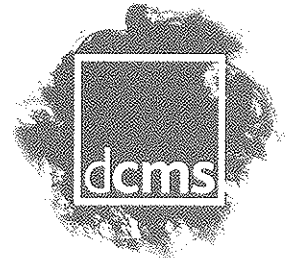


Our ref: CMS 104665/DC
Your ref: LET08/21

Brian Pomeroy
Chairman
Gambling Commission
Victoria Square House
Victoria Square
Birmingham
B2 4BP



department for
culture, media
and sport

20 October 2008

Dear Brian

I very much welcome the Commission's final report on research, education and treatment and the extensive consultation that you have undertaken over the past year to try to reach a consensus.

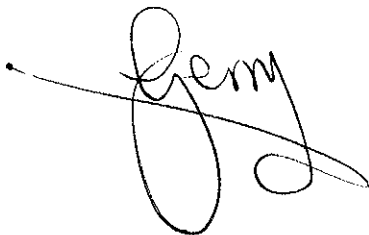
I support the key principles underlying the improved voluntary system proposed in the Gambling Commission's report, with its basic tripartite structure and clear need for an independent Strategy Board to provide expert and objective public advice on research, education and treatment. I am of course disappointed that the industry has not, as yet, been able to reach an agreement on either the recommended funding commitments over the next three years or the terms of the proposed MOU encapsulating those proposals

I agree that I must now, as a matter of contingency planning, institute the process for putting in place a levy which would come into effect the next financial year. I also accept that the Strategy Board needs to be set up under either a voluntary or statutory arrangement and in order that the Commission is able to fulfil its obligations as advisers to DCMS. To that end, I hope that we can also move quickly now, consulting with other parties as necessary, to recruit and appoint a Chair and Interim Secretary to see through the transitional arrangements.

I would still like to see a commitment to industry funding along the lines you suggest. I think that given the current exceptional economic circumstances, it is reasonable to expect the industry to make an commitment to the funding amounts set out in RIGTs business plan for the next three years but within that there must be a firm and guaranteed commitment to a minimum amount which must be met by the industry for the next three years to allow for medium-term planning. I am content to use the £5m per annum figure as a starting point with a commitment to a upward sum in future years and, as you clearly point out in your letter, the funding targets would also be subject to annual review by the three main parties, which I hope would go a long way to meet the concerns of industry.

We are of course running out of time if a levy is to be avoided. Nonetheless I very much hope that the industry will find a way to come forward with an immediate and firm commitment to the proposed improved voluntary arrangements and associated committed funding for the next three years. The Department stands ready to assist in securing an agreed voluntary solution along the lines set out in the report and this letter.

I know that you have worked closely with RIGT and the industry to achieve an agreement and I would also like to put on record my appreciation for your leadership and commitment to working closely with Government on this important area of policy. I trust that you will keep me closely informed of developments over the coming weeks.

Yours


GERRY SUTCLIFFE