

DEPARTMENTAL OVERVIEW 2019

DEPARTMENT FOR DIGITAL, CULTURE, MEDIA & SPORT

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This overview summarises the work of the the Department for Digital, Culture, Media & Sport including what it does, how much it spends, recent and planned changes, and what to look out for across its main business areas and services.

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The National Audit Office (NAO) helps Parliament hold government to account for the way it spends public money. It is independent of government and the civil service. The Comptroller and Auditor General (C&AG), Gareth Davies, is an Officer of the House of Commons and leads the NAO. The C&AG certifies the accounts of all government departments and many other public sector bodies. He has statutory authority to examine and report to Parliament on whether government is delivering value for money on behalf of the public, concluding on whether resources have been used efficiently, effectively and with economy. The NAO identifies ways that government can make better use of public money to improve people's lives. It measures this impact annually. In 2018 the NAO's work led to a positive financial impact through reduced costs, improved service delivery, or other benefits to citizens, of £539 million.

If you would like to know more about the NAO's work on the Department for Digital, Culture, Media & Sport, please contact:

Sid Sidhu

Director, Department for Digital, Culture, Media & Sport

✉ sid.sidhu@nao.org.uk

☎ 020 7798 7489

If you are interested in the NAO's work and support for Parliament more widely, please contact:

✉ parliament@nao.org.uk

☎ 020 7798 7665



About the Department

The Department for Digital, Culture, Media & Sport (the Department) is responsible for delivering the government's policy covering arts and culture, communications and media, sport, tourism, building a shared society and digital connectivity. Its objectives are defined in its Single Departmental Plan as follows:

- 1 **Global:** Drive international trade, attract investment and promote shared values around the world as well as the UK as a great place to live, work and visit.
- 2 **Growth:** Grow an economy that is creative, innovative and works for everyone.
- 3 **Digital connectivity:** Drive the UK's connectivity, telecommunications and digital sectors.
- 4 **Participation:** Maximise social action, cultural, sporting and physical activity participation.
- 5 **Society:** Make our society safe, fair and informed.
- 6 **EU Exit:** Help deliver a successful outcome to Brexit.
- 7 **Agile & efficient:** Ensure the Department is fit for the future with the right skills, culture and connections to realise our vision and live our values as "One DCMS".

Key facts

The latest figures (2018) show that Department sectors (excluding tourism) now account for £224.1 billion of Gross Value Added (GVA), around 11.7% (11.4% 2017, more than 14% 2017 with tourism included) of the UK's GDP/annual growth, despite being one of the smallest in government in terms of both its budget and number of staff. As a result of new priorities relating to exiting the European Union and its part in developing and delivering the government's digital agenda it has more than tripled its staffing in the past six years from 377 full-time equivalent people in 2012-13 to 1,159 full-time equivalents in 2018-19.

- As a result of taking on digital connectivity responsibilities in 2017, spending in data, digital and telecoms reached £502 million in 2018-19 (£208 million 2017-18).
- In 2018-19, 77% of adults had engaged with the arts, 72% of adults had visited a heritage site, 50% had visited a museum or gallery, and 33% had used a public library service.

The National Audit Office (NAO) has published a separate [overview on the work of the BBC](#).



_How the Department is structured

Key positions

Director General, Performance and Strategy

- Responsibilities include:
- Arts, Heritage and Tourism;
- Commonwealth Games;
- Corporate Strategy;
- Finance and Commercial;
- Legal;
- News and Communications;
- Office for Civil Society;
- People and Workplace;
- Private Offices and Ministerial Support Team; and
- Sport and Gambling.

Director General, Digital and Media

- Responsibilities include:
- BDUK (Building Digital UK);
- Digital and Technology Policy;
- Digital Infrastructure;
- Media and Creative Industries;
- EU and International;
- Cyber Security and Data Protection; and
- Security and Online Harms.

DCMS Chief Scientific Advisor

Advises policy on science, technology, engineering and mathematics.



Public bodies consolidated into the Department's accounts²

Heritage

Heritage
Historic England
National Heritage Memorial Fund
Churches Conservation Trust

Regulators

Ofcom
Information Commissioner's Office

Media/Creative industries

BBC
S4C
British Film Institute

Tourism

British Tourist Authority (operating as VisitBritain and VisitEngland)

Gambling

Gambling Commission
Horserace Betting Levy Board

Museums and galleries

British Museum
Geffrye Museum
Horniman Public Museum and Public Park Trust
Imperial War Museum
National Gallery
National Museums Liverpool
National Portrait Gallery
Natural History Museum
Royal Armouries Museum
Royal Museums Greenwich
Science Museum Group
Sir John Soane's Museum
Tate
Victoria and Albert Museum
Wallace Collection

Arts & libraries

Arts Council England
British Library

Sport

UK Anti-Doping
Birmingham Organising Committee for the 2022 Commonwealth Games Ltd¹
Sport England
UK Sport
Sports Grounds Safety Authority

Civil society

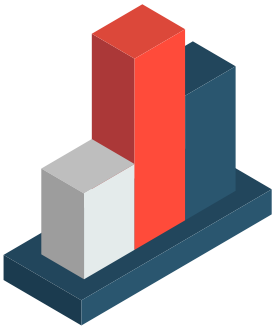
National Lottery Community Fund
National Citizen Service Trust

Other

Phone-paid Services Authority

Cultural property

The Reviewing Committee on the Export of Works of Art and Objects of Cultural Interest
Treasure Valuation Committee



Outside the Department's accounts

Non-ministerial department

The Charity Commission
The National Archives

National Lottery Distribution Fund

The Department is responsible for the operation of the lottery fund, which is not consolidated into the Department's accounts.

Public Corporations

The Royal Parks
Channel Four
Television Corporation
Historic Royal Palaces

Notes

- ¹ Government established the Birmingham Organising Committee for the 2022 Commonwealth Games Limited as a new arm's-length body (ALB) and is working with all Games Partners (including Birmingham City Council) to ensure development of the Athletes' Village, the Alexander Stadium, Aquatics Centre, and secure delivery of the wider Games programme.
- ² The table above lists ALBs and bodies sponsored by the Department that (with the exception of Channel 4, Historic Royal Palaces and The Royal Parks) are included in the Department's consolidated accounts. The Department also sponsors two non-ministerial departments with a high degree of operational independence from government: The National Archives and the Charity Commission.

