Home of Horseracing Trust

In January 2014 the HBLB executed a guarantee to Weatherbys Bank to underwrite a £1.5m overdraft facility to be granted in favour of the Home of Horseracing Trust. The Trust has been formed with the objective of raising funds for a National Heritage Centre in Newmarket and specifically the restoration of the historic Palace House and Stables site, built by Charles II. The Board has a contingent liability in the event that the Home of Horseracing Trust becomes unable to repay the sums borrowed through this overdraft facility. The guarantee expires on 31 January 2018.

Sport England

In 1979, the Football Association (FA) contributed £0.5m towards the construction of a hostel at Lilleshall National Sports Centres. A management agreement with the FA was entered into by Sport England which enabled the FA to run the Vauxhall School at the Centre which closed in July 1999. The Management Agreement continues to remain in place and at the present time, the accommodation is used by the FA's Medical and Education Units. If Sport England were to terminate the agreement at any time before 2039, then a proportion of the £0.5m would fall due to be paid to the FA calculated by the reference to time. The Board consider it unlikely that the agreement will be terminated by Sport England.

Lottery Distribution Bodies (LDBs)

In 2016-17, the LDBs have contingent liabilities relating to future grant payments. The estimated value is £1,031m (2015-16: £867m) of which £661m (2015-16: £634m) relates to the Heritage Lottery Fund. The LDBs include British Film Institute, Big Lottery Fund, Heritage Lottery Fund, Sport England, and UK Sport.

The contingent liabilities as at 31 March 2017 relate to awards offered that have been approved in principle but are yet to be accepted by the recipient. For more detailed information on contingent liabilities, please refer to the financial statements of the individual LDBs.

23.1.2 Unquantifiable

Department

Sale of Olympic Village

The Olympic Delivery Authority (ODA) had, under the various sale or lease agreements with QDD, Triathlon Homes LLP and East Village Management Ltd (EVML), a liability for the rectification of defects in the buildings constructed by Stratford Village Development Partnership, provided that the legacy owner/operator has first exhausted all alternative contractual rights and remedies. The liability expires on 15 July 2026, being 12 years after the date of practical completion under the relevant contracts. For the first 2 years after practical completion the ODA was responsible for rectifying those defects. An estimate of the financial impact of the contingent liability is not practicable.

Hague Convention and Cultural Property (Armed Conflicts) Act 2017

The Government has announced its intention to ratify 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 creates a number of new criminal offences in domestic law to enable the UK to ratify the Convention and accede to the Protocols. The offences include a serious breach of the Second Protocol, unauthorised use of the Cultural Emblem and the offence of dealing in unlawfully exported cultural property. The department has an unquantifiable contingent liability for the additional costs related to imprisonment and legal costs incurred by the Ministry of Justice for prosecutions brought solely under this new legislation. The department also has an unquantifiable contingent liability for any costs it may be required to cover relating to compensation which may be payable to buyers of 'good faith' that forfeit any cultural property.

UCI Road World Championships 2019

To help secure the bid for the 2019 Union Cycliste Internationale (UCI) Road World Championships to take place in Yorkshire, the department has taken on a contingent liability to underwrite the event, if there is a shortfall in revenue. The arrangement was set out in a departmental minute to Parliament in September 2016.

The Royal Parks (TRP) Historic Liabilities

A new body with charitable status has been created to manage The Royal Parks. On 16 March 2017, an agreement was signed between the new entity and the Secretary of State setting out the elements transferred from TRP (an Executive Agency) and additional obligations and arrangements. Under the terms of the agreement, the core department retains responsibility for the cost of historic liabilities of TRP, above £100k. There is an unquantifiable contingent liability in respect of an incident in one of The Royal Parks. There is insufficient information to assess the value of the liability at this time

Group*The British Museum*

The British Museum is currently contesting a case relating to the withdrawal of charitable relief against business rates on elements of the Bloomsbury site. The possible obligation is estimated at £1.6m. The hearing of the contested issues is expected in 2017-18.

The result of the hearing could set a precedent for other museums and galleries with commercial areas. However, as at 31 March 2017, the department does not consider any other bodies in the group to have a contingent liability related to business rates.

The National Gallery

The National Gallery is involved in legal action in the United States concerning the rightful ownership of 'Portrait of Greta Moll' by Henri Matisse. The descendants of Greta Moll have filed a lawsuit against the National Gallery and Her Majesty's Government (HMG) and are claiming possession of the painting or at least \$30m as an alternative to the painting being returned. The National Gallery and HMG have appointed US lawyers to prepare a Motion to Dismiss on the basis of absence of jurisdiction and any viable cause of action. The National Gallery maintains that it has good title to the picture.

23.2 Contingent Assets**Department***Sale of Olympic Village*

When each of the development plots on the Olympic Village is sold, the core department has an entitlement to an overage from the owners (QDD), up to March 2024. Any sums payable to the department in respect of overage on the Village development plots are subject to a 5% levy in favour of London Borough of Newham. £6.4m was received by the department in 2016-17. Other overages may be payable but the likelihood is considered remote.

Group*Land sales on the Greenwich Peninsula*

As successor to the Millennium Commission, the Big Lottery Fund is entitled to a share of the proceeds of land sales on the Greenwich Peninsula made by the Greater London Authority, once certain costs have been covered. Payments of £87m are forecast to be received between 2016 and 2031, of which £4m has been received by the Big Lottery Fund in 2016-17.

Sale of Olympic Park

The National Lottery Distributors are entitled to receive a share of receipts from the sale of land on Queen Elizabeth Olympic Park in return for their contribution of an additional £675m to the funding of the London 2012 Olympic and Paralympic Games. The arrangements are set out in a legal agreement between the Secretary of State and the Greater London Authority (GLA) dated 29 March 2012 which sets out the distribution of funds between the GLA and the Lottery Distributors (via the core department). Land sales are likely to take place over a lengthy period, estimated to be from 2017-18 to 2036-37. The department estimates the first payments to the Lottery Distributors will be received in 2020-21.

24. Related Party Transactions

Core Department

At 31 March 2017, 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:

| Related Party | Nature of transaction |
|--|---|
| Department for Communities and Local Government (DCLG) | DCMS contributions to cover local government Libraries and Sports PFI projects that are distributed by DCLG. |
| Government Legal Department | Government Legal Department provides legal services to over 180 central government departments and other publicly funded bodies in England and Wales. |
| Department for Education (DfE) | Contributions from DfE for a number of Arts and Culture programmes (Music Hubs, In Harmony and implementing response to the Henley review of cultural education). DCMS Contribution to DfE for the Primary School Sports Premium. |
| HM Revenue and Customs (HMRC) | Payments from DCMS to HMRC relating to DCMS leasing office space at 100 Parliament Street. |
| Department of Health (DoH) | DoH contributions to School Games Organisers programme. |
| Cabinet Office | Provision of Information Technology services under a shared service agreement. |
| Department for Business, Energy & Industrial Strategy (BEIS) | Funding for Digital Economy programmes delivered by BEIS sponsored research councils and Innovate UK. |
| Commonwealth War Graves Commission | Support for commemorative events to mark the centenary of First World War and contribution to restoration of the Thiepval Memorial. |
| Local Authorities | Payments to 69 councils or their subsidiaries who are responsible for administering and enabling the broadband rollout in their area. |
| The Northern Ireland Executive | Payment of the Northern Ireland share of the Wireless and Telegraphic Act licence fee receipts. |

The London Organising Committee of the Olympic Games and Paralympic Games Limited (LOCOG) was a related party as the Secretary of State was a member of the Company. A sum of £250k was received from the liquidators during 2016-17.

The National Lottery Distribution Fund is maintained under the control and management of the Secretary of State. During the year, a number of staff employed by the core department worked on National Lottery Distribution related activities and also used systems owned by the department. These costs were recharged to the fund by the department.

During the year, the core department may have entered into transactions, under normal business terms with organisations in which either a Trustee/Director or a key senior member of management was regarded as having an interest. The transactions entered into during the year are set out below.

Departmental Ministers make specific disclosure of financial interests as required by the Ministerial Code of Conduct. DCMS Non-Executive Board members must declare to the Permanent Secretary any personal or business interest which may, or may be perceived to, influence their judgement as a Board member.

No Minister, Board Member, or other related parties have (other than those mentioned below) undertaken any material transactions with the department during the year.

The individuals named in the below note have not benefited from those transactions.

Departmental Group

Ministers

Tracey Crouch MP, Parliamentary under Secretary of State for Sport, Tourism and Heritage, is a Medway MP. Medway Council received £1,972k from Heritage Lottery Fund during the year (£1,999k receivable at year end). Medway Council also received £414k from Arts Council England Exchequer (£5k receivable at year end) and £36k from Arts Council England Lottery during the year (£18k receivable at year end).

Tracey Crouch is also a Patron of Blenheim Community Drug Project, which received £13k from the Big Lottery Fund during the year (£131k receivable at year end).

John Whittingdale MP, former Secretary of State is a Patron of Youth Music Theatre which is owed £150k from Arts Council England Lottery at year end.

Lord Ashton of Hyde, Parliamentary Under-Secretary of State's sister-in-law is chair of the KM Group, which paid £21k to Ofcom during the year.

Lord Ashton of Hyde's cousin is married to the CEO of News UK. During the year the National Gallery received free advertising for the Goya: the Portraits exhibition from News UK and in exchange provided a free private view of the Goya: the Portraits exhibition for The Times readers. The value of these transactions matched with £17k expenditure and £17k income recognised during the year. No transactions were made between the News UK and the core department.

Executive Board Members

Claudia Kenyatta, Acting Director for the Digital Economy Unit at DCMS is a trustee at Lauderdale House Society Limited, which has £439k receivable from Heritage Lottery Fund at year end.

Mark Fisher, Director of the Office for Civil Society, is a council member of the University of Huddersfield, which received grant income of £98k, of which £81k was from Heritage Lottery Fund (£323k receivable at year end). British Library received £20k from University of Huddersfield during this financial year.

Clare Pillman, Director of Culture, Tourism and Sport was also a Director of The Royal Parks Limited until 10 October 2016. The Royal Parks Limited became the successor organisation to The Royal Parks Agency on 15 March 2017 (see Note 1.33).

Non-executive Board Members

Charles Alexander, Lead Non-Executive Board Member is the Chairman of Opera Rara, which received £58k from the BBC during the year for services rendered.

Fields Wicker-Miurin OBE (Non-Executive Board Member and Chair of the Audit and Risk Committee) is also a Non-Executive Director at BNP Paribas, which received income totalling £241k from various ALBs in the DCMS Group during the year, notably £169k from the BBC and £29k from the Heritage Lottery Fund. BNP Paribas paid £20k to Victoria and Albert Museum during the year for corporate membership.

Neil Mendoza, Non-Executive Board Member, is the Chairman of the Board of Trustees of the Landmark Trust, which was awarded £96k in grants from the Heritage Lottery Fund during the year (£2,192k receivable at year end).

Neil Mendoza is Vice Chairman at Soho Theatre, which received £613k from Arts Council England Exchequer (£10k receivable at year end) and £76k from Arts Council England Lottery (£38k receivable at year end).

Neil Mendoza is a Director of Lundy Company Limited, which received £20k from Historic England during the year.

Neil Mendoza's business partner is the Chairman of Somerset House, which received £92k from Historic England.

Sir David Verey CBE, former Lead Non-Executive Board Member and former Member of the Audit and Risk Committee, is a Trustee of the British Council which received grant income of £957k (£563k receivable at year end) and paid grants of £525k (£23k payable at year end) to a number of ALBs during the year. The largest grants were received from DCMS (£716k) and Arts Council England Exchequer (£138k). British Council paid the largest grants to Arts Council England Exchequer (£200k), British Museum (£191k) and British Film Institute (£123k).

