

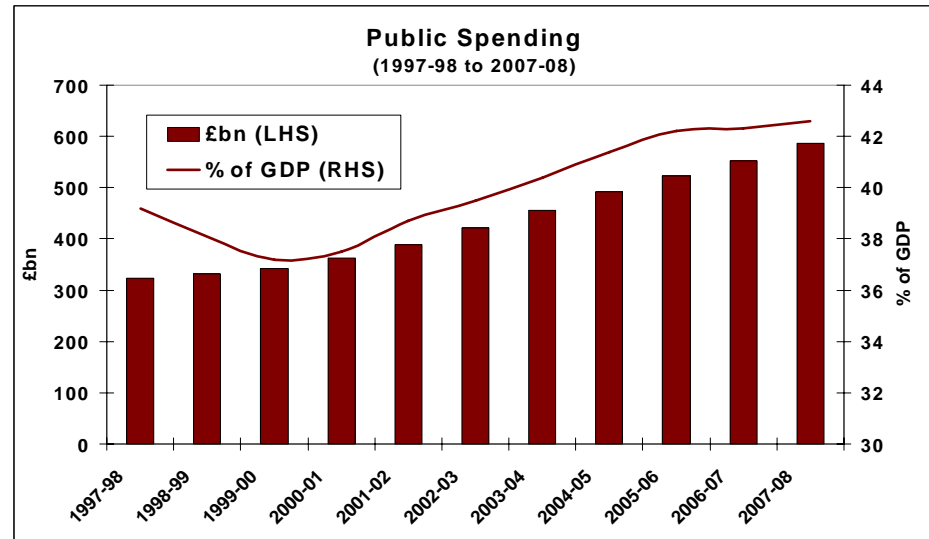
# **Comprehensive Spending Review: Reform Opportunity**

**Rt Hon Gordon Brown MP**  
Chancellor of the Exchequer

# I. CONTEXT

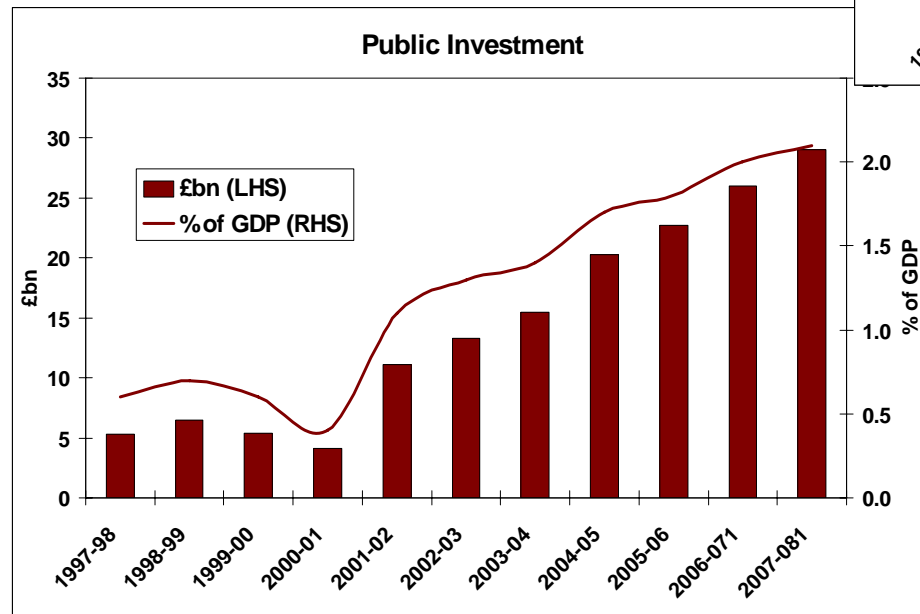
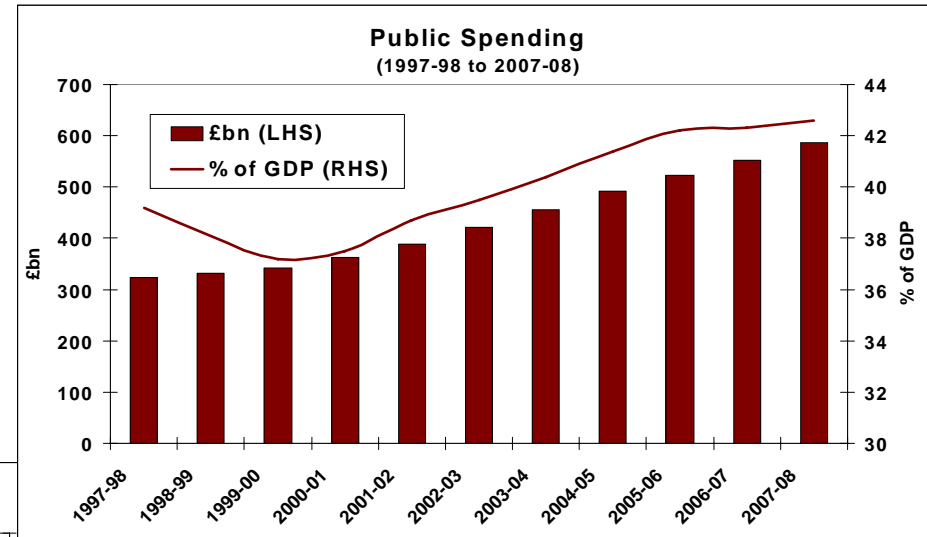
# Rising investment: longest period of sustained investment in public services since WWII

