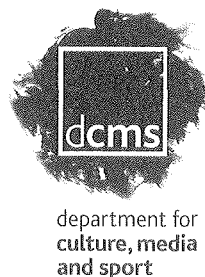


CMS 156943/DC

Dr J G Parker OBE
Registrar
Public Lending Right
Richard House
Sorbonne Close
Stockton-on-Tees
Cleveland TS17 6DA



*host government
department*

26 October 2010

Dear Dr. Parker,

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.

This letter sets out the funding settlement for Public Lending Right (PLR) covering the financial years 2011-12 to 2014-15. I am setting out these high level budget allocations now to give you the best opportunity to plan for what will be a very challenging four year period during which time the functions of the PLR body will transfer to another NDPB. This letter will be followed by a more detailed funding agreement that will include full details of the settlement over four years, and the Government's requirements to support the transparency agenda.

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.

The resource grant in aid budget for your organisation will be cut by 15% in real terms. Within this settlement I expect –

- The administrative budget to be capped at current levels
- That you will work with officials on methods for reducing the admin spend during the course of the 2011-12 financial year – including use of secondary legislation to allow more flexibility around the library loans sample

Under such a tight Spending Review, we are not extending the public lending right to e-books and audio books at this time, as enabled by the Digital Economy Act.

If restructuring is necessary, we expect that bodies will meet the costs. Where there are genuine difficulties, you should contact DCMS to explore options that might be available.

Budgetary control totals

The control totals against which Public Lending Right's net expenditure will be monitored and the grant in aid that DCMS will pay in each year are set out in the table below. The key controls are the first two elements of the resource budget – the near-cash spending on programmes and on administration, and the overall capital budget.

£m	Resource Budget			Total Resource (DEL) Budget	Capital Budget			Total Capital (DEL) Budget	Grant in Aid
	Programme (near-cash)	Administration (near-cash)	Ring fenced depreciation		Core capital	Grants	Projects		
2011-12	6.462	0.756	0.012	7.229					7.218
2012-13	6.328	0.756	0.012	7.096					7.084
2013-14	6.221	0.756	0.013	6.990					6.977
2014-15	6.200	0.756	0.013	6.969					6.956

The approach that I have taken in setting these allocations is to commit most of the Department's resources to the bodies that we fund, and to keep only very limited funds back at the centre. This necessarily means that I am left with very little flexibility to deal with risk, for example to meet unforeseeable changes in circumstances and priorities that will arise, particularly in the latter years of the Spending Review period. So, while these allocations set out my firm plans for the next four years, they cannot be immutable, particularly for the third and fourth years. I must ask you to build into your own plans some flexibility in the later years. My intention would of course to minimize any changes to budgets, and to keep them below 5 per cent of your overall allocation in any case.

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. The reducing budget over the period reflects the priority I place on ensuring that funds are used for front-line delivery. Further information about the nature of these control totals and the flexibility between budgets can be found in **Annex A**.

Transparency

To replace the performance frameworks that you may have been used to in the past, Public Lending Right will instead be expected to make information available to the public on a range of subjects. This will involve the formulation of an information strategy setting out what will be published and when. Further guidance about what must be included will be given in the funding agreement (which will be issued shortly) but it will incorporate a range of inputs and impact indicators.

Despite the difficult circumstances, this represents a fair settlement with safeguards to protect the cultural, heritage and sporting cores. My Ministerial team and I look forward to working with you over the next four years.

Yours ever



JEREMY HUNT
Secretary of State for Culture, Olympics, Media and Sport