Sir David Verey is a Senior Advisor to Lazard & Co Ltd, which paid £10k in subscription monies to the Victoria and Albert Museum during the year.

Sir David Verey is a Director of West London Zone, which received £900k from Big Lottery Fund during the year (£838k receivable at year end).

Sir David Verey's wife is a Trustee at Watts Gallery which received £41k from Arts Council England Exchequer during the year and £45k from Victoria and Albert Museum. £250k remains receivable from Heritage Lottery fund at the year end.

Independent Member of the DCMS Audit and Risk Committee

Chris Walton, independent member of the DCMS Audit and Risk Committee, is the Audit Chair and Non-Executive Director for the Institute of Directors, which received £11k from the Science Museum Group (£5k receivable at year end).

None of the other Departmental Ministers or other Management Board members have undertaken any transactions with or have balances with bodies in the DCMS Group during the year. The Remuneration Report (page 98) contains details of compensation payments made to key personnel.

25. Events after the Reporting Period

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

Changes to Ministers

Following the General Election on 8 June 2017, John Glen MP was appointed on 14 June 2017 as Parliamentary Under Secretary of State for Arts, Heritage, Tourism and Libraries.

Changes to the Executive Board

Mark Fisher, Director of Office for Civil Society, moved to the Cabinet Office as Director General on 26 June 2017. Following Mark's move, David Rossington (Finance Director) took over as Director of Office for Civil Society and Tim Sparrow (Deputy Director) will cover David's role as DCMS Finance Director.

Date Accounts authorised for issue

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

Change to the name of the department

On 3 July 2017 the name of the department was changed to Department for Digital, Culture, Media and Sport.

26. Third-party assets

Where assets are held by the group on behalf of third parties and are included in the Consolidated Statement of Financial Position, the associated liability is also recognised. As at 31 March 2017 the group held assets of £13.1m (31 March 2016: £11.4m).

Neither the department nor the agency hold third party assets. The significant third party assets of the group include:

- a) Big Lottery Fund (BIG) had third party assets as at 31 March 2017 of £11.7m (31 March 2016: £7.1m). These assets represent third party bank balances for whom BIG manage grant programmes. Note that these have not been included as an asset or liability within the Consolidated Statement of Financial Position.
- b) The Natural History Museum had third party assets as at 31 March 2017 of £0.8m (31 March 2016: £4.3m). These funds arise where the Natural History Museum acts as lead manager on grants, receiving funds from the grantor and distributing them to participants over the life of the funded projects.
- c) British Tourist Authority (BTA) had third party assets as at 31 March 2017 of £0.5m (31 March 2016: £Nil). These assets represent third party cash held in the BTA bank account during the transition period of transferring a contract from G4S to the Automobile Association (AA) – Hotel Services.

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

Prior periods have been restated to include:

Machinery of Government (MoG) Changes

DCMS had one MoG change affecting its Estimate and Accounts for the year ended 31 March 2017. A MoG is when functions or responsibilities have been merged or transferred within Government. MoGs are accounted for using merger accounting in accordance with the FReM. This requires the restatement of the Primary Statements and associated Notes to the Accounts.

Responsibility for the Office for Civil Society (OCS) moved from the Cabinet Office to the core department.

OCS has been included within the core department for prior periods – as per the below tables column 'core department – OCS MoG transfer from the Cabinet Office'.

Amounts for 2016-17 have been recognised in full in the core department's accounts, and removed entirely from the Cabinet Office's 2016-17 accounts.

Other adjustments

Recognition of Futurebuilders loan book

As part of the OCS MoG, the loan book that is administered by Futurebuilders England Limited (FBE, a social investment business funded by OCS), was transferred from the Cabinet Office to DCMS. OCS provided funding to FBE to make loans to third sector organisations delivering public services. Loan repayments are collected by FBE and are returned to OCS upon request. FBE is managed under contract by Social Investment Business Limited.

The assets held by FBE were originally recognised as a contingent asset by the Cabinet Office. After investigation, it was determined that OCS are acting as principal whilst FBE are agent, as such the core department's accounts have been restated so that the FBE loan book appears on-balance sheet.

BBC finance lease adjustment

The BBC have reconsidered the assumptions used in the calculation of assets and liabilities of three of its finance leases and now consider it appropriate to retrospectively revise an inflationary assumption originally included within the respective calculations.

Comparative details in various Notes have also been restated for the above. The financial impact of all prior period adjustments are set out in the following tables:

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

| Consolidated Statement of Comprehensive Net Expenditure as at 31 March 2016 | Published 2015-16 | | | | | Restated 2015-16 | |
|---|-------------------------------------|-----------------------------|--|---|--------------------------------|-------------------------------------|-----------------------------|
| | 2015-16: Core Department and Agency | 2015-16: Departmental Group | Core Department - OCS MoG transfer from Cabinet Office | Core Department - Recognise Futurebuilders loan book on balance sheet | BBC - Finance lease adjustment | 2015-16: Core Department and Agency | 2015-16: Departmental Group |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Staff costs | 41,907 | 1,795,548 | 4,420 | - | - | 46,327 | 1,799,968 |
| Grants and subsidies to sponsored bodies | 4,426,331 | 48,579 | - | - | - | 4,426,331 | 48,579 |
| Other grants | 290,432 | 2,293,806 | 170,570 | 4,750 | - | 465,752 | 2,469,126 |
| Purchase of goods and services | 50,923 | 489,859 | 1,924 | 1,012 | - | 53,859 | 492,795 |
| Depreciation, amortisation and impairment charges | 3,120 | 344,367 | (266) | (1,395) | (1,620) | 1,459 | 341,086 |
| Provisions expense | 61 | 46,670 | - | - | - | 61 | 46,670 |
| Other operating expenditure | 10,695 | 2,679,163 | 56 | - | (12,824) | 10,751 | 2,666,395 |
| Total operating expenditure | 4,823,469 | 7,697,992 | 176,704 | 4,367 | (14,444) | 5,004,540 | 7,864,619 |
| Income from sale of goods and services | (1,322) | (79,856) | - | - | - | (1,322) | (79,856) |
| Other operating income | (324,336) | (3,450,619) | (7,622) | (1,886) | - | (333,844) | (3,460,127) |
| Total operating income | (325,658) | (3,530,475) | (7,622) | (1,886) | - | (335,166) | (3,539,983) |
| Net expenditure for the year | 4,497,811 | 4,167,517 | 169,082 | 2,481 | (14,444) | 4,669,374 | 4,324,636 |
| Other comprehensive net expenditure | | | | | | | |
| Net (gain)/loss on: | | | | | | | |
| - revaluation of property, plant & equipment, intangible assets and heritage assets | (6,052) | (598,887) | - | - | 1,620 | (6,052) | (597,267) |
| - impairments | - | 68 | - | - | - | - | 68 |
| - revaluation of available for sale financial assets | - | 11,313 | - | - | - | - | 11,313 |
| - remeasurements | - | 73,045 | - | - | - | - | 73,045 |
| Total other comprehensive net expenditure | (6,052) | (514,461) | - | - | 1,620 | (6,052) | (512,841) |
| Total comprehensive expenditure for the period | 4,491,759 | 3,653,056 | 169,082 | 2,481 | (12,824) | 4,663,322 | 3,811,795 |

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

| Consolidated Statement of Financial Position as at 31 March 2016 | Published 2015-16 | | | | | Restated 2015-16 | |
|---|---|-----------------------------------|---|---|-----------------------------------|---|-----------------------------------|
| | 2015-16: Core Department and Agency | 2015-16: Departmental Group | Core Department - OCS MoG transfer from Cabinet Office | Core Department - Recognise Futurebuilders loan book on balance sheet | BBC - Finance lease adjustment | 2015-16: Core Department and Agency | 2015-16: Departmental Group |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Non-current assets: | | | | | | | |
| Property, plant & equipment | 33,662 | 7,039,746 | - | - | - | 33,662 | 7,039,746 |
| Heritage assets | 36,699 | 1,291,277 | - | - | - | 36,699 | 1,291,277 |
| Intangible assets | 166 | 67,631 | - | - | - | 166 | 67,631 |
| Investment properties | - | 169,905 | - | - | - | - | 169,905 |
| Trade and other receivables | - | 37,336 | - | - | - | - | 37,336 |
| Investments in associates and joint ventures | - | 54 | - | - | - | - | 54 |
| Other financial assets | 8,755 | 322,515 | 1,594 | 33,377 | - | 43,726 | 357,486 |
| Total non-current assets | 79,282 | 8,928,464 | 1,594 | 33,377 | - | 114,253 | 8,963,435 |
| Current assets: | | | | | | | |
| Assets classified as held for sale | - | 299 | - | - | - | - | 299 |
| Inventories | - | 307,290 | - | - | - | - | 307,290 |
| Trade and other receivables | 15,639 | 1,349,126 | 111 | - | 2,468 | 15,750 | 1,351,705 |
| Other financial assets | 1,721 | 68,937 | - | 3,463 | - | 5,184 | 72,400 |
| Cash and cash equivalents | 147,787 | 2,349,239 | - | 26,219 | - | 174,006 | 2,375,458 |
| Total current assets | 165,147 | 4,074,891 | 111 | 29,682 | 2,468 | 194,940 | 4,107,152 |
| Current liabilities: | | | | | | | |
| Trade and other payables | (276,038) | (2,592,368) | (937) | - | (5,788) | (276,975) | (2,599,093) |
| Provisions | (1,031) | (69,007) | - | - | - | (1,031) | (69,007) |
| Other financial liabilities | - | (725) | - | - | - | - | (725) |
| Total current liabilities | (277,069) | (2,662,100) | (937) | - | (5,788) | (278,006) | (2,668,825) |
| Non-current liabilities: | | | | | | | |
| Provisions | (72) | (57,267) | - | - | - | (72) | (57,267) |
| Trade and other payables | - | (2,464,058) | - | - | 148,423 | - | (2,315,635) |
| Other financial liabilities | - | (3,043) | - | - | - | - | (3,043) |
| Pension liabilities | - | (1,174,672) | - | - | - | - | (1,174,672) |
| Total non-current liabilities | (72) | (3,699,040) | - | - | 148,423 | (72) | (3,550,617) |
| Assets less liabilities | (32,712) | 6,642,215 | 768 | 63,059 | 145,103 | 31,115 | 6,851,145 |

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

| Consolidated Statement of Financial Position as at 31 March 2016 | Published 2015-16 | | | | | Restated 2015-16 | |
|---|--|--|--|--|--|--|--|
| | 2015-16: Core Department and Agency £'000 | 2015-16: Departmental Group £'000 | Core Department - OCS MoG transfer from Cabinet Office £'000 | Core Department - Recognise Futurebuilders loan book on balance sheet £'000 | BBC - Finance lease adjustment £'000 | 2015-16: Core Department and Agency £'000 | 2015-16: Departmental Group £'000 |
| Taxpayers' equity: | | | | | | | |
| General fund | (55,160) | 2,643,859 | 768 | 63,059 | 115,612 | 8,667 | 2,823,298 |
| Revaluation reserve | 22,448 | 397,267 | - | - | 29,491 | 22,448 | 426,758 |
| Total taxpayers' equity | (32,712) | 3,041,126 | 768 | 63,059 | 145,103 | 31,115 | 3,250,056 |
| Lottery funds | - | (1,212,418) | - | - | - | - | (1,212,418) |
| Charity funds | - | 4,813,507 | - | - | - | - | 4,813,507 |
| Total reserves | (32,712) | 6,642,215 | 768 | 63,059 | 145,103 | 31,115 | 6,851,145 |