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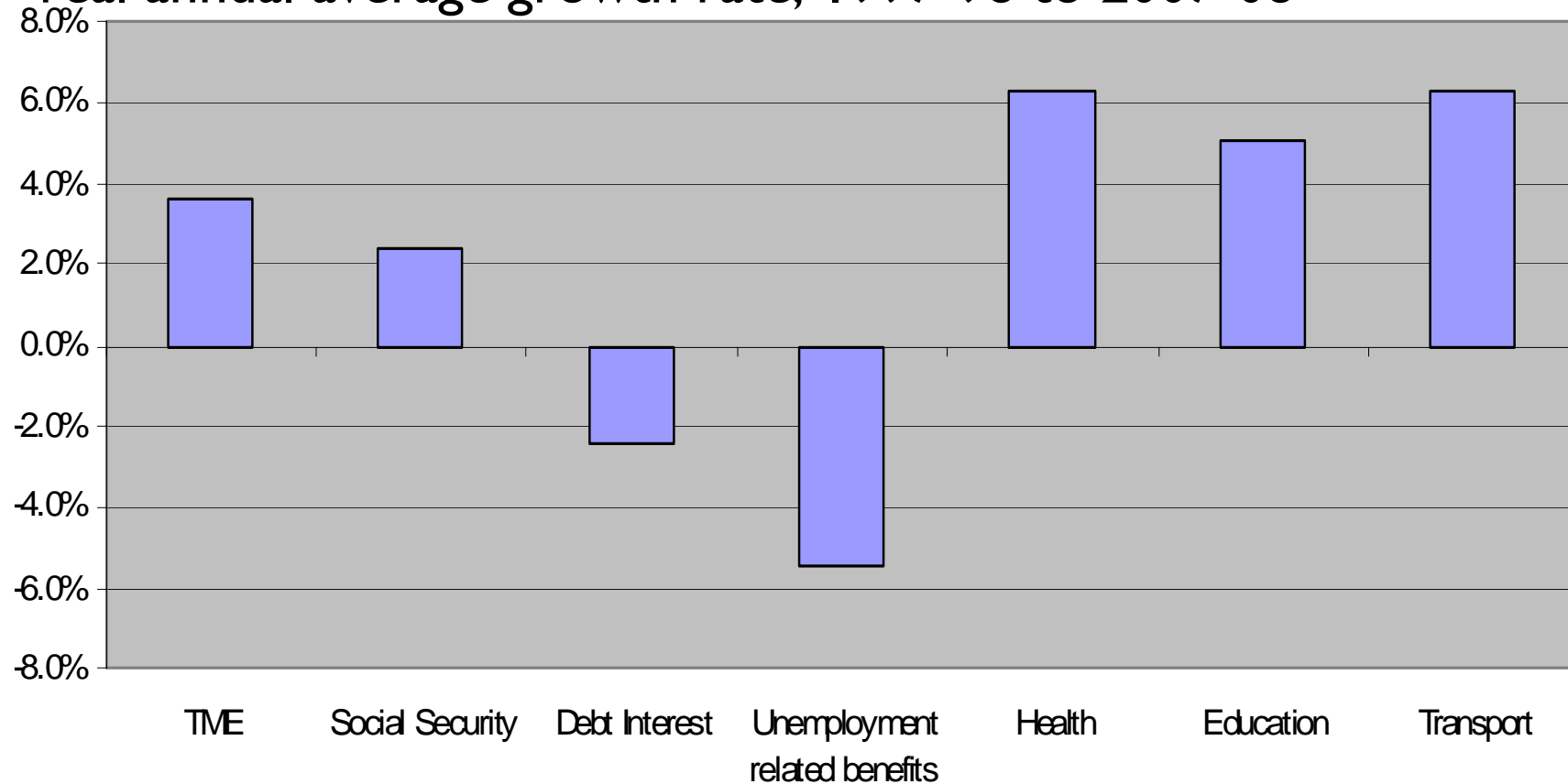


