

Spending Review 2004

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12 July 2004

EDUCATION: INVESTING IN EXCELLENCE AND OPPORTUNITY

Spending on education and skills in England, which was £29 billion in 1997, is set to rise from £52 billion in 2004-05 to £64 billion in 2007-08.

UK education spending, which was 4.7 per cent of GDP in 1997 will rise to 5.6 per cent in 2007-8 – from one of the lowest in the industrialised world to amongst the best, with more money for schools, colleges and universities. Average per pupil spending will rise to at least £5,500, more than twice 1997 levels; and capital allocations within this will ensure every secondary school is refurbished or rebuilt to 21st century standards in the next 10 to 15 years.

Tackling early education and childcare will also be a priority for investment. Funds for Sure Start will rise from 2004-05 to 2007-08 by £769 million, an average annual real terms rise of 17 per cent. There will be a total of 2500 Children's Centers by 2008.

The Secretary of State for Education and Skills, Charles Clarke said:

“Through this settlement the government is making a long-term commitment to developing education from the cradle to the grave.

“This settlement will support the reforms I announced in my five year strategy.

“It will continue the drive to achieve excellence and to narrow the gaps in attainment between schools and between pupils within individual schools. It will deliver higher participation in education beyond age 16, support wider participation in Higher Education, and will reduce the number of adults with low or no skills.

“Through this investment we will expand the number of childcare places and the extended schools programme, bringing together education, health, children's social services and childcare.”

DETAILS

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- 100,000 new childcare places by 2008 and a pilot to extend a free part-time early education place to 12,000 two year olds in disadvantaged areas;
- 1,000 more specialist schools to be designated, alongside up to 200 more academies by 2010;
- Allow the expansion of the extended and full service schools programme drawing together the delivery of education, health and other services and placing the school firmly at the heart of the community;
- The New Deal for Skills to provide a guarantee of opportunity for every adult to gain the skills for employability and to address basic literacy, numeracy and ICT skills needs;
- Building on the successful first phase of Employer Training Pilots, 6 new pilot areas will launch in September 2005 in the North East, Lancashire, the Black Country, Devon and Cornwall, Cambridgeshire and West Yorkshire, now extending ETPs to a third of the country.
- Per student spending levels in higher education will be maintained in real terms over the 2004 Spending Review period; and
- DfES has committed to 2.5 per cent efficiency savings, reallocating resources for frontline priorities by cutting central costs and improving productivity of the education system.

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Department for Education and Skills	£ million			
	2004-05	2005-06	2006-07	2007-08
Resource Budget	23,860	26,708	28,108	29,708
<i>Of which Administration Budget</i>	267	276	269	262
Capital Budget	3,801	4,445	4,845	5,545
Total Departmental Expenditure Limit¹	27,613	31,105	32,905	35,205
<i>Local Authority Formula Spending Share:</i>				
Education	26,402	27,963	29,863	31,663
Children's Social Services ²	3,737	4,016	4,316	4,516
Total education (England)³	52,023	56,529	60,122	64,000

¹ Full resource budgeting basis, net of depreciation.
² 2005-06 still indicative at this stage.
³ England education measured consistent with international definitions from the UN classifications of functions of government (COFOG). Actual outturns are subject to spending decisions by local authorities.
UK education and UK education and training measured consistent with international definitions from the UN classifications of functions of government (COFOG). Actual outturns are subject to spending decisions by local authorities and devolved administrations. These figures reflect HM Treasury's latest indicative assumptions on the expenditure of local authorities and devolved administrations.

	£ million					
	1996-97	2003-04	2004-05	2005-06	2006-07	2007-08
Total education spending plans in England	29,366	48,735	52,023	56,529	60,122	64,000
Total education spending plans in UK	36,421	59,510	63,195	68,134	72,292	76,796
Total UK Education spending as a % of GDP	4.7	5.3	5.4	5.5	5.5	5.6

NOTES FOR EDITORS

1. Media enquiries to HM Treasury press office on 0207 270 5238.

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RECORD HEALTH FUNDING MEANS SHORTER WAITS, MORE CHOICE AND BETTER CARE AND ADVICE

Patients will continue to benefit from increased investment in the health service, as the Chancellor today reaffirmed the historic funding increase for the NHS of 7.2% increases per year above inflation until 2007/08. Social Services will receive 2.7% increases above inflation for the three years up to 2007/08 to support more older people to live in their own homes.

The Chief Secretary to the Treasury, Paul Boateng, said:

“Through our record increases for the NHS, we have seen patients benefit from shorter waiting times, more doctors and nurses, better medicines, and new hospitals. This settlement will allow us to continue to move the NHS from being simply a sickness service to being a world class health service, free for all, personal to each.”

The Secretary of State for Health, Dr. John Reid, said:

“This historic increase in resources allows us to maintain an NHS – the best insurance policy in the world – free at the point of use, but increasingly personal and responsive to the needs of individual patients. By 2008, the maximum wait for hospital treatment will have fallen from 18 months to 18 weeks and patients will have more choice and control over their care than ever before.

Extra resources will help people to lead longer, healthier lives, through an increased commitment to tackle public health problems and to support the 17.5m people with chronic conditions such as asthma and diabetes. Health and social care will work better together to prevent avoidable hospital admissions and support larger numbers of older people to live in their own home. This is a national health service to meet the expectations of all for the 21st century.”

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DETAILS

- Health spending will rise 7.2% per year in real terms between 2002/03 and 2007/08, an extra £36bn per year for the NHS by 2007/08. There will be a 2.7% real terms increase for personal social services.
- This builds on progress made since 1997, which has seen nearly 40,000 fewer deaths each year from cancer and heart disease, maximum waiting times for surgery halved and shorter waits to see a GP and in A&E, more services available at home and in the community rather than in hospital, 19,300 more doctors and 67,500 more nurses, more beds, and the biggest NHS hospital building programme in history.
- The funding through to 2007-08 will ensure:
 - shorter waiting times – there will be more operations and medical staff so that patients will spend less time waiting for health care at all stages of treatment. By 2008, no-one will wait more than 18 weeks between booking their hospital appointment and receiving hospital treatment.
 - longer healthier lives – the forthcoming White Paper on improving health will help people lead longer, healthier lives, with more support for the 69% of smokers who want to quit, and a massive investment in better primary care, with more services available in the community.
 - the NHS becomes a true health service, not just a sickness service - with more drugs, treatment, support and advice for the 17.5m people with chronic conditions, such as diabetes and asthma, to better help them manage their conditions. Health and social care will work together to prevent avoidable hospital admissions. Patients will be able to monitor their own care in their own electronic patient record.
 - a personal health service with more patient choice – The NHS will remain free at the point of use, but personal to each patient. By 2008 all patients needing secondary care will be able to choose the hospital they wish to provide it, subject to the provider meeting cost and quality standards.
 - more frontline staff and more capacity - more doctors, nurses and other health professionals, to offer more services and better patient care. The biggest hospital building programme in the history of the NHS will provide better comfort, better clinical facilities and greater capacity.
 - greater numbers of older people will be supported to live at home – a new preventative technology grant will provide £80m over two years to fund local councils to provide alarm technology to 160,000 vulnerable elderly, helping to keep them safe and out of hospital. New pilot projects will be funded to encourage innovative joined-up preventative services for the elderly across the NHS and social care.
 - improvements in efficiency – there will be a war on waste, releasing around £6.5bn for better patient care by 2007/08, through, for example:

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- electronic patient records which will mean fewer missing records and better patient care;
- better exploiting the NHS’ national buying power;
- shared back office functions (such as IT and finance); and
- cutting the running costs of health bureaucracy.

Department of Health	£ million			
	2004-05	2005-06	2006-07	2007-08
National Health Service (England)				
Resource Budget	66,531	72,668	79,366	86,796
Capital Budget	3,383	4,363	5,163	6,133
Total NHS (England)¹	69,369	76,384	83,818	92,143
Personal Social Services England				
Funded by the department	1,953	1,967	[2,037]	[2,097]
Local Authority PSS SSA	8,690	9,553	[9,933]	[10,373]
Total PSS (England)¹	10,643	11,520	[11,970]	[12,470]
Food Standards Agency				
Resource Budget	139	143	143	143
Capital Budget	1	1	1	1
Total Food Standards Agency (England)¹	138	142	142	142
Total Resource Budget (DH & FSA)	68,552	74,707	81,455	88,925
Total Capital Budget (DH & FSA)	3,465	4,444	5,264	6,254
Total Departmental Expenditure Limit¹ (DH & FSA)	71,460	78,492	85,996	94,381
Near-cash spending in DEL (DH & FSA)	69,315	76,035	83,410	91,590

¹ Full resource budgeting basis, net of depreciation (NHS 545/647/711/786, PSS 10/10/10/10 FSA 2/2/2/2)

NOTES FOR EDITORS

1. The Public Service agreement between the Treasury and the Department of Health (which can be seen at www.hm-treasury.gov.uk) lays out the strategic objectives that the NHS and social services will deliver in return for the resources they receive, falling into four groups:
 - a. helping people live longer, healthier lives (with targets to reduce premature deaths from cancer and heart disease, reduce smoking rates, childhood obesity and teenage pregnancy and reduce health inequalities);
 - b. improved care for patients with chronic conditions;

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- c. shorter waiting times for surgery and maintaining progress with shorter waits for primary care and in A&E; and
 - d. higher patient satisfaction and better care for the elderly, with more older people supported to live in their own homes.
2. For media enquiries, please call HM Treasury press office on 020 7270 5283.

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FURTHER INCREASES IN TRANSPORT INVESTMENT

The Government today underlined its commitment to ensuring a modern, efficient and sustainable transport system providing additional resources over and above the rising profile of the 10 Year Plan for the Department for Transport (DfT).

Spending by the DfT will grow by an annual average of 4.5% in real terms between 2005-06 and 2007-08, with expenditure by the Department for Transport in 2007-08 £2.4 billion higher than in 2004-05. It provides:

- £1.6 billion cash additions over 2006-07 and 2007-08 to meet the rising profile of expenditure set out in the 10 Year Plan;
- 0.5 billion annual uplift to the 10 Year Plan from 2006-07 onwards; and
- £1.7 billion transport reform package to meet immediate pressures over 2005-06 and 2006-07

As a result of this Review, total expenditure by the Department over the Spending Review period will exceed £37 billion and annual public expenditure on transport will, by 2007-08, be over 60% higher in real terms than the equivalent level of spend a decade earlier.

As part of this settlement, the DfT will be undertaking a number of delivery reform measures including £785m annual efficiency savings by 2007-08; the key reforms arising from the Rail Review; improving the appraisal of transport investment choices; and a greater involvement of Local Authorities and regional bodies in the decision-making process over transport investment.

The Chief Secretary to the Treasury, Paul Boateng, said:

“This settlement underlines the Government's determination to ensure that the UK develops a modern, efficient transport system. This funding exceeds the profile set out in the 10 Year Plan for Transport, and ensures that the wider benefits of transport investment continue to be reflected in higher levels of productivity and economic growth, and a better quality of life for everyone.”

The Secretary of State for Transport, Alistair Darling, said:

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“Transport is a high priority for the Government and my department is determined to deliver the outcomes that the travelling public and taxpayer desire. This settlement will allow us to continue the progress we have made in delivering the Government's Ten Year Plan for Transport. We will be shortly publishing our long term strategy for Transport, which will update the Ten Year Plan and roll forward the funding plans to 2014-15.”

DETAILS

- Spending by DfT will grow by 4.5% a year on average in real terms, with expenditure rising from £10.4 billion this year to over £12.8 billion by 2007-08.
- This settlement exceeds the funding profile set out in the 10 Year Plan for the three years covered by the Review. From 2006/7, there will be an annual increase to the original 10 Year Plan of £500m.
- DfT will also receive a one-off transport reform package, consisting of £1.7 billion above 10 Year Plan over 2005/6 and 2006/7, which will allow them to advance key reforms in priority areas.
- DfT will be taking forward the conclusions of the forthcoming Rail White Paper which will set out a comprehensive structural reform package to improve cost control and value for money in the rail industry, and ensure that it is capable of delivering significant performance improvements for rail passengers. The DfT settlement will enable these reforms to be taken forward without delay.
- The Government will be examining new ways to develop integrated regional strategies for transport, housing, planning, and economic development and increase local and regional involvement in transport investment choices.
- Changes will be made to the way buses are subsidised in some circumstances as part of a wider package of measures to improve the bus offering.
- DfT will deliver approximately £785 million of cash savings by 2007-08, which will then be recycled back into front-line delivery, and include staff reduction & relocation programmes, improved procurement regimes and rationalisation of back office and support functions.
- DfT will improve methodologies for appraising transport investment choices. A shared value for money framework will support the standard New Approach to Appraisal system (NATA), which assesses schemes against economic and environmental criteria, and help inform Ministers and others decision making.