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

| Consolidated Statement of Financial Position as at 1 April 2015 | Published 2014-15 | | | | | Restated 2014-15 | |
|--|---|-----------------------------------|---|---|-----------------------------------|---|-----------------------------------|
| | 2014-15: Core Department and Agency | 2014-15: Departmental Group | Core Department - OCS MoG transfer from Cabinet Office | Core Department - Recognise Futurebuilders loan book on balance sheet | BBC - Finance lease adjustment | 2014-15: Core Department and Agency | 2014-15: Departmental Group |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Non-current assets: | | | | | | | |
| Property, plant & equipment | 30,016 | 6,675,014 | - | - | - | 30,016 | 6,675,014 |
| Heritage assets | 32,679 | 1,218,485 | - | - | - | 32,679 | 1,218,485 |
| Intangible assets | 185 | 72,930 | - | - | - | 185 | 72,930 |
| Investment properties | - | 60,691 | - | - | - | - | 60,691 |
| Trade and other receivables | 5,176 | 28,095 | - | - | - | 5,176 | 28,095 |
| Investments in associates and joint ventures | - | 54 | - | - | - | - | 54 |
| Other financial assets | 2,517 | 307,576 | 1,958 | 35,445 | - | 39,920 | 344,979 |
| Total non-current assets | 70,573 | 8,362,845 | 1,958 | 35,445 | - | 107,976 | 8,400,248 |
| Current assets: | | | | | | | |
| Assets classified as held for sale | - | 87,495 | - | - | - | - | 87,495 |
| Inventories | - | 323,582 | - | - | - | - | 323,582 |
| Trade and other receivables | 15,640 | 1,277,024 | 1,003 | - | 2,212 | 16,643 | 1,280,239 |
| Other financial assets | - | 54,229 | - | 5,955 | - | 5,955 | 60,184 |
| Cash and cash equivalents | 85,958 | 2,187,381 | - | 24,140 | - | 110,098 | 2,211,521 |
| Total current assets | 101,598 | 3,929,711 | 1,003 | 30,095 | 2,212 | 132,696 | 3,963,021 |
| Current liabilities: | | | | | | | |
| Trade and other payables | (220,270) | (2,608,951) | (571) | - | (6,517) | (220,841) | (2,616,039) |
| Provisions | (548) | (47,191) | - | - | - | (548) | (47,191) |
| Other financial liabilities | - | (3,000) | - | - | - | - | (3,000) |
| Total current liabilities | (220,818) | (2,659,142) | (571) | - | (6,517) | (221,389) | (2,666,230) |
| Non-current liabilities: | | | | | | | |
| Provisions | (1,054) | (69,188) | - | - | - | (1,054) | (69,188) |
| Trade and other payables | - | (2,656,714) | - | - | 136,584 | - | (2,520,130) |
| Other financial liabilities | - | (9,683) | - | - | - | - | (9,683) |
| Pension liabilities | - | (1,123,847) | - | - | - | - | (1,123,847) |
| Total non-current liabilities | (1,054) | (3,859,432) | - | - | 136,584 | (1,054) | (3,722,848) |
| Assets less liabilities | (49,701) | 5,773,982 | 2,390 | 65,540 | 132,279 | 18,229 | 5,974,191 |

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

| | Published 2014-15 | | | | | Restated 2014-15 | |
|--|---|-----------------------------------|---|---|-----------------------------------|---|-----------------------------------|
| | 2014-15: Core Department and Agency | 2014-15: Departmental Group | Core Department - OCS MoG transfer from Cabinet Office | Core Department - Recognise Futurebuilders loan book on balance sheet | BBC - Finance lease adjustment | 2014-15: Core Department and Agency | 2014-15: Departmental Group |
| Consolidated Statement of Financial Position as at 1 April 2015 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Taxpayers' equity: | | | | | | | |
| General fund | (66,782) | 2,659,870 | 2,390 | 65,540 | 101,168 | 1,148 | 2,828,968 |
| Revaluation reserve | 17,081 | 340,915 | - | - | 31,111 | 17,081 | 372,026 |
| Total taxpayers' equity | (49,701) | 3,000,785 | 2,390 | 65,540 | 132,279 | 18,229 | 3,200,994 |
| Lottery funds | - | (1,526,911) | - | - | - | - | (1,526,911) |
| Charity funds | - | 4,300,108 | - | - | - | - | 4,300,108 |
| Total reserves | (49,701) | 5,773,982 | 2,390 | 65,540 | 132,279 | 18,229 | 5,974,191 |

The 2014-15 published figures columns are as restated in the published 2015-16 accounts.

28. List of bodies within the Group

The entities within the group during 2016-17 comprise the core department, The Royal Parks (Executive Agency) and those bodies included in the Government Resources and Accounts Act 2000 (Estimates and Accounts) Order 2016 (GRAA), known as the “Designation Order” – these are listed below. The Annual Report and Accounts for each of these bodies can be found on their own websites, given below. No other changes to the Group Designation Order have arisen since 2015-16.

| Bodies consolidated in Departmental Group accounts for 2016-17 | Status | Website |
|---|-------------------------------|--|
| The Department for Culture, Media and Sport (DCMS) | Core Department | www.gov.uk/dcms |
| The Royal Parks Agency (TRP) | Executive Agency | www.royalparks.org.uk |
| <i>The Royal Parks' responsibilities have transferred to a new charity (also called The Royal Parks) with effect from 15 March 2017. The new charity is expected to be classified as a public corporation by the Office for National Statistics and since DCMS have no financial investment in it, the charity is not included within the consolidation boundary.</i> | | |
| BBC | Public Broadcasting Authority | www.bbc.co.uk |
| <i>The BBC is governed by Royal Charter and an associated Agreement with Government. The Charter and Agreement set out the BBC's accountability to Parliament for use of the public money it receives whilst at the same time preserving the BBC's independence on editorial policy and programming. The definition of the part of the BBC which is consolidated in these accounts (BBC PSB Group) is provided in Note 1.3.</i> | | |
| S4C (Sianel Pedwar Cymru) | Public Broadcasting Authority | www.s4c.cymru |
| <i>S4C is a statutory corporation, and the Welsh Fourth Channel Authority is responsible for S4C's strategic policy and for ensuring the fulfilment of its statutory functions.</i> | | |
| Museums and Galleries | | |
| British Museum | Executive NDPB and Charity | www.britishmuseum.org |
| Geffrye Museum | Executive NDPB and Charity | www.geffrye-museum.org.uk |
| Horniman Public Museum and Public Park Trust | Executive NDPB and Charity | www.horniman.ac.uk |
| Imperial War Museum | Executive NDPB and Charity | www.iwm.org.uk |
| National Gallery | Executive NDPB and Charity | www.nationalgallery.org.uk |
| National Museums Liverpool | Executive NDPB and Charity | www.liverpoolmuseums.org.uk |
| National Maritime Museum | Executive NDPB and Charity | www.rmg.co.uk |
| National Portrait Gallery | Executive NDPB and Charity | www.npg.org.uk |
| Natural History Museum | Executive NDPB and Charity | www.nhm.ac.uk |
| Royal Armouries Museum | Executive NDPB and Charity | www.royalarmouries.org |
| Science Museum Group | Executive NDPB and Charity | www.sciencemuseum.org.uk |
| Sir John Soane's Museum | Executive NDPB and Charity | www.soane.org |
| Tate Gallery | Executive NDPB and Charity | www.tate.org.uk |

| Bodies consolidated in Departmental Group accounts for 2016-17 | Status | Website |
|---|---|--|
| Victoria and Albert Museum | Executive NDPB and Charity | www.vam.ac.uk |
| Wallace Collection | Executive NDPB and Charity | www.wallacecollection.org |
| Libraries | | |
| British Library | Executive NDPB and Charity | www.bl.uk |
| Arts | | |
| Arts Council England | Executive NDPB | www.artscouncil.org.uk |
| Architecture and the Historic Environment | | |
| The Historic Buildings and Monuments Commission for England (operating as Historic England) | Executive NDPB | www.historicengland.org.uk |
| National Heritage Memorial Fund (NHMF) <i>NHMF includes the Heritage Lottery Fund</i> | Executive NDPB | www.nhmf.org.uk |
| Churches Conservation Trust | Charitable Trust | www.visitchurches.org.uk |
| Communications | | |
| Office of Communications (Ofcom) | Statutory Competition Authority and Regulator | www.ofcom.org.uk |
| Phone-paid Services Authority | Regulator | www.psauthority.org.uk |
| Phone-paid Services Authority (previously operating as PhonepayPlus) is included within the Group boundary by virtue of Ofcom's powers under the Communications Act 2003 to regulate premium rate services. | | |
| Tourism | | |
| British Tourist Authority | Executive NDPB | www.visitbritain.org |
| Creative industries | | |
| British Film Institute | Executive NDPB | www.bfi.org.uk |
| Sports | | |
| Sports Grounds Safety Authority | Executive NDPB | www.safetyatsportsgrounds.org.uk |
| The English Sports Council (Sport England) | Executive NDPB | www.sportengland.org |
| The United Kingdom Sports Council (UK Sport) | Executive NDPB | www.uk sport.gov.uk |
| UK Anti-Doping Limited (UKAD) | Executive NDPB and Company limited by guarantee | www.ukad.org.uk |
| <i>The sole guarantee of £1 is provided by the Secretary of State for Culture, Media and Sport, who is the owner of the £1 issued share capital.</i> | | |
| Civil Society | | |
| Big Lottery Fund | Executive NDPB | www.biglotteryfund.org.uk |
| Gambling and National Lottery | | |
| Gambling Commission | Executive NDPB and Regulator | www.gamblingcommission.gov.uk |
| Horserace Betting Levy Board (HBLB) | Executive NDPB and Statutory Body | www.hblb.org.uk |
| Data Protection | | |
| Information Commissioner's Office | Executive NDPB | www.ico.org.uk |

| Bodies consolidated in Departmental Group accounts for 2016-17 | Status | Website |
|---|---------------|---------|
| Committees funded by the DCMS | | |
| Group: | | |
| Reviewing Committee on the Export of Works of Art | Advisory NDPB | |
| Treasure Valuation Committee | Advisory NDPB | |
| Bodies excluded from the boundary | | |
| <i>The Public Sector Bodies that are outside the departmental accounting boundary, and for which the department had lead policy responsibility during the year, are listed below together with their status. More detail can be found in the Public Bodies Directory.</i> | | |
| Non-Ministerial Government Departments | | |
| <i>Non-Ministerial Government Departments are not consolidated within the group accounts.</i> | | |
| The National Archives | | |
| The National Archives Annual Report and Accounts can be found at: | | |
| http://www.nationalarchives.gov.uk/about/our-role/plans-policies-performance-and-projects/our-performance/ | | |
| 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-2015-to-2016 | | |
| Public Corporations sponsored by DCMS | | |
| Channel Four Television Corporation | | |
| Historic Royal Palaces | | |
| <i>Public Corporations are market bodies that derive more than 50% of their income from the sale of goods and services. They have substantial day to day operating independence.</i> | | |
| 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 following bodies receive a grant from DCMS: | | |
| Chatham Historic Dockyard | | |
| Greenwich Foundation for the Old Royal Naval College (ORNC) | | |
| National Film and Television School (NFTS) | | |
| Royal Household (RHH) | | |
| <i>The department provides funding for the security and upkeep of Marlborough House, a historic royal palace occupied by the Commonwealth Secretariat.</i> | | |

Annex A – Core Tables

These Tables present actual expenditure by the Department for the years 2012-13 to 2016-17 and planned expenditure for the years 2017-18 to 2019-20 (derived from the Spending Review 2015 and subsequent fiscal events). The data relates to the Department's expenditure on an Estimate and budgeting basis.

The format of the Tables is determined by HM Treasury, and the disclosure in Tables 1 and 2 follow that of the Supply Estimate Functions.

