

**DEPARTMENT FOR CULTURE, MEDIA & SPORT**

**DEPARTMENTAL INVESTMENT STRATEGY**

**16 December 2002**

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## INTRODUCTION

The Government is committed to investing in the country's infrastructure. This Departmental Investment Strategy sets out how the capital allocated to the Department for Culture, Media and Sport in the 2002 Spending Review (covering 2003-04 to 2005-06) will be spent in support of the delivery of our objectives and how these investment plans will be delivered. It also describes the existing asset base and how this is used to contribute to the achievement of Departmental objectives and targets.

## SECTION 1: STRATEGIC CONTEXT

### 1.1 Departmental Aim

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

1.1.2 The Department has three Public Service Agreement objectives, with four key targets (one of which is a joint target with the Department for Education and Skills) that help measure progress towards them.

**Objective I:** Increase participation in culture and sport and develop our sectors.

Enhance the take-up of sporting opportunities by 5-19 year olds by increasing the percentage of schoolchildren who spend a minimum of two hours each week on high quality PE and school sport within and beyond the curriculum from 25% in 2002 to 75% by 2006 (*Joint target with DfES*).

Increase significantly take-up of cultural and sporting opportunities by new users aged 20 and above from priority groups.

**Objective II:** Develop appropriate regulatory frameworks that protect consumers' interests and improve the productivity of our sectors.

Improve the productivity of the tourism, creative and leisure industries.

**Objective III:** Modernise delivery to the customer by ensuring that the Department and its sponsored bodies improve performance and pursue international excellence.

Improve significantly the value for money of the Department's sponsored bodies by a matrix of NDPB indicators.

1.1.3 In pursuing the Department's aim and objectives we seek to develop the contribution that culture, media and sport can make to the Government's wider social, educational and economic agenda. Central to our strategy for the next three years will be the Department's four strategic priorities:

- enhancing access to a fuller cultural and sporting life for **children and young people**, and giving them the opportunity to develop their talents to the full;
- opening up our institutions to **the wider community**, in order to promote lifelong learning and social cohesion;
- maximising the **economic contribution** which the tourism, creative and leisure industries can make; and
- **modernising delivery**, by ensuring our sponsored bodies are set, and meet, targets which put the consumer first.

1.1.4 Given this policy context our investment plans are designed to:

- improve and upgrade community sports facilities aimed at improving participation rates. The Community Club Development Fund will help deliver the Department's joint PSA target with DfES to enhance the take-up of sporting opportunities and two of the Department's strategic priorities relating to children and young people and the wider community;
- improve the infrastructure to sustain the fabric of the sectors the Department sponsors, including investment in the buildings which house the national collections, and to maintain and improve the quality of service delivered;
- modernise delivery, including through investment in information/digital technology to support the Prime Minister's target for all government services to be available online by 2005. Culture on line, our major e-culture initiative will also help deliver two of the Department's strategic priorities relating to children and young people and the wider community.

1.1.5 The total capital investment we are putting into achieving this is set out in Table 1 below.

**Table 1: DCMS Capital Expenditure Limit 2003-06**

	2003-04 £000	2004-05 £000	2005-06 £000
Capital	80,965 <sup>1</sup>	80,965 <sup>2</sup>	95,965 <sup>2</sup>
PFI Credits	30,000	55,000	65,000

Notes:

1. Includes £5m for Culture On Line and £20m for 2003-04 from the Capital Modernisation Fund for community sports facilities announced in the 2002 Budget. A further £0/20m/20m has been allocated in Spending Review to add to this fund.

2. Excludes contributions from other government departments towards National Stadium non-stadium infrastructure related costs

## 1.2 Delivery through others

1.2.1 Delivery of the Department's objectives and investment plans depends on the hard work and expertise of the bodies it sponsors. These bodies, 66 in all at 1 April 2002, perform a wide variety of functions from strategic leadership of whole sectors, to regulation, to grant giving, to the provision of specific customer services. With the exception of the BBC (which spends £2 billion derived from licence fees) 95% of the funding for which the Department is responsible for flows through its NDPBs. These bodies, particularly in the Museums and Galleries sector, also have access to other sources of funds including donations and sponsorship from individuals and corporate bodies, joint ventures with the private sector, funding from the National Lottery, and financially free standing projects funded entirely from the private sector. Donations tend to be made for specific, high profile capital projects, often as a result of fund raising activities. The Tate Modern, Bankside is an example of a major new cultural facility funded from a

combination of sources including the National Lottery, private and corporate donations and sponsorship.