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- DfT's target on local public transport has been modified to ensure that growth is achieved through increased local transport use across the whole country, and that no areas are left behind. The rail target has been modified to focus on improvements in the performance of train services (defined as reliability and punctuality).
- The DfT will take on joint responsibility for the Climate Change PSA target, together with the DEFRA and the DTI. The Government recognises that the transport sector has an important role to play in achieving our commitment to reduce greenhouse gas emissions.

	£ million			
	2004-05	2005-06 ³	2006-07	2007-08
Department for Transport				
Resource Budget	7051	8555	10766	9867
Capital Budget	3717	3358	4083	4160
Total Departmental Expenditure Limit¹	10,415	11,527	13,608	12,857
<i>Dept. Expenditure excluding one-off reform package</i>	10,415	11,027	12,408	12,857
UK transport spending (estimated) ²	16,548	17,312	20,086	19,287
¹ Full resource budgeting basis, net of depreciation				
² UK transport measured consistent with international definitions from the UN classifications of functions of government (COFOG). Actual outturns are subject to spending decisions by local authorities				
³ Includes £500m in 2005/6 that has been allocated from the Reserve				

	£ million			
	2004-05	2005-06	2006-07	2007-08
Total Transport Investment	5884	6164	7697	7017
<i>Of which:</i>				
Central government own investment	3717	3358	4083	4160
Investment Grants	2167	2806	3614	2857

NOTES FOR EDITORS

1. Media enquiries to HM Treasury Press Office on 020 7270 5238.

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HOUSING AND SUSTAINABLE COMMUNITIES

The Office of the Deputy Prime Minister (ODPM) will receive increased resources of more than £1.3 billion over the Spending Review period (3.3 per cent growth a year in real terms) to deliver thriving, sustainable and inclusive communities, and tackle the nation's shortage of housing, the Chancellor announced today.

In response to the Barker Review, funding will be provided for 10,000 new social housing units a year by 2007-08, and significant additional funding will be made available to target support for areas of low housing demand in parts of the North and Midlands.

Deputy Prime Minister, John Prescott said:

"I welcome this substantial increase in investment. It will allow us to build on the Sustainable Communities Plan to increase housing supply in the growth areas, substantially expand social housing provision to help tackle homelessness and regenerate areas with a legacy of housing decline. In doing so, we will protect the countryside and deliver the services and infrastructure needed for genuinely sustainable communities, which are safer, cleaner and greener.

In addition we will intensify action to reduce social exclusion and deprivation and narrow the gap in outcomes between deprived areas and the rest of the country.

This is an excellent outcome for delivering our aim of creating places where people want to live and promoting a better quality of life for all."

DETAILS

- Housing spending – including regional and local programmes – will be over £1.3 billion higher in 2007-08 than in 2004-05, equivalent to an annual average growth rate of 4.1% in real terms;
- There will be a 50 per cent increase in new social house building – an extra 10,000 homes a year to turn around the growth in homelessness;

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- The affordability of housing will be improved with resources allocated to provide 200,000 additional homes in four growth areas, and going further to respond to new proposals for growth, including a new £150 million Community Infrastructure Fund by 2007-08 held by the Department for Transport.
- Substantial new investment to regenerate areas suffering from low housing demand enabling an expanded programme for the North and Midlands.
- A strengthened approach to improving outcomes in the most deprived areas through continued support for neighbourhood renewal of £525 million a year through to 2007-08.
- Increased funding to strengthen our counter terrorism capability and the continued modernisation of the Fire and Rescue Service.
- Measures to promote economic development in the regions through an increase in funding for Regional Development Agencies (RDAs).
- Efficiency savings within ODPM will realise at least £620 million by 2007-08 of which two-thirds can be released for front-line activities.

In response to Kate Barker's recommendations the Spending Review:

- funds the 200,000 additional houses set out in the Communities Plan by 2016 in four growth areas and provides resources to respond to further proposals for growth
- establishes a £150 million a year Community Infrastructure Fund in the Department for Transport
- funds a 50% increase in new social house building - an additional 10,000 new social housing units a year by 2007-08
- establishes market affordability as a long-term goal for housing supply enshrined within the PSA
- continues the Planning Delivery Grant to support the implementation of further planning reform.

The provision of new private and social housing will not be at the expense of the environment. As well as preserving or increasing the area of land designated as greenbelt and to raising the density of development to minimise land take, the Government is committed to at least 60% of new housing to be on previously developed 'brownfield' land. The Government is also committed to ensuring that new housing will be built to high standards in relation to energy and water efficiency, waste and building materials, taking into account the findings of the Sustainable Buildings Task Group.

Office of the Deputy Prime Minister			
£ million	2005-06	2006-07	2007-08
Resource Budget ¹	5,048	5,393	5,896
<i>Of which Administration Budget</i>	334	332	330
Capital Budget	2,428	2,471	2,518
Total Departmental Expenditure Limit²	7,460	7,836	8,377
Total housing ³	6,408	6,651	7,211

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1 The resource budget includes capital grants to the private sector, including Registered Social Landlords, classified as capital in National Accounts.

2 Full resource budgeting basis, net of depreciation.

3 Housing spend classified as regional policy consistent with international definitions from UN Classification of the Functions of Government (COFOG). Actual outturns are subject to spending decisions by local authorities.

NOTES FOR EDITORS

1. The final report of the review undertaken by Kate Barker into housing supply, *Building Stability: Securing Our Future Housing Needs*, was published in March 2004 and can be seen at www.hm-treasury.gov.uk
2. The Government's Sustainable Communities plan: *Building for the Future* was published in February 2003.
3. The four growth areas are: the Thames Gateway; Milton Keynes/South Midlands; Ashford; and London –Stansted – Cambridge
4. The Sustainable Buildings Task Group published its report: *Better Buildings – Better Lives* in May 2004.
5. For media enquiries, please call HM Treasury press office on 020 7270 5283.

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INVESTING IN BETTER AND MORE EFFICIENT LOCAL SERVICES

Local government services received a boost today as the Chancellor announced average increases in the resources for local government of 2.7 per cent a year in real terms over the next three years, an increase of £7.2 billion by 2007-08, supporting the further delivery of improved schools, better care for the elderly and help the fight against crime and anti-social behaviour.

Additional front line resources will be released through the delivery of £6.45 billion of efficiency savings and productivity improvements by 2007-08. Local Authorities will also receive three-year funding settlements to offer greater certainty and capacity for longer-term financial planning.

The Deputy Prime Minister, John Prescott, said:

“We have the extra resources we need to continue building dynamic local authorities, improving the quality of life for all, delivering the ambitious long-term program of reform we launched in 2001, and enabling significant improvements in service delivery without the need for excessive council tax rises. This is good news for Local Authorities and local communities.”

DETAILS

- Overall, Government support to Local Authorities will have increased by over 30% in real terms between 1997 and the end of the SR2004 period, with average annual real increases of 2.7% in formula grant from the Government to Local Authorities over the next three years to 2007-08;
- Annual average real increases of 4.8% in the already record levels of Local Authority investment in schools, housing and other key services through capital support and PFI over the three years to 2007-08;
- Strengthening links between central and local government through local PSAs, pooling existing funds into a Safer and Stronger Communities Fund and piloting Local Area Agreements to provide a common framework for departments to deliver additional funding and devolve decision making;
- Barry Quirk, Chief Executive of Lewisham, has been appointed to work with local authorities, government departments and other partners on the efficiency agenda to share and promote best practice on the ground.
- £25 million is available over 2004-05 and 2005-06 to support innovative programmes and Regional Centres of Excellence to promote best practice

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in procurement and achieve efficiency savings by streamlining back office functions and transactional services. A further £20 million will be available over 2006-07 and 2007-08 through the Capacity Building Fund.

NOTES FOR EDITORS

- Plans for Formula Spending Shares in 2005-06 to 2007-08 are below.

Table 1: Formula Spending Shares, 2005-06 to 2007-08 (£million)				
FSS block	Plans	Baseline	Additions	
	2004-05	2005-06	2006-07	2007-08
Education	26,402	27,963	1,900	3,700
Children's services	3,737	4,016	300	500
Adult services	8,690	9,553	380	820
Police	4,355	4,553	215	440
Fire	1,848	1,898	63	137
Highway Maintenance	2,004	2,054	0	0
EPCS	11,152	11,217	389	823
Capital Financing*	2,802	3,269	330	655
TOTAL	60,990	64,522	3,577	7,075

*Includes PFI Special Grant

- Grant support is provided through the ODPM as Net Aggregate External Finance (AEF), the major constituent of Local Government DEL, which also covers the Neighbourhood Renewal Fund, Valuation Office Agency, the Capacity Building Fund and resource and capital funds to pump-prime and reward authorities that achieve targets within local PSAs. The vast majority of local authority capital investment is provided to local government through other departmental programmes.

Table 2: Local Government DEL, 2005-06 to 2007-08 (£million)				
Programme	Plans	Baseline	Additions	
	2004-05	2005-06	2006-07	2007-08
Resource	43,348	45,825	2,505	4,942
<i>Of which: Net AEF</i>	42,421	44,706	2,478	4,902
Capital	324	349	-100*	-100*
TOTAL	43,672	46,174	2,405	4,842

*Capital reductions in 2006-07/2007-08 due to end of Local Government Online programme

Table 3: PFI credit allocations by department, 2005-06 to 2007-08 (£million)			
Department	Baseline	Additions	
	2005-06	2006-07	2007-08
DfES	1,200	50	100
Home Office	110	0	10
Health	90	25	45
DCMS	65	0	0
DfT	500	60	420
Transport for London	60	0	200
DEFRA	130	125	150
ODPM (housing)	360	250	250
ODPM (fire)	50	15	25
ODPM (other)	65	0	0
TOTAL	2,630	525	1200

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CUTTING CRIME AND BUILDING STRONGER COMMUNITIES

Today's settlement increases spending on crime, justice and communities by £3.5 billion by 2007-08 compared with 2004-05 – supporting the Home Office, the Department for Constitutional Affairs and the Attorney General's Departments in continuing to drive down crime, deliver justice and support stronger local communities.

The Home Office's budget will rise by more than £2.1 billion by 2007-08, equivalent to annual average real terms growth of 2.7 per cent, building on record increases in the 2000 and 2002 Spending Review periods. The Home Office will also realise annual efficiency savings of almost £2 billion by 2007-08.

Historic levels of investment, matched by reform, have delivered real results: overall crime has already fallen by 25 per cent since 1997, with falls in domestic burglary of 40 per cent and in vehicle crime of 34 per cent. This settlement will underpin a further reduction in crime of 15 per cent by 2007-08.

The Chief Secretary to the Treasury, Paul Boateng, said:

"This shows our continuing commitment to making our communities feel safer and more secure, and achieving further steep reductions in crime, unfounded asylum claims and illegal immigration. We are determined to provide the necessary resources to achieve these objectives."

The Home Secretary, David Blunkett, said:

"We have already shown it is possible to achieve major reductions in crime, to tackle asylum abuse and to give communities the confidence and tools to deal with anti-social behaviour. With this settlement we will go further to tackle the causes of crime; to help prevent crime and improve police performance; and increase the proportion of officer time spent on the front-line. We will invest further in border controls to continue bearing down on unfounded asylum applications and illegal immigration; the creation of modernised correctional services will continue to tackle the causes of re-offending; and we will give greater support for local communities."

The Secretary of State for Constitutional Affairs, Lord Falconer, said:

"This re-enforces our commitment to bringing offenders to justice and building confidence in the justice system. Sustained investment since

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1997 will enable my department to play its part in delivering an efficient and effective criminal, civil, and family court system, which supports the rights and needs of victims, witnesses and defendants.”

