



# Department for Culture Media & Sport

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19<sup>th</sup> of March 2015

Alastair Smith  
Director of Finance  
OFCOM  
Riverside House,  
2a Southwark Bridge Road,  
London  
SE1 9HA

## By Email

Dear Alastair

## **REVISED ALLOCATION LETTER FOR 2014/15 – 2015/16**

I am writing to inform you of the OFCOM's allocations for the financial years 2014/15 – 2015/16. This letter replaces any previous notifications.

Any changes that have since been agreed to the budgets since your last allocation letter have 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 tables below. The control totals are shown in the shaded columns and incorporate any other changes that have previously been agreed with you.

The figures shown below provide details of the funding that DCMS has available to pay to OFCOM for its specific activities. The expenditure caps as detailed in the 2013 Spending Review Letter remain unchanged, the budgets within those spending caps are set by OFCOM.

## **Changes to Allocations**

*Spectrum Management:* £1.160m has been transferred in 2014/15 from resource admin to capital. Budgetary cover for depreciation costs of £5m for 2014/15 has been approved in the Supplementary Estimate.

*Orphan Costs:* Budgetary cover for extra programme costs of £3.337m for 2014/15 has been approved in the Supplementary Estimate, this brings the total orphan cover to £4.314m.

*SCAP Costs:* Budgetary cover for extra admin costs of £2.300m from the capital 700MHz DCMS Core SCAP has been approved in the Supplementary Estimate.

*UHF 700MHz Costs:* £2.4m capital to admin switch approved in 2015/16.



PSSR- MoD costs: £2.518m replaces the total baseline allocation figure for PSSR in 2014-15; and £0.100m has been transferred in 2014/15 from resource programme to capital.

## Grants

Note that the Community Radio funding and MG-Alba funding in both 2014/15 and 2015/16 should be treated as a Grant Payment as Ofcom is acting as an agency to the ultimate recipient and should account for these as such.

### Financial Year 2014-15

	Resource DEL						Capital DEL	
	Admin (near cash)	Admin Depreciation	Total Admin Budget (A+B)	Programme (near cash)	Near-Cash Resource DEL (excluding ring fenced) (A+D)	Total Resource (DEL) Budget (C+D)	Total Capital (DEL) Budget	Grant in Aid (E+G)
<b>Changes in Baseline Allocations at Supplementary Estimates 2014</b>								
<b>Supplementary Estimates 2014</b>	A	B	C	D	E	F	G	H
	£m	£m	£m	£m	£m	£m	£m	£m
<b>GRANT-IN-AID</b>								
Spectrum Management receipts	61.440	5.000	66.440		61.440	66.440	1.160	62.600
Spectrum Clearance (SCAP)	4.117		4.117		4.117	4.117	1.688	5.805
Orphan Costs			0.000	4.314	4.314	4.314		4.314
PSSR - MoD			0.000	2.418	2.418	2.418	0.100	2.518
Small Scale DAB			0.000	0.274	0.274	0.274		0.274
<b>GRANT PAYMENTS</b>								
Community Radio			0.000	0.412	0.412	0.412		0.412
MG - Alba			0.000	1.000	1.000	1.000		1.000
<b>Total</b>	<b>65.557</b>	<b>5.000</b>	<b>70.557</b>	<b>8.418</b>	<b>73.975</b>	<b>78.975</b>	<b>2.948</b>	<b>76.923</b>
<b>Notes:</b>								
Depreciation Costs - £5m cover shown under Spectrum Management								
Spectrum Management - Admin to Capital swap of £1.16m to cover capital expenditure								
SCAP - £2.3m additional funding from 700MHZ (capital to admin swap)								
Orphan - costs increase to £4.314m								
PSSR - Resource (Programme) to Capital swap to cover expenditure of up to £0.1m								
MG ALBA - £1m Grant Funding								

Financial Year 2015-16

Changes in Baseline Allocations at Supplementary Estimates 2014 and Budget 2015	Resource DEL						Capital DEL	Grant in Aid (E+G)
	Admin (near cash)	Admin Depreciation	Total Admin Budget (A+B)	Programme (near cash)	Near-Cash Resource DEL (excluding ring fenced) (A+D)	Total Resource (DEL) Budget (C+D)	Total Capital (DEL) Budget	
Financial Year 2015-16	A	B	C	D	E	F	G	H
	£m	£m	£m	£m	£m	£m	£m	£m
<b>GRANT-IN-AID</b>								
Spectrum Management receipts	61.800	9.000	70.800		61.800	70.800		61.800
UHF 700MHz	2.400		2.400		2.400	2.400	18.600	21.000
Orphan Costs			0.000	0.906	0.906	0.906		0.906
PSSR - MoD			0.000	2.515	2.515	2.515		2.515
Small Scale DAB			0.000	0.226	0.226	0.226		0.226
<b>GRANT PAYMENTS</b>								
Community Radio			0.000	0.378	0.378	0.378		0.378
MG - Alba			0.000	1.000	1.000	1.000		1.000
<b>Total</b>	<b>64.200</b>	<b>9.000</b>	<b>73.200</b>	<b>5.025</b>	<b>69.225</b>	<b>78.225</b>	<b>18.600</b>	<b>87.825</b>
<b>Notes:</b>								
1 MG ALBA - £1m Grant Funding								
2 £2.4m capital to admin switch for UHF 700MHz								

Compliance with guidance

The Department expects Ofcom to follow the standards, rules, guidance and advice in Managing Public Money. There will always be instances where it is not appropriate for a specific body to follow general guidance. Ofcom recognises that DCMS, as its sponsor department, has a legitimate interest in understanding which elements of that guidance it is inappropriate for Ofcom to follow and, in its judgement as an independent body, it believes the public interest is best served by taking a different approach. As such Ofcom agrees to notify DCMS if any such instance arises.

These budgets and grants are set according to the rules set by HM Treasury in the 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**