And capital investment has more than trebled

# Stability has enabled us to transfer spending from cost of failure to investment in future

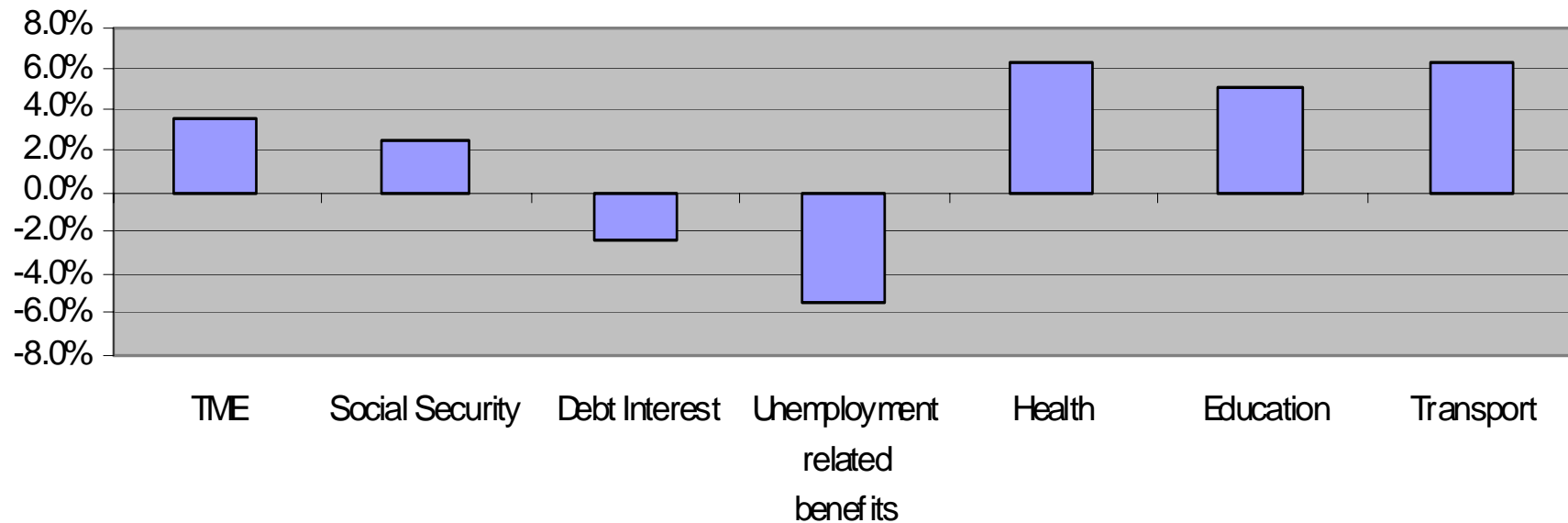
## Releasing resources for priorities

- real annual average growth rate, 1997-98 to 2007-08



# Stability has enabled us to transfer spending from cost of failure to investment in future

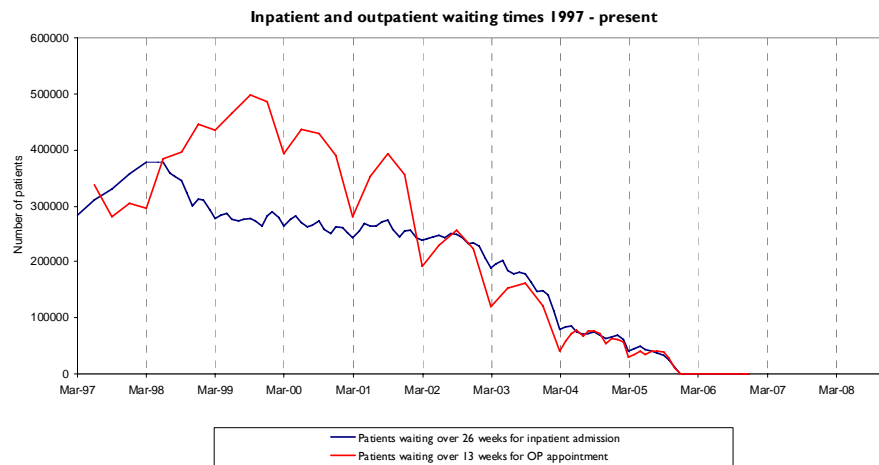
Releasing resources for priorities - real annual average growth rate, 1997-98 to 2007 - 08



# Investment combined with reform has contributed to better outcomes

## Health

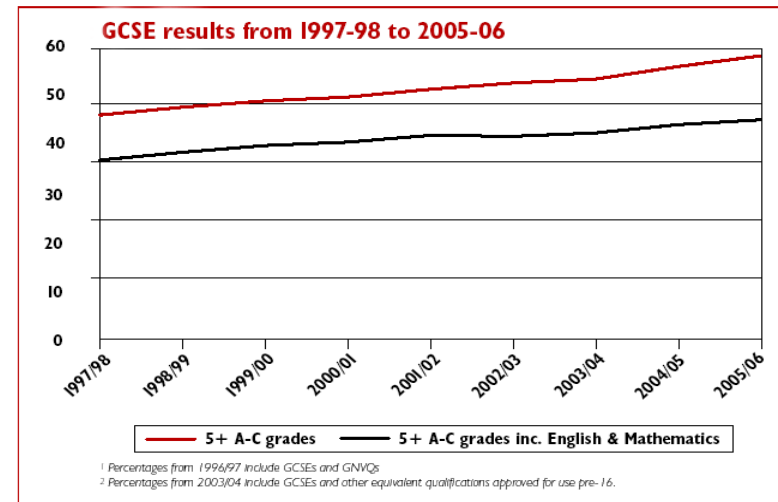
Virtually no-one waits six months



32,000 more doctors,  
85,000 more nurses and  
157 major new hospital  
schemes since 1997