The Attorney General, Lord Goldsmith, said:

“This is a good settlement for the Crown Prosecution Service. It gives us the means to create a modern, forward-looking service to work alongside the police to bring more offenders to justice and to support victims.”

DETAILS

The priorities for the Spending Review period are delivering a 15 per cent reduction in crime and building safer, stronger communities, including by:

- increasing neighbourhood policing, providing 20,000 Community Support Officers (CSOs) by 2008. The Spending Review also takes forward the conclusions of the Bichard Inquiry, with additional investment in police IT;
- combating organised crime and terrorism, including through creating the Serious Organised Crime Agency;
- improving the efficiency of, and public confidence in, the Criminal Justice System (CJS), through more effective criminal case management;
- rolling out the charging scheme under which the CPS take on responsibility for charging from the police – strengthening the prosecution process by deciding the charge and building stronger cases from the start;
- creating Her Majesty's Courts Service (HMCS) to bring together the 42 Magistrates Courts Committees with the Court Service – underpinning more efficient and effective criminal, family and civil justice systems;
- modernising correctional services through creating the National Offender Management Service (NOMS) and reducing re-offending;
- addressing the underlying causes of crime in communities through youth intervention programmes and simplified local funding arrangements;
- reducing further the harm caused by illegal drugs, including by treating 200,000 problematic drug users a year, and by reducing supply;
- continuing to invest in UK border controls to further reduce unfounded asylum claims and illegal immigration;
- supporting voluntary and community sector service delivery and increased community participation, including through the Futurebuilders fund; and
- improving productivity and releasing resources for the front-line, delivering at least £2.3 billion of annual efficiencies across the Home Office, DCA and CPS by 2007-08: with contributions of at least £1,970 million from the Home Office, £290 million from DCA and £35 million from CPS.

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Crime, justice and communities	£ million			
	2004-05	2005-06	2006-07	2007-08
Resource Budget	18,454	19,871	20,867	21,841
Capital Budget	995	1,208	1,299	1,377
Total Departmental Expenditure Limit	19,144	20,647	21,668	22,690

Home Office	£ million			
	2004-05	2005-06	2006-07	2007-08
Resource Budget	12,051	12,690	13,325	13,990
<i>Of which Administration Budget</i>	697	733	672	672
Capital Budget	885	1,095	1,226	1,296
Total Departmental Expenditure Limit	12,693	13,052	14,152	14,854
Of which Charity Commission	29	31	31	31

Department for Constitutional Affairs	£ million			
	2004-05	2005-06	2006-07	2007-08
Resource Budget	3,368	3,689	3,797	3,844
<i>Of which Administration Budget</i>	457	477	477	477
Capital Budget	123	138	138	146
Total Departmental Expenditure Limit¹	3,411	3,698	3,801	3,851

Law Officers' Departments	£ million			
	2004-05	2005-06	2006-07	2007-08
Resource Budget	602	635	673	710
<i>Of which Administration Budget</i>	97	105	105	105
Capital Budget	14	15	15	15
Total Departmental Expenditure Limit¹	610	643	681	718

NOTES FOR EDITORS

1. The Home Office, DCA and CPS Public Service Agreements (PSA), including the target to reduce crime by 15%, can be viewed at www.hm-treasury.gov.uk.
2. Media enquiries to HM Treasury Press Office at 020 7270 5238.

Spending Review 2004

PN A7

12 July 2004

FURTHER BOOST FOR BRITAIN'S ARMED SERVICES

The Chancellor announced today the longest period of sustained real terms growth in planned defence spending since the early 1980s.

The settlement for the armed forces builds on the annual 1.2 per cent real terms increase announced in Spending Review 2002, with a further annual average increase of 1.4 per cent over this Spending Review period, equivalent to a further £3.7 billion a year by 2007-08 compared to this year.

On top of this settlement, the Ministry of Defence will seek to release additional resources to the front line armed forces by delivering a £2.8 billion programme of efficiency savings over the Spending Review period, primarily by rationalising central bureaucracy and back office functions and by adopting best practice in procurement and business processes.

The additional costs of the armed services' continuing commitments in Iraq will continue to be funded entirely separately, from the special reserve set aside by the Treasury in Budget 2003 and topped up in Budget 2004.

Chief Secretary to the Treasury, Paul Boateng said:

"We have maintained the longest sustained increase in defence spending for twenty years, and have bettered even the settlement agreed in 2002. On top of that, we will continue to fund all the additional costs of the campaigns in Iraq, Afghanistan and elsewhere. We will continue to ensure that our armed forces are well equipped to do the difficult job we ask of them, and we welcome the MOD's commitment to cut the costs of its central administration and improve its procurement practices to release even more resources for our forces in the front line."

Defence Secretary, Geoff Hoon, said:

"I welcome this settlement which demonstrates the Government's continued commitment to defence. The threat posed to the UK's interests by international terrorism and failing states presents us with very real and immediate challenges. As well as sustaining our investment in new capability, this settlement enables the continued modernisation of our Armed Forces against a backdrop of evolving threats to our security and advances in technology."

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£ million	2004-05	2005-06	2006-07	2007-08
Ministry of Defence				
Resource Budget	31,370	32,449	32,698	33,018
Capital Budget	6,327	6,880	6,970	7,600
Total Departmental Expenditure Limit¹	29,710	30,888	32,067	33,447
Near-cash spending in MOD DEL²	26,479	27,600	28,659	29,969

1 Full resource budgeting basis, net of depreciation.

2 Consistent with previous control basis.

DETAILS

- The 2003 Defence White Paper, "Delivering Security in a Changing World", builds on the 1998 Strategic Defence Review (SDR) and 2002 Strategic Defence Review: New Chapter, in setting out the strategy for the UK's Armed Forces. The White Paper sets out the policy context within which the future structure and capabilities of our Armed Forces will be determined: http://www.mod.uk/dpa/the_defence_white_paper.htm
- In the three years to 2004, the Government has provided over £4 billion to meet the net additional costs of military operations in Iraq and Afghanistan and its international obligations.
- Spending Review 2002 represented the largest planned increase in defence spending for twenty years, providing an additional £3.5bn by 2005-06, representing 1.2% average annual real growth.
- Spending Review 2002 included a £578M Modernisation Fund specifically to modernise logistics and business information systems across defence. The Spending Review 2004 settlement increases its funding at an increased rate of £1 billion over three years, with an expanded scope which now includes rationalisation of the defence estate.
- The Ministry of Defence has committed to find over £2.8 billion of efficiency savings by 2007-08, in areas such as more efficient procurement and logistics, and reduced back office and support functions. The settlement includes a specific fund to aid modernisation in key areas of logistics, business information systems and estates rationalisation.
- This settlement supports the further modernisation of the Armed Forces, focused on increasing their flexibility, agility and operational effectiveness when acting independently or alongside our allies. The longstanding arrangements of central funding of the net additional costs of military operations and urgent operational requirements will remain in place.

NOTES FOR EDITORS

1. Media enquiries to contact HM Treasury Press Office on 0207 270 5238.

Spending Review 2004

PN A8

12 July 2004

FCO SPENDING REVIEW 2004 SETTLEMENT

Foreign and Commonwealth Office (FCO) spending in 2007/08 will be £188m higher than this year under new spending plans announced by the Chancellor today.

This extra funding builds on the significant increase announced in 2002 and will help FCO ensure the security of its overseas network of 233 posts in the higher threat environment following the Istanbul bombing last year. It will also enable FCO to continue to deliver against the key international priorities facing the UK, including Iraq, the Middle East and the threats posed by terrorism and Weapons of Mass Destruction (WMD).

The Global Opportunities Fund, created in 2002 to promote sustainable development, human rights and economic and political reform in transitional and developing countries, will, at £180m over three years, be 50% higher over this Spending Review period.

Building on their settlements in the last Spending Review, the British Council's budget will be £24m higher in 2007-8 compared to this year with the BBC World Service's budget £27m higher.

Following Sir Peter Gershon's review of efficiency, FCO has also committed to realising at least £118m efficiency gains by 2007/08 through measures including improved Information and Communication Technology (ICT) and more efficient procurement practices. These plans mean that more money will be redeployed away from back office functions to frontline delivery areas.

The Chancellor of the Exchequer, Gordon Brown said:

"This settlement builds on the generous increases of 2002 and recognises the central role that the FCO play in promoting the Government's international objectives of international security and global prosperity. In particular, it will help ensure that staff can continue to deliver the high quality outcomes for which they are renowned in a safe and secure manner, thus maintaining the UK's global influence."

The Foreign Secretary, Jack Straw added:

"The security of UK personnel has always been of paramount importance and this settlement will ensure that we can take the

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necessary steps to reduce the threat to those posts most at risk. There are many challenges facing the UK over the coming years, such as the threat of international terrorism and WMD, as well as rising demand for consular and visa services. This settlement will help FCO meet those challenges.”

DETAILS

- FCO has received total resource and capital DEL additions of £0/141/175m over the SR2004 triennium. In total DEL terms this is an increase of £0/91/110m at an annual average real growth rate of 1.4%. This includes £0/35/33m capital and £0/35/50m non-cash.

FCO (£ million)	2004-05	2005-06	2006-07	2007-08
Resource Budget	1,503	1,581	1,687	1,723
Capital Budget	71	84	119	117
Total DEL¹	1,461	1,539	1,630	1,649
<i>BBC World Service</i>	225	239	246	252
<i>British Council</i>	173	186	192	197
<i>Conflict Prevention</i>	74	74	74	74

- Between 1998 and 2008, the FCO budget will have increased by over 50%.
- The Global Opportunities Fund (GOF), which currently stands at £60m per annum, will be maintained over the SR period, totalling £180m compared to £120m over SR02.
- The Global Conflict Prevention Pool will be maintained at £74m over 2005-08, underlining the importance that the Government attaches to this area and in recognition of the Pool's success to date.
- Building on their particularly generous settlements in SR2002, the British Council has received additions of £0/5.5/11m and the BBC World Service £0/6.5/13m.
- FCO have committed to find efficiency gains of £118m over the Spending Review period, of which the British Council and BBC World Service will contribute about a quarter. These will be realised through measures including reduced back office functions, more efficient procurement practices and improved ICT.

¹ Full resource budgeting basis, net of depreciation

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- The FCO Strategy, published in December 2003 and available at <http://www.fco.gov.uk>, sets out the key international objectives for the UK and how the FCO will adapt in order to meet those challenges.
- Following on from that Strategy, FCO's own re-organisation will be key to ensuring value for money and maximising the UK's impact on the global stage. 'The Organisation Project' is looking to re-structure the FCO headquarters with more of an emphasis on thematic (e.g. counter-terrorism) rather than geographical directorates. These thematic centres of expertise will then be able to prioritise and direct funding to the geographical areas where it is most needed.

NOTES FOR EDITORS

1. Media enquiries to HM Treasury Press Office at 020 7270 5238.

Spending Review 2004

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12 July 2004

FURTHER BOOST TO UK AID BUDGET

Total UK official development assistance (ODA) will rise to almost £6.5 billion by 2007-08, representing a real terms increase of 140 per cent since 1997, the Chancellor announced today. ODA will have risen from 0.26 per cent of Gross National Income (GNI) in 1997 to 0.42 per cent in 2006-07 and 0.47 per cent in 2007-08. The Government wishes to maintain these rates of growth and on this timetable would reach 0.7 per cent of GNI by 2013. If Britain's proposal for an International Finance Facility were adopted, the objective of 0.7 per cent could be achieved earlier, by 2008-09.

The UK will continue to ensure that 90 per cent of its bilateral aid goes to the world's poorest countries where it is needed the most and will increase aid to Africa by £1.25 billion per annum by 2008 and spend at least £1.5 billion on HIV/AIDS.

The Secretary of State for International Development, Hilary Benn, said today:

"This is an excellent settlement, which demonstrates the Government's continuing commitment to tackling global poverty and reaching the 0.7 per cent oda/GNI target. These additional resources will be used to increase UK bilateral aid to Africa to at least £1.25 billion a year by 2008, spend at least £1.5 billion on HIV/AIDS related work over the next three years, and ensure that more children in the world's poorest countries are able to go to primary school".

