



National Audit Office

**BRIEFING FOR THE
HOUSE OF COMMONS
CULTURE, MEDIA AND
SPORT COMMITTEE**

OCTOBER 2009

Performance of the Department for Culture, Media and Sport 2008-09

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This briefing has been prepared for the Culture, Media and Sport Committee to provide an overview of the work and performance of the Department for Culture, Media and Sport in the financial year 2008-09 and subsequent months.

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Summary

Aim and scope of this briefing

- 1** This briefing has been prepared for the Culture, Media and Sport Committee to provide an overview of the work and performance of the Department for Culture, Media and Sport in the financial year 2008-09 and subsequent months.
- 2** It takes as its basis the Department's Annual Report and Accounts 2009, drawing upon the work of the National Audit Office, together with relevant material from other external and internal reviews of departmental performance.
- 3** The contents of the briefing have been shared with the Department to ensure that the evidence presented is factually accurate, but any commentary and views expressed are the sole responsibility of the National Audit Office.

The Department's role

- 4** The Department's aim is:

to improve quality of life through cultural and sporting activities, to support the pursuit of excellence, and to champion the tourism, creative and leisure industries

- 5** The Department is responsible for Government policy on the arts, sport, the National Lottery, tourism, libraries, museums and galleries, broadcasting, creative industries, press freedom and regulation, licensing, gambling and the historic environment. It is also the lead department for the London 2012 Olympic and Paralympic Games.
- 6** During 2008-09 there were 73 public entities under the Department's policy responsibility, and much of the delivery of the Department's aims is devolved to these bodies. They are classified as Executive Non-Departmental Public Bodies (43), Advisory Non-Departmental Public Bodies (10), Tribunal Non-Departmental Public Bodies (1), Executive Agencies (1), Public Corporations (4), Public Broadcasting Authorities (2), Other Olympic Bodies (1), Lottery Distribution Funds (2) and unclassified bodies (10). For further details see Appendix Two.
- 7** For financial reporting purposes, the organisations within the Department's Resource Accounting boundary are The Royal Parks, ten advisory NDPBs, one tribunal NDPB, and the Department itself (which includes the Government Olympic Executive).
- 8** The Permanent Secretary and Principal Accounting Officer is Jonathan Stephens, who is supported by the Board.

Key events since the Select Committee's hearing on the Departmental Report 2008

9 The key events since the Select Committee's 17 July 2008 hearing on the Departmental Report 2008 are set out below. Appendix One gives a more detailed picture of the events affecting the Department during the 2008-09 financial year and subsequent months.

2012 Games

10 The **Beijing Olympic Games** were held in August 2008, followed by the handover of the Olympic Flag, symbolising the beginning of London's reign as host city for the 2012 Games. The Paralympic Flag was handed over in September, following the conclusion of the Beijing Paralympic Games.

11 The 2012 Cultural Olympiad began in September 2008 with 650 events taking place across the country. This four-year long programme is intended to encourage participation in culture, provide a welcome to the world, and leave a lasting cultural legacy. There are ten major national projects, of which two, *Artists Taking the Lead* and *Stories of the World*, have been launched. The Olympic Lottery Distributor announced a £16 million funding package for six of these major projects in July 2009.

12 The global economic crisis has impacted on the Olympic Delivery Authority's ability to secure private financing for the **Olympic Village and the International Broadcast and Main Press Centres** (IBC/MPC). The Olympic Delivery Authority had initially expected to finalise the deal with the preferred developer of the Village in December 2007, but by May 2009 had been unable to secure private financing on terms that represented value for money to the taxpayer in the long-term. The Village is now wholly publicly owned and required additional public funding of £326 million in January 2009 and a further £324 million in May 2009. The IBC/MPC is now wholly publicly financed and required additional public funding of £135 million in January 2009. These funding increases were met from within the £9,325 million budget for the Games.

13 The London 2012 Games is the centrepiece of the **UK Decade of Sport**, which began in January 2009. This is a series of major sporting events to be hosted in the UK, culminating in the Cricket World Cup in 2019 and including the 2014 Commonwealth Games in Glasgow, and the possibility of hosting the Football World Cup in 2018. Further details of events can be found in Appendix Three.

Heritage

14 With the focus of the legislative programme shifting towards addressing the global economic crisis, the **Heritage Protection Bill** was put on hold in December 2008. Whilst the Bill is needed for some of the changes set out in the Heritage White Paper, English Heritage has stated that even without the Bill, more than two-thirds of the changes can still go ahead.

15 In May 2009, the Stonehenge Programme Board recommended that the new **Stonehenge Visitor Centre** be built at Airman's Corner. English Heritage has reported in its accounts that approximately half of the £6.5 million spent from 2000-01 to 2006-07 on the project to develop the new visitor centre is not relevant to the new scheme. The visitor centre is due to be completed in time for the 2012 Games.

Digital

16 Analogue television signals are due to be terminated by 2012, with a phased switch-off across the country. Following the pilot **digital switchover** in November 2007, the main switchover programme began in 2008. The Selkirk area of the Scottish Borders switched in November 2008, and the Beacon Hill and Stockland Hill areas of the West Country switched in April 2009 and May 2009 respectively.

17 In parallel with the switchover programme, the **Digital Britain** review was launched in October 2008. The aim of this review was to develop an action plan to secure the UK's place at the forefront of innovation, investment and quality in the digital and communications industries. The *Digital Britain Final Report*, published in June 2009, sets out the Government's strategic vision for putting the UK at the fore of the global digital economy and includes a number of commitments and proposals for legislative reform.

Performance

Public Service Agreements and Departmental Strategic Objectives

18 Progress against the 2005-08 Public Service Agreements (PSA) since the Committee's previous hearing is covered in more detail in Part Three. The Department has reported that only one of its four 2005-08 PSAs was met.

19 This is the first year of reporting on 2008-11 PSAs and Departmental Strategic Objectives (DSO). The Department's performance is summarised in **Figure 1** and is examined in more detail in Part Three. Whilst strong performance has been reported against two areas, three have not yet been assessed; the Department is still establishing indicators and baselines for many of the 2008-11 PSAs and DSOs. The Department contributes to several other PSAs as illustrated in Appendix Four.

Capability

20 The Cabinet Office has reported that the Department needs to strengthen its leadership, focus and direction at senior levels, which is consistent with findings of the Office of Government Commerce Procurement Capability Review and the Department's most recent staff survey results. Whilst the Cabinet Office has reported improvements in relation to the leadership and direction of the Department's biggest projects, it has recommended that the Department ensures that momentum is maintained in all areas. The Department's capability is examined further in Part Two.

Financial

21 The Department's 2008-09 expenditure was within Resource Outturn and Administrative budgets. The individual programme lines show larger movements than in previous years as there was no rebalancing of budgets which would normally take place following a Supplementary Estimate. The Department did not require a Supplementary Estimate for 2008-09 as sufficient overall cover was available. The Department is over-committed against its 2009-10 capital budget and is currently reviewing the situation. No decisions have yet been made about revised capital allocations. The Department's financial performance is examined further in Part One.

Key issues

Olympics

22 The London 2012 Olympic and Paralympic Games have been described as the biggest event the UK has ever hosted. The building project is the largest this country has seen in a lifetime and the Olympic Park will be the biggest new urban park built in Europe for 150 years. The Department has reported that the construction work is on time and on budget, but acknowledges that there are big challenges ahead.

23 Responsibility for the Games is a tripartite arrangement between the Government, the host city and the Olympic Movement. The Host City Contract is signed by the International Olympic Committee, the City of London, the British Olympic Association and the London Organising Committee of the Olympic Games and Paralympic Games.

24 The delivery of the London 2012 programme is overseen by the Olympic Board, which comprises the Minister for the Olympics, the Mayor of London, the Chair of the British Olympic Association and the Chair of the London Organising Committee of the Olympic Games and Paralympic Games. The Department for Culture, Media and Sport is the lead department for the Games, and its Government Olympic Executive provides oversight, coordination and management for the London 2012 programme as a whole.

Figure 1
Departmental Performance against Key Performance Measures

Public Service Agreement/Departmental Strategic Objective 2008-11	Department's Autumn Performance Report 2008	Department's Annual Report and Accounts 2009
PSA 22 (DSO 4): Olympics and sport for young people	Strong progress	Strong progress
PSA 21 Indicator 6: The percentage of people who participate in culture or sport	Not yet assessed	Not yet assessed
DSO 1: Opportunity – Encourage more widespread enjoyment of culture, media and sport	Not yet assessed	Not yet assessed
DSO 2: Excellence – Support talent and excellence in culture, media and sport	Not yet assessed	Not yet assessed
DSO 3: Economic impact – Realise the economic benefits of the Department's sectors	Strong progress	Strong progress

Source: DCMS, *Autumn Performance Report, December 2008* and DCMS, *Annual Report and Accounts 2009, July 2009*

25 The delivery responsibilities are divided between the Olympic Delivery Authority (the build, transport, legacy), the London Organising Committee of the Olympic Games and Paralympic Games (staging), the Government Olympic Executive (legacy), the London Development Agency (regeneration legacy – responsibility recently transferred to the Olympic Park Legacy Company), the Greater London Authority (legacy), the Home Office (security) and UK Sport (elite sport). Cross-government involvement includes the Department for Transport and the Department for Communities and Local Government, amongst other bodies. The large number of bodies involved underlines the importance of effective governance and coordination.

26 The Commission for a Sustainable London 2012 has described the legacy of the London 2012 Games as “the key expectation of Wider Stakeholders” and “the most complex and difficult to achieve”. The Department published a Legacy Action Plan in June 2008, which sets out legacy aspects of the five broad London 2012 promises; the detail of the regeneration legacy is due to be published in the Legacy Masterplan Framework by the end of 2009.

Digital switchover

27 By 2012 analogue television signals are due to be switched off. The phased switchover programme is the joint responsibility of the Department for Culture, Media and Sport and the Department for Business, Innovation and Skills, with key delivery bodies including the BBC and Ofcom.

28 At the end of 2008, 37 per cent of UK homes were still to become fully digital. There are 67 terrestrial transmitter groups of which 12 are due to have been switched by the end of the third quarter of 2009. So the bulk of the switchover process, and much of the uptake of digital television, is yet to happen.

29 The switchover is an indicator of the Department’s Strategic Objective 3, and the Department reported that the programme is on track. Further details of the digital switchover are covered in Part Three.

