

CMS 156943/DC

Tim Bevan
Chairman
UK Film Council
10 Little Portland Street
LONDON
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*host government
department*

20 October 2010

Dear Tim

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 the UK film sector covering the financial years 2011-12 to 2014-15. I am setting out these high level budget allocations now to give the British film industry the best opportunity to plan for what will be a very challenging four year period. This letter will be followed by more detailed funding agreements with the body(ies) which will take over the core functions currently exercised by the UK Film Council. These 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.

It is in this context that I took the decision to abolish the UK Film Council. It was a hard decision, but I believe that it was the only way to ensure that front-line services, which contribute directly to supporting the British film industry, are preserved.

The resource grant in aid budget for film will be cut by 30% in real terms by 2014-15 and will be £73.755m over four years. Within this settlement I particularly expect funding for the British Film Institute to be protected and have a cut of no more than 15% in real terms.

DCMS's capital budget reduction is 32%. Capital budgets are tighter than for resource spending, making decisions here more difficult. We have therefore focussed our spending on completing those major projects that are already underway and maintaining capital spending on maintenance of core cultural and sporting assets. We have also been able to provide funding for the roll out of the Coalition's commitment to high speed broadband. The Screen Heritage Project will benefit from a £5m capital allocation. Other details on specific capital allocations will be notified to the BFI as relevant.

Budgetary control totals

The control totals against which the soon-to-be-named body(ies) net expenditure will be monitored and the grant in aid that DCMS will pay in each year will be set out in separate correspondence once I have announced the future framework with which the film policy will be delivered.

I know that your focus will inevitably be on the wind down of your organisation and the welfare of your staff through this difficult process. I am aware that your team is discussing the closure process with my Department. We expect that bodies will meet the costs of restructuring separately. Where there are genuine difficulties, you should contact DCMS to explore options that might be available.

Despite the difficult circumstances, this represents a fair settlement with safeguards to protect the cultural cores. My Ministerial Team and I look forward to working with you in achieving this.

Yours ever

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

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