

2004 Spending Review

New Public Spending Plans 2005 - 2008

**Stability, security and
opportunity for all:**

**Investing for Britain's
long-term future**

July 2004



HM TREASURY

Summary Leaflet

Spending Review 2004

**Stability, security and opportunity for all:
Investing for Britain's long-term future**



Spending plans

The 2004 Spending Review sets out plans for Government spending for the three years from 2005 to 2008. It aims to deliver high quality public services that are fair for all.

The Spending Review increases total current spending over 2006-07 and 2007-08 by an average of 2.5 per cent a year following an already announced increase of 4.2 per cent in 2005-06, providing significant additional resources for key areas such as education, health, crime and transport.

This extra investment is possible because of the UK's strong economy and the sound state of the public finances. Alongside this growth in spending there are plans for rigorous improvements in efficiency, releasing over £20 billion a year by 2008 to spend on front-line services.

Public Service Agreements

The Spending Review also sets out the Government's targets for what its spending aims to achieve. 'Public Service Agreements' ensure that every government department is committed to clear and ambitious improvements in key priority areas. Regular reporting enables the public to see how the Government is performing against these targets¹. Since their establishment in 1998 these targets have delivered significant improvements in public services. For example, the NHS has virtually eliminated the number of patients waiting for more than nine months for inpatient treatment, while the proportion of 16 year-olds achieving five or more A*-C grade GCSEs has risen from 47.9 per cent in 1998 to almost 53 per cent in 2003.

¹ www.hm-treasury.gov.uk/performance

What does the Spending Review mean?

For your community

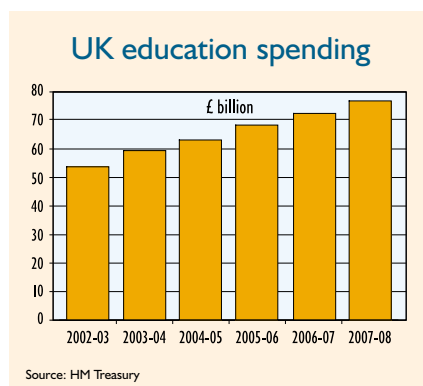
The 2004 Spending Review and Public Service Agreements focus resources on improvements that will impact directly on every person and every community in the United Kingdom. For example, the Spending Review:

- provides new resources to tackle crime and anti-social behaviour, increasing the number of police and community support officers and setting a target to reduce crime by 15 per cent by 2008;
- increases the number of new homes and takes steps to make housing more affordable. By 2007-08 spending will be £1.3 billion higher than in 2004-05 and 10,000 additional units of social housing will be provided per year; and
- places a new emphasis on making communities cleaner, greener and safer, with a new fund that draws together existing resources, for local areas to spend on local priorities.

For children

The 2004 Spending Review has a particular focus on improving the health, education and wellbeing of children. It:

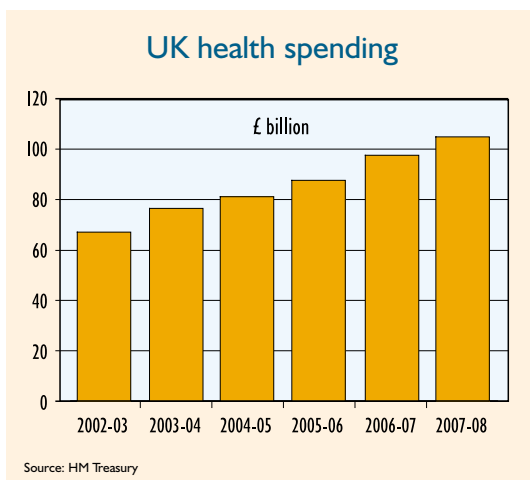
- provides for education funding to reach at least £5,500 per pupil by 2007-08, more than double the 1997 figure. Along with continuing schools reform, this will help achieve further improvements in pupil attainment;
- provides significant new money for children's services and childcare, supporting 120,000 new childcare places and 2,500 children's centres by 2008; and
- sets a new target to halve the number of children in the poorest households by 2010, on the way to the Government's goal of eradicating child poverty by 2020.



For patients and those needing care

This Spending Review continues the Government's record investment in the National Health Service, with spending planned to rise to £92 billion in 2007-08, an increase of over £25 billion since 2002. These new resources, matched by continuing reform, will enable the NHS to:

- cut waiting times for operations from the point of GP referral to a maximum of 18 weeks by 2008, with greater choice of hospital;
- improve care for the 17 million people who have chronic illnesses such as diabetes and asthma; and
- focus on preventing disease and helping people live healthier lives, such as by reducing smoking and child obesity.



In addition, extra investment in social services will provide for improvements in the health and quality of life for older people, including supporting a greater number of older people to live independently in their own homes.