Economic downturn

30 The economic downturn has already had significant effects on the Department’s programmes, including the necessity to support the Olympic Village with public funds and the delay to the sale of the Tote.

31 Recovery from the economic crisis is a Government-wide objective, and the Department expects its programmes to contribute. In particular, the Department estimates that the 2012 Games could generate an additional £2,100 million for the tourist industry over the period 2007-2017; the digital switchover is expected to provide a net economic benefit of £1,700 million; and the Department’s new digital economy strategy is designed to take advantage of one of the major growth sectors on which the economy increasingly depends.

Part One

Financial Review 2008-09

Expenditure

1.1 The Department reported a net resource outturn of £5,194 million in 2008-09, an increase of ten per cent on the £4,707 million reported in 2007-08. This growth is largely due to increased funding for the Olympic Delivery Authority (£722 million) and the BBC (£105 million), set against reductions in other Departmental spending (£339 million).

1.2 The Department underspent by £80 million against the original estimate voted by Parliament, predominantly due to a £160 million underspend in respect of the Olympic Delivery Authority (ODA). The ODA underspend was offset by several overspends, including a £10 million overspend on Free Swimming, a £15 million overspend on the Tate Gallery, a £38 million overspend on the Arts Council England and a £22 million overspend on UK Sport. The individual programme lines show larger movements than in previous years as there was no rebalancing of budgets which would normally take place following a Supplementary Estimate. The Department did not require a Supplementary Estimate for 2008-09 as sufficient overall cover was available. In 2007-08 the Department underspent on the Olympic Delivery Authority by £40 million, whilst the largest individual overspend was £3 million on the UK School Games, however, it took a Supplementary Estimate to rebalance the various budgets. The total underspend for 2007-08 was £69 million.

Analysis of expenditure by recipient

1.3 During 2008-09 over 95 per cent of the Department's funds were paid out to the Department's public bodies: 57 per cent to the BBC; 19 per cent to the Olympic Delivery Authority; and 20 per cent to its other Non-Departmental Public Bodies. Of the remaining four per cent: one per cent was spent by the core Department; and two per cent was passed to other central government bodies.

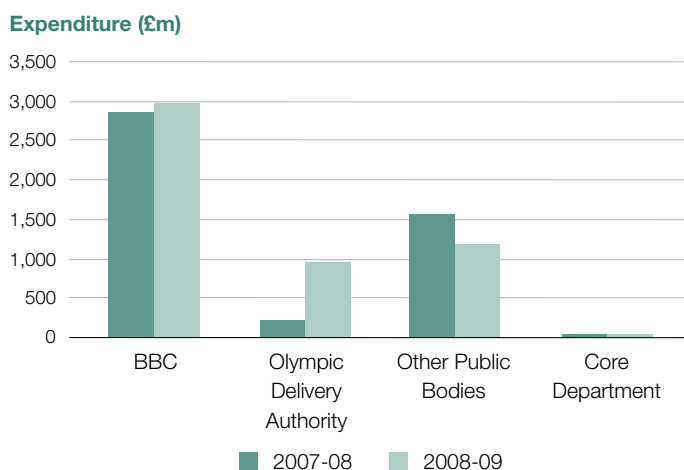
1.4 **Figure 2** overleaf summarises the expenditure by key spending body for both 2007-08 and 2008-09. BBC funding increased by four per cent to £2,961 million, whilst Olympic Delivery Authority funding quadrupled to £958 million, over this period.

Administrative expenditure

1.5 The Department reported net administrative expenditure of £53 million for 2008-09, £3 million less than the administrative budget voted by Parliament.

Figure 2

Analysis of the Department for Culture, Media and Sport's expenditure by spending body



Source: DCMS, Annual Report and Accounts 2009, July 2009

1.6 For each year of the 2007 Comprehensive Spending Review (2008-09, 2009-10, 2010-11), the Department, in its Corporate Plan 2008, has committed to reducing its administration costs by five per cent, excluding the Government Olympic Executive due to planned increases in its workload. The accounts show a three per cent reduction in these costs in 2008-09, but as the accounts do not split administrative expenditure between the Government Olympic Executive and the rest of the Department, they do not make clear which costs fall within the five per cent reduction target.

Staff numbers

1.7 The Department also planned staff number reductions of 30 a year during 2008-09 and 2009-10, excluding the Government Olympic Executive due to planned increases in its workload. The reported average number of staff was 499.8 for 2008-09, a reduction of 17.8 from the previous year. As the accounts do not split staff numbers between the Government Olympic Executive and the rest of the Department, they do not make clear whether the reduction of 30 has been achieved.

Progress against the Efficiency Review 2005-08

1.8 The Department had three targets for the Efficiency Review 2005-08:

- £262 million of efficiency savings, of which 50 per cent to be cashable;
- 600 posts relocated outside London and the South East by 2010; and
- Reduction in headcount of 27 posts by 2008.

1.9 The Department is over committed on its capital programme for 2009-10 and is currently reviewing the situation. No decisions have yet been made about revised capital allocations.

Progress against the Value for Money Programme 2008-11

1.10 The initial Comprehensive Spending Review 2007 settlement committed the Department to delivering £148 million of Value for Money savings by 2010-11, which increased to £168 million following the 2009 Budget.¹

1.11 In its *Value for Money Delivery Agreement*, published in 2007, the Department projected savings of £81.5 million and set a target of £48 million for 2008-09. Savings of £50.8 million were reported in the *Annual Report and Accounts 2009*. The breakdown and allocation of these figures is given in **Figure 3**.

Figure 3

Value for Money Savings reported by the Department

2008-09	Projected (£m)	Target (£m)	Reported (£m)
Museums and galleries	10.4		15.2
Strategic and heritage	41.1		35.6
Internal Department for Culture, Media and Sport	1		–
Capital	29		–
Total	81.5	48	50.8

Source: DCMS, *Value for Money Delivery Agreement*, December 2007 and DCMS, *Annual Report and Accounts 2009 (Performance)*, July 2009

National Audit Office financial audit

1.12 The Department's resource accounts were certified by the Comptroller and Auditor General on 16 July 2009. Of the 36 Culture, Media and Sport entities whose financial statements are audited by the Comptroller and Auditor General (see Appendix Two), 29 were certified before Parliament's summer recess. Of the seven not certified before the summer recess, the largest were the Olympic Lottery Distribution Fund and the National Lottery Distribution Fund.

1.13 The Comptroller and Auditor General reported on Sport England's accounts, due to the existence of a bank account which operated outside of Sport England's established financial control framework. The account, known as World Class Payments Bureau, was active from 1999 but was not brought to the attention of the audit team until January 2009 and may have placed £19.7 million of transactions at undue risk over the intervening period. Whilst there was no impact on the 2008-09 audit opinion, an investigation, under the leadership of Tim Dutton QC, is underway.²

¹ Cabinet Office Value for Money Update, April 2009.

² Sport England, *The English Sports Council Grant in Aid and National Lottery Distribution Fund Annual Report and Accounts 2008-2009*.

Television licence fees

1.14 The BBC collects licence fee income from the public. These fees are remitted to the Department and subsequently surrendered to the Consolidated Fund. The Parliamentary Vote process is used to authorise the payment of public monies to the BBC via the Department.

1.15 The Department paid the BBC £2,961 million in 2008-09. The licence fees received by the Department increased by three per cent on 2007-08, £12 million below forecast (approximately 0.4 per cent of the total income).

1.16 The value of licence fees that remained uncollected because of licence fee evasion increased to £195.9 million in 2008-09, an increase of eight per cent from 2007-08. The increase relates to a rise in the evasion rate in 2008-09 to approximately 5.3 per cent of households, and an increase in the number of premises with a television.

1.17 Discussions are currently ongoing between HM Treasury, the Department and the BBC in respect of proposals that licence fee receipts be recorded in a separate Trust Fund statement rather than the Department's accounts.³ This proposal is part of the Alignment (Clear Line of Sight) Project, which aims to both simplify financial reporting to Parliament and to improve the consistency of reporting.

1.18 Under the terms of a 2006 Agreement between the BBC and the Department, the BBC Trust must regularly discuss with the Comptroller and Auditor General the possible scope of the Trust's programme of value for money reviews of the BBC, and which individual reviews within that programme are particularly suited to the National Audit Office. In contrast to the arrangements for statutory audit of other publicly funded organisations, where the Comptroller and Auditor General has full discretion to decide the subjects for value for money examinations and when those examinations should occur, the BBC Trust has the final decision on the scope of its audit programme.

Budgeting

1.19 The Department is over committed on its capital programme for 2009-10. Ministers are currently looking for solutions. No decisions have yet been made about revised capital allocations.

1.20 The Department failed to seek Parliamentary approval for some of its planned sources of income in 2008-09, including £13 million of income for The Royal Parks, despite having the same income stream each year. Consequently, some £21 million could not be used and was surrendered to the Consolidated Fund. Overall the Department had sufficient budgetary cover because of the £160 million underspend on the Olympic Delivery Authority (see paragraph 1.2).

Contingent liabilities

2012 Games

1.21 The Government has guaranteed the International Olympic Committee that it will act as the ultimate financial guarantor to the London 2012 Games. The guarantee includes any deficit incurred by the London Organising Committee of the Olympic Games and Paralympic Games (LOCOG), which is responsible for staging the Games and is a signatory to the Host City Contract.

1.22 LOCOG is intended to be self-financing. LOCOG's lifetime budget of £2,000 million sits outside the £9,325 million public budget for the Games, with the exception of a contribution from public funds towards the cost of staging the Paralympic Games, for which the £9,325 million budget includes a provision of £66 million.

1.23 As at 31 March 2009, LOCOG had secured £500 million in domestic sponsorship, and was due US\$351 million from the International Olympic Committee's worldwide sponsorship programme and £380 million from the International Olympic Committee under the Host City Contract.⁴ A detailed lifetime budgeted income and expenditure for the staging of the 2012 Games has not been published.

Digital switchover

1.24 The Department reported a contingent liability in respect of the Digital Switchover Help Scheme as it has guaranteed to fund any cost overrun on the £603 million budget. Progress against Departmental Strategic Objective 3, including the status of the Digital Switchover Help Scheme, is covered in Part Three.