Where the department spends its money

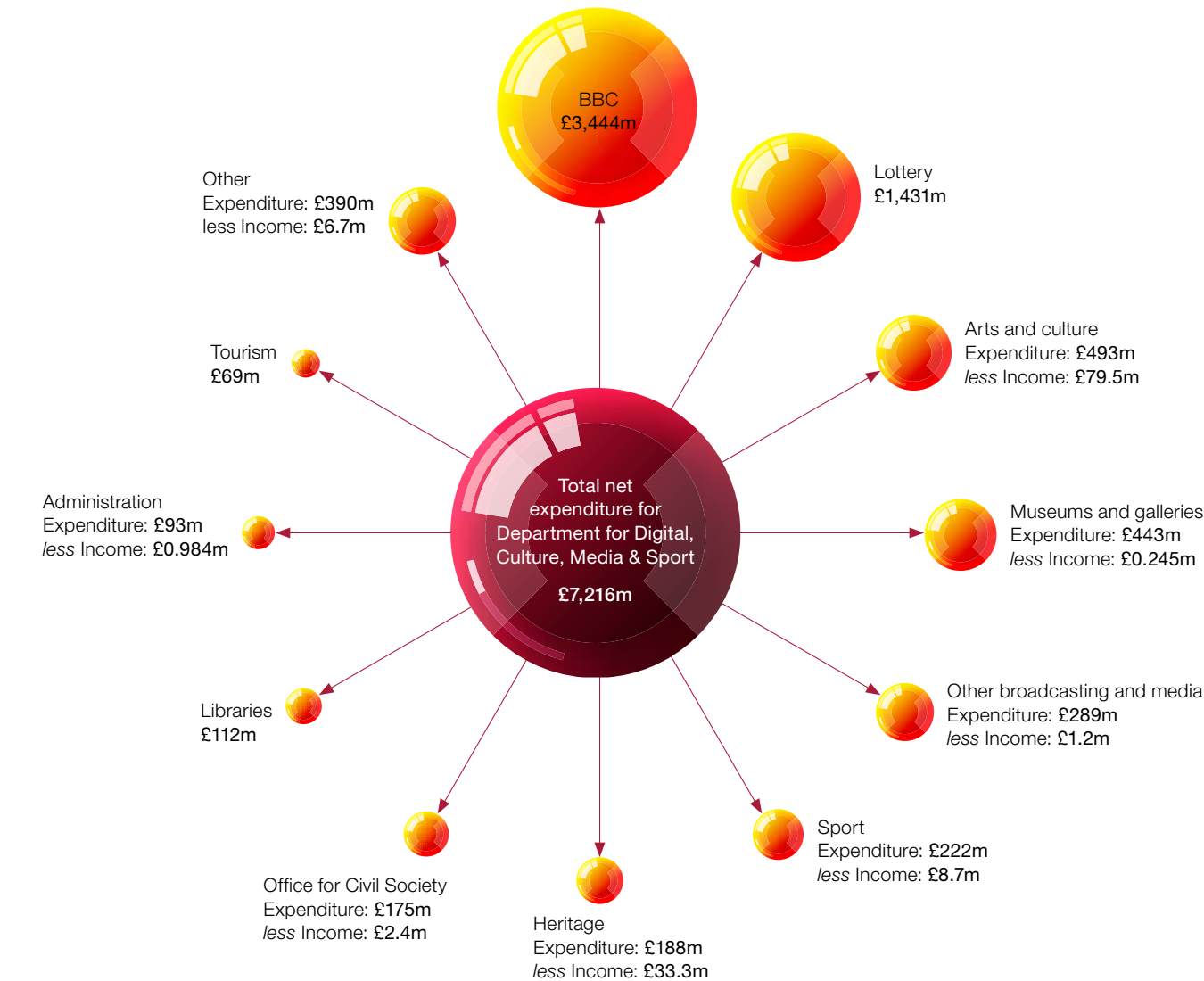
The Department for Digital, Culture, Media & Sport Group spent £7.2 billion in 2018-19 (£6.8 billion 2017-18).

The majority of the Department's funding went to the BBC (£3.4 billion) and Lottery distribution bodies (£1.4 billion). The Department's ALBs together account for more than 90% of the Department's budget. They are funded directly by the Department or lottery income from the National Lottery Distribution Fund.

Notes

- 1 The Department's net expenditure was £7.22 billion in 2018-19. Figures include spending in Departmental Expenditure Limits (DEL) and Annually Managed Expenditure (AME), voted and non-voted, for resource and capital spending. The individual accounts for each of the organisations will not reconcile to the figures shown here due to adjustments on consolidation of the bodies' accounts.
- 2 The National Citizen Service Trust (a Royal Charter body) and the Birmingham Organising Committee for the 2022 Commonwealth Games Limited have been included within the group for the first time.
- 3 Only BBC public service broadcasting, pensions and BBC Commercial Holdings Ltd expenditure fall within the Department's consolidation boundary (that is, included in the Departmental Group). The total shown here will not reconcile to expenditure reported in the BBC's own accounts.
- 4 The Department funds the British Library and museums and galleries within the Departmental Group. Local libraries and museums and galleries outside of the boundary are funded via other departments, local government or other sectors of the UK economy.
- 5 Expenditure for the Department's ALBs (refer to the previous slide for which ALBs are included in each category) is shown net of self-generated income. For example, for museums and galleries, the figure is net expenditure, which includes £346 million of income from donations, grants, sponsorship and other commercial activities. Income figures shown are therefore the income of the core Department only.
- 6 Lottery grant bodies are funded from the National Lottery Distribution Fund but consolidated into the Department's accounts.

Source: Department for Digital, Culture, Media & Sport, Annual Report and Accounts 2018-19, Statement of Parliamentary Supply 1.1 and 1.2



Major programmes and developments

The Department has five major projects included in the Government Major Projects Portfolio (GMPP) and supported by the Infrastructure and Projects Authority.¹

