

2002 Spending Review

New Public Spending Plans 2003 - 2006



Opportunity and security for all:

Investing in an enterprising, fairer Britain



HM TREASURY

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Opportunity and Security for All

On a foundation of economic stability, the 2002 Spending Review sets out the Government's public spending plans for the years from 2003-04 to 2005-06, continuing to meet the fiscal rules, matching resources to reform, and ensuring that in a global economy efficient and strong public services will deliver greater opportunity and security, not just for some but for all.

The Spending Review focuses around the following key objectives:

- **Raising productivity**
- **Extending opportunity**
- **Strong and secure communities**
- **Britain in the world**

...and invests in the Government's priority areas:

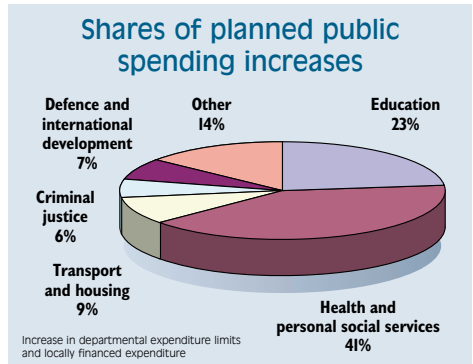
- **education:** spending in England will grow by 6.0% a year from this year to 2005-06, an increase of £12.8 billion a year by 2005-06, bringing spending on UK education to 5.6% of GDP and building on the improvements already made;
- **health:** building on the Budget announcement of real terms growth of 7.3% a year in UK health spending, the Spending Review sets challenging new targets for health and social services;
- **transport:** continues to fund the Ten Year Plan for Transport, increasing UK transport spending by 8.4% a year after inflation to improve rail travel and tackle road congestion;
- **housing:** providing an extra £1 billion a year by 2005-06 for investment in affordable housing, and reforming the planning system;
- **crime:** police spending in England will be around £1.5 billion a year higher by 2005-06 than in 2002-03, to reduce vehicle crime by 30% and domestic burglary by 25% by 2004;
- **defence:** providing the largest increase in defence spending for 20 years. Defence resources will grow by 1.2% per year in real terms in the three years to 2005-06;
- **international aid:** increasing the proportion of national wealth devoted to international aid to 0.40% of GDP, to build on progress in reducing the number of people living in poverty.

Investing for results...

The long term investment set out in this Spending Review is delivered on a platform of stability, with low inflation, and sound public finances.

On this foundation:

- spending on public services (Departmental Expenditure Limits) will be £61 billion a year higher by 2005-06 than in 2002-03;
- 75% of this increase will go on the Government's key priorities of education, health, transport, housing and the fight against crime;
- public investment will reach 2% of GDP by 2005-06, at £25 billion a year.



Insisting on reform...

The Government is as determined to secure value for money as it is to secure money for the best services – with more money invested, more results are required. So in each area of public service delivery, the Government is tying resources to reform and results:

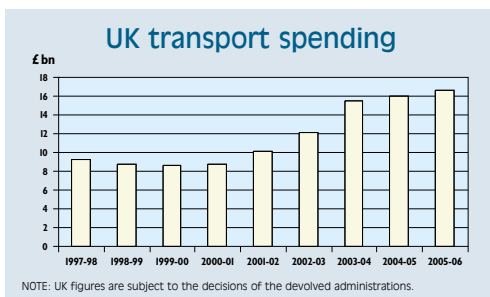
- setting demanding targets for each department as a condition of new resources;
- independent audit and inspection to monitor progress against these targets; devolving power from the centre to front line staff, giving them the power and flexibility to deliver; and
- rewarding success and turning round failing services and organisations.

Raising productivity

The Government is committed to raising the long-term rate of productivity growth in the UK, narrowing the productivity gap, so that Britain can be more prosperous and make the most of opportunities in the global economy.

The 2002 Spending Review takes further steps in five areas that can drive the rate of productivity growth - strengthening competition, enterprise and innovation, skills, investment and public services productivity. In particular, the Spending Review:

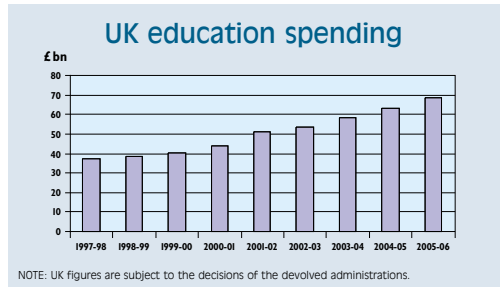
- implements the Ten Year Plan for Transport, with an annual average increase of 8.4% in real terms to UK transport spending, to improve rail travel and tackle road congestion;
- increases science spending so that it will be some £1¼ billion higher by 2005-06 than in 2002-03;
- sets a new target to achieve a better balance between housing availability and the demand for housing in all English regions while protecting valuable countryside around our towns, cities and in the greenbelt, backed up by planning reforms and new resources for investment in housing; and
- makes substantial investment to revitalise further education, and commits the Government to improving the basic skills of 1.5 million adults between 2001 and 2007.