Government Indemnity Scheme

1.25 Under the Government Indemnity Scheme, the Department indemnifies lenders to museums, galleries and other institutions when mounting exhibitions or taking long-term loans for either study or display. The value of the indemnity depends on the value of loaned exhibits at any given time and fluctuates throughout the year. In the *Annual Report and Accounts 2009* the indemnity is reported to be £4,630 million at 31 March 2009. The Department's forecast of the maximum value the indemnity will reach in 2009-10 is £11,026 million.⁵

Rugby World Cup

1.26 In July 2009, the International Rugby Board announced that The Rugby Football Union had been successful in its bid to host the 2015 Rugby World Cup in England. The Department has agreed to partially underwrite the 2015 Rugby World Cup tournament fee of £80 million up to a maximum of £25 million, if there is a shortfall in receipts of more than £2 million.

⁴ The London Organising Committee of the Olympic Games and Paralympic Games Limited, Annual Report 2008-09.

⁵ DCMS, Main Supply Estimate 2009-10.

Contingent Assets

1.27 London 2012 Ltd, the company responsible for the Olympic bid, is in liquidation. An amount of £133,000 could be repayable to the Department subject to the outcome of the liquidation process.

Internal control

1.28 The Department's Internal Audit Service, which is provided by the Department for Communities and Local Government, concluded that no significant control issues arose during 2008-09.⁶ However, in the Statement on Internal Control, published with the Department's accounts, the Department acknowledged that further improvement is necessary to increase the overall reliability of internal controls.

Part Two

The Department's Capability

Cabinet Office Capability Review

2.1 The Cabinet Office's Capability Review Programme began in 2005 as part of the Civil Service reform agenda. It aims to improve the delivery of public services by:

- improving the capability of the Civil Service to meet today's delivery objectives and be ready for the challenges of tomorrow;
- assuring the public and ministers that the Civil Service leadership is equipped to develop and deliver departmental strategies; and
- helping departments act on long-term key development areas and therefore provide assurance on future delivery.

2.2 Capability Reviews are carried out by the Cabinet Office's Capability Reviews Team, with external reviewers assembled specially for the department under review. These reviewers are drawn from the private sector, the wider public sector and board-level members of other government departments.

2.3 The reviews assess departments' capabilities and identify areas for improvement and key actions. The assessment of capability is broken down into ten elements under three headings: Leadership, Strategy, and Delivery. Each element has five assessment levels: Strong; Well Placed; Development Area; Urgent Development Area; and Serious Concerns. The performance against each element can be summarised to give a numeric score for each heading.

2.4 The Department was first assessed in March 2007.⁷ There was an update on areas for action in March 2008, which concluded that significant progress had been made in several areas, but that there was still work to be done to improve the Department's capabilities. There was a follow-up capability review in March 2009.

Findings of the 2009 Capability Review

2.5 The 2009 review concluded that internal leadership should be strengthened and that the corporate services transformation project must be concluded.⁸ However, the review found that leadership of the London 2012 programme had improved with the appointment of the new senior leadership team to the Government Olympic Executive.

⁷ Cabinet Office, *Capability Review of the Department for Culture, Media and Sport*, March 2007.

⁸ Cabinet Office, *Department for Culture, Media and Sport - Progress and Next Steps*, March 2009.

2.6 The Department's governance arrangements had strengthened, in particular through the creation of the Executive Committee and Non-Departmental Public Body Advisory Board. Despite these improvements, the Department's transformation programme had lost momentum and the board was not seen by staff as an effective decision-making body that listened to staff and held the organisation to account. The review team found that the transformation programme placed insufficient emphasis on behavioural change, and the strengthening of corporate services lacked pace and ambition.

2.7 In respect of strategy, the Department had made progress in the use of evidence. External relationships had been strengthened: Non-Departmental Public Bodies supported the creation of the Advisory Board; and other government departments reported improved joint working with the Department. The review found that the Department could do more to demonstrate how it adds value.

2.8 The review team highlighted progress on the delivery of the highest-profile projects (the Olympics and digital switchover), together with improvements to routine delivery through risk-based management of Non-Departmental Public Bodies and decisive action in dismantling the Regional Cultural Consortia. It noted, however, that while new roles and a mechanism for flexible resourcing had been created, these need to be streamlined, integrated and managed more effectively and that the Department needed to ensure that these new ways of working are communicated clearly to its stakeholders.

Progress between 2007 and 2009

2.9 **Figure 4** shows the assessment of the Department following the completion of both the 2007 and 2009 Capability Reviews published by the Cabinet Office. Whilst the Department improved against five elements, there were three elements with no change and two that deteriorated.

2.10 In addition to the comparison between assessments, it is possible to compare the Department to other central government bodies by assigning a numeric score based on the rating for each heading. The Department ranked 12th of the 17 bodies assessed in Phase 1, and 14th of the 14 bodies assessed in Phase 2.

2.11 For those bodies that were assessed in both Phases 1 and 2 (and were not subject to significant machinery of government changes) the Department's improvement ranked joint 10th of 12. The Department is the only one to have shown a deterioration in any of the three areas of assessment (Leadership) between 2007 and 2009.

Changes to the Capability Review process

2.12 Future capability reviews will not be directly comparable with the reviews published to date, as the assessment criteria for the capability reviews have been changed from July 2009.⁹ There are now four elements under the delivery heading and three under leadership; the number of assessment levels has been changed from five to four.

⁹ Cabinet Office, *Capability Reviews - Refreshing the model of capability*, July 2009.































Procurement Capability Review




2.13 The Department was the subject of an Office of Government Commerce Procurement Capability Review between September and October 2008.¹⁰ The review scores the Department across nine indicators of procurement excellence, divided into three broad headings. The Department's performance is set out in **Figure 5** overleaf.

2.14 The review team found that the size and skills of the Department's central procurement team were appropriate for the level of expenditure, but concluded that there was no coordinated strategic approach to commercial matters across the Non-Departmental Public Bodies. The review recommended that the Department create a Board level champion for procurement, to drive forward existing initiatives such as the Procurement Council of Non-Departmental Public Bodies and facilitate the sharing of best practice. In particular, the review team highlighted that the absence of data relating to both procurement spending and contractor performance hampered comparisons and made the identification of opportunities for collaboration difficult. Consequently, the team recommended the Department improve its management of information in these areas.

Figure 4

The Department's Performance in the Cabinet Office Capability Reviews

Area	Element	Description	March 2007	March 2009	Change
Leadership	L1	Set direction			 No change
	L2	Ignite passion, pace and drive			 Deterioration
	L3	Take responsibility for leading delivery and change			 Improvement
	L4	Build capacity			 Deterioration
Strategy	S1	Focus on outcomes			 Improvement
	S2	Base choices on evidence			 Improvement
	S3	Build common purpose			 Improvement
Delivery	D1	Plan, resource and prioritise			 No change
	D2	Develop clear roles, responsibilities and business model(s)			 Improvement
	D3	Manage performance			 No change

 Urgent Development Area
  Development Area
  Well placed

Source: Cabinet Office, *Capability Reviews, March 2007 and March 2009*

¹⁰ Office of Government Commerce, Procurement Capability Review Programme, Department for Culture, Media and Sport, September to October 2008.

2.15 The Department published an improvement plan in February 2009, which committed it to addressing all the recommendations by June 2010.

Staff Survey

2.16 The Department’s most recent published staff survey was performed in 2007.¹¹ Many of the results are consistent with the findings of the 2007 Capability Review.










Staff skills and abilities




2.17 Sixty-seven per cent of respondents to the survey thought their job made good use of their skills and abilities, whilst 78 per cent reported development of their skills over the preceding year. Eight per cent did not think their colleagues had the necessary skills to do their job. The most positive score in the survey was 89 per cent of respondents stating that their skills allowed them to perform to a professional standard.

Evidence-based approach

2.18 The 2007 Capability Review identified that the Department lacked a developed evidence-based approach. This finding corresponds to the staff survey responses of just 53 per cent of participants stating they had access to the evidence and research necessary to do their job effectively, 21 per cent believing that policy was based on sound evidence, and 41 per cent of staff considering that the Department’s capability in evidence and research was improving.

Figure 5
The Department’s performance in the Office of Government Commerce Procurement Capability Review

Area	Element	Description	Result
Leadership	1	Visibility and impact of leadership	
	2	Vision, aspirations, business and policy alignment	
	3	Stakeholder and supply base confidence levels	
Skills and Development	4	Effective resourcing of procurement activity	
	5	“Intelligent client” capability	
Systems and Processes	6	Governance and organisation	
	7	Strategic and collaborative approach to market engagement and sourcing	
	8	Effective use of procurement and Programme and Project Management tools and techniques	
	9	Knowledge and performance management	

 Amber/Red
  Amber
  Amber/Green

Source: Office of Government Commerce, Procurement Capability Review Programme – Department for Culture, Media and Sport, September to October 2008

11 DCMS, Have Your Say - Staff Opinion Survey 2007.

Relationships with other bodies

2.19 The responses suggest the Department needs to be better at influencing other bodies, managing its relationships and adding value, with positive responses of 25 per cent, 41 per cent and 31 per cent respectively. Collaboration with other bodies was scored higher, with 52 per cent of respondents stating that the Department collaborated effectively and 86 per cent stating that, wherever possible, they looked for better ways to work with stakeholders.

Senior management

2.20 Only 13 per cent of respondents considered that the Executive Leadership Team motivated and inspired staff. The response to whether the Executive Leadership Team provided effective leadership was 15 percentage points below the benchmark, at only 19 per cent positive.

Part Three

Performance against Public Service Agreements and Departmental Strategic Objectives

3.1 Public Service Agreements (PSAs) are a system of Government commitments to the public on what they can expect for their money. The 110 largely departmental based PSAs for 2005-08 were replaced with 30 new inter-departmental PSAs for 2008-11, together with Departmental Strategic Objectives (DSOs) for each department. The performance of the Department against 2005-08 PSAs and 2008-11 PSAs and DSOs is set out below. The relationship between 2008-11 PSAs and DSOs is set out in Appendix Four.

3.2 In the *Annual Report and Accounts 2009*, the Department has reported that delivery plans and risk registers are in place, or are being developed, for each of the Department's Departmental Strategic Objectives and Public Service Agreement targets. To monitor performance against DSOs and PSAs, the Department's Board is provided with quarterly reports. These include tracking of progress and risks, early warning of potential problems, and recommendations for action.