1.2.2 Local authorities, and the capital resources available for their cultural services, also play an important part in achieving Departmental objectives. These services include libraries, sports and leisure centres, museums, galleries and theatres and other arts venues. Cultural services, especially libraries, are also at the forefront of local government communications and IT services for citizens.

### 1.3 Delivery of the Departmental Investment Strategy (2001-04)

1.3.1 The major elements of our last investment strategy published in autumn 2000 were:

- improve the quality of sports and arts facilities in 300 or so primary schools for school and community use;
- development of our proposals for Culture OnLine;
- to ensure DCMS sectors benefit from European Union Structural Funds;
- new or improved cultural assets for local authorities;
- investment in the buildings which house our national collections;
- enhancement of the Department's systems to support the delivery of the Government's electronic service delivery targets.

1.3.2 Significant developments so far are:

#### *Space for Sports and Art*

The Space for Sports and Art programme is an innovative partnership between the Government, which is contributing £75m from the Capital Modernisation Fund, and the Lottery: New Opportunities Fund (£25m), Sport England (£25m) and the Arts Council (£5m). The aim is to provide greater opportunities for both pupils and the wider community in deprived areas to participate in sporting and arts-based activities by providing new, or modernising, existing facilities in primary schools.

65 local education authorities in deprived areas were invited to make initial bids for funding in December 2000. A total of 305 detailed applications were submitted in October 2001 for consideration by the funding partners and offers of grant were made by end March 2002. 299 award offers have now been accepted in total. Building work on some projects began in Autumn 2001 with completion of the first projects expected in Summer 2002. The majority of the building work will be undertaken in 2002-03. Monitoring and evaluation procedures are in place to assess and ensure the future success and sustainability of the projects.

#### *Culture on Line*

In September 2000 the Department announced that it was working up ambitious proposals for a major new e-culture initiative, Culture Online, with the aim of making a step change in access to the resources of the arts and cultural sector through the use of digital technologies for the purposes of learning and enjoyment both at school and throughout life.

The latest position is that £10m capital funding has been made available for the next two years, until 2004. This will enable us to commission up to 30 innovative projects for adults and children, using resources of cultural organisations, to enhance learning and develop new audiences. The funding will provide exciting new digital materials which will enhance the school curriculum and lifelong learning. They will be made available in a variety of ways, including new and existing websites, through a Culture Online gateway and linked to the DfES Curriculum Online portal and the National Grid for Learning. Projects will be developed by partnerships which might include cultural and arts organisations, broadcasters, creative media companies and educational publishers.

### *ERDF*

The Department provides public expenditure cover for projects assisted from European Union Structural Funds (SF) within DCMS areas of responsibility. The SF assist areas of the European Union that compare unfavourably with EU average levels of prosperity and create a united Europe that is competitive and balances economic efficiency with social justice.

Structural Funds are split into two main strands:

#### *European Regional Development Fund (ERDF)*

Objective 1: Promoting the development and structural adjustment of regions whose development is lagging behind (average per capital GDP 75% of the EU average).

Objective 2: Contributing to the economic and social conversion of regions in structural difficulties other than those eligible for Objective 1 (areas undergoing economic change, declining rural areas, depressed areas dependent on fisheries and urban areas in difficulty).

#### *European Social Fund*

Objective 3: Gathering together all the measures for human resource development outside regions eligible for Objective 1.

DCMS sectors, in particular tourism, the arts, the built heritage and the creative industries have benefited significantly from the SF under previous programmes and continue to do so, under the new 2000-2006 programme.