All years have been restated for the effect of Machinery of Government Changes and the change in budgetary treatment of research and development (from resource to capital). Please note that the current year Statement of Parliamentary Supply has not been restated for any other prior period adjustments.

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) | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | Outturn | Outturn | Outturn | Outturn | Outturn | Plans | Plans | Plans |
| Support for the Museums and Galleries sector | 12,664 | 16,267 | 16,003 | 20,314 | 16,198 | 25,777 | 29,267 | 26,887 |
| Museums and Galleries sponsored ALBs (net) | 355,854 | 351,059 | 326,032 | 339,528 | 362,966 | 392,331 | 403,479 | 409,240 |
| Libraries sponsored ALBs (net) | 110,753 | 101,374 | 98,369 | 113,571 | 115,172 | 122,684 | 124,209 | 126,201 |
| Museums, libraries and archives council (net) | 8,632 | - | - | - | - | - | - | - |
| Support for the Arts sector ⁹⁶ | (53,218) | (67,219) | (58,465) | (79,113) | (76,979) | (73,467) | 783 | 583 |
| Arts and culture ALBs (net) | 452,545 | 448,788 | 433,475 | 439,548 | 442,231 | 431,528 | 368,784 | 369,211 |
| Support for the Sports sector | 6,847 | 21,147 | 18,075 | 11,159 | 7,585 | 7,124 | 7,124 | 7,124 |
| Sport sponsored ALBs (net) | 142,742 | 112,767 | 111,006 | 106,112 | 128,683 | 125,154 | 132,826 | 129,952 |
| Ceremonial and support for the Heritage sector ⁹⁷ | 22,161 | 16,690 | 29,456 | 53,141 | 48,451 | 42,111 | 37,741 | 28,273 |
| Heritage sponsored ALBs (net) ⁹⁸ | 90,277 | 105,685 | 115,478 | 84,350 | 99,814 | 80,964 | 77,315 | 75,691 |
| The Royal Parks ⁹⁹ | 16,955 | 13,637 | 14,600 | 12,320 | 6,022 | - | - | - |
| Support for the Tourism sector | 70 | 10 | (200) | - | - | - | - | - |
| Tourism sponsored ALBs (net) | 47,824 | 48,200 | 46,502 | 66,374 | 57,095 | 45,992 | 56,232 | 33,732 |
| Support for the Broadcasting and Media sector | 15,607 | 15,862 | 42,315 | 19,498 | 28,346 | 24,591 | 13,745 | 10,892 |
| Broadcasting and Media sponsored ALBs (net) ¹⁰⁰ | 188,279 | 101,810 | 88,099 | 95,600 | 82,204 | 72,166 | 41,185 | 40,811 |
| Administration and Research | 55,140 | 36,554 | 41,748 | 54,081 | 57,898 | 60,297 | 59,443 | 57,766 |
| Support for Horseracing and the Gambling sector | (1,560) | (1,603) | (843) | (2,858) | (2,539) | (3,080) | - | - |
| Gambling Commission(net) | 1,959 | 3,097 | 1,449 | 365 | 1,197 | 3,448 | 343 | 310 |
| Olympics - legacy programmes ¹⁰¹ | 501,628 | (18,083) | (33,823) | (55,210) | (30,408) | 4,492 | - | - |
| London 2012(net) ¹⁰¹ | 1,575,240 | (29,477) | 55,715 | - | - | - | - | - |
| Office for Civil Society ¹⁰² | 133,359 | 163,530 | 219,954 | 162,582 | 255,511 | 246,202 | 294,879 | 343,043 |
| Spectrum Management Receipts ¹⁰³ | (60,142) | (54,535) | (52,594) | (52,139) | (49,645) | (30,000) | - | - |
| Total Resource DEL | 3,623,616 | 1,385,560 | 1,512,351 | 1,389,223 | 1,549,802 | 1,578,314 | 1,647,355 | 1,659,716 |

⁹⁶ Support for the Art Sector. The income relates to contributions from the Department for Education towards the cost of Music Hubs and other programmes managed by the Arts Council England. The funding profile is agreed on a year by year basis

⁹⁷ Ceremonial and Support for the Heritage sector included funding for World War One commemorations in 2013-14 through to 2017-18 including the Battle of Jutland and the Somme.

⁹⁸ The Heritage Sponsored Bodies line illustrates an initial reduction in 2012-13 as a result of the 2010 Spending Review cuts and also in 2015-16 following Spending Review 2013. In addition it includes funding for Church Roof repairs, announced in the 2014 Autumn Statement, via the National Heritage Memorial fund which commenced in 2015-16.

⁹⁹ On 15 March 2017 the Royal Parks Charity took over the role of managing the parks from The Royal Parks Agency. The charity manages the parks on behalf of the government, however it now receives less exchequer funding than it raises in commercial income, consequently it has been reclassified as outside of central government and removed from the DCMS Supply Estimate. As a result The Royal Parks Agency has no planned expenditure after 2016-17.

¹⁰⁰ Broadcasting and Media includes the clearance and auction of the 800MHz band, with additional funding in 2014-15 for Superfast Broadband. The reduction in expenditure between 2016-17 and 2017-18 is due to Ofcom becoming self funding from October 2017 and so will not need the funding it currently receives from the Exchequer.

¹⁰¹ Olympics legacy and London 2012 relate to the staging of the Olympic and Paralympic games 2012. This includes income from the sale of the Olympic Village, residual costs and final settlements with the Greater London Authority (GLA) and Olympic Lottery Distribution Fund (OLDF), most of which concluded by 2016-17.

¹⁰² On the 15 July 2016 the Office for Civil Society moved from the Cabinet Office to the Department for Culture, Media and Sport via a Machinery of Government transfer. The National Citizens Service participation levels are forecast to increase from 2018-19 onwards.

¹⁰³ Spectrum Management receipts which partially offset Broadcasting Administration expenditure, will, from 2018-19, be treated as income by Ofcom.

| Resource DEL (£'000s) | 2012-13 Outturn | 2013-14 Outturn | 2014-15 Outturn | 2015-16 Outturn | 2016-17 Outturn | 2017-18 Plans | 2018-19 Plans | 2019-20 Plans |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|------------------|------------------|------------------|
| Total Resource DEL (brought forward from previous page) | 3,623,616 | 1,385,560 | 1,512,351 | 1,389,223 | 1,549,802 | 1,578,314 | 1,647,355 | 1,659,716 |
| <i>Of which:</i> | | | | | | | | |
| Staff costs | 592,051 | 631,209 | 563,156 | 539,792 | 563,658 | 222,869 | 219,579 | 216,566 |
| Purchase of goods and services | 831,340 | 1,130,775 | 880,324 | 579,800 | 600,778 | 498,589 | 468,454 | 428,249 |
| Income from sales of goods and services | (289,338) | (491,300) | (106,416) | (55,262) | (57,591) | - | - | - |
| Current grants to local government (net) | 10,781 | (6,900) | 28,150 | 46,224 | 69,566 | - | - | - |
| Current grants to persons and non-profit (net) | 845,657 | 507,543 | 750,679 | 639,275 | 758,716 | 771,059 | 749,329 | 792,347 |
| Current grants abroad (net) | - | (1,528) | 13,269 | (1,819) | (3,787) | - | - | - |
| Subsidies to private sector companies | - | 157 | - | - | - | - | - | - |
| Subsidies to public corporations | 522,976 | 9,663 | 51,410 | 58,428 | 43,704 | - | - | - |
| Rentals | 3,537 | 37,420 | 27,624 | 22,996 | 19,699 | - | - | - |
| Depreciation ¹⁰⁴ | 1,444,816 | 156,627 | 103,925 | 127,571 | 143,397 | 171,995 | 186,293 | 198,854 |
| Change in pension scheme liabilities ¹⁰⁵ | - | (44) | - | - | 158 | - | - | - |
| Unwinding of discount rate on pension scheme liabilities ¹⁰⁵ | - | - | - | 1,393 | 813 | - | - | - |
| Other resource | (338,204) | (588,062) | (799,770) | (569,175) | (589,309) | (86,198) | 23,700 | 23,700 |

¹⁰⁴ Depreciation includes impairment. In 2012-13 this included impairments relating to London 2012.

¹⁰⁵ 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) | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | Outturn | Outturn | Outturn | Outturn | Outturn | Plans | Plans | Plans |
| British Broadcasting Corporation (net) | 3,204,478 | 3,046,611 | 3,363,162 | 3,138,249 | 3,117,377 | 3,342,268 | 3,661,584 | 3,604,113 |
| Provisions, Impairments and other AME spend | 21,385 | 18,523 | 11,157 | 31,004 | 14,024 | 49,401 | - | - |
| Levy bodies ¹⁰⁶ | (10,268) | (2,721) | 4,021 | 8,139 | 7,490 | 330 | - | - |
| London 2012(net) | (30,996) | 102,138 | - | - | - | - | - | - |
| Lottery Grants ¹⁰⁷ | 1,450,215 | 1,352,673 | 1,594,409 | 1,070,465 | 1,294,717 | 1,284,009 | 1,189,222 | 1,189,222 |
| Total Resource AME | 4,634,814 | 4,517,224 | 4,972,749 | 4,247,857 | 4,433,608 | 4,676,008 | 4,850,806 | 4,793,335 |
| <i>Of which:</i> | | | | | | | | |
| Staff costs | 921,649 | 929,732 | 1,018,560 | 1,082,412 | 1,170,477 | 1,739,655 | 1,502,554 | 1,479,910 |
| Purchase of goods and services | 2,792,331 | 2,469,733 | 2,695,641 | 2,548,864 | 2,412,420 | 2,401,776 | 2,483,047 | 2,445,393 |
| Income from sales of goods and services | (328,808) | - | - | - | - | (190,469) | (184,642) | (181,815) |
| Current grants to local government (net) | 20,812 | 34,896 | 32,218 | 24,145 | 21,787 | 35,623 | 35,623 | 35,623 |
| Current grants to persons and non-profit (net) | 557,133 | 1,245,777 | 1,470,874 | 949,267 | 1,260,754 | 1,096,316 | 1,000,901 | 1,000,901 |
| Current grants abroad (net) | - | - | - | 37 | - | - | - | - |
| Subsidies to public corporations | - | 24 | 4,823 | 7,245 | - | - | - | - |
| Rentals | 80,775 | 104,496 | 106,848 | 51,535 | 34,284 | - | - | - |
| Depreciation | 237,372 | 274,590 | 245,068 | 212,835 | 221,081 | 175,686 | - | - |
| Take up of provisions | 592,197 | 29,932 | 21,167 | 46,670 | 44,783 | - | - | - |
| Release of provision | (38,851) | (10,526) | (10,805) | (3,412) | - | - | - | - |
| Change in pension scheme liabilities ¹⁰⁸ | 162,422 | 178,831 | 192,115 | 165,013 | 195,426 | 15,334 | - | - |
| Unwinding of discount rate on pension scheme liabilities ¹⁰⁸ | 730,035 | 82,412 | 70,393 | 43,555 | 47,882 | - | - | - |
| Release of provisions covering pension benefits | (234) | (14,336) | (11,769) | (10,237) | - | - | - | - |
| Other resource | (1,092,019) | (808,337) | (862,384) | (870,072) | (975,286) | (597,913) | 13,323 | 13,323 |
| Total Resource Budget¹⁰⁹ | 8,258,430 | 5,902,784 | 6,485,100 | 5,637,080 | 5,983,410 | 6,254,322 | 6,498,161 | 6,453,051 |
| <i>Of which</i> | | | | | | | | |
| Depreciation ¹¹⁰ | 1,682,188 | 431,217 | 348,993 | 340,406 | 364,478 | 347,681 | 186,293 | 198,854 |

¹⁰⁶ Levy Bodies: Levy Expenditure is only recorded at year end via the annual accounts, hence no forward plans data.