3.3 Whilst PSAs and DSOs form the core of the Department's performance assessment framework, other performance drivers include the commitments set out in policy documents and the recommendations of independent reviews. Key policy documents include *Digital Britain* and *Creative Britain*, and recent reviews include the *McMaster Review on Supporting Excellence in the Arts* and the review of the *Renaissance Programme* (a regeneration of regional museums and galleries). The Department does not draw together progress against these commitments and recommendations in its annual report and accounts.

Performance against 2005-08 PSAs

3.4 The Department had four PSAs for the period 2005-08. The progress against these PSAs since the Select Committee's hearing on the Departmental Report 2008 is set out in **Figure 6**.

3.5 Whilst the Department's reported performance summary for PSA 2 was *not yet assessed*, it has reported that the trend in obesity prevalence may have begun to flatten out. The Department has indicated that at least one year's more data is required to verify this.

3.6 The priority groups covered by PSA 3 were: those from black and minority ethnic groups; those with a limiting disability; those in lower socio-economic groups; and, in the case of sport, women. Six measures of take-up of cultural and sporting opportunities were used. The results are set out in **Figure 7**.

Figure 6

Departmental performance against 2005-08 Public Service Agreements

Public Service Agreement	Annual Report 2008	Autumn Performance Report 2008	Annual Report and Accounts 2009
PSA 1: Enhance the take-up of sporting opportunities by 5 to 16-year-olds	Ahead	Met	Met
PSA 2: Halt the year-on-year increase in obesity among children under 11	Not yet assessed	Not yet assessed	Not yet assessed
PSA 3: Increase the take-up of cultural and sporting opportunities by people from priority groups aged 16 and above	Slippage	Slippage	Partly met
PSA 4: Improve the productivity of the tourism, creative and leisure industries	Slippage	Slippage	Slippage

Source: DCMS, Annual Report 2008, May 2008, Autumn Performance Report, December 2008 and Annual Report and Accounts 2009, July 2009

Figure 7

Take-up of cultural and sporting opportunities by priority groups

Results	Black and minority ethnic	Limiting disability	Lower socio-economic	Women
Visiting at least one designated historic environment site in the past 12 months	●	●	●	N/A
Accessing at least one museum or gallery in the past 12 months	●	●	●	N/A
Participating in at least two different arts activities in the past 12 months	●	●	●	N/A
Attending at least two different arts events in the past 12 months	●	●	●	N/A
Participating in at least one active sport in the past four weeks	●	●	●	●
Engaging in at least 30 minutes of moderate intensity level sport on at least three days in the past week	●	●	●	●

● Met ● Not met

Source: DCMS, Taking Part – The National Survey of Culture, Leisure and Sport – Final Assessment of progress on PSA 3 complete estimates from year three, 2007-08 – Statistical Release, December 2008

Links between 2005-08 PSAs and 2008-11 PSAs and DSOs

3.7 Whilst the 2005-08 PSAs have not been continued into the 2008-11 period, there are close links to the new agreements and objectives. The 2008-11 PSAs and DSOs are examined in more detail below.

3.8 The 2005-08 PSA 1 is succeeded by the 2008-11 PSA 22 Indicator 5 (world-class PE and sport), which widens the age range and increases the number of hours for participation. The participation of children and young people in sport is also an indicator of DSO 1.

3.9 The obesity target (2005-08 PSA 2) is now no longer the responsibility of the Department, but forms Indicator 3 of the 2008-11 PSA 12: *Improve the health and well-being of children and young people*, which is the joint responsibility of the Department for Health and the Department for Children, Schools and Families.

3.10 The theme of participation found in the 2005-08 PSA 3 is continued with the 2008-11 PSA 21 Indicator 6 (Participation) and DSO 1 (Opportunity). The focus is on participation across the whole population (not priority groups, as before).

3.11 The productivity target (2005-08 PSA 4) is similar to DSO 3 (Economic Impact). The focus of DSO 3 is the burden of regulation and the digital switchover.

Performance against 2008-11 PSAs

3.12 For the period 2008-11 the Government set 30 PSAs. The Department leads on PSA 22, has a key role in the delivery of PSA 21 and contributes to the delivery of several others. The progress against PSAs 21 and 22 is set out below.

PSA 22: Deliver a successful Olympic and Paralympic Games with a sustainable legacy and get more children and young people taking part in high quality PE and sport

Department's assessment: **Strong progress**

3.13 The 2012 Olympic and Paralympic Games are due to start on 27 July 2012 and are the centrepiece of the UK's decade of sport. PSA 22, which covers preparations for and maximising the benefits of the Games, is the only PSA target for which the Department has lead responsibility. Delivery against this target is the responsibility of the Department's Government Olympic Executive; the ministerial responsibility falls to the Rt Hon Tessa Jowell MP, as Minister for the Olympics.

3.14 Achievement against this PSA target is measured using five indicators, which are set out below. There is some overlap between these indicators and the five promises for the 2012 Games set out by the Department in *Our Promise for 2012*. The indicators and promises are summarised in **Figure 8**.

Figure 8
London 2012 Promises and PSA 22 Indicators

Promise	Indicator
Promise 1 – Making the UK a world-leading sporting nation	Indicator 5 – Creation of a world-class system for Physical Education (PE) and Sport
Promise 2 – Transforming the heart of East London	Indicator 2 – Maximising the regeneration benefits of the 2012 Games
Promise 3 – Inspiring a new generation of young people	Indicator 4 – Increasing public participation in cultural, community and sporting activities, both across the UK and internationally
Promise 4 – Making the Olympic Park a blueprint for sustainable living	Indicator 3 – The Olympic Park and venues are designed and built according to sustainable principles
Promise 5 – Demonstrating the UK is a creative, inclusive and welcoming place to live in, visit and for business	Indicator 1 – Construction of the Olympic Park and other Olympic venues to time and budget

Source: NAO Analysis of London 2012 Promises (DCMS, *Our Promise for 2012*, June 2007) and PSA 22 Indicators (HM Treasury, *PSA Delivery Agreement 22*, October 2007)

3.15 It is common for departments to publish a technical note for their PSAs which details the indicators, targets and sources of data. The Department has published a technical note for PSA 21 Indicator 6 (as set out below), but not for PSA 22. It is therefore not possible to report on the detail of indicators and targets.

PSA 22 Indicator 1: Construction of the Olympic Park and other Olympic venues to time and budget

Department's assessment: **Improved performance**

3.16 The Department has reported improved performance against this indicator, which measures performance against milestones and budget allocations.

3.17 In July 2008, the Olympic Delivery Authority set ten milestones for completion by 27 July 2009. The Olympic Delivery Authority reported, in *The Big Build: Foundations Delivered*, that all milestones were met. Previously, ten milestones were set in April 2007 for completion by the 2008 Games in Beijing, and the Olympic Delivery Authority reported in the *London 2012 Olympic and Paralympic Games Quarterly Economic Report July 2009* that, "by 27 July 2008, [it] had hit these milestones in virtually every regard and, in some cases, exceeded them". Ten further milestones have been set for completion by 27 July 2010. The milestones are summarised in **Figure 9** and have been aligned where appropriate.

Figure 9
Olympic Delivery Authority Milestones, aligned where appropriate

Milestones to the Beijing 2008 Games	Milestones to 27 July 2009	Milestones to 27 July 2010
With the tunnels and cabling complete, the power for the Olympic Park will be set to switch underground.	The new Primary Substation at Kings Yard will be substantially complete, with the new equipment also in place to transmit permanent power to the Olympic Park from the wider national network. The construction of the new Energy Centre will be well underway.	The Energy Centre, Primary Substation, main sewer and deep sewer pumping station will all be operational.
The main temporary roads and bridges will have been built, giving access to a safe and secure construction site for the 'big build'.	Seven bridges will be structurally complete, ten further bridges and underpasses will be under construction and the building of the permanent roads will have started. The refurbishment of the waterways in the Olympic Park will be complete.	More than half of the new bridges and underpasses will be complete and parts of the Olympic Park Loop Road in operation. Planting will have begun across the Park.
The transport enhancements that will open up east London and support the 2012 Games will have started, with many complete.	Significant progress will have been made on the transport projects that are increasing capacity to support the 2012 Games. Of the 25 underway, 13 will be nearing completion.	All major transport improvements will be in progress or complete, and the next level of detailed planning for transport operations during the 2012 Games will have been completed.
Construction on the Olympic Village will have started.	Building work will be underway on the majority of the Olympic Village plots.	The majority of the Olympic Village homes will be structurally finished and internal works will have started. All the major infrastructure needed to support the development will be complete.
Contracts will have been let and designs agreed for the 'Big 4' venues in the Olympic Park – and at venues outside London work on site will have started.	Contracts will have been let, designs agreed and work will be about to start on the Handball Arena. The design of the Basketball Arena will have been agreed, and the process of appointing construction contractors will be underway.	The Handball Arena and Basketball Arena structures will be in place with internal works underway. Building work will have begun on the new Eton Manor sporting facilities.
The majority of the Olympic Park will be cleared and cleaned.	Almost all of the Olympic Park will have been cleared and cleaned. The overhead pylons will have been removed and the erection of the new perimeter security fence will be underway.	

Figure 9Olympic Delivery Authority Milestones, aligned where appropriate *continued***Milestones to the Beijing 2008 Games**

Construction will have started on the bridge that will take people over the Aquatics Centre to the Olympic Stadium. Building work on the Stadium will be about to begin.

The installation of new water and energy systems that will serve the Olympic Park during and after the 2012 Games will have started.

The regeneration of the waterways in the Olympic Park will have started, improving the environment and access for the 'big build'.

The development of the Legacy Masterplan Framework for the Olympic Park will be well advanced.

Milestones to 27 July 2009

The foundations of the Aquatics Centre will have been completed with work on the building's structure well underway.

Work will have started on the foundations of the Velodrome and International Broadcast Centre/ Main Press Centre (IBC/MPC).

The foundations of the Olympic Stadium will be complete. Work on the upper seating structure and roof will be underway.

Milestones to 27 July 2010

The Aquatics Centre's permanent structure and roof will be complete, and all three swimming pools will be dug out.

The Velodrome structure and roof will be complete, with work about to start on installing the timber track.

The structure of the Olympic Stadium including the roof will be complete. The first seats will be fitted and work on the field of play about to start.

