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EQUALITIES AND HUMAN RIGHTS COMMISSION

CMS 233111/asg
3 July 2013

Baroness Onora O'Neill, Chair
Mark Hammond, Chief Executive

SPENDING ROUND 2013

Thank you for coming in to discuss the EHRC settlement for the 2013 Spending Round last week, and for your letter of 27 June which you sent after the meeting. I am writing to confirm the outcome of the 2013 Spending Round for DCMS and for EHRC. 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.

Although the overall settlement for the Department is 7%, a large proportion of the bodies we sponsor have been specifically protected within the settlement with the Treasury and will only see a 5% reduction. This means that we have had to apply a higher reduction to those bodies outside that protection than the Departmental average. EHRC is in that category and will see a reduction of 10% in its resource budget, which is in line with the reduction to the Equalities budget overall. Whilst I know that this will be difficult to deliver, I do want to emphasise that this level of reduction is not out of proportion with what has happened in other parts of the Whitehall estate, or in relation to other DCMS bodies not protected within the settlement itself.



The onus is on us to continue to identify innovative solutions that will allow budgetary reductions to be managed, and enable the EHRC 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 EHRC for the financial year 2015-16. I know that this will certainly require some careful planning and as such I am setting out this high level budget allocation now, in order to allow you as much notice as possible in planning for a financially challenging period. As this is a high level budget it includes discretionary programme funding. We will be in touch with you very soon to finalise the detail of the allocation.

While it is for the EHRC's Board to determine its own priorities and activities, I am sure that you share my aim that, within this settlement, your core functions are protected as far as possible, with savings being achieved through efficiencies (which I explain in more detail below). We expect that bodies will meet the costs of any restructuring necessary as a result of this settlement.

In addition, within this settlement I expect all bodies to continue to bear down on administration costs, to enable a larger portion of the funds provided to be used at the front-line. I am not setting a specific reduction target for this, in recognition that much has already been done to reduce administration budgets, but I would like to see plans in place for making further admin savings where reasonable, by the end of October 2013. Your administration budget will be set at that point.

Your Framework Document will need to be revised in the light of this settlement and officials will be in touch to discuss this shortly.

Budgetary control totals

The 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		£m	Capital Budget				Grant in Aid
	Near-Cash Resource (DEL) (excluding ring fenced depreciation)	Total Resource (DEL) Budget		Core capital	Major Projects	Grants	Total Capital (DEL) Budget (H+I+J)	
Year	F	G	Year	H	I	J	K	L
2015-16	22.879	23.499	2015-16	0.387	0.000	0.000	0.387	23.266

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 meet unforeseeable changes in circumstances and priorities that will arise. So, while these allocations set out my firm plans for 2015-16, they cannot be immutable. I must ask you to build into your own plans some flexibility and ensure that you hold at least a 5% contingency at any point which may need to be drawn back into the department. My intention would of course be to minimise any changes to budgets, and to keep them below 5% of your overall allocation in any case.

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%. The reductions to EHRC's core capital has also been limited to 5%.

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. Migrating to shared services is an important part of this agenda and I am asking all bodies, including EHRC, to submit their proposals on shared services by the end of October 2013.

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 you will of course appreciate 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.

Best wishes,

A handwritten signature in black ink, appearing to read 'Maria Miller', written in a cursive style.

Rt Hon Maria Miller MP

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