Programme led by the Department for Digital, Culture, Media & Sport (the Department)	End date	Project cost	Infrastructure and Projects Authority delivery confidence assessment of programmes
Note that Broadband Delivery UK (BDUK), a directorate of the Department, is responsible for delivering the first two programmes listed below. See 'What to look out for' (Broadband), the first two programmes fall within the Department's overall ambition to deliver gigabit-capable broadband for all by 2025.			
5G Testbeds and Trials (5GTT) 5G Testbeds and Trials is a programme to create the framework and conditions needed to secure the development and deployment of 5G in the UK. The Department has also launched and is now coordinating a new national 5G Innovation Network. Within the 5GTT programme, the six projects awarded funding from the first phase in 2018 have all successfully completed their initial year of funding and delivered innovative applications, including in agritech and enhancing productivity in manufacturing. All the projects were subsequently extended.	31/03/2021	Whole-life cost (including non-government): £217 million –46% underspend in 2018-19 due to delays in equipment and set-up of the programme.	17/18 rating: N/A 18/19 rating:
Local Full Fibre Networks The Department aims to stimulate greater commercial investment to deliver faster and more reliable connectivity. Full fibre connections provide speeds in excess of one gigabit per second, low latency and are highly reliable. Greater availability of these networks should enable businesses and individuals to access the connectivity that they need both now and for the future, as well as facilitating the deployment of 5G.	01/12/2021	Whole-life cost (including non-government): £319 million +14% overspend in 2018-19, with the Department expecting an underspend in 2019-20.	17/18 rating: N/A 18/19 rating:
700 MHz Clearance Ofcom has decided to make spectrum in the 700 MHz band, which is mainly used for digital television, available for broadband use. This programme involves infrastructure development, relocation of the television services currently occupying the spectrum, and a communication campaign for current service users.	01/01/2022	Whole-life cost (including non-government): £595 million –46% underspend in 2018-19. the Department note that the original budget was set too high and costs continue to be refined.	17/18 rating: 18/19 rating:
Birmingham 2022 Commonwealth Games The Commonwealth Games will be held in Birmingham, from 27 July to 7 August 2022. The government aims that the Games will deliver an integrated and inclusive para-sport programme and showcase Birmingham, the West Midlands and the UK to the rest of the world as a destination for international trade, education and world-class sport and tourism. Central government is to fund 75% of the public sector cost of delivering the Games, with the local government funding the rest.	31/03/2023	Whole-life cost (including non-government) – not yet published	17/18 rating: N/A 18/19 rating:
Blythe House Blythe House is a property owned by the Department and leased to the British Museum, the Victoria & Albert Museum and the Science Museum Group, which use the space to store parts of their collections. The lease expires in March 2023 and the Department plans to sell the building. The three museums need to make alternative arrangements for storing their collections. The objectives of the programme are to ensure that Blythe House is put to its best use to deliver maximum value for money and to ensure that the museums are able to care for their collections efficiently and effectively.	31/03/2023	Whole-life cost (including non-government): £338 million –76% underspend in 2018-19. The budget was set in 2015 and has been revised. The majority of construction and expenditure is expected to fall within 2019-20.	17/18 rating: 18/19 rating:

Source: Infrastructure and Projects Authority 2018-19 annual report; Department for Digital, Culture, Media & Sport's Government Major Projects Portfolio data September 2018

Exiting the European Union

On 31 January 2020 the United Kingdom left the European Union (EU). The UK government had instructed departments in the lead-up to this date (and previously scheduled dates) to make the necessary arrangements for EU Exit.

Departmental objectives

The Department reported in its 2018-19 annual report that it has been continuing its preparations for all major potential EU Exit outcomes, while simultaneously working across government to prepare for and coordinate EU Exit negotiations in its policy areas.

The main priorities as set out in the Department's 2019-20 Single Departmental Plan are to:

- support negotiations and domestic delivery of Brexit;
- provide global leadership on digital trade; and
- enable the data economy and protect data rights, deliver domestic and international data protection policy.

EU-funded projects

In July 2018, the government announced an extension of its guarantee of EU-funded projects after the UK has left the EU. As a result, the Department would have been required to assume responsibility for payment of awards to UK beneficiaries in respect of funding provided from EU funds in the event of a no-deal exit. These funds are: Connecting Europe Facility (Telecoms), the Creative Europe Programme, Europe for Citizens Programme and the European Solidarity Corps (ESC).¹ An unquantifiable contingent liability was disclosed in the Department's 2018-19 annual report and accounts, but is not expected to be utilised given the UK left the EU under the terms of the January 2020 Withdrawal Agreement.

Work in preparation for EU Exit

The Department continued its preparations for EU Exit and the end of the transition period. This has been supported by HM Treasury allocating £30 million to the Department to facilitate EU Exit work in 2019-20.

During 2018-19, more than 110 staff were moved to work on the Department's no-deal preparations. The Department led on 18 active no-deal workstreams relating to both policy and operational matters affected by leaving the EU. Policy workstreams included data, telecoms and sectoral workforce and mobility requirements.

Other specific work undertaken by the Department in 2018-19 included:

- coordinating across government to develop a robust negotiations mandate around data economy and protecting data rights (for ongoing personal data transfers between the EU and the UK);
- preparations with the tourism sector, including priorities for future immigration systems;
- the export licensing of cultural objects; and
- the temporary movement of goods and equipment in the creative, cultural and sporting sectors.

The Department has continued on a series of other EU Exit workstreams. These include:

- ongoing engagement with EU stakeholders in order to effectively represent the government's interests;
- preparing business stakeholders and ALBs to operate after EU Exit and the end of the transition period;
- running stakeholder events and information campaigns with sector stakeholders as part of preparations for EU Exit and the end of the transition period; and
- consulting the Department's sectors in preparation for the government's future trade negotiations with both EU and non-EU partners.

¹ The Department for Education (DfE) is responsible for providing the mechanism for delivering funding to ESC beneficiaries; the Department is responsible for providing policy support.

Managing public money

The Comptroller and Auditor General (C&AG) certified the Department’s 2018-19 accounts with an unqualified audit opinion prior to Parliament’s summer recess.¹

The 2017-18 British Tourist Authority (BTA) (BTA, operating as VisitBritain and VisitEngland) accounts were certified in May 2019 with a qualified opinion due to BTA making severance payments to staff without the necessary approval from the Department or HM Treasury.

Expenditure is growing as the Department spends on new priorities

The Department spent around 3% more in 2018-19 compared with 2017-18 (total expenditure increased from £7,025 million to £7,216 million).

The largest element (£320 million) of the increase in expenditure was attributable to the BBC and was mainly due to:

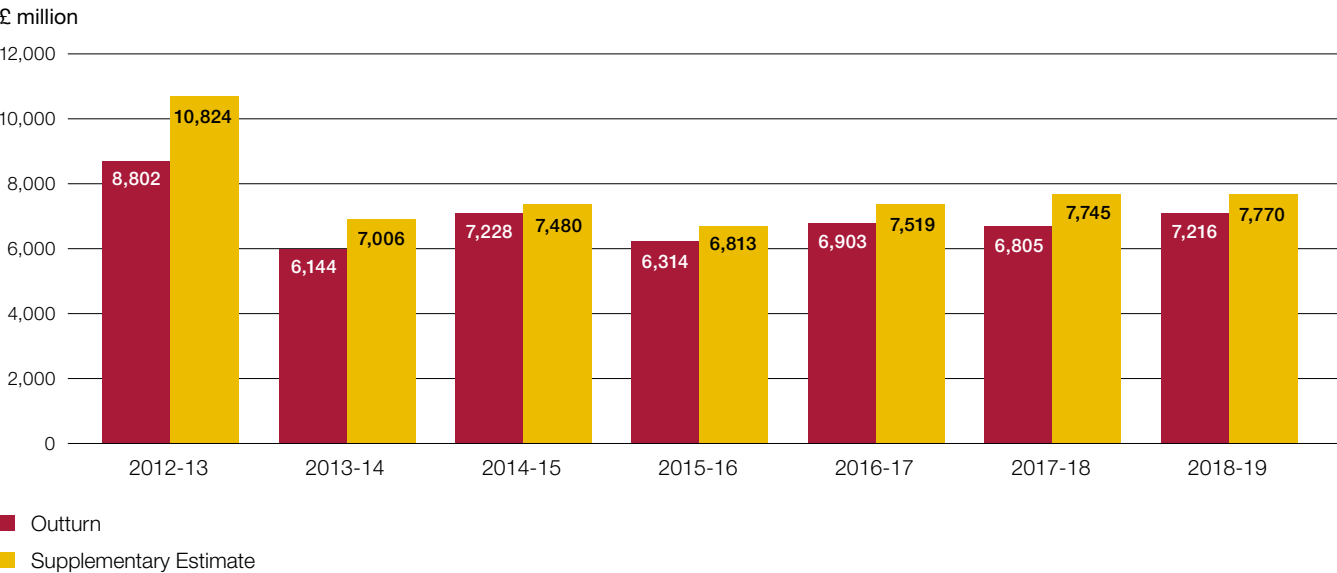
- the decrease in income received from the Department for Work & Pensions (DWP) to compensate for the issue of free TV licences to the over-75s; and
- increased expenditure relating to sports (FIFA World Cup, Commonwealth Games) and music (The Biggest Weekend, BBC Sounds) programming.

In addition, Ofcom accounts for £232 million of the overall increase as a result of recognising expenditure for the expected repayment of certain licence fees following a High Court ruling.

This increase in expenditure was partly offset by a decrease in the value of National Lottery grants awarded from £1,663 million (2017-18) to £1,431 million (2018-19).

¹ An unqualified audit opinion is issued when the auditor (in this case the C&AG) is reasonably satisfied that the financial statements are free from material error, and irregular expenditure and income.

The Department for Digital, Culture, Media & Sport total expenditure versus Estimate (budget)



Note
1 2017-18 outturn does not include non-budgeted expenditure of £220 million.

Source: National Audit Office analysis of the Department for Digital, Culture, Media & Sport Annual Reports and Accounts 2012–19

The Department has consistently spent significantly less than its budget

The Department spent £517 million (6.7%) less than it budgeted across a range of areas as a result of the following:

- depreciation of assets being below budget and projects (such as the 5GTT and 700 MHz Clearance – see page 6) being delivered later than planned;
- £217 million of the budget which was allocated to cover borrowing requirements was not utilised;
- donations and other income within museums and galleries exceeding expectations by £58 million; and

- spending on National Lottery grants was £37 million lower than estimated, which the Department reports as being due to the variable, demand-led nature of National Lottery grant giving.

Future spending plans

The 2019 Spending Round included a 4.1% increase in real terms to the Department’s resource budget (money that is spent on day-to-day resources and administration costs) from 2019-20 to 2020-21. This includes £46 million in 2020-21 for the Birmingham Commonwealth Games; £300 million to support museums and galleries; £500 million for Arts Council England and Sports England; and £50 million for UK sport for preparation for the 2021 Tokyo Paralympics and Olympic Games.

Funding for good causes

The National Lottery

The Department launched the National Lottery in November 1994, with the aim of raising money for good causes in the arts, sports, heritage, health, education, environment and charitable sectors.

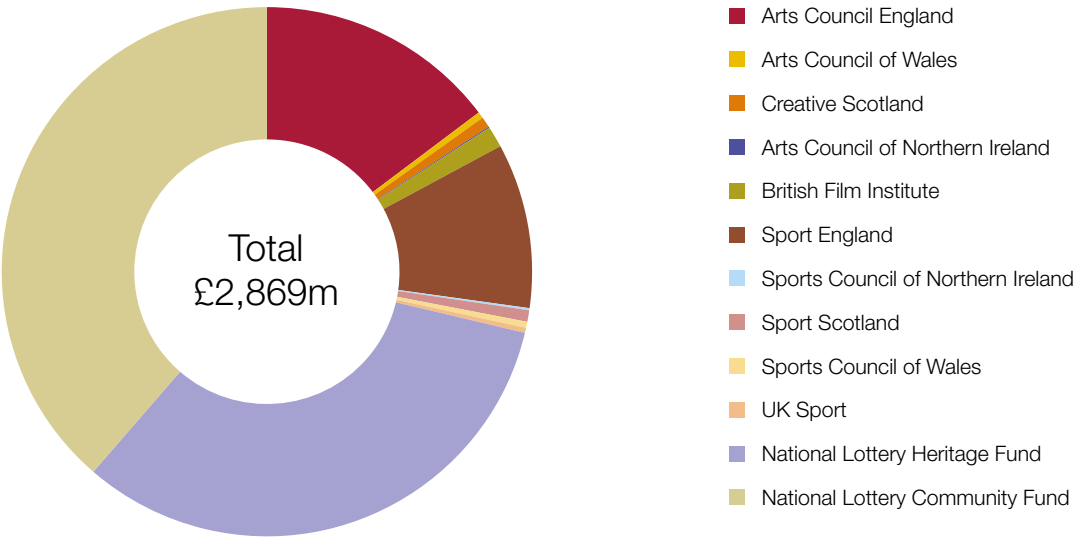
The National Lottery is currently run by Camelot Group plc (Camelot), who have held licences to run the Lottery since 1994. The current (third) licence expires on 31 January 2023 and the government has started work to prepare the fourth licence award process. The National Lottery is regulated by the Gambling Commission.

National Lottery ticket sales were £7,206.8 million in 2018-19, an increase of £255.1 million from 2017-18, and Camelot UK paid £4,128.5 million in prizes to players.

A proportion of proceeds generated from the Lottery is paid into the National Lottery Distribution Fund (the Fund). This money is then drawn on by 12 non-departmental public bodies who decide which causes to fund.

In 2018-19, the total amount of income paid into the Fund (including £1,529.6 million made available to good causes by Camelot and income from unclaimed and unpaid prizes) was £1,608.2 million compared with £1,639.8 million in 2017-18.