DETAILS

- Department for International Development (DFID), whose budget will increase to more than £5.3 billion a year by 2007-08, from £3.8 billion today, an average annual increase of 9.2 per cent in real terms over the three years of the Spending Review period, following average real-terms increases of 6.2 per cent and 8.1 per cent in the 2000 and 2002 Spending Reviews.
- DFID will continue to focus its resources on improving healthcare and education in developing countries, both of which underpin the Millennium

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Development Goals (MDGs). The UK will spend at least £1.5bn over the next three years on bilateral and international efforts to combat HIV/AIDS;

- This settlement will substantially increase UK funding to the International Development Association (IDA), the concessional arm of the World Bank, building on the £1 billion committed during the last replenishment round, when the UK became the fourth largest donor to IDA; and
- Spending will continue in other essential areas such as conflict prevention, strengthening good governance and making long-term commitments to support those countries which effectively implement their own Poverty Reduction Strategies.
- The Government's proposal for an International Finance Facility (IFF) would frontload donor commitments and leverage in additional money from the international capital markets by issuing bonds, based on legally binding long-term donor commitments.
- The IFF is the only mechanism that will deliver in the immediate term the additional \$50 billion a year needed to meet the MDGs, and the UK is pursuing it in concert with its long-term objective to reach 0.7 per cent. With the IFF, the UK could achieve the equivalent of 0.7 per cent as early as 2008-09.
- DFID will achieve total efficiency gains of at least £310 million a year by 2007-08, through an improvement in the effectiveness of international aid, redeployment of resources to key priority areas, and savings on administration costs, including a reduction of 170 Civil Service posts and more effective procurement.
- This will make UK aid more effective and will in no way impact upon UK commitments to increase aid to the world's poorest countries.

Department for International Development	£ million			
	2004-05	2005-06	2006-07	2007-08
Department for International Development				
Resource Budget	3,780	4,529	5,028	5,323
<i>Of which Administration Budget</i>	222	239	235	232
Capital Budget	18	14	20	22
Total Departmental Expenditure Limit¹	3,777	4,529	5,028	5,323
Memo: Africa Conflict Prevention Pool	60	60	63	64.5

¹ Full resource budgeting basis, net of depreciation

Official development assistance	£ million			
	2004-05	2005-06	2006-07	2007-08
Total UK official development assistance	4,141	4,889	5,521	6,460
oda as a proportion of GNI (per cent) ¹	0.35	0.39 ²	0.42	0.47

¹ An internationally agreed statistic for measuring aid flows to developing countries. The Development Assistance Committee (DAC) of the OECD defines what activities score as ODA

² The 2002 Spending Review settlement predicted total UK oda would reach 0.40 per cent of GNI by 2005-06. In real terms, UK oda spending in 2005-06 will remain the same and the Government will deliver its commitment to increase the UK aid budget. However, due to faster than predicted growth in the economy it is now anticipated that the UK may just miss the 0.40 per cent oda/GNI forecast in 2005-06.

NOTES FOR EDITORS

1. DFID's Public Service Agreement (PSA) for 2005-08 has been built around the MDGs, and can be seen at www.hm-treasury.gov.uk
2. Media enquiries please contact HM Treasury press office on 020 7270 5238.

Spending Review 2004

PN A10

12 July 2004

STREAMLINED DTI TO PROMOTE SCIENCE AND ENTERPRISE

The Department of Trade and Industry (DTI) will play a central role in the Government's ten year science framework with 3.0% per year real terms increase in funding up to 2007-08. This is part of a one billion pound boost for UK science and innovation set out by the Government today.

The DTI will also reallocate annual efficiency savings of at least £380 million by 2007-08 to business priorities on innovation, enterprise and productivity. Policy and delivery structures will be streamlined, achieving a total reduction in civil service posts by 2007-08 of 1,010 in core DTI, 200 in UK Trade and Investment and 270 in other bodies.

Further responsibilities will be devolved to Regional Development Agencies (RDAs) supported by an increase in funding from the current £234m to £483 million by 2007-08.

Secretary of State for Trade and Industry, Patricia Hewitt, said:

“This settlement is good news for business, manufacturing and scientists. It is a package to build an environment for industrial and business success and to promote productivity growth right across the UK.”

DETAILS

- DTI will secure at least £380 million in efficiency gains by 2007-08. The Department has committed to achieve a total reduction in Civil Service Service posts by 2007-08 of 1,010 in core DTI, 200 in UK Trade and Investment and 270 in other bodies. These reforms will help DTI to reduce its administration budget by 15 per cent in real terms between 2005-06 and 2007-08.
- The Government today set out a ten year investment framework for science and innovation (see PN C5). Spending Review 2004 provides DTI with additional science funding of £365 million in 2007-08, taking the Department's science budget to £3.3 billion per year including:

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- central funding provision of £35m in 2006-07 and 2007-08 to enable Research Councils to respond more quickly and effectively to emerging priorities and opportunities;
 - additional funding of £80m by 2007-08 for the Research Councils, coupled with financial management reforms to improve the sustainability of the UK's university research base; and
 - support for knowledge transfer from universities of at least £110m a year by 2007-08 will enable Government to respond positively to the recommendations of the 2003 Lambert review strengthening business-university collaboration, a full Government response to which is included in the ten year framework.
- New innovation funding will be channelled through the new Technology Strategy to ensure business pull through of technology from the science base, through collaborative research & development (R&D) between business and universities, and knowledge transfer networks across the UK. A new independent business-led board will, in consultation with public and private sector stakeholders, set out the key priorities for the strategy. DTI will invest at least an annual £178m in the Technology Strategy by 2007-08.
 - To improve access to growth capital for small and medium-sized enterprises, the Government is making provision for a pathfinder round of Enterprise Capital Funds, worth up to £25m for each fund. Further funding will be available if the programme is successful.
 - DTI will expand its support to Manufacturing Advisory Service (MAS), with funding rising to £6m a year by 2007-08, matched by the RDAs. This expansion builds on the successful work of MAS and allows it to continue to improve manufacturing performance in the UK.
 - RDAs will take on new responsibilities for the Business Links service, R&D grants, enterprise in disadvantaged areas and supporting business-university collaboration. As a result of these new responsibilities, DTI's funding to the RDAs will increase from the current £234m to £483 million by 2007-08. UKTI's contribution to the RDAs for inward investment will also be increased in the 2004 Spending Review period.
 - Subject to the successful passage of the Energy Bill currently in Parliament, the settlement provides funding for the Nuclear Decommissioning Authority (NDA), which is expected to be operational from 2005-06. The Government's objective is that the NDA will improve the quality of nuclear clean-up and secure efficiencies through the introduction of competition for the management and operation of nuclear sites.

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	£ million			
	2004-05	2005-06	2006-07	2007-08
Trade and Industry				
Resource Budget	4,931	5,858	6,110	6,249
<i>Of which Administration Budget</i>	427	449	414	404
Capital Budget	160	328	480	475
Total Departmental Expenditure Limit ^{1,2}	4,971	6,062	6,453	6,582
Department of Trade and Industry ¹	4,818	5,266	5,444	5,689
Other bodies ^{1,2}	153	158	153	147
NDA transfer ^{1,3}	n.a.	638	856	746
Memo: Support for ECGD ⁴	n.a.	n.a.	n.a.	120

¹ Full resource budgeting basis, net of depreciation.

² Includes UKTI, Office of Fair Trading, the Office of Gas and Electricity Markets and Postcomm.

³ The NDA is expected to be operational from 2005-06. This line reflects fiscally neutral adjustments to bring nuclear decommissioning spending within the DEL control framework. Total spending on nuclear decommissioning includes this line, expenditure within DTI and MOD DELs, and receipts from the NDA's commercial activities.

⁴ When ECGD takes on Trading Fund status in 2007-08, a budget charge representing the economic cost of providing export credit support will be incorporated into DTI's Resource DEL. For Spending Review purposes an estimate of £120m has been used, which will be reviewed in the 2005 Budget. This estimate has not been added to DTI's resource DEL totals.

NOTES FOR EDITORS

1. Pre-Budget Report 2003 set out the Government's intention to take forward a pathfinder round of Enterprise Capital Funds (ECF), which will adapt the US Small Business Investment Company model and inform any decision about the scope for a long term ECF programme.

2. Budget 2004 announced the devolution of delivery of Business Links to the RDAs from April 2005. This Spending Review announces further funding and reform to strengthen the regional economic agenda. Full details are set out in the regional press notice.

3. Media enquiries to contact HM Treasury Press Office on 0207 270 5238

Spending Review 2004

PN A11

DEFRA PROGRESS TOWARDS A SUSTAINABLE FUTURE

As part of the Government's commitment to Sustainable Development, today's settlement delivers increased resources for the Department of Environment, Food and Rural Affairs (DEFRA). This will allow Defra to continue to focus on priority areas, including addressing climate change, tackling fuel poverty, improving waste management, encouraging energy efficiency, improving flood and coastal defences, reforming the Common Agricultural Policy, and improving service-delivery in rural areas.

DEFRA's spending allocation will increase from £3,153 million in 2004-05 to 3,533 in 2007-08, equivalent to average annual real terms growth of 1.2%. In addition, DEFRA has agreed to realise £610 million efficiency gains by 2007-08, around half of which will be released for further investment on priority areas.

The Secretary of State for DEFRA, Margaret Beckett, said:

"This is a good settlement for the environment and for Defra which will allow us to significantly increase funding for our priorities, and help to deliver a sustainable future for everyone. It will make a real difference to our work on climate change, flood defence schemes, energy efficiency and sustainable waste management. The settlement will also give a major boost for Defra's fuel poverty programme. This will help us support all those on low incomes to stay warm at home - our target is for 2010."

DETAILS

- An additional £95 million per year will be provided by 2007-08 compared to 2004-05 to improve the energy efficiency of homes, in support of the Government's target to eliminate fuel poverty by 2010;
- An extra £20 million per year is provided by 2007-08 for the new Waste Management Performance Reward Grant introduced in 2005, to reward Local Authorities for sustainable waste management, and PFI credits for investment in new value for money recycling and waste disposal facilities will be £155 million higher in 2007-08 than in 2004-05 to further encourage a shift from landfill;
- Additional support (rising to £146 million by 2007-08, funded from the recycling of landfill tax revenues) will be provided for programmes aimed at businesses to minimise waste, increase energy efficiency, develop

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further the market for recyclates and increase diversion of waste from landfill;

- Of this additional support, at least £40 million a year by 2007-08 will be recycled to expand the Carbon Trust's programmes supporting business in improving energy efficiency and up to £20 a year to co-fund the DTI's Technology Strategy;
- Further action will be taken to tackle climate change and make progress towards the domestic target of moving towards reducing carbon dioxide emissions by 20 per cent by 2010, with climate change to be one of the central themes of the UK's EU and G8 Presidencies in 2005. The Department for Transport will share the joint climate change PSA target with Defra and the Department of Trade and Industry, recognising the transport sector's contribution to greenhouse gas emissions;
- Action will be taken to implement agreed reforms to the Common Agricultural Policy, driving forward further agricultural policy reform, and taking forward modernisation of rural delivery following the Haskins review;
- Flood and coastal defence remains a priority, following the extra £150 million allocated in the 2002 Spending Review, with Defra and the Environment Agency continuing to improve standards of protection focusing on areas most at risk; and
- Good progress has been made on Sustainable Food and Farming following the £500million invested in the 2002 Spending Review. Spending Review 2004 will build on this progress, for example by the roll out of the entry-level environmental stewardship scheme across England in 2005.

DEFRA and its core agencies and sponsored bodies plan to realise efficiency savings of at least £610 million by 2007-08, through a range of measures:

- a total reduction of 2,400 back office or central department civil service posts and the relocation of 390 posts out of London and the South-East, with further proposals for relocations due by March 2005;
- a step-change in the way CAP schemes are administered, through the Rural Payments Agency change programme (saving more than £50m);
- rationalisation of delivery functions following the Haskins Review, realising efficiency gains of £45 million through the Modernising Rural Delivery Plan (£15m) and the England Rural Development IT Programme (£30m);
- an Environment Agency Efficiency Programme, saving £75m, in part by streamlining back-office functions and a greater emphasis on the provision of online services;
- streamlining of DEFRA's policy-making and back office functions, delivering around £85m of efficiencies;
- improving procurement practices, largely through IT system improvements for commercial contracting, saving around £35 million; and

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- working in partnership with Local Authorities to deliver around £300 million of efficiency gains on waste services, achieved in part through the roll-out of best practice from more efficient local authorities, and the standardisation of procurement operations.

