



House of Commons
Culture, Media and Sport
Committee

DCMS Annual Report: Work of the Department in 2002–03

Second Report of Session 2003–04

*Report, together with formal minutes, oral and
written evidence*

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The Culture, Media and Sport Committee

The Culture, Media and Sport Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Department for Culture, Media and Sport and its associated public bodies.

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1 Introduction

1. The Committee agreed to consider the Department for Culture, Media and Sport Annual Report 2003 in order to assess overall performance in 2002-03 as well as the quality of the Department's reporting to Parliament and public on its activities and impact. We took evidence from the Rt Hon Tessa Jowell MP, Secretary of State for Culture, Media and Sport, Ms Sue Street, Permanent Secretary, and Mr Keith Smith, Head of Finance and Planning Division, Department for Culture, Media and Sport (DCMS) on 2 December 2003.

2. The oral evidence session was based on the Department's Annual Report itself and a supplementary memorandum from the Department in response to questions from the Committee. We benefited from analysis of the DCMS report by the Clerk's Department Scrutiny Unit which gave rise to the questions for written answer from the Department.¹ We have focused on the Department's reporting of performance against its main aim, top priorities and Public Service Agreement targets as well as areas of recent interest to the Committee (as reflected in past Reports).

2 Annual Report 2002-03: overview

3. The Department for Culture, Media and Sport published its Departmental Annual Report (DAR) in May 2003, covering the previous financial year.² Much of the analysis of performance within the DAR is against targets contained in the 2001-04 Public Service Agreement (PSA) agreed with the Treasury in the Spending Review 2000.³ The next PSA, covering 2003-06, was agreed as part of the 2003 Spending Review and the targets within this process were also set out in the DAR.⁴

4. According to the introduction to the annual report, the primary aim of DCMS is:

to enhance people's lives by supporting and promoting a wide range of activities' within areas which 'people care passionately about such as sport, art, music, theatre, historic buildings and good design, where they are going on holiday and what they watch on TV.'⁵

5. Sitting underneath this aim, since 2001-02, there are four strategic priorities (said to underpin the Public Service Agreement and form the basis of policy development).

1 The written and oral evidence is set out at the back of this volume.

2 Department for Culture, Media and Sport Annual Report 2003 (hereafter the "DCMS Annual Report") Cm 5920

3 http://www.hm-treasury.gov.uk/spending_review/spending_review_2000

4 DCMS Annual Report p 34

5 DCMS Annual Report p 28

<p>Children and young people: 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.</p>
<p>Community: opening up our institutions to the wider community, in order to promote lifelong learning and social cohesion.</p>
<p>Economy: maximising the contribution which the tourism, creative and leisure industries can make to the UK's economy.</p>
<p>Delivery: modernising the way we deliver our services, by ensuring our sponsored bodies are set and meet targets which put customers first.</p>

6. DCMS works with around 66 Non-Departmental Public Bodies (NDPBs) and with the local authorities of England who provide many cultural and leisure services. Over 95% of the DCMS annual budget is allocated directly to NDPBs and, in 2002-03, and there is a separate volume of the Report which concentrates on the work and finances of the sponsored bodies.⁶

7. Underneath the four strategic priorities, the Department has set six objectives and associated performance targets intended to span the work of DCMS, and form tools with which to measure performance. The Treasury has provided guidelines on how to set appropriate measures of progress and a Treasury checklist of effective measures is appended to this Report. The DCMS targets are set out below:

<p>Target One: To ensure all public libraries have internet access by the end of 2002.</p>
<p>Target Two: To introduce at least 12 Creative Partnerships by March 2004, targeted at deprived areas, ensuring that every school child in the Partnership has access to an innovative programme of cultural and creative opportunities.</p>
<p>Target Three: To raise significantly, year on year, the average time spent on sport and physical activity by those aged five to 16.</p>
<p>Target Four: To increase the numbers of children attending museums and galleries by a third by 2004.</p>
<p>Target Five: To increase by 500,000 by 2004 the numbers of people experiencing the arts.</p>
<p>Target Six: To conduct a value for money study of the organisations sponsored by DCMS by April 2002, significantly improving the average performance by 2004.</p>

8. The Secretary of State told us that, in view of the breadth of DCMS responsibilities, PSA targets were needed that drove the key departmental priorities.

‘if you take a department like mine which famously covers everything from the Tote to the Tate, what is it centrally about?’ My department is about enriching people’s lives and particularly enriching the lives of young people who may well be shut out from those opportunities by virtue of deprivation and other lack of opportunity. That sits right at the centre. I want PSA targets that are going to capture our performance against the things which are central to what my department does. We have four strategic priorities that focus on young people, on communities, on our support for the economy through productivity growth and tourism, creative industries and media and a fourth strategic priority which is focused on improving the delivery, our performance as a department and in turn the performance of our non-departmental public bodies. What the PSA targets do is to try to give turbo charge and focus to those strategic priorities.’⁸

9. The inter-relationship of aim, priorities and targets are therefore important and can be set out as follows:

Aim	Priorities	Targets
Enhancement of life by support and promotion of activities in the areas of: sport, art, music, theatre, historic buildings & good design, where people go on holiday and what they watch on TV	Enhancing access to a fuller cultural and sporting life for children and young people	Establishment of Creative Partnerships Increase of time spent on sport by 4-16 year olds
	Opening up institutions to the wider community to promote lifelong learning and social cohesion	Increase in numbers of children attending museums and galleries Providing internet access through public libraries Increase the number of people experiencing the arts
	Maximising the contribution which tourism, creative and leisure industries make to the UK’s economy	Conduct Value For Money studies of DCMS’ NDPBs and significantly improve average performance (given the responsibilities of the many DCMS NDPBs, this target also applies to priorities 1 and 2)
	Modernising the delivery of services by ensuring sponsored bodies are set and meet targets which put consumers first	

7 A Bill to privatise the Tote is currently before Parliament; the Horserace Betting and Olympic Lottery Bill.

Achievements

10. In the executive summary of the DAR, the Department sets out some of what it regards as the highlights of the work it carried out in 2002-03. These include both outcomes and processes and are: the programming of the Queen's Golden Jubilee events; the staging of the Commonwealth Games; the provision of internet access through public libraries; the first full year of free admission to DCMS – sponsored museums and galleries; the establishment of the First Light programme by the UK Film Council; the establishment of 16 Creative Partnerships; the publishing of the Communications Bill and the Licensing Bill and the preparations for the draft Gambling Bill; and the launch of an initiative aimed at reducing micro-management and giving more strategic direction of the Department's sponsored bodies – known as the 'Touchstone' programme.

Expenditure

11. A summary of the totality of the public's money for which the DCMS has direct or indirect responsibilities – public expenditure from the Exchequer, resources for good causes raised through the National Lottery, and the BBC Licence Fee – is set out below.

2002-03	amount (£)
<i>Summary:</i>	
Total public expenditure	1,211,225,000
Amount drawn down from the NLDF	1,892,799,000
Resources for the National Lottery Distribution Fund (NLDF)	1,591,781,000
BBC Licence Fee	2,658,500,000
Total	7,355,305,000

<i>Breakdown:</i>	
Total Exchequer spend	1,211,225,000
Museums, Galleries and Libraries	388,154,000
Arts	291,152,000
Historic Buildings, Monuments & Sites	148,287,000
Broadcasting & Media	113,073,000
Sports	109,764,000
Tourism	69,952,000
Administration & Research	37,872,000
The Royal Parks	25,637,000
Spaces for Sport & Arts	10,100,000
Listed Places of Worship	8,453,000
Gambling, Licensing & horseracing	1,999,000
Queen's Golden Jubilee	3,722,000
National Lottery Commission	35,000
Commemorative Services and Royal Funerals	2,772,000
Culture Online	253,000
Income to the National Lottery Distribution Fund (NLDF)	1,591,781,000
<i>Amount drawn down from the NLDF</i>	<i>1,892,799,000</i>
New Opportunities Fund	367,000,000
Community Fund	352,214,195
Sport England	307,958,000
Heritage Lottery Fund	264,828,307
Millennium Commission	190,477,000
Arts Council England	178,533,056
NESTA	95,000,000
UK Sport	25,842,042
UK Film Council	24,497,524
Sports Council for Wales	20,632,199
Scottish Sports Council	17,395,791
Scottish Arts Council	15,822,048
Arts Council of Wales	15,549,008
Arts Council Northern Ireland	7,173,681
Sports Council of Northern Ireland	5,665,747
Scottish Screen	4,210,613
BBC Licence fee	2,658,500,000

Source: DCMS, 2004

12. For 2002-03, the DAR sets out estimated figures for expenditure, aggregated under five activity areas, and staff numbers, aggregated for the central department (470) and the Royal Parks Agency (249). The outturn figures for 2002-03 are set out below.

DCMS administration by activity (actual outturn for 2002-03, £ millions)				
Activity	Administration costs	Total resource & capital outturn	Administration as a % of total	Staff nos. (FTE)
Arts & culture	9	877	1.03%	113
Sport	4	140	2.8%	49
Tourism, Libraries and Communities	4	76	5.3%	47
Creative industries, Broadcasting and Gambling	6	1,920	0.31%	73
Administration	12	39	30.8%	191
Total	35	3,086	1.1%	473

Source: DCMS, 2004

3 Performance in 2002-03.

PSA Target One: To ensure all public libraries have internet access by the end of 2002

13. Performance against PSA target one, as reported in the DAR, has been good, with 99% of all public libraries in the UK offering internet access to the public by December 2002. This was achieved via a Lottery award of £120 million. The Department reports that the remaining 1% of libraries (all in England) have plans to install public internet access, but the DAR gave no indication of the schedule (beyond reference to “the earliest opportunity”) for completing coverage. There was also little analysis of where and why these ‘cold spots’ remained.⁹

14. We were interested in qualitative performance underneath the headline target: the proportion of access that was broadband or highspeed; the number of terminals within those libraries offering internet access; the charging regimes in place; and the times of the day and week when these resources were being made available to the public.

15. The DAR said that 80% of libraries offered free access; in supplementary evidence from DCMS this figure was reported as 90% for the same period. The Department said that it would like to see free access everywhere (and that its guidance contained this recommendation). DCMS, however, pointed out that the decision rested with each local Library Authority.¹⁰ We believe that this may indicate a problem with the programme design in that, while the Lottery can provide resources for accommodation improvements and equipment, the maintenance and upgrading of the network (all-important in this area of provision) will likely fall on regular budgets that may find this on-going burden difficult to sustain. Local library authorities are also responsible for opening times, including in the evenings or on Sundays, which may meet a significant need, but which have significant implications for the working conditions of library staff and overall budget pressures. The Secretary of State “shared” the Committee’s frustration that more libraries were not open on Sundays, or indeed on a 24-hour basis. She said: “The problem is funding it.”¹¹

16. In supplementary evidence, the Department told the Committee that 89% of the libraries in England provide broadband access (2Mb/s and above)¹² and that the remaining 11% are libraries “almost exclusively in rural areas which have obviously not yet been reached by broadband.”¹³ We were informed that the average ratio of public library internet terminals per head of population was approximately 1:2000.¹⁴ Unsurprisingly, the 1% of libraries that have yet to provide internet access appear to be located mainly in rural areas.

17. Although the DAR indicates impressive performance against the PSA target, we regret that this reporting was not accompanied by detailed information sufficient to inform a balanced view of the impact of the initiative – not even giving the amount of the Lottery investment involved (£120 million). In addition, we believe that the Department should not rest on any laurels provided by this Lottery investment but should act to meet the full terms of its target, looking to reach the, inevitably most difficult, last 1% of libraries. DCMS should also ensure that the programme does not lose momentum. We note that the DCMS seems to feel that the original target has been met and, as a consequence, PSA targets for 2003-2006 do not refer to the initiative.¹⁵ However, **we believe that it will be extremely important for the Department to keep the state of the People’s Network under review to ensure that the impressive performance reported in 2002-03 does not fall off over time as the “turbo-charge” effect of a specific PSA target is lost.**

10 Ev 1

11 Q 38

12 Ev 1

13 Q 22

14 Ev 1

15 Ev 1, A3

PSA Target Two: To introduce at least 12 Creative Partnerships by March 2004, targeted at deprived areas, ensuring that every school child in the Partnership has access to an innovative programme of cultural and creative opportunities

18. Creative Partnerships is a DCMS and Arts Council England programme set up with the aim of giving school children (aged five to 18) an opportunity to gain a better creative education through the forging of links between schools and cultural and creative organisations (for example theatres, TV studios, libraries, historic buildings and web designers). The partnerships aim to add value to existing initiatives by ensuring that young people have access to a number of cultural and creative programmes especially in deprived areas.

19. The DAR reported that it had exceeded PSA target two by 33%, one and a half years ahead of schedule, with 16 Creative Partnerships fully operational by September 2002. The Department told us that the National Foundation for Educational Research (NFER) had begun a evaluation of the quantitative and qualitative outcomes of the programme.¹⁶ In written evidence the Department provided us with some impressive interim indicators which shows that in September 2003 there were 81,163 pupil attendances at 1,010 Creative Partnerships projects.¹⁷ In addition, 1,982 teachers took part in a total of 9,924 hours of continuing professional development. The Department provided the figures below, which describe the perception amongst participating schools and cultural/creative partners:

- 90% of schools thought the quality of experiences for pupils was excellent or good;
- 85% of creative organisations thought the quality of experiences for pupils was excellent or good;
- 78% of teachers thought the impact on teaching staff was excellent or good;
- 77% of teachers thought the CPD opportunities were excellent or good; and
- 76% of creative organisations thought the impact on their organisation was excellent or good.

20. We welcome the performance of the Department in relation to the establishment of Creative Partnerships. We hope that the scheme continues to grow with consistent vigour. The target seems to have been met, and exceeded, with considerable ease well ahead of the deadline. This suggests there may be a need for the Department to take care to set targets which are more challenging in order to stimulate peak performance.

PSA Target Three: To raise significantly, year on year, the average time spent on sport and physical activity by those aged five to 16

21. The DCMS accepted that this target was open to interpretation and told us that it had soon been recognised that the target was much broader than the scope of potential DCMS interventions. In any case, the DAR reported that the target was not met. In fact, the average time spent on sport by the target group declined by about 2% between 1999 and

16 DCMS Annual Report p 31

17 Ev 2

2002. The DCMS, however, points to some “encouraging trends”¹⁸, notably increases in the number of pupils receiving two or more hours of physical education (PE) at school each week¹⁹ and in the number of young people taking part in sport in youth clubs.

22. These encouraging trends raised an obvious question, not referred to by the Department: whose inactivity was increasing to the point of producing an overall decline; and why? Sport England reported that, in 2002, more than half of all school children did not receive two hours of PE per week, with children in Years 7-9 accounting for a disproportionate amount of sporting time (more than twice as likely as any other age group to receive two or more hours PE²⁰). The generalisation across a ten year age bracket therefore acts to mask pronounced variations across age groups; and in particular the worrying fact that primary school children (Years 2-6) are less likely now to receive two hours of PE per week than they were in 1994.

23. The DCMS told us that recent policy developments have placed a much greater emphasis on delivering sport to children through the education system. However, in 2002 nearly 40% of PE teachers in schools regarded their facilities as inadequate (compared with 24% in 1994).²¹ The DAR, and supplementary evidence from DCMS, set out a number of initiatives which were being introduced to tackle the declining time spent on sport by young people, including investment from the Lottery and, to a lesser extent, the Government in schools’ sports and sports facilities. These initiatives included:

- a network of School Sport Partnerships (to encourage extra-curricular sporting activity);
- investment in school sports facilities;
 - £581 million from the New Opportunities Fund for young people and communities generally;
 - £130 million from the Capital Modernisation Fund for sports and arts facilities in primary schools for use by both pupils and the wider community;
 - £10 million from the Capital Modernisation Fund for enhancements to primary school playgrounds to improve levels of physical and sporting activity;
- increased cooperation with the Department for Education and Skills and, in particular, the Department of Health.²²

24. When we asked the Secretary of State about the sale of playing fields, she defended the Government’s record. Planning Policy Guidance note, PPG17 ensured that local authorities must assess the playing fields needs of their communities before considering any application to sell a playing field. Sport England must be consulted on all planning

18 DCMS Annual Report p 32

19 DCMS Annual report p 32 (quoting Sport England survey figures). Whilst this is true, the 50% increase took place from a very low base (33%) to 49%.

20 Ibid

21 Sport England: Young People and Sport in England: Trends in Participation 1994-2002, p 30-31

22 See Ev 4-5

applications affecting playing fields, and its policy was to object to proposals unless there were exceptional circumstances.²³ Tessa Jowell suggested that the sale of playing fields was a natural headline but that there were often related sporting facilities included in planned developments.

‘I would support a school’s or club’s wish to sell off a playing field if they thought they could get a better sporting deal by selling the land ... and then reinvesting the money in modern facilities. When we look, as you drew my attention to, at the very poor levels of participation that we have achieved, one of the things is that you have got to offer is good facilities for kids to take part in sport.’²⁴

25. The DCMS argue that the majority of disposals “do not harm local sports provision, since they are in the main disused, replaced elsewhere in the area, or their sale enhances sports facilities through the building of a pavilion, sports hall or the like.”²⁵ The Secretary of State told us that in 2001-02 there were 985 planning applications which involved playing fields on which Sport England had opportunity for comment. Of these:

- a) 643 were approved;
- b) 52 were approved despite objection from Sport England (about 7%);²⁶
- c) 161 were refused; and
- d) 129 remained outstanding.²⁷

26. In many circumstances we can see the advantages of replacing playing fields, vulnerable to rain, cold and short daylight hours, with all-weather, floodlit or indoor, facilities. **The Secretary of State advances an attractive argument, but we remain to be convinced—perhaps by an independent audit—that the loss of school and community playing fields, since 1997, has been outweighed by improved sporting facilities provided as part of subsequent development. The Government should, however, strongly encourage local authorities to build a presumption for this to occur into development plans.**

27. Overall, we disapprove of the reporting in relation to this target for physical activity by young people being focused on a few positive developments rather than seeking to identify the reasons for an overall decline. Combined with reference to forthcoming initiatives, this gives the reader a somewhat distorted impression. The target was missed and the report should say why and what is being done about it. This is especially important given the way

23 A number of potential gaps exist in this protection: (a) private sports grounds are excluded from referral to the Secretary of State (ODPM) on objection from Sport England (applications relating to private sports grounds have risen from 111 in 1999/00 to 306 in 2002/3); (b) a playing field is only referred to Sport England if it has been used within the last five years (local authorities may therefore close playing fields, or parts thereof, and allocate the land for different uses in local plans for after this period); and (c) current guidance defines a playing field as a marked out pitch greater than 0.4km² but, with the development of mini-soccer, the current minimum pitch size is now 0.2 and therefore a risk exists that planning applications for sites which could support mini-soccer will not be referred to Sport England because they come under the current size threshold.

24 Q 43

25 www.culture.gov.uk/sport/sporting_facilities/playing_fields.htm (2004)

26 This figure was 76 in 2002-03 – a similar proportion of total applications compared with outturn in 2001-02.

27 The National Playing Fields Association reports that the number of planning applications involving playing fields rose to 1,325 in 2002-03 and that the DCMS Playing Fields Monitoring Group, set up in 2001, has only managed to publish figures on the situation once in its lifetime.

this subject has shot up the agenda in relation to the health of the nation. In evidence, we—but not the reader of the annual report—were told that it was poor target in any case and that this had been recognised soon after it had been set. **We accept that a more focused PSA target, for the promotion of sport and physical activity amongst children, was required. We expect that the new target, and the associated initiatives and investment to which the Department refers, will stimulate increased participation in sport by young people which we believe is vital for their health and well-being.**

PSA Target Four: To increase the numbers of children attending museums and galleries by a third by 2004

28. The DCMS reported that its target for increasing the numbers of children going to museums and galleries was going to be met one year ahead of schedule. The aim had been to boost the number of children attending museums and galleries to 6.74 million by the end of 2003-04. The Department told the Committee in written evidence, in November 2003, that the outturn for 2002-03 was 7.5 million, 12% better than estimated in the DAR (published in May 2003). The DCMS also told us that the number of visits in the context of organised school groups had also increased by 200,000 on the figures for 2001-02. We believe that this target has successfully boosted performance in a policy area of key importance to the Department's overall aim and priorities. The DCMS estimated that the cost of each additional child visit generated since free access for children was introduced was about £3.80.

29. This target is set within the wider context of the initiative to establish free admission for all to the core collections of the national museums and galleries, upon which we reported in 2002. We are mindful that the success of the initiative, in terms of visitor numbers, has cost implications for the relevant institutions in terms of cleaning and maintenance, both day-to-day and longer-term wear and tear, as well as other running costs. The DCMS needs to bear in mind that success in attracting visitors, whether children or not, brings with it higher costs. The Department should look at its support for grant-aided museums and galleries and ensure that the free admission initiative does not impose an unsustainable and unfair burden on our great institutions. One alternative, which we would regret, is a significant growth in higher-priced "special" exhibitions which are not part of the free admission initiative.

30. **We recommend that the Department consider what further information (including ethnicity, socio-economic group, home town, etc.) might be collected about the children visiting the museums so that a closer analysis of trends can be carried out and any areas of weakness within the target identified and properly tackled. For this to be accomplished universally and consistently the Department would have to supply the necessary resources.**

PSA Target Five: To increase by 500,000 by 2004 the numbers of people experiencing the arts.

31. The Department reported an increase in people "experiencing the arts" of 1,272,000 which is more than double the target of 500,000 and has been met a year early. We recognise that target-setting is neither a precise science nor an easy task; however, the Department must accept some chiding for setting itself a low hurdle on this topic. We do

welcome the reported increase in numbers attracted to arts events but we question the evidence for the causality between the estimated improvement in experiences of the arts and interventions by the DCMS or its associated public bodies.

32. The Department defines “experiencing the arts” as attending at least two “arts events” in the past 12 months. In written evidence the Department clarified for us that “arts events” themselves are:

- a play or drama
- an exhibition or collection of art, photography or sculpture²⁸
- an event connected with literature
- a performance of opera/opera
- a classical music concert
- a jazz concert
- live dance, including ballet, contemporary dance, African People’s dance, South Asian dance, or some other dance
- a craft exhibition

33. The Department’s overall reporting against this target was based on surveys by the Office of National Statistics (ONS). In terms of determining the impact of DCMS interventions on the trends, the Department rested on the forthcoming results of analysis of the New Audiences Programme of the Arts Council England. The Department said many of the projects funded by this programme “have collected information from audiences which indicates whether their attendance at a NAP-sponsored event is their first attendance at an arts event in two to three years.” The DCMS memorandum went on to predict that “This will provide evidence that people are attending, who would otherwise not have done so.”²⁹ This appears to be something of a guesstimate at best and, at the moment, only a presumption as the work had yet to be completed at the time the DAR was published. We welcome the indications, arising from ONS research, that more people are attending arts events. However, we remain to be convinced that plausible methods of measuring the DCMS’ achievements against this target can be developed.

34. There does seem to be a case for the development of an arts facilities database—similar to that being developed for the sports sector—to encourage and enable people to experience the arts and for the appropriate authorities and agencies to be able to determine areas where resources might be best concentrated to develop new facilities.