Examples of how DCMS sectors have benefited from ERDF under the new programme include:

**Gateshead Council**

Awarded a grant of £3,500,000 for "Music Centre Gateshead" and a total project cost of £20,550,000: To provide the North East with a world class centre for the performance, enjoyment and practice of all forms of music.

**National Marine Aquarium**

Awarded a grant of £1,974,450 and a total project cost of £3,948,900 to enhance the existing Aquarium by increasing size and scope.

*Local Authority PFI Credits*

The Department is fully committed to Public Private Partnerships and recognises that the Private Finance Initiative offers one form of PPP in which local authorities can gain access to new or improved capital assets. In Spending Review 2000 the Department was allocated its own tranche of PFI credits for the first time, amounting to £30m per annum. The Department operates a two staged bidding round allowing us to select and prioritise the projects we feel are most likely to support departmental aims and objectives.

The majority of our initial allocation of credits has now been designated against nine projects that represent most of DCMS's areas of interest. Eight of these are either part of the way through the procurement process or are just about to start. One other, Bournemouth Central Library, which was jointly funded with ODPM, has now commenced operation.

Our initial allocation of PFI credits will deliver:

- two brand new libraries, one with a lifelong learning centre;
- one historical resource and cultural centre;
- two replacement sports/leisure facilities, one linked to a City Academy of Sport;
- one integrated leisure, library and health centre;
- one new swimming pool with dry sports facilities;
- six refurbished leisure centres, some with combined healthy living centres.

Specific examples of the services that will be delivered to the local communities include:

**Bournemouth Central Library**

The old central library, built in 1913, was small, cramped and had inadequate access. The new library has 3,850 square metres of space, almost three and a half times the size of the old one, and has full disabled access. Approximately 45,000 items have been added to stock, nearly doubling stock figures. On the day of opening there were 24,000 new books on the shelves, 12,000 of them for children and young people.

The new library attracts over 11,000 visits per day, an 80% increase over the old library. 5,000 items are now issued per day, which is a 17% increase. Over 3,000 new members registered in the first six weeks, 800 of them during the first week of opening.

Nearly 600 children have visited in school parties in the first six weeks - the old library had virtually no children's services and very little usage by schools.

Brand new services to the public include a Teen Zone, listening posts (for CDs), meeting rooms, exhibition area, toilets/baby changing, return of stock to any library. Enhanced services include music, local history, children, public IT and main counter with recesses for wheelchairs. The library will be used by local agencies to deliver local services eg Connexions service for 14-19 year olds, Business Link Wessex, European Information Centre, Job Centre with New Deal staff, Adult Education/Basic Skills and Dorset Record Office.

**London Borough of Lewisham**

An integrated leisure centre, swimming pool, library and health service in Downham that will:

- increase participation in sport and recreation amongst residents of Downham by increasing the number of visits to the swimming pool/leisure centre from 85,000 visits per year to 200,000 per year; increasing the number of annual visits to the swimming pool by school age children by 50,000; increasing use of mini soccer and junior pitches by school age children to 150,000 visits per year;
- increase use of the library service by providing suitable accommodation and IT infrastructure to facilitate 15,000 annual visits to the youth IT space and 12,500 to open learning and employment resource centre, with an overall increase in library visits by 10,000 per year to 60,000;
- provide health care services tailored to meet the local needs by providing two new General Practitioner facilities with 12 consulting rooms and four treatment rooms.