Lottery distributing bodies' liabilities (the total value of grant awards notified to recipients but not yet paid) at 31 March 2019



Source: National Audit Office analysis of the relevant bodies' Annual Reports and Accounts 2018-19

The lottery distributing body with the largest grant liabilities is the National Lottery Community Fund, with £1,108 million. It is also the largest recipient of income for good causes from the National Lottery Distribution Fund.

Funding for good causes

The National Lottery

The National Lottery Distribution Fund (a fund to receive and hold monies generated by the National Lottery for good causes) balance at 31 March 2010 was sufficient to cover 73% of total liabilities raised by distributors. At 31 March 2019 this figure had fallen to 45% – fund balances were £1.3 billion compared to distributors’ grant liabilities of £2.9 billion (that is, Lottery distributing bodies have committed more than double the amount of money that is currently available).

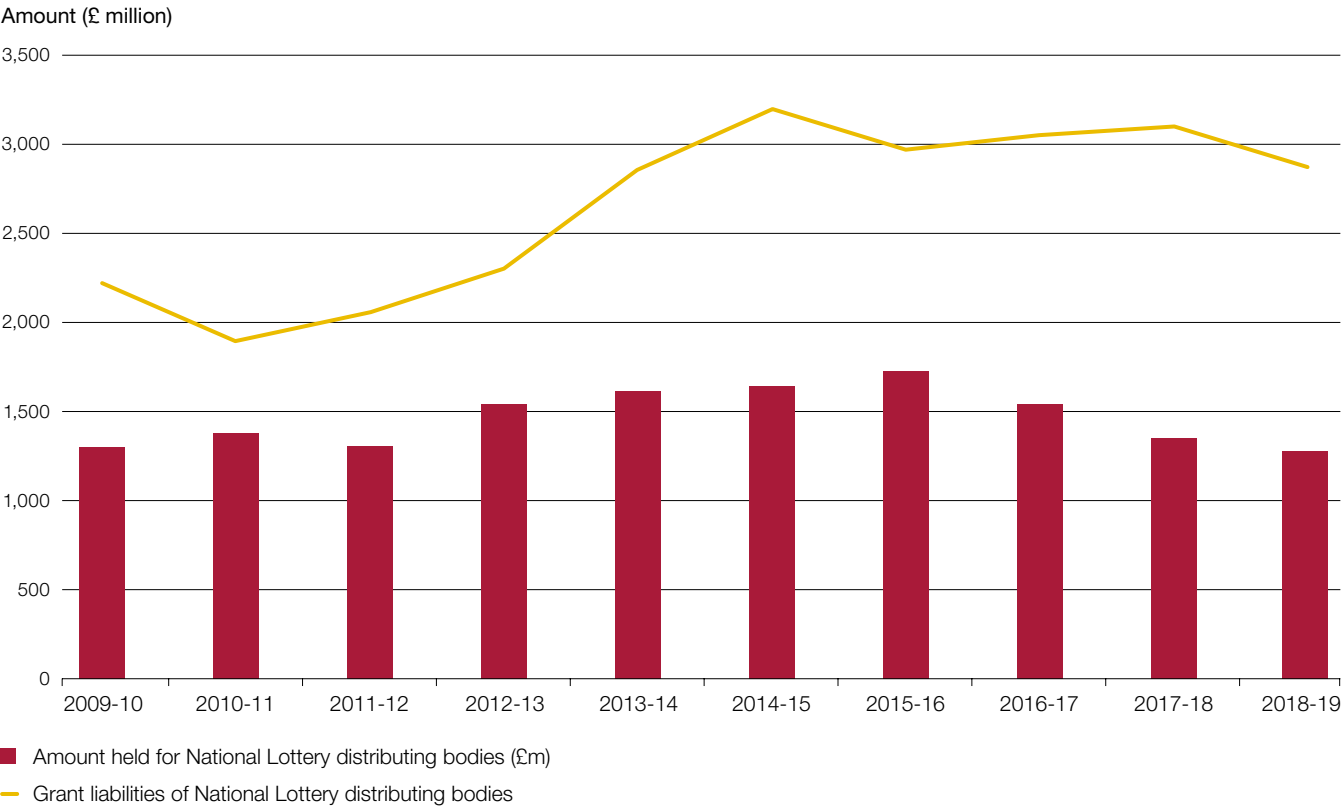
In the financial year 2018-19, Camelot generated a profit of £68.0 million; a slight reduction from a profit of £68.4 million in the previous financial year.

In 2017, the National Audit Office undertook an investigation into concerns including reductions in income for good causes. We found that increases in Camelot’s profits have been proportionately greater than increases in both Lottery sales and returns for good causes.

Since our report, the government and the Gambling Commission has committed to:

- taking steps to secure a fair return for good causes from game changes proposed by Camelot over the remaining life of the current licence; and
- in setting the next (fourth) licence, benchmarking the Lottery against other regulated sectors to determine what a fair rate of return is for operating the Lottery and build flexibility into the licence terms to secure this fair return.

National Lottery distributors’ grant liabilities compared to fund balance



Source: National Audit Office analysis of National Lottery Distribution Fund Annual Reports and Accounts 2010–2019

What to look out for

Renewal of the National Lottery licence

The National Lottery is currently run by Camelot Group plc, who have held licences to run the Lottery since 1994. The current (third) licence expires in January 2023. The Gambling Commission is preparing to launch the competition for the fourth licence in 2020. Bidders will be able to take part in the competition once the Invitation to Apply is issued (which is expected in 2020).

New data strategy

The Department is to publish a national data strategy in 2020 which aims to unlock the power of data in the UK economy and government, while building public confidence in its use. The strategy also aims to make the UK a global leader on data, through collaborative working across government.

Data protection issues

The introduction of the Data Protection Act 2018 and the General Data Protection Regulation (GDPR) on 25 May 2018 required organisations to manage the personal information they hold in an appropriate manner.

As a result, the Information Commissioner's Office (ICO) received 13,840 personal data breach reports during 2018-19, an increase from 3,311 in 2017-18. In July 2019, the ICO issued notices of its intention to fine British Airways £183.4 million and Marriott International £99.2 million for infringements of GDPR. In January 2020 ICO issued its first (final) fine under GDPR of £275,000 to Doorstep Dispensaree.

Broadband

The government's policy is to secure nationwide coverage of gigabit-capable (including full-fibre, cable and 5G) broadband by 2025. Approximately £5 billion of public funding is to be invested in order to provide gigabit-capable network deployment to the hardest-to-reach c.20% of the country. BDUK (The Department's digital infrastructure delivery team) will manage the c.£5 billion programme.

The government is planning to announce a new National Infrastructure Strategy.

Online harms regulation

The Online Harms white paper (published April 2019) set out the government's plans for a package of online safety measures. The government's aim is to make companies more responsible for their users' safety online, especially children and other vulnerable groups.