DEFRA	£ million			
	2004-05	2005-06	2006-07	2007-08
Resource Budget	3,024	3,140	3,295	3,401
<i>Of which Administration Budget</i>	299	317	307	297
Capital Budget	329	339	339	339
Total Departmental Expenditure Limit ¹	3,153	3,272	3,427	3,533

¹ Full resource budgeting basis, net of depreciation

NOTES FOR EDITORS

1. The Government said in Budget 2003 that increases in landfill taxes from 2005/06 would be revenue neutral to local authorities and business as a whole.
2. The Waste Management Performance Reward Grant will from 2005/06 provide non-ring-fenced incentives for local government to deliver a step change in sustainable waste management performance.
3. For further details of the 2003 Haskins Review of Rural Delivery, please see this link: <http://www.defra.gov.uk/rural/ruraldelivery/report/default.htm>
4. Reforms agreed to the EU Common Agricultural Policy (CAP) in June 2003 and April 2004 largely or fully decouple the link between subsidies and production for many important sectors and make receipt of the Single Farm Payment dependent on meeting minimum environmental standards. The Government is continuing to press for further reform.
5. Media enquiries to HM Treasury Press Office on 0207 270 5238.

Spending Review 2004

PN A12

12 July 2004

INCREASED INVESTMENT IN SPORT AND CULTURE

A further boost to the Government's efforts to offer opportunities for sport and culture for all was announced today by the Chancellor, as part of the Spending Review's package of measures to support civic communities.

Spending by the Department for Culture, Media and Sport (DCMS) will be £230 million higher in 2007-08 than in 2004-05, representing an average annual increase of 2.3% in real terms, and providing security of funding to funding of the arts, the Football Foundation and other areas.

On top of this real-terms increase, the DCMS has today committed itself to generate annual efficiency savings of at least £260 million, chiefly by rationalising central and back-office functions, releasing additional resources for further front-line spending on promoting participation in sports and culture.

Secretary of the State for the DCMS, Tessa Jowell said:

“This is an excellent settlement, and a tribute to how closely we have worked with the Treasury to promote the ethos of arts, sport and culture for all. It allows us to consolidate the gains of recent years, maintain our world-class institutions and facilities and make them accessible to ever greater numbers of people.”

DETAILS

- A new priority objective has been set – with accompanying funding – to raise the proportion of schoolchildren in England spending more than two hours per week playing high-activity sport from 25% in 2002 to 85% by the end of the Spending Review period;
- Existing objectives to offer adults from deprived communities opportunities for participation in sport will be extended to include 16-19 year olds to ensure that teenagers leaving the education system after GCSEs or A-levels are given opportunities to continue playing organised sport;
- The Government will extend its commitment to the funding of the Football Foundation, while ensuring that equivalent funding goes to support similar investment in other sporting facilities and participation;

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- Annual funding of the National Heritage Memorial Fund will reach £10 million in 2008, and the Spending Review will fund 'Creative Partnership' schemes between schools and the arts for children in 36 deprived areas;
- Following the success of the Government's free access policy to the main national museums and galleries – leading to a three-quarters increase in attendances – the policy of promoting free access will be extended to the nation's university museums, and as a result, the right for the main national museums and galleries to be refunded the VAT they incur on their running costs will also be extended to the university museums.

Dept for Culture, Media and Sport	£ Million			
	2004-5	2005-6	2006-7	2007-8
Resource Budget	1,455	1,542	1,596	1,644
Capital Budget	82	97	117	132
Total Departmental Expenditure Limit ¹	1,444	1,543	1,614	1,674
Near-cash spending in DCMS DEL ²	1,357	1,455	1,525	1,587

1 Full resource budgeting basis, net of depreciation

2 Consistent with previous control basis

NOTES FOR EDITORS

1. For press enquiries, please call the Treasury press office on 020 7270 5238.

Spending Review 2004

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12 July 2004

IMPROVED WORK AND PENSIONS SERVICES

The Government today announced the reallocation of large efficiency savings to improve front line Department of Work and Pensions (DWP) services through reform initiatives in priority areas.

By 2007-08 DWP will reduce its workforce by 30,000 and its administration budget in real terms by 3.0 per cent per year. The savings will fund reform in key service areas including helping people on incapacity benefit into employment and assisting future pensioners plan for retirement and take advantage of savings opportunities.

The Secretary of State for Work and Pensions, Andrew Smith, said:

“Today's announcement sets out a very challenging but deliverable settlement for the Department and reflects the substantial investments made in previous Spending Reviews. Major improvements in efficiency will release resources for front-line services allowing us to make further progress on full employment as well as continuing to tackle child and pensioner poverty”

DETAILS

- DWP is undertaking a radical programme to modernise and transform both its key businesses and back office processes, achieving substantial efficiency savings: reducing its workforce by 30,000 and its administration budget in real terms by 3.0 per cent per year by 2007-8. Key DWP services will be improved through the reallocation of at least half of these savings to the frontline.
- A new target has been established to reduce the proportion of children living in workless households by 5 per cent between Spring 2005 and Spring 2008. This will represent a further step towards halving the number of children in relative low-income households by 2010-11 and eradicating child poverty by 2020.

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- By 2008, the Government will increase the number of pensioner households in receipt of Pension Credit to at least 3.2 million. Of those 3.2 million, at least 2.2 million will receive the Guaranteed Credit.
- A new Informed Choice Programme will help people plan for their retirement and take advantage of savings opportunities.
- The national roll out of Jobcentre Plus will be completed by 2006.
- DWP will establish the most effective interventions to support disabled people and people with health conditions into employment, building on a comprehensive and rigorous evaluation of the Pathways to Work pilots.
- A new Disability Discrimination Bill and changes to the Disability Discrimination Act will further improve the rights of disabled people and remove barriers to their participation in society.

Department for Work and Pensions	£ million			
	2004-05	2005-06	2006-07	2007-08
Resource Budget	7849	8198	8198	8198
<i>(Of which administration)</i>	<i>(5913)</i>	<i>(6049)</i>	<i>(5885)</i>	<i>(5828)</i>
Capital Budget	435	356	155	50
Total Departmental Expenditure Limit¹	8164	8434	8212	8105

¹ Full resource budgeting basis, net of depreciation

NOTES FOR EDITORS

1. Media enquiries to HM Treasury press office on 020 7270 5238.

Spending Review 2004

PN A14

12 July 2004

NEW RESOURCES FOR POLICE AND CRIMINAL JUSTICE REFORM IN NORTHERN IRELAND

The Government today announced new resources for the Northern Ireland Office (NIO) to modernise public services. The NIO budget will increase year on year to 2007-08 supporting reforms in policing and the criminal justice and prison services, and programmes to prevent and tackle crime and re-offending.

The Secretary of State for Northern Ireland, Paul Murphy, said:

“I welcome the settlement for the Northern Ireland Office which the Chancellor has announced today. The resources which have been made available will be used to continue to implement the Government's policies in Northern Ireland and to move the peace process forward.

The spending review demonstrates the Government's commitment to improving the efficiency and productivity of public services and modernising the workings of government. I look forward to continuing with the wide ranging programme of reform to the police and prison services, and indeed to the whole of the criminal justice system. We are determined to increase confidence in the justice system and reduce crime in Northern Ireland.”

DETAILS

- The settlement will support the delivery of the Patten police reforms to build a police service which is modern, efficient and effective and enjoys the support of everyone in Northern Ireland, through a major change in composition and investment in infrastructure.
- NIO will continue the modernisation of the criminal justice system, including a new Public Prosecution Service, which is independent, fair and responsive.

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- New resources will also support investment in a more efficient and modern prison service including new prison accommodation and managed staff and prisoner safety.
- Specific NIO targets include: increasing public confidence in the police and criminal justice system by 3% by April 2008; increasing Catholic representation in the Police Service to 30% by December 2010; reducing specific types of crime and the reconviction rate; and reducing the cost per prisoner place to £82,500 in 2007-08.
- Efficiency savings of at least £91 million by 2007- 08 will also be delivered.

£ million	2004-05	2005-06	2006-07	2007-08
Northern Ireland Office				
Resource Budget	1,151	1,191	1,141	1,131
Capital Budget	57	72	72	72
Total Departmental Expenditure Limit	1,159	1,214	1,164	1,154

Spending Review 2004

PN A15

12 July 2004

CREATING A WORLD CLASS TAX SYSTEM: HM REVENUE AND CUSTOMS

The Spending Review today announced the detailed spending plans for a new single tax organisation, designed to enhance service to businesses and improve taxpayer compliance, while delivering substantial efficiency savings.

As first set out in the 2004 Budget, spending for the Chancellor's Departments will be frozen in cash terms until 2008, with significant efficiency savings to release resources for front-line delivery and other priorities.

Paymaster General Dawn Primarolo said:

“This settlement reflects the challenges of the efficiency savings the new HM Revenue and Customs department must deliver, the increased emphasis on its front-line responsibilities, and the huge opportunity we now have to grasp the vision of the O'Donnell Review and turn the benefits envisaged into reality.”

DETAILS

- Following the O'Donnell Review of the Chancellor's Departments, the new integrated HM Revenue & Customs (HMRC) department is being created to improve customer service and cut compliance costs, to tackle the revenue losses caused by non-compliance, avoidance and fraud, and to ensure the UK's tax system is administered as efficiently as possible.
- The Spending Review settlement sets aside funds for the creation of the new department, for further action to combat fraud, for the implementation of the Lorry Road-User Charging scheme, and for the improved collection of national statistics on population, pensions, assets and wealth, government output and of similar regional statistics.
- Tougher targets will be adopted for reducing revenue losses affecting the VAT (to reduce losses to 11% of the theoretical yield), tobacco duty (to reduce the illicit market share to 13%), spirits duty (to reduce the illicit market share by at least half) and direct tax regimes (to reduce the scale of losses by £3 billion a year by 2007-08).
- Across the Chancellor's Departments total annual efficiency savings of around £550 million will be achieved by 2007-08. This will include a total

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gross reduction of 16,850 departmental civil service posts and, after 3,500 redeployments to front line activities, a total net reduction of 13,350 posts.

- HMRC is also to relocate some 1,950 posts from London and the South East, in response to the recommendations of the Lyons Review. Across the Chancellor's departments, 2,550 jobs are to be relocated by March 2008, with a further 2,500 by March 2010, giving 5,050 relocations in total.
- The Spending Review announced the continued implementation of the Lorry Road-User Charging scheme, designed to provide a level-playing field for all hauliers using UK roads, irrespective of their nationality, and to be revenue neutral to hauliers who already pay UK fuel duty.
- HM Treasury's core administration budget has been set flat in cash terms.

The Chancellor's Departments	£ million			
	2004-05	2005-06	2006-07	2007-08
Chancellor's Departments				
Resource Budget	4,770	5,083	5,133	5,183
<i>Of which Admin Budget</i>	<i>4,640</i>	<i>4,962</i>	<i>4,962</i>	<i>4,962</i>
Capital Budget	341	310	410	510
Total DEL¹	4,891	5,169	5,319	5,469
HM Revenue and Customs ¹	4,330	4,582	4,737	4,892
HM Treasury ¹	228	237	239	236
Office for National Statistics ¹	163	179	175	173
National Savings and Investments ¹	170	168	168	168
Government Actuary's Department ¹	0	0	0	0
¹ Full resource budgeting basis, net of depreciation				

NOTES FOR EDITORS

1. The O'Donnell Review of the organisations dealing with tax policy and administration was announced by the Chancellor in July 2003. The report, "Financing Britain's Future" was published on Budget day 2004, and can be seen at the website address below.
2. A designate Executive Chairman (David Varney) and Deputy (Paul Gray) have been appointed to HMRC, and will join the department on 1 September 2004. A Bill containing the legislation necessary to integrate Inland Revenue and HM Customs and Excise will be introduced as soon as Parliamentary time allows.
3. Further details of Lorry Road User Charging can be seen on the Customs website at: <http://www.hmce.gov.uk/business/othertaxes/lruc.htm>
4. Media enquiries to HM Treasury press office on 020 7 270 5238. Further information available at: <http://www.hm-treasury.gov.uk>

Spending Review 2004

PN A16

12 July 2004

CABINET OFFICE SPENDING REVIEW 2004 SETTLEMENT

The Cabinet Office today received a settlement providing it with the resources necessary to continue to fulfil its role as a strong strategic centre of government. Over the Spending Review period the Cabinet Office will focus on the areas where it best adds value – coordinating government business and driving civil service reform.