## SECTION 2: MANAGING THE ASSET BASE

### 2.1 Assets used to deliver objectives

#### *Departmental Assets*

- 2.1.1 The Department works out of three main buildings near Trafalgar Square with a satellite building housing the Government Art Collection. These are leasehold, so only leasehold improvements have been capitalised, amounting to £2.8m. There is a further building which is being occupied through a Memorandum of Terms of Occupation (MOTO) with another Government body.
- 2.1.2 The Department owns the freehold of 4.75 acres of land to the north of the new British Library building at St Pancras professionally valued, at 31 March 2002 at £18m. It also holds a number of non-operational Heritage Assets which in accordance with the Resource Accounting Manual (RAM), are valued at nil, apart from purchased additions to the Government Art Collection. The RAM requires that where additions are made to collections these are capitalised, even when the main collection existing at 31 March 2000 is not capitalised, with purchase price normally providing a reliable basis for capitalisation. The core of the Government Art Collection comprises some 11,500 items and covers principally historical, modern and contemporary British art. It is displayed in 470 government buildings at home and abroad and plays a significant part in providing a showcase for Britain's creative talent.
- 2.1.3 Other non-operational assets include: Apsley House, Wellington Arch and Marble Arch and 58 statues. Management responsibility for Wellington and Marble Arches and 47 statues was transferred to English Heritage from 1 April 1999. Responsibility for Trafalgar Square, and Parliament Square, including 9 statues has been transferred to the Greater London Authority under the provisions of the GLA Act 1999. The Department retains responsibility for 2 statues.
- 2.1.4 Legal title to the buildings at the Natural History Museum, the National Museum of Science and Industry and Imperial College, which were vested in the name of the Secretary of State for the Environment, was passed to DCMS when the Civil Estate, managed by Property Holdings, was dispersed in 1996. Legal title to these buildings was passed to the Trustees of these institutions on 10 August 2001.
- 2.1.5 The Secretary of State retains the freehold title to Blythe House, Olympia which houses the V & A's Archive of Art and Design and reserve collection, Science Museum collections for study and British Museum facilities and laboratories for the processing and conservation of archaeological finds. It also provides facilities for students and researchers. All the available space is fully utilised and the Victoria and Albert Museum have recently installed new storage systems to ensure the most intensive use of the space. These institutions plan, for the foreseeable future, to continue to use it for these purposes. Currently, negotiations continue between the Department and these institutions which will lead to them assuming joint title to the building.
- 2.1.6 The remainder of the Department's assets are necessary to run a central Department and include building enhancements, furniture, fittings and IT hardware and software, fax

and telephones. These support the delivery of all the Department's objectives.

### *The Royal Parks Agency*

- 2.1.7 The Royal Parks Agency's capital base comprises land and buildings, park furniture, horses, vehicles, office and police equipment and office fixtures and fittings. Park land and historical/heritage assets other than buildings are valued at nil. Buildings are valued in terms of occupation and nature of use. The total value of RPA fixed assets is £33.3m.

### *Sponsored Bodies*

- 2.1.8 Sponsored bodies own and manage a wide range of assets, including heritage assets and inalienable assets, which are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations. These heritage assets include historical buildings, archaeological sites, museums and galleries collections, archives, burial mounds, ruins, monuments and statues. A review of Museums and Galleries storage is looking at whether storage space is being put to optimal use; that space requirements are being rationalised where possible to achieve value for money; that storage conditions are adequate to protect the collections and to identify potential for partnerships between national museums where feasible.

## **2.2 Condition of assets used in delivery**

- 2.2.1 The operational buildings occupied by the Department are all in generally good condition with no substantial backlog of maintenance. Many of the chairs in use do not meet the requirements of the Display Screen Equipment Regulations and will be replaced over the next two years. The land at St. Pancras is semi-derelict, but is currently intended to provide short term occupation by the contractors for the Channel Tunnel Rail Link for working sites. There is no maintenance backlog in terms of physical IT assets.
- 2.2.2 The Royal Parks Agency has a backlog of maintenance on the hard fabric - paths, sports and recreation facilities, public conveniences. Many historic properties are inaccessible to the public and some are on English Heritage's "At Risk" register.

### *Sponsored Bodies*

- 2.2.3 Sponsored bodies are responsible for the good stewardship of the assets that they own and are responsible for taking decisions on how much to spend on maintaining the assets to an acceptable standard.
- 2.2.4 For those bodies occupying large and complex estates or listed properties maintenance and repairs are a considerable liability. These needs are assessed regularly both in the context of annual discussions of Funding Agreements and in Spending Reviews. SR2000 made an additional £22m capital funding available to Museums and Galleries spread over 2002-03 and 2003-04. This is being used to fund improvements to the condition of the existing asset base.