The government proposes establishing in law a new duty of care towards users, which will be overseen by an independent regulator. Companies will be held to account for tackling a comprehensive set of online harms, ranging from illegal activity and content to behaviours which are harmful but not necessarily illegal. The December 2019 Queen's Speech highlighted that the government will continue work to develop this legislation.

Regulatory aspects of issuing 5G bandwidth

5GTT programme at the Department is the government's nationally coordinated programme of investment in 5G which launched in late 2017 and will run until the end of March 2022. Through this programme, £10 million has been allocated to work with the National Cyber Security Centre to create capabilities where the security of 5G networks can be tested and proven. A number of security projects are planned for later this year to run until 2022.

In August 2019, the Department launched a £30 million UK-wide competition, where up to 10 rural locations are to run trials of 5G applications between 2020 and 2022.

Ofcom, working with the Department and other government departments, plans to auction two spectrum bands in 2020. The government's intention is that these bands will be used to meet the increasing demand for mobile broadband services, and to deploy new services including 5G.



Digital



The Department’s Single Departmental Plan highlights how the Department aims to “drive the UK’s digital connectivity” and it identifies ‘Digital’ as a cross-cutting role in all the Department’s sectors.

The Department is responsible for a range of key areas:¹

- Digital and data policy
- National data strategy
- Data ethics
- Data protection
- Cyber security and digital identity policy
- Online safety and security.

In 2018-19 the Department has:

- established the Centre for Data Ethics and Innovation;
- commenced a review of Future Telecoms Infrastructure, the UKs strategy for becoming a world leader in digital connectivity; and
- updated data protection laws via the Data Protection Act (GDPR), which came into force in 2018.

Roles and responsibilities for data across government

Policy	Guidance	Advice, use and/or incident response	Regulation
Department for Digital, Culture, Media & Sport Responsible for the national data strategy, data ethics, data policy and the Digital Economy Act			
Government Digital Service Responsible for data standards (at a strategic level) and data skills			
UK Statistics Authority/Office for Statistics Regulation/Office for National Statistics Oversight, advice, regulation, production and publication of official statistics. Continued interest in data policies, advice, standards, quality and infrastructure			
		Centre for Data Ethics and Innovation Advisers for how to maximise the benefits of data-enabled technologies	
The National Archives Responsible for policy on the reuse of public sector information and the management of Crown copyright and database rights. Guiding and supervising departments’ actions to safeguard and preserve the public record, including where comprising of data			
Government Chief Security Officer Information security policy, advice and guidance			
	National Cyber Security Centre Cyber security guidance		
		Information Commissioner’s Office Responsible for upholding information rights	
		National Data Guardian for Health & Social Care Responsible for advising and challenging the health and care system to help ensure information is safeguarded	

Note
1 The cross-government Data Advisory Board and Data Leaders Network cut across these roles and responsibilities.

Source: National Audit Office review of roles and responsibilities for data

1 From 1 April 2018 responsibility for data-sharing, data ethics and data governance moved from the Government’s Digital Service (GDS), part of the Cabinet Office, to the Department. This machinery of government change follows a trend in which the Department is increasingly responsible for leading the government’s internal digital strategy.

—Digital

2/2

—Digital transformation and data

The Department is responsible for the National Data Strategy. GDS retained responsibility for supporting the digital, data and technology profession. There are several other departments with some responsibility for data.

Our *Challenges of data in government* report sets out our experience of data across government, including government's initial efforts to:

- address how to use and share data safely and appropriately; and
- balance competing demands on public resources in a way that allows for sustained, but proportionate, investment so it can use data to deliver joined-up public services and increase efficiency.

Departments still face service inefficiencies and an inability to undertake digital transformation as a result of barriers and constraints in legacy systems and especially data. Data is often out of date, inaccurate and stored inconsistently across different systems that are hard to change. New technologies, such as robotics and artificial intelligence, are seen as solutions. However, if these are layered on top of existing data, this risks magnifying the problems associated with poor-quality data.

We concluded that government has lacked clear and sustained strategic leadership on data. This has led to departments under-prioritising their own efforts to manage and improve data. There are some early signs that the situation is improving, but unless government uses the data strategy to push a sea change in strategy and leadership, it will not get the right processes, systems and conditions in place to succeed, and the data strategy will be yet another missed opportunity.



Arts and culture

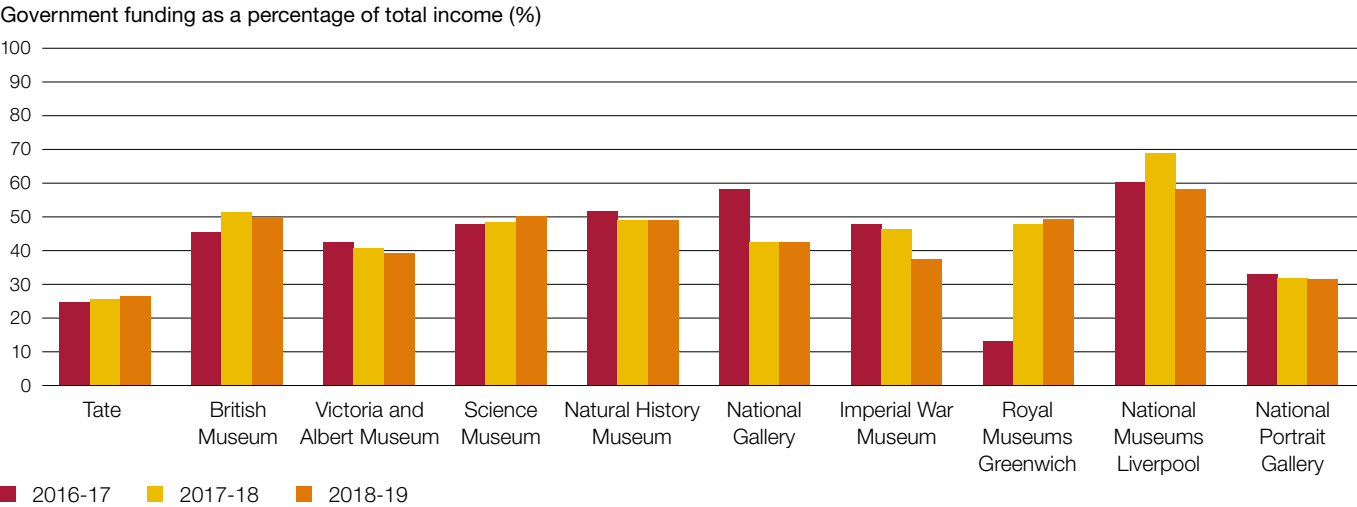
Overview

The Department aims to support UK arts and culture by promoting the sector’s role in delivering positive social outcomes and also increase participation in arts and culture by aiding the growth of the reach, innovation and resilience of the cultural sector.