The Spending Review also provides additional resources for the security and intelligence agencies as part of the Cabinet Office group to support a significant expansion of their international counter-terrorism capabilities.

DETAILS

- The Cabinet Office group's budget will be £228 million higher in 2007-08 than in 2004-05 as a result of this Spending Review
- In particular, the core Cabinet Office's budget in 2007-08 is £10 million lower than in 2004-05, while the Single Intelligence Accounts' budget will be £242 million higher in 2007-08 than in 2004-05.
- This settlement ensures a more efficient core Cabinet Office, with plans for annual efficiencies of 3%, equivalent to £25 million by 2007-08 on a 2004-05 baseline. These savings will be reallocated to areas of high priority within the Cabinet Office, including civil contingencies policy and crisis management.
- In addition to implementing their proposals to the Lyons Review, the core Cabinet Office will develop an estates rationalisation strategy with the aim of streamlining their land and buildings asset base.

MINISTERIAL QUOTE

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In receiving this settlement, the Minister for the Cabinet Office, Douglas Alexander said:

This is a positive settlement, which will enable us to continue to make government more effective by providing a strong centre. We are focusing our activity on the effective co-ordination of policy and operations across government, on working with departments and the wider public sector to improve the delivery of public services and on promoting standards that ensure good governance. A key outcome has been securing a doubling of the contribution to local authorities for resilience to £40m per year from 2005-06.

NOTES FOR EDITORS

1. The Cabinet Office departmental group comprises the Cabinet Office, the Single Intelligence Account and the House of Commons, the House of Lords, the Parliamentary Commissioner, the Privy Council Office, the Central Office of Information and the National Audit Office. The budgets for the core Cabinet Office and the Single Intelligence Account are set in the Spending Review, but budgets for the other bodies within the group are set annually.
2. Detailed breakdowns of funding for the Security and Intelligence Agencies, making up the Single Intelligence Account are not published for security reasons.

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Cabinet Office key figures

	£ million			
	2004-05	2005-06	2006-07	2007-08
Cabinet Office				
Resource Budget	1,862	1,887	1,986	2,037
<i>Of which Administration Budget:</i>				
<i>Cabinet Office (excl. SIA)</i>	226	205	205	205
<i>SIA</i>	594	621	704	747
Capital Budget	220	233	248	263
Total Departmental Expenditure Limit ¹	1,870	1,906	2,028	2,098
Cabinet Office ¹	230	220	220	220
Single Intelligence Account ¹	1,155	1,205	1,327	1,397
Other bodies ²	485	481	481	481

¹ Full resource budgeting basis, net of depreciation

² Including the House of Commons, the House of Lords, the Parliamentary Commissioner, the Privy Council Office, the Central Office of Information and the National Audit Office.

Spending Review 2004

PN B1

12 July 2004

NEW SPENDING PLANS FOR SCOTLAND

New spending plans, announced today, will provide for spending in Scotland to grow by an average annual rate of 3.5% in real terms over the next three years. In 2007-08, spending will be £4.2 billion higher than in 2004-05.

The Scottish Executive will make its own announcements in due course about its detailed spending plans to improve delivery of devolved public services in accordance with the needs of the people of Scotland. There will be no increase in the costs of the Scotland Office over the Spending Review period.

The Secretary of State for Scotland, Alistair Darling, said:

“The Government has today announced an excellent spending settlement for Scotland. Devolution continues to work well for the benefit of all the Scottish people. It is now for the Scottish Executive to publish its plans for delivering the best possible public services and investment, and deliver prosperity for all the people of Scotland, in partnership with the Government.”

DETAILS

- In line with the objectives of the Government's efficiency review, the Scottish Executive will be able to release any efficiency gains it makes to strengthen further front line delivery in Scotland. The Scottish Executive is engaged in spending review efficiency and evaluation exercises as ambitious as those in England in reducing back office and related areas.
- Initiatives announced today, including the Government's 10-year science and innovation strategy and its proposals to tackle child poverty, will be taken forward in consultation with the Scottish Executive.
- Scotland will also benefit from spending programmes which are not devolved.

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NOTES FOR EDITORS

1. The Scottish Executive budget is set in resource terms consistent with those of UK departments. The increases have been determined on the basis of the Barnett formula, which ensures that Scotland receives a population-based share of changes in comparable spending in England. Scotland will also benefit from increases in spending in areas which are not devolved.
2. The devolved administrations' budgets continue to be determined within the UK framework of public expenditure. Responsibility for UK public expenditure allocation remains with the Treasury. Once overall public expenditure budgets have been determined, the devolved administrations have freedom to make their own spending decisions within the overall totals on functions under their control in response to local priorities.
3. The Scotland Departmental Expenditure Limits for the next three years are £22.750 billion, £24.159 billion and £25.523 billion. These represent increases over the 2004-05 limit of £1.4 billion, £2.8 billion and £4.2 billion and include increases announced in the Budget for health and education. They represent a real terms average annual increase in provision over the next three years of 3.4%.

£ million	2004-05	2005-06	2006-07	2007-08
Scotland				
Resource Budget	19,676	21,198	22,535	23,700
Capital Budget	1,893	1,783	1,980	2,172
Total Departmental Expenditure Limit	21,338	22,750	24,202	25,549

4. For further details please contact the Scotland Office Press Office on 020 7270 6875.

Spending Review 2004

PN B2

12 July 2004

NEW SPENDING PLANS FOR WALES

New spending plans for Wales, announced today, will provide for spending in Wales to grow by an average annual rate of over 4 per cent in real terms over the next three years. In 2007-08, public spending in Wales will be £2.5 billion higher than in 2004-05.

The National Assembly for Wales will make its own announcements in due course about its detailed spending plans to improve delivery of devolved public services in line with local priorities. There will be no increase in the costs of the Wales Office over the Spending Review period.

DETAILS

- In line with the objectives of the Government's efficiency review, the Welsh Assembly Government will be able to release any efficiency savings it makes to strengthen further front line delivery in Wales. The Welsh Assembly Government is engaged in spending review efficiency and evaluation exercises as ambitious as those in England in reducing back office and related areas.
- Initiatives announced today, including the Government's 10-year science and innovation strategy and its proposals to tackle child poverty, will be taken forward in consultation with the Welsh Assembly Government
- Wales will also benefit from spending programmes which are not devolved including the increases announced by the Chancellor for reducing crime and strengthening law and order.
- The settlement also enables the Welsh Assembly Government to continue funding its Objective 1 programme in Wales, with around £555 million made available over the spending review period for structural funds.

The Secretary of State for Wales, Peter Hain, said today:

"I am delighted with the settlement for Wales which the Chancellor has announced today. It represents a continuing major boost to public services and prosperity in Wales. The Welsh Assembly

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Government will now translate this into the further improvements in public services and investment for Wales.

I particularly welcome the additional provision which the Chancellor has made for structural funds, which will enable the Welsh Assembly Government to drive forward the Objective 1 programme in Wales, and to implement it in full.

Today's settlement demonstrates that devolution is working for Wales, and that Wales is benefiting from the Government's sound management of the public finances and the economy, with our unemployment rate in the first quarter of 2004 below England's."

NOTES FOR EDITORS

1. The budgets for Wales have been set in resource terms consistent with those of UK departments. The increases have been determined on the basis of the Barnett formula, which ensures that Wales receives a population-based share of changes in comparable spending in England. The settlement also provides provision beyond the Barnett formula to cover the increase in EU Objective 1 structural funds receipts.

2. The devolved administrations' budgets continue to be determined within the UK framework of public expenditure. Responsibility for UK public expenditure allocation remains with the Treasury. Once overall public expenditure budgets have been determined, the devolved administrations have freedom to make their own spending decisions within the overall totals on functions under their control in response to local priorities. The devolved administrations will make their own announcements in due course about their detailed spending plans.

3. The Wales Departmental Expenditure Limits for the next three years are £11.826 billion (plus £106 million for Objective 1), £12.768 billion and £13.564 billion. They represent a real terms average annual increase in provision over the next three years of over 4%.

£ million	2004-05	2005-06	2006-07	2007-08
Wales				
Resource Budget	10,275	11,044	11,927	12,622
Capital Budget	918	998	1,094	1,197
Total Departmental Expenditure Limit	10,985	11,826	12,768	13,564

NB In addition there is £106 million for Objective 1 in 2004-05 and 2005-06.

4. For further details please contact the Wales Office Press Office on 020 7270 0565.

Spending Review 2004

PN B3

12 July 2004

NEW SPENDING PLANS FOR NORTHERN IRELAND

New spending plans for Northern Ireland announced today will provide for spending in areas that will be the responsibility of the Northern Ireland Executive to grow by an average annual rate of around 3 per cent in real terms over the next three years. In 2007-08, public spending will be £1.2 billion higher than in 2004-05.

Further details about spending plans within Northern Ireland will be the subject of separate announcements in due course.

Secretary of State for Northern Ireland, Paul Murphy, said:

“I am delighted with the settlement for Northern Ireland. The settlement represents a major boost to public services and prosperity in Northern Ireland. I and my Northern Ireland Ministerial team will now translate this into proposals for the best possible public services and investment for Northern Ireland, which will be published in the Draft Priorities and Budget for Northern Ireland in September.

“The Government will continue to make a success of the EU PEACE programme in Northern Ireland. I am delighted that the Chancellor has made available £169 million for PEACE, including an extension of the programme to 2006, subject to EU agreement, and consultation with the Irish Government”.

DETAILS

- In line with the objectives of the Government's efficiency review, efficiency savings will be released to strengthen further front line delivery in Northern Ireland. 2.5 per cent a year efficiency savings will be achieved, delivering some £535 million efficiency gains by 2007-08. Northern Ireland is engaged in spending review efficiency and evaluation exercises as ambitious as those in England in reducing back office and related areas.
- The Government is committed to implementing an ambitious programme of reform including steps to modernise the water industry, and reforms of

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the rating system and public administration. The Chancellor is continuing to make available borrowing under the Reform and Reinvestment Initiative to improve infrastructure, financed by increased rates.

- The spending plans to be announced in September will also set out a number of high level strategic targets for improving delivery in all the key public services in Northern Ireland. This will include challenging new targets for improving health, education, transport, economic development, social security, housing and culture as well as working with the Northern Ireland Office to deliver the peace process and tackle the causes of crime.
- The Northern Ireland Departmental Expenditure Limits for the next three years are £7,420 million (plus £80 million for PEACE), £7,931 million and £8,296 million. They represent a real terms average annual increase in provision over the next three years of around 3%.

£ million	2004-05	2005-06	2006-07	2007-08
Northern Ireland				
Resource Budget	6,699	7,077	7,554	7,862
Capital Budget	373	412	476	534
Total Departmental Expenditure Limit	7,004	7,420	7,931	8,296

NB In addition there is £62 million and £80 million for PEACE in 2004-05 and 2005-06.

NOTES FOR EDITORS

1. The increases in the Northern Ireland DEL in the spending review have been determined on the basis of the Barnett formula, which ensures that Northern Ireland receives a population-based share of changes in comparable spending in England.
2. The devolved administrations' budgets continue to be determined within the UK framework of public expenditure. Responsibility for UK public expenditure allocation remains with the Treasury. Once overall public expenditure budgets have been determined, the devolved administrations have freedom to make their own spending decisions within the overall totals on functions under their control in response to local priorities. The devolved administrations will make their own announcements in due course about their detailed spending plans. Under suspension of devolution, the Barnett formula funding arrangements continue to apply to those areas of expenditure that will be the responsibility of a restored Northern Ireland Executive.
3. For further details please contact the Northern Ireland Office Press Office on 02890 378268 or 02890 378278 (Duty Officer 07693 654321) or visit the website on www.nio.gov.uk. A full set of Spending Review 2004 Press Notices is available at www.hm-treasury.gov.uk.

