

CMS 156943/DC

Brian Pomeroy  
Chair  
Gambling Commission  
Victoria Square House  
Victoria Square  
Birmingham  
B2 4BP



department for  
culture, media  
and sport



*host government  
department*

20 October 2010

Dear Brian

## 2010 SPENDING REVIEW

I am writing to inform you about the outcome of the 2010 Spending Review for my Department. DCMS' overall budget will reduce by 25% by 2014-15, which comprises a 24% reduction to the resource budget and a 32% reduction to the capital budget.

My overall approach to the Spending Review has been to tackle the challenge in a strategic way, based on four principles:

- cutting waste and inefficiency, stopping lower priority projects and rethinking the role of the state in the sectors in which we operate;
- protecting for the long term our unique cultural, heritage and sporting assets;
- delivering a safe and successful Olympics in 2012; and
- contributing to the Government's growth agenda by supporting growth in our sectors and in the wider economy.

You will understand that we have wanted to protect funding for high priority programmes and this has required difficult decisions elsewhere in budgets.

I have therefore decided that the Gambling Commission will not receive any Grant in Aid, which has previously been allocated for the gambling prevalence study, during this period. The Gambling Commission will therefore be required to match expenditure with fee income during this period.

I know that you are currently undertaking a comprehensive review of the way in which you gather adult gambling prevalence data and are consulting on options for the future. It would be helpful if you could meet John Penrose to discuss those options, and how they might be funded, following your assessment of stakeholders' views.

As you know, during this Spending Review period, the Gambling Commission will be merged with the National Lottery Commission. I am grateful for the work of both bodies in helping to construct the supportive business case. I am keen to ensure that we maximise the efficiencies from the merger and would like to confirm my expectation that the new merged body will manage on the same amount of administrative resource as the existing Gambling Commission.

### Budgetary control totals

The control totals against which the Gambling Commission net expenditure will be monitored and confirmation of the withdrawal of grant in aid is set out in the table below.

£m	Resource Budget			Total Resource (DEL) Budget	Capital Budget			Total Capital (DEL) Budget	Grant in Aid
	Programme	Administration	Ring fenced depreciation		Core capital	Grants	Projects		
2011-12	0.000	0.000	1.127	1.127	-	-	-	0.000	0.000
2012-13	0.000	0.000	1.159	1.159	-	-	-	0.000	0.000
2013-14	0.000	0.000	1.175	1.175	-	-	-	0.000	0.000
2014-15	0.000	0.000	1.234	1.234	-	-	-	0.000	0.000

Four years is a long time over which to plan with certainty. There will inevitably be unforeseeable changes in the landscape over that period. My intention, therefore, in providing you with budget allocations for the latter years of this Spending Review period is to give a strong indication for planning purposes rather than absolute certainty. It may be necessary to make changes as time goes by but I intend to restrict movements in these allocations to a maximum of 5%. I hope this approach will give you both figures to plan against and a best and worst case scenario that you can use in determining the necessary degree of flexibility.

The Resource DEL Budget is split into three sub-totals. The **Administration** budget is the amount available for net expenditure on administration and management of your organisation. Further information about the nature of these control totals and the flexibility between budgets can be found in **Annex A**.

*Yus ever*

A handwritten signature in black ink that reads "Jeremy". The signature is written in a cursive style with a long horizontal stroke extending to the right.

**JEREMY HUNT**

**Secretary of State for Culture, Olympics, Media and Sport**

## Annex A

### Resource DEL budget

The Resource DEL Budget is split into three sub-totals. The **Administration** budget is the amount available for net expenditure on administration and management of your organisation. Should you wish to go further in reducing administration costs to enable a larger portion of the funds provided to be used at the front-line, you will not be penalised and you have the authority to use any under spend on the administration budget in either the programme or depreciation budgets instead.

In contrast, the **Depreciation** budget is operated as a one-way ring fence. This means that, after your net depreciation<sup>1</sup> and impairment charges have been set against it, any overspend must be covered by a reduction in expenditure on either the Programme or Administration budgets. Should there be an underspend against the depreciation budget however, no additional expenditure is permitted in other areas.

The **Programme** budget is simply all other resource expenditure not already captured in the Depreciation and Administration budgets.

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<sup>1</sup> The depreciation charged against the DEL budget excludes depreciation on assets funded by lottery grants or donations.