## Education

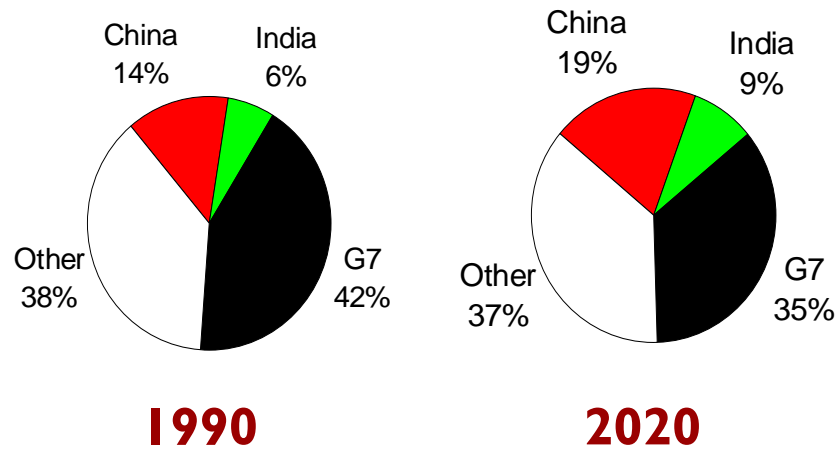
More people getting 5 GCSEs A\*-C



36,500 more teachers  
and 150,000 more  
support staff

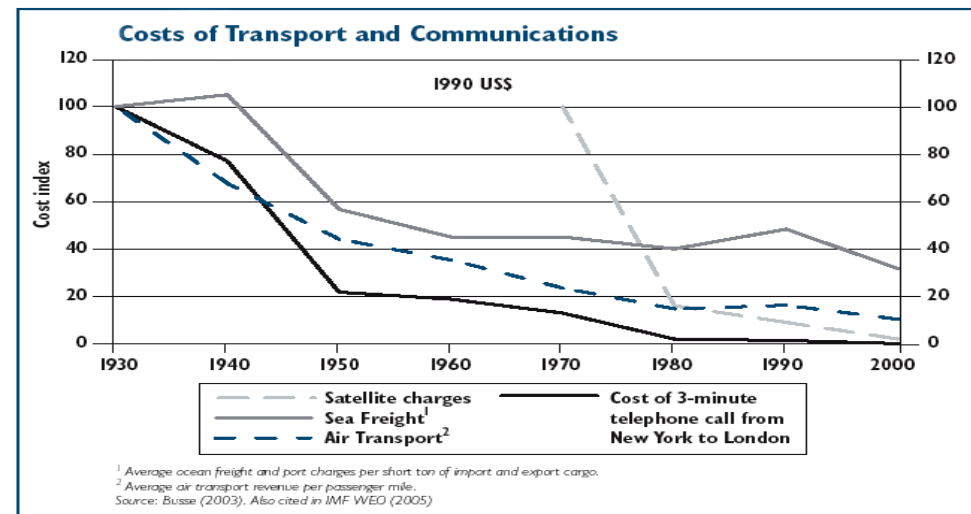
# 2. GLOBALISATION

# Globalisation provides opportunities for the UK.....



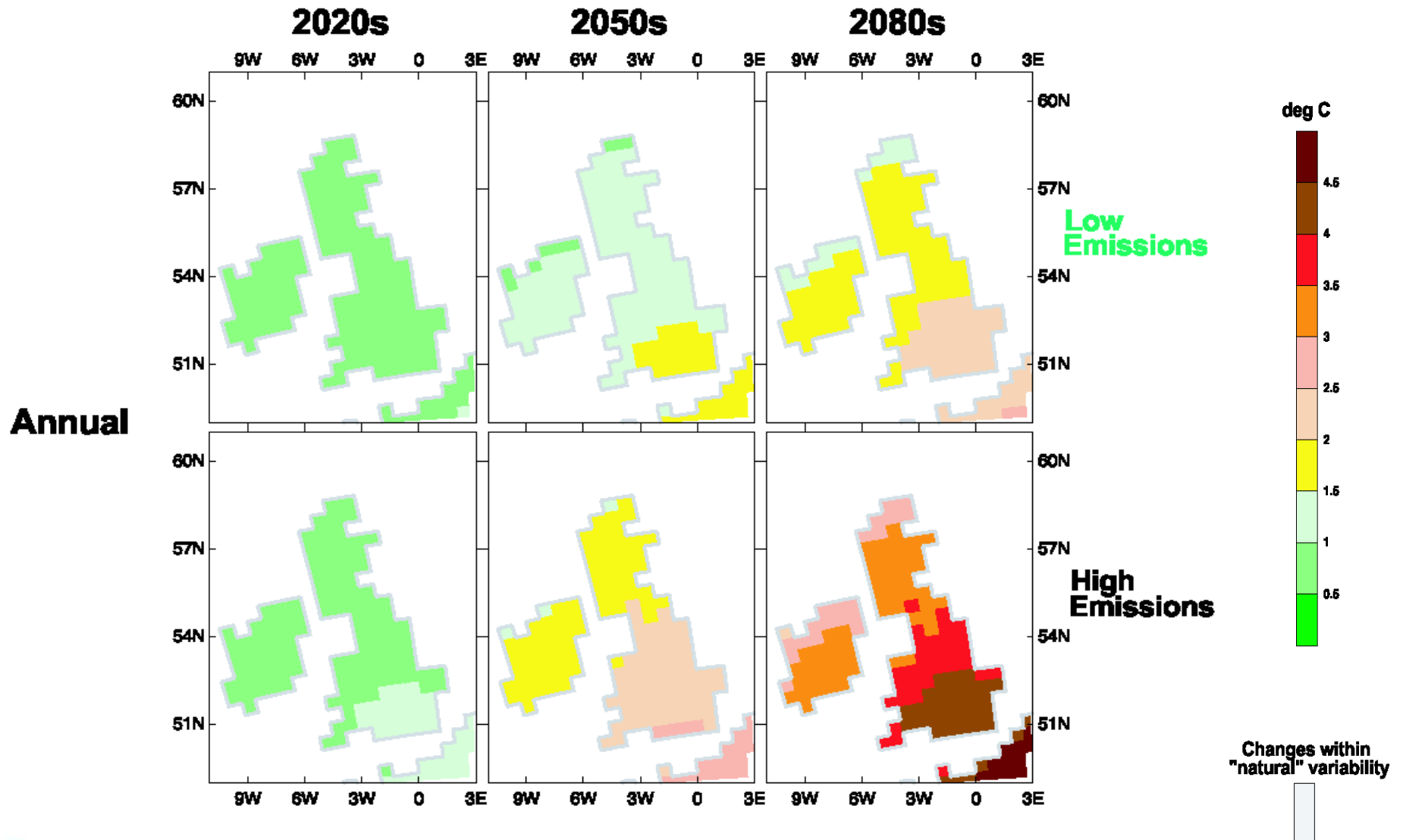
Rapid growth of China and India presents opportunities for a dynamic Britain

Rapid technological growth has been a principal driver in the integration of world markets



... but also challenges

# Environmental pressure



# Security instability

- Over 60 per cent say international terrorism concerns them most about the security of the UK
- Al Qaeda and the groups that they have inspired have attacked over 25 countries
- Security Service and the police are aware of 200 networks in Britain with over 1,600 individuals currently under investigation

# Economic change

- In the past year up to 1 million manufacturing jobs have transferred from Europe, USA and Japan to Asia
- A quarter of a million service sector jobs have been outsourced
- Public anxiety remains – in a recent survey nearly 60% of American and half of European respondents believe that freer trade costs more jobs than it creates

# Social forces

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- Rising individual aspirations
- Yearning for stronger communities