¹⁰⁷ Lottery Grants: The group accounts exclude the Devolved Administrations and records expenditure on an accruals basis since 2014-15.

¹⁰⁸ 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.

¹⁰⁹ Total Resource Budget is the sum of the Resource DEL budget and the Resource AME budget, including depreciation.

¹¹⁰ Depreciation includes impairment.

| Capital DEL (£'000s) | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 |
|--|----------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | Outturn | Outturn | Outturn | Outturn | Outturn | Plans | Plans | Plans |
| Support for the Museums and Galleries sector ¹¹¹ | 2,100 | 100 | 1,981 | 1,170 | 3,118 | 49,300 | 48,500 | 8,500 |
| Museums and Galleries sponsored ALBs (net) ¹¹² | 80,184 | 19,887 | 42,177 | 30,031 | 65,867 | 27,865 | 27,115 | 26,273 |
| Libraries sponsored ALBs (net) | 17,167 | 7,173 | 12,561 | 3,408 | 8,050 | 3,221 | 3,221 | 3,221 |
| Support for the Arts sector | - | 3,932 | - | 723 | 314 | 305 | - | - |
| Arts and culture ALBs (net) ¹¹³ | 18,222 | 18,679 | 14,432 | 21,413 | 49,316 | 59,314 | 38,334 | 17,634 |
| Support for the Sports sector | - | 250 | - | 154 | - | - | - | - |
| Sport sponsored ALBs (net) | 33,898 | 30,120 | 29,019 | 38,916 | 37,131 | 37,265 | 42,765 | 43,265 |
| Ceremonial and support for the Heritage sector | 7,581 | 6,882 | 2,182 | 5,491 | 5,056 | 2,250 | - | - |
| Heritage sponsored ALBs (net) ¹¹⁴ | 36,369 | 24,095 | 106,864 | 17,421 | 25,401 | 23,795 | 21,959 | 20,359 |
| The Royal Parks ¹¹⁵ | 1,583 | 2,620 | 2,570 | 3,577 | 5,201 | - | - | - |
| Tourism sponsored ALBs (net) | 189 | 357 | 325 | 253 | 1,184 | 186 | 186 | 186 |
| Support for the Broadcasting and Media sector ¹¹⁶ | 9,136 | 55,198 | 229,066 | 213,138 | 51,779 | 166,594 | 183,338 | 306,480 |
| Broadcasting and Media sponsored ALBs (net) ¹¹⁷ | 41,638 | 23,525 | 4,290 | 4,720 | 30,522 | 79,342 | 163,857 | 154,857 |
| Administration and Research Support for Horseracing and the Gambling sector ¹¹⁸ | 2,554 | 2,215 | 4,401 | 1,800 | 1,424 | - | - | - |
| Gambling Commission (net) | 9,000 | 9,000 | 49,896 | - | - | - | - | - |
| Olympics - legacy programmes ¹¹⁹ | 737 | 302 | 335 | 633 | 724 | - | - | - |
| London 2012(net) ¹¹⁹ | 42,053 | - | - | - | (6,435) | - | - | - |
| Office for Civil Society ¹²⁰ | 54,056 | (184,059) | (256,703) | - | - | - | - | - |
| | 926 | 12,553 | 20,357 | 6,136 | (3,705) | - | - | - |
| Total Capital DEL | 357,393 | 32,829 | 263,753 | 348,984 | 274,947 | 449,437 | 529,275 | 580,775 |

¹¹¹ In the Spending Review 2015 it was announced that the government would invest £150 million to support the British Museum, Science Museum and Victoria and Albert Museum to replace out of date museum storage at Blythe House, this programme commenced in 2016-17.

¹¹² Museums and Galleries Sponsored ALBs illustrate the efficiency savings made by the Museums & Galleries following spending reviews of 2010 & 2013. Additional Capital funding was allocated for 2016-17 in the Spending Review 2015, with reserves access granted to them as part of the new Museums Freedoms programme.

¹¹³ Arts and culture ALBs includes funding in 2016-17 for the Factory Manchester as part of the Northern Powerhouse.

¹¹⁴ Heritage Sponsored ALBs saw an additional £80m allocated in 2014-15 to Historic England (formerly English Heritage) on implementation of the New Model whereby the management of historic bodies was transferred to a charity, the English Heritage Trust.

¹¹⁵ On 15 March 2017 The Royal Parks Charity took over the role of managing the parks from The Royal Parks Agency. The charity manages the parks on behalf of the government, however it now receives less exchequer funding than it raises in commercial income, consequently it has been reclassified as outside of central government and removed from the DCMS Supply Estimate. As a result, The Royal Parks Agency has no planned expenditure after 2016-17.

¹¹⁶ Support for Broadcasting and Media sector related to the Broadband Delivery UK (BDUK) project. At the Autumn Statement 2016 it was announced that the Government would invest a further £740 million targeted at supporting the market to roll out full-fibre connections and future 5G communications.

¹¹⁷ Broadcasting and Media sponsored ALBs sees an increase for 2016-17 onwards as it includes funding for the clearance and auction of the 700MHz band.

¹¹⁸ Support for Horseracing and Gambling sector - following the sale of the Tote in 2011-12 it was agreed that the proceeds would be returned to the racing industry over a period of years. Initially, at £9m a year and then with the industry it was agreed that the balance of £49.9m be repaid in 2014-15.

¹¹⁹ Olympics legacy and London 2012 relate to the staging of the Olympic and Paralympic games 2012. This includes income from the sale of the Olympic Village, residual costs and final settlements with the GLA and OLDF.

¹²⁰ On the 15 July 2016 the Office for Civil Society moved from the Cabinet Office to the Department for Culture, Media and Sport via a Machinery of Government transfer. Any future years expenditure will be reflected at the Supplementary Estimate.

(brought forward from previous page)

| Capital DEL (£'000s) | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 |
|--|----------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | Outturn | Outturn | Outturn | Outturn | Outturn | Plans | Plans | Plans |
| Total Capital DEL | 357,393 | 32,829 | 263,753 | 348,984 | 274,947 | 449,437 | 529,275 | 580,775 |
| <i>Of which:</i> | | | | | | | | |
| Staff costs | 10,214 | 11,332 | 11,450 | 10,660 | - | 9,790 | 9,790 | 9,790 |
| Purchase of goods and services | 3,900 | 3,900 | 3,900 | 3,900 | 14,521 | 4,000 | 4,000 | 4,000 |
| Release of provision | - | - | - | - | - | - | - | - |
| Capital support for local government (net) | 1,237,270 | 50,452 | 217,082 | 202,987 | 82,509 | - | - | - |
| Capital grants to persons & non-profit (net) | 43,517 | (103,067) | (100,388) | (81,098) | (76,394) | 329,381 | 482,452 | 532,836 |
| Capital grants to private sector companies (net) | 34,383 | (1,737) | 41,159 | 43,204 | (247) | - | - | - |
| Capital grants abroad (net) | (216) | (202) | - | - | - | - | - | - |
| Capital support for public corporations | 46,818 | - | 80,050 | - | - | - | - | - |
| Purchase of assets | 457,473 | 314,247 | 178,115 | 191,713 | 276,438 | 106,266 | 33,033 | 34,149 |
| Income from sales of assets | (1,352,679) | (115,685) | (322,599) | (42,176) | (3,322) | - | - | - |
| Net lending to the private sector and abroad | 444 | 938 | 241 | 30,282 | 8,186 | - | - | - |
| Other capital | (123,731) | (127,349) | 154,743 | (10,488) | (26,744) | - | - | - |

| Capital AME (£'000s) | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | Outturn | Outturn | Outturn | Outturn | Outturn | Plans | Plans | Plans |
| British Broadcasting Corporation(net) ¹²¹ | (60,056) | 127,393 | 139,462 | 45,226 | 143,691 | 171,326 | 197,000 | 170,000 |
| London 2012(net) | - | (3,815) | - | - | - | - | - | - |
| Levy bodies ¹²² | (8,411) | (1,763) | 1,991 | (2,079) | (2,737) | - | - | - |
| Lottery Grants ¹²³ | 536,954 | 523,705 | 601,444 | 453,717 | 503,897 | 496,540 | 447,593 | 447,593 |
| Total Capital AME | 468,487 | 645,520 | 742,897 | 496,864 | 644,851 | 667,866 | 644,593 | 617,593 |
| <i>Of which:</i> | | | | | | | | |
| Staff costs | 20,324 | 20,324 | 23,078 | 23,078 | - | 17,885 | - | - |
| Purchase of goods and services | - | - | - | - | 14,000 | - | - | - |
| Release of provision | (7,400) | (3,815) | - | - | - | - | - | - |
| Capital support for local government (net) | 99,230 | 132,060 | 188,770 | 21,803 | 149,469 | - | - | - |
| Capital grants to persons & non-profit (net) | 355,026 | 311,789 | 329,681 | 30,932 | 280,753 | 496,400 | 407,454 | 407,454 |
| Capital support for public corporations | - | 18 | 417 | - | - | - | - | - |
| Purchase of assets | 135,451 | 129,856 | 124,090 | 120,203 | 126,206 | 153,581 | 237,139 | 210,139 |
| Income from sales of assets | (208,487) | (14,264) | (6,342) | (96,311) | (8,067) | - | - | - |
| Net lending to the private sector and abroad | 8,455 | 21,360 | 17,612 | 20,554 | 33,471 | - | - | - |
| Other capital | 65,888 | 48,192 | 65,591 | 376,605 | 49,019 | - | - | - |
| Total Capital Budget¹²⁴ | 825,880 | 678,349 | 1,006,650 | 845,848 | 919,798 | 1,117,303 | 1,173,868 | 1,198,368 |
| Total Departmental Spending¹²⁵ | 7,402,122 | 6,149,916 | 7,142,757 | 6,142,522 | 6,538,730 | 7,023,944 | 7,485,736 | 7,452,565 |
| <i>Of which:</i> | | | | | | | | |
| Total DEL ¹²⁶ | 2,536,193 | 1,261,762 | 1,672,179 | 1,610,636 | 1,681,352 | 1,855,756 | 1,990,337 | 2,041,637 |
| Total AME ¹²⁷ | 4,865,929 | 4,888,154 | 5,470,578 | 4,531,886 | 4,857,378 | 5,168,188 | 5,495,399 | 5,410,928 |

¹²¹ BBC Capital expenditure is net of property disposals including the sale of Television Centre in White City in 2015-16.

¹²² Levy Bodies: Levy Expenditure is only recorded at year end via the annual accounts, hence no forward plans data.

¹²³ Lottery Grants: The group accounts excludes the Devolved Administrations and records expenditure on an accruals basis since 2014-15.

¹²⁴ Total Capital Budget is the sum of the Capital DEL budget and the Capital AME budget.

¹²⁵ Total Departmental Spending is the sum of the resource budget and the capital budget less depreciation.

¹²⁶ Total DEL is the sum of the resource budget DEL and capital budget DEL less depreciation in DEL.