28 This suggests that there may be some double-counting between targets 4 and 5 as children’s visits to a gallery may also be a factor in the increase in people’s experience of the arts.

29 Ev 7, A14

PSA Target Six: To conduct a value for money study of the organisations sponsored by DCMS by April 2002, significantly improving the average performance by 2004

35. The delivery of value for money by the DCMS' sponsored bodies is crucial. As we have noted, the 66 or so non-departmental public bodies (NDPBs) spend 95% of the Department's budget and in addition a relatively small number disburse Lottery funds each year of a value far exceeding the Department's own total annual resources.

36. The Department reported that the first part of this target was delivered on time as performance indicators (for national museums and galleries and for Lottery distributors) were developed to provide benchmarks for the first round of performance assessment in spring 2003. These included:

for museums and galleries

- Total number of visits
- Numbers of child visitors
- Numbers of visitors aged over 60
- Numbers of repeat visitors
- Numbers of web-site visits
- Numbers of UK visitors from the C2DE socio-economic groups
- Percentage of collection stored in correct environmental conditions
- Numbers of learners in on-site and outreach educational programmes
- Evaluation of overall user satisfaction
- Non-grant income per visitor
- Grant-in-aid per visitor

and for Lottery distributors

- Average cost of processing an application
- Average time taken to process an application
- Indicators specific to the different remits of the different bodies

37. Performance against these key indicators should be given on a consistent basis across all the relevant individual NDPBs in the second volume of the annual report which is devoted to the Department's sponsored bodies. This is something we would expect to see in future.

38. The Government told the Committee in written evidence that the assessment of this overall target was made by a panel comprising the 'Senior Responsible Owner' for the PSA, DCMS officials (NDPB sponsor divisions; Finance and Planning, Strategy Policy and

Delivery Division) and Treasury officials.³⁰ The panel met to consider both quantitative data for the indicators and qualitative data drawn from work with the key sponsored organisations. The Department asserted that the panel's "clear view" was that significant improvement across the range of indicators (set out below) had been made. We note that the panel's assessment, as quoted by the Department, found:

for museums and galleries

- a) quality had been maintained in the context of a strong increase in visitor numbers which has reduced the level of grant-in-aid per visitor;
- b) increasing visitors from the C2, D and E socio-economic groups remained a challenge; and

for lottery distributors

- c) there was evidence that improvements could be made in the level of costs per application when effort is focused on particular problems (and the Department should consider whether further encouragement is required).

39. The Department has decided that the panel should also address the question of what defines a "significant improvement" for each sponsored body individually, adopting a more sensitive approach to monitor progress and help identify issues of concern. This has the potential to encourage improved performance by sponsored bodies but we would be concerned if an individual and sensitive approach to performance assessment resulted in the cherry-picking of isolated achievements to the detriment of clear reporting on the aim of achieving an "average" and "significant" improvement by 2004.

40. The report states that reform of the British Library, the British Museum, the BTA and ETC, English Heritage, Sport England and the Arts Council of England has taken place, or will take place, in 2003-04. The Committee is aware that these planned reforms have made a lot of progress and we will be interested to examine this next year.

Performance of the Department in areas not covered by PSA targets

Communications

41. In the last year, the Department has delivered the Communications Act 2003, along with the Department for Trade and Industry. The Committee recognises that this is a significant achievement. The Secretary of State told us that so far:

"The progress that Ofcom has made has been very good indeed. Vesting day is 29 December at which point they will take over all the functions of the component regulators. David Currie is providing outstanding leadership to Ofcom. I think he has assembled in the chief executive and the management board people of outstanding quality, including some of the very bright stars from my own department."³¹

30 Ev 9-10

31 Q16

42. We are encouraged by these words and hope very much that Ofcom will become a successful regulator of the communications sector. This Committee will take an active role in the scrutiny of Ofcom and has already taken evidence from Lord Currie, Chairman and Stephen Carter, Chief Executive, on 16 December 2003 in relation to Ofcom's preparedness and the ITV merger.

43. We note that Communications Bill was published in draft for pre-legislative scrutiny, a consultative process which clearly helped improve a complex bill. This approach has also been adopted with respect to the Gambling Bill. We hope that other DCMS-sponsored bills will also be published in time for pre-legislative scrutiny but recognise the apparent shortfall in Parliamentary Counsel.

Creative industries: film

44. The Communications Act included a clause relating to the exhibition of British films by British broadcasters. The Secretary of State described it as:

‘a requirement on all public service broadcasters to promote – I cannot recall the exact wording of the Act in relation to this – British film in their scheduling. You are right to say that that is a first. We have done a second important thing to promote film and that is through the review of programme supply, freeing up the whole issue of possession of rights to the advantage of the independent production companies.’³²

We welcome this provision within the Communications Act and hope that the Department, in concert with Ofcom and the broadcasters, will act to ensure that the expectations of real benefits for British film production that have been raised are actually realised.

45. As this Report was being considered, the Inland Revenue announced that the Government was moving to tackle schemes which it described as exploiting tax reliefs intended for trading losses in partnerships.³³ These changes have had an immediate adverse effect on the British film-making sector in ways that appear not to have been foreseen sufficiently by either the DCMS or the Treasury.³⁴ As we discussed in our Report on the British film industry, a number of film finance companies use what were formerly generally accepted accounting principles (GAAP) to write off production costs as tax losses rather than engage with the film-specific Section 48 tax break.³⁵

46. The UK Film Council has been reported as describing this development as “a crisis but not the end of the world”.³⁶ Its formal response has been to emphasise the need for the evolution of the Section 48 tax relief; a speedy announcement of which we recommended strongly last year. In addition the Council said that discussions would take place with Government to: “protect films currently going into production where complex co-

32 Q19

33 Inland Revenue Press Release 08/04, 10 February 2004

34 Variety.com, 10 February 2004

35 Culture, Media and Sport Committee, Sixth Report of the Session 2002-03, *The British Film Industry*, paragraph 78.

36 Variety.com, 10 February 2004

financing arrangements have been put into place in good faith by bona fide industry investors before yesterday's changes were announced."³⁷

47. We note the reference, in the Chancellor's Pre-Budget Report Statement on 10 December 2003, that the Treasury "will also consider the right incentives to support one of our great British creative industries: British Film".³⁸ We urge the Treasury, Inland Revenue and the DCMS to liaise closely on the overall impact of tax changes for the film industry to avoid destabilising existing, and planned film projects, before the "right incentives" can be introduced. We hope such liaison can lead to an appropriate and encouraging incentive that will keep the industry buoyant after a very successful year. We look forward to the implementation, in the forthcoming Budget Statement, of an extension or evolution of the Section 48 tax break for smaller (i.e. British) film productions in order to boost an important sector within the DCMS' remit which attracts a significant amount of inward investment to the UK. It would be frustrating if potentially unintended consequences of accounting rule changes were to damage film production in the UK before the policy vacuum created by the imminent sunset of Section 48 could be tackled.

The Olympics

48. As the Committee has stated in previous reports,³⁹ we feel that it is vitally important that the Department is aware of and prepared to deal with all the implications of bidding for the Olympic Games in 2012. We were reassured by the following statement from the Secretary of State, in oral evidence; about the planned new athletics stadium:

‘What I hope we will do is establish a lease with a football club. I am absolutely clear that if we host the Olympics, we invest in the facilities, then they are all scaled to long term reasonable levels of use and we are not saddled with any white elephants. I do not think this will be the case but I would rather we construct a stadium for the duration of the Games and then take it down than be saddled with public sector costs for maintenance that could run into millions of pounds every year.’⁴⁰

49. We again urge the Government, as we did in our previous Report,⁴¹ that a Minister (located in the Cabinet Office or Number 10) should be responsible for leading the coordination of arrangements across all the relevant Government departments for delivering the Olympic bid and Games and working with London 2012, the LDA, the GLA and other stakeholders.

Use of resources: administrative effectiveness and costs

50. The DAR shows the administration budget of the Department to have increased by approximately 25% compared to last year, with a planned increase for next year of a further

37 UK Film Council, press release published on 11 February 2004

38 HC Deb (10 December 2003) Column 1064

39 Culture, Media and Sport Committee, Third Report of the Session 2002-03, *A London Olympic bid for 2012*, HC 268.

40 Q57

41 Culture, Media and Sport Committee, Third Report of the Session 2002-03, *A London Olympic bid for 2012*, HC 268. Recommendation (vii) paragraph 35.

10%. Staff numbers (reported in staff years) increased by 12% this year, and are planned to increase by 1.5% next year. The Department has told us, in written evidence, that the actual increase in the administration budget is close to 11% (£3.3 million). The figures had been distorted by £4million, unspent in 2001–02, being rolled over.⁴² We were told that the additional expenditure has funded:

- machinery of government changes;
- an increased contribution to the Government Office Network;
- IT developments (Freedom of Information Act measures, business continuity, data protection and electronic records management);
- increases in the Department’s analytical capacity;
- the short term acquisition of additional accommodation to house staff transferred under machinery of government changes, plus increased costs relating to existing accommodation; and
- the costs of work undertaken on a number of items of new legislation, which also increased substantially the departmental requirement for legal services.⁴³

The proposed increase of 10% in 2003–04 includes £5 million, agreed by the Treasury, to help with a longstanding problem of the Department’s administration costs since formation in 1992. This was of concern to us and prompts us to ask why has the Department failed to tackle these longstanding problems before now?

51. The Department does not mention in the Report, but has told the Committee, that external consultancy services have been used by DCMS. Spending on these services was £358,000 in 2001–02, £595,000 in 2002–03, and is expected to be £540,000 in 2003–04 and £440,000 and £340,000 in the following two years respectively. We were concerned by the amount of money that has been, and will be, spent on Departmental administration and external consultants without it being clearly and transparently spelt out in the Annual Report.

Sponsored bodies

52. As we have noted above, a significant feature of DCMS activity is the large number of sponsored bodies for which it has responsibility and the high proportion of the Department’s annual budget that is passed over to these NDPBs as grant-in-aid.⁴⁴ The amount of grant-in-aid received by each body from the Department is shown in the DAR.⁴⁵ The sponsored bodies perform a number of functions ranging from ‘strategic leadership of whole sectors, to regulation, grant giving and the provision of specific customer services’.⁴⁶

42 Ev 15

43 Ev 15

44 DCMS Annual Report p 29

45 DCMS Annual Report p 80-82

46 DCMS Annual Report p 29

The Department has funding agreements with each of its sponsored bodies within which targets for performance are agreed to ensure DCMS policy is effectively delivered. Through PSA target 6, the Department has acknowledged the importance of achieving value for money from the Department's investment in sponsored bodies and aims to improve significantly the average performance of NDPBs by 2004.

53. In 1999, the Committee reported on DCMS and its quangos.⁴⁷ Within that report, the Committee welcomed the introduction of funding agreements between the Department and its sponsored bodies and we welcome evidence that the relationship between parent department and sponsored bodies continues to be the subject of consideration and development. The Committee also highlighted the need for the appointments to quangos to be as swift as fair procedures permit. We are encouraged to see that 80% of appointments are now completed within 15 weeks.⁴⁸

54. In 2003, DCMS reported on improving delivery within the organisations sponsored by the Department, within DCMS itself, and in the interface between the Department and NDPBs. With the introduction of the Touchstone project DCMS aims to bring about 'cultural change' within the Department, giving 'less micromanagement and more strategic direction' to the work of the Department and the NDPBs for which it is responsible.⁴⁹ The Department told us, in written evidence, that efficiency within DCMS has been increased via 'centralisation and streamlining' of core functions, for example: public appointments (80% of appointments are completed within a 15 weeks target by 11 staff); externally revised and simpler funding agreements linked to specific outcomes; and the establishment of an NDPB helpdesk.⁵⁰ There has been progress towards meeting this target (outlined above) and the Committee is encouraged to see that the 2003-06 PSA continues to tackle this area by the setting of PSA target 4. **We believe that effective management of the Department's sponsored bodies is crucial to the overall success of DCMS in implementing its policies and meeting its PSA targets in the future.**

Sustainable Development

55. The Environmental Audit Select Committee published a Report on "Greening Government" on 5 November 2003. The Report raised concerns regarding central Government departments' sustainable development and the need for them to reduce their environmental impact through policy making and operational management. The DCMS has been specifically identified within a number of recommendations of the report.⁵¹ Comments about DCMS include: disappointment with the quantum of staff resources allocated to dealing with sustainable development; the need for a separate SDU or division to deal with these issues; and the lack of priority placed by the Department upon environmental objectives. The Secretary of State, in oral evidence, told us that "as a department, we took the criticisms of the Environmental Audit Committee very seriously

47 Culture, Media and Sport Committee, Sixth Report of the Session 1998-99, *The Department for Culture, Media and Sport and its quangos*, HC 506-1

48 Ev 16

49 DCMS Annual report p 56

50 Ev 16

51 Environmental Audit Committee, Thirteenth Report of the Session 2002-03, *Greening Government 2003*, HC 961. Recommendations 3 (paragraph 19), 4 (paragraph 20) and 9 (paragraph 32)

indeed.”⁵² **We hope that this will be translated into positive action. We were pleased to hear that a sustainable development strategy would be published in January 2004 and delighted to see it on 4 February.**⁵³ **We were encouraged that the Department has nominated Estelle Morris as its Green Minister**⁵⁴ **and has appointed a director at board level to champion environmental issues.**⁵⁵

4 Reporting

56. The Department has chosen to report its achievements over the period from April 2002 to March 2003 through an annual report which is pleasing to the eye. The DAR includes a large number of colourful and varied pictures which visually demonstrate the achievements of the Department. The DAR goes on to report, using narrative and figures, a more detailed explanation and analysis of its work over the year. Chapter 1 (Delivering our objectives) states the key objectives of the Department and reports on progress that has been made towards all six PSA targets individually. It then goes on to set out work done towards the Department’s four strategic priorities (Children and young people; Community; Economy; and Delivery), reporting in more detail the specific schemes and bodies and their work that have contributed to achievements in each strategic area. Chapter 2 (Managing our resources) ‘sets out key information on the internal management of DCMS’⁵⁶ and gives an update on Public Accounts Committee reports that relate to the Department. This Chapter reports on (using data and description) staffing matters, investment, internal audit, and Public Accounts Committee recommendations. It sets out in tables the DCMS public spending, administration costs, detailed allocations, capital employed and a forecast of indemnities.

57. We have looked at the achievements of the Department in 2003 through the reports of the Committee, through written evidence from the Department and through the DAR. The achievements of the Department have been significant. However, the Committee have some concerns about the reporting of these achievements, which are outlined below.

58. We found that, whilst reading and analysing the DAR, we were unable properly to scrutinise statements made and figures quoted because of the lack of information available within the report to substantiate claims. Some statements (for example when reporting success against PSA targets) needed more information and we requested much of this through written questions put to the Department (appended to this report). The detailed information provided for the Committee may not have been of interest to all readers of the DAR but the use of footnotes could avoid the problem of too much information in the body of the report. **We recommend that the Department provides more detailed supporting evidence within their annual report in future years (or at least point the reader to data that is available elsewhere) to show clear analysis of performance and**

52 Q 2

53 Q 2

54 Q 2

55 Q 5

56 DCMS Annual Report p 66

make possible the effective scrutiny of targets without the need to request additional information.

59. The Department has told the Committee that PSA target three was considerably broader than the scope of DCMS interventions and that it proved difficult to assess the extent to which those interventions were responsible.⁵⁷ This statement suggests that the target was not well set by the Department and that it was not able properly to assess the effect that DCMS initiatives and investment had on the amount of time that school children spend on sport. The Department also reports that PSA targets two, four and five have all been met and exceeded.⁵⁸ It is encouraging for the Committee to see the attainment of targets by the Department but this should not be at the expense of us losing faith in the Department to set targets that are not too easily obtainable and do not falsely inflate the success of the DCMS. This causes the Committee to have concerns that the Department is not always able to set appropriate targets which promote performance as desired. **The Committee recommend that increased care and attention is paid to the process of setting targets so that the Department does not lose the confidence of stakeholders or interested parties in the reporting of its achievements.**

60. In relation to target two (Creative Partnerships), the Department does not provide any detailed information about achievements and it is unclear to the Committee from the report how the Department is able to set the target for 2006 (of doubling the number of schemes) when data will not be available from the National Foundation for Educational Research until March 2004.⁵⁹ The Committee is concerned that the Department has not collated sufficient information to be properly informed about how many more Creative Partnerships are sustainable and this leads us to doubt the ability of the Department to be able to set a reasonable target for the future. This indicates to us that there may be a lack of reasoned argument (or any that is available is not included within the report) in relation to the setting of this future target. **We recommend that the Department, in future, commissions research into and only set targets where they can and do show solid reasoning for doing so using evidence that establishes the target as realistic.**

61. **Overall, in relation to target setting, we recommend that work with the Treasury continues so that the targets set for 2003-06 have accurate baselines and can properly be measured. We also hope that the process of target setting continues to evolve and improve so that targets do in fact ‘give turbo-charge and focus’ to the work of the Department.**⁶⁰

5 Future

62. The Department states that ‘delivery of key policy priorities and the best possible services to the public’ is their focus for the future. The DAR also emphasises the need for the Department to strengthen internal workings and the management of NDPBs. This focus has been translated primarily into the 2003-06 Public Service Agreement between

57 Ev 3

58 DCMS Annual Report pp31, 33

59 DCMS Annual Report p 31

60 Q 28

DCMS and the Treasury that includes three key objectives and four specific performance targets (outlined and scrutinised in more detail below). We feel that this focus, however, must also be applied to areas of the Department's work which are not covered by the 2003-06 PSA and/or where major developments within their remit are approaching.

The 2003-2006 Public Service Agreement

63. The DCMS' objectives and performance targets for 2003-06, as set out in the agreement between Department and HM Treasury, are as follows:⁶¹

<p>Objective I: increase participation in culture and sport and develop sectors.</p> <p><i>Strategic priorities within objective I: Enhance access to a fuller cultural and sporting life for children and young people, and give them the opportunity to develop their talents to the full; Open up institutions to the wider community, to promote lifelong learning and social cohesion.</i></p>
<p>Performance target 1: 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. Joint target with Department for Education and Skills.</p>
<p>Performance target 2: Increase significantly the take-up of cultural and sporting opportunities by new users aged 20 and above from priority groups.</p>
<p>Objective II: develop appropriate regulatory frameworks that protect consumers' interests and improve the productivity of our sectors.</p>
<p>Performance target 3: Improve the productivity of the tourism, creative and leisure industries.</p>
<p>Objective III: modernise delivery to the customer by ensuring that the Department and its sponsored bodies improve performance and pursue institutional excellence.</p>
<p>Performance target 4: Improve significantly the value for money of the Department's sponsored bodies measured by a matrix of NDPB indicators.</p>

64. The Department provides more information about the delivery of the above objectives in the 2003-06 Service Delivery Agreement.⁶² This includes information about the programmes that will be put in place and baselines against which success will be measured. We note that the National Audit Office has been asked to make an assessment of the systems that departments put in place to measure performance against their PSAs. We regard this as a very worthwhile exercise.

65. We hope that scrutiny of these targets by the Committee and others will have a positive effect on their evolution as clear, reasonable and challenging, encouraging the Department

61 <http://www.hm-treasury.gov.uk/performance/DCMS.cfm>

62 <http://www.culture.gov.uk/NR/rdonlyres/evpow7odpu62yhpygc4alpc2rhhtoief52ykjexhyhsg6255hsv2wxkfxps224byuzek5mejo5glires6kiny3yv7od/dcmsSDA200306.pdf>

to achieve greater success in performance but also to remain mindful of the need for rigorous reporting, to Parliament, public and other stakeholders, of both successes and areas where more needs to be done or a different approach needs to be taken.

Target One: To increase the percentage of school children who spend a minimum of 2 hours on high-quality PE and school sport within and beyond the curriculum from 25% in 2002 to 75% in 2006

66. The Department has set its new PSA target for 75% of all school children to receive at least two hours of “high-quality” PE a week by 2006 from a baseline of 25% in 2002. We were told by the Secretary of State that the Prime Minister’s Delivery Unit had recently set a different baseline of 30%, which is the level which had been reached since 2002 “through the implementation of school/sport partnerships”.⁶³ We have noted the Department’s concern that the last target, of raising significantly average time spent on sport and physical activity for children aged five to 16, had been over-ambitious. However we were concerned that the new target represented an unacceptable reduction of the Secretary of State’s aspirations. Tessa Jowell argued that the new target was an improvement:

“The new target, which is currently owned between my department and DfES, and monitored by the Prime Minister’s Delivery Unit, has a major new structure underneath it through the creation of school sport partnerships. If I can focus on the new target rather than the old target, it is the new target which is now driving the joint work between my department and ... [DfES]. We are now, as of this moment, at about the point where 30% of children in primary and secondary schools are spending at least two hours a week on quality sport or physical activity. ‘Quality’ because it is being delivered under the direction of somebody who is properly trained, a professional in physical education; properly delivered because, as our coach education programme comes on stream, coaches will be going into schools to work with young people. It is coherent because it works on a pyramidal structure where you have a specialist sports college which acts as the hub.”⁶⁴

67. The ownership of the target by DCMS and DfES, and the monitoring by the Prime Minister’s Delivery Unit, suggests to us that the Government place great importance on reaching the target and we hope this means that sufficient research has been done to ensure that the required level of performance for delivery is reasonable yet challenging. The Secretary of State, when questioned, was confident.