# The answer to globalisation is to help people with change, not stand against it

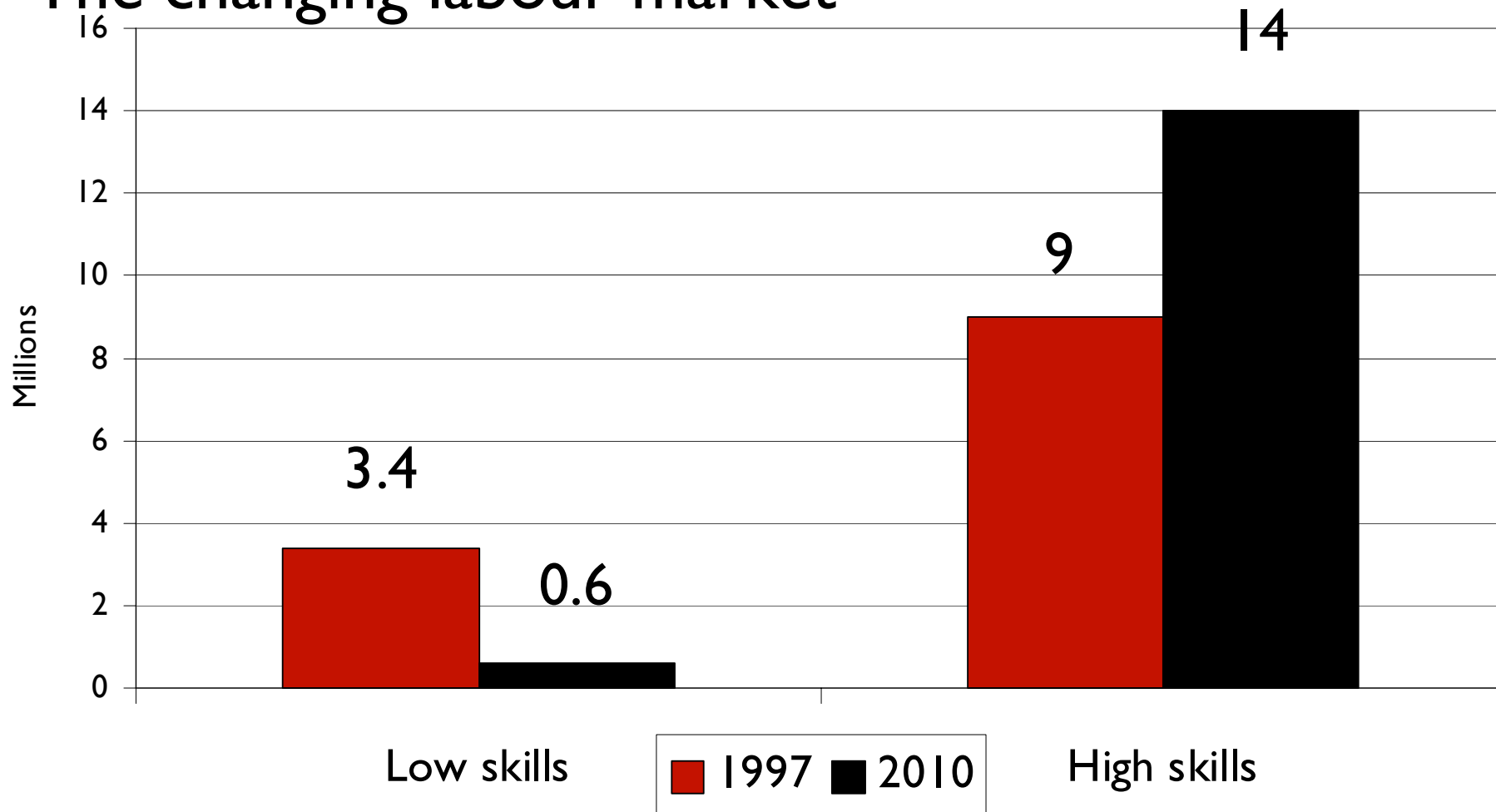
Public services have critical role to play

– *maximising opportunity and minimising insecurity:*

- Tackling people's insecurities – caring for the sick and old, protecting borders and communities
- Equipping people for change – helping all to find jobs and acquire skills
- Meeting and raising people's aspirations – supporting parents and ensuring children have the best start in life

