Estimate Memorandum

Department for Culture, Media and Sport
2010-11 Spring Supplementary Estimate

Overall Summary

The Department for Culture, Media and Sport (DCMS) Spring Supplementary Estimate for 2010-11 seeks the necessary resources and cash to provide for spending on improving the quality of life for all through cultural and sporting activities (RFR 1) and broadening access to a rich and varied cultural and sporting life through broadcasting and other services and activities (RFR 2). These are continuing functions from previous years and no new functions have been added.

The purpose of this memorandum is to provide the Select Committee with an explanation of how the resources and cash sought in the Spring Supplementary Estimate will be applied and includes information on comparisons with the resources provided in earlier years in Estimates and departmental budgets.

Summary of the main spending control figures contained in the Estimate

Voted provision

The Supplementary Estimate provides for a 0.25% increase in voted resource:

- Increase in the Net Resource Requirement (NRR) of £12,900,000
  
  RfR1 £12,900,000
  
  RfR2 No change

- Increase in the Net Cash Requirement (NCR) of £11,200,000

Budgetary data

The changes to key budgetary figures are:

Resource Departmental Expenditure Limit increases by £63,560,000

Capital Departmental Expenditure Limit increases by £24,940,000
Amount

Movements in Provision related to DEL

£000's

Resource End Year Flexibility (EYF)

10,000  To provide budgetary cover for DCMS’s NDPBs to access their reserves to assist with the costs of restructuring

8,000  Drawing down EYF to enable the completion of a transfer to Northern Ireland, to fund an endowment for the promotion of Irish language, culture and heritage, as part of DCMS’s contribution toward Stage 2 Devolution costs

Capital End Year Flexibility

25,000  To provide budgetary cover for DCMS’s NDPBs to access their reserves to meet agreed spending plans

DEL Reserve Claims

48,000  To provided budgetary cover in respect of the London Organising Committee of the Olympic and Paralympic Games (LOCOG)

5,000  For the Listed Places of Worship grant scheme

3,000  For costs associated with the selling of the Tote

Take-up of Departmental Unallocated Provision (DUP)

5,700  Ring fenced DUP for the Olympic Delivery Authority

Transfer to Other Government Departments

-8,000  Transferred to Northern Ireland to fund an endowment for the promotion of Irish language, culture and heritage as, as part of DCMS’s contribution toward Stage 2 Devolution costs.

-2,500  Transferred to the Department for Communities and Local Government as a contribution toward Ordnance Survey costs.

Transfer from Capital DEL to Resource DEL

60  Specifically agreed with HM Treasury moving funding from Capital to Resource DEL to correct a mis-posting in the Winter Supplementary Estimate. This swap reverses a previous adjustment.
**Movements in Provision with no effect on budgets**

**Resource transfers within voted budgets**

- **300** From other Sports Support to fund the Free Swimming Programme
- **200** Move £156k from the General Research budget and £44k Sports support for Chatham Historic Dockyard
- **94** Move £49k from Heritage Support, £25k from Other Film Support, £17k from Other Arts Support and £3k from the Creative Economy to fund Independently Funded News Consortia
- **60** From Museums and Galleries to fund the Poetry Archive
- **10** From Other Sports Support to fund Creative Bursaries
- **7** Contribution to a project to facilitate and increase intra-European borrowing and lending of cultural and historical objects.
- **2** From Other Arts Support to the World Cultural Convention subscription

**Resource transfers within non-voted budgets**

- **11,000** Transfer from the British Film Institute to Arts Council England (ACE)

**Transfers to/from non-voted spending**

- **1,000** From Sport England to other Sports support following a reduction in the Sportsmatch grants programme
- **900** To UK Sport for the Team 2012 underwrite
- **243** A transfer from ACE for their contribution to the Active People Survey
- **200** From UK Sport for efficiency savings
- **125** Move funding to UKAD to cover the World Anti-Doping Agency (WADA) payment
- **116** From Sport England for the Free Swimming Programme
- **106** Reducing allocation from the Joint Research Budget from ACE
- **100** An increase in “Own Art” funding form ACE to meet agreed repayment
- **72** A transfer from Museums, Libraries and Archives Council for their contribution to the Active People Survey

**Increase/decrease in AinA fully offset by an increase/decrease in spending**

- **41,238** Increased income from CLG and DfT
- **-250** Reduced income from the Department for Education following the cancellation of the Find Your Talent programme managed by ACE
- **70** Increased income from the GLA for Olympic Interim costs
- **60** Increased research income from the Economic Social Research Council for Meta Evaluation
- **-50** Reduced in Joint Research income and associated funding
25 Increased income for the Office of Disability Issues (DWP) for redistribution of Paralympic Equipment via LOCOG
15 Increased income from the Greater London Authority (GLA) to fund the ONS Olympic Study
15 Increased income from Olympic London 2012 Legacy champion for a Legacy ambassador
9 Increase income from the GLA to pay for staff costs related to Olympic Look funding
3 Increased income and associated spend from Remembrance Sunday

Changes in Annually Managed Expenditure

1,700 Increase in provision for Central Departmental restructuring costs.