The Department directly sponsors 21 arm’s-length bodies (ALBs) relating to arts and culture: heritage projects (four ALBs), museums and galleries (15 ALBs) and arts and libraries (two ALBs). The Department provided **£1,034 million** of funding to arts and culture, museums and galleries, heritage bodies and libraries in 2018-19 (£988 million 2017-18).

Seventy-seven per cent (compared with 79% in the previous year) of adults engaged with the arts and 50% (no change from the previous year) visited a museum or gallery in 2018-19. Despite this, museum visits still show strong growth since 2005-06 (where 42% of adults had visited a museum or gallery); adults engaged in arts have remained mostly consistent since 2005-06.

Government funding as a percentage of total income for the 10 largest national museums and galleries funded by the Department for Digital, Culture, Media & Sport



Source: National Audit Office analysis of the relevant bodies' Annual Reports and Accounts 2016–2019

Sustainability of museums and galleries



Across the sector, there is a relatively high dependence on government funding as opposed to revenue generated from museum/gallery activities.

On average, national museums and galleries rely on government funding for almost half of their overall income (46%).¹ The amount that each museum or gallery relies on government funding ranged from 26% to 69% in 2018-19. This average has remained broadly consistent between 2017-18 and 2018-19 suggesting that museums and galleries are not becoming less dependent on grant-in-aid income.

Many of these museums and galleries occupy historic, listed buildings, the maintenance of which presents an important and costly challenge. In its 2017 strategic review of Department-sponsored museums, the Department described concerns over the “lack of sufficient maintenance of building fabric and services” at the museums and galleries, which “endanger collections and potentially staff and visitors”.

In March 2020 we published an investigation into maintenance of the museum estate.

The report covers:

- oversight and funding arrangements for the museums and galleries;
- understanding of the museums’ maintenance issues; and
- funding the maintenance of the estate.

This report was prepared before the spread of Coronavirus in the UK and does not consider the impact of the closure of museums, or any emergency financial support to the sector.’

In October 2019, the UK government announced a £250 million Culture Investment Fund to invest in innovative creative and cultural projects and to support museums and libraries. The investment is to be delivered by the Department as well as the Arts Council England, National Lottery Heritage Fund and Historic England. The plan includes providing funding for urgent infrastructure and maintenance work at local and regional museums as well as upgrading libraries’ buildings and technology.

¹ The Department sponsors 15 museums and galleries in England, 13 of which have national status. In addition, there are national museums in Scotland, Wales and Northern Ireland, which are supported by the devolved legislatures.

Civil Society

The Charity Commission

The Charity Commission is the independent registrar and regulator of charities in England and Wales. During 2018-19, the Commission regulated £79 billion of charity income and **£75.6 billion** of charity spend.

In 2018-19, the Commission opened **2,666 new regulatory compliance** cases (in which the Commission aims to ensure trustees address any failures and weaknesses in their charities' management) and **103 new statutory inquiries** to investigate, and potentially use its legal powers to address, misconduct or mismanagement within a charity. Among the charities into which it announced a statutory inquiry were The Save the Children Fund and The Royal National Institute for the Blind.

In October 2018, the Charity Commission published a new Statement of Strategic Intent for 2019–2023, which came into action in April 2019. This centres around the purpose of ensuring charities can thrive and inspire trust so that people can improve lives and strengthen society.

NCS Trust

The NCS Programme is a four-week social development programme, open to all 15- to 17-year-olds across England and Northern Ireland. In 2018-19 approximately 100,000 participated in the NCS programme.

The NCS Trust transitioned from a Community Interest Company to a Royal Charter body, sponsored by the Department, in accordance with the NCS Act in December 2018. From this date the National Audit Office (NAO) became the statutory auditors of NCS' financial statements. The NAO completed the audit of the first set of Royal Charter body accounts in March 2020, covering the period December 2018 to March 2019. The Comptroller and Auditor General gave an unqualified audit opinion.



Media and creative industries

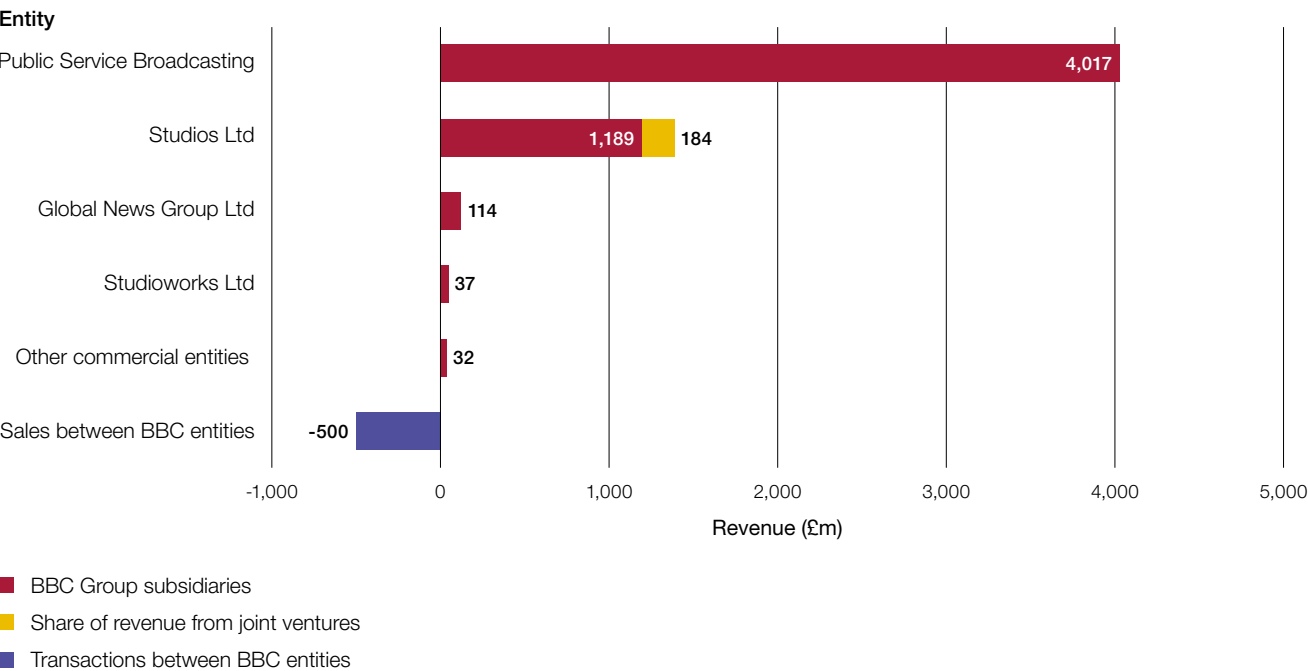
The Department aims to:

- support a healthy, sustainable and world-leading UK media market by ensuring the ongoing sustainability of business models for high-quality news media online and safeguarding the plurality of the media market; and
- ensure a strong, independent and distinctive public service broadcasting system. Maintain oversight of the BBC's delivery of reforms agreed as part of the current Charter, including the role of Ofcom as the new regulator.