Figure 9Olympic Delivery Authority Milestones, aligned where appropriate *continued***Milestones to the Beijing 2008 Games****Milestones to 27 July 2009**

Outside of London, the Olympic Delivery Authority works at Weymouth and Portland will have been completed and ready for use. Construction work will have also started on the Broxbourne White Water Canoe Centre.

Milestones to 27 July 2010

All works will be complete at the Eton Dorney Rowing venue. The new lake and competition courses at Broxbourne White Water Canoe Centre will be finished, with the facilities building almost complete. A planning application will have been submitted for the Shooting facilities at the Royal Artillery Barracks.

The structure of the International Broadcast Centre and multi-storey car park will be finished, with roof and wall cladding well underway. The Main Press Centre's structure will be nearing completion.

Source: Olympic Delivery Authority, Demolish, Dig, Design – Update on milestones to the Beijing 2008 Games, December 2007, The big build: Foundations – Milestones to 27 July 2009, July 2008 and The big build: Structures – Milestones to 27 July 2010, July 2009

3.18 Out of the £9,325 million budget for the 2012 Games, the amount available to the Olympic Delivery Authority is £8,099 million, of which £3,014 million was anticipated to be spent by 30 June 2009. The Olympic Delivery Authority has reported actual expenditure to 30 June 2009 of £2,482 million, attributing the underspend to savings achieved on infrastructure works (such as in Enabling Works, Thorntons Field and Structures, Bridges and Highways) together with planned changes to the delivery programme and the re-phasing of forecast contingency spend.

3.19 PSA 22.1 does not cover Olympic-related expenditure incurred by bodies other than the Olympic Delivery Authority. The breakdown of the £9,325 million budget between the Olympic Delivery Authority and other bodies is shown in **Figure 10**. There are costs outside the £9,325 million budget that have been and will be incurred in respect of the Olympics. For example, the Government Olympic Executive staff costs were in the order of £5 million for 2008-09, based on published staff numbers.

Figure 10
Breakdown of Public sector funding package for the
2012 Games

		£m
ODA	ODA Base costs inc VAT	6,127
	Programme Contingency	968
	Funders' Contingency	1,004
	Total available to ODA	8,099
Non-ODA	Elite and community sports	290
	Paralympic Games	66
	Look of London	32
	Security	600
	Security Contingency	238
	Total Non-ODA	1,226
Total public sector funding package		9,325

Source: DCMS, London 2012 Olympic and Paralympic Games Quarterly Economic Report, July 2009

PSA 22 Indicator 2: Maximising the regeneration benefits of the 2012 Games

Department's assessment: **Improved performance**

3.20 The regeneration of East London is one of the Department's five legacy promises for the Games. With much of the regeneration benefit expected to be realised after the 2012 Games, this indicator for 2008-11 covers planning of the regeneration benefits and establishment of regeneration management arrangements.¹²

Regeneration management arrangements

3.21 The Olympic Park Legacy Company was incorporated in May 2009 and is expected to be operational by autumn 2009. The Company's role is to secure a lasting legacy for the Olympic Park after the 2012 Games, and it is responsible for developing long-term plans as well as the day-to-day management and maintenance of the Legacy Park. The company will take over areas of legacy planning from the London Development Agency.

Regeneration plans

3.22 The Legacy Masterplan Framework, a detailed plan of the transformation of the Olympic Site after 2012, is due to be agreed and approved by the end of 2009, and the Department has reported that the milestones for preparation of the Framework have been met.

¹² HM Treasury, PSA Delivery Agreement 22, October 2007.

3.23 The regeneration ambitions include creating a well-planned and well-managed environment in and around the Olympic Park, which will attract business investment and promote recreational and cultural use, building over 9,000 new homes, providing new sport, leisure, education and health facilities, helping 20,000 workless Londoners into permanent employment by 2012, and creating 12,000 new job opportunities in the area of the Park.

3.24 The Department has stated that the London 2012 regeneration is a key part of wider plans for the Thames Gateway, which is the largest regeneration project in Western Europe and which could ultimately contribute up to £12,000 million each year to the UK economy.

Regeneration expenditure

3.25 The Department has reported that 75 pence in every pound spent on building the 2012 Games is going towards regeneration.¹³ As the Olympic Delivery Authority has spent £2,482 million to date, this suggests that an estimated £1,861 million has been spent on regeneration.

PSA 22 Indicator 3: The Olympic Park and venues are designed and built according to sustainable principles

Department's assessment: **Improved performance**

3.26 A commitment to sustainability was a key element of the London 2012 bid. This commitment is further detailed in the London 2012 Sustainability Plan and the Olympic Delivery Authority's Sustainable Development Strategy.

3.27 This indicator is measured against five headline themes, which align with the Olympic Delivery Authority's 12 sustainability objectives. Each theme is given a RAG (Red, Amber, Green) rating; the themes and ratings are summarised in **Figure 11**.

3.28 There were 4,400 workers on the Olympic site in July 2009, of which 20 per cent are residents of the five Host Boroughs and ten per cent are undertaking a traineeship, apprenticeship or work placement.¹⁴ Statistics for black and minority ethnic workers have not been published.














3.29 The sustainability of the 2012 Games is overseen by the Commission for a Sustainable London 2012. It published its *2008 Annual Review* in April 2009, which reported that sustainability standards were being met, despite cost reductions resulting from the economic downturn. However, the Commission highlighted some concerns, such as progress on and accountability for organic waste facilities, and made 15 recommendations to improve sustainability. Recommendations include making sustainability a standing item for Olympic Board Steering Group meetings and requiring all users of the London 2012 brand to demonstrate how they contribute to the sustainability objectives.

¹³ London 2012 Olympic and Paralympic Games Annual Report January 2009.

¹⁴ London 2012 Olympic and Paralympic Games Quarterly Economic Report July 2009.

Figure 11

Headline themes of Public Service Agreement 22 Indicator 3 and Departmental Performance

Theme	March 2008	September 2008	March 2009
Climate change Target: to obtain a reduction in carbon emissions for the built environment of 50 per cent against 'business as usual' (assuming 2006 Building Regulations with no further low or zero carbon technologies) by 2013			
Waste Target: to reuse or recycle at least 90 per cent, by weight, of the material from demolition works			
Biodiversity Target: 45 hectares of new Site of Biological Importance in full Grade 1 equivalent habitat by 2014	Not rated	Not rated	
Health Target: no fatalities and a rate of one or fewer reportable accidents per million hours worked			
Inclusion Measurement, reporting and tracking of the ODA site workforce for black, minority ethnic workers and local workers			

Source: DCMS, Annual Report and Accounts 2009 (Performance), July 2009

PSA 22 Indicator 4: Increasing public participation in cultural, community and sporting activities, both across the UK and internationally

Department's assessment: **On track**

3.30 This indicator measures the number of people, across the Nations and Regions of the UK and in other countries, taking part in Government supported sporting, cultural and community programmes associated with the 2012 Games.

3.31 The Department has reported some progress against this indicator, based on the delivery of four existing programmes. The nature of and progress on each of these programmes is set out in **Figure 12** overleaf. The Department may yet add further programmes to this indicator.

Figure 12
 Departmental Performance against Public Service Agreement 22
 Indicator 4

Programme	Baseline	Success Measure	Reported Progress
<p>UK School Games</p> <p>A national annual competition for elite athletes of school age</p>	1,300 competitors (2007 Games)	Year-on-year increase	1,500 competitors (2008 Games) 1,600 competitors (2009 Games)
<p>Personal Best</p> <p>(formerly known as the Pre-Volunteering Programme)</p> <p>A programme, targeted at unemployed people from hard to reach groups, that aims to up-skill participants so that they are equipped to find work, take part in volunteering opportunities, or go on to further training</p>	Zero	20,000 people engaged by 2012	875 people engaged, with 844 graduated in 11 boroughs
<p>International Inspiration</p> <p>An international sport development programme to facilitate young people's participation in sport, especially in developing countries</p>	Zero	One million children and young people participating regularly in quality physical education and sporting activity. Three million young people having access to sporting opportunity through schools and community programmes.	70,000 children and young people participating regularly in quality physical education and sporting activity. 438,000 young people having access to sporting opportunity through schools and community programmes.
<p>Cultural Olympiad</p> <p>A range of cultural programmes and events, which will run across the UK between the Beijing handover and London 2012, celebrating the spirit of the Olympic and Paralympic Games</p>	To be developed in the light of participation	To be defined	The Cultural Olympiad was launched in September 2008, with over 650 events held across the country. Two of the ten major projects (<i>Artists Taking the Lead</i> and <i>Stories of the World</i>) are underway.

Source: DCMS, *Annual Report and Accounts 2009, July 2009*, DCMS, *Autumn Performance Report 2008, December 2008* and UK School Games website <http://www.ukschoolgames.com/1081.php>

PSA 22 Indicator 5: Creation of a world-class system for Physical Education (PE) and Sport

Department's assessment: **On track**

3.32 This indicator is a continuation and extension of 2005-08 PSA 1, with measurement of the percentage of 5-16 year-olds participating in at least two hours a week of high quality PE and sport at school, and the percentage of 5-19 year-olds participating in at least three further hours a week of sporting activities.

3.33 The Department has not published a target against which success can be measured, nor reported on progress against this indicator, one-third of the way through the 2008-11 period.

PSA 21: Build more cohesive, empowered and active communities

Department's assessment: **Not yet assessed**

3.34 The lead for PSA 21 is the Department for Communities and Local Government; however, the Department for Culture, Media and Sport is both the data provider for and a key player in the delivery of Indicator 6 of this target.

PSA 21 Indicator 6: Percentage of people who participate in culture or sport

Department's assessment: **Not yet assessed**

3.35 Success against PSA 21.6 is defined as a statistically significant increase (approximately two per cent) in the number of people engaged in two or more cultural and sport sectors. The definitions of engagement per sector are:

- Used a public library service at least once in the past 12 months
- Attended a museum, gallery or archive at least once in the past 12 months
- Engaged in the arts at least three times in the past 12 months
- Visited at least two historic environment sites in the past 12 months
- Participated in 30 minutes of sport and active recreation on three or more days in the past week

3.36 The performance against this PSA will be measured through the *Taking Part* survey, a continuous national survey, with an annual sample size of around 29,000 people, conducted by BMRB Social Research on behalf of the Department. A baseline participation of 65.9 per cent was established in August 2009, with the first indications of progress due to be available in mid-2010, over two-thirds of the way through the 2008-11 period.