¹²⁷ 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 | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | Outturn | Outturn | Outturn | Outturn | Outturn | Plans | Plans | Plans |
| Libraries sponsored ALBs (net) | 10,497 | 8,297 | 7,462 | 7,945 | 6,754 | 8,770 | 8,770 | 8,770 |
| Museums, libraries and archives council (net) | 7,808 | - | - | - | - | - | - | - |
| Support for the Arts sector | (366) | (236) | (100) | (340) | (680) | - | - | - |
| Arts and culture ALBs (net) | 26,612 | 20,909 | 14,828 | 13,094 | 15,634 | 16,646 | 16,133 | 15,605 |
| Sport sponsored ALBs (net) | 15,210 | 14,543 | 12,155 | 11,355 | 11,134 | 13,716 | 13,659 | 13,666 |
| Ceremonial and support for the Heritage sector | 222 | 22 | - | 769 | 516 | 306 | 555 | 250 |
| Heritage sponsored ALBs (net) | 14,931 | 14,194 | 15,873 | 16,704 | 16,037 | 16,641 | 15,551 | 15,552 |
| The Royal Parks ¹²⁸ | 2,318 | 2,338 | 2,601 | 3,431 | 3,589 | - | - | - |
| Tourism sponsored ALBs (net) | 31,967 | 30,537 | 26,392 | 44,250 | 29,375 | 31,732 | 41,132 | 27,232 |
| Support for the Broadcasting and Media sector | 9,207 | 7,816 | 19,881 | 164 | 118 | - | - | - |
| Broadcasting and Media sponsored ALBs (net) ¹²⁹ | 72,671 | 58,489 | 59,965 | 61,103 | 54,389 | 42,800 | 12,900 | 13,000 |
| Administration and Research | 55,111 | 36,560 | 41,294 | 52,891 | 55,495 | 56,344 | 55,390 | 53,613 |
| Spectrum Management Receipts ¹³⁰ | (60,142) | (54,535) | (52,594) | (52,139) | (49,645) | (30,000) | - | - |
| Total Administration Budget | 186,046 | 138,934 | 147,757 | 159,227 | 142,716 | 156,955 | 164,090 | 147,688 |
| <i>Of which:</i> | | | | | | | | |
| Staff costs | 174,243 | 149,456 | 110,476 | 127,920 | 129,583 | 72,712 | 70,911 | 69,512 |
| Purchase of goods and services | 166,815 | 107,813 | 106,577 | 105,252 | 101,825 | 97,971 | 77,328 | 63,360 |
| Income from sales of goods and services | (112,001) | (40,161) | (24,662) | (27,179) | (31,806) | - | - | - |
| Current grants to local government (net) | - | - | (30) | - | - | - | - | - |
| Current grants to persons and non-profit (net) | 543 | (1) | 634 | - | 183 | - | - | - |
| Current grants abroad (net) | - | - | - | 3 | - | - | - | - |
| Subsidies to public corporations | - | - | - | 5,354 | - | - | - | - |
| Subsidies to private sector companies | - | 148 | - | - | - | - | - | - |
| Rentals | - | 17,735 | 14,208 | 14,822 | 15,659 | - | - | - |
| Depreciation | 18,114 | 14,621 | 11,876 | 11,411 | 10,118 | 16,272 | 15,851 | 14,816 |
| Change in pension scheme liabilities | - | - | - | - | - | - | - | - |
| Unwinding of discount rate on pension scheme liabilities | - | - | - | 368 | 288 | - | - | - |
| Other resource | (61,668) | (110,677) | (71,322) | (78,724) | (83,134) | (30,000) | - | - |

¹²⁸ On 15 March 2017 The Royal Parks Charity took over the role of managing the parks from The Royal Parks Agency. The charity manages the parks on behalf of the government, however it now receives less exchequer funding than it raises in commercial income, consequently it has been reclassified as outside of central government and removed from the DCMS Supply Estimate. As a result, The Royal Parks Agency has no planned expenditure after 2016-17.

¹²⁹ Broadcasting and Media Sponsored ALBs shows a fall in spend from 2017-18 onwards because from this point Ofcom will retain Spectrum Management Receipts as income.

¹³⁰ Spectrum Management receipts, which directly offset Broadcasting Administration expenditure, will be shown as income in the Broadcasting and Media Sponsored ALBs line from 2017-18.

Annex B – Grants Awarded Under Section 70 of the Charities Act 2006

Section 70 of the Charities Act 2006 (the Act) sets out a power for Ministers to give financial assistance to charitable, benevolent or philanthropic institutions and requires that payments made under this power are reported.

The funding matched both the aims and objectives of the department. This spending does not represent the total amount of grant funding provided to the Voluntary and Community Sector, as many other grants have been paid to this sector under the powers conferred by alternative legislation.

During 2016-17, the department made grant payments totalling £742.6m under the provisions of the Act. The significant increase in payments made under the Act between 2015-16 and 2016-17 is due to the following changes:

Moving the legal authority for the payment of Grant-in-Aid from the Sole Authority of the Appropriation Act to Section 70 of the Charities Act

A decision was taken in 2016-17 to move the legal authority for the payment of grant-in-aid funding to the Arts Council England, the British Film Institute, Horniman Public Museum & Public Park Trust and the Geffrye Museum from the Supply and Appropriation Act to Section 70 of the Charities Act 2006.

Office for Civil Society

A Machinery of Government change resulted in the Office for Civil Society moving from the Cabinet Office to the core department.

The table below sets out the financial assistance provided by the Secretary of State under this power for 2016-17.

| Grant Recipient | Payments £'000 | Purpose |
|---|-------------------|--|
| Arts Council England | 460,526 | Grant-in-aid funding. |
| National Citizen Service | 191,250 | To fund NCS Trust to deliver National Citizen Service to 93,000 young people in England (against a target of 107,000). |
| British Film Institute | 23,965 | Grant-in-aid funding. |
| Big Lottery Fund – Local Sustainability Fund | 17,325 | To deliver the Local Sustainability Fund, supporting small to medium sized charities and social enterprises to improve their ways of working and secure the future of their services. |
| Big Lottery Fund - Youth Investment Fund | 5,000 | Grant funding to support youth organisations in disadvantaged areas to expand frontline open access youth provision and invest in organisational development to secure their futures. |
| Nesta | 4,900 | Grant funding for Phase 2 of the Centre for Social Action. |
| Big Lottery Fund - #iwill Fund | 4,684 | Grant awarded to Big Lottery Fund, who match funded the government's investment to support Step Up To Serve's #iwill campaign. The fund aims to ensure that all young people have the opportunity to develop essential skills for life and work through meaningful social action. |
| Horniman Public Museum & Public Park Trust | 4,549 | Grant-in-aid funding. |
| Access - The Foundation for Social Investment | 4,200 | To create funding opportunities for social ventures to build capability and capacity to take on social investment. |
| Archbishop's Council of the Church of England | 3,343 | To allow cathedrals to undertake urgent repair work. |
| Big Lottery Fund - Life Chances Fund | 2,702 | To finance grants to support development of Life Chances Fund proposals. |
| National Film and Television School | 2,521 | NFTS' core objective is to provide world class training and education for film, television and media industries. The overall aim of the grant is to support this, and in particular it covers funding for student fees and bursaries, overhead and project admin costs, as well as capital funding for equipment, general maintenance and repairs. |
| East Anglia Air Ambulance | 1,700 | Grant to support the cost of leasing a helicopter and buying night vision equipment. |

| Grant Recipient | Payments £'000 | Purpose |
|--|---------------------------|---|
| Geffrye Museum | 1,696 | Grant-in-aid funding. |
| Bristol Aero Collections Trust | 1,500 | The purpose of the grant is to contribute towards the construction of a new £16m aeronautical museum and learning centre at the historic Filton Aerodrome in Bristol, including the refurbishment of two listed First World War aircraft hangars, and the building of a museum and learning centre. |
| Old Royal Naval College Greenwich | 1,290 | Towards the conservation, presentation and interpretation of the collection of buildings, paintings and other artefacts set out across the Old Royal Naval College site. |
| Bletchley Park Trust | 1,000 | Towards working capital for the delivery of the Welchman-Turing Bombe exhibition at the Bletchley Park Museum. |
| Brooklands Museum Trust | 1,000 | To complete fundraising for the Brooklands Aircraft Factory & Race Track Revival Project and to inspire future generations. |
| Virgin Money Foundation | 1,000 | To support VMF in its grant giving work to Voluntary, Community and Social Enterprise organisations in the North East of England. |
| SS Great Britain Trust | 620 | To support the building of Being Brunel: The National Brunel Project. |
| Chatham Historic Dockyard Trust | 517 | Towards the preservation, conservation and maintenance of the Historic Dockyard, its buildings, ships and collections. |
| Blavatnik School of Government, University of Oxford | 500 | To support local commissioners and conduct research into outcomes-based commissioning, to support the Manifesto commitment to scale up social impact bonds. |
| Comic Relief | 500 | Delivering grants to organisations (the "Grantees") and, in doing so, to endeavour to raise awareness and encourage support for Grantees that goes beyond the length of the grant. |
| Pears Foundation | 453 | Grant awarded to Pears Foundation who match funded the government's investment to support the creation of social action opportunities for young people living in low socio-economic areas or rural areas. |
| Girlguiding | 434 | Developing, implementing and evaluating a renewed girl-led youth programme for Girlguiding young members. |

| Grant Recipient | Payments £'000 | Purpose |
|--------------------------------------|-------------------|--|
| Lucy Air Ambulance | 432 | To support Lucy Air Ambulance for Children Charity to purchase air missions allowing for the transfer of critically ill children to specialist care and also to help secure the long term viability of the charity. |
| Royal Voluntary Service | 375 | The Jo Cox Memorial Fund raised money for a number of causes close to her heart, including the Royal Voluntary Service (RVS). The RVS received £375,000 from LIBOR fines to support the RVS's work as one of the largest volunteer organisations in the country, helping older people stay active, independent and feeling part of society. The amount equals the gift aid that could have been claimed if the Jo Cox Memorial Fund was a registered UK charity. |
| Community Organisers Ltd | 293 | For 10 Social Action Hubs and Member Support Organisers to deliver Community Organisers Expansion programme objectives (recruit and train 3,500 new organisers, support existing organisers and develop peer support network). |
| Church Urban Fund (Lifesavers LIBOR) | 288 | LifeSavers is a programme which supports the delivery of values-based financial education within primary schools, combined with the involvement of the local credit union in establishing a school savings club. The grant is to support Phase 3, which consists of the enhancement of the programme. |
| Pause Creating Space for Change | 267 | The grant is for Pause to work with women who have experienced - or are at risk of - repeated pregnancies that result in children needing to be removed from their care. |
| Step Up To Serve | 266 | To support Step Up To Serve's operating costs to deliver the #iwill campaign. The campaign aims to increase by 50% the number of 10-20 year olds participating in meaningful social action by 2020. |
| British Youth Council | 260 | To support BYC to deliver youth voice activities including UK Youth Parliament, Make Your Mark National youth ballot and Youth Select Committee. Enabling and empowering young people's voices to be heard at local and national level. |
| Localgiving Foundation | 258 | Local charities and community groups match funding campaigns - Grow Your Tenner and #GiveMe5. |
| Voluntary Action Leicester | 250 | To support the CYI in their work of promoting the use of effective impact measurement across the youth sector. |
| MIND | 240 | To run a programme of activity to support the mental health of blue light (police, fire, ambulance, and search and rescue) personnel (including volunteers) across England. |