In 2018-19, the Department has:

- **handled media merger cases**, including bids from 21st Century Fox for Sky;
- **supported the broadcasting sector** across the UK through Channel 4's establishment of its new national HQ in Leeds with regional hubs in Glasgow and Bristol;
- developed **new licensing arrangements** to expand small-scale digital radio;
- published an **independent review of S4C's remit**, governance and funding, which aims to make S4C a better organisation that more effectively serves Welsh-speaking audiences; and
- created the **£60 million Contestable Fund pilot**, which will support new UK-originated content for young audiences on TV and for radio listeners of all ages.

BBC 2018-19 group revenue generated by BBC entities



Source: National Audit Office analysis of the BBC Group Annual Report and Accounts 2018-2019

The BBC is a public broadcasting authority. The BBC's Public Service Broadcasting Group, BBC Commercial Holdings Limited and its direct subsidiary holding companies fall within the Department's accounting boundary and these elements are consolidated into the Department's accounts.

The BBC made a deficit in 2018-19 of £68 million (compared to a profit of £180 million in 2017-18). Factors which contributed to the BBC's deficit in-year include a decrease in licence fee

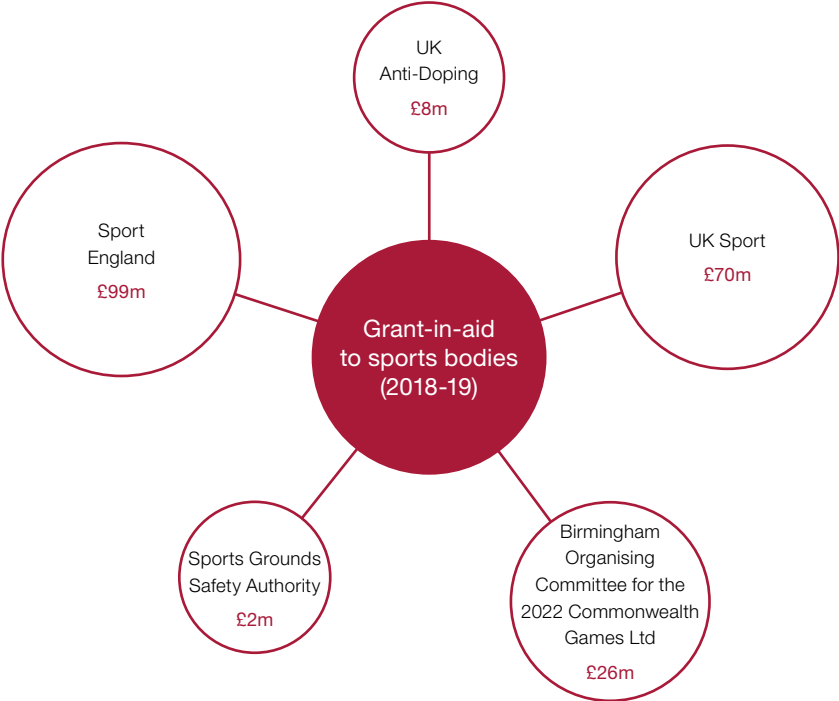
income by 4%, the cyclical impact of major sporting events such as the FIFA World Cup, and the launching of BBC signs and BBC Scotland Channel. The BBC managed the deficit by drawing down on its cash reserves in the year, reducing its cash balance by £55 million (from £523 million to £468 million).

We have produced a separate [Departmental Overview](#) highlighting the work of the BBC.

Sport

The Department aims to maximise engagement and participation in sport and physical activity, deliver elite sporting success, host major sporting events that showcase the best of the UK and to promote the UK on the international stage. It provided £205 million to sports bodies in 2018-19 to support these aims.

- Sports bodies spent a total of £480 million in 2018-19, up from £448 million in 2017-18. The £275 million difference between total expenditure and the total government funding (grant-in-aid) of £205 million analysed in the diagram below was funded by National Lottery proceeds.
- The **largest** amount of money went to **Sport England**, which received £99 million of grant-in-aid funding (£81 million 2017-18) and £199 million (£203 million 2017-18) of National Lottery proceeds.
- During 2018-19, Sport England funded **67 different sports/activities**. It made **1,575 awards**, averaging **£167,000**.



2021

London will host seven games of the UEFA Men's European Championship, including the semi-finals and the final.

2021

England will host the Men's, Women's and Wheelchair Rugby League World Cup in 2021.

2022

England will host the UEFA Women's EURO Championships.

2022

Birmingham will host the Commonwealth Games in 2022.

Participation



More than 1.01 million adults (aged 16+) in 2018-19 are now physically active than in 2015-16 and Sport England's 2020 general population target of 500,000 is expected to be met.

The proportion of people reporting that they were active has increased by 0.9% over the past 12 months (an increase of 539,500 active adults in England)

Sport

2/2

Recent developments

In June 2019, the government announced that it would invest £778 million in Birmingham and the West Midlands to deliver the 2022 Commonwealth Games. The government's other commitments to the Games, including the underwriting of the organisation and delivery of the Games and a number of guarantees, will remain in place until the end of the 2022-23 financial year.

The Department established the Birmingham Organising Committee for the 2022 Commonwealth Games Ltd as a new ALB. The NAO completed the audit of its first set of accounts in September 2019, covering the period December 2017 to March 2019. The C&AG gave an unqualified audit opinion.

In October 2018, the government announced the Aspiration Fund, through which UK Sport will provide financial support to sports that do not have immediate medal potential. The fund will enable development of plans to help teams and athletes qualify and prepare for the 2021 Tokyo Olympic and Paralympic Games.

In December 2018 and March 2019, Sport England published the first data from its new Active Lives Children and Young People Survey, which measures children's and young people's attitudes towards sport and physical activity.

In July 2019, the Department (alongside the Department of Health & Social Care and the Department for Education) published the School Sport and Activity Action Plan, which sets out government's commitment to ensuring that all children and young people have access to at least 60 minutes of high-quality Physical Education and physical activity every day.