**Departmental Expenditure Limit (DEL)**

The Supplementary Estimate will result in an overall increase in Resource DEL of £63,560k. Capital DEL increases by £24,940k. Details of DEL in Estimates are:

<table>
<thead>
<tr>
<th>£000’s</th>
<th>Voted</th>
<th>Non-voted</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Resource DEL</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Main Estimate</td>
<td>86,467</td>
<td>1,454,976</td>
<td>1,541,443</td>
</tr>
<tr>
<td>Winter Supplementary Estimate</td>
<td>90,863</td>
<td>1,460,220</td>
<td>1,551,083</td>
</tr>
<tr>
<td>Spring Supplementary Estimate</td>
<td>99,773</td>
<td>1,514,870</td>
<td>1,614,643</td>
</tr>
<tr>
<td><strong>Capital DEL</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Main Estimate</td>
<td>-655,307</td>
<td>1,199,233</td>
<td>543,926</td>
</tr>
<tr>
<td>Winter Supplementary Estimate</td>
<td>-643,406</td>
<td>1,217,392</td>
<td>573,986</td>
</tr>
<tr>
<td>Spring Supplementary Estimate</td>
<td>-643,466</td>
<td>1,242,392</td>
<td>598,926</td>
</tr>
<tr>
<td><strong>TOTAL DEL following Spring</strong></td>
<td>-551,193</td>
<td>2,636,656</td>
<td>2,085,463</td>
</tr>
</tbody>
</table>

*Depreciation which forms part of Resource DEL is excluded from total DEL to avoid double counting.*
Significant movements in the Resource and Capital DEL and the reasoning behind them are detailed below:

- **£48m Reserve Claim for LOCOG** - The London Organising Committee for the Olympic Games (LOCOG) is currently classified as a public body, responsible for staging a memorable Olympic and Paralympic Games in 2012. As a public body, LOCOG’s net expenditure is charged to DCMS’s budget (although its funding comes mainly from the private sector) and DCMS therefore requires DEL cover to enable LOCOG to spend this privately raised income.

- **£25m Capital EYF and £10m Resource EYF for the Museums and Galleries** – Some 16 Museums and Galleries hold self generated reserves in their accounts. The CST honoured a long standing agreement to give the bodies the DEL cover they need to utilise these funds. It was previously agreed that only access to the Capital stocks would be allowed and the bodies are using this cover to continue work on planned projects for which the money was designed, however, the CST allowed £10m of the original £35m to be used for Resource purposes. This cover is to allow the bodies to use some of their reserves to cope with restructuring costs in advance of the next Spending Review period.

- **£8m Resource EYF for contribution to Stage 2 Devolution in Northern Ireland** - In April 2010 the Treasury directed that the Northern Ireland Office (NIO) be provided with funds for an £8m endowment for the promotion of Irish language, culture and heritage. This is to be a sustainable fund distributing profits generated from the initial capital investment. The investment is being provided by DCMS. The Department has drawn down the funds via the EYF mechanism and transferred them to the NIO.

- **£5m Reserve Claim for the Listed Places of Worship Scheme** - This scheme was designed and implemented by HM Treasury in 2000, to compensate places of worship for the VAT charged when maintaining their listed buildings. The current scheme is demand led and a decision to limit expenditure in the future has led to an increase in applications in the short term. The CST has agreed to provide £5m from the Reserve with an identical reduction from DCMS’s 2011-12 budget to help manage this year’s surge in expenditure.

- **£3m Reserve Claim for the Tote** - The Government announced in the Budget of 22 June 2010 that the future of the Tote would be resolved within 12 months in a way that secures value for the taxpayer and which recognises the support the Tote currently provides to the racing industry. The first stage of that open market process has been successful and in a Statement to the House on the 31st January 2011, John Penrose the Minister for Tourism and Heritage said that the Government is pleased with the level of interest shown in the process. DCMS has been granted additional funds to cover the costs associated with this process in 2010-11. The Department will repay this Reserve Claim from the proceeds of the sale in 2011.
### End Year Flexibility (EYF)

The table below provides a history of the Department’s EYF stocks and drawdown over the past three years.