“The money is here. We have a delivery mechanism. This is working. It is already working in a third of the country and we intend with the resources available to us that this benefit will be extended to children in 75% of the country. That is our absolute intention. I am confident that we have the means, both in terms of organisational design, skill and money, to do that.”⁶⁵

68. In a supplementary memorandum, the Secretary of State outlined the overall strategy for delivery of the new target on which £1 billion will be spent by 2006 increasing

63 Q 33

64 Q 31

65 Q 36

participation in sport with the associated aim of tackling predicted increases in childhood obesity. However, we were very concerned that about 90% of this money does not yet seem to have been allocated for actual use since its announcements first in 2000. There is a general consensus that encouraging children to engage in sporting activities, and sustain that interest throughout school and beyond, will be a vital strand in the fight against childhood obesity with many estimated benefits for quality of life as well as the future workload of the NHS. **Judging by the confidence of the Secretary of State, we expect that the Department will meet this important target for promoting sport amongst young people and we recommend close monitoring of progress over the next three years as success in this area is of very great importance to the health and well-being of the nation's children.**

Target 2: To increase the take up of cultural and sporting opportunities by new users aged 20 and above from priority groups

69. The Committee are encouraged that the Department has set a target focused on the cultural and sporting activities of those over the age of 20 as this is an important area of the Department's remit and must not be neglected. It is a matter of consensus that there is a significant drop-off rate in both sporting and cultural activity once people have left full-time education and the opportunities more easily provided therein. We hope that the new target for 2003-06 and the redefining of Sport England's responsibilities will mean that they (along with the cultural bodies also involved) can focus on increasing participation within the specified age group especially from priority groups.⁶⁶

70. The Committee are encouraged by the development of a sporting facilities database, as DCMS told us:

'The good news in this is that by June next year [2004] we will have for the first time ever a nearly comprehensive database of all facilities that we are funding Sport England at the moment to compile. It is extraordinary that it has not happened until now but it is now going to happen. We should have about 90% of the information available by June and the rest of it, the last 10%, will be available in the early part of 2005. What that will mean, and this is very important as part of the practical strategy to boost participation, is that you will be able to key in your postcode and find out where the gyms, the squash courts, the playing fields, the swimming pools, are near you, and in time (I do not think you will be able to do it immediately) you will be able to book on line and so forth. We will have for the first time ever a comprehensive database of sports facilities by a little later than this time next year.'⁶⁷

This, along with the proposed creation of 3000 Community Coaches, will undoubtedly help to improve participation in sport because more help and information will be available to the public (as long as the schemes are properly promoted). The Department must also ensure that take-up of cultural opportunities by new users is tackled effectively and in a practical way. The Department proposes to meet this by enhancing the activities of a

66 Q 52

67 Q 53

number of sponsored bodies including National Heritage, Arts Council England, Resource and CABE.⁶⁸

Target 3: To improve productivity of tourism, creative and leisure industries

71. The Committee believes that PSA target three (2003-06) is vital to improving the work of the Department. The target itself focuses on a sector which is very important to the economy of the country and the largest industry under the remit of the Department. The Committee have had a number of concerns in the past about the dedication of the Department to improving and investing in the sector but feel that the inclusion of tourism and leisure within the PSA targets for 2003-06 in itself represents a very positive step in the right direction. In oral evidence the Secretary of State set out for the Committee the Departmental aims for tourism in more detail:

‘the department’s work in tourism is focused on four areas. The first is improving quality. We hope soon that there will be a licence issued for the Sector Skills Council. The second is improving the level of skill and therefore recruitment to the industry. The third is improving the quality of data for the industry and, fourthly, creating a single voice and a coherent function in relation to marketing. My department’s role is in part instrumental in relation to data and making links to other government initiatives, particularly in relation to skills, but also catalytic in seeking to get more coherence across what is one of our most disparate industries.’⁶⁹

72. In order to maximise the benefit for the sector through the target, we feel that it is critical that the target itself is appropriately worded and we have concerns about the use of the word ‘productivity’, the exact definition of it, and how it will be measured accurately to reflect actual improvements in the sector. When asked about how ‘productivity’ would be defined in relation to this target, we were told:

‘We obviously work very closely with the Treasury in relation to this. The Treasury has a model which has established five key drivers of productivity across innovation, skill, competition, investment and flexibility. When we talk about improving the productivity of the tourism industry, we are looking at achieving value added, both in relation to the contribution of individual employees and as a result of new investment as, for instance, Visit England, the website that will for the first time bring together a wide range of tourism facilities and in time will enable booking on-line. These are the ways in which we will judge whether or not we have boosted productivity.’⁷⁰

73. It seems to us that the measurement of “productivity” will be difficult and this may lead to problems in analysing and reporting on success against this target. We believe that it would be more appropriate for the target to tackle the volume or quality in the sector in order successfully to boost progress towards this DCMS objective. In our recent inquiry into the provision of support for the tourism sector, we heard that the key indicator was the

68 2003-06 Service Delivery Agreement

69 Q 7

70 Q 8

tourism 'balance of payments': the difference between the amount that UK holidaymakers spend abroad and the amount that overseas visitors spend in this country. There is a long-standing deficit which is accelerating in the wrong direction as the table below shows.

Tourism balance of payments in the UK (£ million)			
	Overseas residents' spending in the UK	UK residents' spending abroad	Balance of payments
1995	11,763	15,386	-3,623
1996	12,290	16,223	-3,933
1997	12,244	16,931	-4,687
1998	12,671	19,489	-6,818
1999	12,498	22,020	-9,522
2000	12,805	24,251	-11,446
2001	11,306	25,332	-14,026
2002	11,737	26,962	-15,225

Official Report, 19 January 2004, Column 1002W

74. We understand that the rising amounts spent by UK residents on holidays abroad partly reflect rising living standards here. However, the worrying statistic is the record of visitor spending in this country which was lower in 2002 than in 1995. We believe that meaningful targets for the effectiveness of departmental support for tourism must include reference to this ratio. **With regard to the existing PSA target for tourism, we recommend that the Department looks again, especially at the term “productivity” within it, to establish exactly how this will be measured and what baseline will be used.**

Target 4: To improve significantly the value for money of the Department's sponsored bodies, measured by a matrix of NDPB indicators

75. The Committee is happy to see that the 2001-04 targets has been extended and that the focus has not been removed from improving the management of the relationship between the Department and its sponsored bodies (through which a very large part of the DCMS budget is spent). We believe it is vital that there is further development of the measurement techniques and we hope that the establishment of a matrix system of indicators will prove to be a good measure of performance and a catalyst to increase the value for money of the sponsored bodies. **We recommend that the Secretary of State keeps a close eye on the**

reform of a number of large sponsored bodies that is being carried out now or in the near future and make sure that best practice is disseminated.

Major future developments

76. The 2003-06 PSA provides DCMS with specific objectives and performance targets to meet, encouraging better performance in these areas of the Department's work that it feels are in need of attention and improvement. We are concerned that DCMS should not focus solely on these priorities to the detriment of areas within their remit that are not covered by the Public Service Agreement. There are a number of major developments that fall within the remit of the Department which require DCMS staff and sponsored bodies to work hard and dedicate resources to, where success will not be measured against PSA targets. These include the following list:

Culture:

- Heritage conservation and protection;
- encouragement of participation in the arts.

Media:

- BBC Charter renewal;
- analogue switch-off;
- contribution to universal internet access and broadband roll out;
- Ofcom implementation.

Sport:

- Olympics
- grassroots participation in sport.

General:

- National Lottery reform

77. In relation to the above list, we were concerned that the 2003-06 PSA does not encourage enhanced performance in a number of areas. For example, heritage is included within PSA targets 1 and 2. However, within these targets the focus is on increasing public access/number of visits to heritage sites to increase the educational and cultural value for children and adults in target groups. The targets do not necessarily stimulate or 'turbo-charge' the management and protection of this country's heritage within the context of efficient and effective planning procedures.

78. The renewal of the BBC's Royal Charter, and associated Agreement with the Secretary of State, is a major project that the Department will have to administer over the next three years (with the current Charter due to expire on 31 December 2006). The renewal will involve much public consultation, already underway, and has the potential significantly to shape the future of public service broadcasting. The Committee feel that it is critical for DCMS to carry out this review to the best of its abilities and is concerned that the lack of a PSA (or one relating to broadcasting at all) could mean that resources and attention may be focused at those areas against which performance is officially measured and away from this and other topics not covered by the PSA. Much of the above also applies to the approach of digital switch-over where the target for analogue switch-off remains somewhere between 2006 and 2010. We note the Secretary of State's commitment to the necessary steps to ensure that the "challenging target" is met.⁷¹ The DCMS must continue to prepare the ground for analogue switch-off and we are, again, concerned that the subject may be in danger of falling off the agenda – due to the lack of a PSA target – to re-emerge only when a crisis occurs. Informed public awareness (which is essential to the process) should not be allowed to diminish. We hope that this is not the case and urge the Department to ensure that the public are engaged with the implications of Government policy on this aspect of broadcasting – public service of the highest importance in many people's lives.

79. The Department's contribution to universal internet access and broadband roll-out was an area covered by the 2001-04 PSA targets and we believe that this was instrumental in bringing about success in the installation of internet access in 99% of public libraries. As stated earlier in this Report, we feel it is vital that the Department does not lose momentum in this area and we hope that access to the internet and especially broadband will be made available publicly to those who do not have/cannot gain private access. We have also discussed the importance of the successful implementation of the Communications Act 2003 and the establishment of Ofcom as an effective regulator earlier in this Report.

80. Within the sporting remit of DCMS, we agree that it is very important for the Department to focus attention and resources on increasing participation in school sports and take-up by the 20+ age group as identified in the PSA targets. We also feel that it is essential for the Department to allocate time and resources to increasing participation in grass-roots sports of all types. We recognise that this is done to a certain extent through the "sporting ladder" and through the introduction of Community Coaches but we think that more needs to be done to increase participation at grass-roots levels in many sports, most importantly tackling the drop-out rate after school age. This is important for the health and well-being of children and adults but also links into the need to develop talent in all sports to achieve success at major sporting events such as the Olympics.

81. The possibility that London wins the bid for the 2012 Olympic and Paralympic Games may become a reality in July 2005. The Department has already committed significant funding to the bid and, of course, the available plans for funding the Games if the bid is won set out large sums from a variety of sources. It is essential that DCMS learn lessons

71 DCMS press release 41/03 4 April 2003. A joint ITC/BBC report set out a number of policy interventions for Government if digital take-up slowed: announcement of a firm switchover date; mandating of digital decoders in new televisions; a co-ordinated public information campaign; commitment to certain high levels of DTT coverage after switchover; growth of a "free" satellite market as a result of public service channels broadcasting in the clear on digital satellite.

from the planning for other major events (World Cup and World Championships) and especially the Manchester Commonwealth Games and the problems at Picketts Lock. **The staging of the largest international event of any kind has the potential to yield great benefits to London and the UK, but leadership, careful planning and good management are essential from the outset. The Secretary of State must be ready to ensure that this is undertaken, leading and coordinating across all Government departments and in efficient and effective partnership with the GLA, LDA, BOA, a national organising committee and other stakeholders.**

82. The Department is currently undertaking a reform of National Lottery licensing and distribution. The National Lottery generated £1,591,781,000 for good causes in 2003.⁷² This significant amount of money is allocated to good causes through 16 National Lottery distributors who are DCMS-sponsored bodies. The National Lottery Commission, responsible for awarding the National Lottery licence and for the regulation of the operator, is also a DCMS-sponsored body. The outcome of reform in this area is critical to the amount raised for good causes and the effective distribution of that money. We therefore hope that the Department dedicates appropriate resources and focus these to ensure the best possible outcome for good causes.

83. Coordinated planning across a number of these areas will be vital as the Olympics, grass roots sporting participation and the National Lottery, for example, are all linked in terms of opportunities for cross-fertilisation between objectives and resources. We will shortly be reporting specifically on the Government's proposals for reforming the Lottery and the implications of plans for the Olympic Games.

6 Conclusion

84. The Department has achieved a certain measure of success during 2002-03. Notable achievements included: free entry to national museums and galleries; the Communications Act 2003; internet access in public libraries; and increased numbers of people experiencing the arts. We believe that there are areas where performance has not met the need, for example the tourism sector and sporting activity by under-16 year olds. We note that both these areas are the subject of Public Service Agreement targets for 2003-06.

85. However, we remain to be convinced that PSA targets are a completely effective tool for measurement of departmental performance—in practice—given the drifts and shifts in priorities, baselines, and statistical presentation. In the case of the DCMS, the process seems bedevilled by the enormous breadth of the policy areas in which the Department has an interest, which seems to be in inverse proportion to the depth of its responsibilities in any one field and its capacity to intervene effectively; whether the Tate, Tote, Wembley or Wimbledon. The Secretary of State conceded that Public Service Agreements created in 1997 may have been crude measures but she said that there had been an evolution and

72 £1,591,781,000 was the income into the National Lottery Distribution Fund in 2003.

improvement of targets so that they reflected priorities better and could drive the Department's progress.⁷³

86. It seems odd, therefore, that the DCMS' key delivery targets for a period that spans, *inter alia*, such significant events as: winning—or losing—of the 2012 Olympics, BBC Charter renewal, fundamental reform of the National Lottery (a source of funds greater than the Department's own budget) and significant overhaul of arrangements for conservation and protection of heritage, do not refer to any of these important matters.

87. We have highlighted a number of specific concerns about the role of PSA targets and the need for them to be set appropriately in order actually to stimulate performance. We have also expressed concern about the fact that large areas of the Department's remit that are not covered by PSA targets and we hope that DCMS will not focus on PSA-targeted areas to the detriment of other fields. We accept that well-set PSA targets can bring about the 'turbo-charge' to specific initiatives that the Secretary of State referred to in evidence. However, we would encourage DCMS to use the PSA as a tool to improve performance across the board rather than an absolute measure of success.

88. The Permanent Secretary reported a dip in DCMS staff morale caused by outside perceptions of the Department's quality of work in the past. We believe that a genuine process of constructively critical reporting and self-analysis, leading to real improvements, would do more to boost morale within the Department than any amount of the encouragement, motivation and valuing of contributions to which the Permanent Secretary referred in evidence.

Conclusions and recommendations

1. We believe that it will be extremely important for the Department to keep the state of the People's Network under review to ensure that the impressive performance reported in 2002-03 does not fall off over time as the "turbo charge" effect of a specific PSA target is lost. (Paragraph 17)
2. We welcome the performance of the Department in relation to the establishment of Creative Partnerships. We hope that the scheme continues to grow with consistent vigour. The target seems to have been met, and exceeded, with considerable ease well ahead of the deadline. This suggests there may be a need for the Department to take care to set targets which are challenging in order to stimulate peak performance. (Paragraph 20)
3. The Secretary of State advances an attractive argument but we remain to be convinced—perhaps by an independent audit—that the loss of school and community playing fields, since 1997, has been outweighed by improved sporting facilities provided as part of subsequent development. The Government should, however, strongly encourage local authorities to build a presumption for this to occur into development plans. (Paragraph 26)
4. We accept that a more focused PSA target, for the promotion of sport and physical activity amongst children, was required. We expect that the new target, and the associated initiatives and investment to which the Department refers, will stimulate increased participation in sport by young people which we believe is vital for their health and well-being. (Paragraph 27)
5. We recommend that the Department consider what further information (including ethnicity, socio-economic group, home town, etc.) might be collected about the children visiting the museums so that a closer analysis of trends can be carried out and any areas of weakness within the target identified and properly tackled. For this to be accomplished universally and consistently the Department would have to supply the necessary resources. (Paragraph 30)
6. We welcome this provision—relating to British Film—within the Communications Act and hope that the Department, in concert with Ofcom and the broadcasters, will act to ensure that the expectations of real benefits for British film production that have been raised are actually realised. (Paragraph 44)
7. We note the reference, in the Chancellor's Pre-Budget Report Statement on 10 December 2003, that the Treasury "will also consider the right incentives to support one of our great British creative industries: British Film"....We look forward to the implementation, in the forthcoming Budget Statement, of an extension or evolution of the Section 48 tax break for smaller (i.e. British) film productions in order to boost an important sector within the DCMS' remit which attracts a significant amount of inward investment to the UK. It would be frustrating if potentially unintended consequences of accounting rule changes were to damage film production in the UK

before the policy vacuum created by the imminent sunset of Section 48 can be tackled. (Paragraph 47)

8. The Department does not mention in the Report, but has told the Committee, that external consultancy services have been used by DCMS. Spending on these services was £358,000 in 2001–02, £595,000 in 2002–03, and is expected to be £540,000 in 2003–04 and £440,000 and £340,000 in the following two years respectively. We were concerned by the amount of money that has been, and will be, spent on Departmental administration and external consultants without it being clearly and transparently spelt out in the Annual Report. (Paragraph 51)
9. We believe that effective management of the Department’s sponsored bodies is crucial to the overall success of DCMS in implementing its policies and meeting its PSA targets in the future. (Paragraph 54)
10. We were pleased to hear that a DCMS sustainable development strategy would be published in January 2004 and delighted to see it on 4 February. We were encouraged that the Department has nominated Estelle Morris as its Green Minister and has appointed a director at board level to champion environmental issues. (Paragraph 55)
11. We recommend that the Department provides more detailed supporting evidence within their annual report in future years (or at least point the reader to data that is available elsewhere) to give clear analysis of performance and make possible the effective scrutiny of targets without the need to request additional information. (Paragraph 58)
12. The Committee recommend that increased care and attention is paid to the process of setting targets so that the Department does not lose the confidence of stakeholders or interested parties in the reporting of its achievements. (Paragraph 59)
13. We recommend that the Department, in future, commissions research into and only set targets where they can and do show solid reasoning for doing so using evidence that establishes the target as realistic. (Paragraph 60)
14. Overall, in relation to target setting, we recommend that work with the Treasury continues so that the targets set for 2003–06 have accurate baselines and can properly be measured. We also hope that the process of target setting continues to evolve and improve so that targets do in fact ‘give turbo charge and focus’ to the work of the Department. (Paragraph 61)
15. Judging by the confidence of the Secretary of State, we expect that the Department will meet this important target for promoting sport amongst young people and we recommend close monitoring of progress over the next three years as success in this area is of very great importance to health and well-being of the nation’s children. (Paragraph 68)
16. With regard to the existing PSA target for tourism, we recommend that the Department looks again, especially at the term “productivity” within it, to establish exactly how this will be measured and what baseline will be used. (Paragraph 74)

17. We recommend that the Secretary of State keeps a close eye on the reform of a number of large sponsored bodies that is being carried out now or in the near future and make sure that best practice is disseminated. (Paragraph 75)
18. The staging of the largest international event of any kind—the Olympics—has the potential to yield great benefits to London and the UK, but leadership, careful planning and good management are essential from the outset. The Secretary of State must be ready to ensure that this is undertaken, leading and coordinating across all Government departments and in efficient and effective partnership with the GLA, LDA, BOA, a national organising committee and other stakeholders. (Paragraph 81)

Formal minutes

Tuesday 10 February 2004

Members present:

Mr Gerald Kaufman, in the Chair

Mr Chris Bryant	Alan Keen
Mr Frank Doran	Ms Debra Shipley
Michael Fabricant	John Thurso
Mr Adrian Flook	Derek Wyatt
Mr Charles Hendry	

* * *

Draft Report (*DCMS annual report: work of the Department in 2002-03*), proposed by the Chairman, brought up and read.

Ordered, That the Chairman's draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 11 read and agreed to.

Paragraph 12 read, amended and agreed to.

Paragraphs 13 and 14 read and agreed to.

Paragraph 15 read, amended and agreed to.

Paragraphs 16 to 23, read and agreed to.

Paragraphs 24 to 27 read, amended and agreed to.

Paragraphs 28 to 30 read and agreed to.

Paragraph 31 read, amended and agreed to.

Paragraph 32 read and agreed to.

Paragraphs 33 and 34 read, amended and agreed to.

Paragraphs 35 and 36 read and agreed to.

Paragraphs 37 read, amended and agreed to.

Paragraphs 38 to 42 read and agreed to.

Paragraph 43 read, amended and agreed to.

Paragraph 44 read and agreed to.

Three paragraphs—(The Chairman)—brought up, read the first and second time, and inserted (now paragraphs 45 to 47).

Paragraphs 45 and 46 (now paragraphs 48 and 49) read and agreed to.

Paragraph 47 (now paragraph 50) read, amended and agreed to.

Paragraphs 48 to 69 (now paragraphs 51 to 72) read and agreed to.

Paragraphs 70 and 71 (now paragraphs 73 and 74) read, amended and agreed to.

Paragraphs 72 to 85 (now paragraphs 75 to 88) read and agreed to.

Resolved, That the Report, as amended, be the Second Report of the Committee to the House.

Ordered, That the Chairman do make the Report to the House.

Ordered, That the provisions of Standing Order No. 134 (Select Committees (reports)) be applied to the Report.

[Adjourned till Tuesday 24 February at 10.30am

APPENDIX A

HM Treasury guidelines on PSA targets⁷⁴

Each measure should be...	
Relevant	Does the measure attempt to capture success in one of the organisation's objectives?
	What does the measure tell you about how the organisation is performing?
Able to avoid perverse incentives	Does the measure encourage any unwanted behaviour? (For example not reporting mistakes)
	Could you improve performance against the measure without improving performance in real life?
	Does the measure allow innovation? For example, does the measure discourage changing the way a service is delivered?
Attributable	Can the measure be influenced by the organisation's actions?
	Is it clear where accountability for the measure lies?
	Is there an estimate of the degree to which the organisation affects the measure?
	Could a SMART (Specific, Measurable, Achievable, Relevant, and Timed) target be set against the measure?
Well-defined	Can the measure be expressed clearly, so that it is easy to understand?
	Does the measure have an unambiguous definition, so it can be collected consistently?

74 <http://www.hm-treasury.gov.uk>

Timely	Does the measure provide information in time for action to be taken?
	What's the lag between the event and information becoming available?
	Does the measure provide information frequently enough to track changes and take actions?
Reliable	Is the performance measure accurate enough for its use?
	Has the measure been checked by appropriate specialists? (for example statisticians, social researchers, accountants or scientists)
	Is the measure responsive to change? Will it show significant changes in performance? Will the measure change because of random 'noise' rather than actual performance?
Comparable	Does the measure allow comparison with past performance?
	Does the measure allow comparison with other organisations delivering a similar service?
Verifiable	Given the documentation could an objective outsider come up with the same results?
	Does documentation exist so that the process behind the measure can be validated?

APPENDIX B

Letter to the Chairman of the Committee from the Secretary of State for Culture, Media and Sport

Select committee hearing on the 2003 DCMS annual report

When I appeared before the Committee last month to give evidence on my Department's annual report for 2003, I undertook to provide a note on the present and projected roll-out of School Sport Partnerships. I believe that it would be helpful if, in so doing, I set them in the context of the national strategy for PE, school sport and club links. I would also like to say a little more on veteran sport following my exchange with Alan Keen.

PE, school sport and club links

The national strategy will deliver the 2002 PSA target that I share with Charles Clarke to enhance the take-up of sporting opportunities by five- to 16-year-olds by increasing the percentage of school children 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. It is underpinned by eight distinct but interrelated workstrands. Two of these will establish a national infrastructure for PE and school sport:

- specialist sports colleges are creating local centres of best practice and raising whole-school standards through PE and sport. There are currently 228 sports colleges and three academies that specialise in sport. Subject to sufficient high-quality applications, we aim for there to be a total of 400 by September 2005; and
- School Sport Partnerships are families of schools—typically made up of a specialist sports college, eight secondary schools and around 45 primary or special schools—that come together to enhance sports opportunities for all. There are currently 222 Partnerships involving some 1,280 secondary schools and 6,750 primary or special schools. We aim for there to be 380 Partnerships involving three quarters of all maintained schools in England -some 2,400 secondary schools and 13,500 primary or special schools—by September 2005. Subject to the outcome of the 2004 Spending Review, we would hope there to be 400 Partnerships involving all maintained schools in England by September 2006.

The remaining six strands provide schools with tools to enable them to deliver the entitlement to two hours of high-quality PE and school sport to all of their pupils:

- professional development is giving teachers and other adults the necessary skills to deliver high-quality PE and school sport and, in so doing, to raise whole-school standards and support healthy lifestyles. It is currently being piloted in 30 Local Education Authorities, and we aim for it to reach all 150 LEAs by the 2005–06 academic year;
- club links is working with governing bodies of sport to improve the existing arrangements for guiding young people from school sport to community sports clubs. It currently involves the governing bodies for seven sports in nine of the 45 county sports partnerships, and we aim for it to involve an expanded range of sports in all 45 county sports partnerships by September 2005;
- Step into Sport is encouraging children, young people and adults to begin and continue an involvement in sports leadership and volunteering at the same time as encouraging governing bodies, county sports partnerships and clubs to develop and implement volunteering strategies. It is currently active in 200 School Sport Partnerships, and we are currently considering how to extend its impact over the period 2004-06;

- gifted and talented is improving the range and quality of teaching, coaching and learning for talented young sports people in order to raise their aspirations and improve their performance, motivation and self-esteem. It is currently active in 44 School Sport Partnerships, and we aim for it to extend to 320 Partnerships by March 2006;
- swimming is ensuring that more children can meet the statutory requirement to be able to swim 25 metres by the age of 11. We have launched a swimming and water-safety website and delivered two pilot top-up schemes, and we aim to publish a swimming charter in the very near future; and
- the QCA investigation is exploring and developing ways of improving the quality of PE and school sport and investigating the impact that high-quality PE and school sport have on young people and schools. It has produced guidance on delivering and evaluating the impact of the two-hour entitlement, and we aim for it to produce further guidance on how partnership working and community links can support that delivery.