### *Local Authorities*

2.2.5 There is a capital backlog amongst sporting and cultural assets. Local Authorities in England and Wales own 3,800 Libraries, 1,800 leisure facilities and 700 Museums and Galleries with a total value of £6.8 billion (Audit Commission, Hot Property). The local government reforms which the Government is introducing will promote more freedom and flexibilities for local authorities to allow them greater access to their capital receipts to meet their own capital needs. There is also now better access to Lottery Funding, especially the New Opportunities Fund, and initiatives such as the Space for Sports and Arts scheme which is jointly funded from the Lottery and the Exchequer.

## 2.3 Asset Disposals

2.3.1 The Department plans to dispose of surplus properties at the appropriate time and encourages its sponsored bodies to do the same. The land at St Pancras is notionally surplus to immediate requirements now that the British Library project is complete but the major part of this land is subject to a Compulsory Purchase Order in order to facilitate construction of the Channel Tunnel Rail Link. The CPO will enable the CTRL developers to use the land for their occupation by their contractors and site workers, during the development of the rail link, and effectively imposes a planning lock out on the land for 7-8 years until the rail link is completed. Thereafter the land will be available for development, subject to planning permission. The Department has Treasury approval to retain the land for the period of the lock out, rather than to dispose of it now.

2.3.2 Beyond the boundary many NDPBs are constrained in their freedom to dispose of assets; indeed many are seen as the physical embodiment of the national institution. The powers that some of our NDPBs have are therefore often limited to management of the assets, and not disposal. However there are asset sales, mainly land and buildings, anticipated over the planning period:

- Tate - Queen Alexandra Military Hospital Site ;
- British Museum 21-31 New Oxford Street;
- British Museum 1/1a Montague Street;
- British Museum - Franks House, Orsman Road;
- Arts Council - Record Street freehold land and buildings.

These disposals are expected to realise receipts of at least £31m.

2.3.3 In addition there is an outstanding political commitment to sell the Tote. The Tote sale should raise over £50m for the Government. The estimated sale costs, £1m, would be recouped from the proceeds. The sale is contingent upon legislation.

## 2.4 Resource Budgeting consequences of the asset base

2.4.1 The 2002 Spending Review saw the full implementation of resource budgeting which means that for the first time the Department's budget reflects the full cost of providing services. The requirement for the Department to account and budget on a resource (or accruals) basis means that we now have to:

- maintain a balance sheet showing our total assets and liabilities. This means

that we have to maintain a register of the assets that we own and report significant changes in the assets that we hold in our annual Resource Accounts;

- budget and account for the depreciation charge which spreads the cost of assets over their estimated useful lives;
- budget and account for a notional cost of capital charge (calculated at 6% on the Department and its NDPBs net assets) to reflect the fact that the Government has had to borrow to finance investment and that resources tied up in assets could be deployed elsewhere.

2.4.2 These changes provide new incentives for departments and NDPBs to manage new investment and existing assets, disposing of those that are surplus to requirements, and better information on which to base decisions. The charges are being delegated to the Department's sponsored bodies within the resource budgeting boundary to manage, subject to safeguards offered to the museums and galleries in relation to the revaluation of land and buildings.

2.4.3 The Department's resource budget includes the following provision for the cost of holding assets:

**Table 2: Provision for Cost of Capital Charges and Depreciation 2003-06**

£million	2003-04	2004-05	2005-06
Cost of Capital Charges	143	145	146
Depreciation	88	93	96
<b>Total</b>	<b>231</b>	<b>238</b>	<b>242</b>

**SECTION 3: NEW INVESTMENT PLANS**

The Department's provisional plans for major new investment are described in this section. Table 3 below shows the Department's new capital expenditure limit allocated by sector:

**Table 3: Sectoral Capital Allocations 2003-06:**

Total Gross Investment £000s	Sector	2003-04	2004-05	2005-06
DCMS Direct Capital Expenditure	Administration Capital (including Capital Reserve)	4,787	4,787	4,787
Delivered through others	Museums, Galleries and Libraries <sup>1</sup>	24,489	22,489	27,489
	Arts	200	200	200
	Sport Community Facilities <sup>2</sup> National Stadium	1,334 20,000	1,334 20,000 2,000	1,334 20,000 2,000
	Architecture and historic environment Stonehenge	1,750	1,750	1,750 10,000
	The Royal Parks	900	900	900
	Tourism	665	665	665
	Broadcasting and Creative Industries	1,840	1,840	1,840
ERDF		25,000	25,000	25,000
<b>Capital DEL</b>		<b>80,965</b>	<b>80,965</b>	<b>95,965</b>

**Notes:**

1. Includes £5m for Culture On Line

2. Includes £20m for 2003-04 from the Capital Modernisation Fund for community sports facilities announced in the 2002 Budget. A further £0/20m/20m has been allocated in Spending Review to add to this fund.