For employees and employers

The 2004 Spending Review takes further steps to strengthen the UK economy. The Government's aim is to increase productivity and employment opportunities, and to promote sustainable and balanced growth. It will:

- increase investment in transport, particularly roads and rail, so that by 2007-08 expenditure will be £2.4 billion higher than in 2004-05, an average annual growth of 4.5 per cent above inflation. This will be accompanied by major structural reform of the rail industry;
- step up its efforts to improve the skills of the workforce, both through the continuing expansion of higher education and through NVQs and the New Deal for skills; and

- establish a new ten-year investment framework for science and innovation, to secure the UK a leading place among European countries in research and development spending.

For the UK's nations and regions

The Government is committed to ensuring that the benefits of economic growth and rising prosperity are shared across the country. The 2004 Spending Review:

- provides a major boost to public services and economic development. Over the three years to 2007-08 resources in Wales will increase by a total of £2.5 billion, Scotland by £4.2 billion and Northern Ireland by £1.2 billion;
- devolves new responsibilities from central government departments to Regional Development Agencies in England, including support for businesses and rural development; and
- provides a trebling in investment to regenerate areas suffering from low housing demand, with funding of over £150 million in 2004-05, enabling an expanded programme for the North and Midlands.

For the environment

The Government is committed to sustainable development – achieving economic, social and environmental progress together. The 2004 Spending Review maintains the Government's spending on tackling climate change, increasing waste recycling, making farming more sustainable and reducing pollution. In particular it:

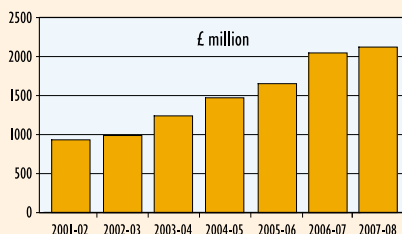
- provides more resources to enable businesses to improve their energy efficiency and to minimise waste, and to support renewable energy technologies;
- increases spending to reduce the number of badly insulated and heated homes in which people suffer fuel poverty;
- seeks to build sustainable communities in which the overall area of green belt is protected and new homes are built to higher environmental standards; and
- provides increased investment for waste recycling.

For international security and prosperity

The 2004 Spending Review commits additional resources to promote global security and prosperity, to reduce global poverty and to combat the threats posed by international terrorism and instability. It:

- provides for continued investment to support the modernisation of our armed forces. By 2008 defence will have received seven consecutive years of real terms growth in funding;
- doubles total planned spending on the UK's Counter-terrorism and Resilience capabilities by 2007-08 compared with pre-September 11th levels; and
- increases international development spending to tackle poverty. By 2007-08 overseas aid spending will reach £6.5 billion a year – 0.47 per cent of Gross National Income.

Counter-terrorism and resilience spending



Source: HM Treasury

For the public sector

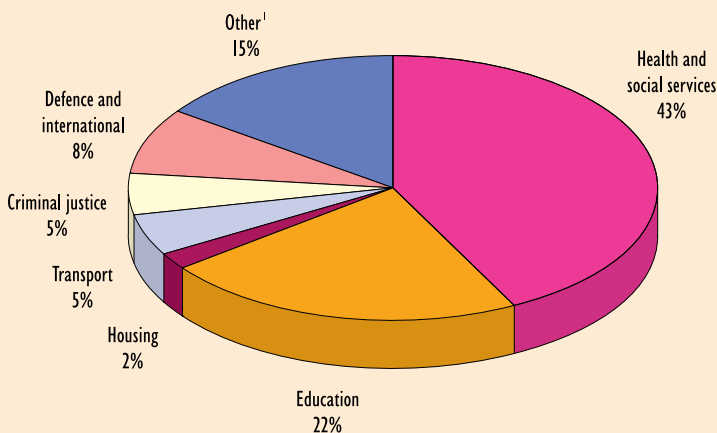
The 2004 Spending Review is aimed at improving outcomes for the public by targeting resources on frontline services and increasing the efficiency with which government spends its money. By 2008 there will be:

- an additional 250,000 public sector workers in frontline service delivery including increased numbers of doctors, nurses, teachers, police officers and community support officers; and
- a reduction of more than 80,000 civil service administrative posts and the relocation of 20,000 public sector posts away from London and the South East.

Where taxpayers' money is spent

Total public spending is expected to be around £490 billion this year. It is set to rise to £549 billion in 2006-07 and to £580 billion in 2007-08.

Shares of planned public spending increases



¹ Includes spending on central administration, culture, media and sport, and public service pensions plus spending yet to be allocated and some accounting adjustments

Source: HM Treasury

Further information

For more information on the Spending Review, the Government's spending plans and Public Service Agreements visit the Treasury's website at

www.hm-treasury.gov.uk

A full version of the Spending Review White paper can be obtained from The Stationery Office and good bookshops.