The largest data-collection exercise concerning PE and school sport ever undertaken in England—involving some 8,000 schools—is now under way, and we will report for the first time on progress toward the PSA target at Easter 2004 in the annual report on the implementation of the Government's Plan for Sport.

The national strategy is being delivered at a time when the Government is seeking to transform education and reverse the alarming growth in childhood obesity. In total, more than £1 billion will be invested in PE and school sport by 2006. Charles and I are both determined and confident that, by working in partnership with children, parents, schools, local authorities, governing bodies and clubs, we will deliver on our commitment.

Veteran sport

“Game plan: a strategy for delivering Government's sport and physical activity objectives,” published by my Department and the Strategy Unit in December 2002, refers specifically to older people in recommending increased participation in sport and physical activity. A good example of a project aimed at this is the Nottingham-based Local Exercise Action Pilot (LEAP), which is being funded by the Department of Health, the Countryside Agency and Sport England to test initiatives in the community.

However, we need to do more in this area. We know that physical activity declines with age and that demographic shifts point toward an older population over the next 20 years. It is important that we build on existing good practice and develop innovative approaches to sustain lifelong participation in sport and physical activity. This is an area that the cross-Whitehall Activity Coordination Team, led jointly by my Department and the Department of Health, is currently exploring.

January 2004

Witnesses

Tuesday 2 December 2003

Page

Rt Hon Tessa Jowell MP, Secretary of State for Culture, Media and Sport,
Ms Sue Street, Permanent Secretary, **Mr Keith Smith**, Head of Finance and
Planning Division, Department for Culture, Media and Sport

Ev 19

List of written evidence

Department for Culture, Media and Sport

Ev 1

Reports from the Culture, Media and Sport Committee since 2001

The following reports have been produced by the Committee during the last three sessions

Session 2003-04

First Report	Cultural Objects: Developments since 2000	HC 59
First Special Report	Privacy and media intrusion, Replies to the Committee's Fifth Report, 2002-03	HC 213

Session 2002-03

First Report	National Museums and Galleries: Funding and Free Admission	HC 85
Second Report	The Work of the Committee in 2002	HC 148
Third Report	A London Olympic Bid for 2012	HC 268
Fourth Report	The Structure and Strategy for Supporting Tourism	HC 65
Fifth Report	Privacy and media intrusion	HC 458
Sixth Report	The British Film Industry	HC 667

Session 2001-02

First Report	Unpicking the Lock: the World Athletics Championships in the UK	HC 264
Second Report	Testing the Waters: the Sport of Swimming	HC 418
Third Report	Arts Development	HC 489
Fourth Report	Communications	HC 539
Fifth Report	Revisiting the Manchester 2002 Commonwealth Games	HC 842
Sixth Report	The Government's Proposals for Gambling: Nothing to Lose?	HC 827

Oral evidence

Taken before the Culture, Media and Sport Committee

on Tuesday 2 December 2003

Members present

Mr Gerald Kaufman, in the Chair

Chris Bryant
Mr Frank Doran
Michael Fabricant
Mr Adrian Flook

Alan Keen
Ms Debra Shipley
John Thurso
Derek Wyatt

Memorandum submitted by the Department for Culture, Media and Sport

QUESTIONS FOR WRITTEN ANSWER BY DCMS ON THE 2003 ANNUAL REPORT OF THE DEPARTMENT

PSA TARGETS

PSA Target 1: To ensure all public libraries have internet access by the end of 2002.

Q1. Can the Department provide more informative data on the provision of public Internet access from public libraries, including data on the types and speeds of connections (ratio of narrow to broad band), and the ratio of population base to library Internet terminals in boroughs across the country?

A1. The People's Network programme¹ has enabled over 99%—well over 3,000 libraries in all—to be connected to the Internet. All libraries in Scotland, Wales and Northern Ireland are online. The remaining 20 libraries in England will shortly be connected once local refurbishment or technical programmes have been completed. The People's Network programme was delivered on time and in budget; we believe that this represents a significant achievement.

Eighty-nine per cent of public libraries in England provide broadband (2Mb and over) Internet access to the public. The remaining 11% are based almost exclusively in rural areas where broadband continues to be unachievable or uneconomical.

The network bandwidth for all library services has improved dramatically because of the People's Network except for a very small number of innovative library services that already had high bandwidth networks. Many libraries had no network connections at all prior to People's Network implementation.

The ratio of public library Internet terminals per head of population is about one per 2,000 head of population. That are about 23,500 terminals for 49,500,000 people in England. This will vary between library services.

Q2. Is it the Department's aim to ensure that all public libraries provide Internet access free of charge? If yes, what is being done to achieve this and what timescale is envisaged for the achievement of free access? If not, is there a uniform policy, or at least Departmental guidance, on charging access, including issues of charge ceilings, charge types (flat-rate/per hour) and concessions?

A2. The Department would like to see all public libraries provide internet access free of charge and at December 2002, some 90% of library services were offering this. However, the decision on whether to charge rests with each local Library Authority. The guidance issued for implementation of the People's Network recommended that all Internet access should be free of charge. Where library services insisted on charging they had to provide information on how they were meeting government commitments to social inclusion.

Q3. Please explain why Internet access does not feature in the new DCMS PSA Targets for 2003–06. Does the Department believe it has now fulfilled its role in relation to the Government-wide target of universal internet access by 2005? If not, please detail the action being taken.

A3. Given that over 99% of libraries are connected to the Internet, effectively, the original target has been met. The success of the People's Network will provide us with a platform on which to extend our role beyond the provision of access. The focus now will be on engaging excluded communities, increasing the sophistication of usage amongst existing users, and measuring impact. Additionally, the People's Network will evolve into a web-based service delivering a subset of new digital services to the public. These will include a national online enquiry service and a virtual reference shelf.

¹ The People's Network is the name given to the project which has connected public libraries to the Internet, as part of the Government's commitment to give everyone in the UK the opportunity to get online. The project is Lottery-funded by the New Opportunities Fund and managed by Resource.

PSA Target 2: To introduce at least 12 Creative Partnerships by March 2004, targeted at deprived areas, ensuring that every school child in the Partnership has access to an innovative programme of cultural and creative opportunities

Q4. Could the Department provide a note explaining the way in which the Creative Partnerships initiative is being evaluated in qualitative, as well as quantitative, terms?

A4 Quantitative and qualitative outcomes for the first phase of Creative Partnerships (2002–04) have been agreed in the Policy Framework between DCMS, DfES and Arts Council England. These are the subject of a national evaluation being carried out by the National Foundation for Educational Research (NFER), on behalf of Arts Council England.

NFER will produce an interim report in April 2004 and a final report in January 2005. NFER is using a variety of data collection methods to inform their evaluation: questionnaires, interviews, focus groups, attendance data collection and case studies. This will be supported by information from other datasets where possible.

Arts Council England also collect quantitative data which DCMS monitors on a quarterly basis. The most recent figures show that in the year to September 2003, there were 81,163 pupil attendances at 1,010 Creative Partnerships projects. In addition, 1,982 teachers took part in a total of 9,924 hours of continuing professional development.

(a) *Could the Department provide an overview of interim evaluation findings in terms of qualitative indicators?*

Arts Council England has recently completed an internal stocktake of Creative Partnerships during the first academic year (Sept 2002—July 2003). The stocktake found perceptions among participating schools and cultural/creative partners about the quality and impact of Creative Partnership projects, in particular:

- 90% of schools thought the quality of experiences for pupils were excellent or good;
- 85% of creative organisations thought the quality of experiences for pupils were excellent or good;
- 78% of teachers thought the impact on teaching staff was excellent or good;
- 77% of teachers thought the CPD opportunities were excellent or good;
- 76% of creative organisations thought the impact on their organisation was excellent or good.

NFER's interim evaluation report will measure change during the first year of Creative Partnerships and will be available in April 2004. NFER is conducting ten case studies as part of the qualitative evaluation. These will focus on whole school approaches to developing a creative teaching and learning environment through CP and the impact of Creative Partnerships on pupils. Many of the individual Creative Partnerships are also undertaking local research projects which will measure qualitative as well as quantitative indicators. First reports will be available from early 2004.

(b) *Has the Department undertaken any evaluation, or intend any, to establish the level of genuine additionality from the partnerships in terms of outcomes or whether they are largely the brigading together of existing initiatives under a new name?*

As noted above, in the year to September 2003, Creative Partnerships supported an additional 1,010 creative and cultural projects, involving 81,163 pupil attendances and 4,213 teachers. DCMS monitors quantitative information about the programme on a quarterly basis.

Creative Partnerships is delivered on the ground by locally based Creative Directors, whose role is to help schools to develop their programme priorities and to act as brokers between schools and creative and cultural practitioners in developing sustainable partnerships. Individual Creative Partnerships projects are developed from the grass roots up, driven by the needs and priorities of the schools and with close support from the Creative Director. This model leaves very little scope or incentive for duplication or re-badging of existing work.

Each partnership is assisted by an Advisory Group, typically made up of representatives of participating schools, Local Education Authorities, Local Government, existing local arts, education or regeneration fora and representatives of local creative organisations and businesses. The Advisory Groups assist partnerships in making links with other regional and local organisations and existing strategies for the arts, education or regeneration. This helps to ensure that Creative Partnership activity within the region is complementary to, and not duplicating existing work.

NFER's evaluation will assess the additional impact of Creative Partnerships. DCMS's Chief Statistician is a member of the Arts Council's Research and Evaluation Steering Group for Creative Partnerships.

(c) *The Department is aiming to double the programme in size by 2006. Is the plan to do so based on an evaluation of both quantitative, and qualitative, performance information? If so, please provide a summary for the Committee.*

There was a 2001 General Election manifesto pledge to build on the existing Creative Partnerships in order to offer children the chance to develop their artistic and creative talents. As noted above, the Arts Council's internal stocktake of Creative Partnerships shows that 90% of schools and 85% of creative organisations regard the quality of experiences for pupils as excellent or good. Teachers also rated the impact on teaching staff highly (78% excellent or good) and 77% thought that the CPD opportunities were excellent or good. Planning for programme expansion between now and September 2004 will draw comprehensively on stocktake findings and recommendations and, as we move forward, will take into account interim findings from the national evaluation of Creative Partnerships.

PSA Target 3: To raise significantly, year on year, the average time spent on sport and physical activity by those aged five to 16

Q5. The above target seems to be rather ambiguous. What, in the DCMS estimation, would amount to a significant yearly increase in the amount of time spent on sport or physical activity by children?

Q6. Could the Department provide the Committee with clear and consistent, "year on year" data so that an evaluation of PSA target 3 can be carried out effectively?

6a. How does the Department itself, for internal purposes, evaluate its performance on this target?

Q7. The new PSA target for 2003–06 is narrower in scope than your previous target: it aims only to increase the amount of time allocated to PE lessons for children, rather than seeking to increase the overall amount of time spent on sports and other physical activity by children. It seems that the efforts of the Department are now aimed at encouraging a change in policy within schools rather than a change of behaviour, culture or attitudes amongst children and parents—on the face of it, a much simpler exercise.

7a. Why was the target changed?

The answers to these questions are closely linked and it might be helpful to group these together. We do, of course, accept that the original PSA target was open to interpretation. When drawing up the target we already had a starting point: Sport England's Young People and Sport National Survey 1999, published in February 2000. Taking into account time spent per week on curriculum PE, outside lessons in term time and during the previous summer holidays, this Survey suggested that, on average, young people spent eight hours 23 minutes a week on sport and physical activity. The objective at the time was to raise this to nine hours a week by 2004 and we stated this in the DCMS 2002 Annual Report².

We do not have "year on year" data. We also pointed out in the DCMS 2002 Annual Report³ that progress and evaluation against the target was to be measured by further national surveys in 2002 and 2004. The results for 2002, published in February 2003, suggested that, on average, the time spent by young people on sport and physical activity had decreased to eight hours 12 minutes a week. As noted in the DCMS 2003 Annual Report⁴, while this was disappointing, the results revealed some more encouraging trends, notably that the proportion of pupils receiving at least two hours of PE a week in school had increased by almost a half (from 33% to 49%) and that the number of young people taking part in sport in youth clubs had increased by over a tenth (from 49% to 55%).

It may be helpful to clarify the position regarding the scope of the new target by setting out the full text (responsibility for which we share with DfES). This is:

"[to] enhance the take-up of sporting opportunities by five- to 16-year-olds by increasing the percentage of school children 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."

There are two key aspects of the target:

- it covers not only PE but also school sport within and beyond the curriculum; and
- it is expressed in terms of take-up by school children, not provision by schools.

DCMS and DfES therefore believe that the target can indeed only be achieved by effecting changes in the behaviour, culture and attitudes of children and parents rather than simply in policy within schools (although this, too, is critical).

In respect of the decision to change the target, we recognised soon after the target had been set that, by covering all sport and physical activity undertaken by children in a variety of settings, the target was considerably broader than the scope of DCMS interventions. Consequently, it proved difficult to assess the extent to which those interventions were responsible for changes to children's behaviour and, therefore, for achievement of the nine-hour objective.

² Page 30 refers.

³ Page 30 refers.

⁴ Page 32 refers.

At the same time, two major policy documents⁵, placed a much greater emphasis on delivering sport to children through the education system. In January 2001, the Government also announced its intention to offer children an entitlement to two hours a week of high-quality PE and school sport. As a result of these factors, the existing DCMS target was replaced with a new target focusing on delivery of the two-hour entitlement.

(b) The new PSA target is for 75% of all school children to receive at least two hours PE per week. What special measures, if any, are being taken in relation to primary schools where less than 30% of children currently receive two hours PE per week, but where general behavioural patterns for later life are perhaps most likely to be influenced?

The principal delivery mechanism for the two-hour entitlement is the network of School Sport Partnerships. These will cover 2,400 secondary schools and 13,500 primary and special schools—some 75% of all schools in England—by September 2005. Within these Partnerships, each primary school receives additional funding to release a teacher from timetable for 12 days a year to build subject leadership in PE and to develop and deliver a programme of high-quality PE and school sport. These “Link Teachers” are assisted by School Sport Coordinators, qualified PE teachers who are funded to be released from timetable for two days a week to coordinate and develop after-school activity, out-of-hours learning, inter- and intra-school competition and local community links in their own secondary school and their partner primary and special schools. A full-time Partnership Development Manager, usually employed within a Specialist Sports College, is responsible for the strategic development of the Partnership, liaising with external agencies and ensuring the production, review and implementation of a Partnership Development Plan.

Specialist Sports Colleges and School Sport Partnerships are two of eight workstrands within a national strategy for PE, school sport and club links that is designed to deliver the entitlement. Others that contribute significantly at primary age are:

- Club Links—establishing multi-skill clubs to develop general physical literacy;
- Gifted and Talented—establishing talent-support programmes and locally based multi-skill academies to help identify and support talented young performers;
- Professional Development—providing support to teachers, particularly in primary schools, to deliver a broad, balanced and inclusive programme of high-quality PE and school sport within and beyond the curriculum in order to raise pupils’ attainment;
- QCA Investigation—exploring and developing ways of improving the quality of PE and school sport and investigating the difference that they make to children and the impact that they have on schools; and
- Swimming—increasing the number of children who can swim at least 25 metres by the end of Key Stage 2.

(c) What is the split in responsibilities between DCMS and the DfES in encouraging changes to school timetables?

The national strategy for PE, school sport and club links is being jointly delivered by both DCMS and DfES. Policy responsibility for school timetabling belongs to DfES alone, although each individual school is responsible for its own timetable.

Q8. Sport England reported that in 2002 40% of PE teachers in primary schools, and 39% in secondary schools reported that the sports facilities at their school were ‘on the whole inadequate’ or ‘fairly inadequate’. The equivalent figures in 1994 had been just 23% and 24%, and in 1999, 22% and 33% among primary and secondary PE teachers respectively. Will any of the new initiatives or funding address this problem?

A8 Please see the answers provided below.

Q8a. Is it realistic to expect to be able to enthuse children for sports if the facilities available in schools are unsatisfactory?

Facilities in schools are an important factor in attracting children into sport and retaining their participation, alongside high-quality teachers and coaches. That is why the Government is now investing heavily in school-sport facilities:

- New Opportunities for PE and Sport—£581 million (in England) from the New Opportunities Fund (NOF) to bring about a step change in the provision of sports facilities for young people and the community generally. As well as offering sporting opportunities, the programme will also have a long-term impact on key issues facing local communities such as education, health, crime and drugs use. New and modernised facilities funded through the programme will integrate and support wider local strategies to improve PE and school sport; integrate sport, education and health outcomes; and encourage innovative approaches that make use of best practice in the design and management of facilities;

⁵ “A Sporting Future for All”, published by DCMS in April 2000, and “The Government’s Plan for Sport,” published by DCMS and the (then) DfEE in March 2001.

- Space for Sport and Arts—£130 million from the Capital Modernisation Fund (CMF), NOF, Sport England and Arts Council England to provide greater opportunities for both pupils and the wider community in deprived areas to participate in arts-based and sporting activities by providing new, or modernising existing, facilities in primary schools; and
- Sporting Playgrounds—£10 million from the CMF to enhance primary-school playgrounds in order to improve levels of physical and sporting activity and, in turn, improve behaviour and whole-school standards.

Q8b. How much has been spent on school sports facilities since 1994?

Expenditure within the New Opportunities for PE and Sport, Space for Sport and Arts and Sporting Playgrounds programmes is as follows:

- New Opportunities for PE and Sport—£57.7 million awarded to 220 stage-two approved applications, £8.3 million to 11 fast-track projects and £23.7 million for 150 development grants (total £89.6 million). All funding will be committed by the end of 2005;
- Space for Sport and Arts—all £130 million of the SSA scheme has been allocated and the majority of the projects should be completed by March 2004, with all of them completed by March 2005; and
- Sporting Playgrounds—£5 million anticipated expenditure this financial year and £5 million in 2004–05.

DfES capital-investment figures representing (a) grant support for investment in school buildings and (b) allocations to schools in LEAs including PFI credits, borrowing approvals and capital grant since 1994 are set out in the following table. It is not possible to disaggregate this information in the manner requested.

<i>Financial year</i>	<i>Capital investment (£m)</i>
1993–94	606
1994–95	613
1995–96	625
1996–97	683
1997–98	755
1998–99	969
1999–2000	1,302
2000–01	2,100
2001–02	2,221
2002–03	2,769
2003–04	3,780
2004–05	4,458*
2005–06	5,072*

* projected

Q9. The Report emphasises the Department's cooperation with the Department of Education on increasing the levels of participation in sports activities. Have you also improved your cooperation and coordination with the Department of Health in this area, as recommended by the Health Select Committee in 2001⁶ and agreed with by the Government in response to the report?⁷ Please supply the Committee with examples of this cooperation where possible?

A9. Since the Health Select Committee's report in 2001, DCMS has improved cooperation and coordination with DH in terms of both formal and informal official contacts, policy making and delivery in a number of areas, specifically:

- between autumn 2001 and summer 2003, Richard Caborn chaired a monthly inter-Ministerial group involving Ministers and officials from DH and other Departments, Sport England and NOF in order to focus on initiatives using sport to progress other social-policy agendas, including health. Those meetings have been built upon to produce the Activity Coordination Team, a multi departmental group with a DCMS/DH lead, tasked with taking forward "Game Plan",⁸ and a series of meetings between Richard Caborn and lottery distributors looking at the specific issues of provision of sports facilities.
- officials in the two Departments instituted monthly keeping-in-touch meetings and regular informal joint working;

⁶ Health Select Committee: Second Report: Public Health HC30-I, March 2001, para 200.

⁷ Government Response to the House of Commons Select Committee on Health's Second Report on Public Health, 2001, Cm 5242, p 37.

⁸ A DCMS/Strategy Unit report on sport and physical activity, published in December 2002.

- Sport England has funded of a strategic placement within DH to work on the physical-activity agenda from spring 2003. The official concerned leads the DH strand of the Activity Coordination Team (ACT) programme to increase levels of physical activity (see answer to question 10);
- DH was invited to join the School Sport Alliance in 2001 (as recommended in the Committee’s report) and has subsequently been a member of the project board overseeing delivery of the national strategy for PE, school sport and club links. At the same time, DH has sat with DCMS, DfES and other officials on QCA’s PE and Sport steering and advisory boards. DCMS and DH advise School Sport Coordinators and Healthy Schools Coordinators respectively to work closely together.
- DCMS and DH now routinely collaborate on processes such as the quality assurance of Local Public Service Agreements focused on sport and physical activity.

“Game Plan” contained the headline recommendation that DCMS and DH should jointly lead on the establishment of a cross-Departmental Sport and Physical Activity Board. Beneath that headline recommendation fell a number of others, all requiring close joint working between the two Departments. In order to scope the work and working structures required to carry out those recommendations, DCMS and DH jointly appointed a secondment from the Cabinet Office who reported to Ministers in both Departments in June. The actions taken since are incorporated in the response to question 10 below.

Finally, DCMS continues to be a member of the DH-sponsored National Alliance for Physical Activity which provides a forum for policy makers, experts and practitioners to share experiences and learning on strategies, plans and projects that aim to promote increased participation in physical activity.

Q10. What is the Department doing to promote sports as part of a wider Public Health agenda again as recommended by the Health Select Committee?⁹

DCMS and DH are working together to increase participation in sport and physical activity in the community as part of a wide public-health agenda. Actions being taken include:

- DH, Sport England and the Countryside Agency have agreed to invest £2.6 million in 10 three-year Local Exercise and Action Pilots (LEAPs) designed to test initiatives in the community, developed to improve participation among specific target groups¹⁰.
- establishing a joint DCMS/DH body, the Activity Coordination Team (ACT) to deliver the “Game Plan” participation objectives and tackle the increase in obesity rates and physical inactivity.
- establishing a project board, which includes DH, to take forward “Game Plan” recommendations focused on improving the delivery of sport and physical activity by local government and the NHS.
- a NOF-funded pilot Regional Health and Activity Coordinator post in the North West, running from autumn 2003 to autumn 2006, to coordinate health and sport issues at a regional level.
- the establishment of SkillsActive as the Sector Skills Council for Active Learning and Leisure provides another opportunity to promote sport as part of the wider public-health agenda. As well as overseeing the training, professional development and workforce planning of coaches, sports development officers, fitness instructors and facilities managers, SkillsActive maintains the register of exercise professionals responsible for exercise referral schemes run by Primary Care Trusts.

PSA Target 4: To increase the numbers of children attending museums and galleries by a third by 2004

Q.11 Why is the Department relying on an estimate to evaluate the performance of the numbers of child visitors in museums?

A11. The estimate of 6.7 million children attending DCMS-sponsored museums and galleries in 2002–03 was based on the latest data available at the time the Annual Report for 2002–03 was produced. These were the returns for the period April–October 2002.