**3.1 Museums, Galleries and Libraries**

3.1.1 The investment in this sector will focus on priority capital works including:

- major roof refurbishments and other necessary actions to prevent water ingress and damage to the collections;
- access improvements for disabled people;
- capital expenditure necessary to ensure the security of the collection;
- possible support for a 3<sup>rd</sup> and 4<sup>th</sup> rounds of the DCMS/Wolfson gallery refurbishment scheme;
- possible funding for additional storage space at the British Library, subject to a full review of the storage options available.

### 3.1.2 The main benefits will be:

- maintenance of access by ensuring that galleries do not have to close for want of improvement;
- protection of the collections from water ingress;
- improved access for disabled people;
- a reduced need for major capital renewal in future.

### 3.1.3 Funding will be allocated to individual institutions according to the Department's prioritisation of bids.

## 3.2 Sport

### *Community Sports Facilities*

3.2.1 £20 million per year towards a Community Club Development Fund which, together with the tax concessions made to community amateur sports clubs by the April 2002 Budget Statement, represents a significant investment in the future of amateur sport. The Community Club Development Fund will be distributed by Sport England in consultation with National Governing Bodies and County Sports Partnerships. Priority will be given to sports clubs which are developing good quality junior programmes and links with schools, particularly in areas of deprivation. This will help deliver the joint DCMS /DfES PSA target - to enhance the take-up of sporting opportunities by 5-16 year olds by increasing the percentage of schoolchildren who spend a minimum of two hours each week on high quality PE and school sport within and beyond the curriculum from 25% in 2002 to 75% by 2006 - and will also help deliver two of our strategic priorities: enhancing access to a fuller cultural and sporting life for children and young people, and giving them the opportunity to develop their talents to the full; and opening up our institutions to the wider community, in order to promote lifelong learning and social cohesion. Innovative ways of extending the range of sporting opportunities for communities, such as joint bids from more than one sport for a single site, will be encouraged.

3.2.2 £20m pa of capital investment has the potential to make considerable impact. Eligibility for funding will depend on clubs being able to show that they are committed to investing in areas of deprivation, making provision for young people and building links with schools and so the fund will help accelerate key existing club development initiatives including child protection and equity policies. While there are an estimated 110,000 Community Amateur Sports Clubs in England, many facilities are in a state of disrepair, or cannot be used for much of the year. Relatively low cost schemes, such as draining waterlogged pitches, multisport markings and installation of floodlighting will have considerable impact in achieving Departmental objectives 1 and 2.

### *National Stadium Contribution*

3.2.3 The Government has earmarked £20 million (£10 million in 2004-05 and £10 million in 2005-06) to the National Stadium project for non-stadium related infrastructure costs. This funding was committed on 19 December 2001. The grant comprises of contributions of £8 million each from DTLR as (now DfT) and DTI. The DCMS

contribution is £4 million.

3.2.4 The additional Government funding meets two objectives:

- together with a grant of up to £21 million by the LDA, the Government's grant will ensure the viability of the National Stadium project. The stadium, when completed, will be a significant national asset (albeit ultimately owned by Wembley National Stadium Ltd) with significant benefits for major sport;
- the funds will be specifically earmarked for infrastructure costs arising from planning agreement between Brent and Wembley National Stadium Ltd. These improvements will provide long terms benefits to the wider community as well as to spectators.