3.37 The free swimming programme was launched in April 2009, with the aim of encouraging increased participation in sport. In the first three months of the programme 4.5 million free swims were reported; further details are given in **Figure 13** overleaf.¹⁵

3.38 In June 2009, the National Audit Office reported on the data systems underpinning Public Service Agreement 21. The data system for Indicator 6, which is the only indicator of PSA 21 that the Department is responsible for, was found to be fit for purpose.

Performance against Departmental Strategic Objectives

3.39 In addition to the PSAs set for 2008-11, the Department has four Departmental Strategic Objectives (DSOs). DSO 4 covers the London 2012 Games and aligns directly with PSA 22, progress against which is examined in paragraphs 3.13 to 3.33. The performance against DSOs 1-3 is set out below.

DSO 1: Opportunity – Encourage more widespread enjoyment of culture, media and sport

Department's assessment: **Not yet assessed**

3.40 DSO 1 is broken down into three indicators, as follows:

- 1 Increasing the proportion of children and young people participating in culture
- 2 Increasing the proportion of children and young people participating in high quality PE and sport
- 3 Increasing the proportion of adults participating in culture or sport

3.41 The Department's reported progress against DSO 1 is *Not yet assessed*, with no assessment made of any of these indicators. Data collection for the three indicators is underway, with baselines due to be published during 2009. Measurement details and criteria for success are yet to be published.

3.42 DSO 1 links with several other PSAs. For example, Indicator 2 aligns with PSA 22 Indicator 5 (see paragraph 3.32 on page 31) and continues the participation in sport theme from 2005-08 PSA 1. The main linkages between DSOs and PSAs are illustrated in Appendix Four.

Figure 13 Participation in the Free Swimming Programme

	April	May	June	Q1 Total
60+	466,051	517,934	620,978	1,604,963
16 and Under	1,001,882	979,348	868,741	2,849,971
Total	1,467,933	1,497,282	1,489,719	4,454,934

Source: DCMS, *Free Swimming Programme: Basic throughput data, April to June 2009*

Participation in culture

3.43 In its *Corporate Plan 2008*, the Department committed to working with the Department for Children, Schools and Families towards “a position where all children and young people can get involved in top quality cultural opportunities in and out of school.” This is reflected by the Department for Children, Schools and Families in its *Children’s Plan* and the Department for Culture, Media and Sport in *Creative Britain*.

3.44 The Department for Culture, Media and Sport has proposed a five-hour-a-week Comprehensive Cultural Offer. Alternative methods for delivery of this Comprehensive Cultural Offer are being piloted in ten pathfinder areas across the country through the £24 million *Find Your Talent* programme, announced in February 2008. Baseline data for the pathfinder areas was due in December 2008 in time to inform the formal creation of a new Youth Culture Trust in April 2009. The Trust has not yet been established and the evaluation of the *Find Your Talent* programme is now due in October 2011.

3.45 The other principal programmes supporting participation in culture, and the progress reported to date, are summarised in **Figure 14**.

Participation in sport

3.46 Sport England and the Youth Sport Trust are the leading delivery bodies for this element of the Objective. The *Sport England Strategy*, published in June 2008, sets out how progress in this area is to be achieved. This includes narrowing Sport England’s focus to sport, not physical activity; a shift in emphasis and role for the National Governing Bodies of sports; and more support for coaching.

Figure 14
Summary of the principal programmes supporting participation in culture

Programme	Reported progress
Heritage Protection Reform	Publication of a draft Heritage Protection Reform Bill in April 2008 Delay of the Bill in December 2008
Sea Change programme (formerly the Seaside Resorts Initiative)	Announcement of wave 1 and wave 2 Sea Change recipients
Living Places Partnership	Launch of the Culture and Sport Planning Toolkit in March 2009
Engaging Places project	Publication of Engaging Places research and launch of the Engaging Places online teaching resource in January 2009
<i>A Night Less Ordinary</i> free theatre tickets programme	50,000 free theatre visits in the first three months of the programme

Source: DCMS, *Annual Report and Accounts 2009, July 2009*, DCMS Press releases (http://www.culture.gov.uk/what_we_do/communities_and_local_government/3238.aspx, http://www.culture.gov.uk/what_we_do/communities_and_local_government/3239.aspx), *Engaging Places website* (<http://www.engagingplaces.org.uk/about+us/art65018>), DCMS *Corporate Plan 2008, April 2008* and Arts Council England press releases (<http://press.artscouncil.org.uk/content/Detail.asp?ReleaseID=784&NewsAreaID=2>)

3.47 Although not measured as part of the Objective, Sport England has a target to increase participation in sport by one million participants by 2012-13.¹⁶ This increase is against a 2007 baseline of 6.85 million participants.

3.48 The free swimming programme is expected to increase participation in sport. In the first three months of the programme, 4.5 million free swims were reported; further details are given under PSA 21 Indicator 6 above.

DSO 2: Excellence – Support talent and excellence in culture, media and sport

Department's assessment: **Not yet assessed**

3.49 DSO 2 is the only one of the Department's DSOs that does not directly link to a PSA target. However, the pursuit of talent and excellence can promote participation (supporting DSO 1) and drive economic growth (supporting DSO 3), for example, many places of cultural excellence are popular tourist destinations.

Talent and excellence in culture and media

3.50 Talent and excellence in culture and media will be measured by a self-assessment and peer review system for the Department's directly sponsored museums and galleries, and the Arts Council England's 880 Regularly Funded Organisations. These Regularly Funded Organisations will also be assessed for artistic quality by Arts Council of England lead officers, and with reference to the percentage of visitors who rate their last arts experience as being of 'high quality' (via the *Taking Part* survey). These performance measures follow recommendations of the McMaster review.¹⁷

3.51 The Department's performance assessment to date is *Not yet assessed*. Three pilot self-assessments and peer reviews of museums and galleries have been completed and the reviews will be extended across all museums on a rolling basis due to the resource intensity of the process.

3.52 A consultation on Regularly Funded Organisation self-assessment and peer review has been concluded; and Regularly Funded Organisation assessment pilots are being arranged, with a full system due to be in place by April 2010.

3.53 The Department has not set out how it intends to distil the findings of the self-assessments and peer reviews into a performance metric. In addition to the self-assessments and peer reviews, the Department is also developing further indicators, which are due to be in place by the end of 2009, over half-way through the current 2008-11 period.

Talent and excellence in sport

3.54 The Department has not yet established an indicator for measurement of the sports excellence element of this Objective. It has reported that further indicators for the Objective are due to be in place by the end of 2009.

¹⁶ DCMS, *Playing to win: A New Era for Sport*, June 2008.

¹⁷ Sir Brian McMaster, *Supporting Excellence in the Arts - From Measures to Judgement*, January 2008.

3.55 An important element of Sport England's new strategy was the creation of a seamless pathway from school sport (the responsibility of the Youth Sport Trust), through community sport (the responsibility of Sport England), to elite sport (the responsibility of UK Sport). This pathway aims to increase the quality, diversity and size of the talent pool feeding into the elite system, ensuring that sporting success can be sustained.

3.56 UK Sport's goals for the London 2012 Olympic Games are a top four finish in the final medal table and winning more medals in more sports than ever before; its goals for the 2012 Paralympic Games are to retain second place and win more medals in more sports. To support these goals, the Government has agreed a funding package of over £700 million for the seven years to March 2013. The Department is required to raise £100 million of this from the private sector, but had to meet a 2008-09 shortfall of £20 million itself.

DSO 3: Economic impact – Realise the economic benefits of the Department's sectors

Department's assessment: **Strong progress**

3.57 DSO 3 is to maximise the economic impact of the Department's sectors, contributing towards the Government-wide goals of raising productivity (PSA 1) and ensuring a rapid and sustained recovery from the current economic downturn. The Department's sectors, which include tourism, broadcasting and the creative industries, amount to nearly ten per cent of the UK economy.

3.58 The key programmes aimed at realising the economic benefits are better regulation and the digital switchover. Performance against this Objective is measured against two indicators: reducing the administrative burden of the Department's regulation to business on an April 2008 baseline of £187.2 million; and increasing the proportion of households that have converted to digital television.

Administrative burden

3.59 The Department has a target to reduce the administrative burden of its regulations on business by 30 per cent, against a May 2005 baseline of £343.3 million, by May 2010. This target was already reported to be met by April 2008, with the Licensing Act 2003 reducing the administrative burden from £181.1 million to £83.9 million a year and the Gambling Act 2005 reducing the administrative burden from £74 million to £17.4 million a year.

3.60 The Department has reported a reduction in administrative burden of £5.2 million for 2008-09. Proposed future legislative changes include Heritage Protection reform, Intellectual Property protection, Radio licensing, the Broadband Universal Service Commitment, Public Service Content, and video games classification.

3.61 In its *Corporate Plan 2008*, the Department set itself a target to reduce unnecessary transactions placed on its public bodies by 20 per cent by December 2008. Progress against this target has not been reported.

Digital switchover

3.62 The digital switchover programme is a phased replacement of analogue television signals with digital signals over the period 2008 to 2012. The programme is the joint responsibility of the Department for Culture, Media and Sport and the Department for Business, Innovation and Skills.

3.63 The decommissioning of existing transmitters and the installation of new ones is managed and funded by the private sector, overseen by Ofcom, the communications' regulator.

3.64 A public information campaign and a help scheme are funded through the television licence fee with lifetime budgets of £200 million and £603 million respectively. The information campaign is run by Digital UK, an independent not-for-profit organisation, whilst the help scheme is delivered by Digital Switchover Help Scheme Ltd, a wholly-owned subsidiary of the BBC.

3.65 The Copeland area of Cumbria piloted the switch in November 2007. The Department has reported further progress during 2008-09, with the switchover of the Selkirk area of the Scottish Borders in November 2008, and the Beacon Hill and Stockland Hill areas of the West Country in April 2009 and May 2009 respectively.