(a) What is the margin of error in this estimate thought to be?

The outturn for 2002–03 was 7.5 million, 12% better than the estimate.

(b) What is the cost of this achievement per child visit?

Between April 1999 when free access for children was introduced and March 2003 the number of child visits increased by 2.36 million. The investment in free access for children is approximately £9 million a year, which equates to a cost of approximately £3.80 for each additional child visit generated since free access for children was introduced.

Q12. Are there changes in the numbers of children participating in school visits to museums?

(a) If so, is the Department taking measures to reverse any decline?

⁹ Health Select Committee: Second Report: Public Health HC30-I, March 2001, para. 198.

¹⁰ The target groups are: children and young people; older people; black and ethnic minority groups; people at risk of illness; and people recovering from heart attack or stroke.

A12. Yes. The number of children participating in school visits to the state-sponsored museums is increasing. In 2002–03 DCMS-sponsored museums and galleries received 1.9 million visits from children in organised school groups, an increase of 200,000 on 2001–02.

Our policy is to encourage the involvement of schools with museums and galleries and this is a current priority in our Funding Agreements with them and in our PSAs.

- (a) Please supply details of the age profile within the overall increase in child visits to museums and galleries.

The increase is in children below the age of 16. We do not collect further details of age profile as we have no operational reason for doing so.

PSA Target 5: To increase by 500,000 by 2004 the numbers of people experiencing the arts

Q13. How does the Department define “experiencing the arts”¹¹ as used in PSA target 5?

- (a) The Annual Report refers to ONS survey data on the number of people attending at least two “arts events” in the past twelve months. How are “arts events” defined?
- (b) Does a visit to a museum and/or gallery count as an “arts event”?

A13. “Experiencing the arts” is defined as attending at least two events in the past 12 months.

“Arts events” are defined as:

- a play or drama;
- an exhibition or collection of art, photography or sculpture;
- an event connected with literature;
- a performance of opera/operetta;
- a classical music concert;
- a jazz concert;
- live dance, including ballet, contemporary dance, African People’s dance, South Asian dance, or some other dance; and
- A craft exhibition.

Therefore, visits to galleries to see an art exhibition are included, but visits to museums are not.

Q14. The DCMS Annual Report states that “many people attend art events who would not otherwise do so”, as a result of audience development programmes run by Arts Council England. What is the evidence to support this claim for causality?

A14. Arts Council England’s New Audiences Programme (NAP) has been comprehensively evaluated. Arts Council England is currently collating information from a range of research and evaluation reports to provide a comprehensive picture of the achievements of the programme. Interim findings will be presented to DCMS by the end of 2003. Many of the projects funded by the New Audiences Programme have collected information from audiences which indicates whether their attendance at a NAP-sponsored event is their first attendance at an arts event in 2 to 3 years. This will provide evidence that people are attending, who would otherwise not have done so.

PSA Target 6: To conduct a value for money study of the organisations sponsored by DCMS by April 2002, significantly improving the average performance by 2004

Q15. What were the results of the first performance assessment of DCMS funded bodies conducted in spring 2003?

- (a) Could the Department provide a note explaining the performance indicators used, and provide examples illustrating their use?
- (b) Are these bodies on target to meet the PSA requirement of significant performance improvements by 2004?
- (c) Could the Department explain what would qualify as a “significant” average improvement in order for the Department to fulfil its target?

A. 15 Following a study of how best to capture value for money, we put together two sets of performance indicators—one for the national museums and galleries and one for the Lottery distributors. These are published in our SR2000 Technical Note. These highlight operational efficiency and delivery of outcomes and contain the following indicators:

- Total number of visits.
- Numbers of child visitors.

¹¹ DCMS Annual report 2003 Review, p 33.

- Numbers of visitors aged over 60.
- Numbers of repeat visitors.
- Numbers of web-site visits.
- Numbers UK visitors from the C2DE socio-economic groups.
- Percentage of collection stored in correct environmental conditions.
- Numbers of learners in on-site and outreach educational programmes.
- Evaluation of overall user satisfaction.
- Non-grant income per visitor.
- Grant in aid per visitor.

The indicators for the Lottery distributors are tailored to each organisation, since they have widely differing remits. However, indicators illustrating efficiency (average cost of processing each application, and average time taken to process each application) are common to all.

In order to focus delivery and avoid duplication following SR2002 the value for money measure supporting PSA6 was rolled forward and formed the new value for money measure, supporting PSA4 for the 2002–06 spending period.

The baseline for PSA 6 indicators was set in 2002, and progress against these was assessed in 2003 (now as PSA4). Assessment was made by a panel comprising the Senior Responsible Owner for the PSA, DCMS officials (NDPB sponsor divisions; Finance and Planning, Strategy Policy and Delivery Division) and HMT officials. The panel met to consider both quantitative data for the indicators set out above and qualitative data drawn from our work with the key organisations we sponsor. The panel was then asked to come to a view as to what progress had been made.

It was the panel’s clear view that significant improvement across the range of indicators had been made. There is no reason to believe that this trend will not continue and enable the bodies to demonstrate significant performance improvement by 2004. The panel’s assessment states:

“The national museums are meeting the challenge to drive down levels of grant-in-aid per visitor while increasing overall income raised from other sources. This has been achieved through the strong increase in visitor numbers overall whilst the accompanying increases in repeat visitors and satisfaction levels indicate that quality has been maintained. The challenge remains to increase the share of visitors from under represented groups (C2, D, E) with a target of 8% increase between 2003–06 through increasing focus on the customer requiring new skills within the workforce. Progress will be tracked through review of targets and funding agreements and the annual collection of statistics on visitor numbers.

The challenge faced by the lottery distributors is to bear down on costs while numbers of applications are falling. There is evidence that improvements can be made when effort is focused on particular problems of timing or cost. The Department will consider whether further encouragement is required through financial directions.”

DCMS sponsored bodies are all very different, with different histories, governance structures, roles and responsibilities. Following consideration with HMT as to how best to define “significant improvement” it was therefore decided that the panel should address this in each case when it was in possession of all the data. In this way we aim to adopt a more sensitive approach that will provide the department and the organisations themselves with the information they need, not only to monitor progress but also to help identify issues of concern.

TOURISM

Q16. Could the Department provide a note detailing the nature of savings expected as a result of the re-organisation which created VisitBritain?

A16. The merger of the British Tourist Authority with the English Tourism Council to form VisitBritain will reduce costs by £1.74 million per annum. This is made up as follows:

<i>Cost reductions</i>	<i>£m</i>
Salary savings	1.2
ETC costs (such as HR and publicity)	0.440
	0.1
Total	1.74

The one-off cost of the merger was £4.1 million, including redundancy costs of £3.8 million. The savings will be directed into marketing focused activity.

Museums and Galleries

Free Entry

Q17. What progress has been made in tackling the non-financial barriers to museum and gallery visits, such as recommended by this Committee in 2002?

A17. The Committee recommended that more specific work needs to be done to achieve the objective of broadened access. We welcomed this recommendation and it is now a cornerstone of our policy for museums and galleries. We have :

- pledged under our new PSA2 to increase the number of visitors to our sponsored museums and galleries from the C2, D and E socio-economic groups by 8% over the current spending review period;
- ensured that this features as a core target in the Funding Agreements of all of our sponsored museums and galleries;
- encouraged our sponsored museums and galleries to deliver projects which focus specifically on broadening access.

Q18. What progress has been made in terms of the accuracy and level of detail of the visitor statistics compiled by museums and galleries supported by the Department?

A18. In supplying statistics to the Department, Museums follow the guidance that we issued in 2000. This sets out what information is required, how it should be collected and in what form it should be presented.

In order to ensure accuracy within data sets and consistency between data sets, the core data on total visits; number of child visits; and number of visits from over-60s is collected and used as the basis for a discussion with DCMS on a monthly basis. Other data is discussed on a six-monthly basis. In both cases we seek to check for and explain any obvious discrepancies. The annual data request is reviewed by DMCS and the museums concerned annually and amended to reflect current needs while ensuring that there is a consistent data set.

Museums' own internal audit teams check the quality of the data that is supplied.

Q19. Could the Department explain why the DCMS Annual Report does not provide any detailed analysis and explanation of the pattern of visitors to museums and galleries and explain how a reader should otherwise evaluate the success of a flagship policy?

A19. The headline figure for the first twelve months of free access, an increase of 70% in visitors to the former charging museums and galleries, is included in the Executive Summary on page 6 of the 2003 Annual Report.

Details of the impact on each of the former charging museums of the first twelve months of full Free Access were published in a DCMS press notice on 1 January 2003.

A more detailed analysis, based on the first seven months of full free access, was included in the Department's Memorandum to the Select Committee and published as part of the Committee's report: "National Museums and Galleries: Funding and Free Admission," on 11 December 2002.

Funding for Museums

Q20. Could the Department explain why the funding of some museums undergoes such extreme fluctuations—for example, the funding of the National Museum of Science and Industry increased by about 20% in 2002-03, but will drop by more than 6% in 2004-05?

A20. The increase in grant-in-aid in 2002-03 is explained by two factors.

First, from 2002-03 all the former charging museums sponsored by DCMS, including the National Museum of Science and Industry, received a substantial full-year uplift in grant-in-aid to compensate them for a loss of income on going free.

Secondly, from 2002-03 we provided new money for specific major capital projects (primarily repairs). This funding ceases when the project is complete and becomes available to reallocate to other repair projects at other sponsored museums. At the National Museum of Science and Industry we provided an additional £1.5 million for specific capital works in 2002-03 and £3.45 million in 2003-04

The drop in overall funding to the National Museum of Science and Industry in 2004-05 reflects a lower need for funding for specific capital works and the completion of an Invest to Save project for which the Museum receives special one-off revenue funding in 2003-04. In 2004-05 we will increase the Museum's core revenue funding by nearly £1.5 million (an increase of 1.5% real).

The National Lottery

Q21. What evidence is there that the Fair Share programme has made a difference to the distribution of Lottery funds to deprived areas?

A21. Evaluation of the fair share initiative will be carried out jointly between the Community Fund and New Opportunities Fund. The evaluators are currently gathering and reviewing information in order to refine their methodology, to identify key issues and to identify case study areas. Initial indications are that this stage of the work will be completed ahead of schedule with the first report likely to be available at the end of summer 2004.

(a) What proportion of the £176 million ear-marked for spending 2002–05 has been spent and on what?

The overall total for the initiative is £179 million. This is because an extra £3 million has been allocated by the Community Fund to the Open Grant Scheme.

The information available for each of the three different components of the initiative is as follows:

- (i) The Community Fund Open Grant Scheme (allocation £90 million): to date, £46.6 million in grants has been made, some 51% of the target;
- (ii) The fair share Trust (allocation £50 million: the £50 million allocation was transferred to Community Foundation Network (CFN)—the organisation responsible for distribution of the funding—in August 2003. Work on this allocation has begun and the first funding for projects is due to be released early next year. This funding will provide longer-term funding for designated neighbourhoods in fair share areas. Distribution is planned over the next ten years.
- (iii) The “Transforming Your Space Programme” (allocation £39 million): £2.1 million has so far been drawn-down by local authorities to further development work on their area strategies. This total is expected to rise sharply in the coming weeks as payments are made for the first year for those projects that have been approved.

Olympic Games

Q22. Could the Department provide a note detailing the cost of the Olympic Games bid for the Department so far and the projected costs up to 2006?

A22. The staff cost of the Olympics Games bid for the Department from 1 April 2003 to 30 September 2003 has been £136,258. A decision on the Olympic bid will be made in July 2005 and thus the staff costs have only been projected until 31 August 2005. The total costs from 1 April 2003 to 31 August 2005 are projected to be £750,000 in total.

More widely, the DCMS has undertaken to contribute to the costs of the bid organisation and associated planning in equal shares with the London Development Agency¹². The combined limit of this contribution is £30 million, and the DCMS limit thus £15 million. As yet, some £5.8 million of this £30 million has been committed. London 2012 Ltd expect that various private sector fund-raising programmes will generate several million in cash and value in kind support of the bid.

Communications

Q23. Could the Department provide a note detailing how it will monitor the success of the Communications Act 2003 in relation to the policy goals mentioned in the Annual Report?¹³

A23. The Communications Act builds into the functions and duties of the new communications regulator, Ofcom, the means to deliver many of the Department’s policy goals for broadcasting as set out in the Annual Report. The success of the Act in achieving those goals will in large part be reliant on the success of Ofcom in discharging its responsibilities. Ofcom is required to produce a number of reports and reviews which will enable all stakeholders including the Department to monitor its performance: notably the Annual Report, the detailed annual factual and statistical report on television and radio in the United Kingdom required under section 358 of the Act and the results of specific reviews such as the review of public service broadcasting, the first of which will contribute to the BBC Charter Review.

DCMS and DTI will work closely with Ofcom and a series of high-level meetings has been established to help facilitate Ofcom’s success. DCMS will also maintain regular contact with broadcasters and other stakeholders whose interests depend on Ofcom rising to the challenges which Parliament has laid upon it.

¹²The Government’s response to the Committee’s report on the Bid (HC268, page 7, paragraph 5) refers.

¹³DCMS Annual Report 2003, p 52.

Licensing

Q24. How were the projected effects of the Licensing Act 2003 on the leisure and tourism sector (given as £1.97 billion saving in the first ten years of operation)¹⁴ calculated?

A24. The £1.97 billion saving will not be evenly spread over the initial period of ten years. Under the new arrangements, costs will be front ended with dwindling costs over subsequent years. The calculation is based on a comparison of the current costs to the industry of the six licensing systems (alcohol, public entertainment, theatre, cinema, late night refreshment and night café) with the estimated costs to industry of the integrated single system of licensing provided by the Licensing Act 2003. This includes, for example, not only the costs resulting from fee charges but also costs associated with legal services and management time. Many businesses hold multiple licences and permissions, which result in recurring costs, which are now available within a single licence. The full details of the comparative cost-benefit analysis were published in the Regulatory Impact Assessment (“the RIA”) which accompanied the Licensing Bill when it was presented to Parliament in November 2002 and is available in the Library of the House.

Financial Accounts

Q25. Why is the financial back-data from 1998–99 onwards not consistent between the DCMS Annual Report 2002 and the DCMS Annual Report 2003?

A25. The data in the two reports derive from a Treasury database, but are on different bases due to changes in the treatment of expenditure in budgets between the two years.

In April 2001 the Government moved to resource accounting and budgeting (RAB) to align financial management and reporting in central government with most other sectors of the economy. HM Treasury introduced a transitional regime in the 2000 Spending Review (SR2000) in order to allow departments to gain more experience in monitoring and forecasting non-cash costs (cost of capital charges, depreciation and accounting-based provisions to meet future expenditure) which are an important element of RAB. These non-cash costs were included in Annually Managed Expenditure (AME) in the 2000 Spending Review but were moved into Departmental Expenditure Limits (DEL) during the 2002 Spending Review (SR2002). This inevitably has consequences for the presentation of public expenditure data in that the totals shown for AME and DEL will vary considerably between the two years.

Financial data in the Annual Report 2003 are presented on the basis of SR2002 budgeting rules, whereas financial data in the Annual Report 2002 were presented on the basis of SR2000 budgeting treatment. The difference in budgeting treatment caused the main differences between the two reports.

Q25a. Can the Department provide a note explaining in full the reasons for any restatements and changes that have been made in respect of the accounts from 1998–99 onwards?

Q25b. Can the Department provide a reconciliation of the two sets of figures?

A25a&b. The reasons for the changes in data between the two reports fall into two broad categories—changes in budgeting rules, and changes that were specific to DCMS’s financial regime. Full reasons for the changes are set out below.

(a) Amendments arising from the change in budgeting rules from SR2000 to SR2002.

The following categories of expenditure were removed from the Departmental Expenditure Limit and Annually Managed Expenditure control totals in SR2002:

- cost of capital charge in respect of public corporations;
- profit/loss of public corporations (including self-financing public corporations).

SR2002 also incorporated changes in the way that capital expenditure by public corporations (including self-financing public corporations) was treated.

Charges associated with holding and using assets and other non-cash costs (ie cost of capital charge, depreciation, impairments and provisions) moved from AME to DEL. In addition the cost of capital charge was reduced from six (6) per cent to three and a half (3.5) per cent in April 2003.

Grants used to fund capital expenditure outside the public sector moved from capital DEL to current DEL.

(b) Amendments to data arising from changes in the DCMS financial regime

- The Historic Royal Palaces was reclassified as a Public Corporation and its outturn data was revised in July 2002;
- Machinery of Government changes in January 2003; and
- Royal Parks Agency expenditure was reclassified from Administration Costs to Programme Costs in March 2003.

¹⁴ DCMS Annual Report 2003, p 54.

Q25c. Can the Department explain why the Annual report does not include a note explaining such important changes to the figures?

A25c. While the footnote to the 2002 Departmental Report explained that non-cash costs would move into DEL when DEL was measured on a full RAB basis after SR2002, there is no explanatory footnote provided in the 2003 report. We note that some Departments have provided a detailed footnote in their 2003 reports and accept that the DCMS report would have benefited from one. We will ensure that all material changes in financial data in future Annual Reports are clearly explained.

Q26. What is the explanation for the 25% increase in administration costs provided for in this year's provisions, and the further 10% increase planned for next year?

A26. The 25% increase represents the difference between actual spend in 2001–02 and planned spend in 2002–03. The amount unspent in 2001–02 was rolled forward into 2002–03. The 2002–03 allocation also included a one off transfer of £4 million from the Department's programme costs into administration costs. The difference in actual spend between 2001–02 and 2002–03 was approximately £3.3 million, an increase of approximately 11%. The additional expenditure funded:

- machinery of government changes,
- an increased contribution to the Government Office Network,
- IT developments (Freedom of Information Act measures, business continuity, data protection and electronic records management),
- increases in the Department's analytical capacity,
- the short term acquisition of additional accommodation to house staff transferred under machinery of government changes, plus increased costs relating to our existing accommodation, and
- work on a number of items of new legislation, which also increased substantially our requirement for legal services.

It also funded investment in training and other support for project management techniques and the professionalisation of our public appointments process as part of Touchstone, our business services review. Touchstone changes are designed to deliver a more effective relationship with the many public bodies the Department supports.

The additional planned expenditure of 10% in 2003–04 (to £40,878k) includes an increase of £5 million, agreed by the Treasury, to help address the longstanding problem with the Department's administration costs since the Department was created in 1992. This continued the funding for some of the initiatives outlined above an additionally for the implementation of Game Plan recommendations, the developing regional agenda, and work on a number of reviews in the broadcasting sector, including the BBC Charter Review.

Q26a. What is the explanation for the fact that the provision for administrative capital expenditure this year is four times higher than last year, and that over the next two years, further increases of 85% and 49% respectively are planned?

The capital expenditure figure of £413k in 2001–02 shown in the 2003 Departmental Report is incorrect. It is based on a mistaken interpretation of net book value for which we apologise. The correct figure should have been £905k.

The capital provision in 2002–03 of £1,661k was increased to allow a complete technology refresh of the Department's PCs. The further increases in 2003–04 and 2004–05, but with no further increase in 2005–06, are due to the costs of electronic records management, a planned refresh of other information technology hardware and the costs of engaging with central initiatives in the areas of e-business and modernising government. The Department is, however, looking for ways to minimise costs and, along with falling prices of IT hardware, it is likely we will underspend this provision.

Q27. Are the fees of external consultants included in the administration budget?

A27. Yes.

(a) if yes, what amount has been spent/allocated for external consultancy services in each of the years reported?

The amounts spent on external consultancy for each year reported were:

2001–02—£358k

2002–03—£595k

The amount budgeted for external consultancy in 2003–04 is £540k and the current estimated budgets for the following two years are £440k and £340k respectively

Management of Resources, Delivery, and Change

Q28. How are the outcomes and value of reforms such as Touchstone to be measured and evaluated?

A28. The primary benefits are evaluated in terms of efficiency and effectiveness in delivering our PSAs and other core work.

For example: Project and programme management training has resulted in clear programmes of work for each of the Department's 4 priorities. Each programme is the responsibility of a senior official and the Management Board is now able to monitor delivery of these programmes and manage risk better. OGC training and the use of Gateway reviews have helped ensure corrective action and competent delivery of big challenges such as the Golden Jubilee and the Commonwealth Games.

The Department is more efficient because project based working allows additional pressures to be met. The September 11 and Bali memorial services, and work to support the recovery of cultural treasures in Iraq are examples of increased capacity and competence. Efficiency generated by centralisation and streamlining of some core functions is also measurable. For example, since centralising our public appointments process, 80% of appointments campaigns have been completed within our 15 week target timescale—compared to only 50% a year ago. We make between 70 and 100 appointments each year, and we now have 11 staff working full time on this, compared to the more than 50 staff who had some involvement prior to centralisation. These changes have allowed us to do more—and better: the Commissioner for Public Appointments gave DCMS centralised unit as an example of good practice to the Public Admin Select Committee.

Externally, our effectiveness in delivering through NDPB's has increased through revised and simpler funding agreements (which they have welcomed) which are linked to specific outcomes. Touchstone also led to a client manager being assigned (from within the existing sponsor division) for each NDPB. In addition, every NDPB now has a map of key contacts within the Department. The establishment of the NDPB helpdesk has also given NDPBs one central contact point for financial policy and related issues. There is still more to be done and the Management Board and Ministers continue to modernise the way we work.

Q28a. Do you anticipate that less micromanagement of NDPBs by the Department will lead to savings in the Departmental budget?

We have moved to a more strategic approach. The benefits are an improved dialogue with our NDPBs about the outcomes we seek, and greater clarity about how their activities contribute to the delivery of our priorities. This provides more focus, leading to greater value for money from our input. This change of emphasis is also intended to result in some staff resource being freed up to work on other priorities.

Q29. Certain of the DCMS sponsored bodies such as the British Library, English Heritage, Sport England, and the Arts Council have been singled out for reforms, and will receive extra funds in the 2003–2006 period for this purpose. What were the criteria for the selection of these particular bodies?

A29. As part of the 2002 Spending Review, we assessed our sponsored bodies against a number of criteria covering general organisational health, quality of performance and delivery, and stakeholder perceptions. As part of the review we considered:

- performance data, including performance against funding agreement targets;
- findings of reviews and audits;
- indicators of efficiency and general financial health;
- quality of governance and management;
- handling of risk management;
- overall strategic capacity;
- views of stakeholders, including customers.

Having made the assessment, we prioritised the sponsored bodies by considering the overall strategic importance of each, in terms of size, spend, profile and contribution to the delivery of strategic Government priorities. From this exercise we identified the following candidates for reform/modernisation in 2003–04: the British Library, the British Museum, English Heritage, the English Tourism Council and British Tourist Authority (now VisitBritain), and Sport England. Apart from the British Museum, which used its own resources to fund its reform programme, all these bodies are receiving some additional funding to help deliver reform. The Arts Council England's reform programme, mentioned in the Annual Report, had been completed before we drew up our reform strategy.

(a) To what extent is the Department engaging in micromanagement as opposed to strategic guidance in relation to these reform processes within NDPBs?

We are focusing our reform strategy on improving delivery of strategic priorities, with any operational changes involved being very much a means to that end. The detailed design of the individual reform programmes is a matter for the NDPBs concerned, but there is regular monitoring by the Department to make sure that the funds invested in reform are actually delivering the desired outcomes.