# ... and skills are the key to equipping people for change

## The changing labour market



# 3. COMPREHENSIVE SPENDING REVIEW

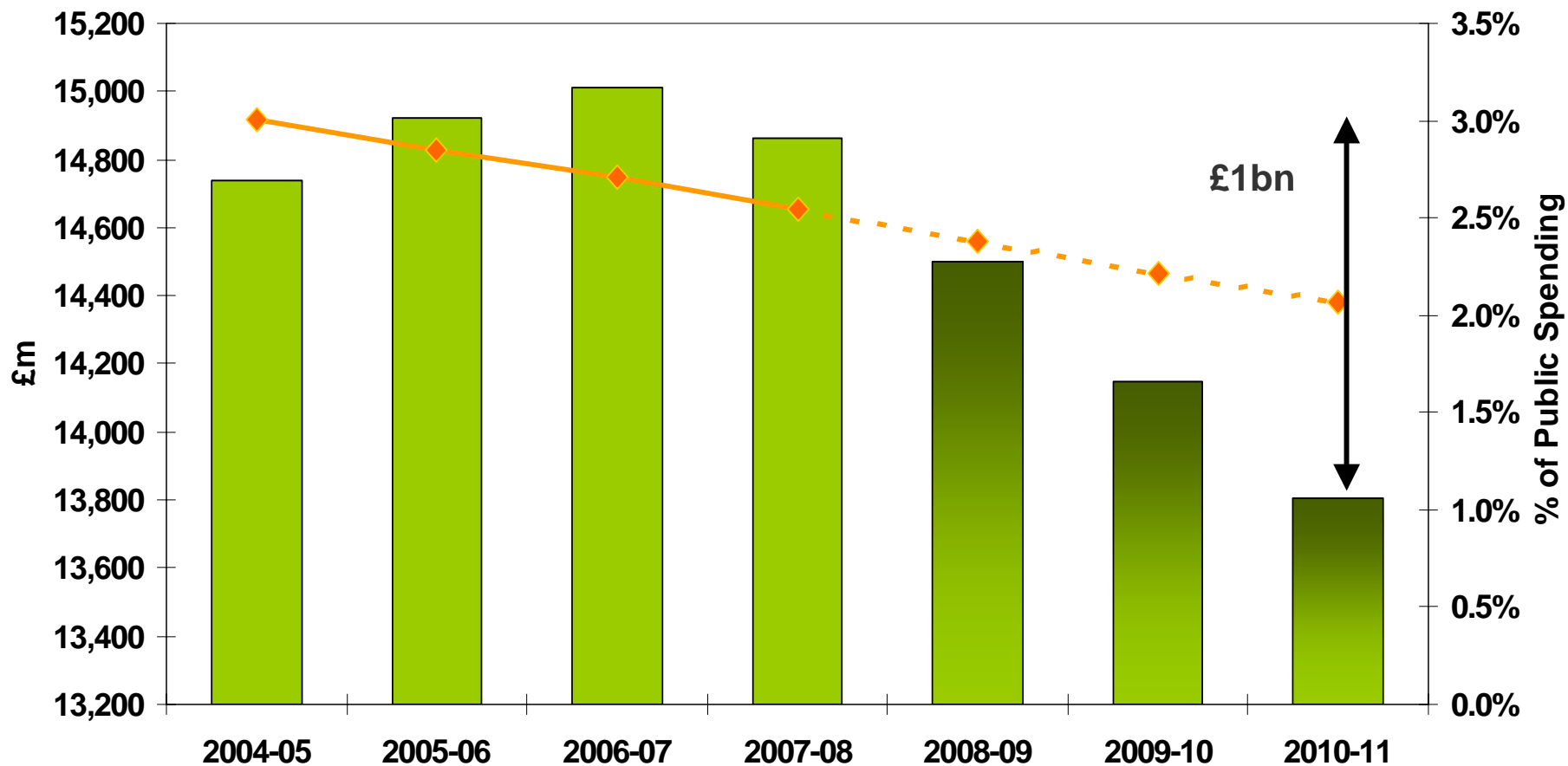
## **Focusing on priorities**

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**In next spending round  
we realise similar growth  
in front line delivery  
improvement that we are  
seeing in this round**

# Releasing resources for priorities I: 5 % reduction in administration

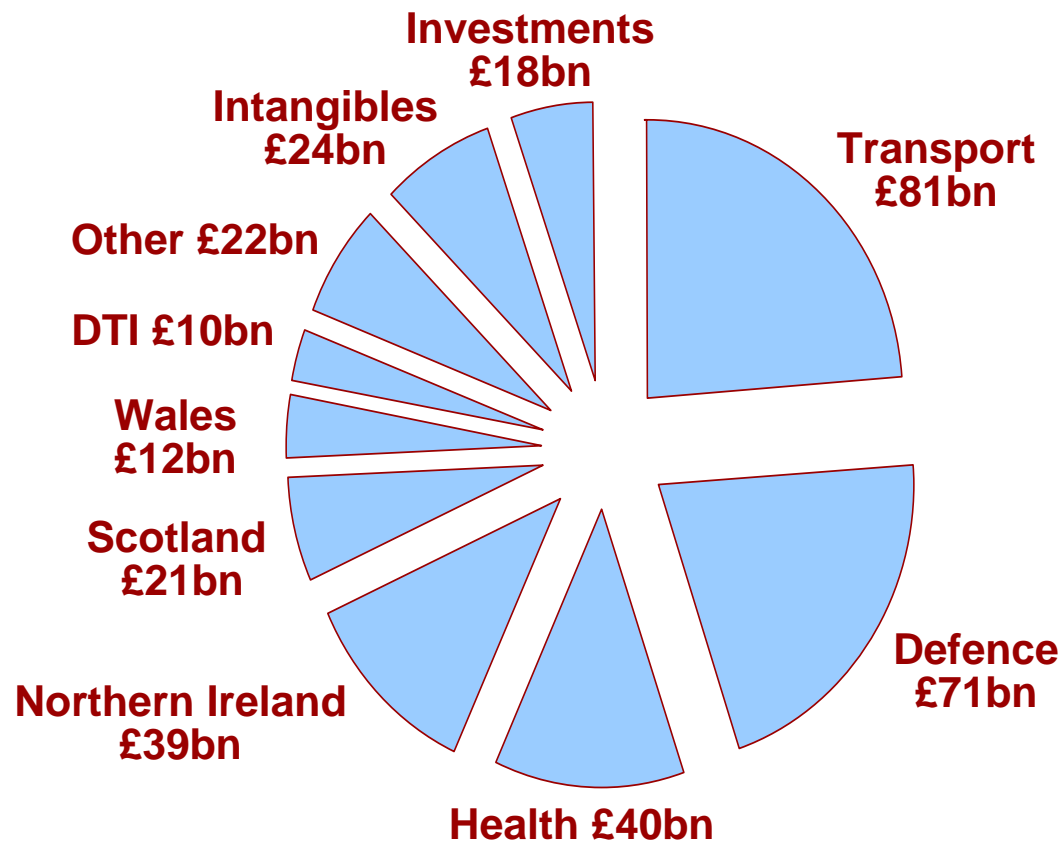
## Administration Budgets



■ Administration Costs (LHS) —◆ Admin as % of public spending (RHS)