Figure 15
Regional performance of the digital switchover programme

Digital UK's target	Copeland area of Cumbria November 2007	Selkirk area of Scottish Borders November 2008	Beacon Hill and Stockland Hill area of the West Country April/May 2009
Consumer awareness of the switchover: 100 per cent in each region 12 months in advance of switchover	95 per cent	98 per cent	Not reported
Consumer understanding of the switchover: 100 per cent six months in advance of the switchover	80 per cent	92 per cent	85 per cent

Source: Digital UK, Report on the first digital TV switchover Whitehaven Copeland, Cumbria, April 2008 and Digital UK, Switchover Progress Report to end of Q4 2008, August 2009

The Department's Objectives

3.66 For DSO 3, the Department's indicator is increasing the proportion of households that have converted to digital television. However, the Department has not defined what level of conversion will constitute success. The Department's other digital switchover objectives (not covered by DSO 3) are:

- ensuring 98.5 per cent of households have access to terrestrial digital versions of the public service channels (from 73 per cent before the switchover programme)
- freeing up 14 frequency channels that can be used for alternative sources
- ensuring the public are informed about the switchover (the Department has not defined the level of awareness that constitutes success)
- ensuring the interests of those expecting to have the most difficulty with switching to digital television are protected

Regional progress

3.67 The Department for Culture, Media and Sport and the Department for Business, Innovation and Skills did not specify any performance targets or outcome measures for the information campaign. However, Digital UK has set its own regional targets. Performance against these targets is summarised in **Figure 15**.

Remainder of the Scottish Borders Quarter 2 2009	Remainder of the West Country Quarter 3 2009	West Wales Quarter 3 2009	North Wales Quarter 4 2009	Granada Quarter 4 2009
96 per cent	99 per cent	97 per cent	96 per cent	97 per cent
88 per cent	Not reported	Not reported	Not reported	Not reported

National progress

3.68 National progress in households converting to digital is summarised in **Figure 16**. Both the percentage of analogue televisions and the percentage of analogue only homes reduced in the year to December 2008.

Digital Switchover Help Scheme

3.69 To support the switchover, the Government has created the Digital Switchover Help Scheme. This scheme, funded through the licence fee, has a budget of £603 million and provides practical help to those aged 75 or over, care home residents, and disabled and visually impaired people.

3.70 Whilst the Department has guaranteed that any overspend on the Help Scheme will not come out of BBC funds, early indications are that uptake will be less than expected. The Public Accounts Committee recommended that the Department for Culture, Media and Sport and the Department for Business, Innovation and Skills review whether the scheme is reaching enough people and achieving its goals, and that they should decide how any surplus should be spent.¹⁸

Other areas of economic impact not covered by DSO 3

3.71 Whilst DSO 3 has indicators covering administrative burden and digital switchover, the Department's economic impact is much broader. A number of the more significant programmes are covered below.

Digital Economy

3.72 The *Digital Britain* review was launched in October 2008¹⁹ and the final report published in July 2009. The report sets out actions and targets to put the UK at the leading edge of the global digital economy, such as delivery of a Digital Radio Upgrade programme by the end of 2015 and the Universal Service Broadband Commitment at 2Mbps by 2012. The Department published an implementation plan in August 2009.

Figure 16

National performance of the digital switchover programme

	December 2007	June 2008	December 2008	March 2009
Percentage of all televisions that are analogue (there are approximately 60 million televisions in the UK)	34.9	31	27.6	27.1
Percentage of homes that are analogue only (there are approximately 25 million homes in the UK)	13.5	12	11.1	10.4

Source: DCMS, *Autumn Performance Report 2008, December 2008* and DCMS, *Annual Report and Accounts 2009* and Ofcom, *The Communications Market – Digital Progress Report, Digital TV, Q1 2009, June 2009*

¹⁸ House of Commons Committee of Public Accounts, *Government preparations for digital switchover*, May 2008.

¹⁹ Superseding the Digital Convergence Programme and the Convergence Think Tank.

Creative Economy

3.73 The Creative Economy programme, launched in 2005, is key to the Department's economic impact. It is currently focused on delivering the 26 commitments set out in its strategy, *Creative Britain*, such as increasing the number of formal apprenticeships in the creative industries to 5,000 a year by 2013. An important milestone, the launch of *c&binet: creativity and business international network* (formerly the World Creative Business Forum), took place in November 2008. The Department for Culture, Media and Sport shares this work programme with the Department for Business, Innovation and Skills.

Tourism

3.74 In 2004, the Department set a target to increase the annual turnover of the tourism industry to £100,000 million by 2010. The reported turnover in 2007 was £86,300 million, up from £74,200 million in 2003. Figures for 2008 are due to be available in autumn 2009.

3.75 The Department has estimated that the 2012 Games could generate an additional £2,100 million for the tourist industry over the period 2007-2017. By comparison, the tourist economy benefit of the 2000 Sydney Games is estimated at £1,750 million over the period 1997-2004, with an extra 15 per cent in visitor numbers during the event month and 11 per cent more during the year. Australia also saw a 30 per cent increase in visitor participation in cultural activities after their equivalent of the Cultural Olympiad.

3.76 Developments in the tourism sector included the publication of VisitBritain's strategic review in January 2009. This set out a ten point strategy for achieving the full potential of Britain's tourism industry, including redefining the role of VisitBritain, agreeing new ways for it to work with its stakeholders and developing metrics to demonstrate its performance and value. In addition, the Tourism Advisory Council, made up primarily of senior business practitioners, was formed this year. One of its roles is to work with the Cross-Government Ministerial Group on Tourism to identify how Government can support industry and promote future success.

2012 Games

3.77 Whilst it is estimated that 50 to 75 per cent of the economic benefit of the 2012 Games will accrue to tourism, there is a wider economic impact. The Department has reported that 75 per cent of Olympic Delivery Authority expenditure is spent on regeneration; the Olympic Park site is expected to provide 2,818 homes; and create up to 10,000 new jobs in sectors such as retail and business after 2012.

3.78 Ninety-eight per cent of the Olympic Delivery Authority's direct suppliers are based in the UK, and 67 per cent are small- or medium-sized businesses. The number of contracts issued has increased over the past year, from 650 in April 2008, to 800 in December 2008 and 3,000 in July 2009.

Appendix One

Timeline of events

Date	Event
April 2008	Sponsorship of the Museum of London transferred to the Greater London Authority Draft Heritage Protection Bill published
May	
June	Sport England new strategy published <i>The Byron Review Action Plan</i> published
July	
August	Beijing Olympics Medal Hopes scheme launched
September	Cultural Olympiad launched
October	Sale of Tote delayed due to market conditions Library Service Modernisation Review launched
November	Digital switchover of the Selkirk area of the Scottish Borders Construction of the Olympic sailing venue at Weymouth and Portland completed Dormant Bank and Building Society Accounts Act received Royal Assent (under this Act, the Big Lottery Fund will distribute money from dormant bank and building society accounts) c&binet: creativity and business international network launched
December	End of Liverpool's reign as European Capital of Culture Heritage Protection Bill put on hold

Date	Event
January 2009	Halfway point between bid and hosting the 2012 Games Beginning of UK Decade of Sport National Tourism Summit in Liverpool Digital Britain interim report published Decision to use £461 million of public funds for the Olympic Village and International Broadcast and Main Press Centres Engaging Places online teaching resource launched VisitBritain's <i>Achieving the Full Potential of the Visitor Economy</i> published Culture and Sport Evidence (CASE) Programme launched
February	<i>A Night Less Ordinary</i> free theatre ticket programme launched
March	Culture and Sport Planning Toolkit launched Graham Marchant's assessment of the Royal Opera House Manchester proposal published First Cultural Olympiad Major Project, <i>Artists Taking the Lead</i> , launched
April	Free Swimming Programme launched The Department for Culture, Media and Sport Third Sector Strategy published Tourism Advisory Council formed Second Cultural Olympiad Major Project, <i>Stories of the World</i> , launched
May	Olympic Park Legacy Company incorporated New Stonehenge visitors' centre approved in principle Decision to use a further £324 million of public funds for the Olympic Village
June	Digital Britain final report published The Rt Hon Ben Bradshaw MP took over from The Rt Hon Andy Burnham MP as Secretary of State Siôn Simon MP assumed the role of Parliamentary Under Secretary of State for Creative Industries
July	UK City of Culture competition launched London 2012 Open Weekend

Appendix Two

The Culture, Media and Sport group

Departmental boundary

Advisory NDPBs

- Advisory Committee on Historic Wreck Sites
- Advisory Committee on the Government Art Collection
- Advisory Committee on National Historic Ships
- Advisory Council on Libraries
- VisitEngland
- Legal Deposit Advisory Panel
- Public Lending Right Advisory Committee
- Reviewing Committee on the Export of Works of Art
- Spoliation Advisory Panel
- Treasure Valuation Committee

Tribunal NDPBs

- Horserace Betting Levy Appeal Tribunal for England and Wales

Executive Agencies

- The Royal Parks

Unclassified DCMS bodies

The following bodies receive a grant from the DCMS

- Chatham Historic Dockyard¹
- Design Museum¹
- Greenwich Foundation for the Old Royal Naval College¹
- National Coal Mining Museum¹
- National Film and Television School¹
- National Football Museum¹
- People's History Museum¹
- Tyne and Wear Museum¹

The following bodies draw down Grant-in-Aid, similar to executive NDPBs

- Churches Conservation Trust¹
- Royal Household¹

Public Corporations

- Channel 4 Television Corporation¹
- Historic Royal Palaces
- Horserace Totalisator Board (Tote)¹
- Office of Communications (Ofcom)²

Public broadcasting authorities

- British Broadcasting Corporation (BBC)¹
- Sianel Pedwar Cymru (S4C)¹

Other Olympic bodies

- London Organising Committee of the Olympic Games and Paralympic Games (LOCOG)¹

Lottery Distribution Funds

- National Lottery Distribution Fund (NLDF)
- Olympic Lottery Distribution Fund (OLDF)

Executive Non-Departmental Public Bodies**Museums and galleries**

- British Museum
- Geffrye Museum
- Horniman Public Museum and Public Park Trust¹
- Imperial War Museum
- Museum of Science and Industry in Manchester¹
- National Gallery
- National Maritime Museum
- National Museum of Science and Industry
- National Museums Liverpool
- National Portrait Gallery
- Natural History Museum
- Royal Armouries
- Sir John Soane's Museum
- Tate Gallery
- Victoria and Albert Museum
- Wallace Collection

Libraries

- British Library
- Museums, Libraries and Archives Council
- Public Lending Right

Arts

- Arts Council England

Architecture and the historic environment

- Commission for Architecture and the Built Environment
- English Heritage
- National Heritage Memorial Fund (including the Heritage Lottery Fund)
- Tourism
- VisitBritain

Creative Industries

- Design Council²
- UK Film Council

Sports

- Football Licensing Authority
- Sport England
- UK Sport

Olympics

- Olympic Delivery Authority
- Olympic Lottery Distributor

Gambling and the National Lottery

- Big Lottery Fund
- Gambling Commission
- Horserace Betting Levy Board¹
- National Lottery Commission

Regional Cultural Consortia³

- Culture East Midlands¹
- Culture North East¹
- Culture Northwest¹
- Culture South East¹
- Culture South West¹
- Culture West Midlands¹
- Living East¹
- Yorkshire Culture¹

Source: DCMS, *Annual Report and Accounts 2009, July 2009*.

