

*Ed Richards  
Chief Executive  
Ofcom  
Riverside House  
2a Southwark Bridge Road  
London  
SE1 9HA*



20 December 2013

By Email

Dear Ed,

**REVISED ALLOCATION LETTER FOR 2013/14 – 2015/16**

I am writing to inform you of a change to Ofcom's allocations for the financial years 2013/14 - 2015/16. This letter replaces any previous notifications.

Following the Autumn Statement announcement on 5 December a budget reduction of around 1% has been applied to your allocation baselines for 2014/15 and 2015/16 as per previous communications. For Ofcom, this affects Community Radio and the budget that DCMS holds for Orphan Costs. Ministers are clear that spending on frontline services should continue to be prioritised, and that you should actively identify and implement the most cost-effective ways of delivering public services. We have corresponded previously on the need to set and maintain contingency plans to help you cope with budgetary reductions within and between Spending Review periods.

Any changes that have previously been agreed to budgets since your last allocation letter have also been reflected in your revised allocation figures below.

The amended control totals against which net expenditure will be monitored and the grant in aid that the Department will pay are as set out in the table below. The control totals are shown in the shaded columns and incorporate any other changes that have previously been agreed with you.

Included here are Spectrum Management, Orphan Costs, Community Radio, the approved PSSR budget and Ofcom's Spectrum Clearance budget. The expenditure caps previously set remain unchanged.

	Admin (near-cash)	Admin depreciation	Total Admin (A+B)	Programme (near-cash)	Programme depreciation	Near-Cash Resource (DEL) (excluding ring fenced) (A+D)	Total Resource (DEL) Budget (C+D+E)
Year	A	B	C	D	E	F	G
2013-14	66.900	0.000	66.900	4.043	0.000	70.943	70.943
2014-15	64.417	0.000	64.417	2.282	0.000	66.699	66.699
2015-16	61.800	9.000	70.800	1.283	0.000	63.083	72.083

£m	Capital Budget				Grant in Aid (A+D+H+I)
	Core capital	Major Projects	Reserves	Total Capital (DEL) Budget (H+I+J)	
Year	H	I	J	K	L
2013-14	0.000	23.573	0.000	23.573	94.516
2014-15	0.000	0.300	0.000	0.300	66.999
2015-16	0.000	21.000	0.000	21.000	84.083

Guidance on the budgeting rules within which you are expected to operate has previously been circulated and can be found in the Treasury's Consolidated Budgeting Guidance.

If you have any questions about the content of this letter, or would like to discuss your contingency plans, then please get in touch with your usual relationship manager in the finance team.

Yours sincerely,



**SAMANTHA FOLEY**  
Finance and Commercial Director

cc: Alastair Smith