# Releasing resources for priorities 2: sale of £36 billion of surplus assets

## Central Government Assets



**Total Public Sector Tangible Assets: £337bn**

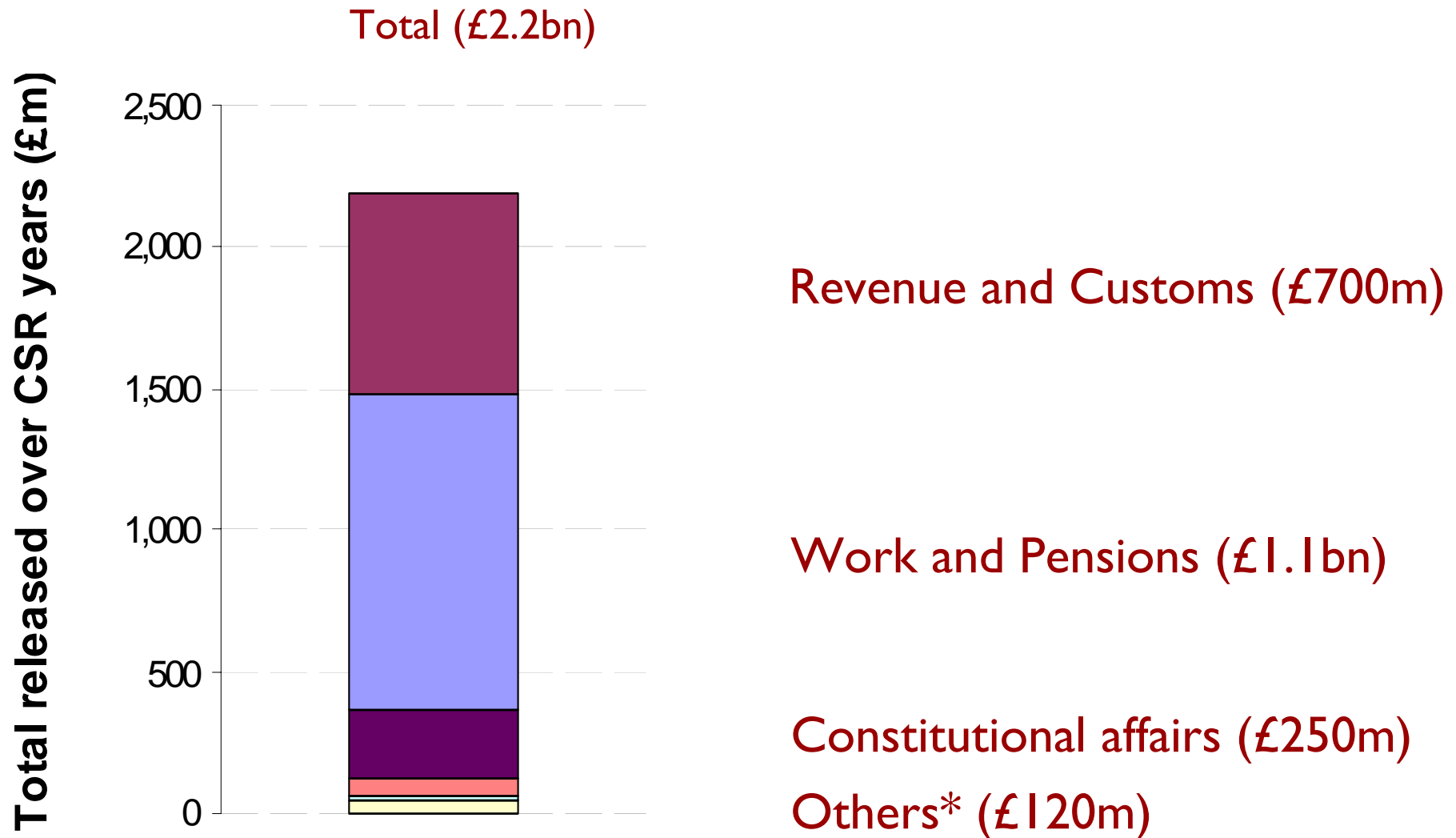
• Asset sales of £12.4bn in 2004/05 and 2005/06

• Further asset sales of £36bn planned between 2006/07 and 2010/11, including:

- Fixed assets
- Student Loans
- Public Corporations

• Compares with £254bn planned investment spending over the same period

# Releasing resources for priorities 3: early settlements for II departments



Revenue and Customs (£700m)

Work and Pensions (£1.1bn)

