



Department for Culture Media & Sport

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GAMBLING COMMISSION

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CMS 233111/asg
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SPENDING ROUND 2013

I am writing to inform you about the outcome of the 2013 Spending Round for my Department. As you will know, taking determined steps to reduce the deficit left by the last administration is the Government's priority. This Government inherited a challenging fiscal position and DCMS, like all parts of the public sector, is consequently having to deal with significant reductions in spending, and will need to continue to do so until the public finances are put on a sustainable footing.

The Spending Round negotiations concerning 2015-16 have been difficult but we have achieved a below average reduction for the department. Overall, DCMS's budget will reduce by £62m in real terms in 2015-16: a 7% reduction to the resource budget. In addition, there will be a 5% reduction to the core capital budget.

As I set out in the run up to the Spending Round, with a return to economic growth being the focus of the Government, I wanted to set out the contribution DCMS can make to meet the growth challenge. Because we were able to make strong arguments about the importance of our sectors in achieving economic growth, the impact of this settlement is going to be less on the Arts, Museums and Sport bodies.

However, this settlement is not without its challenges and the onus is on us to continue to identify innovative solutions that will allow budgetary reductions to be managed, and enable our bodies and DCMS to continue to play a full and active part in helping the UK meet the enormous fiscal and economic challenges it faces.

This letter sets out the funding settlement for the Gambling Commission for the financial year 2015-16. The resource and capital grant-in-aid budget for your organisation will remain at zero. You will understand that, given the pressure on public finances, we are not reinstating the funding for research and, specifically the gambling prevalence study.



I am grateful for the Commission's work to find alternative ways of capturing prevalence data and, with the Responsible Gambling Strategy Board, ensuring that research funded by the voluntary industry levy is directed to the priority areas.

To help businesses in these difficult economic times, the Government is asking regulators to reduce licence fee pressure through increased efficiency.

In common with other regulators, you are therefore asked to achieve a reduction of at least 5% in your costs from the 2012-13 baseline. This means that the cost of the Gambling Commission's statutory functions in 2015-16 will not exceed £12.54 million, although this will be subject to review to take account of any changes to the gambling industry and regulatory requirements, including the proposed move to regulate remote gambling at the point of consumption. Fees should be charged at full cost recovery in line with Managing Public Money unless otherwise agreed, and when the costs of service provision fall, fees should fall as a result.

In the event that you do not achieve these reductions, you will need to explain why in your annual report.

I would also expect you to review your fees and charges regime once the merger with the National Lottery Commission is completed, although this might best be done once we have the remote gambling changes in place.

We are required to write to the Chief Secretary no later than 30 October 2014 to confirm that you will deliver reductions in costs as required by this settlement letter, or set out what actions we will be taking if this is not the case. I should therefore be grateful if you would confirm in writing by the end of October 2013 whether you are able to deliver the required reductions.

These points will be reflected in the management agreement that we will draw up for the merged body.

Budgetary control totals

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.

£m	Resource Budget						
	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
2015-16	0.000	0.000	0.000	0.000	1.234	1.234	1.234

£m	Capital Budget				Grant in Aid (A+D+H+I + J)
	Core capital	Major Projects	Grants	Total Capital (DEL) Budget (H+I+J)	
Year	H	I	J	K	L
2015-16	0.000	0.000	0.000	0.000	0.000

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.

The Resource DEL Budget is split into three sub-totals. Further information about the nature of these control totals and the flexibility between budgets can be found in **Annex A**.

Capital

DCMS's core capital budget reduction is 5%. In this Spending Round, the Government has decided to prioritise all projects based on their economic returns, with the Treasury focusing investment on those projects with the highest economic returns. Rising investment in major infrastructure projects has inevitably displaced spending in lower value capital programmes across all departments. We must all recognise that these savings are necessary to meet the Government's collective duty to target spending towards the areas that are most important for economic growth.

The DCMS capital settlement has enabled the Government to set out plans on Broadband, Spectrum and an ambitious plan to restructure English Heritage. In addition, changes to core DCMS capital grants and maintenance have been limited to just 5% reductions as part of the Spending Round.

Your core capital budget is £0m over the financial years 2015-16 to 2020-21.

Efficiencies

The Spending Round announced that Government departments, working with the Treasury and Efficiency and Reform Group in the Cabinet Office, have identified over £5bn further efficiency savings in 2015-16. As a department, DCMS has achieved further efficiencies during the current spending review period and in terms of allocations we have focused on seeking efficiencies in these areas: new commercial models; shared services; grant administration; and property (both estate management and rationalisation). I expect all bodies to engage actively with this agenda and to identify where further genuine efficiency savings might be found. All bodies were previously asked to come forward with proposals for migrating to shared services; this has not happened as comprehensively as I might have expected, but I am pleased that the Gambling Commission and the National Lottery Commission moved quickly to shared services ahead of the merger. I would be interested in hearing about your experience as this might be helpful to other bodies.

Pay progression

As part of his Spending Round announcement the Chancellor announced his continued commitment to the removal of contractual progression pay from the Civil Service and public sector bodies by the end of 2015-16. This is a policy that I would expect DCMS bodies to support without exception. In tough financial times we must find savings wherever possible within our organisations as well as ensuring fairness in our pay policies. I will be writing to you separately on this in the coming weeks and I look forward to working constructively with you to put in place plans to end progression payments in your organisation by the end of 2015-16.

Compliance with the Equality Act 2010

In implementing this settlement, I would remind you that all decisions taken by public bodies, including spending decisions, must comply with legal requirements under section 149 of the Equality Act 2010 to have due regard to three identified “needs” in the delivery of public services and the exercise of public functions. These are the need to:

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

In conclusion, whilst I know that this settlement will present some challenges I believe that the department’s approach to the Spending Round has ensured that we have achieved a good result. I am confident that this represents a fair settlement with safeguards and mitigations that will enable us to protect the cultural cores and increase the longer term resilience of the DCMS sectors.

Best wishes,



Rt Hon Maria Miller MP

Secretary of State for Culture, Media and Sport
and Minister for Women and Equalities