| Grant Recipient | Payments £'000 | Purpose |
|---|-------------------|---|
| Standing Together Against Domestic Violence | 155 | Increasing the number of acute and mental health trusts in England adopting a more proactive, 'whole trust' approach to domestic violence and ensuring that work in mental health services and acute trusts in West London is maintained until embedded fully into trust practices. |
| South Central Ambulance Trust | 150 | Deliver a social action scheme as a Digital System and Local Lead in Health and Social Care. |
| South East Coast Ambulance Trust | 150 | Deliver a social action scheme as a Quality Volunteer Management system and Local Lead in Health and Social Care. |
| South Western Ambulance Trust | 150 | Deliver a social action scheme as an L&D and Local Lead in Health and Social Care. |
| Do-It Trust | 142 | To support the running and development of the Do-it.org national online volunteering service. |
| Karma Nirvana | 112 | Extending the hours to evenings and weekends of a helpline to support victims of honour-based violence and forced marriage and providing guidance to professionals tackling it. |
| The British Council | 111 | To devise and deliver an educational project in support of the Somme 100 commemorations. |
| London Ambulance Trust | 100 | Deliver a social action scheme as a system Lead in Health and Social Care. |
| Southern Domestic Abuse | 97 | Supporting a broad range of beneficiaries who are victims of domestic abuse in South East Hampshire. |
| Stockport Women's Centre | 86 | Development of a 'Whole System Approach' - an integrated and collaborative approach to working with women at risk of offending and women in contact with the criminal justice system across Greater Manchester. |
| UnLtd | 80 | Creation of an online tool that allows entrepreneurs to lock in a social mission to their Articles of Association. |
| Rosa | 77 | Delivering grants, training and other step-up support to grassroots women's organisations. |
| White Ribbon Campaign | 76 | Preventing violence against women and girls by enlisting men and boys as change agents for gender equality. |
| Big Society Capital | 70 | To create a website for social ventures interested in finding out more about social investment. |
| One25 Ltd. | 65 | Supporting women trapped in, or vulnerable to, street sex work to break free and build new lives away from violence, poverty and addiction. |
| North West Ambulance Trust | 50 | Deliver a social action scheme as a Local Lead in Health and Social Care. |
| West Midlands Ambulance Trust | 50 | Deliver a social action scheme as a Local Lead in Health and Social Care. |

| Grant Recipient | Payments £'000 | Purpose |
|--|---------------------------|--|
| East of England Ambulance Trust | 50 | Deliver a social action scheme as a Local Lead in Health and Social Care. |
| Yorkshire Ambulance Trust | 50 | Deliver a social action scheme as a Local Lead in Health and Social Care. |
| North East Ambulance Trust | 50 | Deliver a social action scheme as a Local Lead in Health and Social Care. |
| Muslim Women's Network UK | 45 | Expanding the National Muslim Women's Network Helpline Service aimed at Muslim women and girls. |
| Miriam Hyman Memorial Trust | 44 | To evaluate 'Miriam's Vision' lesson plans and online support for teachers across the UK, dealing with issues raised by the threat of extremism and terrorism. |
| Women@thewell | 40 | Supporting women towards independence free from prostitution. |
| Magdalene Group | 40 | Providing prevention services and support to women and young people who are affected by sexual exploitation and coercion. |
| Never Such Innocence | 40 | The Never Such Innocence Poetry and Art Competition engaged with 9-16 year olds, encouraging them to send poems or artwork inspired by the events of the First World War. |
| It's All About Me | 35 | To support work related to the registration and placement of hard to place children with adoptive families. |
| Commonwealth War Graves Commission | 30 | To contribute to the costs of the extension to the Anglo-French Thiepval Museum Visitor Centre. |
| Birth Companions | 30 | Providing support to approximately 500 vulnerable women through pregnancy, birth and early parenting. |
| Social Enterprise UK – Social Saturday | 30 | Support for the national "Social Saturday" campaign that aims to raise awareness of social enterprises and buying social amongst the public. |
| Big Society Capital | 30 | To support research into emerging trends around mission-led businesses across the UK, as part of the Mission-led Business Review. |
| Social Enterprise UK - Video | 30 | Creation of a promotional video and associated campaign to increase awareness of social enterprises amongst the public and major corporates for the 'Buy Social' campaign. |
| Street Talk | 26 | Decreasing the numbers of women in street based prostitution and providing additional services in partnership with Trust (the drop in centre for vulnerable women in Lambeth). |
| Foundation for Social Improvement | 21 | Subsidised fundraising training on and around Local Charities Day. |
| Access - The Gathering | 20 | Conference for key players in the UK social investment market, co-funded by government. |

| Grant Recipient | Payments £'000 | Purpose |
|---------------------------------------|-------------------|---|
| Trivium Free School Ltd. | 20 | Professional advice and support for Trivium Multi – Academy Trust to become a public service mutual led by teachers. |
| Worthstone | 15 | Communication and promotion of the first ever social investment training manual for financial advisors. |
| Chiltern Rangers CIC | 15 | Professional advice and support to grow the public service mutual. |
| Turning Point | 15 | Project to highlight demand for social action with people who have both enduring mental health and drug and alcohol issues. |
| Youth First | 15 | Professional advice and support to grow the public service mutual. |
| National Implementation Service (NIS) | 15 | Professional advice and support to spin out of the NHS as a public service mutual. |
| Poetry Society | 13 | A grant to support the Poet Laureate. |
| Global Giving | 8 | Subsidised fundraising training on and around Local Charities Day. |
| Total | 742,552 | |

In 2016-17, the department provided loans of £7.7m (2015-16: £9.9m) under the provisions of the Act. The loans matched both the aims and objectives of the department, as well as those of the recipients.

| Loan Recipient | Payments £'000 | Purpose |
|--------------------------|-------------------|---|
| National Maritime Museum | 5,200 | Loan for Kidbrook Project for new storage facility. |
| Natural History Museum | 2,425 | Loan for new members' room. |
| Geffrye Museum | 100 | Loan for Finance of Development Team to establish a capital fundraising campaign to raise £4m towards unlocking the Geffrye; and to support the Communications Team in building income generating capacity to enhanced marketing and promotion. |
| Total | 7,725 | |

Annex C – Statement of Parliamentary Supply Notes

The Statement of Parliamentary Supply (SoPS) and supporting Notes show Outturn against Estimate in terms of the Resource and Capital budgets and non-budget expenditure and the Net Cash Requirement.

Lottery Income

With HM Treasury agreement and in line with the Supplementary Estimate, the Statement of Parliamentary Supply (SoPS) does not include lottery income. The government's hypothecated income from the National Lottery is reported separately in the National Lottery Distribution Fund, and is not included in budgets. As a consequence non-voted lottery expenditure is stated gross of lottery income in the SoPS.

Spectrum Management Receipts

With HM Treasury agreement and in line with the Supplementary Estimate, the SoPS includes an adjustment (negative non-voted administration expenditure) to match those costs borne by Ofcom in administering the strategic development of Spectrum.

BBC Broadband Income

The BBC PSB Group paid the core department £150m towards Broadband costs and this expenditure is included in the SoPS. However since the core department pays these monies to the Consolidated Fund, this income is not recognised in the SoPS. Consequently a reconciling item arises between the SoPS and the SoCNE (see SoPS Note 2). This approach is as advised by HM Treasury.

Administration and Programme Expenditure and Income

The classification of expenditure and income as administration or as programme follows the definitions set out in the Consolidated Budgeting Guidance issued by HM Treasury; under the HM Treasury *Simplifying and Streamlining Accounts* project, this split is no longer required in the primary statements.

Administration expenditure reflects the costs of running the Department, and those ALBs allocated an administration budget in the Spending Round. Some categories of ALBs did not have an administration budget allocation, and therefore they report only programme costs. Programme costs reflect non administration expenditure, and include payments of grants and expenditure on ALBs objectives.

Charity Income - donations

In the financial accounts donations of assets and cash (that has been expressly given to purchase an asset) are recognised as income (Note 5.2), but treated as net capital expenditure in the Statement of Parliamentary Supply.

Alignment of income and expenditure

Timing differences between income and expenditure (and the associated receivable and payable) in the accounts of DCMS Arm's Length Bodies (notably between the Lottery Distributing Bodies and the recipients of lottery grants) can, and do, arise. Where these arise, to avoid income and expenditure being overstated, an adjustment is made to expenditure (and the associated payable) in the DCMS Group accounts.

Restatement for Machinery of Government changes

As a result of a Machinery of Government (MoG) change (see Note 27 to the accounts), the prior year Statement of Parliamentary Supply has been restated.

SOPS 4. Income payable to the Consolidated Fund**SOPS 4.1 Analysis of income payable to the Consolidated Fund**

The department acts as principal for any funds payable to the Consolidated Fund in relation to the collection of BBC PSB Group contributions to Broadband.

During 2016-17 £150,000k was received for BBC PSB Group contributions to Broadband. This has been included as income in the SoCNE.

| | Outturn 2016-17 | | Outturn 2015-16 | |
|--|-----------------|----------------|-----------------|----------------|
| | Income | Receipts | Income | Receipts |
| | £'000 | £'000 | £'000 | £'000 |
| Amounts to be collected on behalf of the Consolidated Fund | | | | |
| - 2015-16 income | - | - | 150,000 | 150,000 |
| - 2016-17 income | 150,000 | 150,000 | - | - |
| Total | 150,000 | 150,000 | 150,000 | 150,000 |

SOPS 4.2 Consolidated Fund Income

Consolidated Fund income shown in SOPS Note 4.1 above only includes amounts collected where the department was the principal. The amounts the department collected as agent for the Consolidated Fund (which are otherwise excluded from the Accounts) were:

| | 2016-17 £'000 | 2015-16 £'000 |
|---|------------------|------------------|
| Taxes and licence fees | | |
| Spectrum Management fees including Wireless Telegraphy Act fees | 362,156 | 260,348 |
| Information Commissioner data protection fees | - | 908 |
| Sports Grounds Safety Authority licences | 9 | 9 |
| Sub-total: Taxes and licence fees | 362,165 | 261,265 |
| Fines and penalties | | |
| Information Commissioner civil monetary penalties issued | 3,175 | 1,573 |
| Gambling Commission penalties issued | 265 | - |
| Sub-total: Fines and penalties | 3,440 | 1,573 |
| Other income | | |
| Olympic Village sale receipts | - | 450 |
| <i>Less:</i> | | |
| Uncollectible debts - Information Commissioner penalties | (1,751) | - |
| Amount payable to the Consolidated Fund | 363,854 | 263,288 |
| Balance held at start of year | 14,414 | 13,085 |
| Payments into the Consolidated Fund | (361,021) | (261,959) |
| Balance held on trust at end of year | 17,247 | 14,414 |

The main income streams collected as agent are:

Licence Fees

- Spectrum Management Fees - these are licences issued by Ofcom under the Wireless Telegraphy Act (WTA) and charges for Crown use of spectrum. The increase reflects the first full year of revised fee levels for WTA spectrum licences to mobile operators.
- Data Protection fees collected by the Information Commissioner's Office (ICO). There are no data protection fees payable to the Consolidated Fund for 2016-17 as ICO's costs of compliance work exceeded fees in the year.
- Sports Grounds Safety Authority (SGSA) annual licence fees.

Penalties

- Civil Monetary Penalties collected by the ICO. Figures for new penalties raised in 2016-17 have been shown gross and Civil Monetary penalties written off are now shown separately. Write offs are authorised by ICO when the body to which a penalty was issued is confirmed as being in liquidation or when costs of recovery would exceed recoverable amounts. Figures for 2015-16 were shown net; and
- Gambling Commission penalties issued under the Gambling Act.

The balance held on trust at end of 2016-17 comprises:

- £13,583k for WTA and other Spectrum Management fees, of which £7,756k is not yet received;
- £3,390k in respect of ICO Civil Monetary Penalties and data protection fees, of which £1,092k is not yet received;
- £265k in Gambling Commission penalties, of which £265k is not yet received; and
- £9k for SGSA licences.

Annex D - Sustainability

Greening Government for Core Department

The department's sustainability report has been prepared in line with the requirements under Greening Government Commitments. The three tables below demonstrate our continuing commitment to sustainable development. We plan to reduce our use of materials and energy, minimise waste and water use, increase sustainable procurement and minimise our carbon footprint.