Spending Review 2004

PN C1

12 July 2004

RELEASING RESOURCES TO THE FRONT LINE: GOVERNMENT ANNOUNCES PLANS FOR £20 BILLION OF EFFICIENCIES

Stretching efficiency programmes will deliver gains of over £20 billion a year by 2007-08, increasing resources available for front-line priorities, Chancellor Gordon Brown announced today, following the publication of the Independent Review of Public Sector Efficiency led by Sir Peter Gershon.

Building on announcements made in the Budget and the Lyons Review, the programmes set out plans for a reduction of over 80,000 civil service posts, and for the relocation of 20,000 posts out of London and the South East.

The efficiency programmes have been unveiled as part of the 2004 Spending Review package alongside spending allocations for Government priorities, and the new set of Public Service Agreements, which detail the key outcomes the Government aims to achieve over the coming years.

Publishing his report, Sir Peter Gershon said

"I am pleased to publish the results of my Review of public sector efficiency, and to endorse the announcements about efficiency made by the Chancellor today in the 2004 Spending Review. Implementation of the results and recommendations of my Review will help ensure that substantial resources are released to implement front-line activities. To go further or faster than the savings that have been agreed with departments would put at risk the delivery of public services. The proposals and reforms published today will also support a modern, professional Civil Service and wider public sector workforce continuing to provide invaluable functions in the delivery and support of front-line public services."

Responding to Sir Peter's report, the Chancellor said

"I am grateful for the thorough and detailed work that Sir Peter and his team have conducted. Alongside the spending allocations announced today, this announcement reaffirms the Government's commitment to providing excellent services for the public, with more resources directed to the front line, whilst ensuring value for money for the taxpayer. My Cabinet colleagues and I shall be working closely to deliver this important agenda".

Announcing a reduction of over 80,000 civil service posts, the Chief Secretary to the Treasury, the Rt Hon Paul Boateng MP, said

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"This Spending Review sustains our commitment to developing a modern and professional public sector workforce in line with Sir Peter Gershon's recommendations. We shall continue to radically reform the public sector workforce and Whitehall by using the most up to date processes and technology. By 2008 we will have increased workforce numbers in health, education and criminal justice. We will have streamlined the administration of government with a reduction of 84,000 posts in support functions. Thirteen thousand, five hundred of these posts will move to key frontline services. In combination, these changes will result in a workforce well placed to meet customer needs and our challenging delivery targets."

Following the announcement of detailed proposals for relocation of public sector posts out of London and the South East, Sir Michael Lyons said

"I am very pleased to see that the Government has responded so positively to the recommendations contained in my report on public sector relocation. I welcome the clear arrangements for taking them forward in the context of greater efficiency and of improved public service delivery. I will watch progress with particular interest."

In light of the report *'Releasing Resources to the Front Line: Independent Review of Public Sector Efficiency'*, published as part of the 2004 Spending Review the Government is today announcing:

- An efficiency programme of over £20 billion across the public sector
- That Departments have agreed targets for efficiency, of at least 2.5% a year over the 2004 Spending Review period
- Plans for a reduction in over 80,000 civil service posts, in line with announcements made in Budget 2004
- More detailed plans for relocation of 20,000 posts out of London and the South East by 2010, in line with the recommendations of Sir Michael Lyons' review
- A robust, transparent framework to ensure public accountability for efficiency savings

NOTES FOR EDITORS

1. Budget 2004 announced that the Government was aiming to achieve an overall efficiency target of 2.5% a year for the whole of the public sector for the 2004 Spending Review period.

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This target was based on evidence gathered by Sir Peter Gershon's review of public sector efficiency, which identified scope for savings in areas including back office functions, transactional services, procurement, productive time, and policy, funding and regulation of the public and private sector.

The 2004 Spending Review includes targets for central government departments, set out in terms of annual efficiencies by 2007-08. It also includes details of reductions in civil service posts, plans for relocation of posts out of London and the South East, and further details of the programmes that departments will undertake in order to meet efficiency targets.

2. Media enquiries to HM Treasury Press Office on 020 7270 5238.

Spending Review 2004

PN C2

12th July 2004

PROMOTING SUSTAINABLE DEVELOPMENT

The Government's objective of sustainable development - delivering social, economic and environmental progress together, at home and overseas - was given a further boost in the Spending Review today. The Spending Review set out plans to:

- tackle climate change and increase the resource efficiency of UK businesses while achieving further reductions in the fuel poverty facing the poorest households;
- increase access to affordable housing while protecting the countryside and improving the environmental standards met by new buildings;
- support balanced regional growth while improving the liveability of local communities and reducing poverty;
- improve public health across a broad range of indicators from achieving better air and water quality to tackling child obesity; and
- increase funding and set new objectives to promote sustainable development internationally.

Economic Secretary to the Treasury, John Healey said:

"We will continue to show leadership on sustainable development, both at home and abroad. Through the new Regulatory Impact Assessment process, which requires that social, environmental and economic impacts of new policy proposals are properly assessed, and through the current review of our Sustainable Development Strategy, we will continue to place sustainable development at the heart of Government decision-making."

DETAILS

- The Department for the Environment, Food and Rural Affairs (Defra) has been allocated resources for further action to tackle climate change, reduce fuel poverty and improve waste management.

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- The Spending Review provides additional support for businesses and local authorities to reduce waste and increase their energy efficiency through:
 - the recycling of £146 million of landfill tax revenues per year by 2007-08, including at least £40 million per year to expand the Carbon Trust's programmes; and
 - An extra £20 million per year is provided by 2007-08 compared to 2004-05, for rewarding Local Authority waste performance; and
 - PFI credits for investment in new waste disposal facilities will be £155 million higher in 2007-08 than in 2004-05 to support investment in sustainable waste management and encourage a shift from landfill.
- The Spending Review also allocates £95 million per year by 2007-08 compared to 2004-05 of new capital grants for the Warm Front scheme to move closer to the Government's target of eliminating fuel poverty.
- The Department for Transport (DFT) will take joint ownership with Department for Trade and Industry (DTI) and DEFRA of the Government's Public Service Agreement (PSA) target for climate change.
- The DTI will continue existing levels of support to the development of renewable energy and will receive £60 million in each year up to 2007-08 to deliver projects identified under the Renewables Innovation Review. £20 million has also been allocated in each year towards future energy research and development, which will allow the DTI to fund fuel cells, cleaner fossil fuels, CO₂ capture and storage, and hydrogen research.
- As well as improving housing affordability and delivering an extra 10,000 new units of social housing by 2007-08, the Office of the Deputy Prime Minister (ODPM) will ensure that new housing is built to high standards in relation to energy and water efficiency, waste and building materials.
- The ODPM has also been set a new PSA target to improve the 'liveability' of local communities, making them cleaner, greener and safer, and improving the quality of life for their inhabitants.
- As part of a new emphasis on reducing health inequality, the Departments of Health, Education and Skills, and Culture, Media and Sport have been set a new PSA target to tackle childhood obesity.

To help promote sustainable development internationally:

- The Foreign and Commonwealth Office (FCO) has been set a new central PSA Objective: "Sustainable development, underpinned by democracy, good governance and human rights" to complement its existing sustainable development target.

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- The FCO's Global Opportunity Fund for transitional economies and key developing countries, introduced in the 2002 Spending Review, which includes a focus on sustainable development, will be worth £60million in each year up to 2007-08 - an increase of 50% compared to 2002.
- As part of its overall budget increase in this Spending Review, the Department for International Development will be allocated resources to support the outcome of negotiations on the 4th replenishment of the Global Environmental Facility (GEF), beginning next year. The UK is the fourth largest donor to the GEF with a contribution of £118 million over the current replenishment round over 2002 to 2006, including an additional voluntary contribution of £15 million.

NOTES FOR EDITORS

1. Further details of the settlements for departments highlighted in this press notice can be seen in their individual departmental press notices (see annex).
2. The UK Sustainable Development Strategy, *A Better Quality of Life*, sets out the principles underlying the Government's commitment to sustainable development and the indicators by which progress can be measured. This Strategy is currently being reviewed. Further information about the review is available at www.sustainable-development.gov.uk
3. The Government's fifteen headline indicators of sustainable development, first set out in 1999, are regularly updated and monitored over time to ensure policies support a positive trend. As a result of the 2004 Spending Review, all 15 of the headline indicators are now reflected in Public Service Agreement targets spanning 10 government departments.
4. Each department was required in their Spending Review submissions to account for their consideration of sustainable development, outlining how they would integrate the key social, economic and environmental impacts of their work, and these submissions were assessed by the Treasury to ensure they were reflected in Department's settlements and PSA targets.
5. For further details please contact the HM Treasury Press Office on 020 7270 5238.

Spending Review 2004

PN C3

12 July 2004

IMPROVING SERVICE DELIVERY IN RURAL COMMUNITIES

As part of the Spending Review process, the Government has continued work to ensure that key services such as health and education are delivered to the same level in rural as urban areas, in particular through innovative delivery of services such as the Pension Service, Jobcentre Plus and social care through mobile units, home visits and the Internet.

Minister of State for Rural Affairs, Alun Michael said:

“We are committed to overcoming the obstacles to service delivery in rural areas and ensuring that public services are delivered equitably to people no matter where they live. All departments have adopted the principles of rural proofing and can now show practical examples of its application. Our improved monitoring of performance will allow us to make further progress and target our efforts where more flexible and responsive service delivery is needed most.”

DETAILS

- The concept of ‘rural proofing’ was introduced in the 2000 White Paper “Our Countryside: The Future – a Fair Deal for Rural England”. The Government reviewed the White Paper in 2004 and will shortly publish an updated strategy for future rural action.
- The Treasury has worked closely with DEFRA and other government departments throughout the Spending Review process to ensure that where policies impact on rural areas they address the different obstacles to delivery and needs of rural communities, and that this was considered in the assessment of departmental spending submissions.
- More detailed monitoring and reporting of service delivery will be possible in rural areas, using geographically tagged data and a new definition of ‘rural areas’ established by DEFRA.

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NOTES FOR EDITORS

1. The Countryside Agency's 2004 annual report assesses all government departments' progress in rural proofing their activities and policies, and can be seen at: <http://www.countryside.gov.uk>
2. For further information please contact the HM Treasury Press Office on 020 2720 5238.

Spending Review 2004

PN C4

12 July 2004

£1 BILLION BOOST FOR UK SCIENCE AND INNOVATION

A one billion pound boost for science and innovation in the UK was unveiled today as the Government published its ten year investment framework for science and innovation.

The framework sets out the Government's ambition for public and private spending on research and development in the UK to rise to 2.5 per cent of GDP over the next decade, and provides annual real growth in public science funding of 5.8 per cent over the 2004 Spending Review period – with science spending one billion pounds higher in 2007-08 than in 2004-05.

The Government's vision is for many more skilled scientists and engineers in the economy delivering benefits to businesses, health and the public services. Essential to the strength of science and innovation in the UK is a world class and financially robust research base with growth in public and private investment.

The framework has been developed with stakeholders in the research base and the private sector, including The Wellcome Trust which expects to commit at least £1.5 billion in the UK over the coming five years.

The Chancellor of the Exchequer, Gordon Brown, said:

“The UK needs a twenty-first century science base to compete in the twenty-first century global economy. Today's framework represents a long term commitment to investing in science and innovation to create a platform for future wealth creation, productivity growth and better public services.

Only by working with our business and research charity partners will we achieve our goal of R&D in the UK reaching 2.5 per cent of GDP. That's why I am delighted to be launching the framework alongside those, such as the Wellcome Trust, with whom we will be working to ensure a more sustainable future for UK science”.

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The Secretary of State for Trade and Industry, Patricia Hewitt, said:

“The transfer of knowledge from the science base to UK industry is vital to the future of innovative businesses in this country. We already have an excellent science base – today boosted by an additional £1bn commitment. The Government must now work with universities, Regional Development Agencies and businesses to boost the transfer of knowledge to industry, bolstering the UK's position as a growing hub for global knowledge-intensive businesses.”

The Secretary of State for Education and Skills, Charles Clarke, said

“Well trained people are at the heart of innovation, and I am determined that our education system will deliver the flow of skills into the economy which will be needed to underpin the Government's economic ambitions. This framework sets out a comprehensive strategy for tackling skills shortages in the science, engineering and technology fields and creating a responsive supply of skills in the future, by looking at issues from schools to postgraduate education.”