<table>
<thead>
<tr>
<th></th>
<th>Admin</th>
<th>Other Resource</th>
<th>Total RDEL</th>
<th>Near-cash</th>
<th>Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EYF Stocks as at PEOWP July 2008</strong></td>
<td>11,366</td>
<td>246,572</td>
<td>257,938</td>
<td>232,691</td>
<td>23,916</td>
</tr>
<tr>
<td><strong>Agreed drawdown in year 2008-09</strong></td>
<td>-3,000</td>
<td>-27,100</td>
<td>-30,100</td>
<td>-30,100</td>
<td>-18,600</td>
</tr>
<tr>
<td><strong>EYF Stocks as at PEOWP July 2009</strong></td>
<td>11,321</td>
<td>239,457</td>
<td>250,778</td>
<td>244,370</td>
<td>192,247</td>
</tr>
<tr>
<td><strong>Agreed drawdown in year 2009-10</strong></td>
<td>-3,300</td>
<td>-3,879</td>
<td>-7,179</td>
<td>-7,179</td>
<td>-132,500</td>
</tr>
<tr>
<td><strong>EYF Stocks as at PEOWP July 2010</strong></td>
<td>8,265</td>
<td>321,075</td>
<td>329,340</td>
<td>237,191</td>
<td>84,239</td>
</tr>
<tr>
<td><strong>Agreed drawdown in 2010-11</strong></td>
<td>-3700</td>
<td>-24,000</td>
<td>-27,700</td>
<td>0</td>
<td>-55,000</td>
</tr>
</tbody>
</table>

*The Alignment project aims to improve current financial processes by bringing together, as far as is reasonably possible, the present Treasury controls (Budgets), Parliamentary approval (Estimates) and end year reporting (Resource Accounts). The first stage of this process was to remove the “non-cash” element of the Vote. From 2010-11 Depreciation and Impairments move from Non-cash to Resource DEL, Provisions move to Annually Managed Expenditure and the Cost of Capital Charge is removed from budgets. The End year Flexibility stocks as at July 2010 were recorded on this basis.*
**Administration Budget**

During the Winter Supplementary Estimate the Administration Budget increased by £7,200,000 to £51,488,000. A comparison with earlier years (outturn) and plans is set out below.

<table>
<thead>
<tr>
<th>Year</th>
<th>Plans</th>
<th>Outturn</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007-08</td>
<td>55,570</td>
<td>54,790</td>
</tr>
<tr>
<td>2008-09</td>
<td>55,539</td>
<td>52,838</td>
</tr>
<tr>
<td>2009-10</td>
<td>55,133</td>
<td>53,301</td>
</tr>
</tbody>
</table>

The changes to the current year's Administration Budget are:

**Changes to Administration Budget in the Winter Supplementary Estimate**

1 April 2010 at Main Estimate: 44,288
Changes announced at Winter Supplementary Estimate: 7,200
*of which:*
  - End Year Flexibility to assist with the costs of the Government Olympic Executive: 3,700
  - Agreed switch from Programme to Administration to assist with the costs of the Government Olympic Executive: 3,500

**There is no change to the Administration Budget at the Spring Supplementary Estimate**

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**Request for Resources 2**

**Non Budget**

**A: Home Broadcasting**

This provides for the funds allocated to the BBC as grant in Aid. No change is proposed to this Request for Resource.
Approval of Memorandum

This memorandum has been prepared with reference to the guidance in the Estimates Manual issued by HM Treasury which can be found on the House of Commons Scrutiny Unit website. This memorandum has been approved by the DCMS Director of Finance.

Glossary of Key Terms

**Annually Managed Expenditure (AME)** - a Treasury budgetary control for spending that is generally difficult to control as a proportion of the department’s budget and volatile in nature.

**Departmental Expenditure Limit (DEL)** - a Treasury budgetary control for spending that is within the department’s direct control and which can therefore be planned over an extended (Spending Review) period (such as the costs of its own administration, payments to third parties, etc).

**Request for Resources (RfRs)** – a limit on resources voted by Parliament for a specific area of spending, usually a high-level objective of the department, within a departmental Estimate.

**End Year Flexibility** - is a mechanism whereby departments may carry forward unspent DEL provision into later years.