NOTES

- 1 Not audited by the Comptroller and Auditor General.
- 2 Shared with the Department for Business, Innovation and Skills (BIS).
- 3 The Regional Cultural Consortia had all ceased operations by 31 March 2009.

Appendix Three

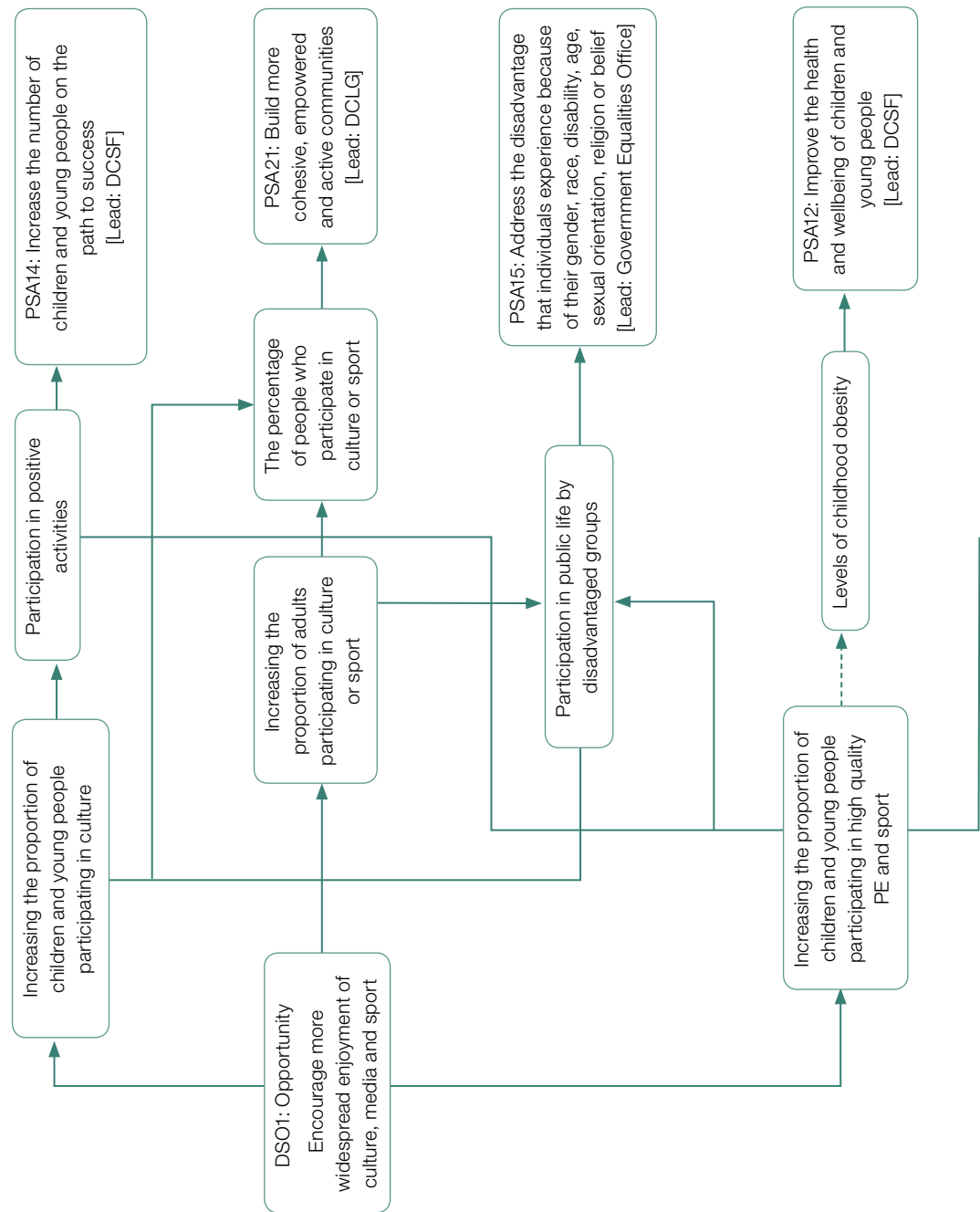
Key Milestones

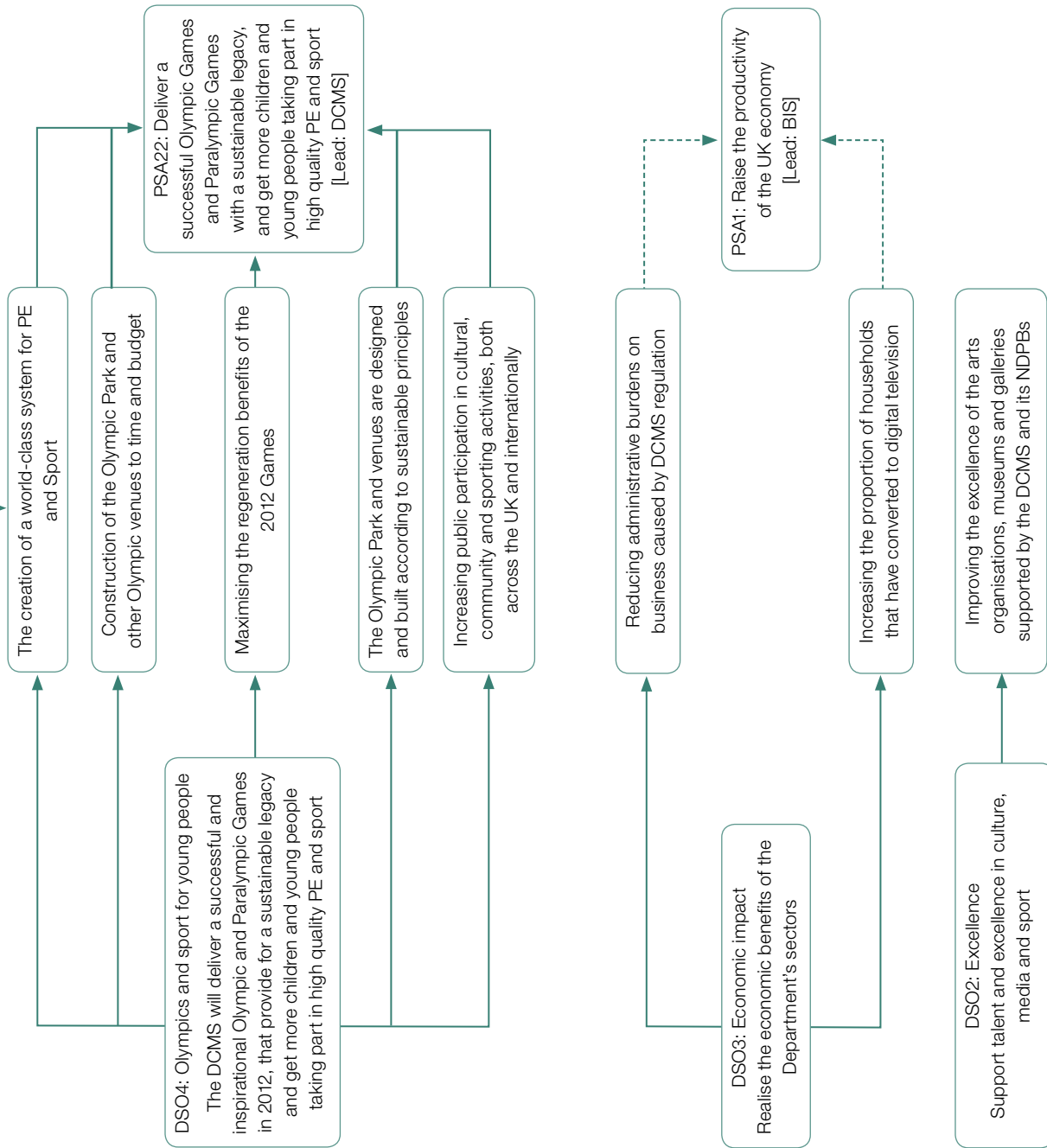
Year	Sport (UK Decade of Sport)	Other
2009		Completion of the Legacy Masterplan Framework National Lottery Licence Renewal
2010	Women's Rugby World Cup, London Goalball World Championships, Sheffield European Water Ski Championships, Thorpe European Artistic Gymnastics Championships, Birmingham World Wheelchair Basketball Championships, Birmingham European Individual Badminton Championships, Manchester Ryder Cup, Celtic Manor	
2011	Badminton World Championships, London	Target of closing more than 95 per cent of citizen and business-facing websites and moving the content to Directgov and businesslink.gov Construction of MediaCity due to be completed

Year	Sport (UK Decade of Sport)	Other
2012	London 2012 Olympic and Paralympic Games	<p>Delivery of proposed Universal Service Broadband Commitment at 2Mbps</p> <p>Proposed deadline for digital television switchover</p> <p>New Stonehenge visitor centre due to be completed</p> <p>Proposed British Museum north-western development due to be completed</p> <p>Proposed Tate Modern extension due to be completed</p>
2013	Rugby League World Cup	First UK City of Culture
2014	Commonwealth Games, Glasgow Ryder Cup, Gleneagles	Digital radio coverage to be comparable to FM
2015	Rugby Union World Cup	<p>British Film Institute's planned National Film Centre due to be completed</p> <p>Delivery of Digital Radio Upgrade programme</p>
2016		Current BBC Royal Charter expires
2017		Second UK City of Culture
2018	Football World Cup (bid in progress)	
2019	Cricket World Cup	

Appendix Four

Mapping of DSOs and PSAs





Source: National Audit Office analysis of Public Service Agreements and Departmental Strategic Objectives

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