Table A – 2016-17 Performance against 2009-10 Baseline

| | 2020 Government target | Position as at 31 March 2017 |
|--------------------------|------------------------|------------------------------|
| Greenhouse gas emissions | 37% reduction | 64% reduction |
| Waste | Reduce from Baseline | 75% reduction |
| Water | Reduce from Baseline | 57% reduction |
| Paper | 50% reduction | 18% reduction |
| Domestic flights | 30% reduction | 54% increase |

Table B – 2016-17 Actuals to Target

| Area | | 2016-17 Performance | |
|--------------------------|----------------------------------|---------------------|--------|
| | | Target | Actual |
| Greenhouse gas emissions | Consumption (tCO ₂ e) | 581 ¹³¹ | 480 |
| Paper Purchased | Reams A4 Equivalent | 2,551 | 4,201 |
| Domestic flights | Number of Flights | 118 | 260 |

Table C – Performance against 2009-10 Baseline in prior years

The non-financial performance of the core department over the last seven years against the 2009-10 baseline target is represented in the table below.

| | Estate Carbon (Reduction to baseline for 2009-10) | Domestic flights (Number of flights) | Waste (Reduction to baseline for 2009-10) | Water (Usage per FTE) | Paper usage (Number of A4 reams) |
|---------|---|--------------------------------------|---|-----------------------|----------------------------------|
| 2016-17 | 64% | 260 | 75% | 5.1 m ³ | 4,071 |
| 2015-16 | 54% | 224 | 63% | 5.7 m ³ | 1,508 |
| 2014-15 | 57% | 398 | 55% | 4.0 m ³ | 2,960 |
| 2013-14 | 64% | 221 | 71% | 5.0 m ³ | 2,723 |
| 2012-13 | 33% | 146 | 53% | 9.0 m ³ | 2,493 |
| 2011-12 | 29% | 241 | 18% | 13.4 m ³ | 4,968 |
| 2010-11 | 21% | 169 | 3% | 13.7 m ³ | 4,952 |

Commentary relating to the department's current year performance is provided on the following page.

¹³¹ The target is based on the Department's bespoke greenhouse gas emissions target of 57%

Under the terms of occupation of 100 Parliament Street, HMRC are responsible for utilities. The department pays a percentage of the total bill based on occupation (DCMS allocated seating is 442 of 2,123). DCMS electricity, waste and water consumption is extrapolated from the overall building data which covers multiple departments.

The department has exceeded its targets towards greenhouse gas emissions, water consumption, overall waste and is making good progress towards meeting its paper target. Paper usage increased in 2016-17 due to an increase in the number of personnel (see below), combined with an increase in involvement on significant bills and policy papers.

The amount and type of travel in the department is determined by business and is restrained by a robust travel policy that requires all travel to be necessary and cost efficient. Domestic flights were higher in 2016-17, due to an increase in the number of personnel as a result of the Office for Civil Society Machinery of Government change (see Accounts Note 27).

In recent years water consumption has fluctuated within a range of 4m³ to 6m³ per FTE and is reflective of personnel use of welfare facilities (toilets and showers). Each of these water uses are highly influenced by changes in personnel needs.

Sustainability Report - Group Performance

Data has only been included from ALBs that meet the required threshold for sustainability reporting. This sustainability report is not based on the same Departmental accounting boundary as the 2016-17 accounts. The ALBs exempt for 2016-17 and prior years are:

| | |
|--|---------------------------------|
| Churches Conservation Trust | Sir John Soane's Museum |
| Geffrye Museum Trust Limited | The English Sports Council |
| Horniman Public Museum & Public Park Trust | Sports Grounds Safety Authority |
| Horserace Betting Levy Board | UK Anti-Doping |
| Phone-paid Services Authority (previously operating as PhonepayPlus) | UK Sports Council |
| Royal Armouries Museum | Wallace Collection |
| S4C | |

Where possible, comparatives have been restated to better align with 2016-17 data.

Table 1 - Greenhouse Gas Emissions

| | | 2016-17 | | Restated 2015-16 | | Restated 2014-15 | | Restated 2013-14 | | Restated 2012-13 | |
|--|---|------------|--------------|---------------------|--------------|---------------------|--------------|---------------------|--------------|---------------------|--------------|
| | | Core | Group | Core | Group | Core | Group | Core | Group | Core | Group |
| Non-financial indicators (1,000 tCO ₂ e) | Total gross emissions | 0.5 | 198.4 | 0.6 | 216.4 | 0.6 | 240.1 | 0.5 | 254.8 | 0.9 | 282.6 |
| | Gross emissions Scope 1 (direct) (gas, oil & fuel) ¹³² | 0.4 | 55.0 | 0.6 | 57.1 | 0.6 | 62.9 | 0.5 | 66.9 | 0.9 | 77.0 |
| | Gross emissions Scope 2 (indirect) (electricity) ¹³² | - | 132.5 | - | 148.2 | - | 164.8 | - | 173.8 | - | 191.5 |
| | Gross emissions Scope 3 (indirect) (domestic business travel) | 0.1 | 10.9 | - | 11.1 | - | 12.4 | - | 14.1 | - | 14.1 |
| Related energy consumption (million kWh) | Total energy consumption | 1.5 | 604.0 | 2.1 | 611.9 | 1.4 | 652.0 | 1.1 | 723.1 | 0.4 | 797.2 |
| | Electricity: non-renewable ¹³³ | 0.9 | 333.6 | 1.5 | 338.8 | 1.0 | 342.4 | 0.9 | 394.0 | - | 444.9 |
| | Electricity: renewable | - | 22.4 | - | 19.1 | - | 44.5 | - | 42.8 | - | 16.6 |
| | Gas | 0.6 | 244.3 | 0.6 | 250.3 | 0.4 | 258.0 | 0.2 | 279.1 | 0.4 | 327.7 |
| | LPG | - | 3.1 | - | 2.7 | - | 3.7 | - | 3.5 | - | 4.0 |
| | Other | - | 0.6 | - | 1.0 | - | 3.4 | - | 3.7 | - | 4.0 |
| Financial indicators (£m) | Total expenditure | 0.4 | 86.6 | 0.8 | 85.6 | 0.6 | 92.3 | 0.3 | 84.3 | 0.4 | 84.1 |
| | Expenditure on energy | 0.2 | 42.6 | 0.2 | 42.2 | 0.1 | 46.7 | 0.2 | 46.2 | 0.2 | 47.3 |
| | CRC licence expenditure (2010 onwards) | - | 1.4 | - | 1.6 | - | 1.3 | - | 0.6 | - | 0.5 |
| | Expenditure on accredited offsets | - | - | - | - | - | 0.1 | - | 0.2 | - | 0.2 |
| | Expenditure on official business travel | 0.2 | 42.6 | 0.6 | 41.9 | 0.5 | 44.2 | 0.1 | 37.3 | 0.2 | 36.1 |

¹³² Scope 1 and 2 comparatives have been restated in respect of The Royal Parks.

¹³³ Where an ALB did not split between non-renewable and renewable electricity consumption, the entire amount has been classified as non-renewable.

Table 2 - Waste

| | 2016-17 | | Restated 2015-16 | | Restated 2014-15 | | Restated 2013-14 | | Restated 2012-13 | |
|--|-------------|------------------------|---------------------|-----------------|---------------------|-----------------|---------------------|-----------------|---------------------|-----------------|
| | Core | Group | Core | Group | Core | Group | Core | Group | Core | Group |
| Total waste | 22.4 | 17,773.6 | 32.0 | 18,295.9 | 39.0 | 18,738.0 | 36.0 | 18,451.7 | 66.0 | 17,038.4 |
| Hazardous waste | - | 22.3 | - | 31.3 | - | 67.4 | - | 48.0 | - | 174.8 |
| Non-hazardous waste: | | | | | | | | | | |
| Landfill | 15.5 | 1,057.3 ¹³⁴ | 17.0 | 1,782.0 | 18.0 | 1,925.2 | 13.0 | 1,301.0 | 41.0 | 2,669.8 |
| Reused/ recycled | 6.9 | 9,058.3 | 15.0 | 8,032.5 | 21.0 | 7,861.3 | 23.0 | 7,354.7 | 25.0 | 8,320.8 |
| Composted | - | 2,750.7 | - | 3,514.2 | - | 4,740.8 | - | 4,138.6 | - | 696.6 |
| Incinerated with energy recovery | - | 4,868.7 | - | 4,899.9 | - | 4,045.3 | - | 5,605.6 | - | 3,590.6 |
| Incinerated without energy recovery | - | 16.3 | - | 36.0 | - | 98.0 | - | 3.8 | - | 1,585.8 |
| Total disposal cost¹³⁵ | 2.1 | 2,370.2 | 5.0 | 2,443.8 | 5.0 | 1,944.5 | 19.0 | 835.1 | 11.9 | 761.2 |
| Hazardous waste | - | 344.0 ¹³⁶ | - | 295.0 | - | 8.4 | - | 8.1 | - | 12.0 |
| Non-hazardous waste: | | | | | | | | | | |
| Landfill | - | 46.0 | - | 92.8 | - | 49.2 | - | 78.2 | - | 74.5 |
| Reused/ recycled | - | 428.8 | - | 345.0 | - | 284.4 | - | 277.9 | - | 249.9 |
| Composted | - | 41.1 | - | 50.4 | - | 28.9 | - | 26.0 | - | 14.0 |
| Incinerated with energy recovery | - | 300.7 | - | 332.3 | - | 267.3 | - | 233.2 | - | 208.2 |

¹³⁴ Landfill waste reduced by 42% during 2016-17, predominately as a result of increased recycling at both The Royal Parks and National Maritime Museum.

¹³⁵ Total disposal cost includes some costs that are not in the itemised lines. These were not provided by some ALBs due to limitations in their current service contracts.

¹³⁶ Increase can be attributed to a significant asbestos removal project at National Maritime Museum.

Table 3 - Finite Resource Consumption

| | 2016-17 | | Restated 2015-16 | | Restated 2014-15 | | Restated 2013-14 | | Restated 2012-13 | |
|--|------------|----------------------|---------------------|----------------|---------------------|----------------|---------------------|----------------|---------------------|----------------|
| | Core | Group | Core | Group | Core | Group | Core | Group | Core | Group |
| Total water consumption | 3.2 | 1,746.1 | 3.3 | 1,704.2 | 2.2 | 2,112.1 | 2.1 | 2,290.3 | 4.4 | 2,272.7 |
| Water consumption (office estate) | | | | | | | | | | |
| Supplied | 3.2 | 787.2 | 3.3 | 729.2 | 2.2 | 1,006.9 | 2.1 | 1,193.5 | 4.4 | 1,317.2 |
| Abstracted | - | 187.9 ¹³⁷ | - | 99.8 | - | 69.0 | - | 40.4 | - | 14.7 |
| per FTE | 0.005 | 0.029 | 0.006 | 0.022 | 0.004 | 0.031 | 0.005 | 0.037 | 0.009 | 0.041 |
| Water consumption (non-office estate) | | | | | | | | | | |
| Supplied | - | 328.6 | - | 318.8 | - | 184.9 | - | 292.9 | - | 132.1 |
| Abstracted | - | 442.4 | - | 556.4 | - | 851.3 | - | 763.5 | - | 808.7 |
| Total water cost¹³⁸ | - | 2,067.1 | - | 2,533.1 | 1.4 | 2,484.2 | - | 2,569.6 | - | 3,109.9 |
| Water supply costs (office estate) | | | | | | | | | | |
| Water supply costs (office estate) | - | 1,515.1 | - | 1,943.7 | 1.4 | 2,174.3 | - | 2,157.1 | - | 2,731.3 |
| Water supply costs (non-office estate) | | | | | | | | | | |
| Water supply costs (non-office estate) | - | 552.0 | - | 589.4 | - | 309.9 | - | 412.5 | - | 378.6 |

¹³⁷ The increase in abstracted water consumption for office estate is due to first time reporting by National Maritime Museum.

¹³⁸ Total water cost in contrast with total water consumption may not align due to unanticipated timing differences in relation to the receipt of utility invoices by ALBs.

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