Extending opportunity

By focusing strongly on education, this Spending Review seeks to remove the barriers which prevent people realising their full potential:

- this Spending Review delivers 5.8% average annual real growth in spending on education in UK, which will be £14.7 billion higher in 2005-06 than in 2002-03;
- the new plans provide for UK education spending to rise to 5.6% of GDP by 2005-06, fulfilling the Government's commitment to increase the proportion of national income spent on education. The annual average growth rate for England education is 6.0% a year for the next three years, a £12.8 billion a year increase by 2005-06.



This significant increase in resources is accompanied by specific measures:

- the School Standards Grant will provide direct payments to headteachers worth £50,000 a year for the typical primary school and rising to £165,000 a year for a typical secondary school;
- there will be a new focus on deprivation and a new leadership grant for secondary schools in poorer areas worth £125,000 each out of a total fund of £175 million every year up to 2005-06;
- this Spending Review extends the City Academy programme offering further help to schools facing severe difficulties; and the Excellence in Cities initiative provides more learning mentors and Learning Support Units to help pupils at risk of falling behind.

The Government's programme is designed to ensure that every child has the best start in life:

- the education programme provides funding for 522 Sure Start and 20 Sure Start Plus programmes to provide 33% of all children under four living in poverty with the best possible start in life;
- in more than doubling funding for childcare it ensures 250,000 more childcare places by 2006.

Strong and secure communities

This Spending Review seeks to promote stronger, more secure communities, where rights are matched by responsibilities.

In this Review, the Government:

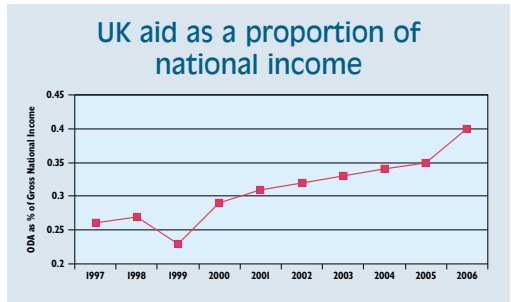
- provides extra resources to the frontline for the police by directly funding Basic Command Units;
- targets crime and its causes, with a particular focus on those areas with the highest crime rates, through the Crime and Disorder Reduction Partnerships. Challenging crime reduction targets are backed up with commitments to drive up the performance of all police forces;
- allocates an extra £1 billion a year to housing by 2005-06 to ensure that all social housing is brought into a decent condition by 2010; and
- builds on the vision set out in the Local Government White Paper, and provides an average increase in general grant of 3.9% a year in real terms up to 2005-06. It also sets out a new vision of localism, with devolution of policy responsibility to those who deliver services at the front line.

Britain in the world

While globalisation brings unprecedented opportunities, it also brings new insecurities. The 2002 Spending Review seeks to maximise these opportunities, and tackle the insecurities of today's world, through investing in defence, conflict resolution, foreign affairs and international development.

In particular this Review:

- provides the largest increase in defence spending for 20 years. Defence resources will grow by 1.2% a year in real terms in the three years to 2005-06;
- increases the proportion of national income devoted to overseas development aid to 0.40% to build on progress in reducing the number of people living in poverty worldwide;
- focuses these increases on the UK's contribution towards meeting the Millennium Development Goals. 90% of bilateral aid will be directed to the world's poorest countries by 2005-06;
- plans for higher spending on the Foreign and Commonwealth Office's diplomatic network and programmes;
- enables the UK's world-renowned specialist public diplomacy bodies - the BBC World Service and the British Council - to expand their activities and to innovate in service delivery; and
- provides significantly increased resources for intelligence and security, backed up by a commitment across government to enhancing resilience.



To order further copies of this leaflet, obtain a Welsh language version or an alternative format, please telephone:

0845 601 1041

For more details of the Spending Review, visit the Treasury's internet site at www.hm-treasury.gov.uk.

More details of the new public spending plans can be found in 'Opportunity and security for all: Investing in an enterprising, fairer Britain' available from the Stationery Office and good bookshops.