3.2.5 The investment in the National Stadium (in addition to the £120 million lottery grant paid in 1999) will provide a considerable boost to the regeneration of the Wembley Estate, a key regeneration priority. The London Development Agency, on behalf of the Mayor, will lead on the regeneration of the surrounding area building on previous work carried out by the Wembley Task Force.

3.2.6 The OGC completed a Gateway Review of the project in March. This concluded that the project was ready to proceed to financing. WNSL have agreed that the OGC will be invited to conduct further reviews as the project proceeds.

### **3.3 Architecture and Historic Environment**

#### *Stonehenge*

3.3.1 The Department has earmarked up to £10m in 2005-06 towards the cost of building new visitor facilities at Stonehenge. These, together with other developments at Stonehenge, will improve the visitor experience and contribute to a wider understanding of the significance of the stone circle and surrounding World Heritage Site.

### **3.4 Administration Capital**

3.4.1 The investment programme for the next three years will contribute to the efficient operation of the Department and the delivery of the Department's e-business strategy in support of the Prime Minister's target for all government services to be available online by 2005.

3.4.2 Proposals for investment include:

- regular replacement of desktop PCs and investment in other IT hardware to reduce machine failures and maintenance costs and increase business effectiveness;
- network and application development to reduce level of failures and downtime and to improve effectiveness of business processes;

- development of websites and infrastructure to support operational needs and wider e-business targets;
- implementation of Electronic Document and Records Management as part of e-business strategy and to meet Modernising Government White Paper 2004 target.

### **3.5 Private Finance Initiative**

3.5.1 The Department and its sponsored bodies are alive to the opportunities provided by the Private Finance Initiative, in particular its scope for providing better managed procurement and for transferring to the private sector those risks that the public sector does not have the expertise to manage so successfully. Sponsored bodies are encouraged to identify opportunities and implement projects. Projects agreed to date include:

- British Library Catering project, for the provision of catering services, including equipping of the catering facilities. Private Sector Capital Investment - approximately £1m in fixtures and fittings;
- The Royal Parks, restoration and catering facilities at Pembroke Lodge. Private Sector Capital Investment - £1m.

3.5.2 The Department's sponsored bodies have been engaged in the Wider Markets Initiative for a number of years, mainly through use of collections and buildings to generate additional income through activities such as corporate hospitality events.

### **3.6 Local Authority PFI Credits**

3.6.1 Our baseline of £30m per annum has been increased for 2004-05 (£55m) and 2005-06 (£65m). Demand for DCMS PFI credits has also increased with 17 first stage applications having been received for 2004-05. There has also been a marked increase in demand from authorities wishing to combine sports/library/community facilities with school PFI schemes and we would expect to support a number of these working in close partnership with DfES.

3.6.2 The Department's increased allocation for 2004-05 and 2005-06 will allow us to support a broad range of projects that will further support the delivery DCMS aims, objectives and strategic priorities.

3.6.3 Examples of the types of projects the department expects to support over the next 2 years, subject to Ministerial approval, are:

- 2/3 projects that will provide new sports and leisure facilities across the country to replace old and outdated swimming pools, sports centres, athletics stadia etc. The department will prioritise those projects that provide innovative solutions to increasing participation by the local community, particularly young people and socially disadvantaged groups. We will also be looking for projects that involve a broad range of partnerships with the local community and seek to

provide integrated sporting/health/leisure services as far as possible;

- 2/3 projects that will provide new library services linked to other community facilities such as lifelong learning centres, meeting and performance spaces, community information and customer service centres. We will also work closely with other Government Departments such as ODPM to support projects that meet combined departmental objectives. An example of this is a proposed new central library with 4 new branch libraries that all have integrated One-Stop-Shop facilities linked to customer service centres. If successful, the project is likely to be allocated PFI credits by both DCMS and ODPM;
- 4-6 projects that will provide a wide range of services directly to local communities from new or refurbished school premises. Working closely with DfES the department will support projects that provide innovative solutions to delivering enhanced services such as public libraries, swimming pools, sports facilities, performance and arts facilities by encouraging local communities to make greater use of school premises.