Director of The Wellcome Trust, Mark Walport, said:

“I am delighted by the Government's long-term commitment to strengthen the UK science base. I am particularly pleased that the important role charities play in UK research has been explicitly recognised. The creation of a new partnership agreement to support charity-funded research will ensure a more sustainable future for UK universities. We have worked across Government to identify shared priorities and partnership opportunities. We will shortly take forward a number of exciting new initiatives, including much needed research to combat malaria, the development of UK clinical research infrastructure, training and research in the public health sciences and innovative public engagement activities.”

DETAILS

- Budget 2004 set out that science spending would increase at least in line with trend growth over the Spending Review period 2005-06 to 2007-8. The ten-year framework document extends this commitment for the whole ten year period, underpinning the Government's ambition for R&D intensity in the UK (R&D as a proportion of GDP) to rise to 2.5 per cent from the current level of 1.9 per cent over the next decade. It sets out that this goal can only be achieved if the Government's commitment to invest substantially in the science base is matched by the private sector and leading charitable funding.

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- Total public spending on science will be £1 billion higher in 2007-08 than in 2004-05. This includes:
 - additional science funding (compared to 2005-06) of £365 million in 2007-08 through the DTI's Office of Science and Technology, taking DTI's science budget to £3.3 billion per year. This will deliver the creation of central funding provision of £70 million to enable Research Councils to respond more quickly to emerging priorities and opportunities; additional funding of £80 million by 2007-08 (compared to 2005-06) to improve the sustainability of the UK's university research base; and additional support for knowledge transfer from universities of £110 million a year by 2007-08;
 - increased innovation funding channelled through the new Technology Strategy designed to ensure business pull through of technology from the science base, through collaborative research & development (R&D) between business and universities, and knowledge transfer networks across the UK. DTI will invest at least £178 million in the Technology Strategy by 2007-08.
 - additional resources for DfES of nearly £250 million by 2007-08 (compared with 2005-06) to invest in university research and knowledge transfer in England. This will strengthen the financial sustainability of the research base and provide a strong platform for continued creativity and impact from world-leading centres of excellence here.
- The ten-year framework also includes a comprehensive set of measures to enhance the teaching and learning of science, technology and engineering throughout the education system. New commitments to help achieve these ambitions include: higher salaries for Advanced Skills Teachers in science (at least £45,000 in London); at least one science-specialist Higher-Level Teaching Assistant in every secondary school in England; and increase the value of the teacher training bursary for science graduates to £7,000 and raise the 'Golden Hello' for new science teachers to £5,000 for trainees.
- The investment framework sets out the forward science and innovation plans of a number of major Government departments with significant R&D investment strategies.

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- The following table shows the combined spending plans for DTI Office for Science and Technology and the DfES funding for university research and knowledge transfer (KT) in English universities.

	£ million			
	2004-05	2005-06	2006-07	2007-08
DTI Office of Science and Technology ¹	2,575	2,913	3,067	3,282
DfES funding for research and KT in English universities ¹	1,326	1,465	1,589	1,709
Total science funding through DTI and DFES	3,901	4,378	4,656	4,991
UK average annual real growth rate since 2004-05				5.8%
UK science funding as a proportion of GDP	0.36	0.38	0.38	0.39
¹ Full resource budgeting basis, net of depreciation.				

NOTES FOR EDITORS

1. For further details, please contact the Treasury Press Office on 020 7270 5238.

Spending Review 2004

PN C5

12 July 2004

RESPONDING TO REGIONAL PRIORITIES

A package of measures to promote economic development in the regions, address regional priorities and significantly increase the funding flexibilities and responsibilities of the Regional Development Agencies (RDAs), was announced by the Chancellor today.

The Spending Review maintains significant funding for the RDAs in real terms and transfers an additional £200 million from central departments to the RDAs' single pot, increasing the size of the pot by 10 per cent from 2005-06.

This will enable the RDAs to take on significant additional functions, including responsibility for the delivery of Business Links and new responsibilities for research and development grants, delivery in rural areas, inward investment and the promotion of collaborative research between businesses and universities.

Commenting on the regional dimension to the Spending Review, Economic Secretary to the Treasury, John Healey said:

"We are committed to making sustainable improvements in the economic performance across all regions, while reducing the gap in growth rates between them. To achieve that, we will provide each region with the flexibility to harness its indigenous strengths and tackle its specific needs, meeting our commitment to devolve decision making to allow people to take decisions on local priorities."

Secretary of State for Trade and Industry, Patricia Hewitt said:

"This is an excellent settlement for the RDAs, enabling them to drive economic growth across the country and promote enterprise, regeneration, skills, innovation and employment in every region."

DETAILS

- As a contribution to the 2004 Spending Review, all English regions were asked to provide an assessment of their priorities in Regional Emphasis Documents. A full response will be published later this month.

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- The RDAs are funded from a 'Single Pot' based on contributions from central departments. The Single Pot, which currently stands at £1.8 billion will rise by 10 per cent from 2005-06 and will be £2.3 billion by 2007-08.
- To enable an integrated approach to business support at the regional level, the RDAs will have responsibility for the delivery of Business Link services from April 2005; new responsibilities for dispensing Research & Development grants, and for focusing on enterprise in deprived areas.
- As part of its response to the Lambert Review, the Government will task the RDAs to help a wider spectrum of businesses develop productive links with universities in each region.
- As part of the Modernising Rural Development Programme, resources will be devolved to the RDAs to meet the Government's socio-economic objectives in rural areas, previously the responsibility of the Countryside Agency.
- The UK Trade International (UKTI) contribution to the RDAs' Single Pot for inward investment will be increased and RDAs and UKTI will jointly sign-off plans for UKTI's locally-delivered trade development services.
- The three Northern RDAs – Yorkshire Forward, ONE North East and Northwest Development Agency – also worked together to develop a Northern Way Growth Strategy, and produced an interim report as a contribution to the 2004 Spending Review.
- In addition to the other measures to benefit the regions announced today, the Spending Review responds to this interim report by:
 - announcing that the Government will consider favourably proposals for further integration of planning and funding of adult skills and workforce development at the regional level including, in those regions where the RDA and Learning and Skills Council desire it, a "dual key" approach to the management of adult skills budgets operated by the RDA Chief Executive and the regional LSC Director;
 - welcoming the plans for the three northern RDAs to spend over £100 million by 2010 on strengthening business-university collaboration and technology transfer across the North;
 - endorsing the proposal to develop a pan-Northern cluster policy; and
 - recognising the important role that the North's city regions play in boosting the North's overall economic performance.
- Recognising that regional choices on transport, housing, planning and economic development cannot be taken in isolation, the Government is examining new ways to integrate RDA strategies with regional transport and spatial development strategies, within a framework of indicative long term funding guidelines. The Government will consult on these proposals later in the year.
- On housing, a 50 per cent increase in new social house building is announced, delivered through increased direct investment, significant

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efficiency gains and an expanded PFI programme, along with a trebling in investment to regenerate areas suffering from low housing demand with funding of over £450 million per annum by 2007-08, compared to £150m in 2004-05, enabling an expanded programme for the North and Midlands.

- Following Sir Michael Lyons’ 15 March report on public sector relocation, government departments have been developing relocation plans and are on course to relocate around 20,000 posts from London and the South East to other parts of the UK, as set out in the Spending Review.
- The settlement for the Office of National Statistics provides for the implementation of the Allsopp Review, to ensure that there is accurate regional data available to support the regional policy framework and delivery of the regional economic performance target, with reliable regional baseline Gross Value Added estimates by 2006, and statisticians to be working with devolved administrations and regional bodies by 2007.
- A formal response to the Regional Emphasis Documents (REDs) referred to above will be published later this month. However, as indicated above, a number of recommendations have already been agreed as part of the spending plans announced today.

Regional Development Agencies (contributions to single pot)	£ million ¹			
	2004-05	2005-06	2006-07	2007-08
Department of Trade and Industry	234	463	476	483
Office of the Deputy Prime Minister	1,511	1,568	1,633	1,676
Department for Environment, Food and Rural Affairs	46	72	73	74
Department for Education and Skills	42	43	44	45
UK Trade International ²	13	13	13	13
Department for Culture, Media and Sport	2	6	6	6
TOTAL	1,847	2,163	2,244	2,297

NOTES FOR EDITORS

1. For media enquiries, please call HM Treasury press office on 020 7270 5283.

¹ Note: Figures may not sum due to rounding

² It is expected that UKTI’s contribution to the Single Pot will increase by 2007-08.

Spending Review 2004

PN C6

12 July 2004

SUPPORTING BRITAIN'S COMMUNITIES

The 2004 Spending Review today set out the Government's policy priorities for the voluntary and community sector, emphasising the fundamental role voluntary and community activity plays in building local communities.

The Home Office's Spending Review settlement provides for continued investment in the voluntary and community sector including through the Futurebuilders fund. There will also be further investment in youth volunteering, and a national framework for community mentoring will be developed. A new campaign will take forward the Corporate challenge.

The Chief Secretary to the Treasury, Paul Boateng said:

"The Spending Review underlines our overwhelming commitment to developing a strong and lasting partnership with the voluntary and community sector. We know that as well as giving an invaluable contribution to helping us create world class public services, our country's voluntary and community sector strengthens local communities in a way that no government could."

The Minister for the voluntary and community sector, Fiona Mactaggart said:

"We have come a very long way together since the 2002 Cross-cutting review, developing the infrastructure framework to build capacity and launching the widely acclaimed Futurebuilders fund. I am determined that we increase voluntary and community engagement still further by continued investment in those areas, together with clear support for the extremely promising work being undertaken by the Russell Commission on Youth Volunteering."

The Chief Executive of the National Council of Voluntary Organisations (NCVO), Stuart Etherington, said:

"I welcome the Spending Review announcement, which addresses some of the key priorities of the voluntary and community sector and in particular acknowledges the scale and role of the sector far beyond service delivery. NCVO looks forward to working in partnership with Government to ensure that this investment makes a real difference for voluntary organisations and the millions of people they support."

Peter Wheeler, Chair of Futurebuilders England, the independent voluntary sector consortium appointed by Government to run the fund, said:

"We welcome the Government's continued commitment to Futurebuilders. The consortium, Futurebuilders England, is delighted by the very strong support shown by the Government for this groundbreaking way of working, which demonstrates government and the sector working in true partnership."

DETAILS

- The Home Office has a Public Service Agreement (PSA) to increase voluntary and community engagement, especially amongst those at risk of social exclusion.
- Over and above this the Government recognises the voluntary and community sector's role in supporting, regenerating and integrating local communities and will:
 - invest £90 million in a new "Invest to Save – Inclusive Communities" fund, in part to help voluntary and community organisations promote English language skills, employment training and cultural integration amongst legal migrants to the UK;
 - roll forward £525 million a year for the Neighbourhood Renewal Fund;
 - introduce a single 'Safer and Stronger Communities' fund, pooling funding streams to empower local communities to improve local quality of life;
 - establish a Local Community Sector Taskforce to enable neighbourhood and community groups to manage the wind-down of the Single Regeneration Budget;
- Recognising the voluntary and community sector's role in service delivery, the Home Office will:
 - continue to invest in the Futurebuilders fund;
 - continue investment in building the capacity and infrastructure of the voluntary and community sector;
 - increase awareness amongst local funding agencies of the value added to service provision by involving the voluntary and community sector, and develop an action plan to strengthen links between them.

- Recognising the voluntary and community sector's role in engaging individuals and business in volunteering and giving, the Government will:
 - support the 2005 UK Year of the Volunteer;
 - consider the recommendations of the Russell Commission on Youth Volunteering reporting at the end of the year;
 - support promotion and expansion of opportunities for mentoring; and
 - support a business-led National Campaign, taken forward as part of the 2005 UK Year of the Volunteer, to increase corporate community involvement through the Corporate Challenge initiative.

- These reforms go alongside ongoing work on the Charities Bill, to reform charity law and modernise charity regulation, currently going through the process of pre-legislative scrutiny committee. The Home Office has overall responsibility for the Charities Bill, and the Charity Commission, as the independent regulator of charities, will have a key role in the implementation of this legislation

NOTES FOR EDITORS

1. For further details, please contact the Treasury Press Office on 0207 270 5238.