Q30. The DCMS is putting in place a “matrix” of performance indicators and systems of evaluation for its NDPBs.¹⁵ Does the Department subject itself to the same rigorous performance assessment, including consumer orientated targets?

A30. Performance is monitored against a range of performance indicators and reported to the Management Board on a quarterly basis. These indicators are:

- PSA Delivery: we use the PMDU derived traffic light model for assessment of progress on projects supporting the delivery of our PSA targets. Each project is discussed periodically at the relevant PSA Programme Board, where corrective action can be identified if necessary and then reported to Management Board.
- Managing Staff: we monitor and present statistics on:
 - sick days;
 - length of vacancies;
 - update from skills database;
 - diversity.
- Efficiency & Control: resource management accounts and risk registers are analysed, pressures identified and presented for discussion and resolution of issues as appropriate.
- Dealing with the Public: the Department’s direct public interface is limited by the fact that responsibility for delivery rests mainly with our NDPBs. We do however, take our public facing role very seriously. The Management Board monitors a range of statistics designed to give an indication as to how well we are performing. These indicators are:
 - The number of letters from the public, MPs and members of the House of Lords answered on time;
 - The number of Parliamentary Questions answered on time;
 - Payment of agreed invoices within 30 days of receipt;
 - Percentage of enquiries to the Department’s Information Centre that are answered within 2 days.

(a) If so, why are such performance indicators and the analyses to which they give rise not in evidence in the Annual Report?

The performance monitoring report described above came into operation in April 2003 and data was therefore not available for the last annual report. However, we will consider including it in the next one.

Q31. Considering the breadth of the remit of DCMS, could the Department provide a note explaining how just four PSA targets can be used to effectively assess the performance of the Department in all areas between 2003-06?

A31. Our current 4 PSA targets reflect our Strategic Priorities which focus on Children and Young People, Communities, Economy and Delivery. By focusing on a small number of key Strategic Priorities means that we have a clear framework for our work and we can communicate that framework in a clear and meaningful way. It would be very difficult to provide a meaningful set of PSAs that reflect everything the department does, since our work is indeed very broad. Therefore we chose, with the agreement of Treasury, to use the PSAs as “core samples” of our work. We believe they are a good indicator of the overall health of the department. We do, of course, undertake a range of other important “core functions”, which form a large part of our day-to-day work and underpin our Strategic Priorities. We are reviewing our PSAs to ensure they reflect what we do, as we prepare for the SR04 spending review. We welcome the Committee’s views on the content of our current PSAs in this context.

DEPARTMENTAL RESPONSIBILITIES AND HISTORY

CURRENTLY

1. The DCMS is currently responsible for:

Culture

- historic environment;
 - Royal estate and parks;
 - Architecture and design;
 - Museums and galleries;
 - libraries;
 - the arts;
-

¹⁵ DCMS: Strategic Plan 2003–06, p 29.

- the Government Art Collection;
- cultural property;
- creative industries and film.

Media

- broadcasting;
- press and censorship issues;
- ownership issues.

Sport

- sporting policy including the Olympic bid;
- horseracing and the Tote (including the levy).

Other

- gambling;
- alcohol and entertainment licensing;
- tourism;
- National Lottery: overall policy and a great proportion of the areas in which spending occurs (including the Millennium Commission).

2. The DCMS has a large number of associated public bodies, to whom policy responsibilities and resources are delegated. A number of these are also lottery distributors. The Department is also the BBC's sponsoring department with the BBC Agreement (which underpins the Royal Charter) being made between the Governors and the Secretary of State for Culture, Media and Sport. The key organisations include:

3. The nature of DCMS responsibilities create important links with a number of other Departments:
 - HM Treasury (the usual expenditure relationship plus tourism and links with HM Customs over cultural property);
 - DfES (youth sport, arts, drama and music, heritage and the role of museums and galleries as providers of educational experiences);
 - Home Office (cultural property);
 - DTI (joint responsibility for communications policy (Ofcom) and coordination of support for the creative industries (including advertising, architecture, the art and antiques market, crafts, design, designer fashion, interactive leisure software, the performing arts, publishing, software and computer games) and cooperation on the DCMS' specific sponsorship of the film, radio, TV and music industries);
 - FCO (British Council promotion of British culture abroad—especially film, Olympic bid intelligence and, eventually, promotion, some tourism issues).

HISTORY OF THE DEPARTMENT

4. The Department of National Heritage was established on 11 April 1992 after the general election. Its functions were previously carried out by a variety of departments: Privy Council, Home Office, Education and Environment departments and a number of other public bodies. The first Secretary of State for National Heritage was Rt Hon David Mellor MP. The Department became responsible for the arts, conservation and heritage issues, museums and galleries, broadcasting, film and media as well as sport.

5. Department for Culture, Media and Sport was established on 14 July 1997. The change of name was explained by the new Secretary of State, Rt Hon Chris Smith MP, in the following terms “although heritage is a very important part of what the department does, it's only a part and it's a name that really has a flavour of the past about it . . . whereas this is a department which primarily is interested in the future—all the work on film, broadcasting, the media and the cultural life of the country”.

6. The accretion of responsibilities has been:

<i>Date</i>	<i>Policy area (originating department)</i>
1997	National Lottery
1997	Millennium
2000	Alcohol and entertainment licensing (Home Office)
2001	Gambling (Home Office)

7. Table of financial data:¹⁶

<i>Year</i>	<i>Total Allocation £m</i>	<i>No of Staff</i>	<i>Administration costs £m*</i>	<i>Secretary of State</i>
1992–93	1,004	955	23	Rt Hon Peter Brooke CH MP
1993–94	974	1,122	23	Rt Hon Peter Brooke CH MP
1994–95	975	1,188	25	Rt Hon Stephen Dorrell MP
1995–96	914	1,132	21	Rt Hon Virginia Bottomley JP MP
1996–97	913	1,178	21	Election (Bottomley/Smith)
1997–98	914	652	21	Rt Hon Chris Smith MP
1998–99	919	658	22	Rt Hon Chris Smith MP
1999–2000	1,026	681	26	Rt Hon Chris Smith MP
2000–01	1,045	654	26	Election (Smith/Jowell)
2001–02	1,086	641	32	Rt Hon Tessa Jowell MP
2002–03 (estimated)	1,237	719	38	Rt Hon Tessa Jowell MP

*Includes fees for external consultants. Costs for 2001–02 £358k; 2002–03 £595k; 2003–04 £540k (estimate); 2004–05 £440k (estimated); 2005–06 £340k (estimated).

LIST OF DCMS SPONSORED BODIES

Arts Council England
 British Broadcasting Corporation
 The British Library
 British Museum
 British Tourist Authority (BTA)- (now part of VisitBritain)
 Broadcasting Standards Commission
 Channel Four Television Corporation
 Churches Conservation Trust (CCT)
 Commission for Architecture & the Built Environment (CABE)
 Community Fund (National Lottery Charities Board)
 English Heritage (Historic Buildings and Monument Commission for England)
 English Tourism Council (now part of VisitBritain)
 Film Council
 Football Licensing Authority (FLA)
 The Gaming Board for Great Britain
 Geffrye Museum
 Heritage Lottery Fund
 Historical Manuscripts Commission
 Historic Royal Places
 Horniman Museum and Gardens
 Horserace Betting Levy Appeal Tribunal for England and Wales
 Horserace Betting Levy Board (Levy Board)
 Horserace Totalisator Board (Tote)
 Imperial War Museum
 Independent Television Commission
 Millennium Commission
 Museum of London
 Museum of Science & Industry in Manchester
 National Endowment for Science, Technology and the Arts
 National Gallery

¹⁶ Collated together from DCMS annual reports years 1993–2003.

National Heritage Memorial Fund (NHMF)
 The National Lottery Commission
 National Maritime Museum
 National Museums and Galleries on Merseyside
 National Museum of Science and Industry
 National Portrait Gallery
 Natural History Museum
 New Millennium Experience Company Ltd (NMEC)
 New Opportunities Fund
 Public Lending Right
 Radio Authority
 Resource: The Council for Museums, Archives and Libraries
 Royal Armouries
 Royal Household
 Sianel Pedwar Cymru (S4C)
 Sir John Soane's Museum
 Sport England
 Tate
 Tyne and Wear Museums
 UK Sport
 Victoria and Albert Museum
 Wallace Collection

Witnesses: **Tessa Jowell**, a Member of the House, Secretary of State for Culture, Media and Sport, **Ms Sue Street**, Permanent Secretary, and **Mr Keith Smith**, Head of Finance and Planning Division, Department for Culture, Media and Sport, examined.

Q1 Chairman: Good morning, Secretary of State. We welcome you and your colleagues here this morning. I suppose we can take it that your annual report is your opening statement?

Tessa Jowell: I think you probably can. I was not intending to make an opening statement unless you wish me to do so.

Chairman: Excellent. We can get on.

Q2 John Thurso: Can I first of all declare my interests and draw attention to my register of interests, in particular my presidency of the Tourism Society and deputy chairmanship of Millennium and Copthorne. Can I also apologise to you, Secretary of State? Unfortunately, it is Scottish questions today so the Chairman has allowed me to go first but I will be leaving. I want to ask about tourism but first could I ask about the recommendations of the Environmental Audit Committee who were quite critical of the department? At paragraph 19 of their report, they said, "We would particularly single out DCMS and several other departments within which we would have expected far greater commitment in terms of staff resources." At paragraph 32, "We find it deplorable that both DCMS and ONS should place so little weight on sustainable development and

environmental objectives." Could you tell us something of what the department has done to respond to that?

Tessa Jowell: Thank you. As a department, we took the criticisms of the Environmental Audit Committee very seriously indeed. I will ask Sue Street, my Permanent Secretary, to add to what I say by way of introduction. Obviously through our 65 departmental bodies, we have a great opportunity. Part of their purpose is to educate more widely about sustainable development and Estelle Morris serves as our green minister. We have allocated £2.5 million for joint programmes between my department and the Department for Education and Skills to develop children's educational programmes in relation to sustainable development and some of this funding is being shared with regional museums who are taking this on as one of their functions. As you will be aware, sustainable development is one of the core values of the new opportunities fund, one of the 15 lottery distributors that we have responsibility for. The fund has an annual grant programme of 500 million and, in its five years of existence, has committed over £2 billion to sustainable development projects. We are in January going to publish a sustainable development strategy where we set out our policy and our proposed plan of action. The strategy states, *inter alia*, that the tourism division will consider a high level meeting for the tourism sector to consider the impact of

climate change and will also monitor closely the way in which the regional development agencies discharge their new responsibilities in relation to tourism. Clearly, a very important element of the tourism strategy is sustainability.

Q3 John Thurso: May I ask whether you are able to support hospitable climates which is the DTI/HCIMA initiative to help hotels become greener and more sustainable?

Tessa Jowell: We are. We have also held the first of a series of training courses on sustainable development for our departmental staff and for our NDPBs. We will also accept the invitation to join the government network of officials led by the Department for Environment, Food and Rural Affairs, which is coordinating across government work on sustainable development. There is one further innovation that I should mention having given you some of the work in progress at the department, because you may wish to avail yourself of this. The Royal Parks are sponsoring a new green restaurant in St James's Park next Easter. This will really be an opportunity to highlight sustainable practices in reality and I hope also will raise the profile of what the government is trying to achieve more generally in this area.

Q4 John Thurso: I will certainly look forward to availing myself of that. Moving on to tourism, I am not sure who might want to answer this but I have a letter from Ms Street on 4 September, written to me in my capacity as president of the Tourism Society, in which she said, "I am lucky to have some of the most talented and hard working people in Whitehall." Can I ask what system of appraisal is used to validate that statement? I am very much looking forward to meeting you.

Ms Street: And I you. It was written in the context of a dip in morale caused by some reflections on perhaps how you perceived the quality of our work in the past. We have a formal system of appraisal which follows the normal Civil Service rules. It is open; it has counter-signing officers and all the rest of it. The point I was trying to make was that we do feel that under the Secretary of State's leadership in the last couple of years we have raised our game. It may not be perfect yet but I think it is quite important to get the best out of the department and that we set clear priorities that the Secretary of State has set and also that we train, encourage and motivate colleagues and value their contribution. That was the context in which we made those remarks.

Q5 John Thurso: How many people work in the tourism department and what sort of payroll resource does that consume?

Ms Street: It is around 25 people, subject to checking. Can I fill time on sustainable development by saying that we now have a director at board level who is championing the environment issues. I think it is quite important that we raise or game on that as well. Salary levels are around 35K across the board, so that will give you an indication.

Q6 John Thurso: Am I right in understanding that the department pays for the tourism adviser to the Mayor of London, one of whose tasks is to monitor the tourism output of the LDA, which is funded by DTI, and Visit London, which is funded by DCMS via LDA?

Ms Street: I ought to know that but I am afraid I do not at the moment. I will try and find out for you. We work very closely with the LDA and the DTI so I think it is altogether possible but I am going to have to verify that for you.

Q7 John Thurso: It seems to me a rather roundabout, curious cross-responsibility and I wondered why DCMS could not fund these missions themselves.

Ms Street: Our general approach is to be as joined up as possible where there is a common goal. That would not make it extraordinary for us to contribute.

Tessa Jowell: You will be more aware than most people that the department's work in tourism is focused on four areas. The first is improving quality. We hope soon that there will be a licence issued for the Sector Skills Council. The second is improving the level of skill and therefore recruitment to the industry. The third is improving the quality of data for the industry and, fourthly, creating a single voice and a coherent function in relation to marketing. My department's role is in part instrumental in relation to data and making links to other government initiatives, particularly in relation to skills, but also catalytic in seeking to get more coherence across what is one of our most disparate industries. Most tourism organisations are micro organisations. It is very easy to improve the quality of tourism through the efforts, by boosting productivity, of the big players. It is much more difficult when you get down to the very local, micro level of individual caravan parks, bed and breakfasts, small hotels, all of whose performance contributes to our overall performance in tourism.

Q8 John Thurso: I see that the PSA target for tourism will be based on productivity. What do you mean by "productivity" because it seems to me you can perhaps improve quality. It seems you can improve volume through marketing but I am not quite sure what the department means by increasing productivity which, in a hotel business, I would say was improving yield.

Tessa Jowell: We obviously work very closely with the Treasury in relation to this. The Treasury has a model which has established five key drivers of productivity across innovation, skill, competition, investment and flexibility. When we talk about improving the productivity of the tourism industry, we are looking at achieving value added, both in relation to the contribution of individual employees and as a result of new investment as, for instance, VisitEngland, the website that will for the first time bring together a wide range of tourism facilities and in time will enable booking on-line. These are the ways in which we will judge whether or not we have boosted productivity. At the end of the day, a

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productive tourism sector is one which has a high and increasing number of visitors, has a degree of resilience to the kind of shocks that in our modern world will hit the tourism sector from time to time and has the capacity to recruit and retain high quality staff. VisitBritain are looking to increase the GDP contribution of tourism. It contributes about 75 billion to the economy at the moment. They believe that the capacity for market growth could see the value of the tourism sector increase to 100 billion. One of the ways in which we will do that is by re-establishing Marketing for England but also beginning to look at marketing across the UK, very much in line with the contemporary trend in the way people choose to design and take their holidays.

Q9 John Thurso: Can I ask whether it would be possible or whether the department is considering publishing measurable objective data for that PSA target so that we can see what you are setting out to achieve?

Tessa Jowell: I certainly hope that we can do that. You will understand the difficulty that we have, not through want of trying, in establishing a base line. We are working with the Treasury on this. The Treasury do not have a single productivity measure but through the establishment of the Sector Skills Council we will put in place one very important driver for improving productivity.

Q10 John Thurso: It is difficult for us to measure what you have achieved if there is nothing to measure against. You have stressed, quite rightly, the important work that VisitBritain and VisitEngland will do. In 2001–02 the allocation was 64 million; in 2002–03, 69 million. Plans for 2003–04, 2004–05 and 2005–06 are 47, 48 and 50. On the face of it, it looks like next year is a 32% drop on the current year. Do you think those are (a) adequate resources and (b), if we are going to get to 100 billion—which I presume is over a series of years which would merely maintain our competitive position in the world, so it is a holding rather than a market share gaining position—do you think that is an adequate resource to be able to undertake that daunting task?

Tessa Jowell: Yes, I do, and it will be if the industry itself contributes as it should to the development of the tourism product. I think we have to be very clear about what is the role for government in regenerating and creating the resilience that this industry needs and what is the role for the industry itself. There is considerable, good natured dispute about the boundary in defining the responsibility for marketing. The industry would be very happy if we continued to invest as we did for the Million Visitor campaign in the wake of 11 September, at that sort of level. That has clearly been a campaign where the evaluation has shown great success. We need however to be very precise in defining the Government's marketing role as being in relation to market failure. In other words, marketing in those areas that the industry will not do for itself. What I am trying to do is to get the industry to work better together and to come together more coherently than

they have done in the past. The Tourism Alliance is a very important step in that direction. Through the greatly strengthened membership of the board of VisitBritain, with much stronger commercial leadership, we will get there, but I would be misleading you if I pretended that the industry itself does not still need persuasion that it is their responsibility to market their industry, not simply the Government's job to do it for them.

Q11 John Thurso: If I have understood you, what you are saying is that it is the government's job to deal with market failure and the industry's job to deal with marketing.

Tessa Jowell: That is the starting assumption but, as I went on to say, the difficulty is defining precisely where the boundary falls between market failure and brand marketing that the industry will normally undertake on its own behalf.

Q12 John Thurso: That is a fairly substantial shift from what the industry has always thought the BTA was there for, which was to market brand Britain.

Tessa Jowell: Precisely, because the market failure argument points to the fact that, whether you are British Airways, Radisson Hotels or Thomas Cook Holidays, you do not market Britain as a product; you market individual destinations, individual hotels and so forth. No, it is categorically not a shift. The model I hope we can move to is one where there is a substantial contribution from government but the contribution from government to marketing is met by at least an equivalent contribution from the industry itself. The Million Visitor campaign was a very good example of how that can work in practice. I think we calculated that the value in kind marketing contribution to the Million Visitor campaign was about 25 million, five million in cash and between 15 and 20 million in kind.

Q13 Mr Doran: Still on tourism, the reorganisation earlier in the year of the various tourist authorities was fairly controversial in Scotland, as you know. Can you say a little about how it is bedding down?

Tessa Jowell: I think it is bedding down well. We have a regular meeting of tourism ministers. We had our most recent meeting in Edinburgh about a month ago. It is very clear what the pinch points are. We are very clear that neither VisitBritain nor the England Marketing Advisory Board, which is part of VisitBritain, should in any way usurp the role and function of VisitScotland or the Welsh Tourism Authority. I think everybody is alive to the sensitivities. There is a considerable commitment to sharing work on areas of common interest like, for instance, the whole area of diamonds, stars and grading systems. It is common sense that if you are a visitor coming from abroad it helps to have a similar grading system in Wales, Scotland and England. I hope that we can move towards that. I also hope that we can move towards focusing VisitBritain not just on marketing Britain abroad but on beginning to build the UK-wide market. I think that will become possible as confidence in the recognition among the Scots, the Welsh and us that everybody respects the

boundaries that have been set by devolution grows. I felt very optimistic after our meeting. The spirit was very good. The sign up too of common analysis of the problems and common agenda was very good.

Q14 Mr Doran: There are no signs in these discussions about concern of the conflict of interest which everyone was concerned about?

Tessa Jowell: By which you mean the funds would be leached from VisitBritain into the England Marketing Advisory Group and would give England a disproportionate advantage. You will know very well that such is the level of funding of the marketing function in Scotland and in Wales that they are way ahead of the £5 million which is allocated to Marketing England. In Scotland, they spend something like 28 million on marketing. Wales spend something like 30 million on marketing. There is a long way to catch up but the principle is a matter of honour. VisitBritain has a budget for the whole of Britain. The England Marketing Advisory Board has a budget which is to market England. I think that the internal checks are sufficient to safeguard the integrity of that boundary.

Q15 Mr Doran: It is a wicked question to ask if your aspiration is to reach Scottish and Welsh levels of funding.

Tessa Jowell: If we are successful in getting the industry to come in and do some joint funding of marketing, I think we have a very good prospect but, as you also know, the rate of return on the English pound is arguably better in marketing terms than the rate of return on the Scottish or the Welsh pound.

Q16 Mr Doran: Moving to Ofcom, you say in the report that Ofcom is expected to be fully operational by the end of 2003. We are almost at the end of 2003 and we know what the progress has been but it would be helpful if you could give me a short progress report.

Tessa Jowell: The progress that Ofcom has made has been very good indeed. Vesting day is 29 December at which point they will take over all the functions of the component regulators. David Curry is providing outstanding leadership to Ofcom. I think he has assembled in the chief executive and the management board people of outstanding quality, including some of the very bright starts from my own department. I do not have wholly unmixed feelings about Ofcom's success in building an organisation of real calibre. Clearly they are constrained at the moment in the functions that they can undertake. They are gearing up for what will be their first major piece of work which will be the review of public service broadcasting, which is a very important precursor and complementary study to the charter review, which I intend to launch consultation on on 11 December. That is Thursday of next week.

Q17 Mr Doran: It seems clear from your report that the way in which the department will monitor the progress of Ofcom will be through the annual report. As this questioning session goes on, you will hear a number of criticisms of the department's own

annual report. I think I have to ask what will make the Ofcom report harder and more easy to assess than we are finding it with the DCMS annual report?

Tessa Jowell: Ofcom's accountability is two-fold both to my department and to the DTI. The monitoring of Ofcom's performance will be carried out across two departments.

Ms Street: If the Committee has views on how Ofcom can assist everybody best by the nature of its annual report and also views on us, we can feed those in. The accountability and transparency will be through the annual report but of course there will be working level monitoring discussions all the time between both departments. I think DTI and ourselves showed very well during the passage of the Communications Bill and Act that it was a genuinely integrated team and the monitoring and relationship with Ofcom will continue in that vein.

Q18 Mr Doran: One of my main interests in Ofcom's role, apart from the regional issue which is quite large, is the relative failure of broadcasters in this country to support the film industry, either by supporting film production or by showing British made films on good television. I am aware that the Communications Act contains a section which will allow film making for the first time to be looked at as part of the new public sector requirement. How will that be monitored in practice?

Tessa Jowell: That will be one dimension of the definition of the range of genre that public service broadcasters are expected to support. In the first instance, that will be monitored by Ofcom through the three tier regulatory structure. In relation to the commercial public service broadcasters it will be published through the statements of programme policy that the broadcasters themselves will produce and Ofcom will then monitor retrospectively. There is not a quantitative, tier two target.

Q19 Mr Doran: That is important because we are starting from a very low base, are we not?

Tessa Jowell: Yes, you are right. There is not a quantitative, tier two target. There is a requirement on all public service broadcasters to promote—I cannot recall the exact wording of the Act in relation to this—British film in their scheduling. You are right to say that that is a first. We have done a second important thing to promote film and that is through the review of programme supply, freeing up the whole issue of possession of rights to the advantage of the independent production companies. The code of practice may already have been signed by Ofcom or it is very close to being signed by Ofcom. Ofcom will monitor the performance of the broadcasters against the code that they have drawn up in the light of the conclusions of the expert review which I commissioned about 18 months ago. That is a second area in which support for British made film will be reinforced. What I would suggest is that the legislation is very new and we have to track over time its success in meeting the objectives that were so very clearly articulated by Parliament.