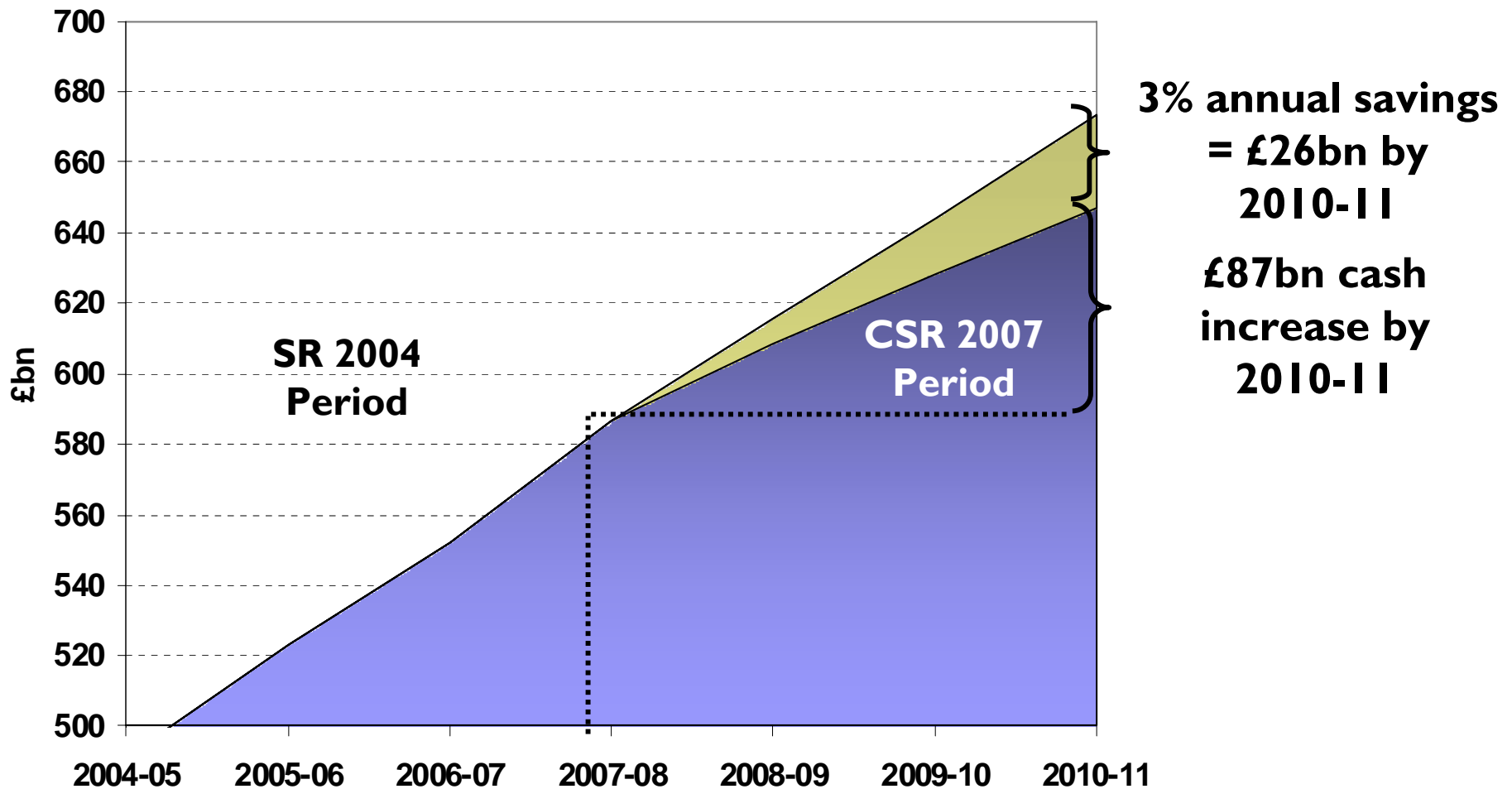
Constitutional affairs (£250m)

Others\* (£120m)

\*HMT, Cabinet office core and 6 smaller depts

# Frontline service have the resources they need to improve further

## Public spending over SR2004 and CSR07



# 4. NEXT STEPS - CONSULTATIONS

# Building on progress: personalising public services

- Every child a reader offers 1-to-1 support for six year olds furthest behind in literacy and 4, 000 schools offer extended services
- 10 hours of 1-to-1 tuition for 300,00 underattaining pupils in English and 300,000 in Maths
- Giving all pupils individual access to a single member of staff – a learning guide, a teacher, a tutor or a director of studies

Personalisation is about fulfilling potential and meeting aspirations – providing services that are tailored to people's specific needs

# And this investment will be combined with further reform: personalising public services

- Empowering all citizens
- Opening up supply
- Fostering workforce innovation and development
- Helping the hardest to reach
- Balancing rights and responsibilities

# Empowering all citizens

- Ensure customer satisfaction is a key priority for front line professionals
- Empowering citizens to manage the services they receive – the NHS Expert Patient Programme
- Strengthening the citizen’s voice in local services – Tenant Management Organisations and the Community Call for Action

•The state should empower citizens to shape their own lives and the services they receive

# Opening up supply

- Using the best providers from the public, private and third sectors
- The role of the 3<sup>rd</sup> sector and social enterprises
- Co-production – involving users in delivering services that meet their needs

• Meeting the challenges will require greater choice, greater competition, greater contestability, harnessing the best of the energies of the public, private and 3<sup>rd</sup> sectors

# Fostering workforce innovation and development

- Greater flexibility in the public sector workforce – nurses doing more
- Supporting the development of skills and innovation
- Sir David Varney's Review – restructuring delivery around the user and joining up public services

• The public service workforce underpins every action the government takes to improve public services, so it is crucial we harness its ethos and build on the progress that has been made

# Helping the hardest to reach

- Recognising the importance of prevention
- Targeting resources at those most in need
- Promoting better joint working
  - the CSR Inter Departmental Reviews

• We must ensure that public services reach *all* citizens at the right times

# Balancing rights and responsibilities

- Balancing rights and responsibilities
  - the New Deal
- Working with the private sector
  - Local Employment Partnerships and Train to Gain
- New rights and responsibilities
  - adapting the balance to the challenges we face

• We can create a partnership that gives full place to the active, responsible citizen, the empowered community and enabling, empowering government working together

# Putting citizens at the centre of the CSR

2007 CSR informed by a wide public debate about policies and priorities

- Consulting a wide range of organisations and individuals on future priorities and Public Service Agreements;
- Involving service users and front line professionals in developing new plans for public service delivery over the CSR years; and
- Using innovative methods for engaging the public in understanding and rising to the challenges and opportunities ahead.

Websites: <http://csr07.treasury.gov.uk/> and <http://www.pm.gov.uk/output/Page10729.asp>

Email: [csr2007@hm-treasury.gov.uk](mailto:csr2007@hm-treasury.gov.uk)