## SECTION 4: DELIVERY AND SYSTEMS

### 4.1 Delivery through others

- 4.1.1 Projects are delivered in the main by bodies sponsored by the Department or other organisations in receipt of funding from the Department. Since the Comprehensive Spending Review in 1997-98 the Department has been working to develop a more strategic relationship with its sponsored bodies through the introduction of three year funding agreements linking government investment to outcomes and more recently through the development of a new control regime which is less bureaucratic and more focussed on delivery. This is currently being rolled out to NDPBs as we agree with each of them a new Management Statement and Financial Memorandum which clarifies roles and responsibilities and removes outmoded controls on expenditure decisions by sponsored bodies.
- 4.1.2 We are building on this by taking forward the conclusions of a study carried out recently by the Department, the Treasury and the Centre for Management and Policy Studies. This study looked at how we can make the Department's relationship with our sponsored bodies more strategic, concentrating on the delivery of the Government's key priorities and allowing sponsored bodies as much freedom as possible to conduct their core business as they see fit. Work has started on developing recommendations to improve the way we work with our sponsored bodies.

#### *Relationship with Office of Government Commerce and use of the Gateway Review Process*

- 4.1.3 The Department has established a strong strategic relationship with the Office of Government Commerce. Gateway Reviews have been applied to some high profile construction projects such as the Commonwealth Games, new National Stadium and the British Library Conservation Studios. IT projects subject to Gateway Review include Culture on Line, British Library Integrated Library System and British Library In Place.
- 4.1.4 OGC are also working with the Department to prepare a package of project working training for all staff including Senior Responsible Owner training for the top team and other senior managers.
- 4.1.5 The Department is associated with a number of significant projects of national and international importance and while these are not directly managed by the Department it is one of our strategic priorities to ensure that they are delivered successfully. Following the National Audit Office Report of 9 January 2000 "The Millennium Dome" and its subsequent report of 17 April 2002 "Winding up the New Millennium Experience Company" which identified lessons learnt from the Millennium Dome project a study was undertaken by an OGC consultant to investigate the potential for adapting central civil government best practice guidelines to assist in the management and monitoring of major projects for which the Department retains an ongoing interest or has residual responsibilities following delegation to sponsored bodies or other bodies. This has resulted in a number of recommendations in relation to the Department's role as project sponsor; the wider use of the Gateway Review Process including in relation to new lottery projects; the need for clear responsibilities for projects funded from multiple sources; and embedding best practice and achieving a culture of successful

project delivery, project sponsorship and project monitoring.

#### *Evaluation and appraisal*

- 4.1.6 Capital projects are subject to an appraisal in accordance with the principles set out in HM Treasury's "Appraisal and Evaluation in Central Government: Treasury Guidance" second edition issued in 1997 (the Green Book), which is currently under revision. DCMS also has its own guidance "Optional Appraisal of Expenditure Decisions: A Guide for the Department for Culture, Media and Sport and its sponsored bodies" issued in March 2000 which complements the Treasury guidance.

#### *Design Quality Indicators*

- 4.1.7 The Construction Industry Council (CIC) has developed "Design Quality Indicators" to measure design quality input. They look at design in its widest sense - not purely the aesthetics of the project - to measure functionality and quality of build as well as appearance. The CIC formally launched a pilot scheme on 8 July which will inform OGC decisions on whether new departmental capital projects above an agreed gateway should use the DQI process.
- 4.1.8 As lead Department on the Better Public Buildings Group we were instrumental in signing up other government Departments to the DQI pilot. On the DCMS front we are looking to encourage the BBC, new building at Portland Place, and English Heritage, Stonehenge Visitor Centre to participate.
- 4.1.9 The cross cutting review of public space, announced by the Chief Secretary to the Treasury in June 2002, will also be promoting the use of DQIs.

#### *Community Sports Facilities*

- 4.1.10 We plan to deliver the Community Club Development Fund by establishing a fund management group of National Governing Bodies representing a small number of popular and well-managed sports to agree the criteria and processes for the allocation of funding. Sport England will also be represented on the management group. Once the funding criteria are agreed, Sport England will be responsible for distributing funds in consultation with the full management group. We will seek to define funding criteria rigorously to ensure that the desired outcomes of the programme will be achieved.