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Q20 Chairman: Before we proceed, Secretary of State, could I apologise? We have, as you can see, a good attendance by the Committee today, particularly taking into account that we are one short of our membership, but unfortunately, because of the conflict of work on the floor of the House, we are losing two Members now and we shall perhaps lose another later on. No discourtesy to you is intended. At some point, we are going to have to rectify this in some way.

Tessa Jowell: I fully understand that. That is something which is not my department's responsibility though.

Q21 Michael Fabricant: With joined up government I am sure you will have a word with the leader of the House. Firstly, can I congratulate you on this report? I will not accuse it of being an Enron report or anything similar. I think it is very well presented and very readable. Also, I wish to congratulate you on meeting most of the public service agreement targets but, like all targets, they are fairly blunt. They are not set by you although they are done in agreement with you. The first area where you appear to have done particularly well is on PSA target one and that was getting the Internet into libraries. You have managed to get it into 99%, 3,100 of all UK libraries. I do not know if you are directly responsible but, if you are, well done you. How many of the 99%, as a percentage, are broadband?

Tessa Jowell: 89% of public libraries provide broadband, two megabyte and over, Internet access.

Q22 Michael Fabricant: It is not just broadband because broadband is often quite narrow, in my opinion. It is two megabytes and over, so that is very fast indeed.

Tessa Jowell: The remaining 11% are libraries that are almost exclusively in rural areas which have obviously not yet been reached by broadband.

Q23 Michael Fabricant: That presumably will be increasing. What sort of analysis has been made about the number of terminals for any given population? I would imagine in some rural areas, whether it is broadband or not, you might have quite a high ratio of terminals for the surrounding population. What is it like in other areas? How patchy is that?

Tessa Jowell: I have looked at this question. I am not sure I can give you a precise answer to the question about numbers of terminals but I have looked at the question of use, charging and take-up. There is no point in putting £100 million of investment in if people are not using it. All the signs are that this is a facility which is used very extensively and that 75% of our libraries make no charge at all.

Q24 Michael Fabricant: Eighty per cent according to your book. You under-estimate yourself.

Tessa Jowell: I am confusing free access and take-up. Eighty per cent free access; 75% take-up. Seventy five per cent of the sessions are on a regular basis taken up, which means that there is still some capacity. What would be interesting to look at is the

extent to which that additional 25% capacity at any given time is more in rural areas where the connections are slower than the broadband connections that we have.

Q25 Michael Fabricant: Are you sure you meant that? I would have thought, when you said "take-up", you were talking about the amount of time someone is at the terminal.

Tessa Jowell: The amount of time that a terminal is being used, the proportion of available time that a terminal is being used.

Q26 Michael Fabricant: When you have 25% of the time when it is not being used, which might be odd times of the day, does that mean that you have a long queue of people waiting at other times, which would still imply that there are not enough terminals in some of the libraries?

Tessa Jowell: In my visits to libraries I see the terminals there. I was recently in the Bournemouth library which has 20 terminals and they deal with the whole challenge of variable levels of use by enabling people to book not more than an hour at a time. They run classes at times during the day when, say, elderly people are more likely to be available. They have their silver surfers' clubs. Those are the ways in which libraries are, on an individual, library by library basis, managing this.

Ms Street: I have not personally counted but as far as I know the metropolitan libraries have around ten terminals. That is the average although obviously flagship libraries like Bournemouth will have as many as 20. In the county libraries you are more likely to get about seven on average. I think we should put on record all credit to Resource who have driven this very successfully. We have not been made aware of either massive regional variations or massive queues. As the Secretary of State says, wherever I have been I have seen that the authorities are managing the lunch times and the peak hours differently from the slower times.

Q27 Michael Fabricant: I do not want to pursue this because it is rather anal but it does seem that this is more apocryphal, "When I visited a library" and so on, rather than it being deep research into it. I know this is not directly the responsibility of your department because it is a Treasury run thing but although I think it is very good that the Treasury sets public service agreement targets do you not think that they are, by their very nature, rather crude?

Tessa Jowell: No. Back in 1997 that was almost certainly the case.

Q28 Michael Fabricant: But not now?

Tessa Jowell: No. I think we are refining our targets and we are using them in different ways. First of all, if you take a department like mine which famously covers everything from the Tote to the Tate, what is it that my department is centrally about? My department is about enriching people's lives and particularly enriching the lives of young people who may well be shut out from those opportunities by virtue of deprivation and other lack of opportunity.

That sits right at the centre. I want PSA targets that are going to capture our performance against the things which are central to what my department does. We have four strategic priorities that focus on young people, on communities, on our support for the economy through productivity growth and tourism, creative industries and media and a fourth strategic priority which is focused on improving the delivery, our performance as a department and in turn the performance of our non-departmental public bodies. What the PSA targets do is to try to give turbo charge and focus to those strategic priorities. We are now just at the beginning of the next spending round and we are about to begin discussions with the Treasury about how we refine our present PSA targets to do two things. First of all, to make sure that we continue to build and consolidate. There is no point in setting about getting children playing sport at school and becoming more active if you then do it for three years and stop doing it, because doing it relies on having the delivery structure in every school in the country. That will take us probably up to eight years to achieve. Similarly in relation to creativity and so forth. We will adapt and develop these targets, but where they work well they drive the most important areas.

Q29 Michael Fabricant: When you negotiate these things, I think you need perhaps to be a little more critical. It is generally accepted that targets which were originally set by Conservatives, then by Labour for the Department of Health, distorted health delivery. If you are not careful, every government department will find itself distorted if they do not set the right targets, the right measures and also do the right sort of research behind them to ensure those targets are being met. One of the targets you mentioned was in childcare.

Tessa Jowell: We do not have a childcare target.

Q30 Michael Fabricant: I move us on to PSA target three. Things do not seem to be working out quite as well as you have just suggested, do they?

Tessa Jowell: Why?

Q31 Michael Fabricant: Because it states that the target for the amount of physical activity by those aged 5-16 has not been met and the average time has decreased. At a time when there is growing obesity, that is not very good news.

Tessa Jowell: You have PSA three which sought to raise significantly, year on year, the average time spent on sport and physical activity by young people aged 5 to 16. That has now been replaced by a new PSA target which will be in place until 2006, which is to ensure that 75% of 5 to 16 year olds spend at least two hours a week on high quality PE and school sport. That is a better target than the target that preceded it, for a number of reasons. First of all, this target included a whole number of things that were not specifically focused on sport and physical activity and drove no structure for the delivery of their quality. This was a target that included changing time and travelling time to the sport the

children might play. The new target, which is currently owned between my department and DFES, and monitored by the Prime Minister's Delivery Unit, has a major, new structure underneath it through the creation of school sport partnerships. If I can focus on the new target rather than the old target, it is the new target which is now driving the joint work between my department and Charles's department. We are now, as of this moment, at about the 30% point, where 30% of children in primary and secondary schools are spending at least two hours a week on quality sport or physical activity, quality because it is being delivered under the direction of somebody who is properly trained, a professional in physical education; properly delivered because, as our coach education programme comes on stream, coaches will be going into schools to work with young people. It is coherent because it works on a pyramidal structure where you have a specialist sports college which acts as the hub. You then have about four to eight secondary schools and anything between 25 and 45 primary schools with time being released within each school for teachers to engage their children in sport. A lot of it is being done after school, before school and at lunch time. It is not only being done in core curriculum time. That does not matter. The important thing is that the rate at which young people are taking part in high quality PE and school sport is increasing and will continue to do so until we meet the target at the end of this spending round.

Q32 Ms Shipley: I find what you say makes the document we are looking at rather misleading. Hidden under PSA target three is the fact that half of all children do not receive two hours of PE a week. If you take out the seven to nine year olds, we are down to only one third of children who receive physical activity in a week. The report itself is misleading because, by generalising across a ten year bracket, the pronounced differential across the age groups is masked. I am rather disappointed in that because if we are going to tackle it we really need to know what the base lines are. I would be very interested to know, with your 75% target, what exactly is the base line that you are working from now, because it is a new one, and also how do you define high quality?

Tessa Jowell: We now have a base line. The Prime Minister's Delivery Unit has helped us to establish a base line. The figure that I give you as of now is about one in three because this is a programme that will only get us to three out of four by 2006.

Q33 Ms Shipley: You are saying 33% is your base line?

Tessa Jowell: No. Thirty-three per cent is the level which we have now reached through the implementation of school support sport partnerships.

Ms Shipley: The report shows it is removed from 33 to 49% already so it makes the target a bit easy.

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Q34 Michael Fabricant: While you were talking about the integrated system and how it would come down from sports colleges and you point out in your annual report, page 32, that eventually there will be 400 sports colleges, it seems to me that it is predicated on a number of different factors all being met, some of which are not within your department anyway. It is the Department for Education and Skills. There is the whole question whether or not, if you cannot reach those targets, you will set other targets. Tell me why I am wrong. I suppose what I am really saying is it all seems like woolly wish lists, rather than that which can be achieved and measured.

Tessa Jowell: No, it is absolutely not. You have just made a very good case for the importance of a PSA target. This is a PSA target which is jointly owned by me and the Secretary of State for Education and Skills. The oversight of the target until Christmas is with the Prime Minister's Delivery Unit. After that stage, it will revert to the responsibility of the Treasury. Why? Because the PMDU is reducing the number of targets that it takes responsibility for. It might help if I gave the Committee what is our planned progression in the roll out of school sport partnerships, but it is a consistent, sustained and funded roll out to 75% between now and 2006. We will then have the challenge, post 2006, dependent on the next spending round. We will then have to close the gap between 75% and universal cover, but as of now the priority, as you would expect, is that the schools in the early stages are schools in the most deprived areas, who are also the beneficiaries of the new opportunities for PE and sport programme. Not only are these schools becoming part of the school sport partnership with everything that brings, but also these are the schools that are the beneficiaries of the new sports facilities that are being funded by the NOF programme.

Q35 Michael Fabricant: Time will tell.

Tessa Jowell: I really wish you would not say that.

Q36 Michael Fabricant: No? Time will not tell?

Tessa Jowell: At one level it will but if I may say so, with great respect, your scepticism which can very easily tip into cynicism is not justified. The money is here. We have a delivery mechanism. This is working. It is already working in a third of the country and we intend with the resources available to us that this benefit will be extended to children in 75% of the country. That is our absolute intention. I am confident that we have the means, both in terms of organisational design, skill and money, to do that.

Q37 Michael Fabricant: I think your sensitivity is interesting and time will be the judge. I am pretty sure you will be proved right.

Tessa Jowell: Thank you.

Q38 Derek Wyatt: Can I go back to Michael's questions about the libraries? If we have this phenomenal take-up, which is truly wonderful, where are the experiments in opening the libraries in the evenings where working class children, who do

not have access to broadband at home and do not have computers, could come to libraries which tend to close at 5 or 5.30? In your PSA targets for the next three years, what are we going to do to open up libraries not just in the evening but also on Sundays, when they are closed, when again children with real needs need access because they do not have it at home?

Tessa Jowell: I share your frustration at this. This is an area where my department has the responsibility for setting national library standards, but the implementation of library standards is a matter for local authorities. To go back to my visit to the Bournemouth Library, I did ask the librarian about Sunday opening and it is very clearly an ambition that they have. They have extended evening opening hours and so forth. The problem is funding it. That is the obstacle. Of course libraries should be open on Sundays. Of course they should be open in the evenings. In some parts of the country we should look to 24-hour libraries where kids who would otherwise be getting up to no good out on the streets can at least go and sit at the computers and so forth. The very best libraries are undoubtedly the libraries that, when you walk into them, you do not know whether you are walking into a job centre, an Internet café, a juice bar or a library. Tower Hamlets, which I think has shown enormous imagination in the development of their library service, is developing libraries along those lines. Where you see these innovative, state of the art, imaginative libraries, they repay the confidence of the investment. I share your frustration that they are not yet universal or anywhere near it.

Q39 Derek Wyatt: Your predecessor was very strong on making sure, when we raised questions about libraries, that when libraries were going to close the authority had to come to him to ask permission. Is there nothing in your powers? I know it goes through the local authority but is there nothing in your powers to bring forward evening and weekend openings as a priority? Do you have those powers to ask that?

Tessa Jowell: No. We can ask it but we have no powers to require libraries to do that because to do so, particularly in a context where the Government is seeking to reduce the number of obligations on local government and create more flexibility, we would not have any part of enforcement, in part because they do not exist in statute but also because, quite rightly, the libraries would come to us and say, "If you want us to open at the weekends, then fund us to open at the weekends" and we are not in a position to do that.

Q40 Derek Wyatt: As I understand it over the last seven years of the lottery, £1.6 billion has been spent by Sport England and the New Opportunities Fund and yet participation rates over seven years have only gone up by 0.3%. Do you think we have completely skewed the system wrongly and, if we have, is it a problem that you do not have the authority to get hold of sport at school because it is not your department?

Tessa Jowell: The figure is over ten years rather than seven years. It is since the beginning of the lottery that 1.3 or 1.4 billion has gone into sport. I do not want to talk too much about jam tomorrow and good intention but I take that very seriously indeed. I think it is a serious failure of that investment that participation has not been increased more substantially. On the back of that fact, a number of changes have been put in place. Sport England has been through a root and branch modernisation. Sport England has lost something like 60% of its staff. Seventy-five funding streams have now been rationalised into two so we either have nationally funded programmes or we have regionally funded programmes. Why is that important? Because if, as we want to, we set a target to increase activity and participation not just for children but for adults as well, we need to have the levers through our principal supporting organisation in order to do that. We are considering at the moment what that participation target should be. We are working very closely with the Department of Health. Sport England have appointed an official to health in order to build the sporting links. Richard Caborn takes a regular inter-ministerial meeting to focus on the promotion of activity, not just between my department and health but obviously involving education as well. I hope that there will be a point in the not too distant future where we can reach some formal agreement in pursuit of increasing levels of participation which we must do, both for its own sake but also if we are to halt the rising tide of obesity. There is a lot of work which is currently in hand with that very particular objective in mind, to bind together the two organisations in pursuit of increasing the levels of participation and securing a better return on the investment that we make.

Q41 Derek Wyatt: As we both know, Sport England does not have the jurisdiction for sport at school, much as it would like it. As you have said, you are having meetings with both the Department of Health and DfES. Would it make more sense to you, going forward, that there was a Minister for Sport and Health Education only and that they had that jurisdiction because it seems to me that, if you take a sport I know something about, rugby union, they have hundreds of technical coaches. They are all over clubs. They are trying hard to get into schools. They are putting their own money where their mouth is to try to develop the sport, but there seems a disconnect there. I wonder whether it would be good to use, for instance, some of the older players like Martin Johnson and Lawrence Dallaglio as they retire. They are currently heroes. It would be good to give them a two year contract to go as exemplars and beacons to explain what it is about sport in health and why it is important. I wonder what conversations you have been having not just in rugby union but with soccer stars, in basketball, hockey and so on. Kids need heroes. They do not always take what we say and interpret it in a way we might like.

Tessa Jowell: Certainly not. That is precisely what the Sporting Champions programme recognises, and what we are increasingly trying to do is to get our athletes who are funded through the lottery engaged in the Sporting Champions programme so that they give back some of the benefit they have received to young people coming up. A second point, just in passing, is that the RFU is a model governing body because they have seen the development of the game as being coach-led very much in the way that a sport is developed in America, not the middle-aged administrators in blazers leading the charge but young coaches who are professionally trained to achieve the very best with young people. Your question really underlines to me the importance of giving you a further note on the way in which the sporting structure works because we have, as I have said, the structure for school sport partnerships now covering 30% of schools. You are quite right to say that there is a disconnect. Not every child in school wants to be a champion. What we want to do though is to get every child active but at the same time sponsor and encourage and spot potential champions so that their talent can be nurtured. That is why we are investing in what we have called the sporting ladder which has put money into building school/club links. The coaching programme will be a major driver of that and the work we are doing with governing bodies to the Talented and Gifted programme for children who begin to show real talent, and then from next year the Talented Athlete scholarship programme, a three million programme in each of two years, which will focus on young people between 15 and 25 in further and higher education where they develop prowess at a particular sport but are without the personal resources to develop their talent through training, through special diet, through transport and so forth. What this will do is to settle a dowry on those young people. They will be supported by coaches in order to help them to afford the support and facilities without which they would never ever succeed. Then we have the World Class programme. I hope what that shows you, and we will certainly give you this in schematic form, is that we have really tried to identify the critical stages at which young people must receive particular support funding and access to facilities if they are to rise up this ladder of opportunity and go as far as they can go consistent with their talent and ambition.

Q42 Derek Wyatt: I accept, Secretary of State, that not every child wants to be a champion but I rather like David Henry's idea that every child can reach its own gold medal level and that is the thing that we should try and nurture.

Tessa Jowell: Absolutely right. And for some that will be the chance to take part in the school playground.

Q43 Derek Wyatt: As you said about libraries, you have no final jurisdiction. The thing that is often raised locally with me is the same as with playing fields. Could you put our minds at rest that there are

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fewer playing fields being sold and that you do call them in and that there is a much stronger jurisdiction that you hold over this?

Tessa Jowell: The answer is yes, yes and yes. We now have a system in relation to school playing fields and adult playing fields. The position, as you will understand, in relation to private playing fields is separate, although I think the sale of private playing fields is covered by PPG 17. If I can perhaps give you the background, in 2001–02 there were 985 planning applications which have to be considered either by the Secretary of State for Education where they are in relation to school playing fields, or by the Deputy Prime Minister where they are in relation to other playing fields, but in each case Sport England has the opportunity to make a judgment about whether or not this sale should be allowed to proceed. If I take you through these figures, there were 985 planning applications involving playing fields in 2001–02. What you have to remember is that within those 985 planning applications some will be to erect a pavilion on an existing playing field or to resurface an existing playing field, so they do not mean necessarily that they are a sale of those playing fields or that they are withdrawing them from sporting use. Of those 643 were approved, 52 were approved in spite of Sport England's objection, so about 7%, 161 were refused and there 129 which were outstanding. Ninety per cent of the approved applications either benefited sport or had no detrimental effect on sport. That is the system that we now use. I would argue to you that I would support a school's or club's wish to sell off a playing field if they thought they could get a better sporting deal by selling the land for development use and then reinvesting the money in modern facilities. When we look, as you drew my attention to, at the very poor levels of participation that we have achieved, one of the things is that you have got to offer good facilities for kids to take part in sport. In my own constituency I won the parliamentary duck race and put £1,000 into a half term football scheme with Chelsea. The scheme was run on a small playing field with nowhere for the children to shelter when it rained during a week when it rained very heavily. I would argue that in that kind of case either you spend money on building a pavilion or why not sell that piece of land but reinvest the money in better facilities elsewhere? Many of these very high profile examples, where playing fields have been sold have in practice—and this is the part of the story which is not covered—resulted in the money raised being reinvested in state of the art facilities that would not otherwise have been built.

Q44 Derek Wyatt: Lastly, just moving the topic on slightly to digital switch-off, I am slightly confused as to where we are. Is it the intention that we are going to switch off some time between 2006 and 2010?

Tessa Jowell: Yes.

Q45 Derek Wyatt: And, given that the average home buys a new television set every eight years, if we do not announce the date that we are going to switch it

off soon, it will go beyond—in fact, it has gone beyond—2010, so can you explain when you are going to announce the date that you are going to switch it off? That is the key thing. It is rather vague to say “somewhere between 2006 and 2010”. That does not help anybody.

Tessa Jowell: It does in that there is a pretty comprehensive programme of work which is being undertaken between my department and the DTI and led by the Digital Action Group, which is a representative group of stakeholders generally and the industry particularly, and there are a number of strands of work which are under way. We as government have delivered the Communications Act which provides in many important ways the legislative framework and structure for digital switchover. We then have the work which is being undertaken by Ofcom in relation to spectrum management, we have the work which is being undertaken by Ofcom and the BBC that will report in, I think, March next year on the state of readiness, what they will require in order to be able to move to switchover. There will then be a period of public consultation during next year at the end of which, towards the end of next year/beginning of 2005, we will know what the broadcasters' plans are and how much the broadcasters' plans will cost. That will focus very much on what, in relation to digital cover, will be driven by DTT and what will be relied on by the other platforms, cable and satellite. As you will very well be aware, we will not be able to move beyond 75% DTT cover without moving to switchover so we reach a road block because of the way the spectrum is currently organised and the interdependence of analogue and digital frequencies. These are the issues which are currently being addressed. This is not only a government initiative; it is also an initiative which relies on the industry and we have seen two things happen. We have seen a very rapid increase in the sale of set-top boxes and we have seen a very rapid reduction in the price of that technology which really deals with the problem about people continuing to buy analogue televisions. We have then got the broadcasters who are responsible for the planning of the new transmitter investment in order to maximise the cover for DTT, and then we have the public. Already we are getting close to the 50% mark of digital households and all the indications are, very particularly driven by Freeview, that take-up is on an upward curve. What is absolutely clear is that the moment at which government intervenes the message changes from a permissive one, which is that we intend to switch over somewhere between 2006 and 2010, which we do, to one which says that by X date in 2000-and-whatever you will have to have acquired digital capacity, and that has a material impact on public willingness to co-operate in this. Our intention is to allow the market to drive take-up. That is important, and the market is driving take-up very effectively indeed. The broadcasters are driving take-up by diversification into digital channels. I think there are yet unexplored areas about, for instance, the possibility for more public services being delivered through digital television

and some very local community digital services. I think it is Southampton where there is a digital television CCTV project. We need to explore this potential much more. That is a very long answer to your short question. The intention is to switch off the signal. We have not yet decided at what point in that time frame. We will do it. Why have we not decided? Because we do not yet have all the necessary preparatory work completed by the industry, by the broadcasters, in order to make that judgment.

Q46 Derek Wyatt: I hear all that, Secretary of State, but of course Sweden, America and Germany have announced their switchover dates.

Tessa Jowell: With great respect, they have announced their switchover dates, but I think have no planning on the scale that we have in order to get them there. It is very easy to announce a date. It is quite another thing to harness broadcaster support, industry support and public support in order to get you there.

Q47 Michael Fabricant: Time will tell.

Tessa Jowell: Time will tell.

Derek Wyatt: Broadband will tell.

Q48 Alan Keen: I will say good afternoon to show how long we have been at these questions. Would you agree with me that the new FA's Chief Executive, Mark Palios's decision to bring Trevor Brooking back to the national stadium sport is a wonderful decision in order to use his experience and enthusiasm that we saw as Chair of Sport England?

Tessa Jowell: I think Trevor is a great ambassador for sport and I am delighted if the FA are going to use him.

Q49 Alan Keen: Can I pick up on Derek Wyatt's question about libraries? Local authorities have been pressurised in order to increase their efficiency over a lot of years; the previous government and the present government have done this. My own local authority, for instance, Hounslow, has done an excellent job despite pressures of putting as much money as possible into leisure services and culture and quality of life, as I like to call it. Your answer on the playing fields was saying that we should make the best of any resources we have and you agree that there are cases where they should be sold and the receipts used to enhance the sporting facilities. With the libraries, that is a wonderful resource which is not being used 100% of the time. What serious discussions have gone on about using those resources? Local authorities cannot find the money to do that because we have pressurised them. It has been part of two governments' policies to do that. What serious discussions have been held to use them fully?

Tessa Jowell: You will be aware that last year we published the first ever really comprehensive strategy for libraries but it was a strategy that set a framework. There is a point beyond which, with the greatest respect, I simply cannot help you any further because we have these statutory obligations

to set library standards but they are standards which it is then for local authorities to comply with. I simply do not have the levers to compel local authorities to through their library service to observe them. This is arguably an area where one thrust of policy in relation to local authorities to free them up from a lot of the red tape and the targets and the centrally determined obligations that have been the source of controversy swims against the policy of my department exercising leverage in relation to libraries.

Q50 Alan Keen: This is the point I am making. You could threaten them with nuclear warfare and local authorities have not got the resources to open the libraries. It is pointless to set standards. Why do you not use as much pressure as you can to get resources freed nationally in order to use those facilities? In fact, I would argue, and I do not know whether you agree, that we have pressurised local authorities to be more efficient. I have always worked in the private sector and it is a tough life. It was not so tough in public areas. It has got tougher over the years and governments have tried to do this. We have reached the stage now where local authorities have a lot of resources from both sporting facilities and libraries, and if it is a choice between Meals on Wheels and knocking a couple of hours off the library opening hours then we would all go for Meals on Wheels for old people. You have got to do that. Nationally, though, we are not using the resources that are available there. We are shutting our eyes to them. We are blinkered. We are looking at the efficiency of local authorities separately from the resources that exist. Why do we not go to the Treasury or whoever and say, "Please let us use these resources to their fullest"?

Tessa Jowell: Sue would like to come in but you will know that we are facing a very tough spending round. We have undertaken some exploratory discussions about whether there is scope for public private partnership in relation to this, the sort of collaboration with a number of other functions that I was referring to earlier. The resource, which is our body which oversees library standards and is responsible for innovation in libraries, is looking at how the new library framework that we published last year can be applied to take account of different local circumstances. I would not want you to think that work was not under way because it is.

Ms Street: Of course, I would like more money; we all would, but I am not hopeful although we will try. It is perhaps quite useful to explain that the nature of the dialogue with local authorities over libraries has changed over the last couple of years and it is less about libraries for librarians and more about libraries for what citizens want. If they want safe neutral spaces open longer, if they want noisy libraries rather than hushed ones, the local authorities' messages to us meant that we completely changed the requirement for library plans. We have stopped asking them to lend so many books or give us all sorts of data that is not relevant to their needs, and we are finding that some of the best libraries are not those where the most is spent but where the local

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authority, with support from the Secretary of State's overall strategic priorities and resource, have said, "You make the library what you need for all sorts of other reasons, like keeping kids off the streets or homework clubs". I cannot throw money at it but I think the nature of the dialogue is much more constructive than it used to be.

Tessa Jowell: I have been passed a note reminding me that £800 million is spent on libraries. We have established a tiny challenge fund of three million pounds which resourced the NDDP that overseas libraries are using to try to improve the standards of libraries. What is absolutely clear is that there are quite wide degrees of variation between libraries. The best resourced are not necessarily the best libraries and it rather reflects, I think, what you were suggesting, that it is about the people and the imagination of the people who run them that determines the quality of service.

Q51 Alan Keen: I am not being critical in any way. I do not want you to be defensive about it. All I am saying is that it is partly because we have had this antiquated system of account in the public area which the private sector threw out over a century and a half ago. We have talked about introducing resource accounting. What I am saying is that there are resources, there are assets, which are not really being used. There is a division between the local authorities and you. You are saying that you cannot find them more money. Of course you cannot. The local authorities cannot find any more money, so we have got tremendous resource there empty and with no lights switched on in the evenings when the public could use them. Local authorities have no more money, you have no more money, but it needs departments bringing together and saying, even if it is over a ten-year period, that we should get money to put into these. The private sector would not leave assets unused at one of the best times of the day, the evening. That is what I am saying. I am not being critical of your department except that I am if there are no talks going on about the future use of the asset.

Tessa Jowell: I will make sure that this issue is on the agenda for my forthcoming meeting with the LGA which I do on a regular basis.

Q52 Alan Keen: One or two of my colleagues have picked some holes in the delivery against the targets on sport in schools. Can I say that I think the progress we have made is absolutely fantastic with kids in schools. The extra investment is so impressive and also you have filled gaps as you are going along; I accept that. Is it in your plans for progressing from schoolchildren through to the rest of the population, the gap between schools and sports clubs and the gap where sports clubs do not even exist, and even, dare I say, as far as veteran sport is concerned? There is little organisation of veteran sports. You do not just have to be volunteers telling athletes which direction to take on a cross-country run. People can still participate. What plans have you got for extending that activity right through life?

Tessa Jowell: You will remember that about a year ago we published *Game Plan* which was our strategic framework for delivering sport participation and increasing activity where we see Finland very much as the example of a country that has really taken this seriously and that we would like to emulate over probably a 20-year period because this is long term change that we have to look at. Yes, you are absolutely right. I described to you the sporting ladder of opportunity for young people. Sport England are not responsible for sport in schools. They pick up responsibility at the point at which kids are playing sport out of school in clubs. They have a responsibility in relation to school club links. Sport England's core purpose now is to increase participation. In a sense all the other extraneous responsibilities that they used to have that made them a rather confused organisation have been stripped away. They are now focused on increasing participation and we have to refine the target by which we define that and we are working on that at the moment. It is our aim to produce interdepartmentally an activity on which the report of the Activity Co-ordination Team, which is meeting across my department, Health and Education in the spring, will set out then a delivery plan for how in practice this big ambition of boosting participation will be met in all its complexity and by measured steps. That will certainly include the promoting of opportunities for older people. I remember when I was Public Health Minister putting in place some very small scale pilots that were called Exercise on Prescription for often quite elderly people who had just become immobile through inactivity, and it was really quite moving seeing what results could be achieved when people were properly encouraged and properly supported and supervised in doing that and how quickly mobility returned to people who were badly affected by what were limiting conditions like arthritis.

Q53 Alan Keen: I have already said that I agreed with your answer to Derek Wyatt on the sale of playing fields, or rather the principle. I do not necessarily agree with all the decisions that have been made. It seems a defensive mechanism that we have got to stop the sale of playing fields which we do not agree with from a sporting point of view. Should we not be more proactive? Again, it is coming back to assets and resources. Should we not really be actively looking at what resources there are? I know my local authority, Hounslow, is looking at this. We have European and world headquarters buildings that were built in the mid-twenties and thirties. They all had their own sports fields. If you go down the A4 you see rows of houses but behind those there are sports fields, so we are lucky in my area. Even in that area, or particularly in Hounslow because we have got a tremendous amount of sporting facilities, we are not really making full use of those because there does not seem to be anyone who is being proactive in looking to see what there is and how we can use them.

Tessa Jowell: You are right in part and, of course, those facilities will be provided by a whole range of different people—commercial enterprises, very local organisations, schools, universities and so forth. The good news in this is that by June next year we will have for the first time ever a nearly comprehensive database of all facilities that we are funding Sport England at the moment to compile. It is extraordinary that it has not happened until now but it is now going to happen. We should have about 90% of the information available by June and the rest of it, the last 10%, will be available in the early part of 2005. What that will mean, and this is very important as part of the practical strategy to boost participation, is that you will be able to key in your postcode and find out where the gyms, the squash courts, the playing fields, the swimming pools, are near you, and in time (I do not think you will be able to do it immediately) you will be able to book on line and so forth. We will have for the first time ever a comprehensive database of sports facilities by a little later than this time next year.

Q54 Alan Keen: Chairman, can I ask a mischievous question? Have you ever regretted that the decision was taken to hold the Olympics in East London and to look for a stadium when we will have one soon where athletics will fit in?

Tessa Jowell: Certainly not. We will have a magnificent stadium at Wembley that we hope will be used during the Games.

Q55 Alan Keen: But not for athletics.

Tessa Jowell: No. Wembley Stadium would not be used for athletics but it will be used if we are successful in all the efforts we are making to host the 2012 Olympics. We are 100% behind it and very enthusiastic. What is very encouraging is the enthusiasm that is not just coming from around the country but also from other countries for the fact that we are bidding. Nobody is going to say until 6 July 2005 that we can win or we have won. We are just going to do our very best.

Q56 Alan Keen: We are all very enthusiastic.

Tessa Jowell: Good. I know you are.

Q57 Chairman: I could add a mischievous question, namely, if we get the Olympics and if we build the stadium in East London, what will we do with it after three weeks of Olympic Games?

Tessa Jowell: Let me answer that question. What I hope we will do is establish a lease with a football club. I am absolutely clear that if we host the Olympics, we invest in the facilities, then they are all scaled to long term reasonable levels of use and we are not saddled with any white elephants. I do not think this will be the case but I would rather we construct a stadium for the duration of the Games and then take it down than be saddled with public sector costs for maintenance that could run into millions of pounds every year.

Q58 Chairman: Secretary of State, I note that answer, especially your final sentence, which I will read, mark, learn, inwardly digest and bring up again.

Tessa Jowell: I will not necessarily still be Secretary of State in 2012, much as I would like to be.

Q59 Ms Shipley: Page 46, better public buildings, the ministerial design champions and CABA—CABA I think most people in the business would recognise as being a very powerful force for good quality design leadership—ministerial design champions whilst being a very honourable experiment has flopped. In a series of written answers to my questions, which, frankly, the answers had to be dragged out like blood from a stone in a number of cases, most ministers appeared to think that being a design champion meant that they were aware of one, maybe two buildings within their sector that was going up and they would count exception to a high profile building and there was no general commitment or understanding about the building environment, really. In defence of the ministers I do not see why on earth they should have the ability or the knowledge to be able to deliver on this. I do not really see an assessment of the design champions, it just says that they produced action plans. Having seen those action plans and seen how the ministers operate and their understanding of them it has been pitiful, but with reason, understandably, but is it not time to drop them now?

Tessa Jowell: No, I do not think it is necessarily. As a Government we are, as you know, investing what are probably unprecedented amounts of public money in new buildings. If we have learned any lessons from the past at all it is that public buildings work well when they are uplifting to the spirit as well as fit for purpose and that is why I think that the role of design champions and having leadership across government for improving the quality of design and recruiting the best architects, and so forth, is a very important one. I pay tribute to the work that CABA have done in this. I share the responsibility for CABA with the ODPM, they have just acquired new statutory authority.

Q60 Ms Shipley: With respect, CABA has been excellent but if you look at the health ministers trying to deliver this agenda frankly they cannot, they have not and they cannot. The health minister has not delivered. CABA is able to advise, and so on and so forth, on schools, on hospitals, and so forth but the health ministers have actually demonstrated in writing that they cannot.

Tessa Jowell: This is not really anything to do with my area of responsibility.

Q61 Ms Shipley: It is, it is page 46.

Tessa Jowell: The point I am making is that I do know that health ministers have taken very seriously the importance of good design in the many new hospitals that we are building.

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Q62 Ms Shipley: Okay. Can we move on to the BBC and on page 53, “The BBC is central to our public service broadcasting system. DCMS is increasingly required to ensure that the boundaries between its activities and over commercial broadcasters are respectively established and maintained.” Today’s headlines, “BBC is making Coke Top of the Pops” I am sure you have had this drawn to your attention. If you have not there are plenty of other examples where the BBC has strayed over the last year into commercial products being placed in various ways or commercial link-up with children’s television in particular and its characters being used in products, that sort of thing. When the BBC was in front of us they said that they would look into it and they thought there may be a problem here, but then we have this, “BBC is making Coke Top of the Pops”. This sort of thing is not included in your Annual Report. The problems that you have in generalised terms are not included at all.

Tessa Jowell: This is making a slightly different point. Perhaps I can take your question in two points.

Q63 Ms Shipley: You can just take the general point.

Tessa Jowell: The point that is being made here is about the distinctiveness of the BBC and what it offers, funded by the licence fee, as compared to what is offered by the commercial public service broadcasters or commercial broadcasters more generally.

Q64 Ms Shipley: Absolutely, and I think it does that very well. Where there have been problems with the BBC, where you should have stepped in or have stepped in that is not included here.

Tessa Jowell: Where who should have stepped in?

Q65 Ms Shipley: Where you should have stepped in.

Tessa Jowell: Where should I have stepped in?

Q66 Ms Shipley: With examples like Coca-Cola and Top of the Pops, that link.

Tessa Jowell: I am not the Regulator for the BBC.

Q67 Ms Shipley: No, but do you not think if you had any responsibility for the BBC at all—and as you have put it in your Annual Report you do have some responsibility, otherwise it would not be in here—you have a responsibility to refer things to the Regulator?

Tessa Jowell: The BBC is regulated by the governors. It is very important to disentangle the two points that are being made here. There is one distinct set of issues about the extent to which the BBC through the programming that it offers and the activities that it engages in, funded by the licence fee, impinge on similar areas of activity which are undertaken by commercial broadcasters. We have always argued with the BBC that its distinctiveness and maintaining its distinctiveness is part of its core purpose. Just to illustrate that point, when I gave approval to the four new digital channels one of the issues I considered was the market impact, in other words would I by licensing these new services, which

as Secretary of State I do, be in some way impeding investment by other potential investors in what is a broadly equivalent part of the market. It was a particularly important issue in relation to the BBC and the Youth Channel, because that is the BBC entering what is already a very crowded market place. Is that a right and proper role for the BBC? That is one set of issues. The second issue is product placement. There is a code that the Regulator, either the ITC—Ofcom after the end of the year—or the BBC governors should comply with in ensuring that the programmes do not become advertorial. A decision by the BBC to have any product sponsor one of its programmes is a matter for the BBC. They are accountable and will be accountable to Ofcom for the conduct of their commercial activities.

Q68 Ms Shipley: On your first point, its distinctiveness, do you think its distinctiveness is being eroded—you are responsible for its distinctiveness, as you just demonstrated in your point one—by product placement, by link ups with things Coke and Top of the Pops?

Tessa Jowell: It is very difficult to generalise. Distinctiveness is born of content. You can have distinctive content regardless of sponsorship. I think that the answer is, no, not necessarily. I do not think that distinctiveness is necessarily affected by having a commercial sponsor.

Q69 Ms Shipley: Can I go back to something that you said on sports, I hope I am wrong in quoting you, so put me right on this one, the PE two hours is not core curriculum, so it could be after school stuff or lunchtime stuff which is included in the monitoring of that two hours?

Tessa Jowell: It is not necessarily part of the core curriculum. Some schools do offer it in curriculum time but they do not all offer it in curriculum time. There is no requirement on them to offer it in curriculum time.

Q70 Ms Shipley: If there are no parents and no teachers and nobody else round that wants to offer lunchtime stuff and after school stuff then there is no requirement on the school to offer PE?

Tessa Jowell: That is the point of having this organisational structure.

Q71 Ms Shipley: Which I know in detail because you told us, do not go through it again because I have that one.

Tessa Jowell: Increasingly what you will see will be coaches that will be offering basketball at lunchtime or hockey before school, or whatever it is, because the purpose of this investment is to make sure that children are taught by people who have themselves been properly trained rather than, as has been so often the case in the past, teachers doubling up the function.

Q72 Ms Shipley: I agree with you, the coaching, the experience, your last statement I agree with. Surely delivering them between yourself and the Department of Education there has to be some way

of telling schools that they are required, actually required—use the word “required”—to deliver sport or physical activity to all children, otherwise we will get into a situation, which we are in, that two thirds of young children do not have any physical activity at all—that is from Sport England. Although you have good practice going in to some things two thirds of children are not getting this physical activity. Surely you and the Department of Education have to tell schools that they are required to deliver and you have to spell it out, you have to deliver it, the way you deliver it can be variable, agreed, but you have to deliver it and you have to demonstrate it. Also between you, the two departments, you have to monitor that delivery. I put it to you in schools not far from here there are in the day two slots where it appears that children are doing PE and I can tell you they are not, they are getting changed for PE, they are doing 10 or 15 minutes, maybe, and then they are getting dressed again. You have two slots of that but those slots also get cancelled for nativity plays, and all sorts. If you did it over the whole year you would find those children, even the third that are appearing to have PE, are actually having very little, but this is not being monitored.

Tessa Jowell: First of all it is precisely because of the previous way of measuring this, including changing time, travelling time and so forth that the time actually spent running round or jumping up and down was so limited that we moved the target from the previous PSA target to the one that we now have. The PSA target sets an obligation to deliver, and schools are expected to do this. I would also say that as schools fall within the ambit of the School Sport Partnerships all the evidence is that schools want to take part, they are queuing up to become part of School Sport Partnerships because they see the benefits to their children of making sport more available to them. The obligation derives from the PSA target but this is actually offering something that they want to take up.

Q73 Ms Shipley: You used the word “expected” you did not use the word “required”. Would you like to change your answer to, are required to deliver it?

Tessa Jowell: I do not want to mislead you, the fact is in all of the Schools Sport Partnerships the target is being delivered and the achievement of the target, two hours a week net of changing, travelling and all of the rest of it is monitored and the delivery of that achievement is monitored at the moment by the Prime Minister’s Delivery Unit. Yes, if you become part of a School Sport Partnership part of the terms of signing up is you are required to cooperate in that way, in return you get a considerable number of facilities, not least of which is freed-up time.

Q74 Ms Shipley: What will you do about those that do not sign up? Those that sign up are good but those that do not—two thirds of children are not getting it at the moment.

Tessa Jowell: I know they are not that is because this is a programme that was always intended to be implemented over a number of years. We simply do

not have the capacity to implement it all at once, if we did we would be back at the situation there would be no problem monitoring the quality of what children were getting. In order to make this work we are training 3,000 part-time, mostly part-time, coaches to work in schools. This is a programme that will take from the moment of its inception, which was about 2001, until probably about 2006 to complete.

Q75 Ms Shipley: The raising of the quality of the coaching is excellent and to be applauded, the medium-term goal of that is excellent. We have a position now, today, when two-thirds of young children are not receiving any physical education, one-third are and two-thirds are not, surely we should be requiring children to have the opportunity to do this? The schools should be required to deliver. It really does not have to be high level coaching to get them physically active, being physically active without high level coaching is better than not being physically active at all, surely?

Tessa Jowell: I think you will find that over and above the two hours of sport and physical activity there are activities that go on in schools which make children active, they do not make them active at the level that we think is necessary. In a sense you need Charles Clarke here to answer these questions about the scale of obligation that they at DfES are prepared to place on schools.

Ms Shipley: We have you and you are part of joined-up Government.

Q76 Chairman: We are going to have to move on.

Tessa Jowell: I have set out for you the way in which this programme will be implemented. It is a programme that if we are not to sacrifice quality that can be done in one year or two years.

Q77 Ms Shipley: We are going for high quality, which is an excellent aim which we should have, over a medium-term but we are not going to go for making those children get active now because it is so vitally important?

Tessa Jowell: We are going for quality, sustainability and progressive universality.

Q78 Ms Shipley: Which leaves out two thirds of children in the immediate future.

Tessa Jowell: Those children and those families will make other arrangements until they are part of the School Sport Partnership.

Ms Shipley: Two thirds of children—

Q79 Chairman: We do have to move on.

Tessa Jowell: With great respect I think that line of questioning runs the risk of misrepresenting first of all what children are doing in school outside this programme and secondly the intentions of this programme.

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Q80 Mr Flook: Secretary of State, I have been looking at page 50, the BTA used advertising to win overseas visitors back to Britain. If you do look at page 17, and it may be a chance for Mr Smith to get on the score sheet, we can see that for overseas visitors to the United Kingdom expenditure dropped 9% from the year before last and then climbed 4%. That is a provisional figure of 11.8 billion. Six months after the Report came out do we know what that figure is?

Chairman: I can tell you, it is 6%, but we now have a £15 billion deficit on tourism.

Tessa Jowell: Yes.

Q81 Mr Flook: The real thing is if we increase the amount of money that we have spent, more money on the Million Visitor Campaign, can you explain how we are going to get higher spending visitors to Britain?

Tessa Jowell: That means getting Americans back. Americans are more reluctant than they have ever been before to get on planes, hence the Million Visitor Campaign was directed at Americans, at Far Eastern destinations and at destinations in Western Europe. There are two drivers of the balance of payments deficit, one is the loss of high spending American visitors, the second is that more of us are going abroad and spending more, that is how the balance of payments deficit is increasing. What can we do to deal with that? We can encourage more people to take holidays at home by improving the tourism offered in this country in line with the answers I gave to Mr Thurso. We can also continue our efforts to get more Americans and high value tourists, who spend six pounds for every pound we spend, so that is why spend is so sharply down, although numbers are recovering.

Q82 Mr Flook: Just on that point, you said six pounds for every pound, what is the projected ratio with sterling climbing against the dollar?

Tessa Jowell: Can I let have you that?

Q83 Mr Flook: Please do.

Tessa Jowell: I do not have it in my briefing and we would have to model it.

Q84 Mr Flook: It does not relate to the last fiscal year since then the dollar has fallen. I would appreciate knowing that.

Tessa Jowell: We can let you have that.

Q85 Mr Flook: We are all aware that the Rate Support Grant was announced a couple of weeks ago and it is going to be a very difficult time for many councils. Somerset has a dual system and it is the county council that runs the libraries, I do not know

what they are going to do with the libraries. I know that you said that you set the standards and that there are lots of problems, as Mr Keen pointed out, and trying to get them to the open more than five days a week, it is not just on Sundays, it is seven days a week. I am sure there is going to be some pressure on those budgets, and I appreciate the DCMS sets the standards, what help or contingency plans has the DCMS for councils—I do not say this for Somerset as a whole because I do not know but they have already said they are going to cut rural bus services—what help are they going to be giving in down-sizing the money they spend on libraries? Like everything else it is going to come under some severe pressure. I speculate.

Ms Street: The library provision is a statutory duty of local authority, so they are going to face some difficulties obviously. What we can do through the strategic body resource is more in terms of explaining best practice. As we said earlier it is not the biggest spending libraries that are necessarily the best. I think it is has to be round dialogue, information, sharing best practice and using the sort of seed corn monies of round three million to make sure that we are assisting them in the best way that we can.

Q86 Mr Flook: Ms Street, earlier you said that the attitude of the Department had changed in the last two years with regard to what you were asking from libraries, how much information have you got to be able to pass on that best practice? How well worked-up are the models and examples to pass to Somerset?

Ms Street: The thing we stopped doing was loading library plans on them in forms that did not make sense for citizens who use libraries, that was a step back, do not use your money on counting things that do not matter. The monitoring now is through resource and monitoring that they are discharging their statutory responsibility. As the Secretary of State said we cannot force them to open hours beyond their obligations. What we want to do is make sure, as other members of the Committee have said, that they realise using that capital asset is a good use of assets. We need to take with them a much wider view, as Framework for the Future set out, of how libraries can be used. I think we can also build on the point of your question, through what is a limited capacity, look at what we can do to advise on good practice and so forth, provide some development help or development advice for libraries that, as you suggest, may be going through a very difficult time

Q87 Chairman: Thank you very much. Secretary of State, it has been rather a marathon, we are grateful to you and your officials for sticking it out. Thank you very much indeed.

Tessa Jowell: Thank you very much.